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HOUSE OF REPRESENTATIVES

SATURDAY, JUNE 10, 1939

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O Lord God of Hosts, hear our prayer; give ear, O God of Jacob. For the Lord God is a sun and shield: the Lord will give grace and glory: no good thing will He withhold from them that walk uprightly.

We pray that Thy holy promise may sound down through the years with growing appeal and persuasion. Do Thou dwell with us and with all peoples that unholy strife and contention may cease. Blessed Lord, empty us of all ignoble desires that we may climb higher, yet higher day by day, that Thy kingdom of love may live in all hearts. Help us to do justly, love mercy, and walk humbly with our God and thus satisfy the longings of our own breasts. In the Saviour's name. Amen.

The Journal of the proceedings of yesterday was read and approved.

EXTENSION OF REMARKS

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein questions and answers prepared by Mr. Harrington, the Administrator of the W. P. A., regarding the work of the Works Progress Administration.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. BROOKS. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks in the RECORD and to include therein a resolution of the City Council of the City of Minden, La., in reference to agriculture.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

FEDERAL RESERVE SYSTEM AND F. D. I. C.

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent that it may be in order at any time to call up the bill (S. 1886) to extend to June 16, 1942, the period within which certain loans to executive officers of member banks of the Federal Reserve System may be renewed or extended, and that general debate on the bill be limited to 30 minutes, one-half to be controlled by the gentleman from Michigan [Mr. WOLCOTT] and one-half by myself.

Mr. WOLCOTT. Mr. Speaker, reserving the right to object, as I understand it, this is the bill which extends the time in which executives of banks may retire their indebtedness. They have retired it from something over $100,000,000 to $25,000,000; and also it extends the time within which banks may come into the Federal Reserve System to participate in the benefits of the F. D. I. C.

Mr. STEAGALL. The gentleman is correct.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

EXTENSION OF REMARKS

Mr. SMITH of Washington. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a radio address which I delivered last night over a national network from station WOL.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. LEMKE asked and was given permission to revise and extend his own remarks.

Mr. THORKELSON. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

[Mr. THORKELSON addressed the House. His remarks appear in the Appendix.]

Mr. THORKELSON. Mr. Speaker, I ask unanimous consent to insert these remarks in the RECORD. They deal only with facts concerning the United States.

Mr. RAYBURN. Mr. Speaker, reserving the right to object, a system is growing up in the House and getting worse all the time of Members early in the day asking to extend their remarks in the RECORD "at this point." A great many long speeches appearing in the beginning of the RECORD does not give a true picture of the proceedings in the House.

Hereafter I shall object to anyone's extending his remarks in the RECORD "at this point" unless it is on a matter at that time under consideration in the House. I trust, therefore, that Members will ask hereafter to extend their remarks in the Appendix of the RECORD. Otherwise I shall be compelled to object.

Mr. MARTIN of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. RAYBURN. I yield.

Mr. MARTIN of Massachusetts. I may say to the gentleman from Texas that I think the rule he has just laid down is a very good one and in the interest of an honest RECORD, which is something we have not been getting lately. I hope the gentleman from Texas will insist upon enforcement of the rule, and I will try to help him.

The SPEAKER. The gentleman from Montana, as the Chair understands in this particular instance, did not ask to extend his remarks "at this point."

Mr. SABATH. Mr. Speaker, reserving the right to object, I did object yesterday, but I hope I will not have to do so again. The gentleman from Texas clearly explains the issue. I find that under leave to address the House for 1 minute the gentleman from Montana [Mr. THORKELSON] has time and again stuffed the RECORD with column after column of material foreign to the subject under discussion—generally of a highly obnoxious and bigoted nature. At the same time, while the extended remarks were never made on the floor of this House, and could not be made without contradiction, as printed in the RECORD they appear as having been actually spoken here.

I have been furnished with some of the gentleman's inserts. They fill many, many pages of the CONGRESSIONAL RECORD, and have cost the Government hundreds of dollars.

If the matter he desires to insert in the RECORD this morning is his own, I will not object. I will object, however, to any intolerant and ridiculous dissertations calculated to promote prejudice and class hatred.

The SPEAKER. Is there objection to the request of the gentleman from Montana to extend his remarks in the Appendix of the RECORD?

Mr. MARTIN of Massachusetts. Mr. Speaker, the gentleman has made a speech and asks unanimous consent to extend his own remarks.

Mr. THORKELSON. At this point.

Mr. MARTIN of Massachusetts. That is a little different.

Mr. SABATH. Now, Mr. Speaker, I object.

Mr. MARTIN of Massachusetts. We want this clarified now.

Mr. RAYBURN. Mr. Speaker, further reserving the right to object, a custom has grown up here of many Members getting unanimous consent to speak for 1 minute, then extending their remarks in the RECORD covering several pages. I think those extensions ought to go in the Appendix of the RECORD instead of going in in the fore part of the RECORD every day. I shall insist upon that when they ask unanimous consent to proceed for 1 minute.

Mr. MARTIN of Massachusetts. How much freedom is the gentleman going to give on the extension of these 1-minute speeches?

Mr. RAYBURN. When a Member asks unanimous consent to extend his own remarks in the Appendix I do not think anyone should object. The gentleman from Montana asked the other day to extend his remarks and include a bill. I do not think bills should be printed in the CONGRESSIONAL RECORD, and I therefore objected. But when it comes to Members extending their own remarks in the Appendix I do not think anyone should object. However, no one has the opportunity to look over the remarks to see whether or not they are proper, or anything of the kind.

Mr. MARTIN of Massachusetts. As I understand it, if it is the Member's own remarks the gentleman has no objection, if he takes a minute and asks unanimous consent to extend his own remarks?

Mr. RAYBURN. In the Appendix of the RECORD.

Mr. MARTIN of Massachusetts. How does that leave the Member stranded then?

Mr. RAYBURN. Very often Members hold their speeches over until another day, and it is noted at that point that their remarks will appear hereafter in the RECORD.

Mr. MARTIN of Massachusetts. According to the way the gentleman has defined the rule, if a Member makes a 1-minute speech and adds anything, then it must go in the Appendix of the RECORD?

Mr. RAYBURN. I think it ought to go in the Appendix of the RECORD.

Mr. DISNEY. Suppose a Member makes a 10- or 15-minute speech?

Mr. RAYBURN. They do not make 10- or 15-minute speeches at the beginning of the day.

Mr. DISNEY. Suppose a Member makes a 10- or 15-minute speech on a pending matter and gets unanimous consent to revise and extend his remarks and wants to place an addition to what he has said, what will the situation be?

Mr. RAYBURN. Mr. Speaker, my statement in the beginning was that I would object to these statements going in the RECORD on a request to extend "at this point" unless the speeches pertained to legislation pending in the House at that time.

Mr. MARTIN of Massachusetts. May I ask the gentleman if he has thought about this. We have a good many special orders here to speak for 30 minutes. The Members talk several minutes and ask unanimous consent to extend.

The SPEAKER. As the Chair understands the suggestion of the gentleman from Texas, his statement would not apply in any sense to special orders.

Mr. RAYBURN. On special orders to proceed after the legislative program has been concluded, that is at the end of the RECORD after the legislative program has been completed. I do not think the objection I raise would go to that.

Mr. JENKINS of Ohio. Is this not what the gentleman means: If a Member gets a minute to speak and makes a minute speech or a speech of two or three words, he is entitled to extend his remarks, if they relate to the subject under discussion at that time. If they do not, then he ought to ask leave to revise and extend his remarks and put it in the Appendix, where it belongs.

Mr. RAYBURN. These 1-minute speeches always come before the legislative program. After the legislative program is concluded, anyone may speak for any length of time desired, and I think they should. What I am trying to cure is having a dozen, 15, or 20 pages of the RECORD covering matters that did not happen in the House at the beginning of the session.

Mr. JENKINS of Ohio. Suppose a man has charge of the time on this side and his time is running short. A Member tells him that he wants to talk about the subject. He says, "I have not got time." "Well, permit me to get up and announce that I favor the bill, then I will ask unanimous consent to revise and extend my remarks." That should be perfectly proper.

Mr. RAYBURN. That is on a pending matter. There is no objection to that. It would be enlightening and should be a part of the debate.

Mr. THORKELSON. Mr. Speaker, I ask unanimous consent to extend and revise my remarks in the Appendix of the RECORD. Americanism can be written there as well as it can in the body of it.

Mr. RAYBURN. I make no objection if the gentleman asks the unanimous consent to extend his remarks in the Appendix of the RECORD.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

ORDER OF BUSINESS

Mr. MARTIN of Massachusetts. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts [Mr. MARTIN]?

There was no objection.

Mr. MARTIN of Massachusetts. Mr. Speaker, there is considerable interest in the program for next week. I wonder if the majority leader can tell us at this time what the program will be.

Mr. RAYBURN. Monday will be District day, and we will have nothing on that day except the consideration of District of Columbia business, unless it be a noncontroversial conference report.

It has been the hope—and I do not know whether or not that hope will be justified—that on Tuesday we may have an opportunity to act upon the so-called T. V. A. bill; in other words, the contract made between Mr. Willkie, of the Commonwealth & Southern, and the T. V. A. I cannot state at this time whether or not that bill will come up, but I should know later in the day. On Wednesday we hope to

take up the relief bill, and in all probability the consideration of that bill will occupy the remainder of the week.

Mr. MARTIN of Massachusetts. Does the gentleman mean that if the relief bill is taken up on Wednesday the gentleman will ask to have business in order on Calendar Wednesday set aside?

Mr. RAYBURN. I will.

Mr. JENKINS of Ohio. If the gentleman will yield, if the T. V. A. bill does not come in, what does the gentleman think we will have up for consideration?

Mr. RAYBURN. There are some rules that have been reported by the Committee on Rules with respect to matters that are not of great significance, and these rules may come up.

Mr. JENKINS of Ohio. If the T. V. A. bill does come in, has the gentleman any information as to whether its consideration will take all the day?

Mr. RAYBURN. I rather think it will.

Mr. MARTIN of Massachusetts. If the relief bill comes in, does the gentleman expect to have a vote on it next week?

Mr. RAYBURN. Yes.

Mr. MARTIN of Massachusetts. The gentleman expects to be through with it next week?

Mr. RAYBURN. Yes; we expect to be through with it next week.

Mr. ENGEL. If the gentleman will yield, it is not the intention, then, of the majority leader to bring up the War Department appropriation bill next week?

Mr. RAYBURN. I hardly see how we can reach it next week.

Mr. ENGEL. It will probably be taken up in the next week?

Mr. RAYBURN. Yes; probably early in the following week.

EXTENSION OF REMARKS

Mr. WOODRUFF of Michigan. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Appendix of the RECORD on the subject of neutrality.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

AMENDMENT OF THE SOCIAL SECURITY ACT

Mr. DOUGHTON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 6635) to amend the Social Security Act, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 6635, with Mr. WARREN in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose yesterday title IV had been read. As there seem to be no amendments to that title, the Clerk will read title V.

The Clerk read as follows:

TITLE V—AMENDMENTS TO TITLE V OF THE SOCIAL SECURITY ACT

SEC. 501. Clause (3) of section 503 (a) of such act is amended to read as follows: "(3) provide such methods of administration (other than those relating to selection, tenure of office, and compensation of personnel) as are necessary for the proper and efficient operation of the plan."

SEC. 502. Clause (3) of section 513 (a) of such act is amended to read as follows: "(3) provide such methods of administration (other than those relating to selection, tenure of office, and compensation of personnel) as are necessary for the proper and efficient operation of the plan."

SEC. 503. Section 531 (a) of such act is amended by striking out "$1,938,000" and inserting in lieu thereof "$2,938,000."

TITLE VI—AMENDMENTS TO THE INTERNAL REVENUE CODE

SEC. 601. Section 1400 of the Internal Revenue Code is amended to read as follows:

"SEC. 1400. Rate of tax.

"In addition to other taxes, there shall be levied, collected, and paid upon the income of every individual a tax equal to the following percentages of the wages (as defined in sec. 1426 (a)) received by him after December 31, 1936, with respect to employment (as defined in sec. 1426 (b)) after such date:

"(1) With respect to wages received during the calendar years 1939, 1940, 1941, and 1942, the rate shall be 1 percent.

"(2) With respect to wages received during the calendar years 1943, 1944, and 1945, the rate shall be 2 percent.

"(3) With respect to wages received during the calendar years 1946, 1947, and 1948, the rate shall be 2½ percent.

"(4) With respect to wages received after December 31, 1948, the rate shall be 3 percent."

SEC. 602. Section 1401 (c) of the Internal Revenue Code is amended to read as follows:

"(c) Adjustments: If more or less than the correct amount of tax imposed by section 1400 is paid with respect to any payment of remuneration, proper adjustments, with respect both to the tax and the amount to be deducted, shall be made, without interest, in such manner and at such times as may be prescribed by regulations made under this subchapter."

SEC. 603. Part I of subchapter A of chapter 9 of the Internal Revenue Code is amended by adding at the end thereof the following new section:

"SEC. 1403. Receipts for employees.

"(a) Requirement: Every employer shall furnish to each of his employees a written statement or statements, in a form suitable for retention by the employee, showing the wages paid by him to the employee after December 31, 1939. Each statement shall cover a calendar year, or 1, 2, 3, or 4 calendar quarters, whether or not within the same calendar year, and shall show the name of the employer, the name of the employee, the period covered by the statement, the total amount of wages paid within such period, and the amount of the tax imposed by section 1400 with respect to such wages. Each statement shall be furnished to the employee not later than the last day of the second calendar month following the period covered by the statement, except that, if the employee leaves the employ of the employer, the final statement shall be furnished on the day on which the last payment of wages is made to the employee. The employer may, at his option, furnish such a statement to any employee at the time of each payment of wages to the employee during any calendar quarter, in lieu of a statement covering such quarter; and in such case the statement may show the date of payment of the wages in lieu of the period covered by the statement.

"(b) Penalty for failure to furnish: Any employer who willfully fails to furnish a statement to an employee in the manner, at the time, and showing the information, required under subsection (a), shall for each such failure be subject to a civil penalty of not more than $5."

SEC. 604. Section 1410 of the Internal Revenue Code is amended to read as follows:

"SEC. 1410. Rate of tax.

"In addition to other taxes, every employer shall pay an excise tax, with respect to having individuals in his employ, equal to the following percentages of the wages (as defined in section 1426 (a)) paid by him after December 31, 1936, with respect to employment (as defined in sec. 1426 (b)) after such date:

"(1) With respect to wages paid during the calendar years 1939, 1940, 1941, and 1942, the rate shall be 1 percent.

"(2) With respect to wages paid during the calendar years 1943, 1944, and 1945, the rate shall be 2 percent.

"(3) With respect to wages paid during the calendar years 1946, 1947, and 1948, the rate shall be 2½ percent.

"(4) With respect to wages paid after December 31, 1948, the rate shall be 3 percent."

SEC. 605. Section 1411 of the Internal Revenue Code is amended to read as follows:

"SEC. 1411. Adjustment of tax.

"If more or less than the correct amount of tax imposed by section 1410 is paid with respect to any payment of remuneration, proper adjustments with respect to the tax shall be made, without interest, in such manner and at such times as may be prescribed by regulations made under this subchapter."

SEC. 606. Effective January 1, 1940, section 1426 of the Internal Revenue Code is amended to read as follows:

"SEC. 1426. Definitions.

"When used in this subchapter—

"(a) Wages: The term 'wages' means all remuneration for employment, including the cash value of all remuneration paid in any medium other than cash; except that such term shall not include—

"(1) That part of the remuneration which, after remuneration equal to $3,000 has been paid to an individual by an employer with respect to employment during any calendar year, is paid to such individual by such employer with respect to employment during such calendar year;

"(2) The amount of any payment made to, or on behalf of, an employee under a plan or system established by an employer which makes provision for his employees generally or for a class or classes of his employees (including any amount paid by an employer for insurance, or into a fund, to provide for any such payment), on account of (A) retirement, or (B) sickness or accident disability, or (C) medical and hospitalization expenses in connection with sickness or accident disability;

"(3) The payment by an employer (without deduction from the remuneration of the employee) (A) of the tax imposed upon an employee under section 1400 or (B) of any payment required from an employee under a State unemployment compensation law; or

"(4) Dismissal payments which the employer is not legally required to make.

"(b) EMPLOYMENT: The term 'employment' means any service performed prior to January 1, 1940, which was employment as defined in this section prior to such date, and any service, of whatever nature, performed after December 31, 1939, by an employee for the person employing him, irrespective of the citizenship or residence of either, (A) within the United States, or (B) on or in connection with an American vessel under a contract of service which is entered into within the United States or during the performance of which the vessel touches at a port in the United States, if the employee is employed on and in connection with such vessel when outside the United States, except—

"(1) Agricultural labor (as defined in subsection (i) of this section);

"(2) Domestic service in a private home, local college club, or local chapter of a college fraternity or sorority;

"(3) Casual labor not in the course of the employer's trade or business;

"(4) Service performed by an individual in the employ of his son, daughter, or spouse, and service performed by a child under the age of 21 in the employ of his father or mother;

"(5) Service performed on or in connection with a vessel not an American vessel by an employee, if the employee is employed on and in connection with such vessel when outside the United States;

"(6) Service performed in the employ of the United States Government, or of an instrumentality of the United States which is (A) wholly owned by the United States, or (B) exempt from the taxes imposed by section 1410 by virtue of any other provision of law;

"(7) Service performed in the employ of a State, or any political subdivision thereof, or any instrumentality of any one or more of the foregoing which is wholly owned by one or more States or political subdivisons; and any service performed in the employ of any instrumentality of one or more States or political subdivisions to the extent that the instrumentality is, with respect to such service, immune under the Constitution of the United States from the tax imposed by section 1410;

"(8) Service performed in the employ of a corporation, community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual, and no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation;

"(9) Service performed by an individual as an employee or employee representative as defined in section 1532;

"(10) (A) Service performed in any calendar quarter in the employ of an organization exempt from income tax under section 101, if—

"(i) the remuneration for such service does not exceed $45, or

"(ii) such service is in connection with the collection of dues or premiums for a fraternal beneficiary society, order, or association, and is performed away from the home office, or is ritualistic service in connection with any such society, order, or association, or

"(iii) such service is performed by a student who is enrolled and is regularly attending classes at a school, college, or university;

"(B) Service performed in the employ of an agricultural or horticultural organization;

"(C) Service performed in the employ of a voluntary employees' beneficiary association providing for the payment of life, sick, accident, or other benefits to the members of such association or their dependents, if (i) no part of its net earnings inures (other than through such payments) to the benefit of any private shareholder or individual, and (ii) 85 percent or more of the income consists of amounts collected from members for the sole purpose of making such payments and meeting expenses;

"(D) Service performed in the employ of a voluntary employees' beneficiary association providing for the payment of life, sick, accident, or other benefits to the members of such association or their dependents or designated beneficiaries, if (i) admission to membership in such association is limited to individuals who are employees of the United States Government, and (ii) no part of the net earnings of such association inures (other than through such payments) to the benefit of any private shareholder or individual;

"(E) Service performed in any calendar quarter in the employ of a school, college, or university, not exempt from income tax under section 101, if such service is performed by a student who is enrolled and is regularly attending classes at such school, college, or university, and the remuneration for such service does not exceed $45 (exclusive of room, board, and tuition);

"(11) Service performed in the employ of a foreign government (including service as a consular or other officer or employee or a nondiplomatic representative); or

"(12) Service performed in the employ of an instrumentality wholly owned by a foreign government—

"(A) If the service is of a character similar to that performed in foreign countries by employees of the United States Government or of an instrumentality thereof; and

"(B) If the Secretary of State shall certify to the Secretary of the Treasury that the foreign government, with respect to whose instrumentality and employees thereof exemption is claimed, grants an equivalent exemption with respect to similar service performed in the foreign country by employees of the United States Government and of instrumentalities thereof;

"(13) Service performed as a student nurse in the employ of a hospital or a nurses' training school by an individual who is enrolled and is regularly attending classes in a nurses' training school chartered or approved pursuant to State law; and service performed as an interne in the employ of a hospital by an individual who has completed a 4 years' course in a medical school chartered or approved pursuant to State law.

"(c) Included and excluded service: If the services performed during one-half or more of any pay period by an employee for the person employing him constitute employment, all the services of such employee for such period shall be deemed to be employment; but if the services performed during more than one-half of any such pay period by an employee for the person employing him do not constitute employment, then none of the services of such employee for such period shall be deemed to be employment. As used in this subsection, the term 'pay period' means a period (of not more than 31 consecutive days) for which a payment of remuneration is ordinarily made to the employee by the person employing him. This subsection shall not be applicable with respect to services performed for an employer in a pay period, where any of such service is excepted by paragraph (9) of subsection (b).

"(d) Employee: The term 'employee' includes an officer of a corporation. It also includes any individual who, for remuneration (by way of commission or otherwise) under an agreement or agreements contemplating a series of similar transactions, secures applications or orders or otherwise personally performs services as a salesman for a person in furtherance of such person's trade or business (but who is not an employee of such person under the law of master and servant); unless (1) such services are performed as a part of such individual's business as a broker or factor and, in furtherance of such business as broker or factor, similar services are performed for other persons and one or more employees of such broker or factor perform a substantial part of such services, or (2) such services are casual services not in the course of such individual's principal trade, business, or occupation.

"(e) Employer: The term 'employer' includes any person for whom an individual performs any service of whatever nature as his employee.

"(f) State: The term 'State' includes Alaska, Hawaii, and the District of Columbia.

"(g) Person: The term 'person' means an individual, a trust or estate, a partnership, or a corporation.

"(h) American vessel: The term 'American vessel' means any vessel documented or numbered under the laws of the United States; and includes any vessel which is neither documented or numbered under the laws of the United States nor documented under the laws of any foreign country, if its crew is employed solely by one or more citizens or residents of the United States or corporations organized under the laws of the United States or of any State.

"(i) Agricultural labor: The term 'agricultural labor' includes all services performed—

"(1) On a farm, in the employ of any person, in connection with cultivating the soil, or in connection with raising or harvesting any agricultural or horticultural commodity, including the raising, feeding, and management of livestock, bees, poultry, and fur-bearing animals.

"(2) In the employ of the owner or tenant of a farm, in connection with the operation, management, or maintenance of such farm, if the major part of such service is performed on a farm.

"(3) In connection with the production of harvesting of maple sirup or maple sugar or any commodity defined as an agricultural commodity in section 15 (g) of the Agricultural Marketing Act, as amended, or in connection with the raising or harvesting of mushrooms, or in connection with the hatching of poultry, or in connection with the ginning of cotton.

"(4) In handling, drying, packing, packaging, processing, freezing, grading, storing, or delivering to storage or to market or to a carrier for transportation to market, any agricultural or horticultural commodity; but only if such service is performed as an incident to ordinary farming operations or, in the case of fruits and vegetables, as an incident to the preparation of such fruits or vegetables for market. The provisions of this paragraph shall not be deemed to be applicable with respect to service performed in connection with commercial canning or commercial freezing or in connection with any agricultural or horticultural commodity after its delivery to a terminal market for distribution for consumption.

"As used in this subsection, the term 'farm' includes stock, dairy, poultry, fruit, fur-bearing animal, and truck farms, plantations, ranches, nurseries, ranges, greenhouses, or other similar structures used primarily for the raising of agricultural or horticultural commodities, and orchards."

SEC. 607. Subchapter A of chapter 9 of the Internal Revenue Code is amended by adding at the end thereof the following new section:

"SEC. 1432. This subchapter may be cited as the 'Federal Insurance Contributions Act.'"

SEC. 608. Section 1600 of the Internal Revenue Code is amended to read as follows:

"SEC. 1600. Rate of tax.

"Every employer (as defined in section 1607 (a)) shall pay for the calendar year 1939 and for each calendar year thereafter an excise tax, with respect to having individuals in his employ, equal to 3 percent of the total wages (as defined in section 1607 (b))

paid by him during the calendar year with respect to employment (as defined in section 1607 (c)) after December 31, 1938."

SEC. 609. Section 1601 of the Internal Revenue Code is amended to read as follows:

"SEC. 1601. Credits against tax.

"(a) Contributions to State unemployment funds.—

"(1) The taxpayer may, to the extent provided in this subsection and subsection (c), credit against the tax imposed by section 1600 the amount of contributions paid by him into an unemployment fund maintained during the taxable year under the unemployment compensation law of a State which is certified for the taxable year as provided in section 1603.

"(2) The credit shall be permitted against the tax for the taxable year only for the amount of contributions paid with respect to such taxable year.

"(3) The credit against the tax for any taxable year shall be permitted only for contributions paid on or before the last day upon which the taxpayer is required under section 1604 to file a return for such year; except that credit shall be permitted for contributions paid after such last day but before July 1 next following such last day, but such credit shall not exceed 90 percent of the amount which would have been allowable as credit on account of such contributions had they been paid on or before such last day. The preceding provisions of this subdivision shall not apply to the credit against the tax of a taxpayer for any taxable year if such taxpayer's assets, at any time during the period from such last day for filing a return for such year to June 30 next following such last day, both dates inclusive, are in the custody or control of a receiver, trustee, or other fiduciary appointed by, or under the control of, a court of competent jurisdiction.

"(4) Upon the payment of contributions into the unemployment fund of a State which are required under the unemployment compensation law of that State with respect to remuneration on the basis of which, prior to such payment into the proper fund, the taxpayer erroneously paid an amount as contributions under another unemployment compensation law, the payment into the proper fund shall, for purposes of credit against the tax, be deemed to have been made at the time of the erroneous payment. If, by reason of such other law, the taxpayer was entitled to cease paying contributions with respect to services subject to such other law, the payment into the proper fund shall, for purposes of credit against the tax, be deemed to have been made on the date the return for the taxable year was filed under section 1604.

"(5) Refund of the tax (including penalty and interest collected with respect thereto, if any), based on any credit allowable under this section, may be made in accordance with the provisions of law applicable in the case of erroneous or illegal collection of the tax. No interest shall be allowed or paid on the amount of any such refund.

"(b) Additional credit: In addition to the credit allowed under subsection (a), a taxpayer may credit against the tax imposed by section 1600 for any taxable year an amount, with respect to the unemployment compensation law of each State certified for the taxable year as provided in section 1602 (or with respect to any provisions thereof so certified), equal to the amount, if any, by which the contributions required to be paid by him with respect to the taxable year were less than the contributions such taxpayer would have been required to pay if throughout the taxable year he had been subject under such State law to a rate of 2.7 percent.

"(c) Limit on total credits: The total credits allowed to a taxpayer under this subchapter shall not exceed 90 percent of the tax against which such credits are allowable."

SEC. 610 (a) Section 1602 of the Internal Revenue Code is amended to read as follows:

"SEC. 1602. Conditions of additional credit allowance.

"(a) State standards: A taxpayer shall be allowed an additional credit under section 1601 (b) with respect to any reduced rate of contributions permitted by a State law, only if the Board finds that under such law—

"(1) The total annual contributions will yield not less than an amount substantially equivalent to 2.7 percent of the total annual pay roll with respect to which contributions are required under such law, and

"(2) No reduced rate of contributions to a pooled fund or to a partially pooled account, is permitted to a person (or group of persons) having individuals in his (or their) employ except on the basis of his (or their) experience with respect to unemployment or other factors bearing a direct relation to unemployment risk during not less than the 3 consecutive years immediately preceding the computation date; or

"(3) No reduced rate of contributions to a guaranteed employment account is permitted to a person (or a group of persons) having individuals in his (or their) employ unless (A) the guaranty of remuneration was fulfilled in the year preceding the computation date; and (B) the balance of such account amounts to not less than 2½ percent of that part of the pay roll or pay rolls for the 3 years preceding the computation date by which contributions to such account were measured; and (C) such contributions were payable to such account with respect to 3 years preceding the computation date; or

"(4) Such lower rate, with respect to contributions to a separate reserve account, is permitted only when (A) compensation has been payable from such account throughout the preceding calendar year, and (B) such account amounts to not less than five times the largest amount of compensation paid from such account within any one of the 3 preceding calendar years, and (C) such account amounts to not less than 7½ percent of the total wages payable by him (plus the total wages payable by any other employers who may be contributing to such account) with respect to employment in such State in the preceding calendar year.

"(5) Effective January 1, 1942, paragraph (4) of this subsection is amended to read as follows:

"'(4) No reduced rate of contributions to a reserve account is permitted to a person (or group of persons) having individuals in his (or their) employ unless (A) compensation has been payable from such account throughout the year preceding the computation date, and (B) the balance of such account amounts to not less than five times the largest amount of compensation paid from such account within any one of the 3 years preceding such date, and (C) the balance of such account amounts to not less than 2½ percent of that part of the pay roll or pay rolls for the 3 years preceding such date by which contributions to such account were measured, and (D) such contributions were payable to such account with respect to the 3 years preceding the computation date.'

"(b) Other State standards: Notwithstanding the provisions of subsection (a) (1) of this section a taxpayer shall be allowed an additional credit under section 1601 (b) with respect to any reduced rate of contributions permitted by a State law if the Board finds that under such law—

"(1) the amount in the unemployment fund as of the computation date equals not less than one and one-half times the highest amount paid into such fund with respect to any one of the preceding 10 calendar years or one and one-half times the highest amount of compensation paid out of such fund within any one of the preceding 10 calendar years, whichever is the greater; and

"(2) compensation will be paid to any otherwise eligible individual in accordance with general standards and requirements not less favorable to such individual than the following or substantially equivalent standards:

"(A) the individual will be entitled to receive, within a compensation period prescribed by State law of not more than 52 consecutive weeks a total amount of compensation equal to not less than 16 times his weekly rate of compensation for a week of total unemployment or one-third the individual's total earnings (with respect to which contributions were required under such State law) during a base period prescribed by State law of not less than 52 consecutive weeks, whichever is less,

"(B) no such individual will be required to have been totally unemployed for longer than 2 calendar weeks or two periods of 7 consecutive days each, as a condition to receiving, during the compensation period prescribed by State law, the total amount of compensation provided in subparagraph (A) of this subsection,

"(C) the weekly rates of compensation payable for total unemployment in such State will be related to the full-time weekly earnings (with respect to which contributions were required under such State law) of such individual during a period prescribed by State law and will not be less than (i) $5 per week if such full-time weekly earnings were $10 or less, (ii) 50 percent of such full-time weekly earnings if they were more than $10 but not more than $30, and (iii) $15 per week if such full-time weekly earnings were more than $30, and

"(D) compensation will be paid under such State law to any such individual whose earnings in any week equal less than such individual's weekly rate of compensation for total unemployment, in an amount at least equal to the difference between such individual's actual earnings with respect to such week and his weekly rate of compensation for total unemployment; and

"(3) Any variations in reduced rates of contributions, as between different persons having individuals in their employ, are permitted only in accordance with the provisions of paragraph (2), (3), or (4) of subsection (a) of this section.

"(c) Certification by the Board with respect to additional credit allowance:

"(1) On December 31 in each taxable year, the Board shall certify to the Secretary of the Treasury the law of each State (certified with respect to such year by the Board as provided in section 1603) with respect to which it finds that reduced rates of contributions were allowable with respect to such taxable year only in accordance with the provisions of subsection (a) or (b) of this section.

"(2) If the Board finds that under the law of a single State (certified by the Board as provided in section 1603) more than one type of fund or account is maintained, and reduced rates of contributions to more than one type of fund or account were allowable with respect to any taxable year, and one or more of such reduced rates were allowable under conditions not fulfilling the requirements of subsection (a) or (b) of this section, the Board shall, on December 31 of such taxable year, certify to the Secretary of the Treasury only those provisions of the State law pursuant to which reduced rates of contributions were allowable with respect to such taxable year under conditions fulfilling the requirements of subsection (a) or (b) of this section, and shall, in connection therewith, designate the kind of fund or account, as defined in subsection (d) of this section, established by the provisions so certified. If the Board finds that a part of any reduced rate of contributions payable under such law or under such provisions is required to be paid into one fund or account and a part into another fund or account, the Board shall make such certification pursuant to this paragraph as it finds will assure the allowance of additional credits only with respect to that part of the reduced rate of contributions which is allowed under provisions which do fulfill the requirements of subsection (a) or (b) of this section.

"(3) The Board shall, within 30 days after any State law is submitted to it for such purpose, certify to the State agency its findings with respect to reduced rates of contributions to a type of fund or account, as defined in subsection (d) of this section, which are allowable under such State law only in accordance with the provisions of subsection (a) or (b) of this section. After making such findings, the Board shall not withhold its certification to the Secretary of the Treasury of such State law, or of the provisions thereof with respect to which such findings were made, for any taxable year pursuant to paragraph (1) or (2) of this subsection unless, after reasonable notice and opportunity for hearing to the State agency, the Board finds the State law no longer contains the provisions specified in subsection (a) or (b) of this section or the State has, with respect to such taxable year, failed to comply substantially with any such provision.

"(d) Definitions: As used in this section—

"(1) Reserve account: The term 'reserve account' means a separate account in an unemployment fund, maintained with respect to a person (or group of persons) having individuals in his (or their) employ, from which account, unless such account is exhausted, is paid all and only compensation payable on the basis of services performed for such person (or for one or more of the persons comprising the group).

"(2) Pooled fund: The term 'pooled fund' means an unemployment fund or any part thereof (other than a reserve account or a guaranteed employment account) into which the total contributions of persons contributing thereto are payable, in which all contributions are mingled and undivided, and from which compensation is payable to all individuals eligible for compensation from such fund.

"(3) Partially pooled account: The term 'partially pooled account' means a part of an unemployment fund in which part of the fund all contributions thereto are mingled and undivided, and from which part of the fund compensation is payable only to individuals to whom compensation would be payable from a reserve account or from a guaranteed employment account but for the exhaustion or termination of such reserve account or of such guaranteed employment account. Payments from a reserve account or guaranteed employment account into a partially pooled account shall not be construed to be inconsistent with the provisions of paragraph (1) or (4) of this subsection.

"(4) Guaranteed employment account: The term 'guaranteed employment account' means a separate account, in an unemployment fund, maintained with respect to a person (or group of persons) having individuals in his (or their) employ who, in accordance with the provisions of the State law or of a plan thereunder approved by the State agency,

"(A) guarantees in advance at least 30 hours of work, for which remuneration will be paid at not less than stated rates, for each of 40 weeks (or if more, 1 weekly hour may be deducted for each added week guaranteed) in a year, to all the individuals who are in his (or their) employ in, and who continue to be available for suitable work in, one or more distinct establishments, except that any such individual's guaranty may commence after a probationary period (included within the 11 or less consecutive weeks immediately following the first week in which the individual renders services), and

"(B) gives security or assurance, satisfactory to the State aency, for the fulfillment of such guarantees, from which account, unless such account is exhausted or terminated, is paid all and only compensation, payable on the basis of services performed for such person (or for one or more of the persons comprising the group), to any such individual whose guaranteed remuneration has not been paid (either pursuant to the guaranty or from the security or assurance provided for the fulfillment of the guaranty) or whose guaranty is not renewed and who is otherwise eligible for compensation under the State law.

"(5) Year: The term 'year' means any 12 consecutive calendar months.

"(6) Balance: The term 'balance,' with respect to a reserve account or a guaranteed employment account, means the amount standing to the credit of the account as of the computation date; except that, if subsequent to January 1, 1939, any moneys have been paid into or credited to such account other than payments thereto by persons having individuals in their employ, such terms shall mean the amount in such account as of the computation date less the total of such other moneys paids into or credited to such account subsequent to January 1, 1939.

"(7) Computation date: The term 'ccmputation date' means the date, occurring at least once in each calendar year and within 27 weeks prior to the effective date of new rates of contributions, as of which such rates are computed.

"(8) Reduced rate: The term 'reduced rate' means a rate of contributions lower than the standard rate applicable under the State law, and the term 'standard rate' means the rate on the basis of which variations therefrom are computed."

(b) The provisions of paragraph (1) of section 1602 (a) of the Internal Revenue Code, as amended, shall be applicable to paragraph (2) of such section only after December 31, 1941, and shall in no event be applicable to paragraph (4) of such section in force prior to January 1, 1942.

SEC. 611. Paragraphs (1), (3), and (4) of section 1603 (a) of the Internal Revenue Code are amended to read as follows:

"(1) All compensation is to be paid through public employment offices or such other agencies as the Board may approve;

"(3) All money received in the unemployment fund shall (except for refunds of sums erroneously paid into such fund and except for refunds paid in accordance with the provisions of section 1606 (b)) immediately upon such receipt be paid over to the Secretary of the Treasury to the credit of the Unemployment Trust Fund established by section 904 of the Social Security Act (49 Stat. 640; U. S. C., 1934 ed., title 42, sec. 1104);

"(4) All money withdrawn from the unemployment fund of the State shall be used solely in the payment of unemployment compensation, exclusive of expenses of administration, and for refunds of sums erroneously paid into such fund and refunds paid in accordance with the provisions of section 1606 (b)."

SEC. 612. Section 1604 (b) of the Internal Revenue Code is amended to read as follows:

"(b) Extension of time for filing: The Commissioner may extend the time for filing the return of the tax imposed by this subchapter, under such rules and regulations as he may prescribe with the approval of the Secretary, but no such extension shall be for more than 90 days.

SEC. 613. Section 1606 of the Internal Revenue Code is amended to read as follows:

"SEC. 1606. Interstate commerce and Federal instrumentalities.

"(a) No person required under a State law to make payments to an unemployment fund shall be relieved from compliance therewith on the ground that he is engaged in interstate or foreign commerce, or that the State law does not distinguish between employees engaged in interstate or foreign commerce and those engaged in intrastate commerce.

"(b) The legislature of any State may require any instrumentality of the United States (except such as are (A) wholly owned by the United States, or (B) exempt from the taxes imposed by sections 1410 and 1600 by virtue of any other provision of law), and the individuals in its employ, to make contributions to an unemployment fund under a State unemployment-compensation law approved by the Board under section 1603 and (except as provided in section 5240 of the Revised Statutes, as amended, and as modified by subsection (c) of this section) to comply otherwise with such law. The permission granted in this subsection shall apply (1) only to the extent that no discrimination is made against such instrumentality, so that if the rate of contribution is uniform upon all other persons subject to such law on account of having individuals in their employ, and upon all employees of such persons, respectively, the contributions required of such instrumentality or the individuals in its employ shall not be at a greater rate than is required of such other persons and such employees, and if the rates are determined separately for different persons or classes of persons having individuals in their employ or for different classes of employees, the determination shall be based solely upon unemployment experience and other factors bearing a direct relation to unemployment risk, and (2) only if such State law makes provision for the refund of any contributions required under such law from an instrumentality of the United States or its employees for any year in the event said State is not certified by the Board under section 1603 with respect to such year.

"(c) Nothing contained in section 5240 of the Revised Statutes, as amended, shall prevent any State from requiring any national banking association to render returns and reports relative to the association's employees, their remuneration and services, to the same extent that other persons are required to render like returns and reports under a State law requiring contributions to an unemployment fund. The Comptroller of the Currency shall, upon receipt of a copy of any such return or report of a national banking association from, and upon request of, any duly authorized official, body, or commission of a State, cause an examination of the correctness of such return or report to be made at the time of the next succeeding examination of such association, and shall thereupon transmit to such official, body, or commission a complete statement of his findings respecting the accuracy of such returns or reports.

"(d) No person shall be relieved from compliance with a State unemployment-compensation law on the ground that services were performed on land or premises owned, held, or possessed by the United States, and any State shall have full jurisdiction and power to enforce the provisions of such law to the same extent and with the same effect as though such place were not owned, held, or possessed by the United States."

SEC. 614. Effective January 1, 1940, section 1607 of the Internal Revenue Code is amended to read as follows:

"SEC. 1607. Definitions.

"When used in this subchapter—

"(a) Employer: The term 'employer' does not include any person unless on each of some 20 days during the taxable year, each day being in a different calendar week, the total number of individuals who were in his employ for some portion of the day (whether or not at the same moment of time) was eight or more.

"(b) Wages: The term 'wages' means all remuneration for employment, including the cash value of all remuneration paid in any medium other than cash; except that such term shall not include—

"(1) That part of the remuneration which, after remuneration equal to $3,000 has been paid to an individual by an employer with respect to employment during any calendar year, is paid to such individual by such employer with respect to employment during such calendar year;

"(2) The amount of any payment made to, or on behalf of, an employee under a plan or system established by an employer which makes provision for his employees generally or for a class or classes of his employees (including any amount paid by an employer for insurance, or into a fund, to provide for any such payment), on

account of (A) retirement, or (B) sickness or accident disability, or (C) medical and hospitalization expenses in connection with sickness or accident disability;

"(3) The payment by an employer (without deduction from the remuneration of the employee) (A) of the tax imposed upon an employee under section 1400 or (B) of any payment required from an employee under a State unemployment compensation law; or

"(4) Dismissal payments which the employer is not legally required to make.

"(c) Employment: The term 'employment' means any service performed prior to January 1, 1940, which was employment as defined in this section prior to such date, and any service, of whatever nature, performed after December 31, 1939, within the United States by an employee for the person employing him, irrespective of the citizenship or residence of either, except—

"(1) Agricultural labor (as defined in subsection (l));

"(2) Domestic service in a private home, local college club, or local chapter of a college fraternity or sorority;

"(3) Casual labor not in the course of the employer's trade or business;

"(4) Service performed as an officer or member of the crew of a vessel on the navigable waters of the United States;

"(5) Service performed by an individual in the employ of his son, daughter, or spouse, and service performed by a child under the age of 21 in the employ of his father or mother;

"(6) Service performed in the employ of the United States Government or of an instrumentality of the United States which is (A) wholly owned by the United States, or (B) exempt from the tax imposed by section 1600 by virtue of any other provision of law;

"(7) Service performed in the employ of a State, or any political subdivision thereof, or any instrumentality of any one or more of the foregoing which is wholly owned by one or more States or political subdivisions; and any service performed in the employ of any instrumentality of one or more States or political subdivisions to the extent that the instrumentality is, with respect to such service, immune under the Constitution of the United States from the tax imposed by section 1600;

"(8) Service performed in the employ of a corporation, community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual, and no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation;

"(9) Service performed by an individual as an employee or employee representative as defined in section 1 of the Railroad Unemployment Insurance Act;

"(10) (A) Service performed in any calendar quarter in the employ of any organization exempt from income tax under section 101, if—

"(i) the remuneration for such service does not exceed $45, or

"(ii) such service is in connection with the collection of dues or premiums for a fraternal beneficiary society, order, or association, and is performed away from the home office, or is ritualistic service in connection with any such society, order, or association, or

"(iii) such service is performed by a student who is enrolled and is regularly attending classes at a school, college, or university;

"(B) Service performed in the employ of an agricultural or horticultural organization;

"(C) Service performed in the employ of a voluntary employees' beneficiary association providing for the payment of life, sick, accident, or other benefits to the members of such association or their dependents, if (i) no part of its net earnings inures (other than through such payments) to the benefit of any private shareholder or individual, and (ii) 85 percent or more of the income consists of amounts collected from members for the sole purpose of making such payments and meeting expenses;

"(D) Service performed in the employ of a voluntary employees' beneficiary association providing for the payment of life, sick, accident, or other benefits to the members of such association or their dependents or designated beneficiaries, if (i) admission to membership in such association is limited to individuals who are employees of the United States Government, and (ii) no part of the net earnings of such association inures (other than through such payments) to the benefit of any private shareholder or individual;

"(E) Service performed in any calendar quarter in the employ of a school, college, or university, not exempt from income tax under section 101, if such service is performed by a student who is enrolled and is regularly attending classes at such school, college, or university, and the remuneration for such service does not exceed $45 (exclusive of room, board, and tuition);

"(11) Service performed in the employ of a foreign government (including service as a consular or other officer or employee or a nondiplomatic representative); or

"(12) Service performed in the employ of an instrumentality wholly owned by a foreign government—

"(A) If the service is of a character similar to that performed in foreign countries by employees of the United States Government or of an instrumentality thereof; and

"(B) If the Secretary of State shall certify to the Secretary of the Treasury that the foreign government, with respect to whose instrumentality exemption is claimed, grants an equivalent exemption with respect to similar service performed in the foreign country by employees of the United States Government and of instrumentalities thereof;

"(13) Service performed as a student nurse in the employ of a hospital or a nurses' training school by an individual who is enrolled and is regularly attending classes in a nurses' training school chartered or approved pursuant to State law; and service performed as an interne in the employ of a hospital by an individual who has completed a 4 years' course in a medical school chartered or approved pursuant to State law.

"(d) Included and excluded service: If the services performed during one-half or more of any pay period by an employee for the person employing him constitute employment, all the services of such employee for such period shall be deemed to be employment; but if the services performed during more than one-half of any such pay period by an employee for the person employing him do not constitute employment, then none of the services of such employee for such period shall be deemed to be employment. As used in this subsection the term 'pay period' means a period (of not more than 31 consecutive days) for which a payment of remuneration is ordinarily made to the employee by the person employing him. This subsection shall not be applicable with respect to services performed for an employer in a pay period, where any of such service is excepted by paragraph (9) of subsection (c).

"(e) State agency: The term 'State agency' means any State officer, board, or other authority designated under a State law to administer the unemployment fund in such State.

"(f) Unemployment fund: The term 'unemployment fund' means a special fund, established under a State law and administered by a State agency, for the payment of compensation. Any sums standing to the account of the State agency in the unemployment trust fund established by section 904 of the Social Security Act, as amended, shall be deemed to be a part of the unemployment fund of the State, and no sums paid out of the unemployment trust fund to such State agency shall cease to be a part of the unemployment fund of the State until expended by such State agency. An unemployment fund shall be deemed to be maintained during a taxable year only if throughout such year, or such portion of the year as the unemployment fund was in existence, no part of the moneys of such fund was expended for any purpose other than the payment of compensation (exclusive of expenses of administration) and for refunds of sums erroneously paid into such fund and refunds paid in accordance with the provisions of section 1606 (b).

"(g) Contributions: The term 'contributions' means payments required by a State law to be made into an unemployment fund by any person on account of having individuals in his employ, to the extent that such payments are made by him without being deducted or deductible from the remuneration of individuals in his employ.

"(h) Compensation: The term 'compensation' means cash benefits payable to individuals with respect to their unemployment.

"(i) Employee: The term 'employee' includes an officer of a corporation.

"(j) State: The term 'State' includes Alaska, Hawaii, and the District of Columbia.

"(k) Person: The term 'person' means an individual, a trust or estate, a partnership, or a corporation.

"(l) Agricultural labor: The term 'agricultural labor' includes all service performed—

"(1) On a farm, in the employ of any person, in connection with cultivating the soil, or in connection with raising or harvesting any agricultural or horticultural commodity, including the raising, feeding, and management of livestock, bees, poultry, and fur-bearing animals.

"(2) In the employ of the owner or tenant of a farm, in connection with the operation, management, or maintenance of such farm, if the major part of such service is performed on a farm.

"(3) In connection with the production or harvesting of maple sirup or maple sugar or any commodity defined as an agricultural commodity in section 15 (g) of the Agricultural Marketing Act, as amended, or in connection with the raising or harvesting of mushrooms, or in connection with the hatching of poultry, or in connection with the ginning of cotton.

"(4) In handling, drying, packing, packaging, processing, freezing, grading, storing, or delivering to storage or to market or to a carrier for transportation to market, any agricultural or horticultural commodity; but only if such service is performed as an incident to ordinary farming operations or, in the case of fruits and vegetables, as an incident to the preparation of such fruits or vegetables for market. The provisions of this paragraph shall not be deemed to be applicable with respect to service performed in connection with commercial canning or commercial freezing or in connection with any agricultural or horticultural commodity after its delivery to a terminal market for distribution for consumption.

"As used in this subsection, the term 'farm' includes stock, dairy, poultry, fruit, fur-bearing animal, and truck farms, plantations, ranches, nurseries, ranges, greenhouses or other similar structures used primarily for the raising of agricultural or horticultural commodities, and orchards."

SEC. 615. Subchapter C of chapter 9 of the Internal Revenue Code is amended by adding at the end thereof the following new section:

"SEC. 1611. This subchapter may be cited as the 'Federal Unemployment Tax Act.'"

Mr. McCORMACK (interrupting the reading of title VI). Mr. Chairman, I ask unanimous consent that the further reading of title VI be dispensed with.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. DONDERO. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DONDERO: On page 63, line 15, after the word "corporation" and before the period, insert a comma and the following: "but shall not include an officer of a corporation who receives no compensation for his services as such officer."

Mr. DONDERO. Mr. Chairman, if you want to extend a helping hand to little business corporations of this Nation, this amendment offers an opportunity to you to do so. If you want to correct what to me seems an injustice, you can correct that injustice by adopting this amendment.

I call the attention of the committee to the language on page 75 of the report on this bill, which reads as follows, beginning at the bottom of page 74:

By the amendment to subsection (c), contained in paragraph (10) (A) thereof, uncompensated officers of any organization exempt from income tax under section 101 of the Internal Revenue Code are excluded from the count in determining whether the organization is an employer of eight or more and liable for the tax. However, uncompensated officers of corporations not so exempt are not excluded for purposes of such determination merely because they are uncompensated.

I took it upon myself this morning to call Mr. Altmeyer, the Chairman of the Social Security Board, on this matter and he frankly said to me that the question of not counting an uncompensated officer of a corporation in determining whether a corporation came within the provisions of this act had not been given very much thought and he was unable to answer the question.

This is what happens: In this country we have many small corporations and no doubt they exist in the congressional district of every Member of this House. They are struggling to keep on their feet. Many of them have eight employees or less. Some of these little corporations have officers who merely lend their names or their prestige, for community pride, for financial reasons, or otherwise, they receive no compensation because they are officers of the corporation. Nevertheless, as the law stands now, those officers are counted in the number of employees for the purpose of determining whether the corporation is an employer of eight or more and liable for the tax, and if the corporation has eight or more employees, by counting the uncompensated officers, it comes under the pay-roll provision of this law and must pay the pay-roll tax. What I am seeking to do is to exempt the officers of the corporation who receive nothing by way of salary in order that these small industries may avoid the burden of this additional tax. This pay-roll tax is, no doubt, in many cases, the difference between profit and loss, between red and black ink. It is intended to encourage small concerns to employ labor, to stay in business. Where profits are small it means the difference between success and failure. Such officers should be exempted the pay-roll tax provisions of this law.

Mr. BUCK. Mr. Chairman, will the gentleman yield?

Mr. DONDERO. I yield to the gentleman from California.

Mr. BUCK. These uncompensated officers in a private corporation, however, are generally stockholders, are they not, receiving dividends on their stock if the corporation is making money?

Mr. DONDERO. That is correct; but such reasoning could apply to all stockholders, and the fact that they have their money invested in the corporation is no reason why they should not receive a just share of the dividends if a profit is made.

Mr. BUCK. I am not objecting to their receiving dividends; but suppose they actually work for the corporation and draw no salary, depending for compensation only on those dividends? Does the gentleman's amendment say "if they have no active part?" Suppose the president, vice president, and treasurer of a private corporation are actively engaged in the business, but because they receive dividends from the business they do not care to receive a salary, is it fair to the employees, if they have only five other employees, to have those employees excluded under the terms of the gentleman's amendment simply because the officers or stockholders do not want to draw down any salary?

Mr. DONDERO. The point I am raising is this: In a case such as the gentleman has mentioned these little corporations do not desire to come under the provisions of the Social Security Act but desire to be excluded from it. The gentleman apparently believes that everybody is eager to come under the act, but I can assure him that he is mistaken and that such is not the case.

Mr. COOPER. Mr. Chairman, I rise in opposition to the amendment.

First, I want to point out to the gentleman from Michigan that he has offered his amendment at the wrong place in the bill. He has offered his amendment to title VIII, which is the tax for old-age insurance.

Mr. DONDERO. Mr. Chairman, will the gentleman yield right there?

Mr. COOPER. And the question of eight or more employees is not involved in that at all.

Mr. DONDERO. I think the gentleman is in error, because I did not introduce the amendment to title VIII, but offered the amendment to title VI of the bill, on page 63.

Mr. COOPER. The gentleman offered his amendment at line 15, on page 63.

Mr. DONDERO. That is correct.

Mr. COOPER. That relates to title VIII taxes, which are the taxes for old-age insurance, and that does not involve the question of eight or more employees at all. The part of the act and the part of the bill where the limitation of eight or more employees applies is with respect to unemployment compensation. That is title III or title IX of the act. The gentleman's amendment is certainly not at the right place as he has offered it.

Mr. DONDERO. Let me ask the gentlemen of the committee this question: What objection would the committee have to accepting this amendment in case the gentleman's position is right that it should be offered to title III?

Mr. COOPER. Of course, I will get to that point; but will the gentleman concede that his amendment is not offered at the right place here?

Mr. DONDERO. I do not want to concede it until I have given that matter further thought.

Mr. COOPER. I think with all deference, I can give the gentleman the assurance that his amendment is offered at the wrong place as he has offered it here.

Mr. DONDERO. If the gentleman waives that provision, will the gentleman tell the House what objection there would be to accepting the amendment?

Mr. COOPER. Certainly, I shall be pleased to tell the gentleman the objection to accepting the amendment.

The gentleman's amendment, if offered at the right place in the bill, would apply to ordinary business corporations or ordinary business institutions. This would mean that the employees of these ordinary business corporations would not have the protection of unemployment compensation and they would not be included under the program. Simply because some of the officers of the corporation are not compensated, under the gentleman's amendment they would not be counted in the eight or more. You would not only have the very unfair situation of these employees or workers working for these corporations not getting the protection that so many other workers and employees get, but you would also have this very serious competitive situation that would be immediately presented; that is, the employees of one of these corporations to which the gentleman refers will be exempt from the tax and therefore that corporation would not pay the tax; while another corporation engaged in the same kind of business would have to pay the tax on their employees and therefore they would be at a great disadvantage as against the corporation covered under the gentleman's amendment.

It is eminently unfair, both from the standpoint of the interest of the workers, and also from the standpoint of the competitive advantage that certain corporations would have as against others.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. COOPER. Yes.

Mr. DONDERO. The gentleman from Tennessee goes upon the assumption, however, that all these corporations want to come under this act. I say to the House that all of them do not want to come under the act, and protests have reached me from my district from small concerns that do not want to come under the act, neither officers nor men.

The CHAIRMAN. The time of the gentleman from Tennessee has expired.

Mr. COOPER. Mr. Chairman, I ask unanimous consent to proceed for 2 minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. COOPER. Certainly corporations may not want to come under the act. That might apply to a vast number of corporations throughout the country, but how about the workers, the employees of those corporations? This is an act to afford protection to them. This is a benefit which they receive, and certainly if you can exempt part of the corporations and their employees receive no protection, no benefit under this part of the program, at the same time you create a competitive situation where those favored corporations will have a decided advantage over their competitors engaged in the same line of business; you would be doing something eminently unfair, and it could not be justified.

Mr. DONDERO. But does not the bill now exempt all corporations that do not have eight employees or more?

Mr. COOPER. Certainly. The question of eight or more was arrived at in this way: The House bill passed in 1935 exempted 10 or more. The bill went to the Senate, and the Senate amended that provision, changing the number from 10 to 6 or more, and in conference there was a compromise agreed upon at 8 or more, and that is the law.

Mr. DONDERO. And those corporations are now exempt.

The CHAIRMAN. The time of the gentleman from Tennessee has again expired.

Mr. McCORMACK. Mr. Chairman, I ask unanimous consent that the time of the gentleman from Tennessee be extended 2 minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. COOPER. Yes.

Mr. McCORMACK. I call to the gentleman's attention the fact that we have taken care of the uncompensated officers in fraternal, farm, and other organizations, various corporations under section 101 of the Revenue Act, and they are exempt; and while the Federal law says that no State can exempt more than 8, actually the States exempt 3 or 4 or 5, and some go as low as exempting only 1, and that is important in connection with the amendment offered by the gentleman from Michigan.

Mr. DONDERO. But where the men and the officers choose not to come under the act and wish to avoid the payroll tax under the act, why should they not have the right to do so?

Mr. COOPER. Does the gentleman think it would be proper legislation to provide a national program for the workers of the country and then let it be optional with corporations whether they come under the program or not?

Mr. DONDERO. That is not the purpose of my amendment. It seeks to exempt uncompensated officers of the little concerns of the country, and not the large concerns. It would reach small corporations where the number of employees, officers included, was eight or a few more.

Mr. COOPER. That could not be justified at all under this type of program.

Mr. VOORHIS of California. Mr. Chairman, will the gentleman yield?

Mr. COOPER. Yes.

Mr. VOORHIS of California. I agree thoroughly with the gentleman's argument, and does not the gentleman feel that logically, following out that argument, we ought at some time to amend the act so as to make it uniform all over the country and permit employees where only one or more are employed to come under this act also?

Mr. COOPER. That is an entirely different matter.

The CHAIRMAN. The time of the gentleman from Tennessee has again expired. The question is on the amendment offered by the gentleman from Michigan.

The question was taken; and on a division (demanded by Mr. DONDERO) there were—ayes 37, noes 79.

So the amendment was rejected.

Mr. McCORMACK. Mr. Chairman, I offer the following committee amendment, which I send to the desk.

The Clerk read as follows:

Committee amendment offered by Mr. McCORMACK: Page 64, lines 2 and 3, strike out the words "casual services."

Mr. McCORMACK. Mr. Chairman, this is a perfecting amendment. Its purpose is to eliminate from the provisions of this paragraph persons who are employed as clerks, for example; or who have some regular employment, but who in off hours might sell insurance or radios or anything else as a side line, so to speak. The purpose of the amendment is to eliminate them from this part of the bill. It is a very deserving amendment. Later, on page 98, the committee has voted to strike out the same words in relation to that part of the bill.

Mr. TREADWAY. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. Yes.

Mr. TREADWAY. I think it would be well to tell the House that it will not remove those people from their regular employment.

Mr. McCORMACK. No; it will not except them when they are doing some outside work, outside of their regular employment. They will not be subject to taxes for doing that outside work.

Mr. HAWKS. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. HAWKS. Would that apply to the casual laborer who goes out to the farm to work?

Mr. McCORMACK. They are not covered anyway. Agricultural help is eliminated.

Mr. HAWKS. But here is what they are afraid of back home: We cannot get men to go on the farm to work, because they are under the benefits of the Unemployment Insurance Act——

Mr. McCORMACK. This amendment relates to the contributory annuities, and, of course, this provision of the bill is not in the Unemployment Compensation Act.

Mr. HAWKS. Then they could tell those people that are on the unemployment compensation rolls today that they could go out on the farm and work without jeopardizing their rights?

Mr. McCORMACK. This amendment, as I have stated, is a clarifying amendment. Take yourself or myself, for example; suppose we were working as a clerk, suppose we were selling something on the outside, such as insurance, to earn a little more money. Under the bill as it now stands, the employer might be subject to the contributory annuity tax and the employee would be not only on his regular employment as a clerk, which he ought to be, but in connection with casual employment subject to the same tax. The purpose of this amendment is to eliminate that situation. I am going to offer a similar amendment to another part of the bill when we reach it. This amendment has no relationship to the inquiry of the gentleman. However, I do not feel that a person receiving unemployment compensation can be employed at the same time. I do not think any State law permits that.

[Here the gavel fell.]

Mr. CARLSON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, this is one of the controversial paragraphs in this bill. I do not believe I am violating the confidence of the Ways and Means Committee when I say we spent much time on it.

Mr. McCORMACK. Will the gentleman yield right there?

Mr. CARLSON. I yield.

Mr. McCORMACK. I take it the gentleman does not mean that this amendment is controversial, but the general provision of the bill?

Mr. CARLSON. I thank the gentleman for the correction. I am speaking of the entire paragraph (d). The gentleman from Massachusetts [Mr. McCORMACK] has offered an amendment that I think greatly clarifies this particular section, but even with its adoption I am fearful we have not accomplished the desired result. I am speaking of paragraph (d) on page 63. The amendment offered by the gentleman from Massachusetts, I think, improves it, but I am not satisfied with it. I am willing to let it go to the Senate or hope to have it clarified in conference.

The section deals with the independent outside salesmen. They are paid solely on a commission basis and are not furnished an expense or drawing account. It is my contention that this section, if adopted, will throw thousands of people out of work.

It is estimated that this sales force is now distributing products from manufacturers doing a business in excess of $1,000,000,000 annually. Large businesses have been built by outside salesmen. They do not have a contractual relationship of employer and employee, and this section tries to establish that. I am afraid we have gone too far. This includes this group of citizens that sell newspaper subscriptions, insurance, and people who are now making a livelihood on a commission basis. One of my friends is engaged in business on a large scale; in fact, a national business. He hires people, regardless of age, to go out and sell his product on a commission basis. If this provision goes into effect he and other manufacturers and distributors will greatly limit their forces, and then we will have, in my opinion, thousands of additional people out of work—people who are now engaged in work as salesmen on a commission basis. Personally, I think this is a poor time to legislate in any way that will throw people out of work.

I merely wanted to express my position on this. I do not care to offer an amendment to strike this paragraph from the bill, but the House should know what it is passing when this section is adopted.

Mr. McCORMACK. Will the gentleman yield?

Mr. CARLSON. I yield.

Mr. McCORMACK. So the gentleman's position will not be misunderstood, the amendment I have offered as a committee amendment, the gentleman is absolutely in favor of? I agree with the gentleman that there is a question where there are some who should be included and some who should not be, but it is difficult to phrase it. As my friend from Kansas stated, we are hoping it will be taken care of in the interim between the time the bill passes the House and the time the conference report is agreed to, and the amendment I have offered is an amendment along the line that we all want.

Mr. CARLSON. I am in hearty accord with the gentleman's amendment and I hope it is adopted.

[Here the gavel fell.]

The CHAIRMAN. The question is on the committee amendment offered by the gentleman from Massachusetts [Mr. McCORMACK].

The committee amendment was agreed to.

Mr. McCORMACK. Mr. Chairman, I offer a further committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. McCORMACK: On page 73, line 23, after the phrase "State law", insert "or will be determined on the basis of such fractional part of an individual's total earnings (with respect to which contributions were required under such State law) during that calendar quarter within such period in which such earnings were highest, as will produce a reasonable approximation of such full-time weekly earnings."

Mr. McCORMACK. Mr. Chairman, this amendment is simply for the purpose of clarification. Several questions have been raised about the meaning of the phrase "full-time weekly earnings." Those questions are fully answered on page 68 of the committee report. However, in order to avoid misunderstanding and confusion, the committee has recommended this amendment, so that the interpretation of this phrase will be provided in the law itself.

This amendment does not affect the bill in any substantial manner. It is designed to protect the rights of the States by clearly indicating the committee's intent with regard to the meaning of the phrase "full-time weekly earnings."

The CHAIRMAN. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

Mr. HAVENNER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HAVENNER: On page 84, strike out lines 7 to 12, inclusive.

Mr. HAVENNER. Mr. Chairman, this is another of the amendments endorsed by the American Federation of Labor and is intended to make the definition of employer in this section identical with the definition of employer for old-age insurance tax coverage.

The pay-roll tax for the old-age insurance title of the Social Security Act is collected from all employers who are operating in covered occupations. For unemployment compensation the Federal tax is collected only from employers in the covered occupations who have eight or more employees during each of 20 weeks in the year. For old-age insurance the tax is levied on only the first $3,000 of wages to any one employee. For unemployment compensation it is on the entire pay roll. The Social Security Board recommended that the tax be levied on the same employers and for the same amounts of the pay roll for unemployment compensation as for old-age insurance in order to simplify record keeping and administration. H. R. 6635 changes the pay-roll tax for unemployment compensation to the first $3,000 of wages but fails to change the definition of "employer" to mean employer of one or more persons as in old-age insurance. It should be amended to accomplish this.

Many employers favor the wider coverage because employers of six or seven workers have a tax advantage in their competition with those who hire eight or more workers. Many States have extended coverage more liberally than the Federal law. It would make interstate competition easier for employers in those States with more liberal standards if the Federal law were amended. Administration would be more economical. Employers' records would be simplified. Workers who now are employed in smaller establishments would enjoy the same unemployment compensation security possessed by those in larger plants.

Mr. VOORHIS of California. Mr. Chairman will the gentleman yield?

Mr. HAVENNER. I yield.

Mr. VOORHIS of California. Does not the gentleman believe the very arguments advanced by the gentleman from Tennessee against the amendment offered by the gentleman from Michigan are equally important in defending the gentleman's amendment? Because the argument was advanced that in the case of a limitation of the number of employees as between corporations, a difference in the number of men on the pay roll would give one a competitive advantage over the other.

Mr. HAVENNER. It seems to me to be a matter of simple justice to make this correction.

Mr. COOPER. Mr. Chairman, I rise in opposition to the amendment and ask to be indulged only briefly.

Mr. Chairman, the present Social Security Act exempts eight or less. The effect of this amendment, of course, would be to disturb the entire situation that now exists. The imposition of the provisions of this amendment would mean that every little business with one or two employees would have to be covered.

The House, in 1935, following the recommendation of your committee, thought that 10 or less should be exempt; and, as explained a few moments ago, the Senate changed it to 6. In conference the number was fixed at 8. I think we are not yet ready to extend this program down to include

every little business in the country which has one or two people working for it; the corner grocery store and businesses of that type.

Mr. BUCK. Mr. Chairman, will the gentleman yield?

Mr. COOPER. I yield.

Mr. BUCK. May I call the gentleman's attention to the fact that the amendment is wrong, anyway, because it proposes to knock out the entire definition of employer? It is absolutely essential that we have some definition of employer in the bill.

Mr. COOPER. I think the gentleman is correct. I feel that the amendment should be rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California.

The amendment was rejected.

Mr. HAVENNER. Mr. Chairman, I offer a further amendment.

The Clerk read as follows:

Amendment offered by Mr. HAVENNER: On page 58, line 15, strike out beginning with the comma after the word "home" down through the word "sorority" in line 17.

Mr. HAVENNER. Mr. Chairman, this amendment is identical with the amendment I offered to an earlier title yesterday, and is presented at this time in order to keep the RECORD straight for the program of amendments.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California.

The amendment was rejected.

Mr. HAVENNER. Mr. Chairman, I offer a further amendment.

The Clerk read as follows:

Amendment offered by Mr. HAVENNER: On page 60, strike out lines 4 to 25, inclusive, and on page 61, lines 1 to 21, inclusive.

Mr. HAVENNER. Mr. Chairman, this amendment is identical with an amendment offered yesterday to an earlier title of the bill with respect to employees of nonprofit organizations.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California.

The amendment was rejected.

Mr. HAVENNER. Mr. Chairman, I offer a further amendment.

The Clerk read as follows:

Amendment offered by Mr. HAVENNER: On page 62, strike out lines 15 to 22, inclusive.

Mr. HAVENNER. Mr. Chairman, this amendment is identical with one I offered yesterday relating to student nurses.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California.

The amendment was rejected.

Mr. HAVENNER. Mr. Chairman, I offer a further amendment.

The Clerk read as follows:

Amendment offered by Mr. HAVENNER: Page 64, strike out lines 20 to 25, inclusive, all of page 65, and on page 66, lines 1 and 2, and insert in lieu thereof the following:

"(i) Agricultural labor: The term 'agricultural labor' means only the services of a farm hand employed by a farmer to do the ordinary work connected with a bona fide farm. It does not include services performed on farms whose scale or nature of operations makes them industrial in character. In no case does it include more than the first processing of products which is incidental to the farming operations."

Mr. HAVENNER. Mr. Chairman, this is similar to the amendment I offered yesterday relating to the definition of agricultural labor.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California.

The amendment was rejected.

Mr. HAVENNER. Mr. Chairman, I offer a further amendment.

The Clerk read as follows:

Amendment offered by Mr. HAVENNER: Page 85, line 23, strike out beginning with the comma after the word "home" down through the word "sorority" in line 25.

Mr. HAVENNER. Mr. Chairman, this is a definition of domestic labor.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California.

The amendment was rejected.

Mr. HAVENNER. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. HAVENNER: Page 87, strike out lines 11 to 26, inclusive, and strike out all of page 88.

Mr. HAVENNER. Mr. Chairman, this is again the amendment relating to employees of nonprofit organizations.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California [Mr. HAVENNER].

The amendment was rejected.

Mr. HAVENNER. Mr. Chairman, I offer another amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. HAVENNER: Page 89, strike out lines 18 to 25, inclusive.

Mr. HAVENNER. Mr. Chairman, this is the amendment relating to the employment of students and nurses.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California [Mr. HAVENNER].

The question was taken; and on a division (demanded by Mr. SCHAFER of Wisconsin) there were—ayes 4, noes 103.

So the amendment was rejected.

Mr. HAVENNER. Mr. Chairman, I offer another amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. HAVENNER: Page 92, strike out lines 5 to 25, inclusive, and on page 93, lines 1 to 11, inclusive, and insert in lieu thereof the following:

"(1) Agricultural labor—the term 'agricultural labor' means only the services of a farm hand employed by a farmer to do the ordinary work connected with a bona fide farm. It does not include services performed on farms whose scale or nature of operations makes them industrial in character. In no case does it include more than the first processing of products which is incidental to the farming operations."

The CHAIRMAN. The question is on the amendment offered by the gentleman from California [Mr. HAVENNER].

The amendment was rejected.

Mr. RAMSPECK. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I am very much interested in the question whether or not corporations operating annual fairs, such as we have in practically every State in the Union are covered by this law. We all know that the purpose of those organizations, although they may be incorporated, is not to make money but to encourage improvement in agricultural and commercial conditions. They generally have agricultural and livestock exhibits principally, but oftentimes commercial exhibits as well. They also operate amusement devices through contract with the company which brings the so-called midways to the fairs. May I ask the gentleman from Tennessee to give us the benefit of the committee's view on that?

Mr. COOPER. Mr. Chairman, it is the understanding of the committee that these fairs of the type mentioned by the gentleman are interpreted by the Treasury Department regulations to be in connection with agricultural programs and the advancement of agricultural products. Being such, they are completely exempted under section 101 of the Internal Revenue Code, therefore, are exempted under the provisions of this bill.

Mr. RAMSPECK. I thank the gentleman.

The Clerk read as follows:

TITLE VII—AMENDMENTS TO TITLE X OF THE SOCIAL SECURITY ACT

SEC. 701. (a) Clause (5) of section 1002 (a) of the Social Security Act is amended to read as follows: "(5) provide such methods of administration (other than those relating to selection, tenure of office, and compensation of personnel) as are found by the Board to be necessary for the proper and efficient operation of the plan."

(b) Effective July 1, 1941, section 1002 (a) of such act is further amended by inserting before the period at the end thereof a semicolon and the following new clauses: "(8) provide that the State agency shall, in determining need, take into consideration any other income and resources of an individual claiming aid to the

blind; and (9) provide safeguards which restrict the use or disclosure of information concerning applicants and recipients to purposes directly connected with the administration of aid to the blind."

SEC. 702. Effective January 1, 1940, section 1003 of such act is amended to read as follows:

"PAYMENT TO STATES

"SEC. 1003. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for aid to the blind, for each quarter, beginning with the quarter commencing January 1, 1940, (1) an amount, which shall be used exclusively as aid to the blind, equal to one-half of the total of the sums expended during such quarter as aid to the blind under the State plan with respect to each needy individual who is blind and is not an inmate of a public institution, not counting so much of such expenditure with respect to any individual for any month as exceeds $30, and (2) 5 percent of such amount, which shall be used for paying the costs of administering the State plan or for aid to the blind, or both, and for no other purpose.

"(b) The method of computing and paying such amounts shall be as follows:

"(1) The Board shall, prior to the beginning of each quarter, estimate the amount to be paid to the State for such quarter under the provisions of clause (1) of subsection (a), such estimate to be based on (A) a report filed by the State containing its estimate of the total sum to be expended in such quarter in accordance with the provisions of such clause, and stating the amount appropriated or made available by the State and its political subdivisions for such expenditures in such quarter, and if such amount is less than one-half of the total sum of such estimated expenditures, the source or sources from which the difference is expected to be derived, (B) records showing the number of blind individuals in the State, and (C) such other investigation as the Board may find necessary.

"(2) The Board shall then certify to the Secretary of the Treasury the amount so estimated by the Board, (A) reduced or increased, as the case may be, by any sum by which it finds that its estimate for any prior quarter was greater or less than the amount which should have been paid to the State under clause (1) of subsection (a) for such quarter, and (B) reduced by a sum equivalent to the pro rata share to which the United States is equitably entitled, as determined by the Board, of the net amount recovered during a prior quarter by the State or any political subdivision thereof with respect to aid to the blind furnished under the State plan; except that such increases or reductions shall not be made to the extent that such sums have been applied to make the amount certified for any prior quarter greater or less than the amount estimated by the Board for such prior quarter: *Provided*, That any part of the amount recovered from the estate of a deceased recipient which is not in excess of the amount expended by the State or any political subdivision thereof for the funeral expenses of the deceased shall not be considered as a basis for reduction under clause (B) of this paragraph.

"(3) The Secretary of the Treasury shall thereupon, through the Division of Disbursement of the Treasury Department, and prior to audit or settlement by the General Accounting Office, pay to the State, at the time or times fixed by the Board, the amount so certified, increased by 5 percent."

SEC. 703. Section 1006 of such act is amended to read as follows:

"SEC. 1006. When used in this title, the term 'aid to the blind' means money payments to blind individuals who are needy."

Mr. JENKINS of Ohio. Mr. Chairman, I offer a committee amendment.

Mr. ROBERTSON. Will the gentleman withhold that so that I may clarify the statement of the gentleman from Tennessee about these agricultural fairs?

Mr. JENKINS of Ohio. Yes.

Mr. ROBERTSON. Mr. Chairman, I wish to call attention to page 2 of the committee report, where you will find that all agricultural and horticultural organizations are completely exempted from both the old-age and the unemployment pay-roll tax. In addition to that, this bill exempts all nonprofit corporations exempt from income tax under section 101 of the Revenue Act where the compensation of the employee is less than $45 in a quarter.

Some question has been raised by a representative of the United States Chamber of Commerce as to whether or not the language has been properly inserted in all of the necessary places. The answer to that is found on page 2 of the report, which gives the interpretation by the committee of the language used by the committee, which language is binding on the Treasury Department. We say on page 2 of the report:

1. Certain services, including services for agricultural and horticultural associations, voluntary employees' beneficiary associations, local or ritualistic services for fraternal beneficiary societies, and services of employees earning nominal amounts (less than $45 per quarter) of nonprofit institutions exempt from income tax, are exempted from old-age insurance and unemployment compensation in order to eliminate the nuisance cases of inconsequential tax payments.

The Treasury Department is bound by that, regardless of what anybody else may think.

Mr. JENKINS of Ohio. Mr. Chairman, I offer a committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. JENKINS of Ohio: On page 95, line 2, strike out "$30" and insert "$40."

Mr. JENKINS of Ohio. Mr. Chairman, title VII of this bill has to do with pensions for the blind. The amendment which I have sent to the Clerk's desk provides for an increase in the pension to the blind. It applies, in line 2, on page 95.

I wish to state that this is a committee amendment, and I wish to thank the Committee on Ways and Means most profoundly for their graciousness in permitting me to offer this amendment, as you know it is the universal rule for the majority members to offer all committee amendments to a bill, especially a bill of such great importance as this one. The amendment has the full and complete approval of every member of the Committee on Ways and Means, both Democrats and Republicans. The reason they were gracious enough to assign this privilege to me is that I have been more or less active with reference to preparing and securing legislation that aids the blind. I shall not take the time of this Committee any further on this point, but say again as graciously and sincerely as I can that I appreciate the kind consideration of the committee.

May I state further that this amendment simply puts the blind pensioners on the same basis as the old-age pensioners. It raises the maximum contribution of the Federal Government from $15 to $20. The Federal Government will contribute up to $20 and if the State government will do the same the blind will get $40 per month—whatever the States will give up to $20 the Federal Government will match. The Federal law provides that the old-age pensions must be administered under a State unit and practically all the States have such a State unit. It is unfortunate that the law is not the same as to the blind. In many States, in the State of Ohio, for instance, the State is not a unit, in the same way with reference to the payment of old-age pensions as it is with reference to the payment of the blind pensions, with the result that the blind people do not get the pensions as easily or to the same extent the old-age pensioners do. I hope the time will come when the blind will be given the same administrative advantages as the old-age pensioners.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. JENKINS of Ohio. Yes; I yield to the distinguished and learned gentleman from Massachusetts.

Mr. McCORMACK. The statement of the gentleman from Ohio indicates the very fine spirit that existed among the entire membership of the Committee on Ways and Means, without regard to party affiliation, during the entire consideration of this bill, which extended over several months. It certainly was a pleasure to all the members of the Committee on Ways and Means, particularly the Democratic members of the committee, to have the committee amendment offered by the distinguished gentleman from Ohio, who made such a valiant fight to have the amendment adopted. [Applause.]

The CHAIRMAN. The question is on the committee amendment offered by the gentleman from Ohio [Mr. JENKINS].

The committee amendment was agreed to.

Mr. HAVENNER. Mr. Chairman, I ask unanimous consent to return to title VI in order to offer a few more amendments, without debate, which I did not offer while title VI was under consideration.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. HAVENNER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HAVENNER: Page 70, line 10, after the word "and", insert the following:

"(B) Compensation will be paid to any otherwise eligible individual in accordance with general standards and requirements not less favorable to such individual than the following or substantially equivalent standards:

"(i) the individual will be entitled to receive, within a compensation period prescribed by the State law of not more than 52 consecutive weeks, a total amount of compensation equal to not less than 16 times his weekly rate of compensation for a week of total unemployment;

"(ii) no individual will be required to serve a waiting period in excess of 1 week or 7 consecutive days of total unemployment within the compensation period prescribed by the State law as a condition to receiving during such compensation period the total amount of compensation provided in subparagraph (i) of this subsection;

"(iii) the weekly rates of compensation payable for total unemployment in such State will be related to the full-time weekly earnings (with respect to which contributions were required under such State law) of such individual during a period prescribed by State law and will be not less than (a') $5 per week if such full-time weekly earnings were $10 or less, (b') 50 percent of such full-time weekly earnings if they were more than $10 but not more than $30, and (c') $15 per week if such full-time weekly earnings were more than $30;

"(iv) compensation will be paid under such State law to any such individual whose earnings in any week equal less than such individual's weekly rate of compensation for total unemployment, in an amount at least equal to the difference between such individual's actual earnings with respect to such week and his weekly rate of compensation for total unemployment;

"(v) no disqualification for compensation will be imposed in excess of disqualification for compensation during a 6 consecutive week period beginning with the week in which the disqualifying circumstance occurs; and."

The amendment was rejected.

Mr HAVENNER. Mr. Chairman, I ask unanimous consent to extend my own remarks in the RECORD at this point.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. HAVENNER. Mr. Chairman, this amendment establishes benefit standards which must be adopted by any State before additional credit allowance would be granted to employers who are paying a smaller tax rate than the average rate in the State under specified provisions of the State law.

The serious defect in the proposal of the pending bill is that the benefit standards it establishes are reasonable only as minimum standards for the less industrialized States. In a number of States standards have already been adopted which are superior in some respects to those of the bill before us. If, however, tax reductions are permitted and no limit is set to the amount of reduction as soon as these minimum benfits are met and the specified reserve established, it will be almost impossible for States to retain or adopt superior standards. If better benefits are paid, the extra cost of such benefits will keep the reserve from being built up and will delay the full amount of tax reduction possible.

It was only after the uniform Federal tax law was levied that States found it possible to pass unemployment-compensation laws. The Federal tax equalized interstate competitive conditions. If varying amounts of credit are given against the Federal law to make up for reductions in State taxes, the competition between States will be unequal again and each State will try to reduce its rate as far as possible.

It will be very hard for any State to establish better benefits than the minimum, and those minimum standards are known to be inadequate. This is one of three amendments sponsored by the American Federation of Labor to prevent the proposed tax reduction in unemployment-compensation tax returns from taking effect in such a way that benefit payments will be fixed at levels far too low to be satisfactory or adequate.

Mr. Chairman, I offer a further amendment.

The Clerk read as follows:

Amendment offered by Mr. HAVENNER: Page 72, strike out lines 10 to 25, inclusive; all of page 73, and lines 1 to 17, inclusive, on page 74, and insert the following:

"(b) Other State standards: Notwithstanding the provisions of subsection (a) (1) (A) of this section, a taxpayer shall be allowed an additional credit under section 1601 (b) with respect to any reduced rate of contributions permitted by a State law if the Board finds that under such law—

"(1) the amount in the unemployment fund as of the computation date equals not less than one and one-half times the highest amount paid into such fund with respect to any 1 of the preceding 10 calendar years, or one and one-half times the highest amount of compensation paid out of such fund within any 1 of the preceding 10 calendar years, whichever is the greater; and

"(2) any variations in reduced rates of contributions as between different persons having individuals in their employ, are permitted only in accordance with the provisions of paragraph (2), (3), or (4) of subsection (a) of this section; and

"(3) either part I, part II, part III, or part IV of this subsection are complied with.

"PART I

"(A) The total annual contribution will yield not less than an amount substantially equivalent to 2.4 percent of the total annual pay roll with respect to which contributions are required under such law; and

"(B) compensation will be paid to any otherwise eligible individual in accordance with general standards and requirements not less favorable to such individual than the following or substantially equivalent standards:

"(i) the individual will be entitled to receive, within a compensation period prescribed by State law of not more than 52 consecutive weeks, a total amount of compensation equal to not less than 16 times his weekly rate of compensation for a week of total unemployment;

"(ii) no such individual will be required to serve a waiting period in excess of 1 week or 7 consecutive days of total unemployment within the compensation period prescribed by the State law as a condition to receiving during such compensation period the total amount of compensation provided in subparagraph (i) of this subsection;

"(iii) the weekly rates of compensation payable for total unemployment in such State will be related to the full-time weekly earnings (with respect to which contributions were required under such State law) of such individual during a period prescribed by State law, and will not be less than (a') $6 per week if such full-time weekly earnings were $12 or less, (b') 50 percent of such full-time weekly earnings if they were more than $12 but not more than $36, and (c') $18 per week if such full-time weekly earnings were more than $36;

"(iv) compensation will be paid under such State law to any such individual whose earnings in any week equal less than such individual's weekly rate of compensation for total unemployment, in an amount at least equal to the difference between such individual's actual earnings with respect to such week and his weekly rate of compensation for total unemployment; and

"(v) No disqualification for compensation will be imposed in excess of disqualification for compensation during a 6-consecutive-week period beginning with the week in which the disqualifying circumstance occurs.

"PART II

"(A) The total annual contributions will yield not less than an amount substantially equivalent to 2.1 percent of the total annual pay roll with respect to which contributions are required under such law; and

"(B) Compensation will be paid to any otherwise eligible individual in accordance with general standards and requirements not less favorable to such individual than the following or substantially equivalent standards:

"(i) The individual will be entitled to receive, within a compensation period prescribed by State law of not more than 52 consecutive weeks, a total amount of compensation equal to not less than 20 times his weekly rate of compensation for a week of total unemployment;

"(ii) No such individual will be required to serve a waiting period in excess of 1 week or 7 consecutive days of total unemployment within the compensation period prescribed by the State law, as a condition to receiving, during such compensation period, the total amount of compensation provided in subparagraph (i) of this subsection;

"(iii) The weekly rates of compensation payable for total unemployment in such State will be related to the full-time weekly earnings (with respect to which contributions were required under such State law) of such individual during a period prescribed by State law, and will not be less than (a') $7 per week if such full-time weekly earnings were $14 or less, (b') 50 percent of such full-time weekly earnings if they were more than $14 but not more than $40, and (c') $20 per week if such full-time weekly earnings were more than $40;

"(iv) Compensation will be paid under such State law to any such individual whose earnings in any week equal less than such individual's weekly rate of compensation for total unemployment, in an amount at least equal to the difference between such individual's actual earnings with respect to such week and his weekly rate of compensation for total unemployment; and

"(v) No disqualification for compensation will be imposed in excess of disqualification for compensation during a 6-consecutive-week period beginning with the week in which the disqualifying circumstance occurs.

"PART III

"(A) The total annual contributions will yield not less than an amount substantially equivalent to 1.8 percent of the total annual pay roll with respect to which contributions are required under such law; and

"(B) Compensation will be paid to any otherwise eligible individual in accordance with general standards and requirements not

less favorable to such individual than the following or substantially equivalent standards:

"(i) The individual will be entitled to receive, within a compensation period prescribed by State law of not more than 52 consecutive weeks, a total amount of compensation equal to not less than 24 times his weekly rate of compensation for a week of total unemployment;

"(ii) No such individual will be required to serve a waiting period in excess of 1 week or 7 consecutive days of total unemployment within the compensation period prescribed by the State law, as a condition to receiving, during such compensation period, the total amount of compensation provided in subparagraph (i) of this subsection;

"(iii) The weekly rates of compensation payable for total unemployment in such State will be related to the full-time weekly earnings (with respect to which contributions were required under such State law) of such individual during a period prescribed by State law and will not be less than (a') $7 per week if such full-time weekly earnings were $14 or less, (b') 60 percent of such full-time weekly earnings if they were more than $14 but not more than $40, and (c') $20 per week if such full-time weekly earnings were more than $40;

"(iv) Compensation will be paid under such State law to any such individual whose earnings in any week equal less than such individual's weekly rate of compensation for total unemployment, in an amount at least equal to the difference between such individual's actual earnings with respect to such week and his weekly rate of compensation for total unemployment; and

"(v) No disqualification for compensation will be imposed in excess of disqualification for compensation during a 6-consecutive-week period beginning with the week in which the disqualifying circumstance occurs.

"PART IV

"(A) The total annual contributions will yield not less than an amount substantially equivalent to 1.5 percent of the total annual pay roll with respect to which contributions are required under such law; and

"(B) Compensation will be paid to any otherwise eligible individual in accordance with general standards and requirements not less favorable to such individual than the following or substantially equivalent standards:

"(i) The individual will be entitled to receive, within a compensation period prescribed by State law of not more than 52 consecutive weeks a total amount of compensation equal to not less than 26 times his weekly rate of compensation for a week of total unemployment;

"(ii) No such individual will be required to serve a waiting period in excess of 1 week or 7 consecutive days of total unemployment within the compensation period prescribed by the State law, as a condition to receiving, during such compensation period, the total amount of compensation provided in subparagraph (i) of this subsection;

"(iii) The weekly rates of compensation payable for total unemployment in such State will be related to the full-time weekly earnings (with respect to which contributions were required under such State law) of such individual during a period prescribed by State law and will not be less than (a') $7 per week if such full-time weekly earnings were $14 or less, (b') 66⅔ percent of such full-time weekly earnings if they were more than $14, but not more than $40, and (c') $20 per week if such full-time weekly earnings were more than $40;

"(iv) Compensation will be paid under such State law to any such individual whose earnings in any week equal less than such individual's weekly rate of compensation for total unemployment, in an amount at least equal to the difference between such individual's actual earnings with respect to such week and his weekly rate of compensation for total unemployment; and

"(v) No diqualification for compensation will be imposed in excess of disqualification for compensation during a 6-consecutive-week period beginning with the week in which the disqualifying circumstance occurs."

Mr. McCORMACK (interrupting the reading of the amendment). Mr. Chairman, I ask unanimous consent that the further reading of the amendment be dispensed with.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California.

The amendment was rejected.

Mr. HAVENNER. Mr. Chairman, I ask unanimous consent to extend my own remarks in the RECORD at this point.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. HAVENNER. Mr. Chairman, the pending bill provides that the States should be allowed to reduce the tax rate without any reduction in the credit their employers have against the Federal tax when they have reserves of a specified amount and have adopted the stated benefit standards. Those standards are so far from adequate that in some respects they are inferior to existing State laws. The Ways and Means Committee report estimates that all except five States would be able to reduce taxes in 1940. To allow tax reductions to proceed unchecked after these standards are reached will prevent any improvement in benefits. There will be a competition between States to push taxes down rather than a reasonable effort to improve benefits.

Tax reductions which would prevent benefit increases would be false economy and defeat the purpose of the law. An amendment providing for progressive benefit increases as a condition of progressive tax reductions would put real security into the system.

At present no State has a satisfactory benefit scale. The purpose of unemployment compensation is to pay reasonable benefits to the unemployed worker. If the Federal tax rate is lowered, each State will wish to lower its own tax rate to give its employers the same advantage enjoyed by employers in other States. The persons the law was intended to benefit will suffer by continuation of low benefit rates.

This amendment has been prepared by the American Federation of Labor, and I urge its adoption.

Mr. Chairman, I offer a further amendment.

Mr. BUCK. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. BUCK. How many more amendments will be offered by the gentleman from California?

The CHAIRMAN. The Chair does not think that is a proper parliamentary inquiry, but the Chair has been advised that this is all.

The Clerk read as follows:

Amendment offered by Mr. HAVENNER: Page 81, after line 4, insert the following:

"(7) Compensation will be paid to any otherwise eligible individual in accordance with general standards and requirements not less favorable to such individual than the following or substantially equivalent standards:

"(A) The individual will be entitled to receive, within a compensation period prescribed by the State law of not more than 52 consecutive weeks, a total amount of compensation equal to not less than 16 times his weekly rate of compensation for a week of total unemployment;

"(B) No individual will be required to serve a waiting period in excess of 1 week or 7 consecutive days of total unemployment within the compensation period prescribed by the State law, as a condition to receiving during such compensation period the total amount of compensation provided in subparagraph (A) of this subsection;

"(C) The weekly rates of compensation payable for total unemployment in such State will be related to the full-time weekly earnings (with respect to which contributions were required under such State law) of such individual during a period prescribed by State law and will be not less than (i) $5 per week if such full-time weekly earnings were $10 or less, (ii) 50 percent of such full-time weekly earnings if they were more than $10 but not more than $30, and (iii) $15 per week if such full-time weekly earnings were more than $30;

"(D) Compensation will be paid under such State law to any such individual whose earnings in any week equal less than such individual's weekly rate of compensation for total unemployment, in an amount at least equal to the difference between such individual's actual earnings with respect to such week and his weekly rate of compensation for total unemployment; and

"(E) No disqualification for compensation will be imposed in excess of disqualification for compensation during a 6-consecutive-week period beginning with the week in which the disqualifying circumstance occurs."

Mr. McCORMACK (interrupting the reading of the amendment). Mr. Chairman, I ask unanimous consent that the further reading of the amendment be dispensed with.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The CHAIRMAN. The question is on the amendment of the gentleman from California.

The amendment was rejected.

Mr. HAVENNER. Mr. Chairman, I ask unanimous consent to extend my own remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. HAVENNER. Mr. Chairman, when the Federal 3-percent tax was adopted in title IX of the Social Security Act the purpose was to make it possible for States to establish unemployment-compensation systems without handicapping their employers in interstate competition. The 2.7-percent tax which most of the States adopted was a compromise, admittedly not large enough to pay the benefits which would mean substantial security for unemployed workers, but as large as it was believed advisable to levy on pay rolls in 1935 for unemployment compensation. Everyone expected that benefit payments would be as large and as extended as the funds raised would permit.

Instead of adequate benefits the low standards adopted originally on the basis of mistaken estimates of cost were retained, and the money collected was not used. Absurdly low benefit checks, many for amounts less than $2, long waiting periods, severe disqualifications, and payments for periods too brief to be significant have made a farce of unemployment compensation in many States. In the last quarter of 1938, 28 percent of the checks were for amounts less than $8. In the first quarter of 1939 those small checks had increased to 33 percent of the total written. It is no wonder that unused reserves have piled up to very large sums in some States.

It is time to remember the purpose of social-security legislation. Unemployment compensation is to aid the unemployed worker. The meager payments so far have made a mockery of the "security" the system was designed to achieve. The 3-percent tax is in large measure passed on to consumers. The estimated saving to employers from tax reductions is, therefore, vastly overrated. The real aid to business would come from making full use of the unemployment-compensation funds. If the benefits are adequate, paid promptly and for periods long enough to cover the usual periods of unemployment the amount paid in in taxes will be returned to business in payment for goods. That demand for commodities is the relief business needs. When commodities are sold there is money to pay taxes.

Unemployed workers can be counted on to spend all the money they get in benefits. Their demands are limited only by their resources. The law was designed for their aid. Making their purchasing power regular would aid business, so serving a double purpose. The amendment provides for standards of benefit payments which will insure a more complete use of available funds for benefit payments.

This amendment is sponsored by the American Federation of Labor and should be adopted.

Mr. MILLER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I take this time to express very briefly an observation brought to mind by the amendment offered by the gentleman from Ohio [Mr. JENKINS] and adopted by the Committee a few moments ago. I think it is well to pause and remind ourselves that because of the intense interest in old-age assistance and old-age insurance, we are many times inclined to overlook the importance of other titles of the Social Security Act. I believe I can safely say that in my own district very few of the residents realize the possibilities in the Social Security Act, and very few of the States, I fear, are taking full advantage of certain titles of the act.

The change made in title IV wherein the Federal Government will now match dollar for dollar the money appropriated by the States is certainly an improvement over the old act.

The American Legion has been very much interested in this whole program of child reform, and at their suggestion the F. E. R. A. made a survey a few years ago and developed the fact that there are in the United States practically the same number of needy children as there are aged people in need, but still the fact remains that at the present time we are spending $4 for assistance to the aged for every dollar we are spending for dependent and needy children.

I realize that part of the program must be carried on by the States, but I feel it is the duty of every Member of the Congress, when they go back into their districts to discuss with those in power in their respective States the possibility of enlarging and increasing the work done for the needy children.

Mr. TREADWAY. Mr. Chairman, will the gentleman yield?

Mr. MILLER. Gladly.

Mr. TREADWAY. Of course, the gentleman is well aware of the fact we have done the right thing by the needy children in changing the apportionment from one-third to one-half as the contribution on the part of the Federal Government.

Mr. MILLER. I intended to express the thought, and I believe I did say that was an improvement, and I hope the information will be conveyed back to the several States.

[Here the gavel fell.]

Mr. VOORHIS of California. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. VOORHIS of California: On page 97, line 5, after section 703, insert a new section to read as follows: "SEC. 704. Title X of the Social Security Act, as amended, is amended by inserting after the word 'blind' wherever it occurs in such title the following: 'or persons physically disabled in such degree as to be unable to engage in a gainful occupation.'"

Mr. VOORHIS of California. Mr. Chairman, I am sure that the real purpose of this amendment is one toward which the members of the committee themselves are sympathetic. Indeed, there has been some discussion already in connection with this bill in which it was said, as I recall, that a study of this question is being made.

The philosophy behind this amendment, I think, is very simple. It is simply that disability due to blindness is no more serious for the person affected from the standpoint of being able to engage in earning a living than many other kinds of disability, and therefore, in order for the act to be a well-rounded piece of legislation, there should be some provision made for other types of disability on the same basis as is made for blindness, provided the disability is sufficiently serious to render it impossible for the person to engage in a gainful occupation.

The amendment would in no way change the obligation on the State to determine the degree of disability and would still leave to the State, of course, the determination as to how far it would go in making provision for cases of this kind.

I simply felt that in the interest of having the act a well-rounded one, an amendment of this kind should be put into the measure and made a part of the program, and this is the reason I have offered the amendment.

Mr. COOPER. Mr. Chairman, I shall ask the indulgence of the House only briefly. I pointed out yesterday in response to a question asked me the reasons of the committee for not including total permanent disability cases in the pending bill. I am sure I voice the sentiment and feeling of every member of the Committee when I say that we are interested, we are in sympathy, with this group of our people, but it was pointed out to us by the Chairman of the Social Security Board that although they recommended future inclusion of permanent and total disability cases, they thought perhaps it would take a year or maybe 2 years to be able to properly work out the administrative program so as to be able to take care of that. We have many difficult questions involved in that, so that certainly this amendment should not be included in this bill. We should not start on this program at this time. The Social Security Board is continuing its study and its investigation. There would be considerable additional cost involved and the Board is not prepared and ready to administer such a program even if it should be adopted.

Mr. TREADWAY. Mr. Chairman, will the gentleman yield?

Mr. COOPER. Yes.

Mr. TREADWAY. Has not the gentleman just referred to one outstanding reason for further study, namely, the additional cost which would undoubtedly reach into a very large figure?

Mr. COOPER. Yes; that is true.

Mr. REED of New York. Mr. Chairman, will the gentleman yield?

Mr. COOPER. Yes.

Mr. REED of New York. Of course it must be apparent to all of the Members of the House that this is a bill so very comprehensive, entering into so many fields of social security, that it is utterly impossible to work out a solution of all of them that present themselves at this time.

Mr. COOPER. There is no doubt about that.

Mr. BUCK. Mr. Chairman, will the gentleman yield?

Mr. COOPER. Yes.

Mr. BUCK. The gentleman will recall that the estimate of the cost for benefit disbursements in a total disability benefit plan ranged from $27,000,000 to $33,000,000 in 1940, and would reach to from $162,000,000 to $278,000,000 by 1945, and increase thereafter, so your committee was very seriously concerned with the question of cost.

The CHAIRMAN. The time of the gentleman from Tennessee has expired. The question is on the amendment offered by the gentleman from California.

The amendment was rejected.

Mr. McCORMACK. Mr. Chairman, I move to strike out the last word. I was very much pleased to hear the remarks of the distinguished gentleman from Connecticut [Mr. MILLER] in relation to dependent children. Nothing pleases me more in this bill than the increased Federal grant from one-third to one-half and the increase of eligibility from 16 years to 18 years when the children are regularly attending school. Some of us had extreme difficulty in having the advance accomplished.

The action of the committee in increasing the Federal grant to dependent children from one-third to one-half is a commendable one. It was my pleasure to introduce a bill at the request of the American Legion to accomplish this result. The Social Security Board also made this as one of its recommendations.

The family is the oldest of our social institutions. Safeguarding the family against economic hazards is one of the major purposes of modern social legislation. The importance of the family, and the duty, obligation, and necessity of preserving it as far as possible, is evident to all of us. The action of the committee is not only humane, but is a great step in this direction.

Old-age legislation, contributory and noncontributory, unemployment compensation, mothers' aid, and general relief by several States and then political subdivisions, aid to the blind and incapacitated, all have an important bearing on preserving the family life.

In these cases most of the beneficiaries are adults. In the case of aid to children we are giving consideration to the child of today who will be the citizen of tomorrow and upon whose shoulders, with others, will rest the duty and task of carrying on the full duties of a citizen. It is to the children of today that we must look to for the successful conduct of our Government when the time comes that they assume full responsibility. That is all the more reason why the increased Federal grant to dependent children is important and commendable.

Prior to the passage of the Social Security Act, which was brought about through the inspiration and leadership of the great humanitarian, President Franklin D. Roosevelt, there was no national pattern of relief for dependent children, the aged or the blind.

In 1934, 270,000 to 280,000 dependent children in "need" were cared for, inadequately in most cases, under State law, with only a few States making provision for such aid.

Today, 681,000 children are receiving aid, in 40 States and two Territories, which are participating in the Federal-State program brought about as a result of the passage of the Social Security Act, with 95 percent of such cases in the United States receiving assistance through Federal contribution. The action in increasing the Federal grant from one-third to one-half should enable States to extend their activities in this deserving field.

Prior to the passage of the Social Security Act, the few States that gave consideration to the dependent children in need generally did so through mothers' aid laws, the standards being difficult to meet, and generally being left to the political subdivisions of a State to assume the burden of meeting. In the 40 States and 2 Territories that have passed laws complying with title IV, that situation has changed.

One of the underlying theories behind title IV—aid to dependent children—is that it is inadvisable from the angle of government and wrong from the angle of society to break up a family and put children in the position of requiring public assistance in a poor institution, such as was the general practice only a few years ago.

Under institutional care, which is repugnant to all, which the social-security law practically removed, the costs were much greater than keeping the family together, keeping the mother and her children in their own home.

I am also particularly pleased in the action taken by the Committee on Ways and Means, and which the House has agreed to, relating to Puerto Rico, and in giving to the people of Puerto Rico the benefits provided for in this bill. I hope that in the near future the other recommendations of President Roosevelt and of the Social Security Board with reference to the people of Puerto Rico will be incorporated into law.

The people of Puerto Rico are citizens of the United States just as much as we of continental United States are.

The evidence presented to the committee by Governor Winship and Miss Lenroot, Commissioner Iglesias, and others who appeared in behalf of the people of Puerto Rico was interesting and convincing. It showed that Puerto Rico is an island of about 100 miles long and 35 miles wide, and in that limited area are living 1,800,000 persons, or about 500 persons per square mile. If the same number of persons per mile, for example, lived in the great State of Texas, the population of the State of Texas would be 115,000,000. The evidence showed the area of Puerto Rico comprises about 2,200,000 acres of land, of which less than 1,500,000 acres is capable of being cultivated. The evidence showed that the per capita income and wealth of the inhabitants of Puerto Rico is very, very low.

The evidence also showed, as contained in a letter from Governor Winship to President Roosevelt dated June 25, 1938, that during the 5-year period from March 1933 Puerto Rico received out of funds appropriated for new construction and emergency purposes $57.41 per capita. The letter of Governor Winship also shows that the per capita appropriation in continental United States was $222.99; in Hawaii, $141.50; in Alaska, $211.40; and in the Virgin Islands, $282.28.

The letter also shows that in the same period the Federal Government allowed the government of Puerto Rico to receive around $5,000,000 each year in taxes, which during the 5-year period is about $14 per capita, which, added to the $57.41, would only amount to $71.41 per capita.

The evidence also shows that the people of Puerto Rico are among the best customers of goods produced or manufactured in the United States, buying from continental United States in 1936 farm products or manufactured goods and other manufactured products in the sum of $86,350,000, and in 1937 in the sum of $90,000,000.

The evidence also shows that the legislative body of Puerto Rico has already made the appropriations necessary to match the Federal grant on the provisions of the pending bill that we have extended to Puerto Rico. Puerto Rico has simply sought what other parts of the United States now have under the existing social-security law; and in this bill we have included Puerto Rico in such parts thereof as the Puerto Rican government are capable of accepting at the present time.

Puerto Rico is an integral part of the United States. The people of Puerto Rico are citizens of the United States. Its people should be given every opportunity to progress economically as rapidly as they can. We should give to the people of Puerto Rico consistent with their best interests and in the near future the humane benefits of all of the provisions of the Social Security Act and of all progressive legislation that future Congresses might pass and which might become enacted into law.

The Clerk read as follows:

TITLE VIII—AMENDMENTS TO TITLE XI OF THE SOCIAL SECURITY ACT

SEC. 801. Effective January 1, 1940—

(a) clause (1) of section 1101 (a) of such act is amended to read as follows: "(1) The term 'State' (except when used in sec. 531) includes Alaska, Hawaii, and the District of Columbia, and when used in titles V and VI of such act (including sec. 531) includes Puerto Rico."

(b) section 1101 (a) is further amended by striking out paragraph (6) and inserting in lieu thereof the following:

"(6) The term 'employee' includes an officer of a corporation. It also includes any individual who, for remuneration (by way of commission or otherwise) under an agreement or agreements contemplating a series of similar transactions, secures applications or orders or otherwise personally performs services as a salesman for a person in furtherance of such person's trade or business (but who is not an employee of such person under the law of master and servant); unless (A) such services are performed as a part of such individual's business as a broker or factor and, in furtherance of such business as broker or factor, similar services are performed for other persons and one or more employees of such broker or factor perform a substantial part of such services, or (B) such services are casual services not in the course of such individual's principal trade, business, or occupation.

"(7) The term 'employer' includes any person for whom an individual performs any service of whatever nature as his employee."

SEC. 802. Title XI of such act is further amended by adding at the end thereof the following new sections:

"DISCLOSURE OF INFORMATION IN POSSESSION OF BOARD

"SEC. 1106. No disclosure of any return or portion of a return (including information returns and other written statements) filed with the Commissioner of Internal Revenue under title VIII of the Social Security Act or the Federal Insurance Contributions Act or under regulations made under authority thereof, which has been transmitted to the Board by the Commissioner of Internal Revenue, or of any file, record, report, or other paper, or any information, obtained at any time by the Board or by any officer or employee of the Board in the course of discharging the duties of the Board, and no disclosure of any such file, record, report, or other paper, or information, obtained at any time by any person from the Board or from any officer or employee of the Board, shall be made except as the Board may by regulations prescribe. Any person who shall violate any provision of this section shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be punished by a fine not exceeding $1,000 or by imprisonment not exceeding 1 year, or both.

"PENALTY FOR FRAUD

"SEC. 1107. (a) Whoever, with the intent to defraud any person, shall make or cause to be made any false representation concerning the requirements of this act, the Federal Insurance Contributions Act, or the Federal Unemployment Tax Act, or of any rules or regulations issued thereunder, knowing such representations to be false, shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be punished by a fine not exceeding $1,000 or by imprisonment not exceeding 1 year, or both.

"(b) Whoever, with the intent to elicit information as to the date of birth, employment, wages, or benefits of any individual (1) falsely represents to the Board that he is such individual, or the wife, parent, or child of such individual, or the duly authorized agent of such individual, or of the wife, parent, or child of such individual, or (2) falsely represents to any person that he is an employee or agent of the United States, shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be punished by a fine not exceeding $1,000 or by imprisonment not exceeding 1 year, or both."

Mr. McCORMACK. Mr. Chairman, I offer the following committee amendment, which I send to the desk.

The Clerk read as follows:

Committee amendment offered by Mr. McCORMACK: Page 98, line 4, strike out the words "casual services."

Mr. McCORMACK. Mr. Chairman, this is the same amendment adopted in another part of the bill found on page 64.

The CHAIRMAN. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

Mr. CARLSON. Mr. Chairman, I move to strike out the last word. In this section we are including Puerto Rico for the first time under the Social Security Act. It comes under the provisions of title V and title VI, which deal with maternal and child welfare and with public health. I think every member of the Ways and Means Committee was greatly impressed with the testimony of Hon. Blanton Winship, Governor of Puerto Rico, and by representatives of the Department of the Interior and other citizens interested in the welfare of that country. I think we were all amazed to learn that this Nation of ours, while we contribute financially to the support of Puerto Rico in several and in many ways, yet passed legislation in Congress that is just about to destroy the economic conditions of that country.

Governor Winship stated before our committee that there were six or seven hundred thousand who have got to be fed or they will go hungry this summer because of the sugar quota and the wage and hour law. The wage and hour law and the trade treaties have practically destroyed an industry employing ninety to one hundred thousand women. It seems that our Nation has tried to help Puerto Rico financially, but at the same time just about strangled them with reciprocal-trade treaties and regulations.

On April 14 the Senate and House of Representatives of Puerto Rico passed a concurrent resolution. I am going to read one section of it:

Whereas these acts on the part of the Congress of the United States and of the national administration will undoubtedly cause the total ruin of all our resources and all wealth, and they now discourage all initiative of the businessmen of Puerto Rico and kill all hope of creating new industries.

Again I say the reciprocal-trade agreements and wage and hour law that we have enacted have just about destroyed that country. The following resolution passed by the Senate and House of Puerto Rico calls to our attention the seriousness of the situation:

Concurrent resolution to set forth the very acute crisis now experienced by the island of Puerto Rico; to make urgent demands upon the President of the United States of America and the national administration for a remedy for this situation

Whereas the exports of Puerto Rico have fallen from $114,953,827 in 1937 to $82,077,178 in 1938, i. e., a decrease of 28.5 percent. In 1938 imports amounted to $93,314,783, which showed a trade balance against Puerto Rico of $11,237,605 in the year 1938;

Whereas due to the restrictions resulting from the quotas assigned to Puerto Rico for this year, there can be no new plantings of sugarcane, the sugar-grinding season will close in May, it being one of the shortest there has ever been in Puerto Rico, and at the close of the grinding season there will be over 200,000 laborers out of work;

Whereas according to reports of the Administrator of the P. R. R. A., the number of cases certified for relief reached 222,606 unemployed in November 1938, a figure which represents, counting their dependents, 1,121,035 persons without means of subsistence;

Whereas Puerto Rico has suffered considerable reductions in the export values of its agricultural products during the year 1938 as compared with 1937, reductions which are distributed approximately as follows: Sugar, $21,240,000; coffee, $1,059,000; tobacco, $1,631,000; fruits, $691,000; needlework, $9,199,000;

Whereas in accordance with the agreement entered into with Cuba on September 3, 1934, by virtue of which the tariff on canned and fresh pineapples was reduced, the Republic of Cuba bound itself to furnish seeds to Puerto Rico, an obligation which it has refused to perform, thus violating the conditions of said treaty;

Whereas these reductions (with the exception of coffee) have all been due directly to acts, both legislative and administrative, of the National Government, to wit:

(a) Sugar Act of 1937, which in the distribution of quotas allots to Puerto Rico a ratio of only 11.94 percent out of the total estimated consumption of the Nation.

(b) The Wage and Hour Act, which prescribes wages at a rate that the most important of the industries affected cannot withstand.

(c) Trade agreement with France whereby the duty on bay oil was reduced from 25 percent to 12½ percent, which caused our sales of this oil to the United States to drop from $29,181 in 1937 to $17,223 in 1938.

(d) Trade agreement with Cuba, dated September 3, 1934, reducing the duty on cigars from $3.60 a pound, plus 20 percent ad valorem, to $2.25 a pound, plus 12½ percent ad valorem, which caused a drop from $1,453,340 in 1934 to $42,813 in 1938 in the value of Puerto Rican cigars in the United States.

(e) Trade agreement with the United Kingdom, dated January 1, 1939, reducing the duty on coconuts from $5 a thousand to $2.50 a thousand, which reduction is likewise applicable to coconuts imported from Panama, Colombia, Venezuela, Cuba, and Santo Domingo, under the "most favored nation" clause in their commercial treaties with the United States, which has resulted in such a drop in the price of coconuts that it is hardly worth while to ship them.

(f) Trade agreements with El Salvador, Guatemala, and Canada, dated May 31, 1937; June 15, 1938, and January 1, 1939, reducing the import duty on honey from 3 to 2 cents a pound, for which reason the sales of honey from Puerto Rico in the United States have dropped from $75,175 in 1936 to $47,924 in 1938.

(g) Trade agreement with Switzerland, dated December 15, 1936, which on pages 375–410 reads as follows: Handkerchiefs, wholly or in part of machine-made lace; handkerchiefs embroidered (whether with a plain or fancy initial, monogram, or otherwise, and whether or not the embroidery is on a scalloped edge), tamboured, appliqued, or from which threads have been omitted,

drawn, punched, or cut, and with threads introduced after weaving to finish or ornament the openwork, not including one row of straight hemstitching adjoining the hem; any of the foregoing, finished or unfinished, which contain no handmade lace and which is not embroidered or tamboured in any part by hand: Composed wholly or in chief value of cotton, 2 cents each and 30 percent ad valorem. Composed wholly or in chief value of vegetable fiber other than cotton: If finished and valued at 80 cents or more per dozen, 2 cents each and 30 percent ad valorem.

If unhemmed and without any finished edge, and valued at 45 cents or more per dozen, 2 cents each and 30 percent ad valorem.

The Treasury Department decided that, inasmuch as paragraph 1529 (b), above cited, specifically exempts only handkerchiefs which are not embroidered or tamboured in any part by hand, but does not specifically exempt other hand-made ornaments such as applique, works from which threads have been omitted, etc., handkerchiefs on which such handwork has been done shall be included under the new tariff rate of the treaty.

The above did not favor Switzerland but instead favored China, which totally invaded the handkerchief market of the United States to the detriment of the handkerchief market of Puerto Rico.

(h) Competition with China, the Philippines, Portugal, Japan, Italy, and Madeira, subject to this tariff under the most-favored-nation clause, caused a drop in the value of our sales of needlework to the United States from $20,811,000 in 1937 to $11,612,000 in 1938; this when the wage rates fixed by the National Wage and Hour Act were still to be prescribed;

(i) Trade agreement with Cuba, of September 3, 1934, lowering the tariff on cucumbers, peppers, canned and fresh pineapples, as follows: Cucumbers, from $0.024 a pound to $0.012 a pound; peppers, from $0.02 a pound to $0.015 a pound; canned pineapples, from $0.016 a pound to $0.008 a pound; fresh pineapples, from $0.40 a crate to $0.20 a crate. These reductions in the tariff on cucumbers and peppers are aggravated by the fact that such reductions are effective from December 1 to the last day of the following February in the case of cucumbers, and from January 1 to April 30 in the case of peppers, and it is between these dates for which the reduction has been granted that Puerto Rico ships these products to the continent, when the other producing areas of the Nation have finished selling their crops, thus giving the advantage to Cuba exclusively at the expense of Puerto Rico, while complete protection is afforded to the other producing areas of the continent. As a result, the sale of Puerto Rican cucumbers to the United States has dropped from 2,923,230 pounds in 1935 to 2,562,450 pounds in 1938; and sales of peppers have dropped from 149,845 pounds in 1935 to 78,255 pounds in 1938. Even though this reduction is not of the greatest significance, it is important, however, that a business which, if it enjoyed adequate protection, could increase in importance and perhaps become a leading factor in our sources of wealth, has been brought to a standstill;

(j) As regards fresh pineapples, the agreement with Cuba will practically do away with the cultivation of this fruit in Puerto Rico, considering that Cuban exports of fresh pineapples to the United States have increased from 52.7 percent of the total pineapple imports in 1935 to 55.4 percent in 1936 and 64.6 percent in 1937, while Puerto Rican shipments decreased during the same period from 34.2 percent in 1936 to 28.3 percent in 1937. As a result of competition, furthermore, prices dropped from $2.66 a case in the New York market in 1935 to $2.47 a case in 1936, to $2.24 a case in 1937, and to $1.94 a case in 1938, and the prices on canned pineapples likewise dropped from $0.066 a pound in 1935 to $0.064 a pound in 1936, to $0.058 a pound in 1937, and to $0.057 a pound in 1938; and the whole situation is now further aggravated by the fact that the canning and packing of pineapples for the market is now made enormously expensive through the application of the Wage and Hour Act. Agreements similar to that made with Cuba in regard to pineapples, made with Honduras, Guatemala, Haiti, and Costa Rica, have reduced the duty on fresh pineapples from $0.50 a crate to $0.35 a crate, and the agreement with the United Kingdom of England dated January 1, 1939, now also fixes the duty at $0.35 a crate;

(k) Trade agreement with Cuba (September 3, 1934) and Haiti (June 3, 1935) reducing the duty on rum from $4 to $2 a gallon in the case of Cuba and from $5 to $2.50 a gallon in the case of Haiti. Through these concessions the expansion of our liquor industry has necessarily been checked, which with the effective protection previously enjoyed, could have developed into a source of income of almost as much consequence as the sugar industry;

(l) Trade agreement of September 3, 1934, with Cuba, making reductions in the duty on unstripped tobacco; agreement of February 1, 1936, with Holland, lowering the duty on cigar wrappers; agreement of January 1, 1939, with the United Kingdom, lowering the duty on cut tobacco; agreement of September 3, 1934, with Cuba, lowering the duty on fresh tomatoes and grapefruits, all of them to the grave injury of the price of our tobacco, our tomatoes, and our grapefruit;

(m) Trade agreement of June 15, 1936, with France, lowering the duty on vanilla from $0.30 a pound to $0.15 a pound, a reduction which deprives Puerto Rico of the protection offered to this product the cultivation of which was being promoted for the purpose of creating the vanilla industry, in view of the fact that Puerto Rico needs diversification of agriculture and the development of new industries;

(n) Under the security offered by a protective tariff of $0.02 a pound, we essayed the promotion of the planting and cultivation of citron as a suitable crop to supplement the coffee crop in the interior of the island. It grew well, and the cultivation of this crop acquired over greater importance, but the Congress of the United States removed the tariff and now, selling at prices of 3 and 4 cents a pound in the New York market, Italy, with great strides displaces Puerto Rican producers who cannot compete at these prices, for in Italy this product is salted with sea water and lower wages are paid, and, in addition, the Government subsidizes producers.

(o) The exportation of manganese, the only mineral that we mined on a commercial scale, has had to be stopped because Congress took away the tariff protection it previously enjoyed;

Whereas the Department of State now proposes to lower the duty on Cuban sugar from $0.90 to $0.75 a hundredweight, according to a notice dated November 30, 1938, and this will be another blow aimed at our economy and affecting our chief agricultural product, inasmuch as the mere announcement of the reduction in the duty brought the prices down, which forced the Secretary of Agriculture to cut down on his estimate of consumption for the purpose of maintaining prices, which will work fresh injury on us, inasmuch as the market quota originally allotted to us will have to be cut down in proportion;

Whereas in making the agreement with Czechoslovakia, Puerto Rican coffee did not receive adequate consideration and was allotted a minimum quota smaller than that of any of the other countries that sell coffee in that market, despite the fact that Czechoslovakian coffee importers are desirous of buying it, and such action has prevented the increased importation of Puerto Rican coffee;

Whereas the application of the provisions of the Sugar Act of 1937 has reduced the income derived from sugar out of all proportion to the needs of the country and has injured the interests of the producers and laborers of Puerto Rico, a situation made worse through the discrimination of which Puerto Rico has been made a victim, for while continental areas have had the benefit of quotas which represented no reduction of their normal crops, while neither Hawaii nor the Philippines have filled the quotas allotted to them, while Cuba is allotted a quota twice as large as that allotted to Puerto Rico, and Puerto Rico has always filled its quota to excess, our island is allotted a grinding quota for 1939 that amounts to a restriction of 21.5 percent on its 1938 production which totaled 1,077,128 tons, notwithstanding the fact that sugar is the foundation of our economy, the mother industry on which we depend for paying wages to 150,000 of our laborers;

Whereas it will not be allowed during this year 1939 to manufacture sugar in excess of the quota assigned for the continental market and consumption in the island, which will mean a difference of 108,139 tons less sugar manufactured by us this year, and for this reason the grinding season will last 3 months only and sufficient cane will remain standing in the fields to meet the requirements of practically the whole of the next grinding season, a circumstance this that will prevent new plantings and will, as a consequence, leave over 130,000 industrial laborers without work and create a state of unemployment after the end of May which will have no parallel in the history of Puerto Rico, while the continental areas, Hawaii and the Philippines, will be able to use all the sugar beet and all the cane there may be in their fields;

Whereas the right of Puerto Rico to promote and develop all the industries for which favorable conditions exist here was arbitrarily violated and restricted when the said Sugar Act of 1937 imposed a fixed permissible quantity of sugar to be refined in Puerto Rico;

Whereas we are being arbitrarily sacrificed through the provisions of the Sugar Act while neither the continental sugar-beet States nor the sugarcane States of Florida and Louisiana have filled their quotas, with the sole exception of Louisiana in the crop-year 1935–36, in which year, however, through redistributions made by the national administration, Louisiana was permitted to sell its excess production;

Whereas the Sugar Act of 1937, which, in defining "liquid sugar," expressly excludes "the sirup of cane juice produced from sugarcane grown in the continental United States," produces the effect of not charging against the quotas of Louisiana and Florida the sirup manufactured in those States, while the sirup produced in Puerto Rico is charged against the quota of this country; and those States are free to turn into sirup any cane in excess of their fixed sugar quotas, while Puerto Rico is denied the right to do so;

Whereas these discriminations against the Puerto Rican sugar industry have no justification and can well be branded inhuman and selfish, if the relative importance of the said industry in the economy of the States of the American union and in Puerto Rico is considered, and one thinks of the number of human beings affected in one case and the other;

Whereas through enactments of the Congress of the United States which have removed the customs duty on many of the products produced in Puerto Rico; through the Sugar Act of 1937, which inhumanly restricts our production of sugar; through the Wage and Hour Act which increases the cost of production of a great many industrial products to a point where, for purposes of competition, they cannot withstand the wage rates fixed; through the agreements made with various foreign nations, which have affected our sugar, our tobacco, our cucumbers, our peppers, our tomatoes, our fresh and canned pineapples, our citrons, our vanilla, our coffee, our needlework, our manganese, and our grapefruit, the decrease in the value of our exports and the consequent decrease in our purchasing power has been so enormous as to cause a frightful unemployment crisis which is a very serious menace to the peace and the welfare of our country;

Whereas these acts on the part of the Congress of the United States and of the national administration will undoubtedly cause the total ruin of all our sources of wealth, and they now discourage all the initiative of the businessmen of Puerto Rico and kill all hope of promoting the creation of new industries; and

Whereas the United States of America contracted, with the whole world as a witness, the solemn obligation to govern Puerto Rico democratically and to insure the liberty and happiness of the Puerto Ricans: Now, therefore, be it

Resolved by the Senate of Puerto Rico (the House of Representatives concurring):

1. To petition the President of the United States to create as soon as possible, in view of the critical economic condition of the island and the need of a prompt and effective remedy, an interdepartmental board having sufficient authority to discuss and consider at a round-table conference with a duly accredited representation of the legitimate interests of the island, the present condition of Puerto Rico and its problems and needs, and also to study and agree upon measures leading to their solution, including the modification of the administrative and financial laws and measures that are adversely affecting our economy.

2. To demand that sufficient power and authority be granted to the Legislature of Puerto Rico to create a board to regulate wages and hours in accordance with the possibilities and financial potentiality of the industries and the need of our laborers to enjoy fair wages, both in industries engaged in local business and in industries engaged in interstate commerce.

3. To demand from the national administration and from the Congress of the United States that the sugar quota of Puerto Rico be increased by 125,000 additional tons of sugar.

4. To request from the Congress of the United States legislation to restore the import duty on those products of Puerto Rico which have been detrimentally affected by the removal of the tariff or import duty previously existing.

5. That all such provisions of commercial treaties with foreign countries be denounced and amended as cause the ruin of our agriculture and of our sources of wealth, plunging Puerto Rico into a chaotic financial situation, and our laborers, through unemployment, into a condition of unbearable penury and starvation.

6. That as our excess of population, one of our most serious problems, establishes a state of unbalance between production and consumption, it be demanded from the Government of the United States of America that it negotiate for the colonization of large areas of land in Santo Domingo and Venezuela by thirty or forty thousand Puerto Rican families, a step that would contribute toward the decrease of unemployment and would tend to reestablish to a great extent the balance between production in the island and consumption by our population.

7. That a certified copy of this resolution be sent to the President of the United States of America, the Honorable Franklin Delano Roosevelt; to the Committee on Insular Affairs of the Senate and of the House of Representatives; to the Committee on the Territories of the House of Representatives; to the Secretaries of all the various departments of the national administration; to every Senator and Representative in the United States Congress; to all the Commissioners and Delegates of all the possessions and Territories of the United States, and to a great number of the leading newspapers edited on the continent.

We, Enrique González Mena and Antonio Arroyo, secretaries of the Senate and the House of Representatives of Puerto Rico, respectively, do hereby certify that the foregoing concurrent resolution was unanimously approved by the Senate and the House of Representatives of Puerto Rico on April 10 and April 14, respectively, 1939.

In witness whereof we have hereunto set our hands and caused to be affixed the seals of the Senate and the House of Representatives of Puerto Rico, in our offices at San Juan, Puerto Rico, on this the 15th day of April A. D. 1939.

ENRIQUE GONZÁLEZ MENA,
Secretary, Senate of Puerto Rico.
ANTONIO ARROYO,
Secretary, House of Representatives of Puerto Rico.

Approved:

RAFAEL MARTÍNEZ NADAL,
President, Senate of Puerto Rico.
MIGUEL A. GARCÍA MÉNDEZ,
Speaker, House of Representatives of Puerto Rico.

Mr. DINGELL. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, in connection with the amendment covering changes in titles V and VI, and providing for the participation on the part of Puerto Rico, I want to say at this time that Puerto Rico has come in for rather belated consideration at the hands of this Government.

Up to the present time it appears to me—and I think it is quite generally conceded—that Puerto Rico, in spite of the fact that it is an essential and integral part of the Federal Union, has been treated in a sense as a stepchild. I was particularly impressed and impelled to act by the force and the human appeal made by Governor Winship when he appeared before the committee and pleaded the cause of his people. For that reason, and in spite of the fact that I had difficulties in convincing the committee on two previous occasions, I tried for the third and last time and in the final analysis I was able to win over enough of my colleagues so that the committee acted favorably on the amendment which I offered. Now, then, in my opinion, justice has been done to the people of that beautiful island. Of particular value is the aid for public health and for maternal and child care. I hope that that is but a beginning of what we may eventually do for the people of Puerto Rico.

[Here the gavel fell.]

The Clerk read as follows:

TITLE IX—MISCELLANEOUS PROVISIONS

SEC. 901. No provision of this act shall be construed as amending or altering the effect of section 13 (b), (c), (d), (e), or (f) of the Railroad Unemployment Insurance Act.

SEC. 902. (a) Against the tax imposed by section 901 of the Social Security Act for the calendar year 1936, 1937, or 1938, any taxpayer shall be allowed credit for the amount of contributions, with respect to employment during such year, paid by him into an unemployment fund under a State law—

(1) Before the sixtieth day after the date of the enactment of this act;

(2) On or after such sixtieth day, with respect to wages paid after the fortieth day after such date of enactment;

(3) Without regard to the date of payment, if the assets of the taxpayer are, at any time during the 59-day period following such date of enactment, in the custody or control of a receiver, trustee, or other fiduciary appointed by, or under the control of, a court of competent jurisdiction.

(b) Upon the payment of contributions into the unemployment fund of a State which are required under the unemployment compensation law of that State with respect to remuneration on the basis of which, prior to such payment into the proper fund, the taxpayer erroneously paid an amount as contributions under another unemployment-compensation law, the payment into the proper fund shall, for purposes of credit against the tax imposed by section 901 of the Social Security Act for the calendar years 1936, 1937, and 1938, respectively, be deemed to have been made at the time of the erroneous payment. If, by reason of such other law, the taxpayer was entitled to cease paying contributions with respect to services subject to such other law, the payment into the proper fund shall, for purposes of credit against the tax, be deemed to have been made on the date the return for the taxable year was filed under section 905 of the Social Security Act.

(c) The provisions of the Social Security Act in force prior to February 11, 1939 (except the provisions limiting the credit to amounts paid before the date of filing returns) shall apply to allowance of credit under subsections (a), (b), and (h), and the terms used in such subsections shall have the same meaning as when used in title IX of the Social Security Act prior to such date. The total credit allowable against the tax imposed by section 901 of such act for the calendar years 1936, 1937, and 1938, respectively, shall not exceed 90 percent of such tax.

(d) Refund of the tax (including penalty and interest collected with respect thereto, if any), based on any credit allowable under subsections (a), (b), and (h), may be made in accordance with the provisions of law applicable in the case of erroneous or illegal collection of the tax. No interest shall be allowed or paid on the amount of any such refund.

(e) Notwithstanding the provisions of section 1601 (a) (2) of the Internal Revenue Code, as amended, credit shall be permitted under such section 1601, against the tax for the taxable year in which remuneration is paid for services rendered during a prior year, for the amounts of contributions with respect to such remuneration which have not been credited against the tax for any prior taxable year. Credit shall be permitted under this subsection only against the tax for the years 1940, 1941, and 1942, and only for contributions with respect to remuneration for services rendered after December 31, 1938.

(f) No tax shall be collected under title VIII or IX of the Social Security Act or under the Federal Insurance Contributions Act or the Federal Unemployment Tax Act, with respect to services rendered prior to January 1, 1940, which are described in subparagraphs (11) and (12) of sections 1426 (b) and 1607 (c) of the Internal Revenue Code, as amended, and any such tax heretofore collected (including penalty and interest with respect thereto, if any), shall be refunded in accordance with the provisions of law applicable in the case of erroneous or illegal collection of the tax. No interest shall be allowed or paid on the amount of any such refund. No payment shall be made under title II of the Social Security Act with respect to services rendered prior to January 1, 1940, which are described in subparagraphs (11) and (12) of section 209 (b) of such act, as amended.

(g) No lump-sum payment shall be made under the provisions of section 204 of the Social Security Act after the date of enactment of this act, except to the estate of an individual who dies prior to January 1, 1940.

(h) Notwithstanding the provision of section 907 (f) of the Social Security Act limiting the term "contributions" to payments required by a State law credit shall be permitted against the tax imposed by section 901 of such act for the calendar year 1936 or 1937, for so much of any payments made as contributions for such year into the unemployment fund of a State which are held by

the highest court of such State not to be required payments under the unemployment-compensation law of such State if they are not returned to the taxpayer. So much of such payments as are not so returned shall be considered to be "contributions" for the purposes of section 903 of such act. The periods of limitations prescribed by section 3312 (a) of the Internal Revenue Code shall not begin to run, in the case of the tax for such year of any taxpayer to whom any such payment is returned, until the last such payment is returned to the taxpayer.

SEC. 903. Section 1430 of the Internal Revenue Code is amended by striking out "3762" and inserting in lieu thereof "3661."

Mr. TREADWAY. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I have been a member of the Ways and Means Committee longer than any other man, including the distinguished chairman. During those many years it has had before it problems of great moment to the country and to the people. We have discussed matters of a partisan nature, and we have occasionally had before us bills of a nonpartisan nature. I am pleased to say that the bill which is being completed at this time is one of the latter class, where there has been no partisanship on the part of the members. We have all worked together to the best of our ability to give the country an act that will be in the best interest of the people.

Above all, such a result must be through harmony in the committee. The hearings on this bill now being completed were commenced by the committee on February 1, and our consideration of the bill has continued without interruption to the time when the chairman was authorized by the committee to report this final draft to the House for its action. All during the period of my service on this very important committee we have on most matters acted in complete harmony. I have served both as a majority and as a minority member during those years, and I cannot help but feel that, as we close the consideration of the bill at this time, a word should be said by one of the representatives of the minority in compliment to the chairman of the committee. [Applause.]

It has been a most trying situation. Naturally, differences have occurred in the course of the consideration of the bill, but owing to the tact, fairness, and honorable attitude of the chairman, and to the high regard in which he is held by members of the committee, we have dealt together in peace and harmony from February 1 to this minute. [Applause.]

We may not be presenting to you a perfect bill. That would be beyond the power of human conception in a measure of so great intricacy and importance as the measure before us; but I do want to say in all sincerity that there never has been a chairman of the Ways and Means Committee more anxious, more willing, and more desirous of peace and harmony among the 25 members than has the gentleman from North Carolina [Mr. DOUGHTON] during this period. [Applause.]

The only drawback, my friends, during that period was his absence. We all regretted, not only the members of the committee but the Members of the House, that for a period illness prevented his being with us, and we are all glad that his health was fully restored. During that time he was absent he had a most able substitute in the person of the gentleman from New York [Mr. CULLEN]. Mr. CULLEN had learned the lesson of diplomacy from the chairman of the committee before he left us, and probably had learned some additional lessons in methods of diplomacy in the politics of New York City, which he brought to us in the Committee on Ways and Means. [Applause.]

So that both in the persons of the chairman and the vice chairman the committee and the country have been well served. As the representative of the minority members of the committee at this time, I want to thank both the chairman and the able vice chairman, Mr. CULLEN, for the courtesy which the minority members have received during the consideration of this very intricate and important bill for the welfare and well-being of the people of our country. [Applause.]

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I ask unanimous consent to proceed for 5 minutes.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. DOUGHTON. Mr. Chairman, I thank my colleague and fine personal friend the gentleman from Massachusetts [Mr. TREADWAY] for his superlatively kind words in connection with my humble services as chairman of the great Committee on Ways and Means.

Gracious words, although we realize unmerited, inspire us to higher endeavor, to be worthy of the trust and confidence our friends place in us; and I am sure no one could appreciate more fully than I the generous words of my friend, ALLEN TREADWAY. He is not only an able man and a faithful Representative of his people and his party and, in the broadest sense, of the country but he is in every sense of the word a high-toned gentleman [applause], whose word can always be relied on. In our committee work and official duties it is necessary that we have frequent conferences. I have always found him not only anxious and willing to cooperate as far as he consistently can but I have always found him willing to extend me every courtesy reasonably possible. Whenever he makes a promise, I rely on it just as safely and as fully as I rely on the promises in the Inspired Word.

In the consideration of this bill I am glad to say that the minority have cooperated 100 percent, have not manifested the slightest trace or evidence whatsoever of any desire or disposition to make political capital out of this humanitarian subject we have had under consideration; and for what work has been accomplished, imperfect though it be, I say that the minority, in proportion to their numbers, are entitled to just as much credit for what will be accomplished under this bill, if it is written into law, which I am satisfied it will be in substantially its present form, as the majority. [Applause.] I can only wish that in matters relating to the welfare of all the American people it were possible to consider them on the same high plane and in the same nonpartisan patriotic spirit that has attended the consideration of this bill. Were this possible, I am sure it would greatly enhance and promote the welfare of all the people. So long as I am chairman, Democrat that I am, it will be my highest purpose, I may say to the gentleman from Massachusetts [Mr. TREADWAY], to cooperate with him in giving first consideration to things of greatest importance. In all the affairs of life it is important that we give first consideration to things of greatest importance and minor or secondary consideration to things of minor or secondary importance. We all realize that the welfare of the American people is a matter of superlative importance, to which all other matters are secondary. [Applause, the Members rising.]

Mr. CULLEN. Mr. Chairman, I ask unanimous consent to proceed for 2 minutes.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. CULLEN. Mr. Chairman, I rise to express my grateful appreciation for the kind words of my colleague Mr. TREADWAY. During my acting chairmanship of this wonderful and great committee of the House it was my duty to take care of the legislation that came before us. I was not very happy to do it, yet I had to meet that task because of the illness of our distinguished and able chairman, ROBERT DOUGHTON, of North Carolina. [Applause.] For 6 long weeks we handled the hearings on this legislation with the fullest cooperation of the gentleman from Massachusetts [Mr. TREADWAY] and the full membership of the minority. So I express to them here on this floor my sincere appreciation for the great help they gave me while presiding over these hearings. [Applause.] Of my Democratic colleagues, the same words should go in the RECORD, and I am very happy to stand on this floor this afternoon and express my appreciation and gratitude.

This bill is ready for a vote. It constitutes one of the greatest pieces of humanitarian legislation that has been brought before the House in years, and I congratulate the House on its action, for I know it will pass by a practically unanimous vote. I thank you. [Applause.]

Mr. MURDOCK of Arizona. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. MURDOCK of Arizona. Mr. Chairman, I arose to be recognized under a pro forma amendment to title IX of this bill, but now I feel that, laudatory as my remarks were to be, they seem scarcely appropriate following the very fine remarks we have just heard from the ranking member of the minority on the Ways and Means Committee, and from the chairman of this great committee, and from the gentleman of New York, ranking majority member on the committee. I am not on this highly important committee, but I do know enough of its arduous work in the preparation of this complicated and important measure to sympathize with the members and to appreciate the difficult and valuable work they have done. Let me add a word of praise and commendation.

The gentleman from Massachusetts said that this was not a perfect bill, but he gave a perfect explanation why it is not a perfect bill. I want to comment on that portion of the bill under title IX found on pages 100 and 101 and the first four lines on page 102. I have heard much criticism of our social-security law, but about the worst criticism came from small-business men who felt unjustly penalized in regard to late payment of their unemployment tax of the Social Security Act under title IX. Some of them feel that the penalties are too heavy and that the schedule of penalty should be reduced. My thought was that if they could be relieved for the first 2 or 3 years of the operation of the act that they could start out with a clean slate after this year and no injustice would be done. The committee has shown much leniency to this class of taxpayers.

There are several features of this bill which ought to be an answer to a cry going up in certain quarters that Government is against business and trying to be harmful rather than helpful. This bill seems mindful of the burden on business and not in a sense of appeasement but in a sense of fairness has fixed the rate so as to be less burdensome on the taxpayers generally in the immediate years ahead. This provision, together with the one referred to above granting credits and refunds to belated taxpayers, constitutes the best evidence that this Congress is not the foe of business but anxiously desires to cooperate with business. We do not want to kill the goose that lays the golden eggs but to legislate for the businessman and the employee in the most feasible and fair system which we can devise. Again I congratulate the committee on this splendid accomplishment.

Mr. MUNDT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MUNDT: Page 104, line 3, insert a new section, as follows:

"SEC. 904. Beginning with January 1, 1941, no provisions of the Social Security Act shall be operative or effective for foreign-born aliens who have not taken out their full American citizenship papers by that date or who do not become American citizens within 6 years after their entrance into this country: *Provided, however,* That all aliens not qualified for social-security benefits shall have refunded to them the full amount of any contribution they may have made to the social-security fund before they became disqualified from participation in the benefits of this act through failure to comply with the citizenship requirements of the act: *Provided further,* That in the case of alien employers or American employers using alien laborers a tax equivalent to that collected from like American citizens shall be levied and collected as a 'special privilege tax' for operating as aliens in this country in direct competition with American citizens."

Mr. COOPER. Mr. Chairman, I make a point of order against the amendment.

The CHAIRMAN. The gentleman will state it.

Mr. COOPER. I make a point of order against the amendment on the ground it is not germane to this bill.

The CHAIRMAN. The Chair is ready to rule.

This amendment is offered to title IX, which is the miscellaneous section. The Chair thinks it is clearly in order and therefore overrules the point of order.

Mr. MUNDT. Mr. Chairman, it is with considerable hesitancy that I offer an amendment this late in the consideration of this bill, and after the nice exchange of pleasantries we just had, but I cannot refrain from calling to your attention a rather important fact which it seems to me has been neglected throughout the consideration of this bill.

At the present time we are in the peculiar position of taxing a great many American citizens who cannot possibly come within the benefits of this act. We tax those American citizens in order to pay benefits to aliens in this country. It will be recalled that in the matter of relief we provided that a certificate of citizenship was necessary as prima facie evidence in order to be a recipient of W. P. A. grants. Relief is a matter of giving charity and assistance to people in need. In the case of social security, it seems to me, it is even more important that one should first of all establish his citizenship before he enjoys the complete benefits of American democracy. It is more important in the case of social security than in the matter of relieving distress.

Unless the pending amendment is agreed to, may I point out that the farmers of my State, for example, and of the other rural States, and the small-business men who cannot come under the unemployment compensation clauses, all must pay the increased costs of living made necessary to pay these benefits to aliens. They cannot come under the old-age insurance benefits because they are not employed in sufficiently large numbers, but must again pay the increased costs in their family budgets.

Furthermore the people of these rural States are able to receive only a little more than 50 percent of the old-age assistance grants because of the failure of this body yesterday to make available to all States, equally, the Federal contributions to old-age benefit grants. All in all, the citizens of our rural States are pretty much left standing on the sidelines watching the parade of social security march past except they have the doubtful advantage over most sideline spectators provided by the fact that they are taxed and charged for these benefits which either geographical or occupational accident prevent them from obtaining. My amendment will at least prevent the taxing of our American citizens and the addition of costs and charges to their family budgets to provide for alien benefits and securities which are denied to our western and southern citizens themselves.

SOCIAL SECURITY FOR AMERICANS ONLY

In short, my colleagues, I urge you to support my amendment in the interest of both better government and better justice. I contend that the hand which reaches out to take social-security payments from the United States Government should first be lifted up in an oath of allegiance to the Government making such social security possible.

As I stated down here in the Well yesterday, most of us who voted for H. R. 6466 last week did so to advance certain principles of social security and to protest certain policies of the Social Security Act as now operating. I am free to grant that H. R. 6466 has some hastily written passages and some obvious deficiencies which needed correction in the Senate, and I readily admit that neither those who voted against the bill nor those who voted for it have any occasion today to dislocate our shoulders by patting ourselves on the back in self-congratulation.

It was hoped to write certain clearly outlined principles of old-age security legislation into the law of the land. At this point, however, may I stress that while H. R. 6466 limited its benefits to those who had been full-fledged American citizens for at least 5 years, the present act presents the paradox of actually taxing full-fledged American citizens for benefits denied to them and passing many of these benefits along to aliens who can thus take most freely from a Government to which they give not even the oath of allegiance. Furthermore, H. R. 6466 removed the injunction which denies to certain citizens because of accident of geography or occupation benefits conferred upon residents of industrialized and wealthy States. Finally, H. R. 6466 sets up a pay-as-you-go system of security while the present act builds up a pyramid of obligations which may some day threaten our whole economic structure. Taken principle for principle, H. R. 6466 surely had as much to commend as to criticize, if we are

forced to accept its rejection as an endorsement of the present program as now operating.

During the past few days we have amended the present program with some valuable and desirable amendments. We have increased its economic stability but we have done little to enhance its equitable application. Both the present program and H. R. 6466 must depend upon experience tables to prove their eventual economic worth or fallacy. At best we have only the hopeful predictions of economic theorists in both instances on that point. However, on the basis of reason, logic, and equity the mind of man can produce more definite results; and it is to your reason, logic, and sense of equity that I now appeal in asking that we at least adopt as one principle of social security in this country that we would make the receipt of social-security benefits a privilege of citizenship in America and not a device for taxing Americans to support aliens.

It has been argued by the Ways and Means Committee majority members that to limit benefits of this bill to American citizens would free aliens from social-security taxes and enable them to compete unfairly against citizens. However, my amendment meets this objection by its provision to compel all aliens to pay a compensatory tax equivalent to social-security taxes for the privilege of operating as aliens in this country in competition with loyal American citizens. Since the social-security tax is itself a special tax for a special purpose, there should be no question about the constitutional possibility of developing my proposed special-purpose tax to equalize competitive conditions and to protect American citizens. If the will to correct this situation is strong enough, the way can be found within the Constitution for such a patriotic correction.

With these things in mind, I think we should accept the pending amendment, which provides that these benefits shall be a part of the privilege of American citizenship. We should not permit this act to continue in such manner that it taxes farmers, small-business men, and other American citizens who get but little consideration in this bill, for the benefit of aliens in this country.

Mr. TAYLOR of Tennessee. Will the gentleman yield?

Mr. MUNDT. I yield to the gentleman from Tennessee.

Mr. TAYLOR of Tennessee. I notice the gentleman stated in his amendment "foreign born aliens." I suggest that he ask unanimous consent to strike out "foreign born," because they are the only aliens.

Mr. MUNDT. I included those words for the protection of the American Indian. There seems to be some confusion of opinion as to whether he is a citizen or ward of the Government, and under no circumstances do I want him discriminated against.

[Here the gavel fell.]

Mr. COOPER. Mr. Chairman, I shall only ask your indulgence very briefly in opposition to the pending amendment. I believe I can safely say that no Member of this House could be more strongly in favor of immigration restrictions than I am. My record of service here clearly bears out that statement. I submit, however, in all fairness that the amendment offered by the distinguished gentleman from South Dakota has no proper place in the pending bill. Certainly we cannot deal with such an important question as immigration in this kind of a bill.

To analyze for just a moment, let us bear in mind what the real effect of his amendment would be. It would give a direct competitive advantage to aliens who are employed in this country in the following respect: If an employer had a group of aliens employed, he would have to pay no tax on them; whereas if he had American citizens employed, he would have to pay the tax. Therefore the competitive advantage would be directly in favor of the man employing aliens. That is the important question. It strikes at one of the very fundamental principles involved in this program.

Mr. MUNDT. Will the gentleman yield?

Mr. COOPER. I yield to the gentleman from South Dakota.

Mr. MUNDT. There is considerable merit in the gentleman's statement except for the fact he did not hear the latter part of my amendment, which provided a special privilege tax applicable to those aliens and those employers who are not going to pay this social-security tax to secure its benefits. It is a special-privilege tax for the right and opportunity of competing with American citizens as aliens in this country. There is no discrimination against American citizens.

Mr. COOPER. What practical purpose could be accomplished by any such arrangement as that?

Mr. MUNDT. I am endeavoring to protect American labor.

Mr. McCORMACK. Will the gentleman yield?

Mr. COOPER. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. Furthermore, I submit you cannot impose one tax on one class of employers, under our constitutional form of government, and another tax upon the same class of employer simply because one is an alien and the other is a citizen. You cannot put a privilege tax on one group of business without putting it upon all business. When you do that you are licensing business, which certainly is contrary to the ideals of our Government.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from South Dakota [Mr. MUNDT].

The amendment was rejected.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. WARREN, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H. R. 6635) to amend the Social Security Act, and for other purposes, pursuant to House Resolution 214, he reported the same back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mr. CARLSON. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. CARLSON. I am, Mr. Speaker, in its present form.

The Clerk read as follows:

Mr. CARLSON moves to recommit the bill H. R. 6635 to the Committee on Ways and Means.

Mr. COOPER. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit.

The motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

Mr. DOUGHTON. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were yeas 364, nays 2, answered "present" 1, not voting 63, as follows:

[Roll No. 91]

YEAS—364

Alexander	Bates, Ky.	Brown, Ga.	Chiperfield
Allen, Ill.	Bates, Mass.	Brown, Ohio	Church
Allen, La.	Beam	Bryson	Clason
Allen, Pa.	Beckworth	Buck	Claypool
Andersen, H. Carl	Bell	Buckler, Minn.	Clevenger
Anderson, Calif.	Bender	Buckley, N. Y.	Cluett
Anderson, Mo.	Blackney	Bulwinkle	Cochran
Andresen, A. H.	Bland	Burch	Coffee, Nebr.
Angell	Bloom	Burdick	Coffee, Wash.
Arends	Boehne	Byrns, Tenn.	Cole, Md.
Arnold	Boland	Caldwell	Cole, N. Y.
Ashbrook	Bolles	Cannon, Fla.	Colmer
Austin	Bolton	Cannon, Mo.	Cooley
Ball	Boren	Carter	Cooper
Barnes	Bradley, Mich.	Cartwright	Corbett
Barry	Bradley, Pa.	Celler	Costello
Barton	Brooks	Chandler	Cox

Crawford	Hare	Maloney	Sacks
Creal	Harrington	Mansfield	Sandager
Crosser	Hart	Mapes	Sasscer
Crowe	Harter, N. Y.	Marcantonio	Satterfield
Culkin	Harter, Ohio	Marshall	Schaefer, Ill.
Cullen	Havenner	Martin, Colo.	Schafer, Wis.
Cummings	Hawks	Martin, Ill.	Schiffler
Curtis	Healey	Martin, Iowa	Schuetz
D'Alesandro	Heinke	Martin, Mass.	Schulte
Darden	Hess	Mason	Schwert
Darrow	Hill	Massingale	Scrugham
Dempsey	Hinshaw	May	Shafer, Mich.
DeRouen	Hobbs	Michener	Shanley
Dingell	Hoffman	Miller	Sheppard
Dirksen	Holmes	Mills, Ark.	Short
Disney	Hook	Mills, La.	Simpson
Dondero	Hope	Mitchell	Sirovich
Doughton	Horton	Monkiewicz	Smith, Conn.
Dowell	Houston	Monroney	Smith, Ill.
Doxey	Hull	Moser	Smith, Va.
Drewry	Hunter	Mott	Smith, Wash.
Duncan	Jacobsen	Mouton	Smith, W. Va.
Dunn	Jarman	Mundt	Snyder
Durham	Jarrett	Murdock, Ariz.	Somers, N. Y.
Dworshak	Jeffries	Murdock, Utah.	South
Eaton, Calif.	Jenkins, Ohio	Murray	Sparkman
Eaton, N. J.	Jenks, N. H.	Myers	Spence
Eberharter	Jensen	Nichols	Springer
Edmiston	Johns	Norrell	Starnes, Ala.
Elliott	Johnson, Ill.	Norton	Steagall
Ellis	Johnson, Ind.	O'Brien	Stearns, N. H.
Elston	Johnson, Luther A.	O'Connor	Stefan
Engel	Johnson, Lyndon	O'Day	Sullivan
Englebright	Johnson, Okla.	Oliver	Sumner, Ill.
Evans	Johnson, W. Va.	O'Neal	Sutphin
Faddis	Jones, Ohio	Osmers	Taber
Fenton	Jones, Tex.	O'Toole	Talle
Ferguson	Kean	Owen	Tarver
Fernandez	Kee	Pace	Taylor, Tenn.
Flaherty	Keefe	Parsons	Tenerowicz
Flannagan	Kelly	Patman	Terry
Flannery	Kennedy, Md.	Patrick	Thomas, Tex.
Folger	Kennedy, Michael	Patton	Thomason
Ford, Leland M.	Keogh	Pearson	Thorkelson
Ford, Miss.	Kerr	Peterson, Fla.	Tibbott
Ford, Thomas F.	Kilday	Peterson, Ga.	Tinkham
Fries	Kinzer	Pfeifer	Tolan
Fulmer	Kirwan	Pierce, N. Y.	Treadway
Gamble	Kitchens	Pierce, Oreg.	Van Zandt
Garrett	Kleberg	Pittenger	Vincent, Ky.
Gartner	Kocialkowski	Plumley	Vinson, Ga.
Gathings	Kramer	Poage	Voorhis, Calif.
Gavagan	Lambertson	Polk	Vorys, Ohio
Gearhart	Landis	Powers	Vreeland
Gehrmann	Larrabee	Rabaut	Walter
Gerlach	Lea	Ramspeck	Warren
Geyer, Calif.	Leavy	Randolph	Weaver
Gibbs	LeCompte	Rayburn	Welch
Gilchrist	Lemke	Reece, Tenn.	West
Gillie	Lewis, Colo.	Reed, Ill.	Wheat
Gore	Luce	Reed, N. Y.	Whelchel
Gossett	Ludlow	Rees, Kans.	White, Ohio
Graham	McAndrews	Richards	Whittington
Grant, Ala.	McArdle	Robertson	Wigglesworth
Green	McCormack	Robinson, Utah	Williams, Del.
Gregory	McGehee	Robsion, Ky.	Williams, Mo.
Griffith	McKeough	Rockefeller	Winter
Griswold	McLaughlin	Rodgers, Pa.	Wolcott
Gross	McLean	Rogers, Mass.	Wolfenden, Pa.
Guyer, Kans.	McLeod	Rogers, Okla.	Wolverton, N. J.
Gwynne	McMillan, John L.	Romjue	Wood
Hall	Maas	Routzohn	Woodruff, Mich.
Halleck	Magnuson	Rutherford	Woodrum, Va.
Hancock	Mahon	Sabath	Zimmerman

NAYS—2

Smith, Ohio Thill

ANSWERED "PRESENT"—1

Carlson

NOT VOTING—63

Andrews	Delaney	Kennedy, Martin	Risk
Barden	Dickstein	Knutson	Ryan
Boykin	Dies	Kunkel	Seccombe
Brewster	Ditter	Lanham	Secrest
Burgin	Douglas	Lesinski	Seger
Byrne, N. Y.	Fay	Lewis, Ohio	Shannon
Byron	Fish	McDowell	Smith, Maine
Case, S. Dak.	Fitzpatrick	McGranery	Sumners, Tex.
Casey, Mass.	Gifford	McMillan, Thos. S.	Sweeney
Chapman	Grant, Ind.	McReynolds	Taylor, Colo.
Clark	Harness	Maciejewski	Thomas, N. J.
Collins	Hartley	Merritt	Wadsworth
Connery	Hendricks	Nelson	Wallgren
Courtney	Hennings	O'Leary	White, Idaho
Crowther	Izac	Rankin	Youngdahl
Curley	Keller	Rich	

So the bill was passed.

The Clerk announced the following pair:

On this vote:

Mr. Lewis of Ohio (for) with Mr. Carlson (against).

General pairs until further notice:

Mr. Rankin with Mr. Wadsworth.
Mr. Lanham with Mr. Gifford.
Mr. Thomas S. McMillan with Mr. Knutson.
Mr. Boykin with Mr. Ditter.
Mr. Martin J. Kennedy with Mr. Thomas of New Jersey.
Mr. Hennings with Mr. Douglas.
Mr. Collins with Mr. Seger.
Mr. Maciejewski with Mr. Rich.
Mr. Delaney with Mr. Crowther.
Mr. Nelson with Mr. Hartley.
Mr. Merritt with Mr. Fish.
Mr. Patton with Mr. Andrews.
Mr. Chapman with Mr. Brewster.
Mr. Fitzpatrick with Mr. Case of South Dakota.
Mr. Dies with Mr. Seccombe.
Mr. Keller with Mr. Smith of Maine.
Mr. McReynolds with Mr. Kunkel.
Mr. O'Leary with Mr. Grant of Indiana.
Mr. Sumners of Texas with Mr. Risk.
Mr. Taylor of Colorado with Mr. Harness.
Mr. Dickstein with Mr. McDowell.
Mr. Clark with Mr. Youngdahl.
Mr. Connery with Mr. Secrest.
Mr. McGranery with Mr. Burgin.
Mr. Shannon with Mr. Courtney.
Mr. Lesinski with Mr. Curley.
Mr. Wallgren with Mr. Fay.
Mr. Anderson of Missouri with Mr. Hook.
Mr. Sweeney with Mr. Hendricks.
Mr. Byrne of New York with Mr. White of Idaho.
Mr. Casey of Massachusetts with Mr. Izac.
Mr. Byron with Mr. Ryan.

Mr. CARLSON. Mr. Speaker, I am recorded as voting "nay." I have a pair with the gentleman from Ohio, Mr. LEWIS. Therefore I ask that my vote be withdrawn and that I be recorded as "present."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

ANNOUNCEMENTS

Mr. DOUGHTON. Mr. Speaker, my colleague the gentleman from North Carolina, Mr. BURGIN, was called out of town. I am authorized to state that if he were present he would have voted "yea."

Mr. BOLAND. Mr. Speaker, my colleague, the gentleman from Maryland, Mr. BRYON, is unavoidably detained. If he were here, he would have voted "yea."

Mr. SACKS. Mr. Speaker, my colleague from Philadelphia, Mr. MCGRANERY, is unavoidably detained on official business. If he were here, he would have voted "yea."

Mr. FLAHERTY. Mr. Speaker, the gentleman from Massachusetts, Mr. CONNERY, unexpectedly went to the hospital for an operation this morning. He has asked me to state that if he were here he would have voted "yea" on this vote.

Mr. GREEN. Mr. Speaker, I am authorized to announce that if my colleague, Mr. HENDRICKS, were present he would have voted for the passage of the bill. He is detained on account of his own illness.

Mr. SABATH. Mr. Speaker, the gentleman from New York, Mr. DELANEY, was called home. He is in favor of the bill. If he could have remained, he would have voted "yea."

Mr. EATON of New Jersey. Mr. Speaker, my colleagues from New Jersey, Mr. SEGER and Mr. THOMAS, were called home on official business. If they were present, they would have voted "yea."

Mr. REED of New York. Mr. Speaker, my three colleagues from New York, Mr. ANDREWS, Mr. FISH, and Mr. DOUGLAS, are unavoidably absent. If they were here, they would have voted "yea."

EXTENSION OF REMARKS

Mr. DEROUEN and Mr. LARRABEE asked and were given permission to extend their own remarks in the RECORD.

Mr. MARCANTONIO. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a statement by Vincente Polanco, a member of the economic delegation of Puerto Rico.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

ANNOUNCEMENT

Mr. CASEY of Massachusetts. Mr. Speaker, I was detained and did not arrive in the Chamber in time to vote. Had I been here in time for the roll call, I would have voted "yea."

Mr. H. CARL ANDERSEN. Mr. Speaker, my colleague the gentleman from Minnesota, Mr. YOUNGDAHL, was unavoidably absent because of important official business. Had he been present, he would have voted "yea."

Mr. WIGGLESWORTH. Mr. Speaker, the gentleman from Massachusetts, Mr. GIFFORD, and the gentleman from Pennsylvania, Mr. DITTER, are both unavoidably absent. If present, they would vote "yea."

Mr. GILLIE. Mr. Speaker, my colleagues the gentleman from Indiana, Mr. GRANT, and the gentleman from Indiana, Mr. HARNESS, are unavoidably absent. Had they been here, both of them would have voted "yea."

Mr. HOOK. Mr. Speaker, my colleague the gentleman from Michigan, Mr. LESINSKI, is unavoidably absent from the city. If present, he would have voted "yea" on the last roll call.

EXTENSION OF REMARKS

Mr. CARLSON. Mr. Speaker, I ask unanimous consent to include in the remarks I made today a copy of a resolution passed by the Senate of Puerto Rico.

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. MUNDT. Mr. Speaker, I ask unanimous consent that my colleague the gentleman from South Dakota [Mr. CASE] may extend his remarks in the RECORD on the social-security amendments and include therein portions of his testimony before the Ways and Means Committee.

The SPEAKER. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

Mr. HARRINGTON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a newspaper article from Sioux City, Iowa.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. WOODRUFF of Michigan. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD at this point.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. WOODRUFF of Michigan. Mr. Speaker, a question of transcendent importance faces the Congress in the neutrality problem. It should and must be settled in the best possible way before this Congress adjourns for the summer.

The overwhelming majority of the people of this country want us to keep America out of war. The overwhelming majority of the Congress wants to keep America out of any foreign war. The question is, How?

It is easy to say, "Stay at home and attend to our own business." It seems to become increasingly difficult as the months go by to do that. The reason is, of course, that our business is not all at home. A considerable amount of it is scattered throughout the world.

The administration has greatly complicated and befogged the question of neutrality by practically taking sides already with England and France and China against Germany and Italy and Japan. Russia sits in a strategic position in the middle, and her actions are unpredictable for any given time.

There is a very great sentiment for a settled "cash and carry" position of neutrality. On this basis we would extend no credit to any belligerents once a conflict began. We would not permit any of our ships to carry cargoes to the ports of any such belligerents. We would say to them, "Bring your money, buy the goods, take title to them at a United States port, and carry them away in your own ships." Thus, by keeping American ships and American citizens out of the danger zones, we could avoid those incidents such as a torpedoed ship which inevitably would lead us into war. We would thus deprive the war propagandists of material by which to whip the indignation of the American people into a state where they might want to go to war to avenge such acts.

Against the "cash-and-carry" plan it is argued that to adopt such a policy would be to penalize the smaller, weaker nations while throwing added advantages and aid to the aggressor nations. Those who oppose the "cash-and-carry" plan would prefer to give the President the power to determine aggressors in any conflict and to embargo any shipments of munitions or goods to them while permitting such shipments to the victims of such aggression. That, of course, would not be neutrality. It would be exactly the opposite of neutrality. The moment the President did declare such an embargo against one side and in favor of another, we would be participants in such a conflict by reason of invoking economic sanctions to the detriment of the country with whom we were at peace. Secondly, it is obvious, upon careful examination, that it would be impossible for the United States to effectuate such embargoes, if the President declared them, unless we were ready to cease trading with all other nations which might be trading with the aggressor nation or nations. In other words, once a neutral country not engaged in the conflict purchased our goods and took title to them, we would have no way of preventing that country from reselling or reshipping those goods into the ports of the aggressor nations if it chose to do so.

Opponents of the "cash-and-carry" plan invoke the argument that we would be abandoning our traditional insistence upon freedom of the seas. That means the right of a ship flying the American flag or of a citizen carrying an American passport to go wherever dictates of business or other interests might require, regardless of the danger, and then to expect the whole manpower and money power of the Nation to be placed in a war in the defense of such a ship or such a citizen.

Proponents of the "cash-and-carry" system recognize this fact, but they also recognize the further fact that for the President to set up embargoes would not be an effective measure against aggressors securing American munitions and other goods unless we refused to deal with all other nations who might resell and transship such cargoes into the ports of aggressor nations, in which case the practical effects of such a situation would be to abandon the doctrine of freedom of the seas, but would accomplish no real neutrality, and would offer no protection whatever against becoming involved in a war in defense of American ships and men rash enough to venture into danger spots in the hope of exorbitant profits and willing to involve their Nation in a disastrous war if necessary in order to achieve those profits.

To permit any President to have the power to involve this Nation in war without the consent of the Congress is unthinkable. No man is wise enough to be trusted with any such power over the lives and the destiny of the people of this Nation.

These are some of the phases of the all-important problem of achieving the best method of staying at home and attending to our own business, of being neutral and remaining free from foreign entanglements and foreign wars, which Congress must solve before recessing for the summer.

Under no circumstances will I cast a vote that will involve us in foreign war.

GRASSHOPPER MENACE IN THE NORTHWESTERN STATES

Mr. PITTENGER. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. PITTENGER. Mr. Speaker, I want to call the attention of the House to the grasshopper menace in the Northwestern States and in other areas where agriculture is very vitally concerned. I have a telegram from A. G. Ruggles, State entomologist, dated June 7, which reads as follows:

Word received Federal funds grasshopper control exhausted June 10. Now critical time. Big demands for bait coming in daily. One day means much. If break occurs now the morale of farmer is broken and great loss of crops will result. Please do everything possible to get grasshopper appropriation bill passed.

I also include as a part of my remarks an editorial by Fred E. Murphy, publisher of the Minneapolis Tribune, which is as follows:

Congressional consideration of the deficiency bill, which includes an appropriation of $3,000,000 for grasshopper poison bait, has been postponed until next week.

The present fund is exhausted and the young grasshoppers are just about ready to fly and climb.

By next week the grasshoppers will be in the crops and it will be too late. The damage will be done.

Immediate action is absolutely necessary if the crops of 12 agricultural States are to be saved.

Immediate action is tied up with red tape. We cannot wait for the deficiency bill.

Congress can, in 48 hours, make the $3,000,000 available by special resolution. It should do so.

Such action will not only save the crops but it will save the Federal Treasury a vast sum.

The Government will have to pay out 10 times $3,000,000 in crop insurance if the grasshoppers are permitted to do the damage of which they are capable.

If the administration, busy with the visit of royalty, will give the word to the Bureau of the Budget, Congress can act and act quickly.

The last of the poison bait has been spread in the Northwest. Right now is the critical time. A few days more and the grasshoppers will take to wing and begin to devour the green fields. All preventive work will have been wasted. All the money already spent will have been thrown away.

There is no time to lose. The year's crop effort in the Northwest is at stake. It will be saved or lost within the next few days.

Mr. Murphy is a man who has devoted a great deal of his time to agricultural matters, especially in the Northwestern States and calls attention to the fact that there are more than 10 States affected by this pest and that the need for action is urgent.

EXTENSION OF REMARKS

Mr. D'ALESANDRO. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a statement from the American Legion on aid to dependent children.

The SPEAKER. Is there objection to the request of the gentleman from Maryland?

There was no objection.

Mr. MONRONEY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an address by Postmaster General Farley before the Oklahoma Chapter of the National Postmasters Association.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. CRAWFORD. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a brief editorial from the Daily News on the Virgin Islands.

The SPEAKER. Is there objection?

There was no objection.

Mr. HILL. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include an article on the pear and apple industry.

The SPEAKER. Is there objection?

There was no objection.

Mr. WALTER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include a telegram from the president of the La Fayette College.

The SPEAKER. Is there objection?

There was no objection.

Mr. CARTWRIGHT. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

LOANS TO OFFICERS OF MEMBER BANKS, FEDERAL RESERVE

Mr. STEAGALL. Mr. Speaker, under former order of the House, I call up the bill (S. 1886) to extend to June 16, 1942, the period within which certain loans to executive officers of member banks of the Federal Reserve System may be used or extended, and ask unanimous consent that the bill be considered in the House as in Committee of the Whole.

The SPEAKER. The gentleman from Alabama calls up the bill S. 1886, which the Clerk will report.

The Clerk read as follows:

Be it enacted, etc., That the first sentence of subsection (g) of section 22 of the Federal Reserve Act, as amended (U. S. C., title 12, sec. 375a), is amended to read as follows:

"(g) No executive officer of any member bank shall borrow from or otherwise become indebted to any member bank of which he is an executive officer, and no member bank shall make any loan or extend credit in any other manner to any of its own executive officers: *Provided*, That loans made to any such officer prior to June 16, 1933, may be renewed or extended for periods expiring not more than 9 years from such date where the board of directors of the member bank shall have satisfied themselves (1) that such extension or renewal is in the best interest of the bank, (2) that the officer indebted has made reasonable effort to reduce his obligation, and (3) that such extension or renewal is accompanied by a written agreement executed by such officer requiring regular amortization payments on the principal of said obligation in amounts satisfactory to the board of directors, these findings to be evidenced by resolution of the board of directors spread upon the minute book of the bank: *Provided further*, That with the prior approval of a majority of the entire board of directors, any member bank may extend credit to any executive officer thereof, and such officer may become indebted thereto, in an amount not exceeding $2,500."

With the following committee amendment:

Strike out all after the enacting clause and insert:

"That the first sentence of subsection (g) of section 22 of the Federal Reserve Act, as amended (U. S. C., title 12, sec. 375a), is amended to read as follows:

"'(g) No executive officer of any member bank shall borrow from or otherwise become indebted to any member bank of which he is an executive officer, and no member bank shall make any loan or extend credit in any other manner to any of its own executive officers: *Provided*, That loans made to any such officer prior to June 16, 1933, may be renewed or extended for periods expiring not more than 5 years from June 16, 1939, where the board of directors of the member bank shall have satisfied themselves that such extension or renewal is in the best interest of the bank, and that the officer indebted has made reasonable effort to reduce his obligation, these findings to be evidenced by resolution of the board of directors spread upon the minute book of the bank: *Provided further*, That with the prior approval of a majority of the entire board of directors, any member bank may extend credit to any executive officer thereof, and such officer may become indebted thereto, in an amount not exceeding $2,500.'

"SEC. 2. Paragraph (1) of subsection (y) of section 12B of the Federal Reserve Act, as amended, is hereby repealed and paragraph (2) of said subsection is amended by striking out '(2)' at the beginning of said paragraph."

The SPEAKER. The gentleman from Alabama asks unanimous consent that the bill be considered in the House as in Committee of the Whole. Is there objection?

There was no objection.

Mr. STEAGALL. Mr. Speaker, I shall not consume the time allowed for discussion of this bill. The bill as passed by the Senate would make provision for the extension of time within which loans to executive officers in banks may be renewed or extended. The act of 1933 required repayment of such loans in 2 years. The time has been extended until June 16, 1939. The Senate bill now under consideration provides for further extension of 3 years, and under an amendment incorporated by the Committee on Banking and Currency of the House such extension or renewal would be permitted for a period of 5 years. The purpose of the bill is to enable banks to collect remaining loans. In 1933 such loans amounted to $130,000,000. They have been reduced to $29,000,000.

Under the law now in effect State banks with deposits of $1,000,000 are required to become members of the Federal Reserve System in order to be allowed membership in the Federal Deposit Insurance Corporation after July 1, 1942. The bill before us carries an amendment relieving State banks of this requirement. This provision of the bill has been approved by the House repeatedly. I think it has been voted upon favorably not less than half a dozen times.

There are about 1,300 banks affected by the amendment relating to membership in the Federal Reserve System. The act of 1933 carried a specific provision which is now law that State banks should be admitted to participation in the benefits of deposit insurance without discrimination on account of capital structure or otherwise. Many State banks would find membership in the Federal Reserve System undesirable and unprofitable. They should be left free to join when found desirable and not otherwise.

The original Federal Reserve Act provides that State banks joining the System do so with "full charter and statutory rights as State banks."

The committee amendment to the bill before us simply carries out this purpose of the Federal Reserve Act and the assurance against discrimination embodied in the law affording State banks the benefits of deposit insurance.

Mr. Speaker, I ask for a vote.

The SPEAKER. The question is on agreeing to the committee amendment.

The committee amendment was agreed to; and the bill, as amended was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

LEGISLATIVE APPROPRIATION BILL, 1940

Mr. RABAUT. Mr. Speaker, I call up the conference report upon the bill (H. R. 4218) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1940, and for other purposes, and ask unanimous consent that the statement be read in lieu of the report.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 4218) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1940, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 4, 30, and 31.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, 5, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 19, 20, 21, 22, 23, 24, 25, 26, 29, and 32, and agree to the same.

Amendment numbered 6: That the House recede from its disagreement to the amendment of the Senate numbered 6, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$505,960"; and the Senate agree to the same.

Amendment numbered 27: That the House recede from its disagreement to the amendment of the Senate numbered 27, and agree to the same with an amendment, as follows: In lieu of the matter inserted by said amendment insert the following: "$275,000, including not exceeding $13,000 for personal services and"; and the Senate agree to the same.

Amendment numbered 28: That the House recede from its disagreement to the amendment of the Senate numbered 28, and agree to the same with an amendment, as follows: In lieu of the matter inserted by said amendment insert the following: ": *Provided*, That the unexpended balance of the appropriation for this purpose for the fiscal year 1939 is hereby reappropriated and made available for the fiscal year 1940, and of such reappropriated sum not to exceed $4,000 shall be available for personal services"; and the Senate agree to the same.

The committee of conference report in disagreement amendment numbered 18.

LOUIS C. RABAUT,
J. O. FERNANDEZ,
JAS. MCANDREWS,
KARL STEFAN,
Managers on the part of the House.

MILLARD E. TYDINGS,
JAMES F. BYRNES,
ALVA B. ADAMS,
JOHN H. OVERTON,
HARRY S. TRUMAN,
FREDERICK HALE,
E. R. BURKE,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 4218) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1940, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

Senate

On amendments Nos. 1, 2, and 3, relating to the office of the Secretary: Provide a press-relations officer at $2,140 and eliminate language increasing the salary of the enrolling clerk $1,000 so long as the position is held by the present incumbent, and correct the total of the appropriation for the office of the Secretary.

On amendments Nos. 4, 5, and 6, relating to committee employees: Maintain the salary of the clerk of the Appropriations Committee at the figure carried in the current law, as proposed by the House, and provide an additional assistant clerk of the Committee on Foreign Relations at $2,880 and $500 additional so long as the position is held by the present incumbent, and correct the total of the appropriation for committee employees.

On amendment No. 7, relating to the office of the Sergeant at Arms and Doorkeeper: Changes the title of three positions.

On amendment No. 8, relating to the office of the Sergeant at Arms and Doorkeeper: Adds clarifying language to properly identify the resolution under authority of which an appropriation is herein carried for the salary of one attendant.

On amendments Nos. 9 and 10, relating to the office of the Sergeant at Arms and Doorkeeper: Provide four messengers to press correspondents at $1,440 each, as proposed by the Senate, instead of three, as proposed by the House.

On amendments Nos. 11 and 12, relating to the office of the Sergeant at Arms and Doorkeeper: Provide $84 additional for pages for the Senate Chamber and correct the total of appropriations for the office of the Sergeant at Arms and Doorkeeper.

On amendment No. 13: Provides $28,250 for the Joint Committee on Internal Revenue Taxation, as proposed by the Senate, instead of $27,500, as proposed by the House.

On amendment No. 14: Provides $8,760 for motor vehicles, as proposed by the Senate, instead of $8,260, as proposed by the House.

On amendment No. 15: Provides $350,000 for miscellaneous items, as proposed by the Senate, instead of $200,000, as proposed by the House.

House of Representatives

On amendment No. 16: Provides $28,250 for the Joint Committee on Internal Revenue Taxation, as proposed by the Senate, instead of $27,500, as proposed by the House.

Architect of the Capitol

On amendment No. 17: Eliminates language proposed by the House to provide $5,000 for contract structural engineering services to be available immediately.

On amendment No. 19: Eliminates language proposed by the House to increase the salary of lanscape gardener.

On amendment No. 20: Provides $11,880 for maintenance of the legislative garage, as proposed by the Senate, instead of $9,360, as proposed by the House.

On amendment No. 21: Eliminates language designating the Architect of the Capitol as executive agent of the Senate Committee on Rules in the supervision of the Senate Office Building.

On amendment No. 22: Makes provision for four attendants in charge of ladies' retiring rooms in the Senate Office Building at $1,500 each.

On amendment No. 23: Makes $14,000 of the appropriation for the Senate Office Building available immediately.

On amendment No. 24: Provides that structural changes in the Senate Office Building shall only be made with the approval of the Architect of the Capitol.

On amendment No. 25: Provides $1,905 for repair and alteration of certain rooms in the Senate Office Building to adapt them to use as barber and beauty shops.

Library buildings and grounds

On amendment No. 26: Increases the appropriation for salaries $1,180 to provide for an additional employee to have charge of supplies.

Library of Congress

On amendment No. 27: Provides $13,000 of the appropriation for books for the adult blind to be used for personal services, instead of $17,000, as proposed by the Senate.

On amendment No. 28: Provides for reappropriation of the unexpended balance of the appropriation for purchase of books for the adult blind for the fiscal year 1939, as proposed by the Senate, and includes provision that, of the amount so reappropriated, not to exceed $4,000 shall be available for personal services.

On amendment No. 29: Provides $280,470 for salaries, Library buildings, as proposed by the Senate, instead of $273,618, as proposed by the House, the increase to provide for 12 additional charwomen and 2 additional check boys in the new Library building.

On amendments Nos. 30 and 31: Provides $2,685,000 for congressional printing, as proposed by the House, instead of $2,620,000, as proposed by the Senate.

On amendment No. 32: Provides $665,000 for salaries, office of the Superintendent of Documents, as proposed by the Senate, instead of $630,000, as proposed by the House.

LOUIS C. RABAUT,
J. O. FERNANDEZ,
JAS. MCANDREWS,
KARL STEFAN,
Managers on the part of the House.

Mr. RABAUT. Mr. Speaker, I move the adoption of the conference report.

The SPEAKER. The question is on agreeing to the conference report.

The conference report was agreed to.

The SPEAKER. The Clerk will report the amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 18: Page 26, after line 15, insert:

"For a structural-engineering study of the roofs and skylights over the Senate and House wings of the United States Capitol Building with a view to determining the strength and safety of such roofs and skylights and the need of their replacement, to be made under the direction and supervision of a committee of two, one a Senator to be appointed by the President of the Senate, and the other Member of the House of Representatives to be appointed by the Speaker of the House, $10,000, or so much thereof as may be necessary, to be immediately available. Said committee shall have authority to employ a structural engineer or firm of engineers, and to make such other expenditures as may be necessary to carry out the purposes of this paragraph. The committee shall make a report to the Congress at the earliest possible date."

Mr. RABAUT. Mr. Speaker, I move that the House recede from its disagreement to the Senate amendment No. 18 and concur in the same.

The motion was agreed to.

A motion to reconsider the vote by which the motion was agreed to was laid on the table.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. LANHAM (at the request of Mr. LUTHER A. JOHNSON), for today, on account of important business.

To Mr. BYRON, for today, on account of important business.

To Mr. HENNINGS (at the request of Mr. ROMJUE), for today, on account of important business.

EXPLANATION

Mr. BARDEN. Mr. Speaker, I was called from the floor of the House on a very important matter and returned just at the close of the vote on the social-security bill. Had I been present, I would have voted "aye" on the passage of the bill.

ADJOURNMENT

Mr. BULWINKLE. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 2 o'clock and 26 minutes) the House adjourned until Monday, June 12, 1939, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON FOREIGN AFFAIRS

There will be a meeting of the Committee on Foreign Affairs (executive session) in the committee rooms, Capitol, at 10 a. m. Monday, June 12, 1939, for the consideration of House Joint Resolution 306, Neutrality Act of 1939.

COMMITTEE ON THE JUDICIARY

On Monday, June 12, 1939, beginning at 10 a. m., there will be continued a public hearing before the Committee on the Judiciary on the bill (H. R. 6369) to amend the act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory thereof and supplemental thereto; to create a Railroad Reorganization Court; and for other purposes.

There will be continued a public hearing before Subcommittee No. 3 of the Committee on the Judiciary on Wednesday, June 21, 1939, at 10 a. m., on the bill (H. R. 2318) to divorce the business of production, refining, and transporting of petroleum products from that of marketing petroleum products. Room 346, House Office Building.

COMMITTEE ON MERCHANT MARINE AND FISHERIES

The Committee on Merchant Marine and Fisheries will hold public hearings in room 219, House Office Building, at 10 a. m., on the bills and dates listed below:

On Tuesday, June 13, 1939, on H. R. 1011, drydock facilities for San Francisco (WELCH); H. R. 2870, drydock facilities for Los Angeles (THOMAS F. FORD); H. R. 3040, drydock facilities for Los Angeles (GEYER of California); and H. R. 5787, drydock facilities for Seattle, Wash. (MAGNUSON).

The hearing originally scheduled by the Committee on Merchant Marine and Fisheries for Thursday, June 8, 1939, on H. R. 6042, requiring numbers on undocumented vessels (KRAMER), and H. R. 5837, alien owners and officers of vessels (KRAMER), has been postponed until Tuesday, June 13, and will come up on the same list as those bills named directly above.

On Thursday, June 15, 1939, on House Joint Resolution 194, investigate conditions pertaining to lascar seaman (SIROVICH).

On Friday, June 16, 1939, on H. R. 5611, district commanders' bill (U. S. Coast Guard).

COMMITTEE ON IMMIGRATION AND NATURALIZATION

There will be a meeting of the Committee on Immigration and Naturalization in room 445, House Office Building, at 10:30 a. m. Tuesday, June 13, 1939, for the continuation of hearings on House Joint Resolution 165 and House Joint Resolution 168.

There will be a meeting of the Committee on Immigration and Naturalization in room 445, House Office Building, at 10:30 a. m. Wednesday, June 14, 1939, for the consideration of H. R. 5838 (KRAMER) and unfinished business.

EXECUTIVE COMMUNICATIONS, ETC.

839. Under clause 2 of rule XXIV a letter from the Secretary of the Interior, transmitting the draft of a bill by which individual Indians would be authorized to create trusts out of their restricted moneys by agreements entered into between them and the United States, was taken from the Speaker's table and referred to the Committee on Indian Affairs.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. ELLIOTT: Joint Committee on the Disposition of Executive Papers. House Report No. 812. Report on the disposition of executive papers in the Home Owners' Loan Corporation. Ordered to be printed.

Mr. ELLIOTT: Joint Committee on the Disposition of Executive Papers. House Report No. 813. Report on the disposition of executive papers in the United States Maritime Commission. Ordered to be printed.

Mr. ELLIOTT: Joint Committee on the Disposition of Executive Papers. House Report No. 814. Report on the disposition of executive papers in the United States Civil Service Commission. Ordered to be printed.

Mr. ELLIOTT: Joint Committee on the Disposition of Executive Papers. House Report No. 815. Report on the disposition of executive papers in the Department of the Navy. Ordered to be printed.

Mr. ELLIOTT: Joint Committee on the Disposition of Executive Papers. House Report No. 816. Report on the disposition of executive papers in the Department of the Interior. Ordered to be printed.

Mr. ELLIOTT: Joint Committee on the Disposition of Executive Papers. House Report No. 817. Report on the disposition of executive papers in the Department of the Interior. Ordered to be printed.

Mr. ELLIOTT: Joint Committee on the Disposition of Executive Papers. House Report No. 818. Report on the disposition of executive papers in the Department of Commerce. Ordered to be printed.

Mr. ELLIOTT: Joint Committee on the Disposition of Executive Papers. House Report No. 819. Report on the disposition of executive papers in the Department of Labor. Ordered to be printed.

Mr. ELLIOTT: Joint Committee on the Disposition of Executive Papers. House Report No. 820. Report on the disposition of executive papers in the Panama Canal. Ordered to be printed.

Mr. ELLIOTT: Joint Committee on the Disposition of Executive Papers. House Report No. 821. Report on the disposition of executive papers in the Post Office Department, Postal Service. Ordered to be printed.

Mr. ELLIOTT: Joint Committee on the Disposition of Executive Papers. House Report No. 822. Report on the disposition of executive papers in the Department of Agriculture. Ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. KING:

H. R. 6780. A bill to amend section 73 of an act entitled "An act to provide a government for the Territory of Hawaii," approved April 30, 1900, as amended; to the Committee on the Territories.

By Mr. BARRY:

H. J. Res. 321. Joint resolution authorizing the President of the United States to present to Eire on behalf of the people of the United States a statue of Commodore John Barry; to the Committee on Foreign Affairs.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of Massachusetts, memorializing the President and the Congress of the United States to consider their resolution with reference to citizenship to aliens who served in the Military or Naval Establishments of the United States during the World War and were honorably discharged from such service; to the Committee on Immigration and Naturalization.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. DWORSHAK:

H. R. 6781. A bill for the relief of John Hochlander, his wife, Elizabeth, and his sons, Joseph and Michael; to the Committee on Immigration and Naturalization.

By Mr. GAMBLE:

H. R. 6782. A bill for the relief of James Robert Harman; to the Committee on Military Affairs.

By Mr. HARE:

H. R. 6783. A bill for the relief of William Cromer; to the Committee on Claims.

By Mr. LANDIS:

H. R. 6784. A bill for the relief of James L. Kackley; to the Committee on Military Affairs.

By Mr. LEAVY:

H. R. 6785. A bill for the relief of Mary Boyd; to the Committee on Claims.

By Mr. MAAS:

H. R. 6786. A bill to authorize the reappointment of Stanley E. Weed as an aviation cadet in the Naval Reserve, and for other purposes; to the Committee on Naval Affairs.

By Mr. O'BRIEN:

H. R. 6787. A bill for the relief of William Robert Hanly; to the Committee on Claims.

H. R. 6788. A bill for the relief of Lloyd Bryant; to the Committee on Claims.

By Mr. TINKHAM:

H. R. 6789. A bill granting an increase of pension to Porter O. Robinson; to the Committee on Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3622. By Mr. ANDREWS: Statement received from the Department of Social Welfare of the State of New York, favoring enactment of the Byrnes bill as it affects the aid to dependent children; to the Committee on Ways and Means.

3623. By Mr. ASHBROOK: Petition of J. F. Copeland, of Newark, Ohio, and 30 others, endorsing House bill 5620, the General Welfare Act; to the Committee on Ways and Means.

3624. Also, petition of Barbara Copeland, of Newark, Ohio, and 30 others, endorsing House bill 5620, the General Welfare Act; to the Committee on Ways and Means.

3625. Also, petition of Mr. and Mrs. James Stout, of Delaware, Ohio, and 25 others, endorsing House bill 5620, the General Welfare Act; to the Committee on Ways and Means.

3626. By Mr. BARRY: Petition of sundry citizens whose signatures were obtained by Florence L. Holmes, East Rockaway, N. Y., concerning House bill 5620; to the Committee on Ways and Means.

3627. Also, petition of the Educational Conservation Society, urging Congress to pass the Barry-Mead conservation education bill (H. R. 2532, S. 1609); to the Committee on Education.

3628. Also, petition of the department of social welfare, Albany, N. Y., urging the adoption of the provisions of the Social Security Act relating to aid to dependent children (the Byrnes bill); to the Committee on Ways and Means.

3629. By Mr. LELAND M. FORD: Resolutions of the Culver City Chamber of Commerce, Culver City, Calif., favoring passage of House bill 5656, providing appropriations for fire and flood control affecting lands lying within the Angelus, San Bernardino, and Cleveland National Forests, and adjacent lands in Los Angeles, San Bernardino, and Riverside Counties, in the State of California; to the Committee on Agriculture.

3630. Also, resolutions adopted by the Native Sons of the Golden West, at the sixty-second session of the Grand Parlor of the Native Sons of the Golden West, pledging undivided allegiance to the flag of the United States of America and reaffirming faith in the Monroe Doctrine as an instrument of national policy; to the Committee on Foreign Affairs.

3631. Also, resolution of the Veterans Service League, Santa Monica, Calif., endorsing a program of military training for citizens' conservation camps; to the Committee on Labor.

3632. By Mr. GRAHAM: Petition of members and attendants of the First Baptist Church, Butler, Pa., protesting against any entangling alliances with European countries; to the Committee on Foreign Affairs.

3633. By Mr. KEOGH: Petition of the Propeller Club of the United States, port of Pittsburgh, Pa., concerning Senate bill 2009; to the Committee on Interstate and Foreign Commerce.

3634. Also, petition of the Congress of Industrial Organizations, Washington, D. C., favoring the Casey bill (H. R. 6470); to the Committee on Appropriations.

3635. Also, petition of the Grand Lodge, Brotherhood of Railroad Trainmen, Cleveland, Ohio, concerning war profits; to the Committee on Foreign Affairs.

3636. Also, petition of Local Lodge No. 52, of the United Federal Workers of America, New York City, favoring the passage of House bill 960; to the Committee on the Civil Service.

3637. Also, petition of the Furriers Joint Council of New York favoring the passage of the Casey bill (H. R. 6470); to the Committee on Appropriations.

3638. Also, petition of the Southern Transportation Co., Philadelphia, Pa., opposing the passage of Senate bill 2009; to the Committee on Interstate and Foreign Commerce.

3639. Also, petition of 780 residents of Brooklyn, N. Y., members of the National Congress for Right to Work, for the restoration of the $50,000,000 cut in the Works Progress Administration appropriation and for an adequate grant for the fiscal year 1940; to the Committee on Appropriations.

3640. By Mr. KING: Petition of the directors of the Chamber of Commerce of Hilo, Hawaii, memorializing Congress to take favorable action on House bill 6453, to reapportion the Legislature of the Territory of Hawaii; to the Committee on the Territories.

3641. By Mr. PFEIFER: Petition of the chamber of commerce, committee on stream pollution, Cincinnati, Ohio, favoring the Barkley bill; to the Committee on Rivers and Harbors.

3642. Also, petition of Bourjois, Inc., New York City, opposing the passage of House bill 6577; to the Committee on the District of Columbia.

3643. Also, petition of the Works Progress Administration Teachers Union, New York City, urging the passage of the Casey bill (H. R. 6470); to the Committee on Appropriations.

3644. Also, petition of the Grand Lodge, Brotherhood of Railroad Trainmen, Cleveland, Ohio, favoring the President's foreign policy; to the Committee on Foreign Affairs.

3645. Also, petition of the Southern Transportation Co., Philadelphia, Pa., opposing Senate bill 2009 and urging support of certain amendments to exclude water carriers of bulk cargoes by barges; to the Committee on Interstate and Foreign Commerce.

3646. Also, petition of the Furriers Joint Council of New York, urging the passage of the Casey bill (H. R. 6470); to the Committee on Appropriations.

3647. Also, petition of the Congress of Industrial Organizations, Washington, D. C., favoring the Casey bill (H. R. 6470); to the Committee on Appropriations.

3648. Also, petition of the United Federal Workers of America, Local No. 52, New York City, favoring the Ramspeck bill (H. R. 960); to the Committee on the Civil Service.

3649. By Mr. SCHIFFLER: Petition of the Northern West Virginia Coal Association, Fairmont, W. Va., urging that final action on Senate bill 2420 be postponed until the next Congress convenes, in order to give its membership an opportunity to study it and ascertain whether it will be advantageous or disadvantageous to the coal industry in northern West Virginia and elsewhere; to the Committee on Mines and Mining.

3650. By Mr. THOMAS of Texas: Letter from R. M. Farrar, president, the Union National Bank, Houston, Tex., dealing with the general subject of credit; to the Committee on Banking and Currency.

3651. By Mr. VORYS of Ohio: Petition of Frank Pfleger and 59 others, requesting the Seventy-sixth Congress to enact the House bill 5620, the improved General Welfare Act, thus relieving the suffering of our needy citizens over 60 years of age and providing prosperity for America and security for all at 60; to the Committee on Ways and Means.

3652. Also, petition of Laura M. Smith, requesting the Seventy-sixth Congress to enact House bill 5620, the improved General Welfare Act, thus relieving the suffering of our needy citizens over 60 years of age and providing prosperity for America and security for all at 60; to the Committee on Ways and Means.

3653. Also, petition of F. S. Evans and 59 others, requesting the Seventy-sixth Congress to enact House bill 5620, the improved General Welfare Act, thus relieving the suffering of our needy citizens over 60 years of age and providing prosperity for America and security for all at 60; to the Committee on Ways and Means.

3654. Also, petition of Nina Y. Sprecher and eight others, requesting the Seventy-sixth Congress to enact House bill 5620, the improved General Welfare Act, thus relieving the suffering of our needy citizens over 60 years of age and providing prosperity for America and security for all at 60; to the Committee on Ways and Means.

3655. Also, petition of Lena R. Mills and 29 others, requesting the Seventy-sixth Congress to enact House bill 5620, the improved General Welfare Act, thus relieving the suffering of our needy citizens over 60 years of age and providing prosperity for America and security for all at 60; to the Committee on Ways and Means.

3656. Also, petition of Audra Limbert and 61 others, requesting the Seventy-sixth Congress to enact House bill 5620, the improved General Welfare Act, thus relieving the suffering of our needy citizens over 60 years of age and providing prosperity for America and security for all at 60; to the Committee on Ways and Means.

3657. Also, petition of C. W. Ackerson and 59 others, requesting the Seventy-sixth Congress to enact House bill 5620, the improved General Welfare Act, thus relieving the suffering of our needy citizens over 60 years of age and providing prosperity for America and security for all at 60; to the Committee on Ways and Means.

3658. Also, petition of Ed. T. Young and 29 others, requesting the Seventy-sixth Congress to enact House bill 5620, the improved General Welfare Act, thus relieving the suffering of our needy citizens over 60 years of age and providing prosperity for America and security for all at 60; to the Committee on Ways and Means.

3659. Also, petition of P. J. Cole, Sr., and 29 others, requesting the Seventy-sixth Congress to enact House bill 5620, the improved General Welfare Act, thus relieving the suffering of our needy citizens over 60 years of age and providing prosperity for America and security for all at 60; to the Committee on Ways and Means.

3660. By the SPEAKER: Petition of the Council of the City of Cleveland, petitioning consideration of their resolution with reference to Senate bill 591 and House bill 2888; to the Committee on Banking and Currency.

3661. Also, petition of the United Federal Workers of America, United States Veterans' Hospital Local 159, petitioning consideration of their resolution with reference to House bill 960; to the Committee on the Civil Service.

3662. Also, petition of the Maritime Federation of the Pacific, San Francisco, Calif., petitioning consideration of their resolution with reference to House Joint Resolution 266, Works Progress Administration appropriation; to the Committee on Appropriations.

3663. Also, petition of the Propeller Club of the United States, port of Pittsburg, petitioning consideration of their resolution with reference to Senate bill 2009; to the Committee on Interstate and Foreign Commerce.

3664. Also, petition of code members of Alabama, southern Tennessee, and Georgia, petitioning consideration of their resolution with reference to the bituminous-coal industry; to the Committee on Ways and Means.

SENATE

MONDAY, JUNE 12, 1939

Rev. Duncan Fraser, assistant rector, Church of the Epiphany, Washington, D. C., offered the following prayer:

O Lord, most holy, most mighty, and immortal God, who dwellest between the cherubim and seraphim, in majesty and awe: Behold in mercy all Thy servants on whom Thou hast laid the governance of this Nation, and especially for its Senate in Congress assembled; that Thou wouldest be pleased to direct and prosper all their consultations, that all things may be so ordered and settled by their endeavors upon the best and surest foundations, and that they, remembering whose stewards they are, may, both by their lives and works, show forth Thy praise, to Thine eternal glory and the welfare of Thy people; through Jesus Christ, Thy Son, our Lord, to whom with Thee and the Holy Ghost be all honor and glory, world without end. Amen.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Friday, June 9, 1939, was dispensed with, and the journal was approved.

CALL OF THE ROLL

Mr. MINTON. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Davis	Johnson, Calif.	Pittman
Andrews	Donahey	Johnson, Colo.	Radcliffe
Ashurst	Downey	King	Reed
Bailey	Ellender	La Follette	Russell
Bankhead	Frazier	Lee	Schwartz
Barbour	George	Lodge	Schwellenbach
Barkley	Gerry	Logan	Sheppard
Bilbo	Gibson	Lucas	Smith
Bone	Gillette	Lundeen	Stewart
Borah	Glass	McCarran	Thomas, Okla.
Brown	Green	McKellar	Thomas, Utah
Bulow	Guffey	McNary	Truman
Burke	Gurney	Maloney	Vandenberg
Byrnes	Hale	Mead	Van Nuys
Capper	Harrison	Minton	Wagner
Caraway	Hatch	Neely	Walsh
Chavez	Hayden	Norris	Wheeler
Clark, Idaho	Herring	Nye	White
Clark, Mo.	Hill	O'Mahoney	Wiley
Connally	Holt	Overton	
Danaher	Hughes	Pepper	

Mr. MINTON. I announce that the Senator from North Carolina [Mr. REYNOLDS] is detained from the Senate because of illness.

The Senator from Arkansas [Mr. MILLER] is absent because of illness in his family.

The Senator from Virginia [Mr. BYRD], the Senator from Montana [Mr. MURRAY], the Senator from Illinois [Mr. SLATTERY], the Senator from New Jersey [Mr. SMATHERS], and the Senator from Maryland [Mr. TYDINGS] are detained on important public business.

Mr. McNARY. I announce that my colleague the junior Senator from Oregon [Mr. HOLMAN] is necessarily absent on public business.

I also announce that the Senator from New Hampshire [Mr. BRIDGES] is absent because of an operation.

The VICE PRESIDENT. Eighty-two Senators have answered to their names. A quorum is present.

MESSAGE FROM THE HOUSE DURING ADJOURNMENT—ENROLLED BILLS SIGNED

Under authority of the order of the 8th instant,

On June 9, 1939, after adjournment of the Senate, the following message was received by the Secretary from the House of Representatives: That the Speaker had affixed the signature to the following enrolled bills, and they were thereupon signed by the President pro tempore:

S. 1031. An act to amend section 243 of the Penal Code of the United States, as amended by the act of June 15, 1935 (49 Stat. 378), relating to the marking of packages containing wild animals and birds and parts thereof; and

S. 1243. An act to authorize the use of War Department equipment for the Confederate Veterans' 1939 Reunion at Trinidad, Colo., August 22, 23, 24, and 25, 1939.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations and withdrawing a nomination were communicated to the Senate by Mr. Hess, one of his secretaries.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Calloway, one of its reading clerks, announced that the House had passed the bill (S. 1886) to extend to June 16, 1942, the period within which certain loans to executive officers of member banks of the Federal Reserve System may be renewed or extended, with an amendment, in which it requested the concurrence of the Senate.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 4218) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1940, and for other purposes, and that the House had receded from its disagreement to the amendment of the Senate No. 18 to the bill and concurred therein.

The message further announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 6260) making appropriations for the fiscal year ending June 30, 1940, for civil functions administered by the War Department, and for other purposes, asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. SNYDER, Mr. TERRY, Mr. STARNES of Alabama, Mr. COLLINS, Mr. KERR, Mr. POWERS, Mr. ENGEL, and Mr. BOLTON were appointed managers on the part of the House at the conference.

The message also announced that the House had passed a bill (H. R. 6635) to amend the Social Security Act, and for other purposes, in which it requested the concurrence of the Senate.

TRIBUTE TO THE LATE SENATOR COPELAND, OF NEW YORK

Mr. BILBO. Mr. President, I prepared an address which I expected to deliver when the memorial addresses were made in the Senate a few days ago on the life, character, and public service of the late Senator from New York, Hon. Royal S. Copeland, but on account of lack of time on that occasion did not do so. I therefore now ask unanimous consent to have inserted in the RECORD the remarks prepared by me as a fitting tribute to the memory of the late Senator from New York.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Mr. BILBO. Mr. President, the law profession possibly has contributed more men to Government service than any other of the professions. It has fallen to the happy lot of Senator ROYAL SAMUEL COPELAND, more affectionately known as Dr. COPELAND, to furnish incontrovertible proof that the knowledge of jurisprudence is no more essential for high achievement in the affairs of government than a corresponding knowledge of the science of medicine.

Dr. ROYAL COPELAND was the incarnation of a great physician. It was with the eyes of a man skilled in the treatment of the frailties of the human body that he looked upon the physical and economic ills of society. His analysis of the provisions of any proposed measure for congressional consideration was not from the viewpoint of a practiced and experienced attorney, but from the higher vantage ground of a sympathetic and inquiring physician. He diagnosed rather than analyzed by first seeking the cause of the ailment or maladjustment to be treated and then applied the remedy, which he already knew. His powerful intellect represented an apothecary shop, shelved with all the scientific curative preparations essential for the control and alleviation of political and social agony. Being a physician to the manner born, he was possessed of a versatility of interests. True to his high calling, devotion to all things of human concern was exemplified in the wide range of his tireless activities—activities that embraced a scope confined to no less limits than the full compass of all of man's privations and sorrows.

No finer or more appropriate trinity of words for the delineation of character can be applied to this great and good man than to speak of him and to think of him as patriot, physician, and philanthropist. Patriot, in the sense that he loved democracy and democratic institutions; physician, in the sense that he pondered profoundly upon the way of man that led not unto death but to an abundant life and a sustained happiness; philanthropist, in the sense that he gave freely of his time, of his talent, and of his great storehouse of scientific knowledge to the service and betterment of humanity.

Senator COPELAND enacted the role also of a great pacificator. It was almost invariably thrust upon him the peculiar prerogative to adjust difficult and sensitive differences, to heal angry wounds, and apply a soothing ointment to old sores. With an amazing facility he brought about the meeting of many minds with respect to important legislation. The major operation was always trusted to his trained hands by virtue not only of his skill in performing the operation but of his willingness to do the job, and the major responsibilities were always shifted to his strong shoulders because there was no other so eminently capable of carrying the weight of the burden to be borne.

To my mind, Senator COPELAND was a man—

Who never turned his back but marched breast forward,
Never doubted clouds would break;
Never dreamed, though right were worsted, wrong would triumph,
Held we fall to rise, are baffled to fight better,
Sleep, to wake.

Many years ago Mr. Joe Mitchell Chapple, while engaged in collecting Favorite Heart Throbs of Famous People, for publication in a volume of that title, called upon Dr. COPELAND to ascertain his favorite heartthrob in relation to poems. The great physician immediately recited these lines:

What are the names of the Fortunate Isles?
Duty and Love and a Broad Content,
These are the Isles of the Watery Miles,
That God let down from the Firmament.
Duty and Love and a baby's smile,
Ah, these, O friends, are the Fortunate Isles.

After repeating this poem as his favorite heartthrob, he said:

I memorized those words and carried the newspaper clipping in my pocket until it was worn out, but failed to learn the name of the author. If you can tell me, I will appreciate it very much.

Upon being informed that Joaquin Miller was the author, he expressed his appreciation of the information, and after again quoting the six lines of his favorite poem, he said:

It reflects the sentiment of a lover of children and discloses a new "somewhere" in the widening vision of humans—the broad planes and spheres of duty, the heights and depths of love, all of which is enhaloed in the great objective of one of life's sweetest dreams—a baby's smile.

In this favorite heartthrob of the great physician there is afforded appropriate conclusion to this brief and affectionate tribute to his memory.

CREATION OF TRUSTS BY INDIVIDUAL INDIANS

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Interior, transmitting a draft of proposed legislation to authorize the creation of trusts by individual Indians with the United States as trustee, which, with the accompanying paper, was referred to the Committee on Indian Affairs.

LANDS FOR SAN CARLOS APACHE TRIBE, ARIZONA

The VICE PRESIDENT laid before the Senate a letter from the Acting Secretary of the Interior, transmitting a draft of proposed legislation to authorize the purchase of certain lands for the San Carlos Apache Tribe, Arizona, which, with the accompanying papers, was referred to the Committee on Indian Affairs.

VARIABLE PAYMENT OF CONSTRUCTION CHARGES ON RECLAMATION PROJECTS

The VICE PRESIDENT laid before the Senate a letter from the Acting Secretary of the Interior, transmitting a draft of proposed legislation to provide a feasible and comprehensive plan for the variable payment of construction charges on United States reclamation projects, to protect the investment of the United States in such projects, and for other purposes, which, with the accompanying paper, was referred to the Committee on Irrigation and Reclamation.

APRIL REPORT OF RECONSTRUCTION FINANCE CORPORATION

The VICE PRESIDENT laid before the Senate a letter from the chairman of the Reconstruction Finance Corporation, submitting, pursuant to law, the report of the activities and expenditures of the Corporation for the month of April 1939, including a statement of loan and other authorizations made during the month, showing the name, amount, and rate of interest or dividend in each case, and so forth, which, with the accompanying papers, was referred to the Committee on Banking and Currency.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following resolution of the Legislature of Nebraska, which was referred to the Committee on Banking and Currency:

Legislative Resolution 39

Resolution memorializing the Honorable F. F. Hill, Governor of the Farm Credit Administration, to defer payments of principal and interest on defaulted Federal land bank and Land Bank Commissioner loans as to deserving farmers of the State of Nebraska

Whereas the State of Nebraska has been visited by 5 successive years of devastating droughts; and

Whereas the crops of the State of Nebraska have been ravaged for a number of years by grasshoppers; and

Whereas it is now evident that irreparable damage has already been done this year to the small-grain crop, by insufficient moisture and grasshoppers; and

Whereas the small-grain crop is the first cash crop for the farmers of the State of Nebraska; and

Whereas due to these ravages of Nature, the purchasing power of the farmers of the State of Nebraska is the lowest of any other State in the United States, as shown by recent reports of the Department of Agriculture of the United States: Now, therefore, be it

Resolved by the Legislature of the State of Nebraska in fifty-third regular session assembled:

(1) That the Nebraska Unicameral Legislature respectfully calls these matters to the attention of the Honorable F. F. Hill, Governor of the Farm Credit Administration, and respectfully requests that payments of principal and interest on defaulted Federal land bank and Land Bank Commissioner loans be deferred as to deserving farmers of the State of Nebraska until another crop can be harvested and marketed.

(2) That this resolution be spread at large upon the journal of this legislature, and that the clerk of this legislature is hereby ordered and directed forthwith to forward a copy of this resolution, properly authenticated and suitably engrossed, to the Honorable F. F. Hill, Governor of the Farm Credit Administration, to the President of the United States, to the Vice President of the United States as presiding officer of the United States Senate, to the Speaker of the House of Representatives of the United States; and to each of the United States Senators and Congressmen representing the State of Nebraska in the Congress to the end that representatives in the Government and in the Congress of the United States will be advised that this legislature considers as imperative the deferment of defaulted Federal land bank and Land Bank Commissioner loans to deserving farmers of the State of Nebraska.

The VICE PRESIDENT also laid before the Senate a resolution of Farmers Union Local No. 267, Hogeland, Mont., favoring the enactment of Senate bill 2395, to amend the Agricultural Adjustment Act of 1938, as amended, which was referred to the Committee on Agriculture and Forestry.

He also laid before the Senate a telegram in the nature of a memorial from Rev. W. R. Thomas, pastor of Zephaniah Baptist Church, Chicago, Ill., remonstrating against the laying off of and alleged discrimination against certain employees of the Works Progress Administration, which was referred to the Committee on Education and Labor.

He also laid before the Senate a resolution of Local No. 402, Boca Tunnel and Construction Workers Union, of Truckee, Calif., protesting against amendment of the National Labor Relations Act, which was referred to the Committee on Education and Labor.

He also laid before the Senate the memorial of the American Baptist Association, representing 2,000 Baptist churches in about 15 States, remonstrating against amendment of the Social Security Act so as to affect religious bodies, which was referred to the Committee on Finance.

He also laid before the Senate the petition of a committee of retired railway employees of Terre Haute, Ind., praying for the enactment of legislation granting to each retired railway employee over 65 years of age who is entitled to retirement benefit and pension not less than $50 per month, which was referred to the Committee on Interstate Commerce.

He also laid before the Senate telegrams in the nature of memorials from the grand regent, Court Columbia, Catholic Daughters of America, and the grand State regent, Catholic Daughters of America, both of New York, N. Y., remonstrating against the confirmation of the nomination of Archibald MacLeish, of Connecticut, to be Librarian of Congress, which were referred to the Committee on the Library.

He also laid before the Senate the petition of the Central Labor Union of Toledo, Ohio, praying for the enactment of pending legislation providing an additional $800,000,000 for Federal housing projects, which was ordered to lie on the table.

Mr. VANDENBERG presented memorials, numerously signed, of sundry citizens of the State of Michigan, remonstrating against the exclusion of white-collar workers, including the Federal music project, from the terms of the bill (S. 1265) to establish a Department of Public Works, to amend certain sections of the Social Security Act, and for other purposes, which were ordered to lie on the table.

Mr. REED presented telegrams and papers in the nature of memorials from the librarian of the Winfield Public Library, the librarian of the Carnegie Free Public Library of Manhattan, the librarian of the Hutchinson Public Library, the president of the board of trustees, and the president of the Library Trustees' Association of Kansas, the president of the Kansas Library Association, officers of the Kellogg Library and the Kansas State Teachers College, of Emporia, all in the State of Kansas, and the assistant cataloger of the University of Maryland, College Park, Md., remonstrating against the confirmation of the nomination of Archibald MacLeish, of Connecticut, to be Librarian of Congress, which were referred to the Committee on the Library.

Mr. HOLT presented the memorial of Local No. 1643, United Mine Workers of America, of Monangah, W. Va., remonstrating against amendment of the National Labor Relations Act at the present time, which was referred to the Committee on Education and Labor.

He also presented a resolution of the Northern West Virginia Coal Association, favoring postponement of Senate bill

2420 until the next session of Congress so as to ascertain whether it will be advantageous or disadvantageous to the coal industry in northern West Virginia, which was referred to the Committee on Mines and Mining.

He also presented a paper in the nature of a memorial from 50 citizens of Pittsburgh, Pa., remonstrating against a third term of office for any President, regardless of party affiliation, which was ordered to lie on the table.

Mr. WALSH presented a resolution of the City Council of Marlboro, Mass., favoring additional appropriations for the Works Progress Administration and the preservation of "white collar" projects, which was referred to the Committee on Appropriations.

He also presented the petition of the mayor and 19 members of the City Council of Boston, and sundry citizens, all in the State of Massachusetts, praying adequate appropriations for the Works Progress Administration to continue unimpaired the laboring, "white collar," and Federal arts projects without further increase in costs to local governments, which was referred to the Committee on Appropriations.

Mr. WALSH also presented the following resolution of the General Court of Massachusetts, which was referred to the Committee on Immigration:

Resolutions memorializing Congress in favor of the granting of full United States citizenship to aliens who served in the Military or Naval Establishments of the United States during the World War and were honorably discharged from such service

Resolved, That the General Court of Massachusetts hereby urges the Congress of the United States to give proper recognition to aliens who served this country during the World War by the enactment of en masse legislation and the taking of such other action as may be necessary to declare that every alien who served in the Military or Naval Establishment of the United States during the World War and who has received an honorable discharge from such service is a citizen of the United States by virtue of such service; and be it further

Resolved, That copies of these resolutions be sent forthwith by the secretary of the Commonwealth to the President of the United States and to the presiding officers of each branch of Congress and to the Members thereof from this Commonwealth.

The VICE PRESIDENT laid before the Senate a resolution identical with the foregoing, which was referred to the Committee on Immigration.

Mr. LODGE presented a resolution identical with the foregoing, which was referred to the Committee on Immigration.

Mr. LODGE also presented a petition of sundry citizens of the State of Massachusetts praying for the enactment of legislation to prevent the advertising of alcoholic beverages by press and radio, which was ordered to lie on the table.

Mr. SHEPPARD presented the following resolution of the House of Representatives of Texas, which was referred to the Committee on Agriculture and Forestry:

House Resolution 303

Whereas the surplus stocks of cotton in this country now total about 14,000,000 bales, of which 11,400,000 bales are stored under Government loan to producers; and

Whereas for over a century growers have been wrapping cotton in an imported material which is known as jute bagging; and

Whereas the commissioner of agriculture of Texas estimates that approximately 2 percent of the bagging used for wrapping cotton in Texas is cotton bagging and approximately 98 percent is jute; and

Whereas jute is used for the purpose of wrappers, bags, burlap, and twine; and

Whereas millions of square yards of cotton cloth, which were once used for making all commodities, have retreated before the paper bags; and

Whereas in 1925 only 10 percent of the national cement supply was shipped in paper bags, and in 1936 this figure had risen to 42 percent; and

Whereas cotton bagging is cheaper in the long run because it can be used 10 or 12 times, while paper is only used once; and

Whereas jute, paper, and rayon are three relentless enemies of the cotton industry, each armed with the deadliest weapon—lower cost; and

Whereas the cotton mountain would melt like a snow pile if an ambitious program to reinforce roads and airport runways with a layer of cotton fabric is carried through on a national basis; and

Whereas there are now well over 500 miles of cotton roads in 22 States—a mile of roadway uses 8 to 10 bales of cotton; and

Whereas the United States produces about 45 percent of the world cotton crop, and Texas is the greatest producer of cotton in the United States and the world, and American cotton exports have decreased; and

Whereas in 1936 the world's production of cotton was 28,250,000 bales, in 1938 the United States' production was 18,946,000 bales, and in 1938 Texas' production was 3,125,000 bales; and

Whereas we must do something about this surplus or risk economic disaster for the entire Nation and particularly the people of the South, who depend almost entirely on cotton for their livelihood; and

Whereas a dollar spent in research will pay rich dividends: Now, therefore, be it

Resolved, That the House of Representatives of Texas urge that the honorable body of the United States Congress be requested to make a thorough investigation of the uses of cotton; and be it further

Resolved, That the Federal Government be requested to establish in Texas a cotton gin and fiber laboratory for the purpose of improving cotton technique and devising means of improving cotton fiber; and be it further

Resolved, That Congress be requested to make necessary appropriations to pay the difference between jute and cotton bagging so as to enable the farmers in cotton-producing States to purchase cotton bagging at the gin, which will take over 100,000 bales of cotton off of the market; and be it further

Resolved, That a copy of this resolution be forwarded to each Member of Congress from Texas.

LIBRARIAN OF CONGRESS

Mr. MINTON (for Mr. REYNOLDS) presented a telegram from Mrs. Nell G. Battle, president of the North Carolina Library Association, Rocky Mount, N. C., which was referred to the Committee on the Library and ordered to be printed in the RECORD, as follows:

ROCKY MOUNT, N. C., *June 10, 1939.*

Hon. ROBERT R. REYNOLDS,
United States Senate, Washington, D. C.:

The North Carolina Library Association earnestly protests against the appointment of any but a professionally trained librarian as Librarian of Congress. The most important library in the world needs a trained and experienced library administrator.

NORTH CAROLINA LIBRARY ASSOCIATION.
(Signed) Mrs. NELL G. BATTLE, *President.*

REPORTS OF COMMITTEES

Mr. GLASS, from the Committee on Banking and Currency, to which was referred the bill (S. 2150) to amend section 8 of the act entitled "An act to supplement laws against unlawful restraints and monopolies, and for other purposes," particularly with reference to interlocking bank directorates, known as the Clayton Act, reported it without amendment and submitted a report (No. 586) thereon.

Mr. HILL, from the Committee on Military Affairs, to which was referred the bill (S. 1021) to extend the benefits of the United States Employees' Compensation Act to members of the Officers' Reserve Corps and of the Enlisted Reserve Corps of the Army who are physically injured in line of duty while performing active duty or engaged in authorized training, and for other purposes, reported it with an amendment and submitted a report (No. 587) thereon.

Mr. BANKHEAD, from the Committee on Agriculture and Forestry, submitted a report (No. 588) to accompany the bill (S. 1850) to aid the States and Territories in making provisions for the retirement of employees of the land-grant colleges, heretofore reported by him from that committee with amendments.

Mr. JOHNSON of Colorado, from the Committee on Military Affairs, to which was recommitted the bill (S. 1155) to provide for probationary appointments of officers in the Regular Army, reported it with an amendment and submitted a report (No. 589) thereon.

Mr. HATCH, from the Committee on the Judiciary, to which was referred the joint resolution (S. J. Res. 43) requesting the President to proclaim October 9 as Leif Erikson Day, reported it without amendment and submitted a report (No. 590) thereon.

ENROLLED BILL PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on June 9, 1939, that committee presented to the President of the United States the enrolled bill (S. 189) to provide for the confiscation of firearms in possession of persons convicted of felony and disposition thereof.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. SCHWELLENBACH:

S. 2587. A bill for the relief of Juanita L. Caza; and

S. 2588. A bill for the relief of Ellis L. Rogers; to the Committee on Claims.

By Mr. MINTON:

S. 2589. A bill to authorize the construction of a bridge across the Ohio River at or near Mauckport, Harrison County, Ind.; to the Committee on Commerce.

By Mr. TRUMAN:

S. 2590. A bill to provide for the transfer to the government of the District of Columbia of a certain tract of land belonging to the United States; to the Committee on Public Lands and Surveys.

By Mr. O'MAHONEY:

S. 2591. A bill to provide a feasible and comprehensive plan for the variable payment of construction charges on United States reclamation projects, to protect the investment of the United States in such projects, and for other purposes; to the Committee on Irrigation and Reclamation.

By Mr. CLARK of Idaho:

S. 2592. A bill to provide for assistance by the Federal Government in the control and eradication of noxious weeds; to the Committee on Agriculture and Forestry.

S. 2593. A bill to amend section 186 of the Criminal Code, as amended; to the Committee on Post Offices and Post Roads.

By Mr. MALONEY:

S. 2594. A bill relating to pensions for dependents of the officers and enlisted men who lost their lives in the submarine *Squalus;* to the Committee on Finance.

By Mr. HATCH:

S. 2595. A bill for the relief of Lloyd S. Harris; to the Committee on Claims.

HOUSE BILL REFERRED

The bill (H. R. 6635) to amend the Social Security Act, and for other purposes, was read twice by its title and referred to the Committee on Finance.

AMENDMENT OF SOCIAL SECURITY ACT—AMENDMENTS

Mr. HAYDEN submitted two amendments intended to be proposed by him to the bill (H. R. 6635) to amend the Social Security Act; and for other purposes, which were referred to the Committee on Finance and ordered to be printed.

EXPENSES OF JOINT COMMITTEE ON ARRANGEMENTS AND RECEPTION OF THE KING AND QUEEN OF GREAT BRITAIN

Mr. BARKLEY submitted a concurrent resolution (S. Con. Res. 20), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate, and Mr. BYRNES, subsequently, from the same committee, reported the resolution without amendment, as follows:

Resolved by the Senate (the House of Representatives concurring), That the expenses incurred by the joint committee appointed pursuant to Senate Concurrent Resolution No. 17, Seventy-sixth Congress, to arrange for the reception of Their Majesties the King and Queen of Great Britain in the Rotunda of the Capitol on June 9, 1939, shall be paid one-half from the contingent fund of the Senate and one-half from the contingent fund of the House of Representatives upon vouchers approved by the chairman of the joint committee.

RED CEDAR SHINGLES IMPORTED FROM CANADA

Mr. SCHWELLENBACH submitted a resolution (S. Res. 144), which was ordered to lie on the table, as follows:

Resolved, That the Secretary of State is requested to enter into negotiations with the Government of Canada with a view to arranging for modification of the trade agreement entered into with Canada on November 17, 1938, in such manner as to provide for reserving to the United States the right to limit the quantity of red cedar shingles which may be imported into the United States, to the same extent that the quantity of such shingles permitted to be imported was limited under section 811 of the Revenue Act of 1936 prior to the making of such trade agreement.

CAPE FEAR RIVER, N. C., AT AND BELOW WILMINGTON (S. DOC. 83)

On motion by Mr. BAILEY, a letter from the Secretary of War to the chairman of the Committee on Commerce, United States Senate, transmitting, in response to a resolution of the committee, a report on a reexamination of the Cape Fear River at and below Wilmington, N. C., was ordered to be printed, with an illustration, and referred to the Committee on Commerce.

APPROPRIATIONS FOR CIVIL FUNCTIONS OF WAR DEPARTMENT

The VICE PRESIDENT laid before the Senate the action of the House of Representatives disagreeing to the amendments of the Senate to the bill (H. R. 6260) making appropriations for the fiscal year ending June 30, 1940, for civil functions administered by the War Department, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. THOMAS of Oklahoma. I move that the Senate insist upon its amendments, agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Vice President appointed Mr. THOMAS of Oklahoma, Mr. HAYDEN, Mr. OVERTON, Mr. RUSSELL, Mr. SHEPPARD, Mr. TOWNSEND, and Mr. BRIDGES conferees on the part of the Senate.

APEX HOSIERY CASE—LETTER FROM SENATOR NORRIS

[Mr. SCHWELLENBACH asked and obtained leave to have printed in the RECORD a letter from Senator NORRIS to Gardner Jackson, of Labor's Nonpartisan League, relative to the Apex Hosiery case, which appears in the Appendix.]

FOREIGN AFFAIRS—ADDRESS BY SENATOR REYNOLDS

[Mr. MINTON asked and obtained leave to have printed in the RECORD a radio address delivered by Senator REYNOLDS on June 10, 1939, on the subject of foreign affairs, which appears in the Appendix.]

FOREIGN AFFAIRS—TELEGRAM TO SENATOR REYNOLDS

[Mr. MINTON, for Mr. REYNOLDS, asked and obtained leave to have printed in the RECORD a telegram on the subject of foreign affairs, addressed to Senator REYNOLDS by O. G. Werner, of Dover, N. J., which appears in the Appendix.]

ADDRESS BY POSTMASTER GENERAL FARLEY AT ANNUAL CONVENTION OF UTAH CHAPTER, NATIONAL ASSOCIATION OF POSTMASTERS

[Mr. THOMAS of Utah asked and obtained leave to have printed in the RECORD an address delivered by Postmaster General Farley at the annual convention of the Utah Chapter of the National Association of Postmasters at Salt Lake City, Utah, on May 22, 1939, which appears in the Appendix.]

INDEPENDENCE OF THE PHILIPPINES—ADDRESS BY SALVADOR ARANETA

[Mr. GIBSON asked and obtained leave to have printed in the RECORD an address delivered by Salvador Araneta before the convocation program at the University of Manila, May 25, 1939, on the subject of the independence of the Philippines, which appears in the Appendix.]

ATTITUDE OF MILWAUKEE ASSOCIATION OF COMMERCE TOWARD NATIONAL LEGISLATION

[Mr. WILEY asked and obtained leave to have printed in the RECORD a statement of the position of the Milwaukee (Wis.) Association of Commerce on legislation now pending before Congress, which appears in the Appendix.]

ARMY CHIEFS OF STAFF—LETTER BY MAJ. GEN. WILLIAM C. RIVERS

[Mr. THOMAS of Utah asked and obtained leave to have printed in the RECORD a letter written by Maj. Gen. William C. Rivers to the editor of the New York Times and printed in that newspaper on Sunday, June 4, 1939, which appears in the Appendix.]

THE N. Y. A. SLASH—ARTICLE BY ERNEST LINDLEY

[Mr. HILL asked and obtained leave to have printed in the RECORD an article by Ernest Lindley, published in the Washington Post of June 11, 1939, entitled "The N. Y. A. Slash," which appears in the Appendix.]

THE NATIONAL YOUTH ADMINISTRATION

[Mr. NEELY asked and obtained leave to have printed in the RECORD two editorials on the subject of the National Youth Administration, one published in the Fairmont (W. Va.) Times of Thursday, June 8, 1939, and the other in the Wheeling (W. Va.) News-Register of June 8, 1939, which appear in the Appendix.]

ORDER DISPENSING WITH CALL OF CALENDAR

The VICE PRESIDENT. If there be no resolutions coming over from a preceding day and no further morning business, the calendar under rule VIII is in order.

Mr. BARKLEY. Mr. President, I ask unanimous consent that the calling of the calendar be dispensed with for the time being.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

IMPORTATION OF INFESTED BULBS

Mr. SCHWELLENBACH. Mr. President, last Wednesday I submitted a resolution (S. Res. 143) asking for the appointment of a special subcommittee of the Committee on Agriculture and Forestry. I asked that the resolution lie on the table. My understanding was that the resolution would come up under the order of resolutions coming over from a previous day.

The VICE PRESIDENT. A tabled resolution does not come up automatically as a resolution coming over from the previous day. The Senator can move to take up his resolution.

Mr. SCHWELLENBACH. I do not intend to make such a motion at this time, but I do wish to place in the RECORD some very brief remarks concerning the resolution.

The basis of the resolution was the action upon the part of the Department of Agriculture which would result in the abandonment by that Department of the provisions of the Plant Quarantine Act so far as the importation of narcissus bulbs is concerned. I discussed the matter last Wednesday. It happens that yesterday in the Washington Star an article appeared which is of interest and importance so far as this particular resolution is concerned. In the article it is pointed out that, as a result of an obscure importation of iris bulbs from Japan in the year 1912, an importation which went only to one locality, there was brought into this country an infestation known as the Japanese beetle. That infestation spread from the place where the iris bulbs were originally planted to all sections of the country. We are now spending a total of three and a half million dollars a year as a result of the loss due to that particular infestation.

The author of the article in yesterday's Washington Star submits evidence to show that as a result of the infestation in that one obscure importation of Japanese iris bulbs there has been a total loss to this country of $100,000,000.

It is all very well for the Department of Agriculture to say that it is proper, in order to enable the State Department to enter into trade negotiations and treaties with Holland so as to increase our trade, that the limitations which have been placed upon the importation of narcissus bulbs should be relaxed or abandoned. The total amount of importations of narcissus bulbs to this country prior to the time of the placing of the quarantine was about $250,000 a year. I think it but fair to state that, as a result of a relaxation of the limitations of the Plant and Quarantine Act so far as the importation of narcissus bulbs is concerned, we cannot expect to get more out of Holland than the amount Holland would get coming in, or $250,000 a year; and yet the evidence which I discussed last week shows that these bulbs are infested, and that the infestation is such as to spread rapidly, and spread to other agricultural products of this country.

Having seen the result of laxness on the part of this Government, so far as the importation of iris bulbs is concerned, at a cost to the people of this country of $100,000,000, certainly no one can justify running a similar risk with narcissus bulbs in order to get trade to the amount of $250,000 a year.

I ask unanimous consent that there be printed at this point in my remarks the article to which I have referred from the Washington Star of yesterday.

The VICE PRESIDENT. Is there objection? The Chair hears none.

The article is as follows:

MADE IN JAPAN—A $100,000,000 HEADACHE FOR AMERICA

(By J. D. Ratcliff)

No one paid any particular attention to the shipment of irises from Japan that passed by New York customs officials one day in 1912. There were other more important things to be considered in the vast bulk of imports—tea from Ceylon, woolens from England, dyes from Germany. So the irises slipped quietly through, carrying a cargo of passengers—minute white worms.

The worms looked even more insignificant than most worms; they were small and white—curled up as if they were suffering from a particularly violent stomach ache. The newspapers, of course, didn't note the entrance of the immigrant worms, but they might well have made headline news of the event. For the descendants of those worms were destined to become a national problem of major importance. These descendants have driven more than one orchardist into bankruptcy and have been the despair of home gardeners. At present they are costing the Nation well over $3,500,000 a year, and this figure will continue to rise. All because of that shipment of irises.

Some of them went to Riverton, N. J., and were planted in home gardens. The small worms—or grubs—came to life after their long journey from the Orient. Conditions, they found, were eminently suitable for growth. The ground was warm and moist, and the climate was generally similar to the climate of their native island in Japan. They shed their skins and grew into larger grubs—some growing until they were nearly an inch long. They burrowed their way through the soil and got near enough to the surface to feed on the tender young roots of flowers and grass. The new country was thoroughly satisfactory. All of the natural enemies of the worms had been left behind in Japan, and all of the good points Japan had to offer were being duplicated in New Jersey.

After hibernating that first winter the grubs came to life the following spring. Once again they shed their skins. After losing these capsules they were no longer lowly worms. Instead they were rather handsome and splendid flying insects. Their small bodies, not much larger than a potato bug, were a pleasing metallic green and their wings were bronze. Members of the species Popillia japonica Newman began to make their way to the surface. It was mid-June when the first ones tried their wings. They flew to whatever vegetation was at hand—fruits, shrubs, vegetables.

Thus ends a circumstantial account of how the Japanese beetle arrived in the United States. Actually his presence went unnoticed until he was a problem of rather staggering proportions. Today he is a familiar sight in 22 States; and particularly those States along the North Atlantic seaboard.

The first beetle was found in August 1916. An employee of the New Jersey Department of Agriculture picked up one of the insects. Not recognizing it and being unable to classify it, he sent it to Washington. Authorities there had no better luck. They sent it to the British Museum. Word came back that it was the Japanese beetle. Better get busy.

Entomologists went to Japan to gather what information they could and field men pumped tens of thousands of gallons of insecticides on an arbitrary spray belt created around Riverton. The latter attempt was a complete failure. The beetles marched through the barrier as if it didn't exist. They spread to orchards, truck farms, and home gardens. In the grub stage they destroyed golf-course greens, eating off grass roots, and as adults they completely stripped shade trees of foliage. It was soon evident that the beetles couldn't be exterminated without sifting every ounce of topsoil in New Jersey in a search for grubs. Perhaps they could be controlled—a job that loomed large, since there were no known natural enemies capable of large-scale destruction to aid the entomologist.

Any war on insects must begin with a life study of the insect itself. His complete biography must be written. His food preferences, natural habits, love life, and stage of development are all important. Somewhere in the existence of any insect there is a weak link and it is here that the entomologist must attack. So every detail of the beetle's existence was given microscopic scrutiny—from egg to grub to the pretty flying insect.

It is in his final stage of life—as a flying insect—that the beetle does his greatest damage to crops. In a few days now he will begin to emerge from the ground to start his depredations. While he is known to eat 260 varieties of vegetation, he does have his food preferences—apples, cherries, and peaches; linden and horse-chestnut trees; and dahlias, zinnias, and hollyhocks. He prefers the hot midday sun and may very likely remain in the ground if the weather is bad. By nature the Japanese beetle is gregarious. If one discovers that the fleshy part of the leaves of a certain tree are tasty, tens of thousands of beetles will swarm after him. When their feeding is over leaves will be lacy skeletons with only veins remaining. They will attack fruits en masse and as many as 365 beetles have been found swarming over a single apple.

The beetle remains in his adult stage 30 to 45 days. He ends his days on earth with one final gorge of vegetation. During this brief span of adult life the females dig their way in the ground to deposit 40 to 60 eggs. A single square yard of earth has been found to contain as many as 1,500 larvae.

These and scores of other beetle facts have been uncovered at the research center at Moorestown, N. J., which is maintained by the Agriculture Department's Bureau of Entomology. There are 10 laboratories scattered over the 20-acre tract of leased land. Forty-odd men work in them, under the direction of C. H. Hadley, paternal, white-haired veteran of the ceaseless war against insects. For sake of simplicity Hadley prefers to consider Popillia japonica as two insects—a root-eating grub and a leaf-eating winged beetle. The fight against this destructive pair falls into two major lines: Large-scale control and protection of individual farms, gardens, or lawns.

For large-scale control work it became evident almost at the start that natural enemies would have to be imported from Japan. The

possibility of finding bacteria and protozoa that would prey on the beetles has received a great deal of study, but as yet nothing too promising has turned up here. Better luck has been encountered with prey insects. Altogether 17 of these have been brought into the country. Conditions in the United States have been suitable for the survival of only five, and of this five only two have been particularly effective. These two are related wasps—one from Korea, the other from Japan. Both are small and black and look like flying ants.

These wasps are ground borers and prey directly on the grub. The female pushes her way through the earth until she finds an unsuspecting grub. She stings it and the poison causes temporary paralysis. She then lays an egg which she attaches to the under part of the worm. When this egg hatches the larva sucks fluid nourishment from the grub. As the larva grows stronger the grub grows weaker. Completely ungrateful for the hospitality afforded him, the larva finally consumes the depleted body of his host. In the course of a summer a wasp will lay about 40 eggs which under ideal circumstances will destroy an equal number of potential beetles.

At the laboratory these wasps are stored in individual glass tubes during their period of hibernation. Usually there are about 50,000 of these tubes on hand. When ready for release in the field entomologists seek out likely spots. One hundred wasps represent the nucleus of the new community. A little over half of these colonies survive. Over 1,700 of them have been established in Pennsylvania, New Jersey, Maryland, New York, and other infested States.

Researchers recently have been devoting study to another beetle killer, a parasitic roundworm. This minute worm, harmless to plants and man, lodges in the digestive track of the grubs and kills them. Experimental colonization already has begun.

Suppression of adult beetles is accomplished by means of sprays and traps. On the research farm work goes on constantly in an effort to find more effective sprays. Whole trees are enclosed in wire netting and then sprayed. Mortality among beetles left free inside this area is then checked. So far it appears that calcium arsenate is the most effective poison. If properly applied, it can protect all but 10 percent of any given orchard. Beetles if allowed to go unchecked, will destroy 70 percent of a fruit crop.

The effectiveness of traps depends on a discovery made early in the investigations. It was noted that the insects were attracted particularly by geraniums, sassafras, and smartweed—all of which give off pungent odors. Was there something in these odors that was responsible? This turned out to be the correct guess, the principal odor producer being the essential oil geraniol. Traps which diffuse this oil with a wet wick are highly effective in badly infested areas. With a 10-gallon capacity for insect storage they have been known to catch over 100,000 beetles in the space of a few days.

Ample protection for home gardens and lawns may be obtained by use of traps—which cost $1 each—and insecticides. Large trees and shrubs are sprayed with a mixture consisting of 6 pounds of calcium or lead arsenate, 4 pounds of wheat flour, one-half pint of fish oil, and 100 gallons of water. This should be applied when the beetles start feeding. The necessity for repeated treatments is determined by the severity of the invasion. Lead arsenate applied to lawns at the rate of 10 pounds per thousand square feet should destroy all grubs for a period of about 5 years. Applied before a hard rain, or washed into the ground with a hose, the poison is carried out of the reach of pets.

Toads are enemies of the insects. Twenty-two percent of the stomach content of toads examined at the New Jersey experiment station consisted of beetles. Birds too consume quantities of beetles. Over half of those examined at the laboratory had eaten the insects. Starlings, cardinals, catbirds, meadowlarks, purple grackles, and pheasants had particularly voracious appetites for the pests. Birds experimentally colonized in badly infested areas have thrived and materially aided in the campaign of control.

These are the measures taken once the beetles have stormed and taken any given area. It is the job of the quarantine man to see that they are as nearly confined to one district as possible. His work has not been too successful. The beetles, despite all efforts and precautions, will normally spread out from any focal point in ever-widening waves. Each year these waves carry about 10 miles. Most authorities now agree that no suppressive measures can check this normal expansion. But vigilance can keep the pests from being carried to various communities in vegetable and fruit cargoes to set up new focal spots.

Inspection at packing sheds and in nurseries to see that all shipments are fumigated helps. So do the quarantine stations along main highways. The United States Department of Agriculture, in cooperation with State departments in Delaware, New Jersey, Pennsylvania, and elsewhere, maintain quarantine stations on main highways to keep motorists from carrying sweet corn, fruits, flowers, and other contraband outside the area. Still these precautions are not always wholly effective.

Beetles have spread from their original focal point in New Jersey into all the New England States and all Southern States except Mississippi, Alabama, and Florida. Islands of infestation have appeared as far west as Iowa.

Eventually the insects will probably be found to some extent in all the region between western Kansas and the Atlantic. West of this section winter cold or summer drought should keep them from becoming a major problem. As the work now stands, the chief job of the quarantine service is to retard the march into new areas while the research men seek new methods of attack.

All these efforts should bring the beetles under control—control consisting of limiting their annual damage to 5 or 10 percent of a crop in an infested area. Even so, they will continue to destroy several million dollars' worth of property per year, or an amount at least equal to the interest on a hundred-million-dollar investment. The innocent-looking little worms that were imported on the roots of irises meant to beautify some home garden have become a $100,000,000 national headache.

DEPARTMENTS OF STATE, JUSTICE, AND COMMERCE APPROPRIATIONS

Mr. McKELLAR. Mr. President, I move that the Senate proceed to the consideration of House bill 6392, making appropriations for the Departments of State and Justice and for the judiciary, and for the Department of Commerce, for the fiscal year ending June 30, 1940, and for other purposes.

The VICE PRESIDENT. The question is on the motion of the Senator from Tennessee.

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Appropriations, with amendments.

Mr. McKELLAR. I ask unanimous consent that the formal reading of the bill be dispensed with and that it be read for amendment, the amendments of the committee to be first considered.

The VICE PRESIDENT. Is there objection to the request of the Senator from Tennessee? The Chair hears none.

The clerk will proceed to state the amendments reported by the committee.

The first amendment of the Committee on Appropriations was, under the heading "Title I—Department of State, office of the Secretary of State", on page 2, line 8, before the word "*Provided*", to strike out "$2,183,500" and insert "$2,239,760", so as to read:

Salaries: For Secretary of State; Under Secretary of State, $10,000; counselor, $10,000; and other personal services in the District of Columbia, including temporary employees, and not to exceed $6,500 for employees engaged on piece work at rates to be fixed by the Secretary of State, $2,239,760.

The amendment was agreed to.

The next amendment was, under the subhead "Contingent expenses (departmental)", on page 4, line 22, after the word "foregoing", to strike out "$138,000" and insert "$143,430", so as to read:

Contingent expenses: For contingent and miscellaneous expenses, including stationery, furniture, fixtures; typewriters, adding machines, and other labor-saving devices, including rental, exchange and repair thereof (not to exceed $27,500); purchase and exchange of books, maps, and periodicals, domestic and foreign, and, when authorized by the Secretary of State, dues for library membership in societies or associations which issue publications to members only or at a price to members lower than to subscribers who are not members, newspapers, teletype rentals, and tolls (not to exceed $12,000); purchase, including exchange, of one passenger-carrying automobile and two automobile mail wagons; maintenance, repair, and storage of motor-propelled vehicles, to be used only for official purposes (including one passenger-carrying vehicle for the Secretary of State and one for the general use of the Department); streetcar fare; traveling expenses, including not to exceed $5,000 for expenses of attendance at meetings concerned with the work of the Department of State when authorized by the Secretary of State; refund of fees erroneously charged and paid for the issue of passports to persons who are exempted from the payment of such fee by section 1 of the act making appropriations for the Diplomatic and Consular Service for the fiscal year ending June 30, 1921, approved June 4, 1920 (22 U. S. C. 214, 214a); the examination of estimates of appropriations in the field; and other miscellaneous items not included in the foregoing, $143,430.

The amendment was agreed to.

The next amendment was, under the subhead "Foreign intercourse", on page 7, line 9, after the word "exceed", to strike out "$640,000" and insert "$650,000", so as to read:

In all, not to exceed $650,000.

The amendment was agreed to.

The next amendment was, under the subhead "Foreign Service building fund", on page 15, line 10, after the word "act", to strike out "$500,000" and insert "$1,000,000"; and in line 14, after the word "exceed", to strike out "$200,000" and insert "$300,000", so as to read:

Foreign Service Buildings Fund: For the purpose of carrying into effect the provisions of the act of May 25, 1938, entitled "An act to provide additional funds for buildings for the use of the diplomatic and consular establishments of the United States" (52 Stat. 441),

including the initial alterations, repair, and furnishing of buildings acquired under said act, $1,000,000, to remain available until expended, and in addition the Secretary of State is authorized to enter into contracts for the acquisition of sites and preparation of plans during the fiscal year 1940 in an amount of not to exceed $300,000.

The amendment was agreed to.

The next amendment was, under the heading "International Boundary Commission, United States and Mexico", on page 25, after line 13, to insert:

Fence construction on the boundary, Arizona: For construction of fence along the international boundary as authorized by the act of August 19, 1935 (49 Stat. 660), $25,000: *Provided*, That no part of this appropriation shall be expended for the acquisition of lands or easements for sites for boundary fences except for procurement of abstracts or certificates of title, payment of recording fees, and examination of titles.

The amendment was agreed to.

The next amendment was, under the subhead "International Fisheries Commission", on page 28, line 24, after the word "State", to strike out "$30,000" and insert "$25,000", so as to read:

Salaries and expenses: For the share of the United States of the expenses of the International Fisheries Commission, under the convention between the United States and Canada, concluded January 29, 1937, including salaries of two members and other employees of the Commission, traveling expenses, charter of vessels, purchase of books, periodicals, furniture, and scientific instruments, contingent expenses, rent in the District of Columbia, and such other expenses in the United States and elsewhere as the Secretary of State may deem proper, to be disbursed under the direction of the Secretary of State, $25,000.

The amendment was agreed to.

The next amendment was, under the subhead "International Pacific Salmon Fisheries Commission", on page 29, line 15, after the word "State", to strike out "$35,000" and insert "$40,000", so as to read:

Salaries and expenses: For the share of the United States of the expenses of the International Pacific Salmon Fisheries Commission, under the convention between the United States and Canada, concluded May 26, 1930, including personal services; traveling expenses; maintenance, repair, and operation of motor-propelled passenger-carrying vehicles; charter of vessels; purchase of books, periodicals, furniture, and scientific instruments; contingent expenses; rent in the District of Columbia and elsewhere; and such other expenses in the United States and elsewhere as the Secretary of State may deem proper, including the reimbursement of other appropriations from which payments may have been made for any of the purposes herein specified, to be expended under the direction of the Secretary of State, $40,000.

The amendment was agreed to.

The next amendment was, under the subhead "Payment to Government of Nicaragua", on page 30, line 24, after the word "rendered", to strike out the comma and "in foreign countries"; and on page 31, line 1, after the word "exceed", to strike out "$300" and insert "$100, or, with respect to articles, materials, or supplies for use outside the United States, $300", so as to read:

Section 3709 of the Revised Statutes (41 U. S. C. 5) shall not apply to any purchase by or service rendered for the Department of State when the aggregate amount involved does not exceed $100, or, with respect to articles, materials, or supplies for use outside the United States, $300; or when the purchase or service relates to the packing of personal and household effects of Diplomatic, Consular, and Foreign Service officers and clerks for foreign shipment.

The amendment was agreed to.

The next amendment was, under the heading "Title II—Department of Justice, office of the Attorney General", on page 32, line 12, after the word "Division", to strike out "$190,000" and insert "$210,000, of which sum $50,000 shall be available for the investigation and prosecution of alleged violations of civil liberties", so as to read:

For the Criminal Division, $210,000, of which sum $50,000 shall be available for the investigation and prosecution of alleged violations of civil liberties.

The amendment was agreed to.

The next amendment was, on page 32, line 15, after the word "Division", to strike out "$285,000" and insert "$314,220", so as to read:

For the Claims Division, $314,220.

The amendment was agree to.

The next amendment was, on page 32, at the beginning of line 19, to strike out "$1,984,300" and insert "$2,033,520", so as to read:

Total, personal services, office of the Attorney General, $2,033,520. Not to exceed 5 percent of the foregoing amounts shall be available interchangeably for expenditures in the various offices and divisions named, but not more than 5 percent shall be added to the amount appropriated for any one of said officers or divisions and any interchange of appropriations hereunder shall be reported to Congress in the annual Budget.

The amendment was agreed to.

The next amendment was, on page 33, line 11, after the word "provided" and the parenthesis, to strike out "$925,000" and insert "$950,000", so as to read:

Traveling expenses: For all necessary traveling expenses under the Department of Justice and the judiciary, including traveling expenses of probation officers and their clerks but not including traveling expenses otherwise payable under any appropriations for "United States Supreme Court," "United States Court of Customs and Patent Appeals," "United States Customs Court," "Court of Claims," "United States Court for China," "Federal Bureau of Investigation," "Salaries and expenses of marshals," "Fees of jurors and witnesses," and "Penal and correctional institutions" (except as otherwise hereinbefore provided), $950,000.

Mr. KING. Mr. President, I know it is regarded as quite improper to question appropriation bills. The assumption is that whatever is asked for we grant, and sometimes regret is expressed that more was not asked for. I know that an objection to any item in an appropriation bill meets with opposition, and, of course, is futile.

I should like, however, to have the Senator in charge of the bill, or some other Senator, state how much more than the appropriation for last year is carried in this bill for the departments covered by it; and, if there is an increase—as there is—what is the necessity for such a large increase.

Mr. McKELLAR. Mr. President, there is an increase. However, the increase in the bill as reported by the Senate committee over the bill as it was passed by the House for all three departments is only $1,225,290. The principal items of which that increase is made up are increases in the expenses of our various agencies abroad.

I will say to the Senator that the State Department asked for very moderate amounts. The increases are comparatively small; and the committee, as I recall, reported the amendments unanimously. There has been no division about them. They are very proper items.

Mr. PITTMAN. Mr. President——

Mr. McKELLAR. I yield to the Senator from Nevada. I may state that under our rule the Senator from Nevada, the chairman of the Committee on Foreign Relations, occupied a place in the Committee on Appropriations when the State Department items were taken up; and he can give the Senate such views as he has regarding them.

Mr. PITTMAN. Mr. President, I simply wish to endorse what the Senator from Tennessee has said. For many years the State Department has made a practice of very carefully going over its estimates. I have never known the Department to attempt to exaggerate its requirements. All of these amendments were approved by the Budget Bureau in the first place, and were slightly cut down in the House. They have not been entirely restored by the Senate committee, but have in part been restored by the Senate committee.

The subcommittee had before it the Assistant Secretary of State, Mr. Messersmith, who carefully explained each item, and answered all questions touching the amendments. I think there is no doubt about the justice of the action of the whole committee.

Mr. McKELLAR. Mr. President, if I may continue along the line of the Senator's statement, the principal item of increase in the bill in the State Department is the foreign Service building fund, an item of $500,000.

As Senators know, several years ago we passed a bill providing for a building fund of a million dollars a year. The House cut the building fund of $1,000,000 a year to $500,000. The Senate committee restored the amount which the Congress had authorized, that being the amount of the Budget estimate. That constitutes the principal increase in the bill.

Mr. PITTMAN. Mr. President, may I add a word on that subject?

Mr. McKELLAR. Yes; I shall be glad to have my friend do so.

Mr. PITTMAN. As to the item of a million dollars a year, 2 years ago the Congress authorized an appropriation of $1,000,000 a year for 5 years for a foreign building program. The chairman of the Committee on Foreign Relations of the Senate and the chairman of the Committee on Foreign Affairs of the House of Representatives are ex officio members of the Building Commission, which is otherwise departmental. I have been attending the meetings of the Commission since I became chairman of the Foreign Relations Committee, over a period of 6 years. The Commission has very carefully segregated the buildings which are absolutely essential at the present time, basing its judgment not so much upon the dignity of the Government as upon actual sanitary requirements. In certain places the sanitary conditions are extremely dangerous for anyone who has to live there. The appropriation of a million dollars for the ensuing year is absolutely necessary in order to take care of the buildings in those places and to safeguard the health of those whom we send to live there, and it would not be possible to get along with any less.

Mr. CONNALLY. Mr. President, I should like to ask the Senator from Tennessee, or the State Department, whether there has been any increase in the item on page 9, "Office and living quarters allowances," over previous years?

Mr. McKELLAR. I will let the Senator know in just a moment. I desire to state that the next large increase is the item of $79,360 for a central translating office. The Government does not have one at this time, and such an office should be established in the State Department. The committee allowed $79,360 for a central translating office, and the salaries which will be required. The committee was strongly of the opinion that this appropriation should be made.

There is another small item of $25,000 for continuing a fence between Mexico and the United States near one of the cities on the border. The committee approved that item.

Mr. President, I believe this is a very reasonable bill, and one which the Senate undoubtedly will approve.

Mr. VANDENBERG. Mr. President, has the Senator explained the increases in the Department of Commerce appropriations?

Mr. McKELLAR. No; we have not yet gotten to that Department.

Mr. VANDENBERG. Very well. I thought the Senator was making a general statement.

Mr. McKELLAR. The Senator from Texas [Mr. CONNALLY] was asking me about the living quarters appropriation, which he will find on page 9, and I will make an explanation.

Last year $1,962,000 was allowed. The estimate this year was for $2,030,000; the House appropriated $2,020,000, and the Senate committee endorsed the House provision.

Mr. VANDENBERG. I should like to ask the Senator a further question about the State Department budget.

Mr. McKELLAR. Certainly.

Mr. VANDENBERG. I understand that our foreign representation, which heretofore has been divided between the Departments of Commerce, State, and Agriculture, is now to be concentrated. Does the concentration reflect itself in any increased cost of operating the State Department, and will the Senator also tell me at the same time whether it is reflected in any reduction in the appropriation for the Commerce Department?

Mr. McKELLAR. It does not affect the State Department. It does not go into effect until the 1st of July, as the Senator knows.

Mr. VANDENBERG. That is when the pending bill will go into effect.

Mr. McKELLAR. That is correct, but we have no experience as to the cost. I imagine it will cost somewhat more. That is a mere guess, because it is difficult at this time, before we have had any experience, to tell definitely.

Mr. VANDENBERG. We were told that the use of the reorganization function and the concentration of the foreign services in one place represented an economy.

Mr. McKELLAR. I hope that will be the effect of it, but, so far as I can see now, I do not know where it will come about.

Mr. VANDENBERG. At any rate, it is not reflected in the pending bill?

Mr. McKELLAR. It is not reflected in the pending bill. It may be reflected, however, next year, and I hope it will be, and I hope the Senator will ask me about it at that time, if he shall still be on the floor.

Mr. PITTMAN. Mr. President, there will be a transfer of commercial attachés from the Department of Commerce to the State Department. Whether or not there will be a reduction in the number of commercial attachés has not been stated. I think the consolidation will result in a reduction in the number of commercial attachés, who now report to the Department of Commerce, and who will subsequently report to the State Department, because the intention is not to have a commercial attaché at the same place where there is a consul, since the consuls and the commercial attachés have been performing practically the same work, one reporting to the Department of Commerce and the other to the Department of State.

Mr. VANDENBERG. Where are the commercial attachés provided for in the pending bill? Are they under the Department of Commerce or under the Department of State?

Mr. PITTMAN. They will be under the Department of State.

Mr. VANDENBERG. Is the appropriation for them under the Department of State?

Mr. McKELLAR. It is under the Department of Commerce in the bill, but they will be transferred to the State Department. The Senator asked me whether there was any economy reflected in the bill, and I told him that there was not. I think it is fair that I explain that for the present year, largely because of the changes themselves, there is an increased cost of about $20,000 in all reflected in the bill. I think next year there ought to be a substantial decrease, and I hope there will be, but we cannot say now, because we all understand how difficult it is to foresee what may happen.

Mr. KING. Mr. President——

The PRESIDING OFFICER (Mr. SCHWELLENBACH in the chair). Does the Senator from Tennessee yield to the Senator from Utah?

Mr. McKELLAR. I yield.

Mr. KING. I am not quite satisfied with the explanation which has been made by the distinguished Senator from Tennessee with respect to the effect of the transfer of the activities of the agency dealing with foreign commerce to the Department of State. When it was suggested a number of years ago that we should create this agency in the Department of Commerce for the investigation of foreign trade and allied matters I was very much opposed to it. I believed that all the activities in connection with foreign nations should be conducted through the State Department. But after we held the bill up for perhaps one or two sessions the pressure became so great that it was passed.

If I may be pardoned a personal reference, I recall that while in London a few years ago I found that we had representatives there of the Department of Agriculture; we had five or six agencies of the Department of the Treasury, some of the Department of Commerce, as well as representatives of the Department of State. I recall that a telegram came from Sicily to a representative of the State Department in the Embassy to the effect that a blight of some kind was affecting the potatoes in Sicily which might affect the potato crop in the United States. He immediately sent a cablegram to the Department of State. Within a short time a cablegram was sent to the United States from representatives of the Department of Agriculture who had received the information from the Department of State; then another

cablegram was sent by a representative of the Department of Commerce making the same statement. A cablegram also came from a representative of our Treasury Department in Berlin making the same statement. There were six or seven or eight cablegrams from six or seven or eight representatives of the departments of our Government with respect to one small item having to do with the suspicion that there was some blight in the potato crop in Sicily.

Mr. President, that illustrates that we have had abroad, more so in the past, perhaps, than now, too many employees of too many departments. I know that when I was in Germany there were six or seven representatives of the Treasury Department there, as well as representatives of the State Department, the Department of Labor, and the Department of Agriculture. Wherever one went he would find not one but scores of representatives of our Government's agencies, and the work was done by the State Department.

If we can concentrate our foreign activities in the State Department, it will make for economy. But examining the bill, I do not see that anything has been subtracted from the Department of Commerce by reason of uniting the foreign services in the Department of State.

I think we are increasing the appropriations instead of reducing them. There is no semblance of economy in the bill, according to my view, or in any of the appropriation bills which have been brought to our attention at the present session of the Congress.

Mr. McKELLAR. Mr. President, I agree with the Senator about the lack of good, sound, governmental judgment in having so many departments represented abroad. I think the pending proposal is a step in the right direction. I agree with the Senator that these matters have to be conducted in the end by State Department officials, and therefore we might better have them attend to them in the first instance, and have all the employees and officials abroad under the State Department. I think that would be very wise.

It is true that by reason of the transfer and the change from one department to the other the cost for the next fiscal year will be $30,000 greater.

I stated a while ago to the Senator from Michigan that the increase would be about $20,000. The House increase amounted to $19,300, and $11,000 was added by the Senate committee, making $30,300 in the way of increases brought about by the change in the departments. I think the appropriation can be reduced somewhat next year, but that is a problem which will have to be dealt with next year, and it is a mere surmise now as to whether it can be done.

Mr. VANDENBERG. Do I understand the Senator from Tennesseee to say that the consolidation, therefore, so far as the pending bill is concerned, has resulted in an increase in the appropriation for the State Department, and no decrease in the appropriation for the Commerce Department?

Mr. McKELLAR. Of course there will be a decrease in the appropriation for the Commerce Department when the consolidation takes place. But I am talking about the actual cost of the service in question as affected in this bill. That was the Senator's question. The actual cost will be $30,300 more in the two Departments.

Mr. VANDENBERG. So the reorganization on that point represents a $30,000 increase of cost in the next fiscal year?

Mr. McKELLAR. Thirty thousand dollars, which, legislatively speaking, is very small, and I think next year it will be reduced very considerably. I hope it will, and I certainly will do everything I can to have it reduced.

Mr. BARKLEY. I understand that this increase of $30,000 is not due to the reorganization. It probably might have been increased to a larger sum except for the reorganization; is that not true?

Mr. McKELLAR. A considerable portion of it grows out of the reorganization. Certain allowances are given the State Department which have never been given the Commerce Department. That is the immediate cause of a large part of the increase of $30,000. If we had increased the salaries of the employees in the Commerce Department it would have brought about the same result. Instead of that, their allowances were increased.

Mr. VANDENBERG. Mr. President, the statement of the able Senator from Kentucky that he had the consolation that we might have had a still greater increase except for the reorganization reminds me of the note that James Madison sent to his neighbor who had thoughtfully sent over a cure for his cold. He wrote back and said:

> While I cannot say that your cure has done me any good, neither can I say that my cold would not have been worse if I had not taken it.

Mr. McKELLAR. Mr. President, the Senator is mistaken. There is no doubt in the world about it being manifestly to the advantage of the Government that these commercial offices be under the State Department rather than under the Department of Commerce.

Mr. VANDENBERG. I agree completely.

Mr. McKELLAR. I am glad the Senator does.

Mr. VANDENBERG. I am simply discussing whether or not we saved any money by it.

Mr. McKELLAR. With the increase in business which we have, if we can get along by never increasing the appropriation for this Department more than $30,000 in any one year, we will be doing wonderfully well, I will say to the Senator.

Mr. PITTMAN. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. PITTMAN. The position of commercial attaché was created when Mr. Hoover, who subsequently became President, was Secretary of Commerce. I had the opportunity to visit a great many foreign cities shortly after the commercial attachés were appointed, and I found out at that time that there was a duplication of service by the consular officers and the commercial attachés wherever both offices existed.

The purpose of this provision is to reduce the number of commercial attachés wherever we have consulates. It may be necessary or advisable, of course, to keep commercial attachés at certain places where we have no consulates, so that they can attend to commercial business. But it is evident that as soon as the situation with respect to commercial attachés and consuls can be adjusted, a saving must necessarily result.

Mr. KING. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. KING. As a supplemental statement, I may say that in my travels through Europe I have discovered that the representatives of the Department of Commerce were not received with any great favor by the business agencies, but a representative of the Department of State had no difficulty in obtaining the information desired from the various business agencies.

I further discovered that because it was not available to them, many representatives of the Department of Commerce obtained their information from the consular representatives and the State Department. So the Bureau of Foreign and Domestic Commerce, in my opinion, served no useful purpose, and the officials of that Bureau had to resort to the State Department representatives and to the consular agents in order to obtain the information which they transmitted to the United States and claimed the credit for, but the credit was due to representatives of the State Department in the Consular and Diplomatic Service.

Mr. DAVIS. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. DAVIS. The Senator has not yet come to the particular part of the bill to which I wish to refer; but if the Senator would be good enough to answer, I should like to ask a question now, because I am obliged to leave the Chamber. On page 20, line 10, an appropriation of $168,528.28 is provided for the International Labor Organization. Will the Senator give an explanation of that particular item and why that appropriation is made?

Mr. McKELLAR. That is a House provision which the Senate committee did not change. I will have to look at the

House hearings and I will give the Senator the explanation. The provision reads:

International Labor Organization, $168,528.28, including not to exceed $25,867 for the expenses of participation by the United States in the meetings of the general conference and of the governing body of the International Labor Office and in such regional, industrial, or other special meetings—

And so forth. Is that the item to which the Senator refers?

Mr. DAVIS. Yes.

Mr. McKELLAR. I read from the House hearing on that subject. I quote from Mr. Messersmith, who, as the Senator knows, is Assistant Secretary of State:

Mr. MESSERSMITH. I think with respect to the increases in the individual contributions to the various commissions and international organizations to which we belong, they have been small. The considerable increase to which you refer I think has been caused by our participation in the International Labor Office, and that, of course, is the largest individual contribution that our Government makes.

Mr. CARTER. Do you know approximately what that is?

Mr. MESSERSMITH. The contribution for the International Labor Office as submitted in this budget is $168,661.28.

Mr. CARTER. I was wondering if you thought if any of these became obsolete and useless they might be dispensed with.

Mr. MESSERSMITH. We go from year to year into an examination of these international bodies to which we belong in order to determine whether the Department should take any initiative in recommending to the Congress that it is no longer desirable for us to participate in any of these organizations. I am sure that, so far as the organizations are concerned which appear in these estimates, the Department would have no such recommendation to make.

That seems to have satisfied the House, and it put the item in the bill.

These appropriations, as the Senator knows, are made yearly. As I remember the International Labor Organizations' meetings are held under treaties and conventions between our country and foreign countries, and having entered into those obligations, it is absolutely necessary to appropriate the money. The meetings are not held as the result of action on the part of the Appropriations Committee. These appropriations are necessary because of laws or treaties which the Congress and the President have entered into, and that is why the appropriation is made in the present instance.

Mr. DAVIS. There is no detailed statement in the hearings as to what the appropriation is to be expended for; it is simply a general statement, is it not?

Mr. McKELLAR. I will get the information and insert it in the RECORD.

Mr. DAVIS. Will the Senator insert it in the RECORD at this point?

Mr. McKELLAR. I will put it in the RECORD at this point, yes.

The information presented by Mr. McKELLAR for the RECORD, is as follows:

International Labor Organization (Geneva, Switzerland)—Basic appropriation

Appropriation for 1939:	
Quota	$132,741.39
Expenses of attending meetings	25,000.00
Total	157,741.39
Increases requested for 1940:	
Quota	9,919.89
Expenses of attending meetings	1,000.00
Total	10,919.89
Estimate for 1940:	
Quota	142,661.28
Expenses of attending meetings	26,000.00
Total	168,661.28

Mr. KING. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. KING. I recur to the item to which the Senator from Michigan [Mr. VANDENBERG] referred, and to which I have called attention. Notwithstanding the consolidation of the Bureau of Foreign and Domestic Commerce with the Department of State, I find that there is an appropriation for the Bureau of Foreign and Domestic Commerce for the next year of $3,122,000—$83,000 more than during the past year. So, instead of there being some reduction in the expenses as a result of the consolidation, we have increased the appropriations for that particular agency by $83,000.

Mr. McKELLAR. No, Mr. President; the Senator from Utah is mistaken about it. The increase of which I spoke awhile ago is $30,300. The amount which the Senator has just mentioned, the record of which I do not seem to have, is for all the activities, including the particular activities under consideration, but the appropriations for the officials who are transferred to the State Department will be deducted from the Commerce Department appropriations.

Mr. KING. Let me call the attention of the Senator to the report which was submitted, under the head of "Department of Commerce."

Mr. McKELLAR. The Senator is referring to the House report?

Mr. KING. The House report. Under the head of "Foreign and Domestic Commerce, Bureau of," I find the item "Washington Commerce Service, salaries and expenses." The appropriation for 1939 was $543,800. The amount recommended in the bill is $555,000, or an increase of $11,200.

That is not all. When we come to the item of "Domestic commerce and raw materials investigations——"

Mr. McKELLAR. That item is exactly the same as it was last year. That item is not affected by the transfer.

Mr. KING. There is no increase in that item, but with the consolidation it seems to me there ought to be a reduction.

Under the item "District and cooperative offices, maintenance," the appropriation for 1939 was $233,000. The amount recommended in the bill is $350,000, or an increase of $27,000.

Mr. McKELLAR. No; the Senator is mistaken. The increase is $10,000.

Mr. KING. I beg the Senator's pardon. I am reading from the figures in the House report.

Mr. McKELLAR. Under the item "District and cooperative offices, maintenance"——

Mr. KING. The increase is $27,000, as I stated; so the Senator ought to confess that he was in error, and not I.

Mr. McKELLAR. That is true. The Senate committee increased the item. The Senator is correct. I thought the Senator was reading from different figures.

Mr. KING. I know what I am reading.

Under the heading "Export industries," the appropriation for 1939 was $530,000. The amount recommended in the bill for 1940 is $540,000, or an increase of $10,000. In view of the consolidation, there ought to be a reduction; but, instead of that, there is an increase.

Mr. McKELLAR. If the Senator will refer to the item "District and cooperative offices, maintenance," he will find that the House recommended $350,000. The Budget estimate for 1940 was $313,000; and the appropriation for 1939 is $323,000.

Mr. KING. I am interested only in showing that instead of a reduction, we have an increase of $27,000 in that particular item.

Mr. McKELLAR. I assume the Senator is talking about the foreign offices which have been transferred to the State Department. So far as they are concerned, there has been an increase of $30,300, and that is all.

Mr. KING. Mr. President, I am calling attention to the report, which shows that in the items to which I have referred there has been a consistent increase. In the particular item to which I referred there is an increase of $27,000 over last year, notwithstanding the consolidation.

The item of "Export industries" is increased from $530,000 to $540,000, an increase of $10,000.

The item of "Foreign Commerce Service, salaries and expenses" carried an appropriation for 1939 of $764,500. The amount recommended in the bill is $791,000, or an increase of $26,500, notwithstanding the consolidation. Even assuming that there is to be or has been a transfer of these agencies to the Department of State under the consolidation, we find an increase in the appropriation.

Mr. McKELLAR. If the Senator will look on page 62 of the bill, he will find the item "District and Cooperative Office Service," about which he is talking. Last year $323,000 was appropriated, and the Budget Bureau estimate for 1940 was $313,000. The House fixed the amount at $350,000, and the Senate committee reduced it from $350,000 to $313,000; so there is a small saving made in that item.

Mr. KING. I am calling attention to the House report, which shows an increase of $27,000.

Mr. McKELLAR. Here is the bill. We are not legislating on the House report. We are legislating on the bill as reported by the Senate committee.

Mr. KING. Will the Senator advise the Senate what the reduction is in that particular item?

Mr. McKELLAR. The item shows on its face a reduction of $37,000.

Mr. KING. And yet under the consolidation, which was assumed to effectuate reforms, we find that the appropriation for 1940 is proposed to be $313,000.

Mr. McKELLAR. As against $323,000 for the previous year.

Mr. KING. At any rate, the appropriation is more than $300,000, so there is no material reduction.

Mr. McKELLAR. I know the Senator wishes to be fair to the committee.

Mr. KING. I am merely quoting from the House report.

Mr. McKELLAR. But the Senator wishes to be fair to the committee. How can we tell what will be the effect of consolidation prior to its going into effect? It will not go into effect until July 1.

Mr. KING. I assume, Mr. President, that we are passing appropriation bills to meet the requirements of the Government for the next year.

Mr. McKELLAR. We are.

Mr. KING. I assume that the various committees make inquiry as to what will be required in every agency of the Government, and then recommend appropriations accordingly.

Mr. McKELLAR. We have done so.

Mr. KING. With respect to the Bureau of Foreign and Domestic Commerce, in all the items to which I have called attention, I ask the Senator whether or not the committee report, by and large, calls for a larger appropriation than was made before the consolidation? I should like to ask the Senator whether his committee or the House committee took into account the fact that there was to be a consolidation; and whether or not anything in the testimony, in the hearings, or in the report indicates that there has been a reduction in the number of employees, or a reduction in the cost of the various agencies. I think the Senator will be compelled to answer in the negative.

I am merely calling attention to the fact that thus far the consolidation has not effected any reform. When the consolidation bills were before us for discussion, some of us predicted that there would be no reduction in expenses; and we now have a verification of the position which we took on the floor of the Senate when the consolidation bills were under consideration.

Mr. McKELLAR. That may be entirely true in the estimate of the Senator; but the Senator is merely making an estimate of his own. We have not had any experience with what the increases or the reductions may be. The Senator knows that the estimates were submitted last December or January. They were made prior to last December. They were made for the departments as they then were. Transfers have been made from the Commerce Department to the State Department. Because of the transfers an additional sum of $30,300 has been provided. That is the entire question. Whether there will be a reduction or an increase, or whether the amounts will remain the same cannot be determined until after we have had some experience with the matter.

Mr. KING. The Senator stated that the Budget estimate——

Mr. McKELLAR. The Budget estimate was made prior to the new year; but the hearings, of course, were subsequent.

Mr. KING. The Budget estimate was based upon a continuation of the status quo. Suppose the Bureau of the Budget had assumed that a certain agency would be continued, and had recommended an appropriation of $1,000,000, and Congress had abolished that agency. Certainly the Senator would not contend that we ought to continue the $1,000,000 appropriation.

Mr. McKELLAR. Indeed not; but that is not the question before us. We may suppose anything; but that is not the question before us. The question before us is, Has there been an increase or a decrease as a result of the transfer from the Department of Commerce to the Department of State?

I have told the Senator that there has been an increase of $30,300. That is true. It had to be made, because the cost was that much greater. The amount is not very large; but we cannot tell whether there will be an increase or a decrease until we have had experience.

Mr. KING. Mr. President, let me say in conclusion that we can tell. Whenever we set up an agency, even if we later abolish it or transfer it, the costs increase as the years go by. The consolidation has not effected any reform. It has not reduced expenses. On the contrary, as the Senator himself confesses, it has increased the appropriations over those of last year.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. VANDENBERG. I notice that we are still appropriating $10,000 apiece for ministers to Albania and Czechoslovakia. What is the explanation of that?

Mr. McKELLAR. The explanation is that the offices in Panama, Colombia, and one other South or Central American country have been raised from the status of ministerial offices to ambassadorial offices, which necessitates an increase of $22,500. The $10,000 for Czechoslovakia is to be used to aid in the payment of the increased salaries brought about by the change from ministerial offices to ambassadorial offices.

Mr. VANDENBERG. The trouble with that explanation is that on page 6 full salaries of $17,500 each are provided for the Ambassadors to Colombia, Panama, and the other countries about which the Senator is talking.

Mr. McKELLAR. To what page is the Senator referring?

Mr. VANDENBERG. Page 6.

Mr. McKELLAR. The reason why that is done is that I do not think our Government has ever formally admitted that Czechoslovakia has been taken over by the German Government. It has been so taken over, but that action has not been recognized by our Government.

Mr. VANDENBERG. That is the Senator's answer as to the additional $10,000?

Mr. McKELLAR. That is the answer. A lump sum is appropriated, but there is taken into consideration the matter of lapses. For instance, if an Ambassador or Minister dies, and it is 3 months before another is appointed, there is a small sum which is saved. The Department, with the greatest accuracy, keeps an account of the money thus saved. They figure on so many lapses each year. The amounts involved usually are very small, and especially in the third year of an administration they are always small. I am so informed, and so the witnesses say. For that reason the appropriation could not be reduced any more than the committee has provided in this bill. I assure the Senator that there is no lagniappe or anything similar in this appropriation. Every cent of the money is accounted for; every cent of it is paid to the Ambassadors or to the Ministers, as the case may be.

Mr. VANDENBERG. I have no doubt of that, and neither have I any doubt that the State Department is one of the most economically operated departments of the Government.

Mr. McKELLAR. I assure the Senator that is true. I think the State Department is one of the most economically conducted departments of our Government. I do not mean to reflect on other departments, but certainly the officers of the State Department are exceedingly careful with the Government's money at all times.

Mr. VANDENBERG. I agree to all that. I am simply complaining about what seems to me to be the historical stultification of Congress in appropriating specifically for Ministers to Albania and Czechoslovakia, both of which nations have expired, unless the Senator from Tennessee expects them to regain their sovereignty within the next 12 months.

Mr. McKELLAR. The Senator from Tennessee does not expect any such thing; but if the Senator from Michigan will look on page 7 he will find the lump-sum appropriation.

Mr. VANDENBERG. And I notice it has been increased, too.

Mr. McKELLAR. It has been increased by $10,000. The departments say they are obliged to have $10,000 over the amount provided by the House. If the appropriation were made in the full amount called for by all the salaries, it would be considerably greater; it would probably run it up to approximately $690,000,000; but there will be lapses, for instance, in the amount that would be paid to a minister to Czechoslovakia, which are taken into consideration; but, as an offset, we expect to increase the rank of our representatives in two South American countries and one Central American country from ministerial officers to ambassadorial officers, which will mean an increase in their salaries of $7,500 a year.

Mr. VANDENBERG. I call the Senator's attention again to the fact that that is not an explanation, inasmuch as those salaries are specifically increased on page 6.

Mr. McKELLAR. Let me call the Senator's attention to a few lines of the testimony taken by the House committee:

Mr. DAVIS. * * * The easiest way to handle this is to add $12,500, which would be the equivalent of taking out $10,000 for the minister at Czechoslovakia.
Mr. MCMILLAN. Why not take out $10,000 for Albania?
Mr. DAVIS. The minister is still there.
Mr. MCMILLAN. Well, he might as well move.

If the Senator will look on page 123 of the House hearings, he will find the full explanation as to the exact amount that is absolutely necessary in this bill. The House in its figures did not provide sufficient by $10,000. The Senate committee has appropriated the additional $10,000, and we are going to take it to conference if the Senate agrees to it.

Mr. VANDENBERG. What the Senator now says has no bearing upon his previous explanation.

Mr. McKELLAR. I do not see how the explanation could be misunderstood. Whatever the Senator might say about particular countries, if he will add up the various amounts he will find that it would be about $690,000,000, all told, if the full appropriation were made, but because of lapses, because of reductions by reason of lapses and changes, the Department figures they can get on with $650,000, which is less than the salaries amount to if they were appropriated for in full. The Senator would realize that if he would add up all the figures.

Mr. VANDENBERG. All I am trying to say is that the Senator told me the Department had to have an extra $20,000 in order to pay ambassadorial salaries in Colombia and Panama.

Mr. McKELLAR. I could not have said that to the Senator, for the reason that we have appropriated only $10,000 more than the House allowed. The House allowed $640,000, and the Senate committee has increased it by $10,000. I explained to the Senator, or undertook to explain to him, that there would be lapses. I presume the Department is figuring on lapses in Albania; they are certainly figuring on one in Czechoslovakia; but there have got to be taken into consideration the three increases, two in South American countries and one in a Central American country, where the salaries of our representatives will be increased by $7,500.

Mr. VANDENBERG. What I am trying to say to the Senator is that that $7,500 increase is specifically appropriated for in line 19 on page 6.

Mr. McKELLAR. It is a part of the aggregate sum of $650,000. If the Senator will add the figures, he will find that the "specific" sums appropriated are not specific at all, but all the salaries in question must come out of the total aggregate of $650,000.

Mr. VANDENBERG. I do not find any appropriation for our Ambassador at Large, Mr. Norman Davis. Does that indicate that we are to do without the pleasure of an Ambassador at Large for the next 12 months.

Mr. McKELLAR. He is not appropriated for in this bill. I do not know whether or not his services can be dispensed with. I imagine if the administration feels it cannot dispense with his services, his salary will be paid out of the lapses to which I have already called the attention of the Senator. I think that our Ambassador at Large has done a good work. He happens to come from my State; I know him intimately; he is a fine man; and I think he has done excellent work. If the Senator thinks otherwise, he and I differ.

Mr. VANDENBERG. If he comes from the Senator's State, that explains his long tenure.

The PRESIDING OFFICER. The question is on agreeing to the amendment on page 33, line 11, to strike out $925,000 and insert $950,000.

The amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next amendment reported by the Committee on Appropriations.

The next amendment was, under the subhead "Miscellaneous objects, Department of Justice", on page 37, line 21, after the figures "$1,300,000", to insert a colon and the following proviso: "*Provided*, That none of this appropriation shall be expended for the establishment and maintenance of regional offices of the Antitrust Division: *Provided further*, That in the expenditure of the funds herein appropriated for the presentation or prosecution of cases under the antitrust laws such presentation or prosecution shall be in cooperation with the respective Federal district attorneys of the districts in which such cases are presented or prosecuted: *Provided further*, That any person paid from this appropriation an annual salary of $5,000 or more shall be appointed by the President, by and with the advice and consent of the Senate," so as to read:

Enforcement of antitrust and kindred laws: For the enforcement of antitrust and kindred laws, including experts at such rates of compensation as may be authorized or approved by the Attorney General except that the compensation paid to any person employed hereunder shall not exceed the rate of $10,000 per annum, including personal services in the District of Columbia, $1,300,000: *Provided*, That none of this appropriation shall be expended for the establishment and maintenance of regional offices of the Antitrust Division: *Provided further*, That in the expenditure of the funds herein appropriated for the presentation or prosecution of cases under the antitrust laws such presentation or prosecution shall be in cooperation with the respective Federal district attorneys of the districts in which such cases are presented or prosecuted: *Provided further*, That any person paid from this appropriation an annual salary of $5,000 or more shall be appointed by the President, by and with the advice and consent of the Senate.

Mr. McKELLAR. I desire to offer an amendment to the amendment on pages 37 and 38. The second proviso now reads:

Provided further, That any person paid from this appropriation an annual salary of $5,000 or more shall be appointed by the President, by and with the advice and consent of the Senate.

I move to strike that out, and to insert:

Provided further, That any person appointed at an annual salary of $5,000 or more shall be appointed by the President, by and with the advice and consent of the Senate.

It is proposed to modify the amendment in that way so as to make it apply to this appropriation only.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Tennessee to the amendment of the committee. The amendment to the amendment will be stated.

The CHIEF CLERK. In the committee amendment on page 38 it is proposed to strike out the proviso beginning after the word "prosecuted", in line 3, and in lieu thereof to insert:

That any person appointed at an annual salary of $5,000 or more shall be appointed by the President, by and with the advice and consent of the Senate.

Mr. McKELLAR. I think that is the logical interpretation of the amendment as reported by the committee; but, in order to make it absolutely certain, I offer the amendment to the amendment.

Mr. JOHNSON of California. Mr. President, I enquire what is done with the amendment on page 38? The Senator read the proviso on page 38. Does he now propose to alter it?

Mr. McKELLAR. The second proviso as printed in lines 3 to 6, inclusive, on page 38 is changed so as to make it apply only to officers paid out of this appropriation.

Mr. JOHNSON of California. That would be so under the provision as it now stands, would it not?

Mr. McKELLAR. I think so, but, in order to make it absolutely sure, the language is proposed to be changed somewhat.

Mr. JOHNSON of California. It seems to me the language now in the bill says just that.

Mr. McKELLAR. Yes.

Mr. JOHNSON of California. I do not understand why the amendment to the amendment should be offered.

Mr. McKELLAR. In the opinion of the Department the provision as now worded might apply to officers whose salaries are provided for under other appropriations in this bill. It was the intention to make it apply only to those provided for by the particular appropriation. The provision relates to new officers, and under it those who are paid more than $5,000 salary must be nominated by the President and confirmed by the Senate.

Mr. JOHNSON of California. Exactly.

Mr. McKELLAR. That is what the Senator wishes, and I am sure that is what the Senate wishes.

Mr. JOHNSON of California. That is exactly what it says.

Mr. McKELLAR. I think so.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Tennessee [Mr. McKELLAR] to the amendment reported by the committee.

The amendment to the amendment was agreed to.

The amendment, as amended, was agreed to.

The next amendment was, on page 40, line 19, after the word "attorney", to strike out "$3,160,000" and insert "$3,200,000", so as to read:

Salaries and expenses of district attorneys, etc.: For salaries and expenses of United States district attorneys and their regular assistants, clerks, and other employees, including the office expenses of United States district attorneys in Alaska, and for salaries of regularly appointed clerks to United States district attorneys for services rendered during vacancy in the office of the United States district attorney, $3,200,000.

The amendment was agreed to.

The next amendment was, under the subhead "Marshals and other expenses of United States courts", on page 41, line 24, after the word "marshals", to strike out "$3,875,000" and insert "$3,900,000", so as to read:

Salaries and expenses of marshals, etc.: For salaries, fees, and expenses of United States marshals and their deputies, including services rendered in behalf of the United States or otherwise; services in Alaska in collecting evidence for the United States when so specifically directed by the Attorney General; traveling expenses; purchase, when authorized by the Attorney General, of 10 motor-propelled passenger-carrying vans at not to exceed $2,000 each; and maintenance, alteration, repair, and operation of motor-propelled passenger-carrying vehicles used in connection with the transaction of the official business of the United States marshals; $3,900,000.

The amendment was agreed to.

The next amendment was, under the subhead "Penal and correctional institutions", on page 46, line 9, after the word "equipment", to insert a comma and "National Training School for Boys, Washington, D. C.", so as to read:

Buildings and equipment, National Training School for Boys, Washington, D. C.: For alterations of and repairs to buildings, including not to exceed $150,000 for construction of a building to provide dining rooms, kitchens, and other domestic facilities, and including the purchase and installation of machinery and equipment, and all expenses incident thereto, to be expended so as to give the maximum amount of employment to inmates of the institution, $208,700.

The amendment was agreed to.

The next amendment was, on page 46, line 22, after the word *"Provided"*, to strike out "That no part of this sum shall be used to defray the salary or expenses of any probation officer whose work fails to comply with the standards promulgated by the Attorney General, and no part may be used for the payment of compensation of new probation officers who, in the judgment of the Attorney General, do not have proper qualifications as prescribed by him: *Provided further,*" so as to read:

Probation system, United States courts: For salaries and expenses of probation officers, as authorized by the act entitled "An act to amend the act of March 4, 1925, chapter 521, and for other purposes," approved June 6, 1930 (18 U. S. C. 726), $776,000: *Provided*, That United States probation officers may be allowed, in lieu of actual expenses of transportation, not to exceed 3 cents per mile for the use of their own automobiles for transportation when traveling on official business within the city limits of their official station.

Mr. ASHURST. Mr. President, I ask the attention of the able Senator from Tennessee [Mr. McKELLAR]. It has been my habit to follow, in matters such as those involved in this item, the leadership of the Senator from Tennessee. I have reluctance in attempting to overthrow, even if I could, action taken by the Committee on Appropriations after they have given careful consideration to a matter, but I do not perceive the wisdom of this amendment.

Mr. McKELLAR. Mr. President, may I interrupt the Senator long enough to explain just why the change was made?

Mr. ASHURST. Certainly.

Mr. McKELLAR. The law now provides that the probation officers shall be appointed by the district judges. This provision would virtually repeal that law. I call the Senator's attention to the language:

Provided, That no part of this sum shall be used to defray the salary or expenses of any probation officer whose work—

Listen to this:

fails to comply with the standards promulgated by the Attorney General, and no part may be used for the payment of compensation of new probation officers who, in the judgment of the Attorney General, do not have proper qualifications as prescribed by him.

That provision, in effect, would turn over to the Attorney General, the appointment of all probation officers, and take it out of the hands of the various district judges of the country, without expressly repealing the law, because without the money to pay the probation officers, of course, there would not be any probation officers. My opinion is that the judges, who now under the law have the right to appoint probation officers, ought either to be permitted to exercise that right, or the law ought to be repealed and the power put in the hands of the Attorney General.

Mr. ASHURST. Mr. President, I ask that the clerk read the following letter which I have received from Mr. James V. Bennett, Director of the Bureau of Prisons, as the letter contains the only argument I could make.

The PRESIDING OFFICER. Without objection, the letter will be read.

The Chief Clerk read as follows:

DEPARTMENT OF JUSTICE,
BUREAU OF PRISONS,
Washington, June 12, 1939.

Hon. HENRY F. ASHURST,
United States Senate, Washington, D. C.

MY DEAR SENATOR ASHURST: Knowing of your great interest in the work of this Department, I am taking the liberty of calling your attention to a change which has been made in our appropriations act affecting the probation system and which will, I think, seriously handicap our efforts to improve the probation system. The Committee on Appropriations of the Senate has deleted the language contained on page 46, line 22 ff., of H. R. 6392, which gives the Department of Justice authority to set the standards for selection of probation officers as well as authority to require that their work be performed according to prescribed standards.

There are now approximately 28,000 men and women on probation to the 193 Federal probation officers distributed throughout the country. There are also about 5,000 ex-prisoners who have been released on parole and who are likewise under their supervision.

To promote the orderly integration of the probation system with the other work of the Prison Bureau and the several Federal courts, the language referred to was included some years ago in our

appropriation bill. It permits us to decline to allocate funds to those officers who do not comply with the very reasonable standards promulgated by the Department. We have, as a matter of fact, found it necessary to suspend payments in only five or six instances, but the fact that we have this authority has been most salutary and helpful in raising standards. The passage of the bill without this language would severely handicap our efforts to develop the probation service throughout the United States in a uniform manner and maintain the high standards already established. Furthermore, since the probation officers also supervise those released from Federal penal and correctional institutions on parole, the elimination of statutory authority to control the type of supervision which should be accorded a paroiee would greatly handicap the work of our Federal parole system. You will recall that the recent National Parole Conference found that the lack of uniform standards for parole supervision in various jurisdictions was one of the gravest defects in parole administration.

The probation officers also are required by law to perform a considerable amount of work directly for the Department of Justice, and it would impede the effectiveness of our work if we had no voice in prescribing the methods to be followed in the performance of these duties.

Also it seems clear that there should be definite standards established to guide the courts in the selection of their probation personnel. We have never sought to impose our views as to the individuals whom the judges may select for their probation staff, but we have suggested in general language the qualifications which incumbents of these positions should have. Almost all of the judges have found it helpful to have these suggestions and have made their selections accordingly. In those few instances where candidates have been proposed who did not meet these standards the Department has granted an exception wherever possible. If, for any reason, the Congress should feel that this authority to promulgate standards for selection of personnel should not be delegated to this Department, I would see no objection to granting it to the Supreme Court or to the Conference of Senior Circuit Judges. It is important only that there be suitable standards, uniform in nature, and carefully drafted, which may be used by this Department and by the courts in making their personnel selections.

There is enclosed a suggestion for substitute language granting the authority to promulgate personnel standards to the Conference of Senior Circuit Judges in case you feel that this would be more acceptable.

I believe that an important aspect of the Government's law-enforcement activities will be seriously handicapped if the appropriation bill is passed without providing authority to impose uniform standards for the probation service. I hope, therefore, that you will find it possible to bring this matter to the attention of the Senate for their consideration.

With renewed appreciation for your interest,

Sincerely yours,

JAMES V. BENNETT, *Director.*

Mr. McKELLAR. Mr. President——

Mr. ASHURST. I yield to the Senator from Tennessee.

Mr. McKELLAR. Let me ask the Senator if he happens to have the rules and regulations now in force in the matter of these appointments?

Mr. ASHURST. I have not.

Mr. McKELLAR. I call the Senator's attention to the fact that one of the regulations is that a man either shall have a college degree or shall have had so many years in college. I have no objection at all to persons who have college degrees, or who have the good fortune to be college men. I happen to be one myself, and I am not going to criticize them; but I know a great many men who would make first-class probation officers who have never had a college degree, and I do not think they ought to be excluded.

We have a law giving to district judges the power and the right and imposing upon them the duty of selecting their probation officers. The judges are on the ground. They know what kind of a man will make a good officer. The idea of holding an examination, and having an officer here in Washington pass upon a man's qualifications or lack of qualifications; the idea of having an officer here, for instance, say, "Your man may be all right, but he has not the college training that we think he ought to have, and therefore we are going to disapprove the judge's selection," is something that I do not think ought to be allowed.

In the debate in the House of Representatives, a distinguished Member of that body whom the Senator knows very well, Mr. HOBBS—who, by the way, is a Representative from my old State and my old county in Alabama—said that the provision in question should be stricken out of the bill for the following reasons:

First, it is legislation on an appropriation bill.

It is a clear case of legislation. At present the law is that the district judges shall appoint these officials. If this provision is adopted by the Senate, the Attorney General or the parole officer under the Attorney General will appoint them.

Second—

I am still quoting from Representative HOBBS—

the district judges are up in arms over it because, due to the four-page set of regulations which govern the selection of probation officers, in effect, it takes the appointment power away from the judges and gives it to the Attorney General. The regulations call for certain qualifications, as work in the social sciences—

I digress long enough to say that in the case of a man convicted of a crime it is required that a probation officer must be qualified in the social sciences before he can tell whether or not that man ought to be placed on probation. I think—and I am sure my learned and distinguished friend from Arizona, for whom I have the greatest respect and esteem, will agree with me—that that sort of thing is poppycock.

Representative HOBBS further said:

The regulations call for certain qualifications, as work in the social sciences, college degrees, or other prerequisites which they feel are unnecessary.

Mr. President, the Senator from Arizona has the floor, and he has very kindly yielded to me, and I thank him.

Mr. ASHURST. I was glad to yield. I have been instructed, as I usually am, when the Senator speaks.

First, as to the college degree. A college degree is for those who need it.

I have presented a letter of the Department of Justice, as I believe that Department's views should be known. I shall be so bold as to suggest that this amendment be at least sent to conference:

Provided, That no part of this sum shall be used to defray the salary or expenses of any probation officer whose work fails to comply with the standards promulgated by the Attorney General, and no part may be used for the payment of compensation of new probation officers who do not have proper qualifications as prescribed by the conference of senior circuit judges.

The able Senator from Tennessee will be on the conference committee. I am willing, and I think the Department of Justice is willing, that the matter may be considered by the conference. I am quite prepared to trust to the sagacity and judgment and fairness of the Senator from Tennessee and the other conferees. If they are willing to adopt the amendment, very good.

Mr. McKELLAR. Let me call the Senator's attention to the language stricken out on pages 46 and 47, the language the House adopted, which is even stronger than the amendment which has been suggested by the Senator.

Mr. ASHURST. Very true.

Mr. McKELLAR. So it will all go to conference anyway, and I shall certainly give close attention to what has been said.

Mr. ASHURST. Mr. President, the Department of Justice could ask no more than to have their suggested amendment go to conference.

Mr. McKELLAR. Very well.

Mr. CONNALLY. Mr. President——

Mr. ASHURST. I yield to the Senator.

Mr. McKELLAR. Just a moment. As I understand, the Senator does not offer the amendment, but is willing that the matter go to conference on the House provision and the Senate committee amendment?

Mr. ASHURST. I would have to have the amendment adopted before it could go to conference.

Mr. McKELLAR. The provision is already included in the House text.

Mr. ASHURST. I beg the Senator's pardon.

Mr. McKELLAR. All of it is included except as to the circuit judges. If the Senator wants to add that provision, I shall be very glad to accept it.

Mr. ASHURST. In order to be on the safe side, and to be certain that the conference will have jurisdiction, I should like to have the whole matter go to conference.

Mr. CONNALLY. Mr. President——

Mr. ASHURST. I yield to the Senator from Texas.

Mr. CONNALLY. I wish to say in connection with this matter that as a member of the Committee on the Judiciary I served on a subcommittee which considered legislation proposing to do the very thing the Senator proposes in his amendment, and the subcommittee, after considerable discussion and study, rejected the measure then before it. I shall not oppose the wish of the chairman of the Committee on the Judiciary that this matter go to conference, but the major considerations which influenced the subcommittee to which I have referred were that a probation officer is supposed to be an officer to advise the district judge as to whether he, the district judge, shall put someone on probation, and, after a person is on probation, whether or not he is behaving himself, and complying with the rules and requirements. But, like most departments here in Washington, the Bureau of Prisons—and I say this with respect—wants to say who shall be probation officers; it really wants to appoint probation officers, and the bill which the subcommittee considered was much more comprehensive than the proposed amendment. It proposed that the probation officers should all be appointed by the Attorney General; that he should appoint the probation officers to advise the district judges, regardless of whether or not the judges wanted them. Of course, this is just an approach. If they get this much, at the next session their demands will grow a little stronger. The subcommittee to which I have referred rejected the whole theory.

I suggest to the Senator from Tennessee that if this question does go to conference, if anyone is to be consulted, it ought not to be the senior circuit judges. What does a senior circuit judge off in a room somewhere, who never sees a jury and never sees a man charged with crime, sitting off in a room with his nose in an old abstract of record, know about the kind of man who should be appointed probation officer? This merely means that the Department of Justice will tell the senior circuit judges what they want. Let me show how foolish the proposal contained in the House text is. This is a limitation, which is the method frequently used to legislate if otherwise the provision cannot be adopted.

Mr. McKELLAR. This in effect repeals the law now in force.

Mr. CONNALLY. Yes; but under the guise of a limitation, which, parliamentarily speaking, is in order.

Mr. McKELLAR. That is correct.

Mr. CONNALLY. It provides:

Provided, That no part of this sum shall be used to defray the salary or expenses of any probation officer whose work fails to comply—

Not of a probation officer who fails to comply but whose work fails to comply—

fails to comply with the standards promulgated by the Attorney General.

In other words, if he recommends that someone be put on probation and it does not suit the Attorney General, then his work does not meet the standard set by the Attorney General.

Mr. BARKLEY. Mr. President, will the Senator yield a moment there?

Mr. CONNALLY. Yes.

Mr. BARKLEY. That applies to all existing probation officers. If it turns out in the future that the work of one, although he may have been acceptable for 10 years, does not comply with the standard, he is out.

Mr. CONNALLY. Of course, when it says "Attorney General," it does not mean the Attorney General; it means someone under the Attorney General who is going to run this bureau. It is necessary to use the Attorney General as a front show window, but that does not mean the Attorney General; it means that some little functionary here in Washington is going to tell the district judge what kind of a man shall serve as probation officer. It will also permit some "two bit" functionary to say what shall be the grounds for placing one on probation, and what sort of conduct shall mean a forfeiture of probation. That is what it means.

I shall not oppose the amendment, because the chairman of my committee urges that the language go in the bill, but I hope the Senator from Tennessee will use some judgment when he gets into conference and see that the House does not impose this provision on him.

Mr. KING. Mr. President, will the Senator from Arizona yield?

Mr. ASHURST. Certainly.

Mr. KING. We have in my State a judge on the Federal bench, the ablest one the State has ever had. He came from Tennessee.

Mr. McKELLAR. Then I know he is all right.

Mr. KING. They have attempted for years to force upon him a probation officer. He says, "I will do the probation work myself," and he follows every person convicted and sentenced. He knows where those people are. They confer with him and he confers with them, and he has refused to permit these "two bit" officials, who have been referred to, to be appointed probation officers, because, he says, "I am responsible for these men, and I am looking after the work." If this amendment should be enacted, I think he would resign.

Mr. CONNALLY. Mr. President, will the Senator yield further?

Mr. ASHURST. I yield.

Mr. CONNALLY. I wish to ask the Senator from Utah a question. Let me suggest to him that trial judges now have authority to appoint clerks of courts, they have authority to appoint marshals if there are vacancies, and to appoint other officers of the courts. The Department will next want to say who shall be the clerks of the courts, and probably who shall be the marshals.

Mr. McKELLAR. Mr. President, will the Senator from Arizona yield?

Mr. ASHURST. I yield.

Mr. McKELLAR. I call the Senator's attention to a practical phase of the matter. We have stricken out the language of the House. If we were to adopt an amendment in lieu of the committee amendment, we would be confined to a choice between the Senator's amendment and the language of the House, and, if that were the case, either one would take the matter out of the hands of the district judge. So I feel that I will have to oppose the Senator's amendment, on that account.

Mr. BARKLEY. Mr. President, will the Senator from Arizona yield?

Mr. ASHURST. I yield.

Mr. BARKLEY. If the Senate adopted the substitute, the only difference between the two would be that the regulation would be prescribed, under the House language, by the Attorney General, and under the Senator's amendment by the circuit judges.

Mr. McKELLAR. That is all.

Mr. BARKLEY. So that in conference it would be necessary to take either regulation by the circuit judges or by the Attorney General. If the matter goes to conference with the House language stricken out, the whole field will be open, and it can be arranged in a satisfactory way.

Mr. McKELLAR. I hope the Senator from Arizona will permit that to be done.

Mr. ASHURST. Very well.

Mr. McKELLAR. Let all the language be stricken out, and let us take it to conference.

Mr. ASHURST. Very well. I yield to the suggestion of the Senator in charge of the bill.

Mr. McKELLAR. I thank the Senator very much.

Mr. ASHURST. I wish that nothing be done indirectly. What I seek—and I am really a conduit in the matter, conveying the view of the Department of Justice to the Senate—is that whatever may be done shall be done in the full light of day. I wish to have every Senator understand it. I desire particularly that the whole subject go to conference so that the conferees will not be limited in their jurisdiction.

Mr. McKELLAR. If the Senate committee amendment shall be adopted, that will put the whole matter in conference.

Mr. ASHURST. If the Senate committee amendment shall be adopted, the provision that no part may be used for the payment of compensation of new probation officers who do not have proper qualifications as prescribed by the

Conference of Senior Circuit Judges would not be in conference.

Mr. McKELLAR. Oh, yes; if the provision is stricken out entirely the whole subject matter will be in conference.

Mr. ASHURST. Mr. President, I am content.

I will say one other word. It is quite interesting to note that among all Senators, the two Senators who are noted for the amplitude and grandeur of their speech are the two Senators who have referred to these officials as "two-bit" officials. They do not do that out of any poverty of language, because they are noted for their facility of language. I scarcely know what they mean when they say "two-bit" officials.

Mr. CONNALLY. Mr. President, in deference to the Senator from Arizona, who scorns such plain, harsh terms, I withdraw the "two bits."

Mr. ASHURST. No; not that I scorn the term "two bit," Mr. President. It is interesting, however, to note that the Senator from Texas [Mr. CONNALLY] and the Senator from Utah [Mr. KING], whose speeches are read in some of our public schools as models of excellence in the use of language, should have used such an epithet. That is what intrigues me.

Mr. President, I resume my seat on the assurance that the matter will go to conference.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had passed a joint resolution (H. J. Res. 322) making an additional appropriation for the control of outbreaks of insect pests, in which it requested the concurrence of the Senate.

HOUSE JOINT RESOLUTION REFERRED

The joint resolution (H. J. Res. 322) making an additional appropriation for the control of outbreaks of insect pests was read twice by its title and referred to the Committee on Appropriations.

COTTON EXPORT SUBSIDY

Mr. GEORGE. Mr. President, I desire to bring before the Senate a matter extraneous to the particular amendment now before the Senate or the appropriation bill.

First, I desire to have inserted in the RECORD a letter from a county agent in the State of Alabama, the photostatic copy of which I hold in my hand, and from which I wish to read. This letter is headed:

Cooperative Extension Work in Agriculture and Home Economics, State of Alabama. Marion, Ala., March 15, 1939.

It is addressed to—

DEAR FARMERS OF PERRY COUNTY: We will begin delivering 1938 agricultural conservation checks Friday of this week. Since 1933 farmers in Perry County have received $1,532,780 in A. A. A. benefit payments. You will receive $254,000 this year as cotton-reduction and soil-building payment and approximately $200,000 as a parity payment. The total amount of money received from the Federal Government in benefit payments during the 6 years of A. A. A. amounts to the gross return for the total cotton production in Perry County for the last 3 years. There is only one way to continue to receive these payments; it is through the membership in an organization which is strong enough to tell Congress what you want. The American Farm Bureau Federation is the largest farm organiaztion in the world, and only through this organization have you been able to receive these payments.

The letter then proceeds, Mr. President, with a detail of organization, and the farmer is advised that when a sufficient membership has been secured in the county, or in the beat or community, as it is called, that then a county- and State-wide organization will be perfected.

I now read further, Mr. President:

The annual dues in the Farm Bureau are $2 per year; 75 cents is kept in the community and county treasury, 75 cents to the State organization, and 50 cents to the national organization. When you join this organization you receive a lapel emblem with the name of the American Farm Bureau on it, a State Alabama Farm Bureau News, which is a monthly newspaper giving you agricultural news of the State, and Nation's Agriculture, which is a magazine published by the American Farm Bureau Federation.

Complimentary reference is made specifically to Mr. Edward A. O'Neal, president of the American Farm Bureau Federation, and the farmer is reminded that through this organization he has received the benefit payments recited in this letter.

I offer the full letter and wish it to appear as a part of my remarks. It is signed by R. L. Griffin, county agent.

The PRESIDING OFFICER (Mr. JOHNSON of Colorado in the chair). Without objection, it is so ordered.

The letter is as follows:

COOPERATIVE EXTENSION WORK IN
AGRICULTURE AND HOME ECONOMICS, STATE OF ALABAMA,
Marion, Ala., March 15, 1939.

DEAR FARMERS OF PERRY COUNTY: We will begin delivering 1938 agricultural conservation checks Friday of this week. Since 1933 farmers in Perry County have received $1,532,780 in A. A. A. benefit payments. You will receive $254,000 this year as cotton-reduction and soil-building payment and approximately $200,000 as a parity payment. The total amount of money received from the Federal Government in benefit payments during the 6 years of A. A. A. amounts to the gross return for the total cotton production in Perry County for the last 3 years. There is only one way to continue to receive these payments—it is through the membership in an organization which is strong enough to tell Congress what you want. The American Farm Bureau Federation is the largest farm organization in the world, and only through this organization have you been able to receive these payments.

The old suit against the farm bureau organization in Perry County has been thrown out of equity court and the county is being organized in beat or community farm bureaus. When sufficient membership has been obtained in each beat or community the beat membership chairman will call a meeting to organize and elect officers for his beat or community. The presidents of these beat or community organizations will make up the county council or board of directors of the county organization. This plan has been outlined by Mr. Edward A. O'Neil, president of American Farm Bureau Federation, and Mr. Howard Gray, president of the Alabama Farm Bureau Federation. These community or beat organizations not only are a definite part of a State and National organization, but have a definite service to render to each individual in the community. The strength and success of these organizations depend on what you do as an individual in an organized way for your community organization.

The annual dues in the Farm Bureau are $2 per year. Seventy-five cents is kept in the community and county treasury, 75 cents to the State organization, and 50 cents to the national organization. When you join this organization you receive a lapel emblem with the name of the American Farm Bureau on it, a State Alabama Farm Bureau News, which is a monthly newspaper giving you agricultural news of the State, and Nation's Agriculture, which is a magazine published by the American Farm Bureau Federation. Should you subscribe to a paper or magazine of this type, the annual subscription would exceed $2.

On delivering 1938 A. A. A. checks your beat membership committeeman will be on hand to give you an opportunity to join your community farm bureau. For each dollar you invest in farm-bureau dues you have received $125 of this in Government benefit payments. I know of no better investment of insurance that you can make on your farm or in business today.

Let me urge you to willingly join this organization. Your $2 Farm Bureau dues will earn you more than any investment you have ever made or probably ever will make in your lifetime.

Sincerely,

R. L. GRIFFIN, *County Agent.*

Mr. GEORGE. I call attention, Mr. President, to another letter. The caption of the other letter, which I also ask to have inserted in full in the RECORD, is as follows:

United States Department of Agriculture. Agricultural Adjustment Administration. Agricultural conservation program. Greenville, Miss.

Mr. President, this letter reads as follows:

Farm Bureau—

In big capitals at the head of the letter.

The Farm Bureau has helped the farmer to get benefit payments for reducing his cotton crop, soil-building payments for improving his land, and parity payments such as you are receiving.

The membership fee is $2—

In big capitals.

This $2 gives to you the National Farm Bureau paper and the State Farm Bureau paper.

It helps to support the National Farm Bureau.

It helps to support the State and county Farm Bureau.

All are working together for better legislation for farmers.

Don't you think you ought to be a member of this organization and help pay for some of the benefits you secure? How to join the Farm Bureau.

And at the bottom of this letter, Mr. President, is a blank in which the farmer is to insert merely the name, the amount of

money, and is told where to mail it. This letter is likewise signed by a county agent, Mr. J. W. Whitaker.

I ask to have that letter printed in full in the RECORD at this point.

The PRESIDING OFFICER. Without objection, it is so ordered.

The letter is as follows:

UNITED STATES DEPARTMENT OF AGRICULTURE,
AGRICULTURAL ADJUSTMENT ADMINISTRATION,
AGRICULTURAL CONSERVATION PROGRAM,
Greenville, Miss., November 15, 1938.

FARM BUREAU

The Farm Bureau has helped the farmer to get benefit payments for reducing his cotton crop, soil-building payments for improving his land, and parity payments such as you are receiving.

The membership fee is $2.

This $2 gives to you the National Farm Bureau paper and the State farm bureau paper.

It helps to support the National Farm Bureau.

It helps to support the State and county farm bureau.

All are working together for better legislation for farmers.

Don't you think you should be a member of this organization and help pay for some of the benefits you secure?

HOW TO JOIN THE FARM BUREAU

Either pay $2 in cash at the county agent's office or send us a check for this amount.

Don't forget to do this. I am sure that you want to do your part.

Yours very truly,

J. W. WHITAKER, *County Agent.*

IMPORTANT

Fill out the following and return with your letter so we can send you a receipt for the $2:

----------, MISS., ----------, *1938.*

---------- ----------
(Name) (Address)

Community in which you live ----------

Mr. LEE. Mr. President, will the Senator yield?

Mr. GEORGE. I yield.

Mr. LEE. Does the Senator know whether or not these letters were mailed out at Government expense?

Mr. GEORGE. My information is that they were.

Mr. LEE. The letter from which the Senator last read as well as the one from which he first read?

Mr. GEORGE. Yes; as well as the one I first read.

Mr. President, the farm agent, of course, is under the Extension Service, but he is likewise the official secretary of the Department of Agriculture, to wit, the Triple A and the Soil Conservation Service in each county where a farm agent is maintained. His salary is, of course, paid jointly by the Federal Government and by the several counties in which he renders his service.

Mr. President, it will be recalled that quite recently in this body we had up for discussion the export subsidy on cotton. The discussion arose over an amendment offered by the distinguished Senator from Alabama [Mr. BANKHEAD]. Since that discussion the Secretary of Agriculture has made a speech at Little Rock, Ark., and Mr. Edward O'Neal, the president of the Farm Bureau, has made speeches within my State, the sole purpose of which was to perfect an organization of the Farm Bureau and to secure an endorsement of the export subsidy on unmanufactured cotton. The Secretary of Agriculture was delighted in going on record with the statement that he proposed, notwithstanding the action taken in the Senate, to exercise his authority under existing law, and to put in effect a subsidy. That, Mr. President, notwithstanding the fact that it is earnestly and sincerely combatted by most respectable men in the cotton industry from top to bottom.

Mr. Wallace imagines that he and his organization in the Department have more judgment and are better able to handle a world product like cotton than the entire cotton trade in the United States, from the farmer who produces cotton up to the last man who handles it.

So far as I am concerned, I have no objection to farmers joining the Farm Bureau. I certainly have no objection to a farmer joining any organization which he may wish to join. However, I take the position that the Department of Agriculture or the administration has no justification whatsoever for sending out letters of this character through county agents, who are the official representatives of the Secretary of Agriculture himself in his capacity as administrator of the Soil Conservation Act and in his capacity as Administartor of the A. A. A. In fact, the county agent is the head and front of the whole Agricultural Department in every county in which his services are utilized.

Mr. President, think for a moment what these letters mean. The first letter begins by a recitation of the benefit payments which had been received by the farmers in the county of Perry, in the good State of Alabama. It recites that during the 6 years of the A. A. A. the farmers in that county had received total benefits equal to the combined value of the last three crops of cotton grown in that county. The letter reminds the farmer that—

We will begin delivering 1938 agricultural conservation checks Friday of this week—

That is, the week of March 15, 1939. Then it proceeds:

There is only one way to continue to receive these payments. It is through membership in an organization which is strong enough to tell Congress what you want. The American Farm Bureau Federation is the largest farm organization in the world, and only through this organization have you been able to receive these payments.

It must indeed be news to Senators that they have been driven only through the American Farm Bureau Federation by Edward O'Neal, who is merely a "shirt front" for Mr. Earl Smith, of Chicago, the head of the organization and a very able man.

Mr. President, I have received other information that throughout the South letters of this kind are being mailed out by county agents under frank. I know that since the Secretary delivered his speech at Little Rock, and since the fight in the Senate over the question of the subsidy on cotton exports, Edward O'Neal has been within my State appealing for the support of a subsidy.

I do not fear the Secretary of Agriculture, and I do not cringe or bend the knee to any man in official position in this administration. For that reason I do not hesitate to say that the campaign now being carried on in my State is being carried on only because some of us here have an independent judgment and are willing to undertake to represent all the people of our States. I know very well that it is quite easy to mislead the farmers for a while, even in my State, but I have no doubt that their good judgment will repudiate tactics of this kind when they understand what it all means. If the Department of Agriculture is organizing farmers for political reasons, why single out the American Farm Bureau Federation? Why single out the organization whose leaders have stood against a fair break to southern farmers when they desired to grow upon the lands taken out of cotton production food and feed crops for the production of livestock, dairy products, and poultry and poultry products?

Why discriminate against the National Grange? I hold no brief for the National Grange, but it is certainly an honorable farm organization. I believe it is the oldest farm organization in the country. Certainly it is one of the soundest. Why discriminate against the Farmers' Union? The Farmers' Union had 10 members to 1 of the American Farm Bureau Federation, and it will retain a record of more than 10 members to every 1 of the American Farm Bureau Federation so far as Georgia is concerned. Mr. President, some good farmers in Georgia are members of the American Farm Bureau Federation. However, they are not entitled to have a department of this Government, a department dealing intimately with the farmers of America, undertake to build up a particular farm organization and to use it when any Member of Congress has the courage to have an independent judgment and to express it.

Not so long ago, Mr. President, a distinguished lawyer from my own State, on the eve of the retirement of another attorney in one of the Federal agencies, namely, the Home Owners' Loan Corporation, wrote a letter commending the retiring attorney, highly recommending his legal ability, and giving the office number of his future office in the city of Washington. The writer of that letter was driven out of the Home Owners' Loan Corporation. Yet there is a county agent who boasts that the total benefits paid for 6 years to the

farmers of one good county in one good State had exceeded the combined market value of all the cotton grown by those farmers for the past 3 years, making an appeal to them to become members of the American Farm Bureau Federation, and telling them what it costs. There is not a line of official business in the first letter which I read, save the first line:

We will begin delivering 1938 agricultural conservation checks Friday of this week.

That was only preliminary to the appeal for membership in the American Farm Bureau Federation.

In the second letter which I put into the RECORD there is not a single line of official business.

What is the Post Office Department doing? Why drive out the attorney of the Home Owners' Loan Corporation because he commended a retiring attorney, and then allow letters of this kind to be broadcast over the South and over the country?

I do not make any attack on the American Farm Bureau Federation; but I say here and now—and I will say it on every stump in Georgia—that the head of the American Farm Bureau Federation is not Edward O'Neal, of Alabama, who is merely a stuffed front for that organization. The head of the organization is Earl Smith, of Chicago; and Earl Smith's interest is the protection of farmers who do not grow cotton.

The American Farm Bureau Federation is a good farm organization. I have no fight to make on it; but I have a fight to make on any man who will lend himself to a Federal agency in an effort to suppress free thought and free speech, or an effort to intimidate Members of Congress, either in the Senate or the House, when they feel it necessary to speak plainly upon any policy or program of the Secretary of Agriculture.

I have no concern about what organization the farmers unite themselves with, whether it be the Grange or the Farmers' Union or the United Farmers of Georgia or the Farm Bureau Federation itself; but I do think that the farmers of the State ought to know, and, insofar as I am able to make it known to them they will know, the real purpose of Mr. O'Neal in going into the State within the last few days.

Mr. SMITH. Mr. President, may I ask the Senator from Georgia a question in reference to the first letter he read?

Mr. GEORGE. Certainly.

Mr. SMITH. Am I correct in understanding that letter to say that the federation was the real cause of them getting these benefits?

Mr. GEORGE. I will read it to the Senator. After enumerating the benefits the letter says:

There is only one way to continue to receive these payments; it is through the membership in an organization which is strong enough to tell Congress what you want. The American Farm Bureau Federation is the largest farm organization in the world and only through this organization have you been able to receive those payments.

Mr. SMITH. I thought I so understood the letter. I am a little surprised at that statement for it has been my impression that we in Congress had a little something to do with it. I may have been mistaken. I am not a member of that Federation, and have no desire to be. Knowing the reputation of its officers, I prefer not to be. The letter, however, confirms my judgment on that matter. I think it was a pretty bold statement to be franked to thousands of farmers under the auspices of our Department of Agriculture.

Mr. GEORGE. And, I may add, or to be written over the signature of an official of the United States Government.

Mr. President, with reference to the subsidy, I do not today propose to discuss it, but I do propose to discuss it hereafter. I ask permission to have inserted in the body of my remarks, and as a part thereof, an editorial from the Atlanta Constitution of May 11, 1939, on The Cotton Export Subsidy.

The PRESIDING OFFICER. Without objection, it is so ordered.

The editorial referred to is as follows:

[From the Atlanta (Ga.) Constitution of May 11, 1939]

COTTON EXPORT SUBSIDY

The problems of cotton are so varied and complicated that it is to be doubted if there lives the man who comprehensively understands them all. Add to this the fact that it is a matter of practical impossibility to find any so-called expert whose views are not open to bias, suspicion, and it is little wonder that Congress flounders around in a succession of futile attempts to find a panacea.

The latest proposal, to grant an export subsidy of 2 cents per pound, with the announced purpose of revitalizing exports and thus relieving the burden of carry-over on the domestic market, seems to be, however, among the more unwise remedial endeavors.

For it should be plain that payment of a 2-cents-a-pound subsidy to cotton exporters can result only in providing the foreign textile manufacturer with cheaper cotton than his American competitor can buy. The 2-cents-a-pound payments will not go to the cotton farmer, but by the simple process of market balancings will inevitably make American cotton sold abroad just that much cheaper. Already, in anticipation of possible enactment of this scheme by the United States Congress, Liverpool cotton quotations are dropping further than normal below those of the United States cotton exchanges.

The foreign manufacturer already enjoys the advantage of lower-cost labor, and if he gets this added advantage in the price of his raw material it can easily be imagined what will happen to the American textile markets, where foreign-made goods must compete with the products of our own mills.

Then, probably, there will be demands for an increased tariff against foreign textiles, once again building up that complication of charges and subsidies and offsets which is actually responsible for much of cotton's woes today.

It all goes back to the basic injustice—that the cotton farmer must sell on an unprotected world market and buy on a tariff-protected market at home.

The keenest minds in the country have attempted in vain to adequately improve the situation of the cotton farmer. There can be, therefore, no proper attempt to point such a way here.

But from any angle it seems self-evident that the American cotton interests, from producers to consumers, can expect no benefit out of a scheme to use American money to bribe foreign purchasers to buy more of our products. It just doesn't make sound logic.

Mr. GEORGE. I also ask to have inserted in the body of my remarks an editorial from the Baltimore Sun of May 28, 1939, entitled "Cotton Quotas." I read but the first sentence:

Having worked itself into a dangerous position on cotton, the administration is now hoping to get foreign nations to help it pull its chestnuts out of the fire.

The PRESIDING OFFICER. Without objection, the editorial may be printed in the RECORD.

The editorial referred to is as follows:

[From Baltimore Sun of May 28, 1939]

COTTON QUOTAS

Having worked itself into a dangerous position on cotton, the administration is now hoping to get foreign nations to help it pull its chestnuts out of the fire. This country has been steadily and rapidly losing its export markets as a result of crop control and price jugglery. Things have got so bad that the President and the Secretary of Agriculture are trying to put over a cotton export subsidy to enable us to work off some of the surplus accumulations now held under Government loan. But the subsidy scheme looks so bad and runs so directly counter to the reciprocal-trade program to which the administration has committed itself through Secretary Hull that it is regarded as a mere makeshift.

As a permanent solution for the problem created by dwindling export markets, the administration now wishes to hold an international cotton conference. The idea is that the producing nations represented at the conference would agree upon a division of the world markets and set up a quota system which would terminate the present competition among sellers and assure every nation, including our own, a fixed share of the world cotton trade. This is not the first time such an idea has been put forward. The Agricultural Adjustment Administration sent Oscar Johnston abroad to sound out other nations on this same subject in 1935, but he met with such an unfavorable response that the scheme for international cotton quotas was abandoned.

The trouble then was that other nations were unwilling to give up the advantages they had already reaped and the advantages which were in prospect as a result of our restrictive program. They saw quite clearly that the production-control and price-rigging features of the A. A. A. were making it easy for growers in India, Uganda, Brazil, and all points east to undersell us in the world markets, and they decided to sit back and let the American cotton industry go on committing economic suicide. Whether the present conference project will get any further than the enterprise upon which Mr. Johnston was sent abroad remains to be seen. But if it does it will probably be because we are

more willing than we were in 1935 to offer political and other concessions in return for help in getting out of the cotton mess.

As to the merits of the international-quota scheme, it may at least be said that it recognizes the international character of the cotton problem. That is more than can be said for the short-sighted and costly policy we have been following to our disadvantage for the past 6 years. But international quotas, like domestic quotas, represent an arbitrary interference with the free movement of prices and commodities upon which a sound and prosperous cotton market must in the last analysis depend. It is a strange and contradictory situation in which an administration which is seeking by means of reciprocal treaties to unshackle trade should be seriously proposing on another front to shackle it again.

Mr. GEORGE. And, Mr. President, in order to bring the matter down to date—and I am not undertaking to offer all the editorials that I have of like import—I desire to have inserted in the RECORD an editorial appearing in this morning's Washington Post, June 12, 1939, entitled "A Clash of Policies," in which the subsidy is likewise under attack.

The PRESIDING OFFICER. Without objection, the editorial may be printed in the RECORD.

The editorial referred to is as follows:

[From the Washington Post of June 12, 1939]

A CLASH OF POLICIES

During the first 10 months of the current fiscal year the Department of Agriculture reports a drop of 21 percent in the value of our agricultural exports. This decline is largely attributable to a shrinkage of cotton exports which are expected to be smaller this season than at any time during the past half century.

Since 1933, when the administration embarked upon its price-raising campaign, American cotton has been rapidly losing ground abroad. When efforts to raise prices by means of acreage control failed, Government loans were resorted to as a means of keeping domestic cotton prices above world market levels. As a result, cheaper cotton of foreign growths has been steadily pushing the American product out of its former export markets.

The curtailment of our export trade in cotton is patently due to a price-control policy that has aggravated the existing disproportion between demand and supply. The only feasible method of recapturing a substantial part of this trade is to abandon the practices that are responsible for our difficulties. Unfortunately, neither Congress nor the administration is prepared to withdraw the props that prevent shippers of cotton and other products from meeting the prices charged for competing foreign products.

Instead of removing the artificial hindrances to correction of existing economic maladjustments, new forms of interference with prices and normal marketing processes are being considered. The President and Secretary Wallace, for instance, recommend payment of export bounties as a means of pushing a portion of our abnormally large cotton surplus into export channels. Export subsidies have already been applied to wheat. If we should extend the system to cotton, the pressure to obtain subsidies for still other agricultural commodities would steadily increase.

From the national viewpoint the subsidization of exports is most uneconomic and, from the taxpayers' viewpoint, very costly. Moreover, even if we were disposed to disregard the purely economic arguments against subsidized exporting, we could not close our eyes to certain practical objections to this system. The United States takes prompt steps to protect domestic producers from the competition of dumped imports. Why, then, should we expect foreigners to submit passively to the dumping of our agricultural products into their markets?

Export subsidies are not only economically indefensible; they are also in conflict with the policies being followed by the Department of State in negotiating reciprocal-trade pacts. There is an irreconcilable inconsistency between the Hull efforts to lower trade barriers and the A. A. A.'s price-raising program, which inevitably leads to the erection of new barriers to international trade. We are simply deceiving ourselves by pretending that we can expand our foreign trade by mutual agreement and simultaneously pursue price-raising policies that seriously impair or actually destroy the demand for our exports.

Mr. GEORGE. Now, Mr. President, I wish to put into the RECORD as a part of my remarks a letter from a gentleman who lives in Georgia who calls attention to what the Secretary of Agriculture did not say in his address at Little Rock.

The PRESIDING OFFICER. Without objection, the letter may be printed in the RECORD.

The letter referred to is as follows:

ATLANTA, GA., *May 27, 1939.*

Senator WALTER F. GEORGE,
Senate Office Building, Washington, D. C.

DEAR SENATOR: Referring to United States Secretary of Agriculture Wallace's speech at Little Rock on May 26.

I would like to make the following observations for your consideration which I do not think have been brought out in connection with Secretary Wallace's speech:

1. Why did not Secretary Wallace tell the farmers, in his speech referred to above, that under section 32 of the Agricultural Adjustment Act, which is quoted below, he has the authority, without further legislation, to pay, assuming the agricultural appropriations bill is passed as now written, $50,000,000, or approximately $8.30 per bale on a 6,000,000-bale domestic consumption, to the cotton producers direct, supplementing other payments, but prefers to pay this $50,000,000 as an export subsidy, thereby giving cheaper cotton to the foreign cotton manufacturer to manufacture into cotton goods from American cotton for sale to foreign consumers?

Section 32 of Agricultural Adjustment Act: "Such sums shall be maintained in a separate fund and shall be used by the Secretary of Agriculture only to (1) encourage the exportation of agricultural commodities and products thereof by the payment of benefits in connection with the exportation thereof or of indemnities for losses incurred in connection with such exportation or by payments to producers in connection with the production of that part of any agricultural commodity required for domestic consumption; (2) encourage the domestic consumption of such commodities or products by diverting them, by the payment of benefits or indemnities or by other means, from the normal channels of trade and commerce; and (3) finance adjustments in the quantity planted or produced for market of agricultural commodities. The amount appropriated under this section shall be expended for such of the above-specified purposes, and at such times, and in such manner, and in such amounts as the Secretary of Agriculture finds will tend to increase the exportation of agricultural commodities and products thereof, and increase the domestic consumption of agricultural commodities and products thereof: *Provided*, That no part of the funds appropriated by this section shall be expended pursuant to clause (3) hereof unless the Secretary of Agriculture determines that the expenditure of such part pursuant to clauses (1) and (2) is not necessary to effectuate the purposes of this section."

2. Why did not Secretary Wallace, in referring to how much cotton would be exported under the export subsidy plan, tell them that the price of foreign cotton would decline 2 cents per pound under the domestic prices in the United States as evidenced by the following quotation from the Cotton Situation, published by the Bureau of Agricultural Economics, United States Department of Agriculture, under date of April 29, 1939:

"Since the middle of March, the Liverpool price of American Middling ⅞ has declined materially in relation to the prices of this cotton in domestic markets. On March 17 the spread between the Liverpool prices and the 10-market average price was 1.62 cents per pound, but by April 24 this spread had narrowed to 0.71 cents. This was apparently due to the increased possibility of an export subsidy on American cotton, which would be expected eventually to reduce the foreign price in relation to the domestic price by about the full amount of the subsidy, such change taking the form of a reduction in the foreign price and an increase in the domestic price, compared with what they otherwise would be. On April 27 the spread was back to 0.95 cents."

3. Why did not Secretary Wallace tell the American consumers of cotton goods that his export subsidy plan would mean furnishing American cotton to foreign manufacturers to manufacture into cotton goods for the foreign consumer at 2 cents per pound or $10 per bale under the price paid by the American cotton manufacturer to manufacture into cotton goods to be consumed by the American public? This being a hidden sales tax on the American consumer.

4. Why did not Secretary Wallace tell the American consumers of cotton goods of his advocacy of a processing tax on raw cotton, assuming he had in mind 4.2 cents per pound tax as previously, that he was furnishing American cotton to foreign cotton manufacturers for manufacture into cotton goods for the foreign consumers at 4.2 cents per pound, or $21 per bale, further under the same prices of cotton to American manufacturers for manufacture into cotton goods for the American consumer? This also being a hidden sales tax.

5. Why did not Secretary Wallace tell the American consumers of cotton goods that this would mean the foreign manufacturer would be obtaining American cotton to manufacture into cotton goods for the foreign consumers at a total of $31 per bale under the price which would be paid by the American manufacturer to manufacture into cotton goods for sale to the American consumer? This being a total of 6.2 cents per pound sales tax on the American consumer.

6. Why did he not tell his audience, when he referred to further reduction in acreage increasing unemployed farm labor, that this has been brought to his attention time and again by the cotton merchants and is not his original thought?

I believe the above points should be brought out by someone like you to whom the press would give Nation-wide comment.

Respectfully yours,

J. M. GLOER, Jr., *Secretary.*

Mr. GEORGE. Mr. President, with this one final observation, I will take my seat, but I promise to resume this discussion, and to continue it until something is done to prevent the continuance of this kind of thing under this administration. The audience that listened to the distinguished Secretary of Agriculture at Little Rock, estimated at some 3,000 people, was largely made up of employees of the Agricultural Department, county agents, county committees, and various other officials, including all those who, under the Farm Security Administration, are occupying farms provided in whole

or in part by the Government. I shall have some information to give with reference to that meeting; I shall have some information to give to the Senate and to the country with reference to how this audience of 3,000 was gotten together; and I think, Mr. President, I will also have some verification of the statement that Mr. Edward O'Neal, the president of the Farm Bureau Federation, in behalf of which these appointed agents in more than one State are now busily propagandizing, was in the midst of the audience at Little Rock to hear the Secretary.

I have no quarrel with the Secretary because he believes in a subsidy; it is a matter on which men may differ. I repeat, however, that the cotton trade and very nearly everyone connected with it who stands in a disinterested position is against it. Nevertheless, I have no quarrel to make because the Secretary of Agriculture advocates such a policy or because he may ultimately put it into effect. I know that when he puts it into effect he will have taken the final step looking to the destruction of the foreign market and the partial impairment even of the domestic market, for reasons which I tried to point out in this body some days ago.

Mr. President, the Secretary of Agriculture and the Department of Agriculture cannot justify the action of an official whose salary is paid always to the extent of one-half, and in many instances to the extent of more than one-half, by the Federal Government, and who represents not merely the Extension Service—a vital service to agriculture—but who is likewise the official representative of the Soil Conservation Administration and the Agricultural Adjustment Administration in the several counties in which his services are utilized.

Mr. MINTON. Mr. President, may I ask the Senator a question before he takes his seat? I am sorry I did not hear the entire statement of the able Senator from Georgia.

As I came into the Chamber, during the latter part of his address, I understood him to say that the Department was engaged in this activity of furthering the cause of the Farm Bureau Federation. Is that correct?

Mr. GEORGE. I read, if the Senator will permit me, from two letters signed by farm agents—county agents. I stated that these county agents represent not merely the Extension Service, which is a vital service to agriculture, but they likewise are the official representatives of the Soil Conservation Administration and the Agricultural Adjustment Administration.

Mr. MINTON. What the Senator put in the RECORD, then, were communications from two different agents. Is that correct?

Mr. GEORGE. From two different agents.

Mr. MINTON. Were they in two different States or both in the Senator's State?

Mr. GEORGE. They were in two different States.

Mr. MINTON. Is it the Senator's position that this is a program that is being carried out by the Department itself?

Mr. GEORGE. Mr. President, I think I have made myself abundantly clear on the question involved.

Mr. MINTON. I am sorry I did not hear the Senator.

Mr. GEORGE. I stated just exactly what has been done and what is being done, and I have stated that the president of the Farm Bureau Federation, who in both letters is referred to, in one by name and the other by his organization, has been in my State in the last week holding meetings of farmers and importuning those farmers to petition Senators and Members of the House of Representatives to support the subsidy program of the Secretary of Agriculture.

Mr. MINTON. Of course, I think we will all agree with the Senator that if the Department or any substantial group in the Department is engaged in any activity of the kind indicated by the Senator they are subject to the condemnation which the Senator brings upon them for it. But what I am trying to get at is whether or not this was the program of the Department; whether the Department was countenancing it, or whether a couple of overzealous agents in the Senator's State or some other State were acting upon their own initiative to do that of which the Senator complains.

Mr. GEORGE. I cannot speak of the county agents disparagingly. My observation has been that they are very good men and that they do not indulge in this kind of thing ordinarily. I do not know what is moving some of them at this time, but I merely recited the facts and put them in the RECORD. The Senator can, by looking at my remarks, see exactly what I have said.

Mr. MINTON. The Senator has not any evidence that the Department moved them to take this action, has he?

Mr. GEORGE. Mr. President, I would rather the Senator would read my remarks. Perhaps he will be able to understand from my remarks what I have said.

ADDITIONAL APPROPRIATION FOR CONTROL OF INSECT PESTS

Mr. RUSSELL. From the Committee on Appropriations I report back favorably without amendment House Joint Resolution 322, making an additional appropriation for the control of outbreaks of insect pests. I ask that the joint resolution be read.

The PRESIDING OFFICER. The clerk will read the joint resolution.

The joint resolution (H. J. Res. 322) making an additional appropriation for the control of outbreaks of insect pests was read, as follows:

Resolved, etc., That for an additional amount, fiscal year 1939, for carrying out the purposes of and for expenditures authorized under, Public Resolution No. 91, Seventy-fifth Congress, entitled "Joint resolution to amend the joint resolution entitled 'Joint resolution making funds available for the control of incipient or emergency outbreaks of insect pests or plant diseases, including grasshoppers, Mormon crickets, and chinch bugs,' approved April 6, 1937," approved May 9, 1938 (52 Stat. 344), there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $1,750,000, to be immediately available and to remain available until December 31, 1939.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the joint resolution?

There being no objection, the Senate proceeded to consider the joint resolution.

Mr. RUSSELL. Mr. President, in the current agricultural appropriation bill there is a provision making an appropriation of this amount for the same purpose. The provision in the House joint resolution makes the amount immediately available. Due to the fact that it doubtless will be some time before the agricultural appropriation bill has completed the steps necessary to enact it into law, it is important that this joint resolution be passed today. I understand that the grasshopper situation is more critical than it has been in recent years, and all funds for dealing with that situation will be exhausted today.

The joint resolution does not involve any increased appropriation, because the same amount was appropriated by the Senate in the agricultural appropriation bill; and, of course, that amendment will be left out of the bill when the conference report is submitted. The joint resolution merely makes the funds immediately available.

The PRESIDING OFFICER. The question is on the third reading and passage of the joint resolution.

The joint resolution was ordered to a third reading, read the third time, and passed.

DEPARTMENTS OF STATE, JUSTICE, AND COMMERCE APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 6392) making appropriations for the Departments of State and Justice and for the judiciary, and for the Department of Commerce, for the fiscal year ending June 30, 1940, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the amendment reported by the committee on page 46, beginning in line 22.

The amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next amendment reported by the committee.

The next amendment was, under the heading "Judicial—Court of Customs and Patent Appeals", on page 50, line 9, after the word "court", to strike out "$104,300" and insert "$105,780", so as to read:

Salaries: Presiding judge and four associate judges and all other officers and employees of the court, $105,780.

The amendment was agreed to.

The next amendment was, under the subhead "Court of Claims", on page 51, line 11, before the word "regular", to strike out "six" and insert "seven", and in line 21, after the numerals "270" and the parenthesis, to strike out "$65,000" and insert "$75,500", so as to read:

Salaries and expenses of commissioners: For salaries of seven regular commissioners, and for traveling expenses, compensation of stenographers authorized by the court, and for stenographic and other fees and charges necessary in the taking of testimony and in the performance of the duties as authorized by the act entitled "An act amending section 2 and repealing section 3 of the act approved February 24, 1925 (28 U. S. C. 269, 270), entitled 'An act to authorize the appointment of commissioners by the Court of Claims and to prescribe their powers and compensation', and for other purposes", approved June 23, 1930 (28 U. S. C. 270), $75,500.

The amendment was agreed to.

The next amendment was, under the subhead "Salaries of judges", on page 54, line 2, after the word "offices", to strike out "$2,308,000" and insert "$2,338,000", so as to read:

Salaries and expenses, clerks of courts: For salaries of clerks of United States circuit courts of appeals and United States district courts, their deputies, and other assistants, and expenses of conducting their respective offices, $2,338,000.

The amendment was agreed to.

The next amendment was, on page 55, line 23, after the word "for", to strike out "$856,000" and insert "$940,000"; and on page 56, line 2, after the word "employed", to strike out the colon and the following provisos: "*Provided further*, That the foregoing proviso shall not be held to apply to the employment of a person possessing the dual qualifications of a stenographer and a licensed attorney who acts as a stenographer-law clerk, but the maximum salary of any such person so employed shall not exceed $3,600 per annum: *Provided further*, That the salary of not more than one employee for any one district judge shall be paid from this appropriation", so as to read:

Miscellaneous salaries: For salaries of all officials and employees of the Federal judiciary, not otherwise specifically provided for, $940,000: *Provided*, That the maximum salary paid to any stenographer or law clerk to any circuit or district judge shall not exceed $2,500 per annum, but this limitation shall not operate to reduce the compensation of any stenographer now employed.

The amendment was agreed to.

The next amendment was, under the heading "Title III—Department of Commerce, office of the Secretary", on page 58, line 9, after the name "Secretary of Commerce", to insert a comma and "Under Secretary of Commerce, $10,000."

The amendment was agreed to.

The next amendment was, on page 58, line 17, after the word "Department", to strike out "$381,500" and insert "$606,500: *Provided*, That not to exceed $133,500 of this appropriation shall be available for expenditure by the Secretary of Commerce for personal services of experts and specialists at rates of compensation not in excess of $9,000 per annum without regard to the civil-service laws and regulations or the Classification Act of 1923, as amended: *Provided further*, That any person paid from the said $133,500 an annual salary of $5,000 or more shall be appointed by the President by and with the advice and consent of the Senate."

Mr. VANDENBERG. Mr. President, I should like to have an explanation made by the Senator from Tennessee [Mr. McKELLAR] regarding this enormous increase in personnel for the office of Secretary Hopkins. The Senate seems to think about twice as much of Mr. Hopkins as the House does, according to the figures.

Mr. McKELLAR. Mr. President, without dealing in personalities, I will tell the Senator what this increase is for.

The Secretary of Commerce appeared before the committee, and asked for an appropriation of $225,000 in addition to the amount already appropriated for the purpose of employing expert businessmen.

Mr. VANDENBERG. Had he asked for this appropriation in the House, and had it been denied, or was this a new request?

Mr. McKELLAR. This request came in after the bill had passed the House. There was a Budget estimate for it. The Secretary proposed, out of this appropriation, to appoint and utilize the services of a number of expert businessmen in order to bring about better business conditions in the country. His testimony on that subject is very elaborate. It is found in the hearings. The personnel he desired was five at $9,000, five at $7,500, five at $5,600, five at $4,600, and others at smaller compensations, amounting in all to $225,000.

Mr. VANDENBERG. How many new employees, all told, would there be?

Mr. McKELLAR. About 59.

Mr. VANDENBERG. I notice that all of them are to be chosen without regard to civil-service laws and regulations, or anything of the kind.

Mr. McKELLAR. That is correct; but all the higher-paid ones, all those except the detail men and clerks, are to be appointed by and with the advice and consent of the Senate.

Mr. VANDENBERG. What is it that they are going to do?

Mr. McKELLAR. I will explain the matter by reading part of the statement of the Secretary:

At present there is no provision for an executive staff to participate with the Secretary in an appraisal of larger problems that affect the commerce and industry of the country, or in maintaining contact with various agencies of the Government that deal with particular phases of the national problem, or for developing and carrying through any new constructive work. New work, new activities, and new problems are constantly being pressed upon the Department. Proposals flood in from all over the country. Some have merit, others do not, but all must be analyzed and weighed by someone of experience and ability. If we are to develop new constructive functions in the Department that will really aid and promote industrial activity and private employment, we require funds to provide a staff to do that work.

That, in a nutshell, is the reason for this proposal, the amount being $225,000; and all of us want to make business conditions better in the country.

Mr. VANDENBERG. Did not the Department have an advisory council of big, able businessmen upon whom it relied for this sort of work, and did it not obtain their services for nothing?

Mr. McKELLAR. No; I do not think the Department got anything for nothing. It so happens that I have been connected with the Government now for, I think, 29 years. In all that time I do not know any employee of the Government, big or little, who has ever done any work for nothing. Some of them may have claimed to do something for nothing at some time, but before the work was over the Government had to pay, and, in my judgment, the Government ought to pay for services that are rendered.

Mr. VANDENBERG. Is the Senator condemning all the dollar-a-year men who have served the Government in past years?

Mr. McKELLAR. I am not condemning anybody.

Mr. VANDENBERG. I thought the Senator was doing so.

Mr. McKELLAR. But I want to say that I do not think any very great good was ever done by any dollar-a-year men. I make that statement very generally. I will say to the Senator that I was here when we had a very great many dollar-a-year men, and I never saw any good that any of them did.

Mr. VANDENBERG. Mr. President, these are very laudable objectives.

Mr. McKELLAR. I think so. The committee thought so. If there was any objection to this amendment, I do not recall it. It has been several days since we took this testimony, and there may have been some objection; but my recollection is that the proposal was very highly thought of by the members of the committee.

Mr. VANDENBERG. In fact, this is $225,000 worth of about as optimistic language as I have seen in some time.

Mr. McKELLAR. The Senator has read the statement of Mr. Hopkins about the matter, has he?

Mr. VANDENBERG. No; I am trying to find out from the Senator from Tennessee what he proposes to do. This is purely a statement of generalities.

Mr. McKELLAR. Yes; and I imagine that this work can be done only in that way. I do not know how else it can be done. The Secretary expects to appoint men who are in

business. The example given was that of Mr. Noble, who is now with the Department. It is desired to appoint men of that character and standing who would aid in reviving business along general lines; and necessarily the provision has to be general. We may either go into it or we need not go into it. In my own judgment, I think we ought to go into it. The Senator from Michigan may differ with me. If he does, I have no quarrel with him.

Mr. VANDENBERG. Mr. Noble is the Under Secretary of Commerce, and he is specifically provided for——

Mr. McKELLAR. Oh, yes; his salary does not come out of this appropriation at all.

Mr. VANDENBERG. He is provided for on this anonymous staff.

Mr. McKELLAR. I would not call it an anonymous staff. It is provided in the bill that this staff is to be appointed by the President, by and with the advice and consent of the Senate, and I do not believe it could be called an anonymous staff. That is merely my judgment about it; the Senator may differ with me.

Mr. VANDENBERG. Let us see how specific it is. The first thing we buy with this $225,000 is "a highly qualified executive staff." Does that mean that we have not one now?

Mr. McKELLAR. It means we have not one now. It is specifically so stated. We have not in the Department of Commerce at this time such a staff as is proposed, and this provision is inserted so that one may be set up.

Mr. VANDENBERG. The first thing we are to get is an appraisal "of the larger problems that affect the commerce and industry of the country." We are going to get a larger appraisal. That is worth something.

Mr. McKELLAR. I imagine that before any work is done it would be better to have some appraisal of conditions and some planning. My idea is that a man gets further in this world and I imagine a government gets further by first making plans and then working out the plans and living up to them.

Mr. VANDENBERG. I think that is true. I notice they are going to assist the Congress in drafting legislation. Is that one of the functions?

Mr. McKELLAR. Nothing was said about that, so far as I recall. It might have been suggested, but I do not see how that could be done, except by giving Congress advice.

Mr. VANDENBERG. I am merely reading the Senator's report.

Mr. McKELLAR. I overstepped myself if I put that in the report.

Mr. VANDENBERG. Could we take a couple of thousand dollars off this appropriation to compensate for that overstepping?

Mr. McKELLAR. No; but the Senator can strike the statement out of the report.

Mr. VANDENBERG. Let us see what else we are going to do. We are going to maintain "contact with various agencies of the Government dealing with particular phases of the national problem having a bearing on affairs of industry." Then we are going to develop and carry through "new constructive work, that will be welcomed by businessmen, directed toward improvement of business conditions at the earliest possible moment." I agree with the Senator that that is a laudable objective, but I submit to the Senator that that is the most nebulous basis for the justification of a new expenditure of a quarter of a million dollars that he has confronted in all the long years he was telling about that he has been in the Senate.

Mr. McKELLAR. No; we have had several more nebulous than that. I could recall dozens of them to the Senator's mind.

Mr. VANDENBERG. If they were any more nebulous, the Senator from Tennessee was opposing them, I am sure.

Mr. McKELLAR. I am not so sure about that. I voted for some that I was very sorry afterward I voted for.

Mr. VANDENBERG. I am trying to save the Senator from that calamity now.

Mr. McKELLAR. The Senator from Tennessee does not need saving; he will look after that himself.

Mr. President, I wish now to read what Mr. Hopkins says about the matter:

> The provision that has heretofore been made for the Office of the Secretary seems to furnish adequate facilities for dealing with the administrative problems of the bureaus and to make effective the Secretary's policies with respect to their action and expenditure. The continuance of the routine work and normal operation of the Department is assured. The various bureaus are doing a splendid job, each in its respective field. One has only to look into the work that is done in charting the country's waterways, in lighting the channels of commerce, in the testing of materials and establishing standards for industry—

By the way, that sounds like nebulous language, but, quite the contrary, we know that those statements are absolutely correct—

> in fact finding on business and commerce, to realize what an important contribution the work of the Department is making to our national economy.
>
> However, even my short experience in the Department has convinced me that the activities of these bureaus can touch only a fraction of the problems of industry. Their work needs to be sparked by a driving force of policy. It is the lack of any organization for forming and carrying through broad vital policies that now most concerns me. I recognize in this my responsibility as Secretary and I willingly assume it. I want to do something more than administer a group of bureaus, important as they may be. I hope to be able to convert the results of the operations of these bureaus into aggressive affirmative policies that will promote and develop the whole body of our industry and commerce.
>
> No one will question that it is in the national interest for the Department of Commerce to become a living and active force in building up industry and trade. Facts and figures are gathered at great expense and it is time for more extensive use to be made of them. They should be analyzed in the light of a full knowledge of the activities and experiences of various other agencies of the Government which deal with particular phases of the industrial problem. Information, analysis, experience should now all unite to develop an affirmative program of action toward national well-being.
>
> At present there is no provision for an executive staff to participate with the Secretary in an appraisal of larger problems that affect the commerce and industry of the country, or in maintaining contact with various agencies of the Government that deal with particular phases of the national problem, or for developing and carrying through any new constructive work. New work, new activities, and new problems are constantly being pressed upon the Department. Proposals flood in from all over the country. Some have merit, others do not, but all must be analyzed and weighed by someone of experience and ability. If we are to develop new constructive functions in the Department that will really aid and promote industrial activity and private employment, we require funds to provide a staff to do that work.
>
> As a matter of organization these additions could properly be made in the Bureau of Foreign and Domestic Commerce, whose functions are related to all of these problems. I am sure, however, it would be much better to have this staff working directly with the office of the Secretary.
>
> I have no precedents to guide me in this matter of organization. It would clearly be unwise to attempt to set up at the present time a definite plan of men and methods for policy-marking and accomplishment. I am, therefore, asking for a lump-sum appropriation of $225,000, to create a staff to do this work in the office of the Secretary. Later, as experience accumulates, it should be possible to define particular positions and duties with some degree of certainty. On the other hand, it may always be desirable to allow the Secretary substantial opportunity for the exercise of initiative and discretion in the selection of associates required to help formulate and execute major questions of policy.

Mr. President, we all realize that the Department of Commerce should be utilized for the purpose of restoring better business conditions in the country. This is not a large appropriation as governmental appropriations go; but it is a very necessary one, made necessary by conditions which have confronted us for some time and which still confront us. It has been thought out by the Director of the Budget, and he has sent in an estimate for the appropriation. As I recall—and if there are any members of the committee who are opposed to this item I should like to have them say so—all the members of the committee who were present and who acted upon the proposal agreed to it. I hope very much the Senate will agree to it, because I believe it will be very helpful to business in our country.

Mr. VANDENBERG. Can the Senator explain to me why the Secretary did not appear before the House committee in this connection.

Mr. McKELLAR. Yes. It was because he had been ill for quite a while, and when he appeared before our committee he was evidently still suffering from the illness.

Mr. VANDENBERG. I have the greatest respect for the attitude of the able Senator from Tennessee, but I must confess that I still find myself completely baffled in consulting a paragraph of general language presumed to be relied upon as the sole reason for giving a new Secretary of Commerce 50 or 60 new administrative heads, the salaries running as high as $9,000 a year, to be chosen without respect to the merit system or any of the restrictions which ordinarily surround appointments. I do not think it can be justified on the basis of this rather optimistic apostrophe in the Senator's report. I think when we are asked to increase to this enormous extent per capita the number of employees, when we are asked to expand a department in this fashion, we ought to be told precisely what is to be done, precisely why it is necessary and precisely why we have never heard about it heretofore.

Mr. McKELLAR. I do not think we could be as precise as the Senator from Michigan asks, but so far as the employees are concerned the first 20 are to be appointed by and with the advice and consent of the Senate, and all the others are to be civil-service employees.

Mr. VANDENBERG. When the 20 are appointed, are they to be appointed to specific assignments or is this a basket clause?

Mr. McKELLAR. They are to be appointed as expert business representatives in the Department of Commerce on the staff of the Secretary.

Mr. VANDENBERG. Is that the designation?

Mr. McKELLAR. I do not know the exact wording of the designation.

Mr. VANDENBERG. "John Doe, expert business representative, $9,000."

Mr. McKELLAR. That would be substantially what would be done.

Mr. VANDENBERG. Mr. President, I maintain my attitude.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee on page 58, line 9.

Mr. KING. Mr. President, I associate myself with the Senator from Michigan [Mr. VANDENBERG] in his opposition to the provisions of the bill under consideration. In my opinion, the facts do not justify favorable action upon the item now under consideration. In my opinion, the appropriations which have been made for the Department of Commerce, extending over a number of years, have been more than generous; indeed, in some particulars they have been excessive. A few moments ago I called attention to the large appropriations which had been made in behalf of the Bureau of Foreign and Domestic Commerce. As I indicated in my remarks, I was opposed to the creation of this Bureau, believing that the Department of State was better equipped to promote foreign trade and commerce than the Department of Commerce or any bureau that it might establish. It is unnecessary to state that our Government in its foreign relations operates through and by means of the Department of State. That Department and its officials have a prestige denied to other departments of the Government. The Department of State has its diplomatic representatives and consular agents in substantially all countries, and these representatives of the Department of State for many years have been active and effective agents in advancing our commerce in all foreign countries.

The Department of Commerce was developed from a small organization into one of very large proportions. Whether its achievements have been commensurate with its growth and its expenditures I hesitate to state, although it will be conceded by all that its activities by and large have been of benefit to our country. I do know, however, that our industrial and economic development has been greatly influenced by our foreign trade. A few years ago our total foreign trade amounted to between twelve and thirteen billions of dollars, and I might add in passing that while the Department of Commerce made some contribution to this great tide of trade and commerce, its activities were not of paramount consideration. A considerable portion of our exports consisted of agricultural products. Unfortunately tariff restrictions and, in my opinion, unsound legislation, have materially injured both our export and import trade and, of course, a reduction in the volume of foreign trade and commerce resulted in serious repercussions upon our domestic economy; indeed our internal trade and commerce bear a very close relationship to our foreign trade. The prosperity of our country has a close relationship to foreign trade and it is therefore important that every legitimate and proper means should be employed to find foreign markets for the products of our country. Other nations need many of our products and their material advancement would be enhanced if more of our domestic products reached their shores.

It is unnecessary to emphasize the importance of trade and commerce. It is obvious to all that a renaissance in business depends upon increased production and consumption and in finding markets for our surplus commodities in various parts of the world. We do not want barriers to prevent foreign trade and commerce or to interfere with domestic trade and commerce. We need bridges rather than barriers to carry the products of field, farm, factory, and mines to the people of the United States as well as to the people beyond the seas. An active and efficient Department of Commerce will be an important aid in stimulating trade and commerce.

I have been somewhat familiar with the work of the Department of Commerce during the past 25 years. I believe that it has been a factor in our industrial and economic development and I shall be glad to support any reasonable measure that will make it more efficient and more helpful in stimulating trade and commerce.

The appropriations which have been made heretofore, as I have indicated, have been very generous. The building containing the Department of Commerce is a most impressive one and houses thousands of employees.

I do not have before me the appropriations for this Department prior to 1922, but for that year they were $17,000,000. In 1923 they were more than $18,000,000. In 1924 they exceeded $19,000,000, and in 1925 they were nearly $24,000,000. In 1926 they were $28,500,000; 1927, twenty-nine and three-quarter million; 1928, over $36,000,000; and in 1929, $38,000,000. Since then the appropriations have varied from year to year and in 1933 they were nearly thirty-three and one-half million dollars.

The bill under consideration carries over $52,000,000.

In my opinion, the House committee was exceedingly generous in supporting a bill carrying so large a sum; and the Senate committee has kept pace with it.

The item under consideration is not very impressive, measured by the total amount of the bill, carrying, as stated, over $52,000,000. However, as I have indicated, no sufficient reasons have been assigned to warrant the approval of the item under consideration. The hearings do not, in my opinion, justify the amendment now under consideration.

The Senator from Tennessee [Mr. McKELLAR] has read into the record what he claims to be a statement by Secretary Hopkins, appearing on pages 72 and 75. This statement proceeds:

> I have prepared a statement which gives rather briefly the salient facts as to this item, which I would like to file and will then discuss the project in more detail, and will be glad to answer any questions you may wish to ask. * * *
>
> The purpose of the Department of Commerce is to promote trade and industry.

The committee, as well as the Senate, knows that that was the purpose for which the Department of Commerce was organized. Unfortunately, it has at times failed to measure up to that standard and, I fear, upon some occasions has placed impediments in the stream of trade and commerce.

The Secretary stated that there are eight bureaus in the Department. That was not news, as these bureaus had existed for some time, nor is the additional appropriation which is sought directly related to the bureaus referred to. The Secretary states that all of the bureaus are well run and well managed, with competent technical people doing what I consider to be a good job. I assume that the Secre-

tary claims that all of the bureaus are well managed and have competent and technical personnel. I might add that they cover substantially the entire field in which the fifty-odd individuals who are to be appointed if this item of the appropriation is approved, will operate.

Mr. McKELLAR. Will the Senator yield?

Mr. KING. I yield.

Mr. McKELLAR. I want to say to the Senator that the testimony itself specifically states that the various specific organizations referred to do not perform the work he wants to do with these additional employees.

Mr. KING. Mr. President, you have heard read the statement of the Secretary and I do not think that it furnishes any reasons specific or otherwise which call for the creation of fifty-odd jobs in the Department. The Secretary refers to a number of bureaus, but I do not think it is intended that their activities are to be increased or their fields of jurisdiction enlarged. The various bureaus and agencies of the Department of Commerce have a common end in view, and they are so integrated and their activities so synchronized as to be promotive of the primary purpose for which the Department of Commerce was organized. I should add that the Secretary in his statement stated, "I did not find when I assumed the office any effective machinery to assist in what seems to me to be the most important purpose of the whole Department."

I am somewhat surprised at the statement but do not intend to be critical of this view expressed by the Secretary. I can only say that with the agencies and bureaus which have been operating for years—agencies and bureaus which are, as the Secretary states "well-run, well-managed, with competent technical people, doing a good job"—I am somewhat at a loss to understand what the Secretary has in mind. Certainly the Department, under the direction of Secretary Hopkins' predecessors, has had in view the development of our foreign and domestic commerce. Its field of operations have been marked out years ago and its plans have, in the main, been carried into effect. It is true that we are suffering from a rather serious depression but I do not interpret the testimony of the Secretary as offering any remedies not now available and which must be available under the present set-up of the Department. The testimony of the Secretary does not, as I interpret it, submit a broader or wider field of activity or a more satisfactory foundation upon which to base our economic and industrial system.

Mr. VANDENBERG. Mr. President——

The PRESIDING OFFICER (Mr. SCHWELLENBACH in the chair). Does the Senator from Utah yield to the Senator from Michigan?

Mr. KING. I yield.

Mr. VANDENBERG. I submit there might be one point with respect to which the Secretary intends to do something that was not done before, because under the statement of the Senator from Tennessee he proposes to do something that will be welcomed by businessmen.

Mr. KING. Well, I am a little in doubt as to the implication. I do not know what he has stated that would aid business. The Secretary states:

> In going over the organic act as passed by Congress covering the fundamental purpose of the Department, I found that it was to promote trade and commerce * * *.
>
> These important questions—

Apparently there have been no important questions dealt with by the Department until Mr. Hopkins came into the Department—

> These important questions are, namely, how should a big industry be related to our economic system in a way to make it the most effective and to employ more labor; what is the proper relationship of government to these great industries?

Mr. President, are we to suppose that the activities of the President of the United States and the various departments of the Government now and in the past have not been concerned with these important matters and have not made any contribution to the proper integration of business in the Government and the proper synchronization of the various activities in our economic and industrial life?

Are we now to have something new; are we to have a definite solution of the relation between big industry, as Mr. Hopkins denominated, and the Government itself? What is there in the testimony that indicates that the Department of Commerce has been reorganized or is about to be revitalized or its policies to be changed? What new course is to be charted by the Department of Commerce under the new Secretary?

The record, as I read it, is silent upon these questions. Reference is made in a sort of casual way as to the question of utilities. This is not a new matter. It has been before the Congress for years, and the T. V. A. and other utilities have received the scrutiny of Congress and have been subjected more or less to the control and surveillance of executive agencies.

The Senator from Tennessee [Mr. McKELLAR] asked the Secretary:

> Can you give us a break-down, Mr. Secretary, as to what you want.
>
> Senator TAFT. What the $255,000 is for.
>
> Secretary HOPKINS. I have a break-down which I will file later, Senator. (See p. 82.)

And the break-down, turning to page 82, is as follows:

> Additional personnel to be provided for office of the Secretary, Department of Commerce.

Increase in personnel with $9,000 salary per annum, five. Increase of personnel in the $7,500 category, each receiving $7,500, five; five having $5,000, five having $4,000, five having $3,800, five having $3,200, and five having $2,000 each. That comprises the increase in the personnel and the salaries which will be paid to each group, so that the two-hundred-and-some-odd-thousand dollars is to be paid to these individuals in the groups to which I have referred.

That is all the information we have received. The Department of Commerce—whether under Republican or Democratic administrations—has, generally speaking, rendered valuable services to our country. It may be that important changes will be made in its administration—new rules adopted; new plans formulated. The record, however, furnishes no information that justifies the prophecy that important reforms will be made and greater efficiency realized, or that the results of its activities will be more satisfactory or beneficial to the country. Be that as it may, all Senators will receive with satisfaction evidence of a more dynamic, effective, and useful agency. Our foreign trade has been increased and our domestic situation materially improved. If the Department of Commerce can point the way to improved conditions, it will receive the commendation of the American people.

The PRESIDING OFFICER. Without objection, the amendment on page 58, beginning in line 17——

Mr. VANDENBERG. I am sorry, Mr. President. There are several objections. Let us have a vote on this item.

The PRESIDING OFFICER. The question is on agreeing to the amendment on page 58, beginning in line 17. [Putting the question.] The Chair is in doubt.

Mr. BARKLEY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Davis	Lee	Schwartz
Bailey	Ellender	Lodge	Schwellenbach
Bankhead	Frazier	Logan	Sheppard
Barbour	Gerry	Lucas	Smith
Barkley	Gibson	McCarran	Stewart
Bone	Gillette	McKellar	Thomas, Okla.
Borah	Green	McNary	Thomas, Utah
Brown	Guffey	Maloney	Truman
Bulow	Gurney	Mead	Vandenberg
Byrnes	Hale	Minton	Van Nuys
Capper	Hatch	Neely	Walsh
Caraway	Hayden	Norris	Wheeler
Chavez	Hill	Nye	White
Clark, Idaho	Hughes	Pepper	Wiley
Clark, Mo.	Johnson, Calif.	Pittman	
Connally	King	Reed	
Danaher	La Follette	Russell	

The PRESIDING OFFICER. Sixty-five Senators having answered to their names, a quorum is present.

The question is on the committee amendment on page 58, commencing in line 17.

Mr. VANDENBERG. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. McNARY (when his name was called). On this vote I have a pair with the senior Senator from Mississippi [Mr. HARRISON]. I transfer that pair to the senior Senator from Vermont [Mr. AUSTIN], and will vote. I vote "nay."

Mr. LUCAS (when Mr. SLATTERY's name was called). My colleague [Mr. SLATTERY] is unavoidably detained from the Senate Chamber. If he were present, he would vote "yea."

Mr. STEWART (when his name was called). I have a pair with the junior Senator from Oregon [Mr. HOLMAN] who, I understand, if present, would vote "nay." I transfer that pair to the Senator from Illinois [Mr. SLATTERY], and will vote. I vote "yea."

The roll call was concluded.

Mr. McKELLAR (after having voted in the affirmative). I have a pair with the senior Senator from Delaware [Mr. TOWNSEND]. I transfer that pair to the senior Senator from New Jersey [Mr. SMATHERS] and allow my vote to stand.

Mr. MINTON. I announce that the Senator from Louisiana [Mr. OVERTON] and the Senator from North Carolina [Mr. REYNOLDS] are detained from the Senate because of illness.

The Senator from Montana [Mr. MURRAY], the Senator from New Jersey [Mr. SMATHERS], and the Senator from New York [Mr. WAGNER] are absent on official business.

The Senator from Maryland [Mr. RADCLIFFE] is unavoidably detained.

I am advised that, if present and voting, those Senators would vote "yea."

The Senator from Arkansas [Mr. MILLER] is absent because of illness in his family.

The Senator from Mississippi [Mr. BILBO] is attending a committee meeting and is unable to be present.

The Senator from Florida [Mr. ANDREWS], the Senator from Arizona [Mr. ASHURST], the Senator from Colorado [Mr. JOHNSON], the Senator from Mississippi [Mr. HARRISON], the Senator from Minnesota [Mr. LUNDEEN], and the Senator from Iowa [Mr. HERRING] have been called to government departments on matters pertaining to their respective States.

The Senator from Nebraska [Mr. BURKE], the Senators from Virginia [Mr. BYRD and Mr. GLASS], the Senator from Ohio [Mr. DONAHEY], the Senator from California [Mr. DOWNEY], the Senator from Georgia [Mr. GEORGE], the Senator from West Virginia [Mr. HOLT], the Senator from Wyoming [Mr. O'MAHONEY], and the Senator from Maryland [Mr. TYDINGS] are detained on important public business.

Mr. McNARY. I am advised that the Senator from Vermont [Mr. AUSTIN] would vote "nay" if present.

I also announce that my colleague the Senator from Oregon [Mr. HOLMAN] would vote "nay" if present.

The Senator from New Hampshire [Mr. BRIDGES] has a pair on this question with the Senator from Montana [Mr. MURRAY]. If present, the Senator from New Hampshire would vote "nay," and the Senator from Montana would vote "yea."

The Senator from Ohio [Mr. TAFT] has a pair with the Senator from New York [Mr. WAGNER]. The Senator from Ohio would vote "nay" and the Senator from New York would vote "yea," if present.

The Senator from New Hampshire [Mr. TOBEY] has a pair with the Senator from Louisiana [Mr. OVERTON]. If present, the Senator from New Hampshire would vote "nay," and the Senator from Louisiana would vote "yea."

The Senator from Minnesota [Mr. SHIPSTEAD] has a general pair with the Senator from Virginia [Mr. GLASS].

The result was announced—yeas 41, nays 23, as follows:

YEAS—41

Bankhead	Byrnes	Clark, Mo.	Guffey
Barkley	Caraway	Connally	Hatch
Bone	Chavez	Ellender	Hayden
Brown	Clark, Idaho	Green	Hill
Hughes	Maloney	Pittman	Thomas, Utah
La Follette	Mead	Russell	Truman
Lee	Minton	Schwartz	Walsh
Logan	Neely	Schwellenbach	Wheeler
Lucas	Norris	Sheppard	
McCarran	Nye	Stewart	
McKellar	Pepper	Thomas, Okla.	

NAYS—23

Adams	Danaher	Gurney	Reed
Bailey	Davis	Hale	Vandenberg
Barbour	Frazier	Johnson, Calif.	Van Nuys
Borah	Gerry	King	White
Bulow	Gibson	Lodge	Wiley
Capper	Gillette	McNary	

NOT VOTING—32

Andrews	Downey	Lundeen	Slattery
Ashurst	George	Miller	Smathers
Austin	Glass	Murray	Smith
Bilbo	Harrison	O'Mahoney	Taft
Bridges	Herring	Overton	Tobey
Burke	Holman	Radcliffe	Townsend
Byrd	Holt	Reynolds	Tydings
Donahey	Johnson, Colo.	Shipstead	Wagner

So the amendment of the committee on page 58, line 17, was agreed to.

The PRESIDING OFFICER. The next amendment reported by the committee will be stated.

The next amendment was, under the subhead "Contingent expenses, Department of Commerce", on page 59, line 25, before the word "which", to strike out "$80,500" and insert "$100,500", so as to read:

Contingent expenses: For contingent and miscellaneous expenses of the offices and bureaus of the Department, except the Patent Office and the Bureau of the Census, including those for which appropriations for contingent and miscellaneous expenses are specifically made, including professional and scientific books, lawbooks, books of reference, periodicals, blank books, pamphlets, maps, newspapers (not exceeding $1,500); purchase of atlases or maps; stationery; furniture and repairs to same; carpets, matting, oilcloth, file cases, towels, ice, brooms, soap, sponges; fuel, lighting, and heating; purchase and exchange of motortrucks and bicycles; maintenance, repair, and operation of three motor-propelled passenger-carrying vehicles (one for the Secretary of Commerce and two for the general use of the Department), and motortrucks and bicycles, to be used only for official purposes; freight and express charges; postage to foreign countries; telegraph and telephone service; teletype service and tolls (not to exceed $1,000); typewriters, adding machines, and other labor-saving devices, including their repair and exchange; first-aid outfits for use in the buildings occupied by employees of this Department; and all other necessary miscellaneous items including examination of estimates of appropriation in the field not included in the foregoing, $100,500, which sum shall constitute the appropriation for contingent expenses of the Department, except the Patent Office and the Bureau of the Census, and shall also be available for the purchase of necessary supplies and equipment for field services of bureaus and offices of the Department for which contingent and miscellaneous appropriations are specifically made in order to facilitate the purchase through the central purchasing office (Division of Purchases and Sales) as provided by law.

The amendment was agreed to.

The next amendment was, on page 60, line 22, after "(38 Stat. 508)", to strike out "$455,900" and insert "$468,400", so as to read:

Traveling expenses: For all necessary traveling expenses under the Department of Commerce, including all bureaus and divisions thereunder except the Bureau of the Census, and traveling expenses for the examinations authorized by the act entitled "An act to provide for retirement for disability in the Lighthouse Service", approved March 4, 1925 (33 U. S. C. 765), but not including travel properly chargeable to the appropriation herein for "Transportation of families and effects of officers and employees and allowances for living quarters", Bureau of Foreign and Domestic Commerce: *Provided*, That not exceeding $3,000 of this appropriation shall be available for the hire of automobiles for travel on official business, without regard to the provisions of the act of July 16, 1914 (38 Stat. 508), $468,400.

The amendment was agreed to.

The next amendment was, under the subhead "Bureau of Foreign and Domestic Commerce", on page 62, line 25, after the word "foregoing", to strike out "$350,000" and insert "$313,000", so as to read:

District and cooperative office service: For all expenses necessary to operate and maintain district and cooperative offices, including personal services, rent outside of the District of Columbia, purchase of furniture and equipment, stationery and supplies, typewriting, adding, and computing machines, accessories, and repairs, purchase of maps, books of reference, and periodicals, reports, documents, plans, specifications, manuscripts, newspapers, both

foreign and domestic (not exceeding $300), and all other publications necessary for the promotion of the commercial interests of the United States, and all other necessary incidental expenses not included in the foregoing, $313,000.

The amendment was agreed to.

The next amendment was, on page 66, line 12, after "(5 U. S. C. 70)", to strike out "$153,000" and insert "$164,000", so as to read:

Transportation of families and effects of officers and employees and allowances for living quarters: To pay the traveling expenses and expenses of transportation, under such regulations as the Secretary of Commerce may prescribe, of families and effects of officers and employees of the Bureau of Foreign and Domestic Commerce in going to and returning from their posts, or when traveling under the order of the Secretary of Commerce, and also for defraying the expenses of preparing and transporting the remains of officers and employees of the Bureau of Foreign and Domestic Commerce who may die abroad or in transit, while in the discharge of their official duties, to their former homes in this country, or to a place not more distant, for interment, and for the ordinary expenses of such interment; to enable the Secretary of Commerce, under such regulations as he may prescribe, in accordance with the provisions of the act of June 26, 1930 (5 U. S. C. 118a), to furnish the officers and employees in the Foreign Commerce Service of the Bureau of Foreign and Domestic Commerce stationed in a foreign country, without cost to them and within the limits of this appropriation, allowances for living quarters, heat, and light, notwithstanding the provisions of section 1765 of the Revised Statutes (5 U. S. C. 70), $164,000: *Provided*, That the maximum allowance to any officer or employee shall not exceed $1,700.

The amendment was agreed to.

The next amendment was, under the subhead "National Bureau of Standards", on page 71, line 6, before the word "equipment", to strike out "plan" and insert "plant", so as to read:

Operation and administration: For the general operation and administration of the Bureau; improvement and care of the grounds; plant equipment; necessary repairs and alterations to buildings, $275,000.

The amendment was agreed to.

The next amendment was, on page 72, line 8, after the figures "$715,000", to insert a comma and "of which $75,000 shall be available for the development of pH standards", so as to read:

Research and development: For the maintenance and development of national standards of measurement; the development of improved methods of measurement; the determination of physical constants and the properties of materials; the investigation of mechanisms and structures, including their economy, efficiency, and safety; the study of fluid resistance and the flow of fluids and heat; the investigation of radiation, radioactive substances, and X-rays; the study of conditions affecting radio transmission; the development of methods of chemical analysis and synthesis, and the investigation of the properties of rare substances; investigations relating to the utilization of materials, including lubricants and liquid fuels; the study of new processes and methods of fabrication; and the solutions of problems arising in connection with standards, $715,000, of which $75,000 shall be available for the development of pH standards.

The amendment was agreed to.

The next amendment was, on page 73 after line 3, to insert:

Additional land: For enlarging the site of the National Bureau of Standards by the purchase of 12.5 acres of land, more or less, including improvements thereon, being parcels Nos. 44/4, 44/5, 44/34, 44/44, and 44/45 in the District of Columbia, adjacent to the present site of the National Bureau of Standards, $100,000, to be available immediately.

The amendment was agreed to.

The next amendment was, on page 74, line 10, after the words "Standards", to strike out "$2,166,000" and insert "$2,266,000", so as to read:

Total, National Bureau of Standards, $2,266,000, of which amount not to exceed $1,914,000 may be expended for personal services in the District of Columbia.

The amendment was agreed to.

The next amendment was, under the subhead "Coast and Geodetic Survey", on page 81, line 12, after the word "chandlery", to strike out "$65,000" and insert "$70,000", so as to read:

Vessels: For repair of vessels, and replacement of equipment thereon, exclusive of engineers' supplies and other ship chandlery, $70,000.

The amendment was agreed to.

The next amendment was, under the subhead "Bureau of Fisheries", on page 84, line 22, before the word "including", to strike out "$930,000" and insert "$949,400"; and on page 85, line 3, after the word "expenses", to insert a comma and "and including not to exceed $20,000 for the completion of fish cultural station at Arcadia, R. I., including construction of buildings and ponds, water supply, improvements to grounds, purchase of equipment, and all other necessary expenses", so as to read:

Propagation of food fishes: For maintenance, repair, alteration, improvement, equipment, acquisition, and operation of fish-cultural stations, general propagation of food fishes and their distribution, including movement, maintenance, and repairs of cars and not to exceed $15,000 for purchase of trucks for fish distribution; maintenance, repair, and operation of motor-propelled passenger-carrying vehicles for official use in the field; purchase of equipment (including rubber boots, oilskins, and first-aid outfits), and apparatus; contingent expenses; pay of permanent employees not to exceed $454,250; temporary labor; not to exceed $10,000 for propagation and distribution of fresh-water mussels and the necessary expenses connected therewith; purchase, collection, and transportation of specimens and other expenses incidental to the maintenance and operation of aquarium, $949,400, including not to exceed $155,000 to establish or commence the establishment of stations authorized by the act approved May 21, 1930 (46 Stat. 371), including the acquisition of necessary land, construction of buildings and ponds, water supply, improvements to grounds, purchase of equipment, and all other necessary expenses, and including not to exceed $20,000 for the completion of fish cultural station at Arcadia, R. I., including construction of buildings and ponds, water supply, improvements to grounds, purchase of equipment, and all other necessary expenses.

The amendment was agreed to.

The next amendment was, on page 87, line 22, after the word "exceed", to strike out "$56,760" and insert "$61,960"; and on page 88, line 3, after the word "field", to strike out "$72,500" and insert "$80,000", so as to read:

Fishery industries: For collection and compilation of statistics of the fisheries and the study of their methods and relations, and the methods of preservation and utilization of fishery products, and to enable the Secretary of Commerce to execute the functions imposed upon him by the act entitled "An act authorizing associations of producers of aquatic products", approved June 25, 1934 (48 Stat. 1213), including pay of permanent employees not to exceed $61,960, compensation of temporary employees, preparation of reports, contract stenographic reporting services, and all other necessary expenses in connection therewith, including the purchase (not to exceed $1,100), exchange, maintenance, repair, and operation of motor-propelled passenger-carrying vehicles for official use in the field, $80,000.

The amendment was agreed to.

The PRESIDING OFFICER. That concludes the committee amendments.

Mr. BARBOUR. Mr. President, I send to the desk an amendment which has been heretofore printed. I offer the amendment, and ask that it be stated.

The PRESIDING OFFICER. The amendment offered by the Senator from New Jersey will be stated.

The CHIEF CLERK. On page 36, line 16, it is proposed to strike out "$300,000" and insert "$750,000."

Mr. BARBOUR. Mr. President, I realize how easy it is to talk economy in the abstract, and in the specific to suggest, as I have done in this instance, an increase in an appropriation.

This is an appropriation, however, in which I have been greatly interested for a number of years; and I should like to make a brief statement in support of the increase which is suggested in the amendment I have offered.

The $300,000 item enables the Federal Bureau of Investigation to meet special demands made of it in connection with kidnaping, extortion, bank robbing, espionage cases, and so forth, and was inserted in the bill in the House after Director J. Edgar Hoover told the House Appropriations Committee that the F. B. I. field force, as well as the departmental organization in Washington, were far behind in their work.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. BARBOUR. I yield to the Senator from Tennessee.

Mr. McKELLAR. As I recall, I instructed the clerk of the committee to invite the Department to make any suggestions

they desired as to amendments in the Senate; and no suggestions of amendments in the Senate were made by the Department or by the F. B. I.

Mr. BARBOUR. Mr. President, of course, I realize that that must be so if the able Senator from Tennessee says it is so. But——

Mr. McKELLAR. Let me ask the Senator a question. My recollection is that it was said that the crime of kidnaping has decreased and is decreasing very rapidly.

Mr. BARBOUR. That is true, Mr. President, thanks to the F. B. I.

Mr. McKELLAR. Under those circumstances, why should we increase the appropriation? The House appropriated the amount of the Budget estimate. No Budget estimate for any greater sum has been made. The Senate approved the Budget estimate.

Mr. BARBOUR. Mr. President, the duties and responsibilities of the Federal Bureau of Investigation, of course, are not confined to kidnaping alone. For instance, with 10,300,000 sets of fingerprints on file, an increase of 1,400,000 in the last year, and more than 10,000 law-enforcement agencies contributing to these files, this work alone has reached a point never contemplated a few years ago, and will enable the Government to identify many thousands of gangsters, criminals, and men with criminal records who never could have been apprehended except for the effectiveness of this field phase of the F. B. I.'s activities. That is an activity which the Senator from Tennessee does not mention. There are many others.

Mr. McKELLAR. Mr. President, if the Senator will yield, in line 4, on page 36, $7,000,000 is appropriated for this Bureau. That was the Budget estimate. The House allowed it, and the Senate committee allowed it. My recollection is that the additional sum of $300,000 appropriated this year for salaries and expenses for certain emergencies was $150,000 last year.

The appropriation is doubled in this year's bill, and there has been no request from the Department or from the F. B. I. to increase the appropriation over $300,000. There is no Budget estimate, and the amendment is not in order. I hope the Senator will not insist on the amendment. I am so very devoted to the Senator personally that I do not like to object to anything he asks.

Mr. BARBOUR. I am very grateful for that sentiment; but I have considerable data here which, frankly, I want to present as briefly as I can, because even with the opposition of the able Senator from Tennessee to my amendment, I feel the facts are worthy of being recited at this time.

To begin with, I wish to say that I know, as the Senator knows, and I am sure a great many other Senators know, that the Director of this startlingly successful and dramatic Bureau of the Government did ask for the appropriation of $750,000, and that was cut down to the amount which appears in the pending bill; namely, $300,000. I know of no activity of the Government which is more meritorious or more entitled to financial support than this one.

Let me point out further, if I may, that this is the one activity of the Government which brings in a great deal more money than is expended upon it, in the way of recovery of huge sums which have been stolen and embezzled, and money restored from kidnaping ransoms recovered by the Bureau.

As a matter of fact, since the activities of the F. B. I. under Director Hoover result each year in fines, savings, or recoveries equal to nearly eight times the amounts appropriated by Congress for its work, it is obvious that any reasonable increase in its appropriation will return substantial dividends not alone in better law enforcement but actually in dollars and cents—in dollars and cents many times more than the amount authorized by this amendment.

With 10,300,000 sets of fingerprints on file, an increase of 1,400,000 in the last year, and more than 10,000 law-enforcement agencies contributing to these files, this work alone has reached a point never dreamed of a few years ago, and enabled the Government to identify many thousands of fugitives, criminals, and men with police records, who could never have been apprehended except for the effectiveness of this one phase of the F. B. I.'s activity. Seven thousand fugitives from justice were apprehended last year, and the work of the F. B. I. has been invaluable in weeding out police characters from the public service and other public rolls.

In Richmond, Va., it was discovered that out of 2,587 transients whose fingerprints were taken when they applied for relief 1,651 had police records and half of this number were guilty of serious crimes, including murder and rape. The ten-millionth fingerprint record, received in February, was that of a man charged with forgery by the police in Sacramento, Calif. They knew nothing of his previous record. The F. B. I. fingerprint file showed he was wanted under another name for criminal assault and murder in 1936, and there had been other convictions before that.

In the Federal civil service 1 out of 13 appointees was found to have police records. Through the work of the F. B. I., this ratio has been reduced to 1 to 41.

Mr. Hoover tells us there are 14,067 criminals in the United States who can be classified as public enemies. Of this number, only 2,000 are in penal institutions now. These are men with long criminal records, from whom fresh crimes may be expected. We even find men trying to become police officers or obtain other positions of trust who at the time of application are fugitives from justice or men who have been convicted of crimes involving moral turpitude.

Up to last year the Government was called on to deal with an average of 35 espionage cases a year. Last year, 634 such cases were reported. So effectively has the F. B. I. handled this type of cases for the Army and Navy that it has been asked to establish offices in Puerto Rico, Hawaii, and Alaska, in addition to the Panama Canal Zone and the Philippines. It has been impossible to do so because of inadequate appropriations.

As everyone knows, kidnaping cases reach into some of the most remote parts of the country. The trail in the Ross case extended from Chicago into the north woods of Minnesota and Wisconsin, into Michigan, New York, south to Florida and Louisiana, then west to California and back to Minnesota, Wisconsin, and Illinois. In the Levine kidnaping case, F. B. I. agents interviewed 8,500 persons, in the Fried case 12,450 persons, and in the Mattson case more than 12,000 persons. Since enactment of the so-called Lindbergh law, the F. B. I. has solved 152 out of 154 kidnaping cases investigated, and brought the criminals to justice.

Bank robberies have dropped from 419 in 1934 to 116 in 1938, notwithstanding an increase in the meantime in the number of banks in which the F. B. I. has jurisdiction, largely as a result of its good work in catching bank robbers.

The record is conclusive. The effectiveness of the F. B. I. has made this agency incomparable in an era when there is too often more interest in spending than in getting results—results which in this instance actually pay dividends in not only curbing crime, but in bringing in actual dollars and cents to the heavily burdened taxpayers. Mr. Hoover has built up the best investigating force in the world, not excepting Scotland Yard, and we must not deny it the relatively small fund needed to enable it to meet the responsibilities thrust on it by Congress, or assumed voluntarily in response to public opinion.

I repeat, for some reason or other, perhaps because politics is so completely eliminated in this particular bureau, there does not seem to be the enthusiasm for it as is the case with many other departments of the Government these days.

Mr. KING. Mr. President, will the Senator yield?

Mr. BARBOUR. I am glad to yield.

Mr. KING. I think there has been a great deal of enthusiasm for the Bureau to which the Senator refers, because it was but a few years ago when the appropriation was one or two million dollars, then we raised it to five million, and now it is up to seven million. I think we have been very generous not only with respect to this Bureau, but with the entire Department of Justice, because in the pending bill we are appropriating $50,000,000 for this Department.

Mr. BARBOUR. Of course, those sums are all large, but everything is by comparison. As I stated before, there is no more dramatic story in the whole Federal Establishment than in the work being done under administrative handicaps and against great odds by the Federal Bureau of Investigation. The increase I am proposing in the emergency fund already approved by the House would simply enable the F. B. I. to dispose of some of the more than 6,000 accumulated cases now awaiting investigation, and meet a part of the additional load being thrown on it all the time as a consequence of new laws and the concentration of all fingerprint files in the bureau, including those of the Army.

Anyway, no matter what may be the result of my efforts on this occasion, I shall fight for this particular activity every time I have the opportunity.

I have sufficient confidence in Director Hoover to know that when he comes before the Congress asking for a sum of money he can justify his request, and that the money, every penny of it, will be well spent.

Mr. President, I hope most earnestly that the amendment I have proposed will prevail.

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the Senator from New Jersey.

The amendment was rejected.

The PRESIDING OFFICER. If there be no further amendment to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill (H. R. 6392) was read the third time, and passed.

Mr. McKELLAR. Mr. President, I move that the Senate insist upon its amendments, ask for a conference with the House thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. McKELLAR, Mr. RUSSELL, Mr. McCARRAN, Mr. BANKHEAD, Mr. PITTMAN, Mr. LODGE, and Mr. BRIDGES conferees on the part of the Senate.

INTERNATIONAL BROADCASTING—RULES OF FEDERAL COMMUNICATIONS COMMISSION

Mr. WHEELER. Mr. President, I desire to call attention to and to have inserted in the RECORD a letter from the National Association of Broadcasters, together with several editorials from various newspapers throughout the country. I wish in particular to call attention to the fact that the Federal Communications Commission on May 23 adopted some new rules and regulations respecting international broadcasting. Among the rules which they adopted was the following:

> A licensee of an international broadcast station shall render only an international broadcast service which will reflect the culture of this country and which will promote international good will, understanding, and cooperation.

I call the attention of the Senate to the fact that if that rule should stand, it would give the Commission the right to censor the broadcasting of speeches by Members of the United States Senate. In other words, if I or some other Senator desired to make a speech on international questions over an international radio, the rule would give the Commission the right to say that the speech which was about to be made did not reflect the culture of the country, and might possibly stir up bad feelings in some other country. It is a form of censorship which the Congress of the United States never contemplated when it passed the law. On the contrary, Congress specifically provided that there should be no censorship.

I think everybody who is interested in the subject agrees that the radio must be free from censorship. I am told that the broadcasting companies and the National Association of Broadcasters are asking for a hearing upon this particular matter. The rule was adopted without any hearing. I sincerely hope the Commission will grant a hearing to the broadcasting companies, and I sincerely hope they will modify a rule which would tend to bring about censorship in the United States over national and international broadcasting.

I have here a number of clippings from various newspapers throughout the country. They are from Ohio, Indiana, Boston, Omaha, and various other States and cities throughout the United States. I ask unanimous consent that both the letter and the clippings be included in the body of the RECORD as part of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

The letter and newspaper clippings are as follows:

NATIONAL ASSOCIATION OF BROADCASTERS,
Washington, D. C., June 3, 1939.

The Honorable FRANK R. McNINCH,
Chairman, Federal Communications Commission,
Washington, D. C.

DEAR MR. McNINCH: On May 23, 1939, the Commission promulgated new rules and regulations for the operation of international broadcast stations. These rules included new and unprecedented restrictions and requirements as to program content and were issued without prior public hearing. Of the nine licensees operating 14 international broadcast stations, the majority are members of the National Association of Broadcasters. This organization has a committee for the study and coordination of international broadcasting and is now accumulating more comprehensive information in this field than has been available. Meanwhile, however, these new rules and regulations precipitate certain fundamental questions which are a matter of vital concern to broadcasting generally and to the entire American public. It is to these more fundamental matters that we address ourselves.

Paragraph (a) of section 42.03 of the new regulations provides that "A licensee of an international broadcast station shall render only an international broadcast service which will reflect the culture of this country and which will promote international good will, understanding, and cooperation." It is submitted that the question as to whether a specific program reflects the culture of this country or promotes, at any given moment, international good will, understanding, and cooperation, is a matter upon which there may be sharp differences of opinion. A literal interpretation of this regulation would, for example, require a licensee to suppress spokesmen for minority groups if either the licensee or the Commission thought their views would not promote "international good will, understanding, and cooperation." Freedom of speech as an integral part of the culture of this country not only is a cherished tradition but a living reality. Any requirement that international broadcast stations suppress a speaker because his remarks might not promote "international good will, understanding, and cooperation" would, therefore, seem to be in conflict with the requirement that the service rendered by an international broadcast station "reflect the culture of this country."

We are advised by several licensees of international broadcast stations that foreign listeners rely upon stations in the United States as a source for unbiased and uncensored news of the world. This reliance is based upon the fact that these listeners know that in the United States there is no governmental supervision or control over the matter to be broadcast. In many other countries broadcasting is an instrument of the government and listeners to their stations are aware of the fact that their programs, including news reports and information on current events, are colored to fit the philosophy and views of the government. The consequent distortion of news into self-serving propaganda has evoked a growing resentment toward the countries from which it emanates, and such resentment has reacted to enhance foreign respect for the present impartial dissemination of programs from the United States. We, therefore, feel that the confidence that has been developed in the independent operations of American short-wave stations will be destroyed when it becomes known that an agency of the Government of the United States has laid down requirements to control the program content of these stations.

Moreover, it is respectfully submitted that the existence of this regulation (42.03 (a)) needlessly places this Government in a position which we believe to be contrary to our traditional policy in the field of foreign relations. There are abundant examples of instances in which some citizen of the United States has made certain utterances by radio or through the press which have aroused the antagonism of the representatives of foreign powers. It has been the customary reply of our State Department to the protests by offended powers that this country is one in which freedom of speech is an actuality and the Government has no power to abridge this fundamental right. The regulation which we are discussing definitely implies official responsibility for all matter broadcast over international stations. This we believe is unsound policy and incompatible with the operation of broadcast stations by private enterprise in a democracy. It would seem equally appropriate to require Government supervision and censorship of all matter contained in American newspapers circulated abroad which use the facilities of the American merchant marine or the second-class mail for delivery. This analogy, we believe, clearly demonstrates the errors and the immediate dangers of the policy which this new regulation embodies.

We likewise desire to invite your attention to paragraph (b) of section 42.03, which places further restrictions upon program content to the extent that it limits and prescribes the type of commercial advertisement which can be made, the type of commodity which can be advertised, and then excludes all commercial or sponsored

programs that "are not consistent with the purpose or intent of this section." Such regulations are neither desirable nor necessary nor susceptible to sufficient clarity of interpretation or agreement as to meaning to permit them to be practically applied. If international broadcasting is to be continued as an instrument of private enterprise, we feel that the regulatory authority should confine its functions to questions of technical efficiency, allocation, and general performance in the public interest.

It seems appropriate to emphasize that the record of licensees in the international broadcast field has been one of greatly increasing service to foreign listeners. During the past 2 years there has been a marked development of facilities and personnel by the various private licensees. Their programs are being exclusively designed for international audiences. The responses that have been received indicate that foreign listeners appreciate the fact that these programs, reflecting as they do a living pattern of our democracy, have not undertaken to propagandize any political ideology. This should be continued, because the most effective way to develop and foster international good will by the United States is to avoid copying the tactics of totalitarian governments who supervise and direct all broadcasting.

Finally, we have been unable to find a legal basis for the regulations which we have discussed. It need only be pointed out that the authority for all powers exercised by the Commission must be found in the act itself, and that such authority must be expressly conferred or follow by necessary implication from powers expressly conferred. In this case we can find neither. While the Communications Act of 1934 clothes the Commission with extremely broad powers on matters of allocation and the technical and physical operations of broadcast stations, we can find nothing in the act or in the several decisions of the court which have been based upon this act to support this character of regulation. We have been unable to find any provision of the act or decision of the court which would authorize the Commission to pass upon the content of programs broadcast either directly by prior examination of the program material or indirectly by imposing requirements which will have the same effect.

The Federal Communications Act of 1934 is silent on the subject of program content. Not only does this absence of language support our conclusions that the Commission is without authority to regulate program content as such, whether in the international or domestic broadcasting field, but it should be particularly noted that the statutes expressly prohibit censorship in any form. We desire to emphasize the language in section 326, which states:

"Nothing in this act shall be understood or construed to give the Commission the power of censorship over the radio communications or signals transmitted by any radio station, and no regulation or condition shall be promulgated or fixed by the Commission which shall interfere with the right of free speech by means of radio communication."

If the Commission has the authority to promulgate this character of regulation in the international field, it must have equal authority with respect to domestic broadcasting, as the same provisions of the law govern both classifications. If licensees of international broadcast stations can be required to restrict their programs to any regulatory authority's concept of American culture, it would seem clear that the licensees of domestic broadcasting stations could be required to limit their programs to some "official" definition of culture, education, and entertainment. That this would constitute a violent transgression of the basic principles of American democracy is self-evident. We further submit that the proposed regulations would establish the precedent for such transgression, and surely no such dangerous prerogative is contemplated by the Communications Act of 1934 and is in direct conflict with section 326 of the act, which expressly prohibits any type or character of censorship or any condition or regulation "which shall interfere with the right of free speech by means of radio communication."

In view of the importance of the subject itself, and in further view of the necessary implications to which the adoption of such regulations give rise, we request that the Commission follow the same course selected by it in the adoption and promulgation of rules and regulations governing the domestic operation of broadcast stations, and that it conduct hearings on these regulations. We further request that the Commission reconsider its action of May 23, 1939, and postpone final action until such time as an opportunity may be given for the conduct of a hearing upon the questions above referred to and others which are necessarily involved in the consideration of this subject.

Very respectfully yours,

NEVILLE MILLER.

[From the Bucyrus (Ohio) Telegraph Forum of May 31, 1939]

KEEP RADIO INDEPENDENCE

Refusal by the British Broadcasting Co., which dictatorially controls all radiocasts on the islands, to permit the world broadcast of the Duke of Windsor, formerly King Edward, to be heard by Britishers should have been a warning to the United States to fight any move that is made to seize similar control here. It is recalled that a few days after the famous Wells broadcast, which stirred the country into thinking that an army from Mars was coming down to earth to wipe out civilization, a Pennsylvania editor wrote an editorial, a copy of which was received by the Telegraph Forum, in which he advocated Federal control of all radio programs. The editor apparently overlooked one vital point in his great rush to get his opinion of a more or less laughable situation before the people of his community.

He overlooked that once the Government is given control of one branch of any kind of industry it would not be long before it would have another hunk and so on until it would have it all. Apparently having noted this particular editorial comment, Frank R. McNinch, Chairman of the Federal Communications Commission, ruled aloud that the Government must stay out of the radio censoring field. The gentleman is right.

It is not argued here that radio has not made some mistakes. The Wells broadcast was a mistake, but where is there an industry which has not made mistakes? Because a child makes a mistake is no reason to put that child under a dictatorship which would not permit it to have any future self-control. Because an industry makes a mistake is no reason for the Government to take it over. The Government, too, makes mistakes, in fact, many more than are made by industry. No industry would double its indebtedness in 5 years and then announce that it intends to keep on running into debt. Bankruptcy courts have records of all those which have tried to operate under such a system.

The Wells broadcast will, it is safe to say, not happen again. The Mae West radio fuss of a year or so ago was corrected at once. Radio has shown a desire to correct its ills as they appear. No industry and no person can make such corrections before they appear. To impose a Federal censorship merely because one program happened to stir up an hour's fuss would be to announce to the world that the newest American industry is without sufficient common sense to run its own affairs.

Even censors, almighty as some of them think they are, make mistakes. Who corrects them? Under the Pennsylvania editor's suggestion these censors would be the final word. If they made a mistake the public would have to take it and like it, or else. The system as it operates today provides a double check by both the industry and the Government when checking is necessary. It should not be changed.

[From the Muncie (Ind.) Press of May 29, 1939]

CENSORSHIP OVER THE RADIO?

Only "international programs of good will" are to be broadcast from the United States if an order of the Federal Communications Commission is to be obeyed. That such an order should go forth from the Commission would be unbelievable if it were not true. Nothing could more clearly demonstrate the way some agencies of the administration are trekking down the road toward suppression of free speech and a free press except an order from somebody in Federal authority demanding that newspapers not print anything about a certain subject, or to print only what the Government said on such a subject. There is the wide difference, of course, that no newspaper worthy of the name would pay attention to such an order, whereas the broadcasting companies apparently are compelled to do so. They are licensed only for 6 months at a time, and the Communications Commission can take away these licenses almost whenever it pleases.

It is to be hoped that some broadcasting concern with plenty of money to back it up accepts this challenge to freedom of the air and sends out a program objectionable to the Commission in order that a test case of it may be made in the courts. Somewhere it should be able to obtain redress.

If the Federal Government or any of its agencies assumes the right to dictate what kind of programs may and may not be served over the air—barring, of course, those that are objectionable for moral reasons—then it might consistently deny to citizens the right to assemble peaceably to protest against the acts of the Government or for any other purpose. The next step might be an attempt to censor the press, thus throwing aside the Constitution as an instrument no longer having supreme authority.

The Communications Commission may back up its stand by saying that the Constitution says nothing about radio broadcasting, since there was no such thing as radio when the Constitution became the primal law of the Nation. But the same principle is involved as is concerned with freedom of speech and press; and, indeed, freedom of speech, even if over the ether, is thus directly affected.

It has only been a few days ago that the President said that the authority of the Government over radio was limited to "such controls of operation as are necessary to prevent complete confusion on the air," and that "in all other respects the radio is as free as the press."

This statement is completely in accord with the popular conception of the position that radio holds. Mr. Roosevelt now should see to it that his Commission rescinds its order. If he does not, then it is up to the broadcasting companies themselves to take action. In the meantime, the President would meet general approval if he were to change the personnel of the Commission. It evidently does not know that its authority is limited, or does not care.

[From the Boston (Mass.) Transcript of May 25, 1939]

INTERNATIONAL BROADCASTS

The Federal Communications Commission has raised a nice problem in its most recent ruling. Henceforth the Commission will require that licensees of international broadcasting stations in the United States "shall render only an international broadcast service which will reflect the culture of this country and which will promote international good will, understanding, and cooperation." Is this a deprivation of free speech, unwarrantable censorship of

the air waves? Or is it a necessary protection against abuse of the broadcasting privilege for propagandistic purposes?

Those questions are not easily answered. The ruling was made as the result of complaints that a New Jersey station was broadcasting anti-Semitic programs for the benefit of foreign listeners. Americans certainly do not want the rest of the world to get the idea that we sympathize with that sort of doctrine. Such programs, we feel, have no place on either the domestic or the international air waves. But does that mean that no minority in America shall be allowed to broadcast its message to foreign lands? Does it mean that Earl Browder, for example, running for President in 1940, will be allowed to address American audiences, but not foreign ones? Do civil liberties, like party politics, stop at the water's edge?

The Commission has used its broad powers over domestic broadcasting with laudable discretion. There is no cause for immediate concern lest the ruling on international broadcasts be abused. In fact, the license of the New Jersey station whose misconduct apparently prompted the ruling has just been renewed after a 6 month's suspension. The action of the Commission appears to be a compromise between the majority members who still favor free speech on the air and the minority members who advocate some sort of censorship. But it makes us uneasy to have the power of the Commission clamp down, when and if it pleases, reaffirmed.

Radio has vastly increased the influence of the spoken word. It calls, perhaps, for a greater degree of public regulation than any other means of communication. International broadcasters have a greater responsibility than domestic ones. Still, the test of civil liberties is always in their most difficult application. It is reasonable to ask if the ruling of the F. C. C. really promotes the "public interest," which is its excuse. Is American culture reflected at its best in the fact or threat of censorship? If no real censorship is intended, will good will be promoted by creating the impression abroad that all our international broadcasts have the approval of the Federal Government through the F. C. C.? By assuming the responsibility for our foreign broadcasts in word the F. C. C. may be forced to accept it in fact.

[From the Omaha (Nebr.) Evening World-Herald of June 2, 1939]

CENSORSHIPS

A recent order of the Federal Communications Commission is regarded by David Lawrence as "one of the most important things that has happened since radio began to be regulated."

The order was to radio stations that they broadcast only international programs of good will.

If uncorrected, this careful student of government asserts, it "means the beginning of a Fascist censorship of the press as well as the radio in America."

For by this rule the Government asserts a right to dictate what shall and shall not be said over the radio—to control the content of radio programs.

There are honest differences of opinion as to what constitutes good will. Also, it may be contended that an American citizen, speaking over the radio so that Germans may hear him, is entitled to express even a definite ill-will toward the Nazi regime if his convictions so impel him. Mr. Roosevelt has exercised that right; so has Secretary Ickes; so have many newspapers and periodicals that penetrate beyond the German borders.

If government may deny to citizens using the radio a right exercised by itself, then, says Lawrence, it may next assert a like power over the press.

For it is "a short step" to hold that since newspapers are transmitted through the mails "they can be regulated as to their content." Meanwhile "speakers can be kept from public appearances in any form of radio facilities if their ideas of 'good will' do not correspond with those of the Government censors in Washington."

The encroachment of bureaucracy upon civil liberties, upon the personal and property rights of citizens, are sometimes insidious, almost imperceptible. At other times they are bold and challenging. But it is in the very nature of things that they are persistent. Power grows by what it feeds upon. It is tormented by a chronic itch to extend and exercise itself.

And that is why the old fogies of the "horse and buggy" days who organized our Federal Government stood in dread of its power. For that reason they limited and defined it as strictly as they knew how. They sought to weaken power by dividing the rights and responsibilities of its exercise—Federal and State; executive, legislative, and judicial; a Congress composed of two Houses rather than one, so that each might impose a check upon the other. And with each of the three branches of the Federal Government exercising a sort of veto right against the other two.

Extraordinary were the precautions taken by the Founding Fathers. The rights of the citizens to free speech, a free press, freedom of religion; their property rights; their sovereignty over their own government, these must be protected against the vaunting ambition of all Government, which is inherent.

Eternal vigilance is the price of the liberty the fathers of the Republic tried so hard to guarantee to all who were to come after them. That vigilance can be inspired and sustained only according to the degree in which the people value their liberty.

[From the New York Herald Tribune of May 25, 1939]

A STEP TOWARD CENSORSHIP?

Presumably the Federal Communications Commission is thinking only of programs specifically destined for foreign nations when it directs that the licensee of an international broadcast station "shall render only an international broadcast service which will reflect the culture of this country and which will promote international good will, understanding, and cooperation." But if this order be taken literally, it can be construed as authorizing strict Government supervision—which means censorship—over any local station whose programs may be heard outside of the United States. This in itself is reason enough to question the soundness of the ruling. When, in addition, the very broad terms of the ruling are considered, it is quite obvious that it could be so used as to enable direct Government interference in program making and broadcasting anywhere within the country.

When does a radio program fail to "reflect the culture of this country"? In Germany, when Herr Hitler came into power, a chamber of culture was formed, which undertook to eliminate everything that might be incompatible with German culture. Among other things which the Nazi government did was to prescribe rules for the conduct of newspaper editors, one of the chief provisions of which was that editors should withhold from publication anything which might "weaken German culture," or weaken the standing of the German people nationally or internationally. At a later date the Nazi government provided for what Dr. Goebbels called the polyform expression of a monoform national will. Is this what is in the back of the minds of the members of the F. C. C.? Or is it simply that, having failed in other ways to do more than to frighten the broadcasting stations into compliance lest by offending the F. C. C. they might have their broadcasting licenses withdrawn, the F. C. C. now hopes to exercise direct control of the air in the good name of "the culture of this country"?

In time of war some sort of close regulation of what goes out over the air—especially to foreign nations—would probably be unavoidable. But, despite all the President's fears, we are not yet at war, and there is no need for supervision of programs by Government agents so that they will surely reflect the "culture of the country." German broadcasts for foreign consumption are closely directed by the Government—for Government ends. This is probably efficient. But however desirable it may be to have an efficient American propaganda abroad to counteract German and other foreign propaganda, this is not—and should not be—a Government function, either through the creation of an official Government broadcasting station or through Government control of broadcasting programs which may be overheard abroad, in the name of "the culture of the country." Such control is the entering wedge of the sort of regulation which spells censorship, and descent to totalitarianism has begun.

[From the Bristol (Conn.) Press of May 26, 1939]

THE IMPLICATIONS OF RADIO CENSORSHIP

We are a bit puzzled by the ruling of the Federal Communications Commission that international broadcast stations must "render only an international broadcast service which will reflect the culture of this country and which will promote international good will, understanding, and cooperation." How strict is the censorship under this rule to be? Is it the first step toward a controlled radio domestically? Are we being placed in a position where the totalitarian states may point their finger at us and jeer at the censorship over a free people?

But there is a possibility that has deeper significance. If it is understood that all programs in the international field are endorsed or approved by a Government censor, then do not the programs reflect the official view of the administration in power? A speaker attacking, for instance, the philosophy of Germany, may cause the German Government to protest that international good will is not being promoted by the remarks. The speaker can take refuge in the statement that his remarks were approved by the censor. The Government takes the responsibility. It is a dangerous policy upon which the Federal Communications Commission has embarked—dangerous to American liberties and America's place in the family of nations.

[From the Youngstown (Ohio) Vindicator of June 2, 1939]

THE RADIO CONTROL ORDER

The Federal Communication Commission's new order governing broadcasts to foreign countries hardly seems to justify David Lawrence's fear that it "can mean the beginning of a Fascist censorship of the press as well as the radio in America." Nothing of that sort is in prospect. Even so it would have been wiser for the F. C. C. to attain the desired object by some other method.

It is an unwarranted assumption that if a regulation is applied to broadcasting it can by the same token be applied to newspapers. The physical limits of wave lengths, which require control of radio to prevent confusion on the air lanes, obviously give the Government a greater responsibility for that medium of communication than for the press.

Yet radio control should be handled with caution. The F. C. C.'s order requires stations to "render only an international broadcast service which will reflect the culture of this country and which will promote international good will, understanding, and cooperation."

Obviously there are differences of opinion as to what will promote good will and what will work against it. There may even be irreconcilable conflicts in subject matter which would aid good will in one foreign country but forfeit it in another. The order invites controversy, and it is not desirable that a Government agency should decide the motives and effects of a citizen's communication.

A more serious aspect of the order is that it tends to make the Government responsible for what the stations send out. When the Nazi regime protested press attacks in this country, Washington was able to reply that this was a free Nation, that the Government had no control over newspapers' opinion, and wanted none.

If the American Government now undertakes to see that broadcasts contain only sweetness and light, a foreign government which is offended by a radio speech may properly inquire whether it was in accord with this Government's idea of fostering good will.

In short, the F. C. C. is courting unnecessary controversy and responsibility; it might have accomplished its object indirectly without taking these risks. But its action need not make the American people fearful that freedom of the press is imperiled.

[From the Danville (Va.) Bee of May 31, 1939]

CULTURE OR CENSORSHIP

The Federal Communications Commission has joined the world-wide movement which proposes to ban from the world ether waves all bitterness and all propaganda which would seek to divide and to turn one group of people against another. Stations qualifying for international licenses from now on will have to agree to render "an international broadcast service which will reflect the culture of the Nation and promote international good will, understanding, and cooperation."

This, of course, is the virtual recognition of a world-wide censorship of the ether waves which will rule out very probably important minority views. It will be easy to interpret as something not promoting international good will an entirely sound argument if it happens to be in opposition to the principles of the administration or the government in power.

What the world interests of radio have seemingly entirely overlooked is the adroitly engineered "jamming" of stations of hostile countries by those of another country and a failure to comply rigidly with the allotted wavelengths assigned under the international scheme of things.

It is no mere quirk of the atmosphere and no singular performance of the Heavyside Layer which occasions heavy interference by a German station whenever a British broadcasting station undertakes to communicate important world happenings. Nor is it accident which makes the station at Rome assume the overlapping characteristic which performs the same service—that of blanketing another wavelength.

However, much the foreign powers may be willing to subscribe to a new academic policy of "charity toward all"—thereby destroying much of the meat of radio communication they need more than anything to be prevented from deliberate physical interferences and pirating which have considerable significance in a day when certain governments deliberately set out to prevent large masses of people from learning what actually is going on in world affairs.

TODAY IN WASHINGTON—RADIO ORDER SHOWS TREND TOWARD PRESS CENSORSHIP

(By David Lawrence)

WASHINGTON, May 25.—The Federal Communications Commission has just made a blunder which, if uncorrected, can mean the beginning of a Fascist censorship of the press as well as the radio in America. The ordering of radio stations to broadcast only international programs of good will is a form of regulation by the Government of what shall or shall not be said over the radio.

This restriction is contrary to what President Roosevelt himself promised on May 9 in a public statement in which he limited the function of Government as to radio merely "to such controls of operation as are necessary to prevent complete confusion on the air." He then added:

"In all other respects the radio is as free as the press."

Mr. Roosevelt, in his brief comment, repeated what the Supreme Court of the United States has said. When the scope of Federal regulation of radio came before it, Chief Justice Hughes made it clear in reporting a unanimous decision that the Government's power over radio related to the allocation of facilities. Congress, moreover, does not recognize the right of the Federal Communications Commission to deal with the content of radio programs unless, of course, they run counter to the customary laws of libel or the dissemination of obscene or fraudulent matter.

ALWAYS DIFFERENCES OF OPINION

If now, however, a governmental commission may say what is or is not international good will, censorship in fact exists. For there are differences of opinion as to what constitutes good will. During the recent civil war in Spain, had the same rule been operative, one faction in America might have insisted that radio broadcasts from New York designed to reach the Spanish people were not good will, and another might have insisted that the broadcasts were a splendid moral support.

The power of the Federal Government to limit the freedom of speech or of the press has a background of established precedents, but it is quite possible that, if radio opens up now a new avenue of governmental regulation, the President's public comment of May 9 may come to mean that in all respects the press is just as free as radio.

For it is a short step for the Federal Government to contend that, because newspapers enjoy second-class mail rates, they can be regulated as to their content. The Supreme Court has always rejected such an interpretation, but suppose the Post Office Department, acting on a request from some other Government department, should say that all editorials or printed articles which do not tend to promote good will should be prohibited from publication in newspapers or magazines exported to foreign countries. Would that not be on all fours, so far as governmental power is concerned, with the latest action of the Federal Communications Commission?

The Commission has made it clear in its public announcement that radio stations which do not obey the order will possibly lose their licenses. So also an arbitrary government could say that all newspapers which do not conform to the Government's ideas of what constitutes good will in published articles shall lose second-class mail privileges.

NEWSPAPERS COULD BE CONTROLLED SIMILARLY

Whatever concerns the regulation of the contents of radio programs concerns equally the contents of newspapers. It can hardly be said that radio is a different art. For today broadcasting stations are used to transmit by radio the copies of what are known as facsimile newspapers. Likewise, television comes through radio broadcasting stations, and, if the Federal Communications Commission obtains the right to censor what is said in international programs by threatening to discontinue a license, it can do so with respect to television, too. This means that speakers can be kept from public appearances in any form of radio facilities if their ideas of good will do not correspond to those of the Government censors in Washington.

It would have been a simple matter for the Communications Commission to have transmitted as a matter of patriotism any request from the Department of State to radio stations broadcasting international programs. In the period of the World War the entire American press operated on that very kind of informal voluntary basis. The same end would have been obtained by asking and not ordering radio stations or threatening them with loss of licenses.

As it is, the case is one which doubtless will attract the attention of the American Civil Liberties Committee, which has done yeoman work in preventing reactionary influences from cutting down the opportunities of liberal expression identified with freedom of speech in America. An injunction suit against the Commission, asking the courts to restrain the Commission from applying any such order to a radio station, might be one way of getting the issue decided, for it is one of the most important things that have happened since radio began to be regulated. It is hardly an accidental move, because for the last 3 years various members of the Commission here have in public speeches indicated their belief that the Commission has a legal right to censor programs, or that Congress can order censorship just because wave lengths are licensed by the Federal Government. So also are second-class mail facilities a Government privilege, but it has never been abused with the consent of the courts.

[From the Nashville (Tenn.) Banner of May 26, 1939]

RADIO CENSORSHIP

What broadcasters regard as a definite step toward radio censorship, the longest yet taken in that direction, was announced by the Federal Communications Commission in outlining a new ruling to govern international broadcasts from this country, restricting them to programs "which shall reflect the culture of this country and which will promote international good will, understanding, and cooperation."

The inference of that specification is that the broadcasters, in the opinion of the F. C. C., require a strict discipline and the threat of canceled licenses to keep them from engaging in ulterior activities; that only by strict control exercised by the authorities will international good will be preserved.

Heretofore the only restrictions formally bordering on censorship (also enforceable by cancelation of licenses) were those involving violation of laws against "public morals, obscenity, etc."

Yet it has been generally recognized, and for a long time, that radio censorship was a weapon vested in the licensing power exercised by the Federal Communications Commission. And short-wave broadcasts thus ostensibly commercialized for the first time will be exposed to the strongest censorship of all; except, of course—presumably, when government itself, or any of its agents, make a speech for foreign "cultural", or political, enlightenment.

The part that government has played in developing this situation and moving toward this censorship finds its most telling expression in the Chavez bill which would provide a $3,000,000 Federal broadcasting station owned and operated by the Government to conduct its own international broadcasts.

The fallacy of that bill's contention that it would be primarily for such international listeners is obvious, considering that those same broadcasts would be heard by United States citizens as well.

It is recalled in this connection that earlier advocates of this same idea emphasized the project's value for its "national" benefits as well as international, and one witness before a House committee went so far as to stress the desirability of such a step "as a means of providing more adequate educational service to the people of this country through programs dealing especially with Government interests."

Feature the potentialities—political and otherwise—of such an arrangement, should governmental underlings have access to it as they would; should the "educational" program contemplated partake of the W. P. A. arts, theatrical, writers, and speech-making products; or should it run 24 hours or so per day to disseminate propaganda created in the various bureaus of government, whose activities are under such heavy fire.

Those who advocate such as that on the premise that South American listeners cannot today tune in on American programs, but are dependent exclusively on broadcasters from the Fascist lands, ignore positive proof that American broadcasting to them far exceeds already that from the other countries in question, and this without any subsidized broadcasting service here.

Well may America eye with suspicion and fear any such plan as this. Well may it eye with suspicion and fear, as well, every movement subjecting radio or the dissemination of news and information to censorship by government beyond such as is necessary to prevent salacious programs, the censorship, in other words, which already exists and certainly requires no elaboration.

If America would guard its treasured institutions—among them freedom—it must resist such encroachments as now threaten in the form of rigid censorship, with the same regard for freedom of broadcasting as has been successfully defended by the press with respect to its own freedom.

[From the New York Times of May 25, 1939]

RADIO CONTROL

More light needs to be thrown on the ruling of the Federal Communications Commission directing that international broadcast stations must "render only an international broadcast service which will reflect the culture of this country and which will promote international good will, understanding, and cooperation." Such a ruling could doubtless be interpreted so broadly as to mean little more than the general test, already applied to domestic stations, of whether their service is "in the public interest." But it could easily lend itself, also, to an interpretation that might bring about a real censorship.

This would involve definite dangers. If our international broadcast programs are to be censored so that they shall not offend this or that foreign government, it is only a step to the argument that it is at least as desirable to censor our domestic programs so that they shall not offend our own Government. It is not practical to consider the feelings of foreign rulers more tenderly than the feelings of our own. Censorship of all kinds has an inevitable tendency to spread.

A ruling such as the Federal Communications Commission has just announced, moreover, must tend to give our Government a responsibility for private utterances that it would not otherwise have. To announce that only those programs will be authorized which promote international good will, to imply that no program will be permitted that has the Government's disapproval, will be certain to give the impression abroad that any program which it does permit will have the Government's positive approval. If a speaker on such a broadcast, for example, though he has no official standing, attacks the policies of Japan in the Orient, the Japanese Government may want to learn from ours whether it considers this attack likely to "promote international good will." If it were the announced policy of our Government to allow the utmost practicable freedom of speech in international broadcasts, it would not assume responsibility for what was said. Nothing whatever should be done to encourage the impression that our private international broadcasting stations will be used as an instrument to reflect our Government's foreign policy.

This is not to deny that the question of the control of international as of domestic broadcasting involves some delicate problems. The Government does have a responsibility in relation to radio broadcasting that it does not have toward the older forms of publication. But the responsibilities it assumes should never be greater than the necessities of the case require. Certainly, those responsibilities should be general, not specific.

[From the Wilmington (Del.) Evening Journal of May 26, 1939]

FREEDOM OF THE AIR

In the light of the Federal Communications Commission's new order concerning international broadcasts, issued this week, the news that the National Council of Broadcasters is well along toward a voluntary code covering domestic programs is decidedly welcome. In this self-imposed code there is hope that any governmental attempt to limit freedom of the air will be successfully resisted.

The F. C. C.'s ruling certainly opens the door to such an attempt. If the Commission has the power to require that international broadcasts must "render an international broadcast service which will reflect the culture of this country and which will promote international good will, understanding, and cooperation," then it can go further in imposing restrictions on radio than it has yet gone. In that case the barriers against complete control may prove ineffective.

It is true that the F. C. C. has been inclined to interpret very broadly its right to insist that radio programs be "in the public interest." If the new ruling is similarly interpreted, there is nothing to worry about. But the urge to censor is always so strong that the situation will have to be watched lest it lead to attempts to gag the radio or limit unduly the freedom of the air.

There is a special reason for vigilance in this instance, because the Commission's order puts it in the position of exercising control over international broadcasts. To assume this power is to surrender the argument we usually make when foreign governments protest against utterances made here.

So far, however, the threat to programs meant for this country is small. It is that much less because the National Council of Broadcasters means to put radio's house in order on its own initiative and responsibility. The code now in the process of construction will not be perfect, and can be perfected only through experience, but it has the merit of starting a job that the Federal Government can undertake only at grave risk to a means of expression that, along with the press, must be kept free if democracy is to be preserved.

[From the Buffalo (N. Y.) News of May 26, 1939]

A CENSORSHIP FEAR

The licensees of international broadcasting stations in the United States are put under orders by the Federal Communications Commission to "render only a broadcast which will reflect the culture of this country and which will promote international good will, understanding and cooperation." The spirit of this order is commendable, but in some quarters it is held to carry disturbing implications.

"If this order is taken literally," says the New York Herald Tribune, "it can be construed as authorizing strict government supervision—which means censorship—over any local station whose programs may be heard outside the United States. This in itself is reason enough to question the soundness of the ruling."

The commission probably was taking into account the pernicious uses to which the radio is put in certain foreign countries. The German Government, for instance, uses it as an instrument of propaganda and attack. Regularly the German Government in broadcasts to the Far East and the Pacific, to Africa and the Middle East, to the United States and South America fulminates against the democracies.

One may believe, therefore, that the Communications Commission issued the order governing international broadcasting in all good faith. But the record in relation to the service of American stations does not suggest that it was necessary. In the circumstances, the Commission might do itself more justice by such an interpretative enlargement of the order as will dispel any fears of censorship.

[From the La Fayette (Ind.) Journal-Courier of May 26, 1939]

CENSORING RADIO

It is vitally important to free America that the blundering Federal Communications Commission shall act immediately to revoke its foolish and fascistic order regulating radio programs. Some time ago a foolish American Ambassador acted for another government in a silly attempt to censor a news reel in this country. In that case another government attempted to extend its own censorship methods to uncensored America. This move was deeply resented by all Americans who understand the tricks and subterfuges of fascistic rulers.

Now the asinine Federal Communications Commission, which once before invaded the constitutional privacy of telegraphic messages to help a congressional committee out on a fishing expedition, has actually given out the dictum that radio stations broadcast only international programs of good will. The point is not good will but the right and power of any Government commission to issue orders as to the programs put on the air by radio stations.

Everybody knows that such an order from a New Deal bureau merely leads on to similar orders to other free agencies of communication. The bureaucracy which orders what shall be said and what shall not be said over the air is sure to continue overreaching itself and seeking control of the screen, the stage, and the press.

On May 9 the President stated the relation of government to radio. He limited the functions of government in radio to "such controls of operation as are necessary to prevent complete confusion on the air." He added, "In all other respects the radio is as free as the press." Of course, the attempted restriction and the order trying to tell radio stations what to say and what not to say, is directly in conflict with the President's declaration.

An executive who recognizes the vital importance of preventing fascistic attempts at censorship in America, ought to get busy immediately to see that the blundering Federal Communications Commission gets down off its high horse and withdraws its un-American order. He should see to it that the bureaucrats let the radio station up, and that the Commission ceases to bully radio.

Mr. JOHNSON of California. Mr. President——

Mr. WHEELER. I yield to the Senator from California.

Mr. JOHNSON of California. Have any steps been taken to secure a hearing upon this matter?

Mr. WHEELER. There was no hearing at the time the rule was promulgated. I understand that it was adopted without the matter really being given very serious consideration by the Commission.

In fairness to the Commission, I think it should be said that they inadvertently adopted the rule without appreciating what they were doing. The Chairman of the Commission, Mr. McNinch, was not present. He was away, ill; but the rule was taken up and adopted. I understand that some

of the broadcasting companies, and perhaps the National Association of Broadcasters, have asked for a hearing. Certainly they should be given a hearing, and the matter should be thrashed out.

If the Commission has sought to impose censorship by radio, whether international radio or national radio, I think the Congress of the United States ought to pass a more stringent law against censorship of any kind or character in radio.

Mr. JOHNSON of California. Mr. President, I rose simply to say that I am in hearty accord with the remarks of the Senator from Montana. I hope the hearing will be accorded the companies that may wish it; or, if they do not ask for a hearing, I hope the committee itself will take the matter in hand and determine just what should be done. We want no censorship of any sort in this country. If it is begun in one particular, it is only a step to another particular. So, as the subject is first broached, let us take care of it, and take care of it as it ought to be taken care of.

Mr. WHEELER. I thank the Senator.

I may say, for instance, that we have the question of neutrality before the Senate. Senators take different views with reference to neutrality. If the Senator from California and the Senator from Nevada [Mr. PITTMAN] should take different views with reference to neutrality, as they probably would, it might be said that the Senator from Nevada would be permitted to make a speech over the radio, because there would be in it nothing which would be detrimental to any foreign country; and, on the other hand, the Commission might very easily say that what the Senator from California was going to say should not be sent out over the international radio.

Mr. JOHNSON of California. Quite so; and the word "cultural" has a peculiar meaning according to the State Department. We might say something that was not in accord with the cultural views of somebody in the State Department, and then we would either be required to retract it or we would not be permitted to say it at all. So the subject is of sufficient importance that I am very, very glad the Senator from Montana has raised the question today. Let us continue our consideration of it until we find just what the situation is; and, if it be such as we suspect, let us remedy it.

Mr. WHEELER. I thank the Senator.

EXECUTIVE SESSSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGE REFERRED

The PRESIDING OFFICER (Mr. SCHWELLENBACH in the chair) laid before the Senate a message from the President of the United States submitting sundry nominations of postmasters (and withdrawing the nomination of a postmaster), which was referred to the Committee on Post Offices and Post Roads.

(For nominations this day received and nominations withdrawn, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

Mr. HARRISON, from the Committee on Finance, reported favorably the following nominations:

Herbert E. Gaston, of New York, to be Assistant Secretary of the Treasury, to fill an existing vacancy;

John L. Sullivan, of Manchester, N. H., to be assistant to the Commissioner of Internal Revenue in place of Milton E. Carter, resigned;

Bernice Pyke, of Cleveland, Ohio, to be collector of customs for customs collection district No. 41, with headquarters at Cleveland, Ohio (reappointment); and

William P. Bowers, of Columbia, S. C., to be collector of internal revenue for the district of South Carolina, to fill an existing vacancy.

He also, from the Committee on Finance, reported favorably the nominations of several passed assistant surgeons to be surgeons in the Public Health Service.

He also, from the same committee, reported favorably the nominations of sundry doctors to be assistant surgeons in the Public Health Service.

Mr. BROWN, from the Committee on Finance, reported favorably the nomination of Martin R. Bradley, of Hermansville, Mich., to be collector of customs for customs collection district No. 38, with headquarters at Detroit, Mich. (reappointment).

Mr. WALSH, from the Committee on Naval Affairs, reported favorably the nominations of sundry officers for appointment and promotion in the Navy.

He also, from the same committee, reported favorably the nominations of sundry officers for promotion in the Marine Corps.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

Mr. KING, from the Committee on Territories and Insular Affairs, reported favorably the nomination of Admiral William D. Leahy, of the District of Columbia, to be Governor of Puerto Rico, vice Hon. Blanton Winship, resigned.

The PRESIDING OFFICER. The reports will be placed on the Executive Calendar.

If there be no further reports of committees, the clerk will proceed to state the nominations on the calendar.

FEDERAL EMERGENCY ADMINISTRATION OF PUBLIC WORKS

The legislative clerk read the nomination of Harry A. Wortham, of Kentucky, to be regional director of region No. 3.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

THE JUDICIARY

The legislative clerk read the nomination of Francis H. Inge to be United States attorney for the southern district of Alabama.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Joseph Henry Goguen to be United States marshal for the district of Massachusetts.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

DEPARTMENT OF THE NAVY

The legislative clerk read the nomination of Rear Admiral Chester W. Nimitz to be Chief of the Bureau of Navigation with the rank of rear admiral.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

Mr. WALSH. Mr. President, the term of office of Rear Admiral Nimitz as Chief of the Bureau of Navigation will begin on the 15th day of June this year. In order that he may take office at that time I ask that the President be notified at once of the action of the Senate in confirming the appointment.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the President will be immediately notified.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask unanimous consent that the nominations of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations of postmasters are confirmed en bloc.

IN THE ARMY

The legislative clerk proceeded to read sundry nominations in the Army.

The PRESIDING OFFICER. Without objection, the Army nominations are confirmed en bloc.

ADJOURNMENT

Mr. BARKLEY. As in legislative session, I move that the Senate adjourn.

The motion was agreed to; and (at 3 o'clock and 30 minutes p. m.) the Senate adjourned until tomorrow, Tuesday, June 13, 1939, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate June 12, 1939

POSTMASTERS

ALABAMA

James D. McEachern to be postmaster at Brundidge, Ala., in place of J. D. McEachern. Incumbent's commission expired February 19, 1939.

Charles E. Niven to be postmaster at Columbiana, Ala., in place of C. E. Niven. Incumbent's commission expired January 22, 1939.

Bessie L. Butler to be postmaster at Double Springs, Ala., in place of B. L. Butler. Incumbent's commission expired January 22, 1939.

Willie W. Whittaker to be postmaster at Flomaton, Ala., in place of W. W. Whittaker. Incumbent's commission expired February 19, 1939.

Clarence C. Calhoun to be postmaster at Jackson, Ala., in place of C. C. Calhoun. Incumbent's commission expired March 8, 1939.

Nathaniel J. Davis to be postmaster at Marion, Ala., in place of N. J. Davis. Incumbent's commission expired January 22, 1939.

Charles R. Cain to be postmaster at Oakman, Ala., in place of C. R. Cain. Incumbent's commission expired January 22, 1939.

William W. Wilson to be postmaster at Oneonta, Ala., in place of W. W. Wilson. Incumbent's commission expired January 22, 1939.

ARIZONA

Jessie I. Cooper to be postmaster at Chandler, Ariz., in place of J. I. Cooper. Incumbent's commission expired January 16, 1939.

J. Albert Brown to be postmaster at St. Jons, Ariz., in place of J. A. Brown. Incumbent's commission expired January 16, 1939.

Neal H. Phelps to be postmaster at Springerville, Ariz., in place of N. H. Phelps. Incumbent's commission expired January 16, 1939.

ARKANSAS

Horace L. Lay to be postmaster at Amity, Ark., in place of H. L. Lay. Incumbent's commission expired March 15, 1939.

Robert W. Moore to be postmaster at Black Rock, Ark., in place of R. W. Moore. Incumbent's commission expired May 10, 1939.

Thomas S. Reynolds to be postmaster at Bradley, Ark., in place of T. S. Reynolds. Incumbent's commission expired March 15, 1939.

Dewey Carter to be postmaster at Elkins, Ark. Office became Presidential July 1, 1938.

Olice F. Huson to be postmaster at Heber Springs, Ark., in place of O. F. Huson. Incumbent's commission expired March 7, 1939.

Frances E. Crouch to be postmaster at Lexa, Ark. Office became Presidential July 1, 1938.

Leo D. Perdue to be postmaster at Louann, Ark., in place of L. D. Perdue. Incumbent's commission expired March 15, 1939.

Eva C. Teague to be postmaster at Manila, Ark., in place of E. C. Teague. Incumbent's commission expired May 10, 1939.

Rupert W. Barger to be postmaster at Mansfield, Ark., in place of R. W. Barger. Incumbent's commission expired February 15, 1939.

Romulus Owen Tomlinson to be postmaster at Melbourne, Ark., in place of R. O. Tomlinson. Incumbent's commission expired May 10, 1939.

Mark B. Craig to be postmaster at Russellville, Ark., in place of M. B. Craig. Incumbent's commission expired January 15, 1939.

Horatio J. Humphries to be postmaster at Salem, Ark., in place of H. J. Humphries. Incumbent's commission expired January 15, 1939.

Mildred B. Cooper to be postmaster at West Memphis, Ark., in place of M. B. Cooper. Incumbent's commission expired February 28, 1938.

CALIFORNIA

Mary Evalyn Rider to be postmaster at Balboa Island, Calif., in place of M. E. Rider. Incumbent's commission expired February 9, 1939.

Clayborne L. Boren to be postmaster at Bell, Calif., in place of C. L. Boren. Incumbent's commission expired March 8, 1939.

Helen S. Osborne to be postmaster at Earlimart, Calif., in place of H. S. Osborne. Incumbent's commission expired February 9, 1939.

Joel K. L. Schwartz to be postmaster at Fillmore, Calif., in place of J. K. L. Schwartz. Incumbent's commission expired February 9, 1939.

Solomon H. W. C. Geer to be postmaster at Live Oak, Calif., in place of S. H. W. C. Geer. Incumbent's commission expired February 20, 1939.

Hazel B. Stites to be postmaster at Maxwell, Calif., in place of H. B. Stites. Incumbent's commission expired February 18, 1939.

George H. Kindred to be postmaster at Oxnard, Calif., in place of J. H. Canning, deceased.

Frederick Martin to be postmaster at Petaluma, Calif., in place of Frederick Martin. Incumbent's commission expired February 18, 1939.

William H. McCloskey to be postmaster at Terra Bella, Calif., in place of M. O. Drake, resigned.

Harry D. Beck to be postmaster at Tipton, Calif., in place of H. D. Beck. Incumbent's commission expired February 9, 1939.

COLORADO

Earl E. Graham to be postmaster at Canon City, Colo., in place of E. E. Graham. Incumbent's commission expired January 21, 1939.

Elmer B. McCrone to be postmaster at Creede, Colo., in place of E. B. McCrone. Incumbent's commission expired January 30, 1939.

Arthur D. Robb to be postmaster at Flagler, Colo., in place of A. D. Robb. Incumbent's commission expired April 2, 1939.

Mollie E. Arbuckle to be postmaster at Fruita, Colo., in place of J. B. Perkins, deceased.

Harold G. Hawkins to be postmaster at Grand Lake, Colo., in place of H. G. Hawkins. Incumbent's commission expired June 7, 1939.

Lucia A. Wheatley to be postmaster at Grand Valley, Colo., in place of L. A. Wheatley. Incumbent's commission expired January 21, 1939.

Charles L. Dunn to be postmaster at Johnstown, Colo., in place of C. L. Dunn. Incumbent's commission expired April 2, 1939.

Wilton T. Hutt to be postmaster at Norwood, Colo., in place of W. T. Hutt. Incumbent's commission expired January 21, 1939.

CONNECTICUT

John F. Connerty to be postmaster at Washington Depot, Conn., in place of J. F. Connerty. Incumbent's commission expired January 25, 1939.

FLORIDA

Elizabeth A. Cantrell to be postmaster at Kissimmee, Fla., in place of E. A. Cantrell. Incumbent's commission expired May 21, 1939.

William C. White to be postmaster at Live Oak, Fla., in place of W. C. White. Incumbent's commission expired February 20, 1939.

Robert E. Sweat to be postmaster at Mulberry, Fla., in place of R. E. Sweat. Incumbent's commission expired January 17, 1939.

Robert H. Roesch, Jr., to be postmaster at Oneco, Fla., in place of R. H. Roesch, Jr. Incumbent's commission expired January 17, 1939.

Elsie A. Harrison to be postmaster at Waverly, Fla. Office became Presidential July 1, 1938.

GEORGIA

James Rufus Youmans to be postmaster at Adrian, Ga., in place of G. E. Youmans, deceased.

Thornwell Jacobs to be postmaster at Oglethorpe University, Ga., in place of Thornwell Jacobs. Incumbent's commission expired January 22, 1939.

Duncan E. Flanders to be postmaster at Swainsboro, Ga., in place of D. E. Flanders. Incumbent's commission expired June 14, 1938.

Maynard Mashburn to be postmaster at Tate, Ga., in place of Sam Tate. Incumbent's commission expired March 19, 1939.

William O. Wolfe to be postmaster at Uvalda, Ga., in place of W. O. Wolfe. Incumbent's commission expired May 7, 1938.

Willie B. Persons to be postmaster at Warm Springs, Ga., in place of W. B. Persons. Incumbent's commission expired March 19, 1939.

IDAHO

William Schlick to be postmaster at Burley, Idaho, in place of William Schlick. Incumbent's commission expired May 31, 1938.

Jessie L. Kelly to be postmaster at Winchester, Idaho, in place of J. L. Kelly. Incumbent's commission expired January 16, 1939.

ILLINOIS

Ralph McLaughlin to be postmaster at Baylis, Ill., in place of Ralph McLaughlin. Incumbent's commission expired May 31, 1938.

George A. Wall to be postmaster at Elizabethtown, Ill., in place of G. A. Wall. Incumbent's commission expired January 16, 1939.

Charles H. Greenwood to be postmaster at Flora, Ill., in place of C. H. Greenwood. Incumbent's commission expired February 15, 1939.

George H. Henken to be postmaster at Germantown, Ill., in place of F. J. Bohnenkemper, resigned.

Fred C. Hall to be postmaster at Griggsville, Ill., in place of F. C. Hall. Incumbent's commission expired May 3, 1938.

George G. Vaughan to be postmaster at Hurst, Ill., in place of G. G. Vaughan. Incumbent's commission expired March 18, 1939.

Frank J. Zipprich to be postmaster at Kampsville, Ill., in place of F. J. Zipprich. Incumbent's commission expired January 22, 1939.

Amiel J. Toelle to be postmaster at Orland Park, Ill., in place of A. J. Toelle. Incumbent's commission expired January 16, 1939.

Margaret Bradbury to be postmaster at Perry, Ill., in place of Margaret Bradbury. Incumbent's commission expired February 7, 1939.

Hallie Weir to be postmaster at Pleasant Hill, Ill., in place of Hallie Weir. Incumbent's commission expired January 16, 1939.

John S. Browning to be postmaster at Royalton, Ill., in place of J. S. Browning. Incumbent's commission expired March 18, 1939.

Burleigh A. Murray to be postmaster at Sesser, Ill., in place of B. A. Murray. Incumbent's commission expired January 16, 1939.

INDIANA

James R. McDonald to be postmaster at Brookville, Ind., in place of J. R. McDonald. Incumbent's commission expired January 18, 1939.

Helen B. Fultz to be postmaster at Crothersville, Ind., in place of H. B. Fultz. Incumbent's commission expired March 25, 1939.

Clyde F. Dreisbach to be postmaster at Fort Wayne, Ind., in place of E. J. Gallmeyer, resigned.

Charles D. Manaugh to be postmaster at Hanover, Ind., in place of C. D. Manaugh. Incumbent's commission expired March 15, 1939.

Edward L. Sacksteder to be postmaster at Leavenworth, Ind., in place of T. S. Stephenson, removed.

Orville R. Wells to be postmaster at Morgantown, Ind., in place of O. R. Wells. Incumbent's commission expired January 18, 1939.

Henry H. Powell to be postmaster at Newburgh, Ind., in place of H. H. Powell. Incumbent's commission expired January 18, 1939.

Benjamin F. Phipps to be postmaster at Pendleton, Ind., in place of B. F. Phipps. Incumbent's commission expired January 18, 1939.

Charles A. Boggs to be postmaster at Veedersburg, Ind., in place of I. C. Hardesty, resigned.

IOWA

Joseph W. Weber to be postmaster at Alta Vista, Iowa, in place of J. W. Weber. Incumbent's commission expired January 18, 1939.

Mary Doris Carroll to be postmaster at Clear Lake, Iowa, in place of M. D. Carroll. Incumbent's commission expired May 17, 1938.

Earl P. Patten to be postmaster at Danbury, Iowa, in place of E. P. Patten. Incumbent's commission expired January 18, 1939.

Edward H. Schnebel to be postmaster at Farnhamville, Iowa, in place of E. H. Schnebel. Incumbent's commission expired January 18, 1939.

Gertrude Posten to be postmaster at Gravity, Iowa, in place of Gertrude Posten. Incumbent's commission expired January 18, 1939.

Frank J. A. Huber to be postmaster at Hawkeye, Iowa, in place of F. J. A. Huber. Incumbent's commission expired February 15, 1938.

James Lowell Carr to be postmaster at Lamont, Iowa, in place of J. L. Carr. Incumbent's commission expired June 18, 1938.

Richard A. Dunlevy to be postmaster at Lansing, Iowa, in place of R. A. Dunlevy. Incumbent's commission expired January 18, 1939.

KANSAS

Laurence A. Daniels to be postmaster at Ellsworth, Kans., in place of L. A. Daniels. Incumbent's commission expired May 1, 1938.

Rachel E. Pierson to be postmaster at Isabel, Kans. Office became Presidential July 1, 1938.

Joseph B. Riddle to be postmaster at Wichita, Kans., in place of J. B. Riddle. Incumbent's commission expired March 23, 1939.

KENTUCKY

Joe R. Richardson to be postmaster at Glasgow, Ky., in place of J. R. Richardson. Incumbent's commission expired March 21, 1939.

Clarence L. Sharp to be postmaster at Liberty, Ky., in place of C. L. Sharp. Incumbent's commission expired February 18, 1939.

William E. Crutcher to be postmaster at Morehead, Ky., in place of M. M. Burns. Incumbent's commission expired January 30, 1938.

Jones Ashby to be postmaster at Slaughters, Ky., in place of A. K. Slaton, removed.

LOUISIANA

Sidney L. Voorhies to be postmaster at Lafayette, La., in place of E. A. O'Brien. Incumbent's commission expired March 10, 1936.

Annie F. Gambrell to be postmaster at Minden, La., in place of E. G. Webb. Incumbent's commission expired March 8, 1934.

MARYLAND

Guy K. Motter to be postmaster at Frederick, Md., in place of G. K. Motter. Incumbent's commission expired April 2, 1939.

William H. Condiff to be postmaster at Solomons, Md., in place of W. H. Condiff. Incumbent's commission expired February 18, 1939.

MASSACHUSETTS

Celia R. St. John to be postmaster at Cohasset, Mass., in place of C. R. St. John. Incumbent's commission expired February 8, 1939.

John D. Comins to be postmaster at Deerfield, Mass., in place of L. M. Allen. Incumbent's commission expired March 20, 1938.

Donald J. Newton to be postmaster at Montague, Mass., in place of S. L. Wildes, deceased.

MICHIGAN

Lea M. Griffith to be postmaster at Flat Rock, Mich., in place of L. M. Griffith. Incumbent's commission expired May 15, 1938.

Jennie O. Way to be postmaster at Rapid City, Mich. Office became Presidential July 1, 1937.

Donald E. Howell to be postmaster at Wayne, Mich., in place of D. E. Howell. Incumbent's commission expired March 28, 1939.

MINNESOTA

Virgia Poole to be postmaster at Effie, Minn. Office became Presidential July 1, 1938.

Elmer L. Berg to be postmaster at Kennedy, Minn., in place of E. L. Berg. Incumbent's commission expired June 13, 1938.

MISSISSIPPI

Mary A. Morris to be postmaster at Coahoma, Miss. Office became Presidential July 1, 1938.

Jefferson D. Fogg to be postmaster at Hernando, Miss., in place of J. D. Fogg. Incumbent's commission expired January 18, 1939.

Charles P. Mallett to be postmaster at Laurel, Miss., in place of W. F. Skaggs, deceased.

William P. Young to be postmaster at Liberty, Miss., in place of A. T. Parker. Incumbent's commission expired February 15, 1938.

Lee D. Fulmer to be postmaster at Lumberton, Miss., in place of L. D. Fulmer. Incumbent's commission expired May 17, 1939.

MISSOURI

Charles M. Murray to be postmaster at Cameron, Mo., in place of C. M. Murray. Incumbent's commission expired June 13, 1938.

Earl A. Seay to be postmaster at Salem, Mo., in place of E. A. Seay. Incumbent's commission expired March 19, 1939.

John F. Vermillion to be postmaster at Salisbury, Mo., in place of J. F. Vermillion. Incumbent's commission expired March 18, 1939.

Edward J. Dempsey to be postmaster at Shelbina, Mo., in place of E. J. Dempsey. Incumbent's commission expired March 19, 1939.

Brook Miller to be postmaster at Weston, Mo., in place of Brook Miller. Incumbent's commission expired February 20, 1939.

MONTANA

Martin P. Browne to be postmaster at Lambert, Mont., in place of M. P. Browne. Incumbent's commission expired January 17, 1939.

NEBRASKA

Alfred O. Sick to be postmaster at Blair, Nebr., in place of J. P. Jensen, deceased.

John A. Gibson to be postmaster at Mullen, Nebr., in place of J. A. Gibson. Incumbent's commission expired January 31, 1938.

NEW HAMPSHIRE

Ray A. Hicks to be postmaster at Colebrook, N. H., in place of R. A. Hicks. Incumbent's commission expired February 19, 1939.

Edwin L. Batchelder to be postmaster at Hampton, N. H., in place of E. L. Batchelder. Incumbent's commission expired January 16, 1939.

Edna C. Mason to be postmaster at Tamworth, N. H., in place of E. C. Mason. Incumbent's commission expired June 6, 1938.

James R. Kill Kelley to be postmaster at Wilton, N. H., in place of J. R. Kill Kelley. Incumbent's commission expired February 19, 1939.

NEW JERSEY

Edwin Case to be postmaster at Flemington, N. J., in place of Edwin Case. Incumbent's commission expired June 7, 1938.

Joseph Corse to be postmaster at Jamesburg, N. J., in place of Joseph Corse. Incumbent's commission expired June 18, 1938.

Joseph A. Boyle, Jr., to be postmaster at Longport, N. J., in place of Louis Quinby, resigned.

Luella Brown to be postmaster at Old Bridge, N. J., in place of Luella Brown. Incumbent's commission expired January 28, 1939.

NEW MEXICO

Lena B. Sexton to be postmaster at Las Cruces, N. Mex., in place of A. M. O'Hara, removed.

Lillian E. Howard to be postmaster at Portales, N. Mex., in place of L. E. Howard. Incumbent's commission expired April 17, 1939.

NEW YORK

Fuller F. Cornwall to be postmaster at Alexandria Bay, N. Y., in place of F. F. Cornwall. Incumbent's commission expired March 18, 1939.

Harry A. Stolz to be postmaster at Bethpage, N. Y., in place of H. A. Stolz. Incumbent's commission expired January 22, 1939.

Margaret L. Lauchert to be postmaster at Blasdell, N. Y., in place of M. L. Lauchert. Incumbent's commission expired January 24, 1939.

Alphonzo E. Fitch to be postmaster at Cazenovia, N. Y., in place of A. E. Fitch. Incumbent's commission expired January 22, 1939.

Harry M. Fisher, Jr., to be postmaster at Nanuet, N. Y., in place of F. W. Colligan, deceased.

Alvah P. Saulpaugh to be postmaster at Red Hook, N. Y., in place of A. P. Saulpaugh. Incumbent's commission expired January 10, 1939.

Rose H. Breen to be postmaster at Roslyn, N. Y., in place of R. H. Breen. Incumbent's commission expired January 21, 1939.

Howard W. Smith to be postmaster at Unadilla, N. Y., in place of H. W. Smith. Incumbent's commission expired January 29, 1939.

NORTH CAROLINA

James W. Ogburn to be postmaster at Rural Hall, N. C. Office became Presidential July 1, 1938.

OHIO

Floyd L. Carr to be postmaster at Bedford, Ohio, in place of F. L. Carr. Incumbent's commission expired February 21, 1939.

Paul Schmidt to be postmaster at East Palestine, Ohio, in place of P. C. Schmidt. Incumbent's commission expired January 17, 1939.

Walter P. Guenther to be postmaster at Glenmont, Ohio. Office became Presidential July 1, 1938.

Lillian C. Goodell to be postmaster at Mantua, Ohio, in place of L. C. Goodell. Incumbent's commission expired May 2, 1938.

Albert J. Beckman to be postmaster at St. Henry, Ohio, in place of A. J. Beckman. Incumbent's commission expired January 17, 1939.

William E. Alexander to be postmaster at Spring Valley, Ohio, in place of W. E. Alexander. Incumbent's commission expired February 21, 1939.

William A. Barnhart to be postmaster at Sterling, Ohio, in place of W. A. Barnhart. Incumbent's commission expired January 17, 1939.

OKLAHOMA

Rosa B. Britton to be postmaster at Cyril, Okla., in place of R. B. Britton. Incumbent's commission expired February 19, 1939.

OREGON

Frank DeSouza to be postmaster at Medford, Oreg., in place of Frank DeSouza. Incumbent's commission expired February 9, 1939.

Alonzo I. Hodges to be postmaster at Merrill, Oreg., in place of I. C. Griffin, removed.

Frederick B. Hollister to be postmaster at North Bend, Oreg., in place of M. A. Hollister, deceased.

Ralph B. Bennett to be postmaster at The Dalles, Oreg., in place of H. E. Barr, deceased.

PENNSYLVANIA

Rebecca A. Murphy to be postmaster at Cherry Tree, Pa., in place of R. A. Murphy. Incumbent's commission expired June 18, 1938.

Marguerite E. Tryon to be postmaster at Croydon, Pa., in place of J. L. Hewitt. Incumbent's commission expired September 30, 1933.

Joseph Polacky to be postmaster at Dallas, Pa., in place of G. T. Kirkendall, resigned.

Mary Liberatore to be postmaster at Denbo, Pa. Office became Presidential July 1, 1938.

Allan Rye to be postmaster at Edinboro, Pa., in place of Allan Rye. Incumbent's commission expired January 29, 1939.

William Galicic to be postmaster at Export, Pa., in place of J. F. Lauffer, removed.

Tony T. Turk to be postmaster at Falls Creek, Pa., in place of T. J. McCausland, deceased.

Ross F. Rick to be postmaster at Girard, Pa., in place of R. F. Rick. Incumbent's commission expired January 29, 1939.

Robert J. Courtney to be postmaster at Gouldsboro, Pa. Office became Presidential July 1, 1938.

Kathryne A. Bird to be postmaster at Guys Mills, Pa. Office became Presidential July 1, 1938.

Albert C. Beard to be postmaster at High Spire, Pa., in place of A. C. Beard. Incumbent's commission expired March 18, 1939.

Charles E. Puskar to be postmaster at Imperial, Pa., in place of C. E. Puskar. Incumbent's commission expired January 29, 1939.

James A. Sproull to be postmaster at Leechburg, Pa., in place of J. A. Sproull. Incumbent's commission expired June 6, 1938.

Charles Furner Cairns to be postmaster at Ligonier, Pa., in place of C. M. Shoup, removed.

Joseph Harper Galbraith to be postmaster at McDonald, Pa., in place of J. H. Galbraith. Incumbent's commission expired January 29, 1939.

George W. Burgner to be postmaster at Morrisville, Pa., in place of G. W. Burgner. Incumbent's commission expired June 18, 1938.

Mary M. Davis to be postmaster at Mount Morris, Pa. Office became Presidential July 1, 1938.

Walter S. Mervine to be postmaster at Mount Pocono, Pa., in place of W. S. Mervine. Incumbent's commission expired February 21, 1939.

Chester A. Bower to be postmaster at New Oxford, Pa., in place of C. A. Bower. Incumbent's commission expired February 21, 1939.

Andrew S. Knepp to be postmaster at North East, Pa., in place of A. S. Knepp. Incumbent's commission expired January 29, 1939.

Robert C. Moore to be postmaster at Oxford, Pa., in place of R. C. Moore. Incumbent's commission expired January 29, 1939.

George A. Lehman to be postmaster at Patton, Pa., in place of G. A. Lehman. Incumbent's commission expired February 9, 1939.

Harold L. Heimbach to be postmaster at Quakertown, Pa., in place of H. L. Heimbach. Incumbent's commission expired June 18, 1938.

Jesse S. Stambaugh to be postmaster at Spring Grove, Pa., in place of J. S. Stambaugh. Incumbent's commission expired January 29, 1939.

Ronald S. Kayzer to be postmaster at Tioga, Pa., in place of R. S. Kayzer. Incumbent's commission expired June 18, 1938.

Nicholas A. Staub to be postmaster at Trucksville, Pa., in place of W. C. Luksic, removed.

Charles V. Johnston to be postmaster at Woolrich, Pa., in place of C. V. Johnston. Incumbent's commission expired January 29, 1939.

Minnie E. M. Busser to be postmaster at York Haven, Pa., in place of M. E. M. Busser. Incumbent's commission expired January 29, 1939.

RHODE ISLAND

James V. O'Connell to be postmaster at Washington, R. I., in place of J. V. O'Connell. Incumbent's commission expired January 22, 1939.

Thomas J. Durand to be postmaster at West Warwick, R. I., in place of T. J. Durand. Incumbent's commission expired March 18, 1939.

SOUTH CAROLINA

Ralph G. Kennedy to be postmaster at Batesburg, S. C., in place of R. G. Kennedy. Incumbent's commission expired January 21, 1939.

Charles P. DuBose to be postmaster at Camden, S. C., in place of C. P. DuBose. Incumbent's commission expired January 21, 1939.

William H. P. Faddis to be postmaster at Clearwater, S. C., in place of W. H. P. Faddis. Incumbent's commission expired January 21, 1939.

Harris P. DuBose to be postmaster at Jefferson, S. C., in place of H. P. DuBose. Incumbent's commission expired January 21, 1939.

Junius Scott Bagnal to be postmaster at Manning, S. C., in place of J. S. Bagnal. Incumbent's commission expired January 21, 1939.

J. Sidney McNeill to be postmaster at Ninety Six, S. C., in place of J. S. McNeill. Incumbent's commission expired February 9, 1939.

Jesse B. Taylor to be postmaster at St. Matthews, S. C., in place of J. B. Taylor. Incumbent's commission expired January 21, 1939.

Maebelle B. Orvin to be postmaster at St. Stephen, S. C., in place of Maebelle Orvin. Incumbent's commission expired January 21, 1939.

James M. Nelson to be postmaster at Summerton, S. C., in place of J. M. Nelson. Incumbent's commission expired January 21, 1939.

Stacy Kearse to be postmaster at Walterboro, S. C., in place of Stacy Kearse. Incumbent's commission expired January 21, 1939.

Nellie B. Birt to be postmaster at Williston, S. C., in place of N. B. Birt. Incumbent's commission expired January 21, 1939.

SOUTH DAKOTA

Lewis E. Smith to be postmaster at Alpena, S. Dak., in place of L. E. Smith. Incumbent's commission expired March 12, 1939.

Fred C. Wetterberg to be postmaster at Arlington, S. Dak., in place of F. C. Wetterberg. Incumbent's commission expired February 8, 1939.

John D. Cannon to be postmaster at Fort Pierre, S. Dak., in place of J. D. Cannon. Incumbent's commission expired May 22, 1938.

Michael J. Matthews to be postmaster at Isabel, S. Dak., in place of M. J. Matthews. Incumbent's commission expired May 22, 1938.

Mabel M. Fitzgerald to be postmaster at Plankinton, S. Dak., in place of M. M. Fitzgerald. Incumbent's commission expired February 12, 1939.

TENNESSEE

LaVerne Gearhiser to be postmaster at Big Sandy, Tenn., in place of LaVerne Gearhiser. Incumbent's commission expired February 9, 1939.

Henry S. Dupree to be postmaster at Brownsville, Tenn., in place of H. S. Dupree. Incumbent's commission expired January 16, 1939.

Timmie M. Bryant to be postmaster at Charleston, Tenn., in place of T. M. Bryant. Incumbent's commission expired January 16, 1939.

James W. Stout to be postmaster at Decaturville, Tenn., in place of J. W. Stout. Incumbent's commission expired June 8, 1938.

Walter W. Ryburn to be postmaster at Erwin, Tenn., in place of W. W. Ryburn. Incumbent's commission expired May 29, 1939.

Fred C. Lindsay to be postmaster at Greeneville, Tenn., in place of F. C. Lindsay. Incumbent's commission expired March 15, 1939.

Ethelbert J. Shannon to be postmaster at Halls, Tenn., in place of E. J. Shannon. Incumbent's commission expired January 16, 1939.

William R. Massey to be postmaster at Harriman, Tenn., in place of W. R. Massey. Incumbent's commission expired March 15, 1939.

Shelbin C. Malone to be postmaster at Henderson, Tenn., in place of S. C. Malone. Incumbent's commission expired February 19, 1939.

James H. Smith to be postmaster at Martin, Tenn., in place of J. H. Smith. Incumbent's commission expired January 16, 1939.

Bedford T. Transou to be postmaster at Mason, Tenn., in place of B. T. Transou. Incumbent's commission expired February 9, 1939.

Charles P. Fults to be postmaster at Monteagle, Tenn., in place of C. P. Fults. Incumbent's commission expired February 9, 1939.

Wilia J. McCrary to be postmaster at Philadelphia, Tenn., in place of W. J. McCrary. Incumbent's commission expired January 24, 1939.

Carey E. Reed to be postmaster at Prospect Station, Tenn., in place of C. E. Reed. Incumbent's commission expired February 15, 1939.

William A. Rhea to be postmaster at Somerville, Tenn., in place of W. A. Rhea. Incumbent's commission expired June 18, 1938.

Jean N. McGuire to be postmaster at Sweetwater, Tenn., in place of J. N. McGuire. Incumbent's commission expired March 15, 1939.

TEXAS

Benjamin A. Borskey to be postmaster at Alvin, Tex., in place of B. A. Borskey. Incumbent's commission expired January 25, 1939.

Sam Hagin to be postmaster at Anna, Tex., in place of Sam Hagin. Incumbent's commission expired January 25, 1939.

Alfred H. Clark to be postmaster at Bremond, Tex., in place of A. H. Clark. Incumbent's commission expired February 12, 1939.

Sarah E. Burns to be postmaster at Center, Tex., in place of S. E. Burns. Incumbent's commission expired January 25, 1939.

Ambrose J. Denman to be postmaster at Channing, Tex., in place of A. J. Denman. Incumbent's commission expired January 25, 1939.

James A. Hilburn to be postmaster at Childress, Tex., in place of J. A. Hilburn. Incumbent's commission expired February 12, 1939.

Bertram D. Wren to be postmaster at Clarksville, Tex., in place of B. D. Wren. Incumbent's commission expired January 25, 1939.

Carl W. Appling to be postmaster at Claude, Tex., in place of C. W. Appling. Incumbent's commission expired January 25, 1939.

Fillmore R. Anderson to be postmaster at Cross Plains, Tex., in place of I. H. Kendrick. Incumbent's commission expired May 23, 1936.

Mary Y. Guyler to be postmaster at Crystal City, Tex., in place of S. S. Pegues, resigned.

Zettie Kelley to be postmaster at Diboll, Tex., in place of Zettie Kelley. Incumbent's commission expired January 25, 1939.

Mary B. Harper to be postmaster at Eagle Pass, Tex., in place of M. B. Harper. Incumbent's commission expired January 25, 1939.

Marshal E. Kelley to be postmaster at Earth, Tex. Office became Presidential July 1, 1938.

Fronie R. Allen to be postmaster at Emory, Tex., in place of F. R. Allen. Incumbent's commission expired January 25, 1939.

Noel J. Reynolds to be postmaster at Ennis, Tex., in place of N. J. Reynolds. Incumbent's commission expired January 25, 1939.

Noma N. Lokey to be postmaster at Farwell, Tex., in place of N. N. Lokey. Incumbent's commission expired January 25, 1939.

Marcellus P. Adams to be postmaster at Lampasas, Tex., in place of M. P. Adams. Incumbent's commission expired January 25, 1939.

Helen L. Hall to be postmaster at League City, Tex., in place of H. L. Hall. Incumbent's commission expired April 6, 1939.

Johnnie R. Back to be postmaster at McLean, Tex., in place of L. A. Wilson, removed.

Alexander M. Bowie to be postmaster at San Benito, Tex., in place of A. M. Bowie. Incumbent's commission expired January 25, 1939.

Lily A. C. Tyree to be postmaster at Shafter, Tex. Office became Presidential July 1, 1938.

Flake George to be postmaster at Shamrock, Tex., in place of Flake George. Incumbent's commission expired January 25, 1939.

Nena M. Iiams to be postmaster at Sugar Land, Tex., in place of N. M. Iiams. Incumbent's commission expired March 15, 1939.

Edgar H. McElroy to be postmaster at Waxahachie, Tex., in place of E. H. McElroy. Incumbent's commission expired March 15, 1939.

Balser B. Hefner to be postmaster at Weimar, Tex., in place of B. B. Hefner. Incumbent's commission expired January 25, 1939.

Faye Jessmyr Hood to be postmaster at Wortham, Tex., in place of T. H. Hood, deceased.

UTAH

Wayne K. Sheffield to be postmaster at Kaysville, Utah, in place of K. H. Sheffield, resigned.

G. Leonard Larson to be postmaster at Sandy, Utah, in place of G. L. Larson. Incumbent's commission expired February 18, 1939.

VIRGINIA

Rosa L. Williams to be postmaster at Bassetts, Va., in place of R. L. Williams. Incumbent's commission expired February 18, 1939.

Edgar E. Shannon to be postmaster at Bland, Va., in place of E. E. Shannon. Incumbent's commission expired January 18, 1939.

William T. Paxton to be postmaster at Buena Vista, Va., in place of W. T. Paxton. Incumbent's commission expired January 18, 1939.

John D. Webb to be postmaster at Disputanta, Va., in place of J. D. Webb. Incumbent's commission expired January 18, 1939.

Robert A. Smith to be postmaster at Gordonsville, Va., in place of R. A. Smith. Incumbent's commission expired January 18, 1939.

Mary Ann Nichols to be postmaster at Hamilton, Va., in place of M. A. Nichols. Incumbent's commission expired February 9, 1939.

Annie R. Walker to be postmaster at Herndon, Va., in place of A. R. Walker. Incumbent's commission expired January 18, 1939.

Alvin D. Davis to be postmaster at Lorton, Va. Office became Presidential July 1, 1938.

Bourbon N. Kibler to be postmaster at Luray, Va., in place of B. N. Kibler. Incumbent's commission expired February 18, 1939.

Milton E. Gee to be postmaster at Meherrin, Va., in place of M. E. Gee. Incumbent's commission expired January 18, 1939.

Thomas M. Hesson to be postmaster at Monroe, Va., in place of T. M. Hesson. Incumbent's commission expired January 18, 1939.

Hollis H. Howard to be postmaster at Radford, Va., in place of H. H. Howard. Incumbent's commission expired January 18, 1939.

Samuel B. Harper to be postmaster at Stuarts Draft, Va., in place of S. B. Harper. Incumbent's commission expired January 18, 1939.

Thomas E. Frank to be postmaster at Warrenton, Va., in place of T. E. Frank. Incumbent's commission expired February 18, 1939.

Gipsie B. Cassell to be postmaster at Wytheville, Va., in place of G. B. Cassell. Incumbent's commission expired February 18, 1939.

WASHINGTON

Andrew F. Farris to be postmaster at Cashmere, Wash., in place of A. F. Farris. Incumbent's commission expired January 16, 1939.

Alfred K. Filson to be postmaster at Centralia, Wash., in place of A. K. Filson. Incumbent's commission expired January 16, 1939.

Hubert S. Storms to be postmaster at Chewelah, Wash., in place of H. S. Storms. Incumbent's commission expired January 16, 1939.

Harold W. Kreidel to be postmaster at Cle Elum, Wash., in place of H. W. Kreidel. Incumbent's commission expired January 16, 1939.

Fred E. Olmstead to be postmaster at Grandview, Wash., in place of F. E. Olmstead. Incumbent's commission expired January 16, 1939.

Frank H. Lincoln to be postmaster at Kennewick, Wash., in place of F. H. Lincoln. Incumbent's commission expired January 16, 1939.

Moses S. Brinkerhoff to be postmaster at Okanogan, Wash., in place of M. S. Brinkerhoff. Incumbent's commission expired January 16, 1939.

Edwin Morris Starrett to be postmaster at Port Townsend, Wash., in place of E. M. Starrett. Incumbent's commission expired June 18, 1938.

WEST VIRGINIA

Thomas W. Zink, Jr., to be postmaster at Keystone, W. Va., in place of T. W. Zink, Jr. Incumbent's commission expired January 29, 1939.

William S. Wray to be postmaster at Northfork, W. Va., in place of W. S. Wray. Incumbent's commission expired January 29, 1939.

Ursula A. Dougherty to be postmaster at Ridgeley, W. Va., in place of U. A. Dougherty. Incumbent's commission expired January 29, 1939.

WISCONSIN

Bert J. Walker to be postmaster at Almond, Wis., in place of B. J. Walker. Incumbent's commission expired April 13, 1938.

Andrew J. Osborne to be postmaster at Barron, Wis., in place of A. J. Osborne. Incumbent's commission expired May 28, 1938.

Marguerite Irene Knapmiller to be postmaster at Birchwood, Wis., in place of Irene Knapmiller. Incumbent's commission expired February 10, 1938.

Fred Martin to be postmaster at Brantwood, Wis., in place of Berthea Overgard, resigned.

Willis Engebretsen to be postmaster at Eagle, Wis., in place of Willis Engebretsen. Incumbent's commission expired January 18, 1939.

Laurence L. Shove to be postmaster at Onalaska, Wis., in place of L. L. Shove. Incumbent's commission expired June 12, 1938.

Edmund O. Johnson to be postmaster at Warrens, Wis., in place of E. O. Johnson. Incumbent's commission expired January 18, 1939.

Marnell E. McCloskey to be postmaster at Wauseka, Wis., in place of R. W. Lathrop. Incumbent's commission expired January 18, 1938.

WYOMING

Albert H. Linford to be postmaster at Afton, Wyo., in place of A. H. Linford. Incumbent's commission expired January 23, 1939.

Thomas P. Hill, Jr., to be postmaster at Buffalo, Wyo., in place of T. P. Hill, Jr. Incumbent's commission expired January 23, 1939.

John G. Kelly to be postmaster at Hanna, Wyo., in place of J. G. Kelly. Incumbent's commission expired January 23, 1939.

Robert B. Landfair to be postmaster at Jackson, Wyo., in place of R. B. Landfair. Incumbent's commission expired January 23, 1939.

Percy D. Sims to be postmaster at Lovell, Wyo., in place of P. D. Sims. Incumbent's commission expired January 23, 1939.

James E. Smith to be postmaster at Riverton, Wyo., in place of J. E. Smith. Incumbent's commission expired January 30, 1939.

James C. Jackson to be postmaster at Sheridan, Wyo., in place of J. C. Jackson. Incumbent's commission expired April 2, 1938.

CONFIRMATIONS

Executive nominations confirmed by the Senate June 12, 1939

FEDERAL EMERGENCY ADMINISTRATION OF PUBLIC WORKS

Harry A. Wortham to be regional director, region 3, Federal Emergency Administration of Public Works.

UNITED STATES ATTORNEY

Francis H. Inge to be United States attorney for the southern district of Alabama.

UNITED STATES MARSHAL

Joseph Henry Goguen to be United States marshal for the district of Massachusetts.

APPOINTMENT IN THE NAVY

Rear Admiral Chester W. Nimitz to be Chief of the Bureau of Navigation with the rank of rear admiral.

APPOINTMENT IN THE ARMY

Col. Thomas Matthews Robins to be Assistant to the Chief of Engineers with the rank of brigadier general.

APPOINTMENTS, BY TRANSFER, IN THE REGULAR ARMY

TO JUDGE ADVOCATE GENERAL'S DEPARTMENT

Capt. Wilbur Kincaid Noel.

TO CHEMICAL WARFARE SERVICE

Capt. Louis Edward Roemer.
Capt. Edgar Daniel Stark.
First Lt. Robert Walter Breaks.
First Lt. Bruce von Gerichten Scott.
Second Lt. Laverne Arthur Parks.

POSTMASTERS

ARKANSAS

Ruel L. Sain, Holly Grove.
Alonzo E. Nelson, Judsonia.
Richard S. Remy, Mulberry.
Lillian V. Spikes, Rogers.
Lewis B. Mason, Swifton.
Albert Judson Pryor, Texarkana.

COLORADO

Darius Allen, Colorado Springs.
Olive R. Ross, Deertrail.
Louise H. Lawson, Grover.
Floyd F. Hensler, Ordway.
Carl E. Raney, Walsh.
Carl H. Davis, Wiley.

CONNECTICUT

George T. Manion, Avon.
Harry L. Lyman, New Preston.
William M. Logan, West Cheshire.

IDAHO

William O. Putnam, Jr., Arco.
Charles E. Bales, Caldwell.
Louella R. Hollenbeck, Fruitland.
Horten H. Tate, Glenns Ferry.
Arthur T. Combs, Kellogg.
Joseph D. Sullivan, Mountain Home.
Charles O. McKay, Richfield.
Thomas R. Miller, Ririe.
George P. Smith, Wendell.

INDIANA

Ralph D. Barry, Grandall.
John A. Donohue, Elwood.
Curtis Bennett, English.
Dorothy V. Prall, Henryville.
Adolph Seidensticker, Indianapolis.
Thomas W. Hall, Medora.
Joseph E. Herbst, Milan.

MARYLAND

James J. Ohler, Glenarm.
A. Emmons Warnick, Grantsville.
Sarah Ann G. Phillips, Randallstown.

NEBRASKA

Herman G. Mattson, Kearney.

NEW MEXICO

Herman E. Kelt, Carrizozo.
Thomas M. Rivera, Hanover.
Theodore Raff, Los Lunas.

OKLAHOMA

Wade H. LaBoon, Chickasha.
Bruce G. Carter, Wewoka.

OREGON

Victor Eckley, La Grande.
Anna G. Wolford, Sprague River.

RHODE ISLAND

Frank L. Giard, Pawtucket.

SOUTH CAROLINA

Ralph E. McCaskill, Bethune.
John H. Crawford, Chester.
Eric C. Goza, Columbia.
Delle J. Laffitte, Cope.
Thurman W. Boyd, Loris.
Sue Scott, Pelzer.
Jack D. Boyd, Ridgeway.
Helen DuPre Moseley, Spartanburg.

TEXAS

Ogden Johnson, Beaumont.
Philip P. Wise, Bonham.
Anna V. Smith, College Station.
Raymond Ross, Del Rio.
Sue B. Mullins, Grapevine.
James G. Ponder, Happy.
Burris C. Jackson, Hillsboro.
Carl E. Range, Irving.
George F. Sheppard, Italy.
Alice W. Dotson, Jewett.
John T. Holmes, Joaquin.
William P. Dowling, Kirbyville.
Charlotte M. Boyle, La Porte.
Carl A. Shipp, Liberty Hill.
William H. Bruns, Louise.
Amos H. Howard, Lubbock.
Ben C. McElroy, Marshall.
Fay F. Spragins, Martindale.
Lou A. Wright, Milford.
Louis O. Muenzler, New Ulm.
Mardie J. Bennett, Normangee.
William T. Henderson, Odessa.
Lloyd O. Waldron, Panhandle.
Thomas W. Russell, Paris.
Rufus L. Hybarger, Pineland.
William G. Carlisle, Plano.
Ray S. Wait, Port Isabel.
Lino Perez, Rio Grande City.
Grady Norris, Roscoe.
Ida Bowers, Tenaha.
Samuel M. Gupton, West Columbia.
Della Duncan, Wylie.

VERMONT

Mary E. Malone, Manchester.

VIRGINIA

Bessie M. Guy, Catlett.
D. Irvine Persinger, Eagle Rock.
Edgar McCarty Wiley, Fairfax.
Edward M. Blake, Kilmarnock.
John H. Cave, Lynchburg.
Robert W. Shultice, Norfolk.
George Leonard Elmore, Petersburg.

WASHINGTON

Walter V. Cowderoy, Blaine.
Harry E. Robbins, Coulee Dam.
Morgan J. McNair, Farmington.
John Lotto, Renton.
Elizabeth DeLong, Silverdale.
Fanny I. Jennings, Spangle.
Rufus B. Kager, Sultan.
Cecilia Allen, Zillah.

WEST VIRGINIA

Arthur G. Martin, Fairmont.

WITHDRAWAL

Executive nomination withdrawn from the Senate June 12, 1939

POSTMASTER

WEST VIRGINIA

Anna M. Stephenson to be postmaster at Parkersburg, in the State of West Virginia.

HOUSE OF REPRESENTATIVES

MONDAY, JUNE 12, 1939

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O Thou who art the great Shepherd of the fold, who hast called across the centuries to worn-footed humanity, hear our prayer; feed us with the fruit of the tree of life that blooms in the garden of God. We pray Thee to make us useful that we may bring to Thee some token of work and service. We beseech Thee to spare and keep us from all harm and danger. Oh, touch our unanswered prayers and our unrealized dreams that we may feel the burden of a great purpose. As there are no faithful failures, may our souls breathe the spirit of helpfulness. Do Thou, blessed Lord, inspire us to be strong, upright men, rich in heart, sweet in the graces, and ever eager to seize the opportunity to serve the country which we love to call our home. In the Redeemer's name. Amen.

The Journal of the proceedings of Saturday, June 10, 1939, was read and approved.

CALENDAR WEDNESDAY

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent that business in order on Calendar Wednesday this week may be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

WORK RELIEF AND RELIEF

Mr. WOODRUM of Virginia. Mr. Speaker, I ask unanimous consent that on Wednesday next it may be in order to take up for consideration the relief bill, and that general debate continue throughout Wednesday and Thursday, the time to be equally divided between myself and the gentleman from New York [Mr. TABER]; that before the House adjourns on Thursday the first section of the bill shall be read.

Mr. TABER. Mr. Speaker, reserving the right to object, I want to have the understanding that we run as long as the demand seems to last on Wednesday and Thursday up to, say, half past 5 or so, anyway, each day, so that we shall have plenty of time to take care of those who want to speak. Will that be satisfactory?

Mr. WOODRUM of Virginia. Yes; that will be satisfactory.

Mr. CANNON of Missouri. Mr. Speaker, reserving the right to object, does the gentleman expect to take up the bill under the 5-minute rule?

Mr. WOODRUM of Virginia. Yes; it is a wide-open request.

Mr. CANNON of Missouri. I hope the gentleman from Virginia will yield some of his time to those on this side who may be opposed to the committee recommendations.

Mr. SABATH. Mr. Speaker, reserving the right to object, may I ask why the bill is taken up for consideration under such circumstances that in all probability the vote on the bill will come on Saturday? A great many Members of the House find it necessary to be absent Saturdays.

Mr. RAYBURN. Mr. Speaker, will the gentleman from Virginia yield?

Mr. WOODRUM of Virginia. I yield.

Mr. RAYBURN. I can tell the gentleman from Illinois a very complete answer to his question. This bill must go to the Senate and must be law by 12 o'clock midnight on June 30; that is the reason for the hurry. Next week we hope to have the tax bill up for consideration, and this bill also must become law by 12 o'clock midnight on June 30, or else the Government will begin to lose by each day's delay after June 30 just that proportion of the $1,000,000,000 a year it collects from the so-called nuisance taxes.

Mr. SABATH. Then why not confine general debate on the relief bill to 1 day? We know that most of the time but few Members are present. It seems to me 1 day would be sufficient for general debate.

Mr. RAYBURN. There is a very sufficient answer to that question also: We simply cannot get consent for an arrangement like that. We think that 2 days' general debate and 2 days under the 5-minute rule will be ample for every Member to express himself, so that is the arrangement that has been agreed upon by the majority and by the minority on the Appropriations Committee as the best that could be done.

Mr. SABATH. If an agreement has been made, then I withdraw my objection.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

GRASSHOPPER CONTROL

Mr. TAYLOR of Colorado. Mr. Speaker, by unanimous vote of the Committee on Appropriations, I am authorized and directed to ask unanimous consent for the immediate consideration of House Joint Resolution 322, making an additional appropriation for the control of outbreaks of insect pests, and I submit such request.

The Clerk read the title of the joint resolution.

Mr. TABER. Mr. Speaker, reserving the right to object, I understand that the people in the Northwestern States feel they are facing a very serious emergency, that the grasshopper pest has gone out of control and they believe the expenditure of these funds will very largely save upward of $100,000,000 of crops.

Mr. TAYLOR of Colorado. That is the situation.

Mr. TABER. I understand also—and I would like to have the gentleman from Missouri [Mr. CANNON], chairman of the House conferees on the agricultural bill, correct me if my understanding is in error—that the conferees on the agricultural appropriation bill have agreed that if this resolution becomes law they will eliminate from the bill which is now pending in conference between the two Houses the item of approximately $2,500,000 relating to grasshoppers.

Mr. CANNON of Missouri. That has been agreed to by the House and Senate conferees.

Mr. TABER. That has been agreed to by the House and Senate conferees.

Mr. DOWELL. Will the gentleman yield?

Mr. TABER. I yield to the gentleman from Iowa.

Mr. DOWELL. Is that the amount provided for in this resolution?

Mr. TABER. The amount provided in this resolution is $1,750,000, which is the amount of the Budget estimate that I understand has just been received at the Speaker's desk. Am I correct?

Mr. TAYLOR of Colorado. Yes.

Mr. TABER. That is what the Appropriations Committee authorized the chairman to bring before the House this morning?

Mr. TAYLOR of Colorado. That is correct.

The SPEAKER. Is there objection to the request of the gentleman from Colorado [Mr. TAYLOR]?

There was no objection.

The Clerk read the resolution, as follows:

Resolved, etc., That for an additional amount, fiscal year 1939, for carrying out the purposes of and for expenditures authorized under Public Resolution No. 91, Seventy-fifth Congress, entitled "Joint resolution to amend the joint resolution entitled 'Joint resolution making funds available for the control of incipient or emergency outbreaks of insect pests or plant diseases, including grasshoppers, Mormon crickets, and chinch bugs,' approved April 6, 1937", approved May 9, 1938 (52 Stat. 344), there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $1,750,000, to be immediately available and to remain available until December 31, 1939.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to insert questions and answers prepared by Mr. Harrington, of the W. P. A., notwithstanding the fact that it exceeds the space allotted a Member in the RECORD for extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Texas [Mr. PATMAN]?

There was no objection.

Mr. LEWIS of Colorado. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Appendix of the RECORD and to include therein a statement I made before one of the House committees.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

Mr. MURDOCK of Utah. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a letter received by me from the Honorable Darrell J. Greenwell, State director of W. P. A.

The SPEAKER. Is there objection to the request of the gentleman from Utah [Mr. MURDOCK]?

Mr. RAYBURN. Mr. Speaker, reserving the right to object, I presume these gentlemen are asking to extend their remarks in the Appendix of the RECORD?

The SPEAKER. The Chair so understands the request. Is there objection to the request of the gentleman from Utah [Mr. MURDOCK]?

There was no objection.

Mr. VOORHIS of California. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on the pending relief bill.

The SPEAKER. Is there objection to the request of the gentleman from California [Mr. VOORHIS]?

There was no objection.

ANNOUNCEMENT OF VOTE

Mr. McDOWELL. Mr. Speaker, because of illness on Saturday I was unable to be present to vote on the social-security bill. Had I been present I would have voted "yea."

EXTENSION OF REMARKS

Mr. CORBETT. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an editorial from the Pittsburgh Press commending the Mead bill.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania [Mr. CORBETT]?

There was no objection.

ANNOUNCEMENT OF VOTE

Mr. SECCOMBE. Mr. Speaker, I was unavoidably absent on Saturday. Had I been present I would have voted "yea" on the Social Security Act.

EXTENSION OF REMARKS

Mr. SPRINGER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Appendix of the RECORD and to include therein an editorial appearing in the Chicago Tribune on Thursday, June 8, 1939.

The SPEAKER. Is there objection to the request of the gentleman from Indiana [Mr. SPRINGER]?

There was no objection.

COMMITTEE ON THE JUDICIARY

Mr. SPRINGER. Mr. Speaker, I ask unanimous consent that permission may be granted the Judiciary Committee of the House to sit this afternoon during the session of the House.

The SPEAKER. Is there objection to the request of the gentleman from Indiana [Mr. SPRINGER]?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent that on tomorrow at the conclusion of the legislative business in order for the day and any other special orders heretofore entered, I may be permitted to address the House for 15 minutes on the filibuster being conducted by the Labor Board before the congressional committees which are holding hearings on amendments to the Labor Act.

The SPEAKER. Is there objection to the request of the gentleman from Michigan [Mr. HOFFMAN]?

There was no objection.

EXTENSION OF REMARKS

Mr. SCHIFFLER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an editorial appearing in the Wheeling Intelligencer.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

DISTRICT OF COLUMBIA

The SPEAKER. This is District of Columbia day. The Chair recognizes the gentleman from West Virginia [Mr. RANDOLPH].

COLUMBIA INSTITUTION FOR THE DEAF

Mr. RANDOLPH. Mr. Speaker, by direction of the Committee on the District of Columbia, I call up the bill (H. R. 5144) authorizing the board of directors of the Columbia Institution for the Deaf to dedicate a portion of Mount Olivet Road NE., and to exchange certain lands with the Secretary of the Interior, to dispose of other lands, and for other purposes, and ask unanimous consent that the bill be considered in the House as in Committee of the Whole.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That in order to provide a suitable approach to the Ninth Street NE., overpass across the tracks of the Baltimore & Ohio and Pennsylvania Railroads and furnish better access to a part of the property of the Columbia Institution for the Deaf, described in the records of the office of the assessor for the District of Columbia as parcel 141/4, the board of directors of the Columbia Institution for the Deaf are hereby authorized to dedicate to the District of Columbia a strip of land 90 feet wide traversing the north part of said property approximately as shown and designated on the revised highway plan of the District of Columbia as Mount Olivet Road NE.

SEC. 2. That in order to readust the boundaries and properties of the Columbia Institution for the Deaf, parcel 141/4, and Brentwood Park, United States Reservation No. 495, the board of directors of the Columbia Institution for the Deaf and the Secretary of the Interior are hereby authorized to convey fee simple title by deeds, each to the other, to such parts of the property of the Columbia Institution for the Deaf and Brentwood Park (United States Reservation No. 495) as in their judgment is to the mutual advantage of both the institution and the park system of the District of Columbia, provided such exchange of properties shall be approved by the National Capital Park and Planning Commission.

SEC. 3. The board of directors of the Columbia Institution for the Deaf are further authorized to sell and to convey fee-simple title by deed that portion of its real estate which will lie north of the proposed location of Mount Olivet Road extended after a definite survey of such road is established, such sale to be subect to the approval of the Secretary of the Interior. Funds received by the sale of this portion of real property of the institution shall be considered a part of the capital structure of the corporation, which may be invested in securities, buildings, or other real property by the board of directors. If invested in securities, only the income from such investment shall be used for current expenses of the institution.

Mr. RANDOLPH. Mr. Speaker, this bill authorizes the board of directors of the Columbia Institution for the Deaf to dedicate a strip of land designated as Mount Olivet Road NE., and authorizes the sale of such parts of the institution's property as lie north of Mount Olivet Road, subject, of course, to the approval of the Secretary of the Interior.

Mr. Speaker, I move the previous question.

The previous question was ordered.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. FISH asked and was given permission to extend his own remarks in the RECORD.

DISTRICT OF COLUMBIA

LAFAYETTE PARK

Mr. RANDOLPH. Mr. Speaker, I call up the bill (H. R. 5660) to include Lafayette Park within the provisions of the act entitled "An act to regulate the height, exterior design, and construction of private and semipublic buildings in certain areas of the National Capital," approved May 16, 1930, and ask unanimous consent that the bill be considered in the House as in Committee of the Whole.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the second sentence of section 1 of the act entitled "An act to regulate the height, exterior design, and construction of private and semipublic buildings in certain areas of the National Capital," approved May 16, 1930 (U. S. C., 1934 edition, title 40, sec. 121), is amended to read as follows: "To this end, hereafter when application is made for permit for the erection or alteration of any building, any portion of which is to front or abut upon the grounds of the Capitol, the grounds of the White House, the portion of Pennsylvania Avenue extending from the Capitol to the White House, Lafayette Park, Rock Creek Park, the Zoological Park, the Rock Creek and Potomac Parkway, Potomac Park, The Mall Park System and public buildings adjacent thereto, or abutting upon any street bordering any of said grounds or parks, the plans therefor, so far as they relate to height and appearance, color, and texture of the materials of exterior construction, shall be submitted by the Commissioners of the District of Columbia to the Commission of Fine Arts; and the said Commission shall report promptly to said Commissioners its recommendations, including such changes, if any, as in its judgment are necessary to prevent reasonably avoidable impairment of the public values

belonging to such public building or park; and said Commissioners shall take such action as shall, in their judgment, effect reasonable compliance with such recommendation: *Provided*, That if the said Commission of Fine Arts fails to report its approval or disapproval of such plans within 30 days, its approval thereof shall be assumed and a permit may be issued."

Mr. RANDOLPH. Mr. Speaker, this measure subjects the property surrounding Lafayette Park to the restrictions as to height, design, and so forth, imposed by an act of Congress approved May 16, 1930, known as the Shipstead Act. It further necessitates the approval of the Commissioners and the Fine Arts Commission with respect to design, height, and so forth, of such buildings.

Mr. Speaker, I move the previous question.

The previous question was ordered.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

SALE OF CERTAIN REAL ESTATE IN THE DISTRICT OF COLUMBIA NO LONGER REQUIRED FOR PUBLIC PURPOSES

Mr. RANDOLPH. Mr. Speaker, I call up the bill (H. R. 6405) authorizing the sale of certain real estate in the District of Columbia no longer required for public purposes, and ask unanimous consent that the bill be considered in the House as in Committee of the Whole.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Commissioners of the District of Columbia, with the approval of the National Capital Park and Planning Commission, be, and they are hereby, authorized and empowered in their discretion, for the best interests of the District of Columbia, to sell and convey, in whole or in part, to the highest bidder at public or private sale, real estate now owned in fee simple by the District of Columbia for municipal use, in the District of Columbia, which the Commissioners and the National Capital Park and Planning Commission find to be no longer required for public purposes.

SEC. 2. That the said Commissioners are further authorized to pay the reasonable and necessary expenses of sale of each parcel of land sold, and shall deposit the net proceeds thereof in the Treasury of the United States to the credit of the District of Columbia.

SEC. 3. That the said Commissioners are hereby authorized to execute proper deeds of conveyance for real estate sold under the provisions of this act, which shall contain a full description of the land sold, either by metes and bounds, or otherwise, according to law.

SEC. 4. That the Secretary of the Interior, with the approval of the National Capital Park and Planning Commission, is hereby authorized, in his discretion, for the best interests of the United States, to sell and convey, in whole or in part, by proper deed or instrument, any real estate held by the United States in the District of Columbia and under the jurisdiction of the National Park Service, which may be no longer needed for public purposes, for cash, or on such deferred-payment plan as the Secretary of the Interior may approve, at a price not less than that paid for it by the Government and not less than its present appraised value as determined by him.

SEC. 5. That in selling any parcel of land hereunder, said Secretary shall cause such public or private solicitation for bids or offers to be made as he may deem appropriate, and shall sell the parcel to the party agreeing to pay the highest price therefor if such price is otherwise satisfactory: *Provided*, That in the event the price offered or bid by the owner of any lands abutting the lands to be sold equals the highest price offered or bid by any other party, the parcel may be sold to such abutting owner.

SEC. 6. That said Secretary is further authorized to pay the reasonable and necessary expenses of sale of each parcel of land sold, and shall deposit the net proceeds thereof in the Treasury to the credit of the United States and the District of Columbia in the proportion that each paid the appropriations from which the parcels of land were acquired or were obligated to pay the same, at the time of acquisition, by reimbursement.

SEC. 7. That all acts and parts of acts which may be inconsistent or in conflict with this act are hereby repealed to the extent of the inconsistency or conflict.

With the following committee amendment:

Page 1, line 9, after the word "now", insert "or hereafter."

Mr. RANDOLPH. Mr. Speaker, this measure merely authorizes the Commissioners of the District of Columbia to sell, with the approval of the National Capital Park and Planning Commission, such real estate as is no longer required for public purposes. At the present time there are a number of such pieces of property in the District, and the disposal of such properties is desired.

Mr. LANHAM. Mr. Speaker, will the gentleman yield?

Mr. RANDOLPH. I yield to the gentleman from Texas.

Mr. LANHAM. Does the Procurement Division under existing law have any control whatever of surplus property in the District? I know it has control of surplus property outside of the District of Columbia.

Mr. RANDOLPH. I may say in answer to the inquiry of the gentleman from Texas that no such control is vested in the authority the gentleman has mentioned.

Mr. LANHAM. This in no way modifies the law with reference to the authority of the Procurement Division?

Mr. RANDOLPH. In nowise does it change the present statute.

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

DISTRICT OF COLUMBIA REVENUE ACT OF 1939

Mr. RANDOLPH. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the immediate consideration of the bill (H. R. 6577) to provide revenue for the District of Columbia, and for other purposes; and pending that motion I ask unanimous consent that general debate be limited to an hour, one-half to be controlled by the gentleman from Illinois [Mr. DIRKSEN] and one-half by myself.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 6577, with Mr. COLE of Maryland in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. RANDOLPH. Mr. Chairman, I yield myself 2 minutes.

Mr. Chairman, I wish to say at the outset of the consideration of this bill to provide revenue for the District of Columbia that the subcommittee of the House District Committee in charge of fiscal affairs is headed by the gentleman from Oklahoma [Mr. NICHOLS]. I am certain the gentleman from Oklahoma and the gentleman from Illinois [Mr. DIRKSEN], the ranking member on the minority side of the aisle, together with the other members of the committee, have labored diligently to bring to this House a tax measure for the District of Columbia which is fair and equitable. I believe they have conscientiously tried to bring before this group a bill which will commend itself to the careful consideration of the Members of the House. I have full confidence in the committee membership, although I am not in agreement with them on every detail of the measure they bring before us. Personally, I have been opposed to the business-privilege tax in the District of Columbia. I believe this form of taxation is not good, and eventually, I believe, it will be stricken from the District of Columbia revenue-raising measures. I personally would like to see it eliminated from this bill; and if such an amendment is offered and a roll call held, I shall feel it my duty to vote for it. But by and large the members of this subcommittee have brought to the full Committee on the District of Columbia and the full committee has brought to this floor a revenue bill worthy of careful consideration.

Mr. Chairman, at this time I yield 10 minutes to the gentleman from Oklahoma, the chairman of the subcommittee in charge of this measure.

Mr. NICHOLS. Mr. Chairman, the Members will no doubt recall that last year, after consideration of a tax bill for the District of Columbia, it was thought there probably should be a study made of the tax structure of the District of Columbia by a corps of experts, who would report back to the House of Representatives their recommendation of a

permanent tax structure for the District. The reason such a study has never been adopted, in my judgment, before this time is because in years past the Federal contribution paid by the Federal Government to the District government to help defray the cost or the expense of running the District government has been large enough, up until the last 3 or 4 years, so that it was necessary only to apply taxes to the citizens of the District in a very narrow groove. In the last few years, and, as you will recall, up until last year, there was a provision in the law that the Federal Government should pay 60 percent of the cost of government of the District of Columbia and that the District of Columbia should pay 40 percent of the cost of government. For a number of years the Congress, in appropriating funds to contribute to the cost of government of the District of Columbia, had disregarded the 60-40 statute, so last year we repealed the 60-40 statute.

For a number of years the Federal Government has been contributing a lump sum of $5,000,000 to the District of Columbia to help defray the cost of government of the District because of the tremendous amount of federally owned property in the District of Columbia, which is tax exempt, and to compensate the District of Columbia for many services rendered to the Federal Government—services for which they were not able to collect directly from the Federal Government. I speak largely of police and fire protection to Federal buildings and other things of that kind. So in this year's appropriation bill our House Appropriations Committee appropriated $5,000,000 as the Federal contribution to the cost of government of the District of Columbia. The rest of the forty-some million dollars that it takes to run the District government is to be raised from taxes imposed upon and collected from the citizenship of the District of Columbia.

Following the direction of the House of Representatives last year—I do not know what you call him, but the tax expert that works with the Joint Committee on Taxation for the House and Senate, and Dr. Pond, who is an economist and tax expert from the State of New Jersey, and a large citizens' committee, were composed into a group that made a long study of the tax structure of the District of Columbia and in a rather lengthy and intelligent report made the recommendation that the taxes imposed in the District of Columbia, briefly, should be these: That there should be a real-estate tax of $1.50 per hundred dollars, a personal-property tax of $1.50 per hundred dollars, and up until this time there has been in the District of Columbia an intangible personal-property tax. It was the recommendation of the Pond committee that that intangible personal-property tax be repealed, and I am in thorough agreement with that. I think the intangible tax is a very vicious tax. So the Pond report recommended personal and real-estate taxes at $1.50. Then they recommended the imposition of an individual income tax for the District of Columbia with a $10,000 exemption on earned income and a $500 exemption on unearned income, the percentages on the tax to run from 2 percent to 7 percent. They recommended further the passage of a 5-percent corporate income tax. They also recommended a revision of taxes paid by public utilities in the District of Columbia. In every instance the rate was raised until they got to the traction company, and in the case of the traction company for the District of Columbia, which our committee is advised is having a rather hard time struggling along, the tax was reduced to 1 percent.

The Pond committee then recommended the adoption of a 1-percent sales tax in the District of Columbia, exempting from the tax food and medicines.

They also recommended the imposition of a 2-percent gross tax on parking lots in the District of Columbia.

We already had incorporated in the law an inheritance, estate, and gift tax, and many other special taxes, such as gasoline and other excise taxes.

When the bill was before the committee for consideration the whole committee deleted from the recommendations of the Pond committee the provision for the imposition of a sales tax.

Three years ago the Congress passed an act which provided for the levy and collection of a business-privilege tax, which is a tax upon the businesses of the District of Columbia. This tax has yielded about $2,000,000 annually. With the sales tax taken out of the bill, as recommended by the Pond committee, the bill now comes to this body for consideration, but with the business-privilege tax, which has been on the books and has been operating in the District of Columbia now for years, back in the same fix, but with very few revisions, refinements that in the light of experience the administrative officers of the District of Columbia have deemed would make it a more equitable and just tax.

So the bill that is before you today has every recommendation in it that was made by the Pond Committee on Taxation, with the exception of the sales tax, and in its stead in this bill is the business-privilege tax.

It is difficult to give exact figures as to what this tax will yield, because, for example, in the case of the income tax there is no experience behind it for the collection of an income tax in the District of Columbia. The people here have never paid such a thing. They have, of course, paid their Federal income tax, but the exemptions are so wide apart—that is, the exemptions allowed by the Federal Government under the Federal income-tax law and the exemptions allowed under the instant bill—that it is difficult to arrive at the exact amount of money it will yield.

The CHAIRMAN. The time of the gentleman from Oklahoma has expired.

Mr. RANDOLPH. Mr. Chairman, I yield the gentleman 5 minutes more.

Mr. DOWELL. Mr. Chairman, will the gentleman yield?

Mr. NICHOLS. Yes.

Mr. DOWELL. As I understand the gentleman, the exemption under the income tax in this bill is $10,000.

Mr. NICHOLS. On earned income; yes.

Mr. DOWELL. Is not that higher than the exemptions the States have?

Mr. NICHOLS. Oh, very much higher.

Mr. DOWELL. How much does that take off the District fund, compared with what it would take off under the approximate amount the States allow?

Mr. NICHOLS. How much it loses to the District, as I was just starting to point out, is almost impossible of estimate, because, as the gentleman well knows, a great portion of the earned income in the District of Columbia, is earned by Federal employees, Government employees, who are domiciled here, but who have their place of residence some place else. If we were to pass a law with, say, an exemption of $2,500, unless you allowed the Government employees domiciled in the District to credit on the income tax the amount that he pays back in his State, you would be imposing double taxation on the Government employees. If you did allow him a credit for the tax that he pays in his home State, as against the tax he would have to pay in the District of Columbia, since there is absolutely no experience behind income-tax legislation here in the District of Columbia, it would be impossible to arrive at a figure.

Mr. DOWELL. In other words, the committee is exempting up to the point of the pay of the Government employee?

Mr. NICHOLS. Largely so; yes.

Mr. DOWELL. How much is the gentleman estimating will be turned over by the Government to the District?

Mr. NICHOLS. Five million dollars. When the appropriation bill for the District of Columbia left the House the other day it provided that $5,000,000 should be paid as the Federal contribution to the District of Columbia. When that bill reached another body at the other end of the Capitol, that body, in their wisdom, increased the appropriation for Federal contributions to the District of Columbia from $5,000,000 to $7,750,000. Our committee thought we should be guided by the action of the House of Representatives, and, believing that $5,000,000 was probably an equitable contribution anyway, provide in this bill that for the fiscal year ending June 30, 1940, and for each subsequent year thereafter, the Federal contribution shall be a sum not to

exceed $5,000,000. I might also add that when the $5,000,000 appropriation passed the House of Representatives it was subject to a point of order. There was no authorization for the appropriation of any sum of money after the 60-40 statute was repealed last year, but, of course, we let the $5,000,000 go through because we deemed it to be an equitable amount of money. I am in hopes, and I am advised by the chairman of the committee, that our Committee on Appropriations will demand of the Senate that the $7,750,000 be reduced back to the House figure of $5,000,000. Of course, if we do that, we are all right. If we do not, then in this bill, which is the authorization bill, we have created a situation which provides that it cannot be more than $5,000,000.

The CHAIRMAN. The time of the gentleman from Oklahoma has again expired.

Mr. RANDOLPH. Mr. Chairman, I yield the gentleman 2 minutes more.

Mr. COCHRAN. Mr. Chairman, will the gentleman yield?

Mr. NICHOLS. Yes.

Mr. COCHRAN. The gentleman spoke a moment ago of double taxation. Of course, he is opposed to that. If so, how about the business-privilege tax; what is that?

Mr. NICHOLS. Of course, we do not think the business-privilege tax is double taxation, because in the case of the corporate income tax of 5 percent, we allow in this bill a credit for the business-privilege tax as against the 5-percent corporate income tax.

Mr. COCHRAN. Washington is not a manufacturing city. Practically everything sold here comes from other parts of the country. You are proposing to tax the people of my State and the people of your State to do business in the city of Washington. Is not that correct?

Mr. NICHOLS. I will say to the gentleman that there is no use to get concerned about that.

Mr. COCHRAN. Oh, yes; there is.

Mr. NICHOLS. Now, I will answer the gentleman. Of course, we can all get worked up over taxes. It is a perfectly simple matter. Everyone does. We all want the other fellow to pay the taxes, but it is mighty difficult to get us to agree to pay ourselves. Your businessman in St. Louis and my poor little-business man in Oklahoma, who so expands his business that he does business in the District of Columbia, under the business-privilege tax will be compelled to pay a tax on that portion of his business done within the District of Columbia.

Mr. COCHRAN. Let me ask if this policy is to be copied all over the United States by cities and States, where is a man going to be who engages in interstate commerce? Every place he sends his goods he will be subject to a business-privilege tax if the same principle is followed.

Mr. NICHOLS. I have sat with this tax bill for the District of Columbia since the first of the year, and there is not a provision in this bill for the imposition of a tax that meets anything like universal approval of everyone who will have to pay the tax. I do not think this works any hardship on nonresident businessmen other than all taxes work an imposition on everyone who has to pay the tax.

We have worked hard and long with this thing and we think we have brought for the consideration of this House the most equitable tax bill that can be written.

We are sure of this, that under this tax bill the citizens of the District of Columbia will pay for the cost of their own government.

The CHAIRMAN. The time of the gentleman from Oklahoma has again expired.

Mr. DIRKSEN. Mr. Chairman, I yield myself 10 minutes.

Now, ladies and gentleman of the Committee, I know that your interest is manifestly somewhat remote in the affairs of the District of Columbia, but Congress discharges a constitutional responsibility to look after the affairs of the seat of government, so that the duty devolves upon the District Committee of the Senate and the District Committee of the House. One of the things we must do every year is to go through that very painful ordeal of bringing in a new tax bill, because we have not yet established a pattern or design of permanent taxation.

I have served with my able and conscientious friend, Mr. NICHOLS of Oklahoma, who has given a great deal of time to this matter. We have served together on the Committee on Taxation for a number of years. Year after year we find it necessary to come here with a new tax bill. The one we are presenting today has a number of titles, and in order that you may be advised in a general way what this bill contains, let me say that title I contains an income tax both on individuals and corporations.

Title II provides for the advancement of money by the Federal Government to the District government in case of emergency, which money must be returned to the Treasury. That authority to advance extends for only 1 year.

Title III is the parking-lot tax. Fees for parking cars here seem to be rather high, and we hit upon the idea of taxing those lots, in order to get a little of the increment, because the parking lots are certainly money-making devices. But we are not so stupid as to believe we are going to accomplish very much, for the reason that if they charge you 50 cents to park your car on an unoccupied lot and this tax goes on, with an estimated return of $25,000, they can jack up the parking cost a nickel and they have their taxes back.

My notion is that this is just a temporary provision in this bill, and I am not disposed to contest it. But I am of the opinion that in view of the congestion here, sooner or later parking must be made a public utility. There is no other answer for it here.

Title IV of the bill provides for amendments to repeal all prior acts, and that includes, of course, repeal of the law imposing taxes on intangible personal property. This is a very unsatisfactory tax. You find lots of people who may have maybe $10,000 or $20,000 of intangibles and they expect to carry on with it the balance of their lives—elderly people. In many instances the rate of tax upon intangibles amounts to two or three times the actual income. It is entirely unfair. It is an unsatisfactory tax, it is difficult of enforcement; and, if we can, we should repeal it. So we are carrying a repealer in this bill.

Another item in the bill, of course, fixes the tax on real estate at not to exceed $1.75. I have heard this Chamber resound for the last 7 years with arguments as to whether the people in the District of Columbia pay a rate upon real estate that is comparable with rates in the other 48 States of the Union. The answer to that is that the devil can cite Scripture to his purpose.

We can argue with equal facility on both sides; but inasmuch as real estate is assessed at face value and bears a rate of $1.75, it comes pretty near, I would say, to the amount that is returned on property in other jurisdictions.

Then there is a title dealing with the Board of Tax Appeals. We have here the most unusual Board of Tax Appeals in the United States. It consists of one man, but I must say for him that he is a diligent, energetic, and capable attorney; he is an expert on tax legislation; he is an indefatigable worker; and he is in the office from early in the morning until late at night. I would feel rather derelict in my duty if I did not express my appreciation of the work that has been done by Joe Morgan, the one-man tax board of the District of Columbia. He has advised the committee frequently, he has given freely of his time to sit with us in the hope that we might be able to develop a permanent tax structure.

Title V of the bill deals with inheritance, estate, and gift taxes. Until a few years ago the District of Columbia never had legislation comparable to other States whereby the District jurisdiction could get the same credits that other States get. That has been remedied. We have tightened up the inheritance, estate, and gift taxes in this bill.

Finally, title VI is a tax on the privilege of doing business, and it is one of the most amazing things I ever saw. It has been on the books for a number of years. We found all sorts of difficulties, but because we make a mistake one time

is no reason why we should rush into it again; and when the time comes, without much argument I shall offer an amendment to strike this whole title from the bill and to alter the income tax so as to make it more palatable. Now, let us look at the income tax for just a minute.

There is a provision in the District of Columbia income-tax feature in this bill which excludes from taxation income, either earned or unearned, to the extent of the first $10,000. Gentlemen, I say to you frankly I am not going home to Illinois and say to my people that I stood for a provision to permit $10,000 of earned income to be excluded before the tax is levied. Why, the people who come from any one of the 32 States of the Union where there is an income tax would not stand for it. The customary exemptions in many jurisdictions and in the Federal law is $2,500 for a married couple and $400 for each child, and $1,000 for a single person, but the bill that is before you today excludes the first $10,000.

It may be said that this excludes Congressmen. Well, maybe so, but I will say to you that this is not going to appeal to the voters in any one of 38 States where they have no such exemption in their own law, and I would not care to try to reconcile that with my conscience, because I do not believe I could do so. What are you going to say to your own people if you vote to exclude $10,000 from taxation in the income of the residents of the District of Columbia? It may be very persuasively argued that if you exclude the first $10,000 an enterprising person can put that into business and develop more taxable resources. This is all right, but I still believe it is not an answer to the problem. So, at the proper time, when this bill is read for amendment and this title is reached I shall offer an amendment to reduce the $10,000 exemption to $2,500. If I had my own individual way about it, there would not be any such exclusion of income, either earned or unearned. We are going to put the people of the District on a parity with the people of the other States of the Union. At the proper time that amendment will be offered.

Mr. MASON. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. MASON. Can the gentleman tell us why this exemption of $10,000 was placed in the bill anyway?

Mr. DIRKSEN. There are a variety of reasons. It has been considered from the standpoint of whether Members of Congress and Senators would be taxed, whether Cabinet officers would be taxed, but when we come actually to considering the bill a different face is put upon it.

I remember that when I came here on an occasion and insisted that we ought to adopt an income tax the House did not accept my suggestion; but since that time there has been an opinion rendered by the Supreme Court of the United States and directly and by implication we can see that the States may tax Federal salaries and the Federal Government may tax State salaries. So there is going to be no escape for a Member of Congress. If he does not pay a portion of it here he will have a portion of it to pay out there.

If our friend the gentleman from Colorado, JOHN MARTIN, pays an income tax out in Colorado, why he can get a credit here. So he would pay virtually nothing. The result is you are not going to pay to the District of Columbia and that argument is pretty well vitiated.

[Here the gavel fell.]

Mr. DIRKSEN. Mr. Chairman, I yield myself 5 additional minutes.

Mr. Chairman, it seems to me the crux of this bill is the exclusion from earned income. I have been wanting to see an income tax adopted as a part of the tax structure, one which is predicated upon ability to pay, one which is sound in principle and fundamental in purpose. It is not regressive. So I for one am going to stand by the income tax, but I want to make it feasible.

May I say to the gentleman from Missouri, that the other point of contention in this bill is the business-privilege tax and when we get down to that title I am going to offer an amendments to strike it out. That is an abomination. It was put in as a stopgap. We came here at the last minute with a revenue measure a year or two ago, but there was not time to properly prepare the legislation before adjournment, so we followed the line of least resistance and took that step. But that is not an argument that there is anything sound to it or that it should be continued.

Let me tell you for instance about the peculiar formula that was written into that first bill in order to make the thing workable in any degree whatsoever and in order to cover divergent situations. Here is the language used:

> The proper apportionment and allocation of gross receipts with respect to sources within and without the District may be determined by processes or formulas of general apportionment under rules and regulations prescribed by the Commission.

There is a fine gem of the English language. There is a scintillating bit of wisdom and diction. That was one of the things we put in there because we knew of all the disparities and all of the abominations that were going to take place. The fact of the matter is our Board of Appeals is congested all the time with appeals.

In order to make it feasible at all we had to set business where capital is a primary element in one group; then business where service was a primary element into another group. So we had to separate doctors and lawyers from dealers in goods, wares, and merchandise. That not being enough, we had to figure out a very fine spread. If the spread between the cost of merchandise and sale price was 3 percent, the tax would be one-tenth of 1 percent. If the spread was 3 to 6 percent, the tax would be two-tenths. If the spread was 6 to 9 the tax would be three-tenths. If the spread was over 9 percent, the tax would be four-tenths of 1 percent.

Fancy that peculiar kind of a tax structure. Then we found out that did not work so very well. We had barrels of complaints. So we had to come along and change that set-up somewhat. Now we provide where the spread is 4 percent or under the tax shall be one-tenth of 1 percent. If it is from 4 to 8 percent, between cost of merchandise and sale price of the merchandise, the tax would be two-tenths of 1 percent.

When you talk about a business privilege tax, what a frightful headache there is in it. As I recall the figures, there are something like 47,000 licenses issued under the business privilege tax, and we charge them $10 for the license. Just think of it, 47,000 in a city of 687,000 people.

There is an exemption of $2,000 in the old act. We put an exemption of $3,000 in the present act. But think of 47,000 people going down here to find out whether or not they have to have a license or whether they are amenable to the act or not. When we started out we found that newsboys would be taxed. So we had to write in an exemption that anybody who did not have a fixed place of business and their gross income was not over $2,000 did not have to pay a tax. We are adding patches, patches, and still more patches to this structure all the time. It is a headache, and that is one of the reasons why I am going to try to revise the income tax carried in the bill and strike out the business-privilege tax entirely.

Mr. COCHRAN. Will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Missouri.

Mr. COCHRAN. I am going to help the gentleman get rid of that headache without taking any medicine by supporting his amendment, and I hope it will be adopted.

Mr. DIRKSEN. There will be delinquencies, and that is why our Appeals Board is constantly congested. There have been lots of complaints.

We have the difficulty of outsiders who come in. Just what is the understanding of the tax? Suppose a salesman comes in from St. Louis, takes a room at the Ambassador Hotel and calls on the trade, sells goods, and the merchandise comes in. It is not settled yet, as a matter of fact, what the authority is under this law. We are proceeding cautiously, but every time we find a new approach or new angle we get a new headache.

Mr. COCHRAN. How much has this tax yielded?

[Here the gavel fell.]

Mr. DIRKSEN. Mr. Chairman, I yield myself 2 additional minutes.

Mr. Chairman, this was to have yielded $1,800,000, but with the deductions it was cut down to $1,200,000. There you are with 47,000 people having licenses under a business-privilege tax, which is applicable only to an area that is 7 miles square, known as the District of Columbia.

Mr. COCHRAN. What is the cost of administration?

Mr. DIRKSEN. I cannot tell the gentleman just offhand what the administrative cost is. There is considerable administrative cost and there will have to be more if we expect rigid enforcement. The Joint Committee in evaluating this business-privilege tax said as much. But do you not see that we have refined, we have processed, we have changed, we have altered, we have modified, and we have added a little here and taken away a little there, but you just cannot make it work with any degree of equity.

Mr. COCHRAN. It is a clever way to make someone who does not live in the District of Columbia pay the taxes for the people who do live in the District of Columbia who should assume the burden themselves.

Mr. DIRKSEN. I have had some complaint on this.

Mr. NICHOLS. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Oklahoma.

Mr. NICHOLS. Is not the gentleman from Illinois in error when he says the business-privilege tax yields only a million dollars?

Mr. DIRKSEN. I said $1,800,000.

Mr. NICHOLS. It is in excess of $2,000,000 for 1939.

Mr. DIRKSEN. I believe $1,800,000 is the figure we can be sure about, because we have not completed the survey as yet for the current fiscal year.

Mr. NICHOLS. It is $2,050,000.

Mr. DIRKSEN. So I think for an ascertained figure it is a correct figure.

I shall not take any more time. I have no opposition to most of the items in this bill. It represents a long drawn out labor. I believe this House ought to take off its hat to JACK NICHOLS, of Oklahoma, for the way he has labored on this thing in the hope we could bring out a decent bill. I express my regret that I cannot see eye to eye with him on some of these items. I say with some degree of regret I hate to do the things I sometimes feel called upon to do; but I do feel it necessary to make this income tax palatable, consequently I shall offer those amendments. I cannot find any sympathy with the business-privilege tax. I know it cannot work. It will never work equitably, no matter how we revise it, and it cannot be permanent, so I want to get down to permanency, where the basis shall be ability and capacity to pay. Sooner or later we must get back to the income tax. [Applause.]

[Here the gavel fell.]

Mr. DIRKSEN. Mr. Chairman, I yield 10 minutes to the gentleman from Massachusetts [Mr. BATES].

Mr. BATES of Massachusetts. Mr. Chairman, together with my colleague from Oklahoma and also my colleague from Illinois, I have served on this subcommittee of the District of Columbia Committee in order to study the report of the Joint Committee on Taxation that was appointed as a result of legislation approved on May 16, 1938, looking toward a survey of the entire tax structure of the District of Columbia. The Congress appropriated $10,000 for that purpose, and, pursuant to the authority granted to the Joint Committee on Taxation, there were employed a number of experts, particularly Dr. Chester B. Pond, who is assistant director of the bureau of research and statistics of the Department of Taxation and Finance of the State of New York. This work also was carried on under the direction and supervision of Colin F. Stam, chief of staff of the Joint Committee on Internal Revenue Taxation, and with the collaboration of an advisory committee appointed by the District Commissioners to work in conjunction with these experts, in order to determine what a proper tax structure should be for the District of Columbia.

I know this Committee can well appreciate that great difference of opinion will arise when an attempt is made to revise a tax structure of a city or the District of Columbia. In my own State, as an illustration, at the present time, under the direction of the Governor—and the same is true of all the States—an effort is being made to revise the tax structure to develop additional sources of revenue with which to meet the constantly increasing obligations of government. So it is in the District of Columbia. The Congress appropriated $10,000 for the purpose of making this survey, and the joint committee reported back to the Congress on January 1 of this year a report, which is in printed form, being the result of the study that was made of the present tax structure, together with certain recommendations for changes.

I agree with my colleague from Illinois that the gentleman from Oklahoma has given greatly of his time, not only this year but in previous years, in order to determine what ought to be done with respect to increasing the revenues of the District for the purpose of meeting the constantly increasing expenses of government. I join with my colleague from Illinois in complimenting him on the time and effort and conscientious consideration he has given to this matter.

We all know there will be a difference of opinion among members of the committee as to what ought to be reported and what in their opinion should be considered proper. In this report I have disagreed only in part with some of the recommendations. It must be kept in mind that in this report we are wiping out the intangible personal-property tax, which is an irritant tax, an unfair tax, a tax that ought to be eradicated from any consideration from the standpoint of raising revenue in this or any other tax jurisdiction. However, the wiping out of this intangible personal-property tax wipes out over $3,000,000 that was received in the tax year 1939. The bill also includes other sources of revenue to which the Joint Committee on Taxation has given a great deal of consideration and which are recommended by the advisory committee that worked with the joint committee. There is a new tax—a personal income tax—with exemptions up to $10,000, the estimated yield of which is about $1,500,000 only half the amount we are wiping out by the repeal of the intangible personal property tax.

There is also a new tax on corporate net income to the amount of 5 percent, changes in the utility-tax law, the motor-vehicle income, and also a parking-lot tax. It is interesting to note that along with the recommendation of the advisory committee that in eliminating the intangible personal property tax and the business-privilege tax we are wiping out a source of revenue which in 1938 equaled $5,259,975, and which this District depends on to carry on the work of its government. In its place we have substituted new taxes that will yield $4,665,000. So we find that we have a deficiency in revenue between the taxes we wipe out and the new taxes which we develop in the neighborhood of one-half million dollars.

It is quite imperative, of course, that we should raise sufficient sums to carry on the work of the District. There is a good deal of fault being found with a continuation of the business-privilege tax which is recommended in this report and which, I wish to call your attention to, is not a temporary tax, but by the very nature of this bill is made a permanent addition to the tax structure of the District of Columbia.

In 1937 the business-privilege tax was instituted as a temporary or stopgap measure, introduced to meet a demand for increased revenue pending a more satisfactory settlement of the whole tax question in the District. Keep that in mind. The business-privilege tax was instituted in 1937 as an emergency and stopgap measure to meet conditions then existing and which we did not have a chance to cope with in the closing days of the session. It is now, the report states, in its second year of operation, but expires by law June 30, 1939, or at the end of this month.

This is what the advisory committee had to say about this tax:

> Almost the entire time of the Board of Tax Appeals for the District of Columbia is spent in adjudication of issues arising under this tax. Popular condemnation of the tax is widespread, and it is safe to say that public sentiment is overwhelmingly opposed to this tax.

Now, it seems to me, Mr. Chairman, that in the determination of a permanent tax structure, such as this bill contemplates, we ought to be very cautious about including within the scope of the bill the tax which the advisory committee states is meeting with universal widspread opposition and is taking so much of the time of the Board of Tax Assessors to adjudicate the various claims that are being made under the provisions of the law.

It seems to me also that in the consideration of a tax structure we ought to follow the advice of the tax experts of the Nation, and I know of none of them who recommends that a tax structure should be predicated and based on any other theory of government than the theory of the ability on the part of the taxpayers to pay the bill.

The business-privilege tax is nothing more or less than a sales tax, which is passed on ultimately to the consumer in the District of Columbia.

[Here the gavel fell.]

Mr. DIRKSEN. Mr. Chairman, I yield the gentleman 1 additional minute.

Mr. BATES of Massachusetts. Mr. Chairman, I join with my colleague from Illinois in recommending that the income tax be lowered from the $10,000 exemption and also the elimination of the business-privilege tax, and by so doing sufficient money will be raised from the various sources of revenue to meet the cost of government in the District not only for the next fiscal year but for at least 4 or 5 years to come. [Applause.]

Mr. DIRKSEN. Mr. Chairman, I yield 2 minutes to the gentleman from Wisconsin [Mr. HAWKS].

Mr. HAWKS. Mr. Chairman, I simply want to take the floor at this time to indicate my support of the amendment that the gentleman from Illinois, who has so kindly given me this time, will offer eliminating the business-privilege tax.

It has been shown during the debate that there are about 47,000 concerns in this country paying $10 a year on this account, and from the 47,000 I have received a great many letters from small concerns in my State objecting strenuously to this form of taxation.

I would like to go on record as opposed to that tax. I believe the proposal of the gentleman from Illinois [Mr. DIRKSEN] to increase the income-tax base is a good one. In Wisconsin we have had a very logical and sensible success in income-tax collections under our income-tax law. I believe that should be applied to the District of Columbia in the same manner; and if you will reduce the exemptions under your income-tax provision in this bill, I am sure you will more than make up for the loss of income occasioned by doing away with the business-privilege tax. [Applause.]

Mr. RANDOLPH. Mr. Chairman, I yield such time as the gentleman requires to the gentleman from Oklahoma [Mr. NICHOLS].

Mr. NICHOLS. Mr. Chairman, I presume there is nothing new in chairmen of subcommittee or full committees finding members of their own committee in opposition to the bill which has been reported by the committee to the floor of the House for consideration. In the brief time I have at my command, I shall talk to you just for a few minutes about these two propositions of my distinguished colleague from Illinois [Mr. DIRKSEN]. In the first place, up until 3 years ago the District of Columbia was the tax haven of the entire world. I venture the assertion that up until 3 years ago there was no jurisdiction in the United States, the citizens of which so completely avoided the payment of taxes to support their local government, as did the citizenship of the District of Columbia. The purpose of this bill and the purpose of the long labor that I have devoted to it is to fix it so that those people who live in the District of Columbia will pay their proportionate share of the cost of the government of the District of Columbia, and relieve the burden from the Federal Government.

Let us talk for a moment about the $10,000 exemption of the income-tax law. In the first place the Pond committee of tax experts, one of the leading lights on that committee being your tax expert, Mr. Stam, who works every day with the great Ways and Means Committee of this House in recommending tax legislation, recommended that $14,000 be allowed for exemption in earned income in the District of Columbia. Our committee reduced it to $10,000, over the recommendation of the experts who are presumed to guide us in writing this legislation.

What is wrong with the $10,000 exemption? Does it exempt Members of Congress? Certainly it does. Should it? Certainly it should. I, for one, am not afraid to go back to my constituency and say that I do not think that I as a Member of Congress should pay an income tax to the District of Columbia. Let the man argue with me why I should. I am here representing a constituency from a great State. I am not here of my own volition. I come here by reason of the fact that I am a servant of the constituency of approximately 300,000 people, the same as all of you men. I would have to be here if this were the seat of government, whether there was any local government here or not. I would have to be here whether there was any police protection here or not, whether there was any fire protection. I would have to be here if we were living in tents. I have no choice in the matter. I am here doing a job for my constituency; and in order that the District of Columbia will not suffer by reason of my being domiciled here, while I carry on my duties to my constituency, the Federal Government appropriates annually a sum of money and gives it by way of contribution to the government of the District of Columbia to help defray the costs of that government. So I make no apology, and no one of you need make any apology that Members of Congress should not pay an income tax to the District of Columbia.

Mr. ROBSION of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. NICHOLS. Yes.

Mr. ROBSION of Kentucky. In my own State we have an income tax, and most of the States do, and each Member of the House and Senate pays an income tax to his own State. That is correct?

Mr. NICHOLS. Yes; and to the Federal Government.

Mr. ROBSION of Kentucky. And there is no reason why we should pay a third income tax here in the District of Columbia where we are all attending to Federal public business.

Mr. NICHOLS. I agree with the gentleman from Kentucky.

Mr. RAYBURN. Mr. Chairman, will the gentleman yield?

Mr. NICHOLS. Yes.

Mr. RAYBURN. My State does not have an income tax, and I am not a citizen of the District of Columbia, and as far as I am concerned I am not going to vote for any bill that taxes me on my income in the District of Columbia.

Mr. NICHOLS. I thank the gentleman for that contribution. The purpose of this bill is to raise revenue and run the government of the District of Columbia. This is the most peculiar taxing jurisdiction in the United States. There should be here the cheapest tax rates in the United States. It takes less money to run the government of the District of Columbia than it would to run the government of a city of like size in any other State in the Union, not because the government is more efficient, not because the system is better, but because in any city in the United States with 700,000 population, when you pay your local tax bill, you pay a tax for the cost of the government of the municipality and then by contribution you pay a tax to the support of the independent school districts within the municipality. Then you pay a contribution in the way of tax for the support of county government, and in many States in the United States, township government, and in addition to that you pay a tax by contribution to the support of the State government, and then an independent county school system on top of that, which means six taxes, all of which by contribution you pay in any other city in the United States.

In the District of Columbia you pay but two. You pay one to the cost of the local government and pay a contribution to the cost of the Federal Government, and you dodge the payment of four contributions. It just does not take as much money.

The gentleman from Illinois [Mr. DIRKSEN] says we have to get the District of Columbia on a parity with other States in income-tax matters. Mr. Chairman, you never in the world will get the District of Columbia as a taxing jurisdiction on a parity with any State in the Union. It cannot be done. This is the most peculiar tax jurisdiction in the world. The tax experts—and I am willing to be bound by them—say that this bill as written today, with $10,000 exemption on earned individual income, added to the other revenues raised by this measure, will provide sufficient funds to run the District of Columbia. Now, you vote to reduce the exemption to $2,500 and increase the amount of revenue that will come from it by $3,000,000, and you will have a surplus of some amount of money that is not needed to defray the cost of government.

One word as to the business-privilege tax. The statement of my friends on my left, to the contrary notwithstanding, I say to you, as chairman of this subcommittee, that this year I have not received a single kick from the Board of Trade of the District of Columbia, from any citizens' association of the District of Columbia; I have not been requested to give a hearing to any person, individual, firm, or corporation in the District of Columbia after it was announced that we were going to write back into the bill the business-privilege tax.

Although the business-privilege tax is unique, still if it were a vicious tax, as you would be led to believe it is, then I say to you the businessmen of the District of Columbia, who are just now becoming accustomed to paying taxes, incidentally—if it was too tough on them, they would be up here before the District Committee, and they well know I am chairman of the subcommittee and have been for 3 years, and I would be hearing objections from them. I am frank to admit to you that there might be other forms of taxation better than the business-privilege tax, but it is absolutely improper that all taxes to defray the cost of the government of the District of Columbia should come from but one taxpaying class. The finest tax system that can be written, whether it is a local tax system or a Federal tax system, is a system with a broad base, which touches every taxpaying class, and thereby works no burden or hardship upon any particular taxpaying class.

The CHAIRMAN. The time of the gentleman from Oklahoma has expired. All time has expired. The Clerk will read the bill.

Mr. RANDOLPH. Mr. Chairman, I ask unanimous consent that the bill may be read by title instead of by paragraph. Amendments will be in order to any section of the title, of course.

The CHAIRMAN. Is there objection to the request of the gentleman from West Virginia?

Mr. SMITH of Virginia. Reserving the right to object, Mr. Chairman, I have an amendment which I want to offer on page 5. Do I understand that the entire title will be read and then I will have the privilege of offering my amendment, after the completion of the reading of the title?

Mr. RANDOLPH. That is correct; yes.

The CHAIRMAN. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

The Clerk read as follows:

Be it enacted, etc., That this act divided into titles and sections may be cited as the "District of Columbia Revenue Act of 1939."

TITLE I—INCOME TAX

This title divided into sections and paragraphs according to the following table of contents, may be cited as the "District of Columbia Income Tax Act":

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APPLICATION OF TITLE

SECTION 1. The provisions of this title shall apply to the taxable year 1938 and succeeding taxable years, except that in the case of a taxable year beginning in 1937 and ending in 1938 the income taxable under this title shall be that fraction of the income for the entire fiscal year equal to the number of days remaining in the fiscal year after January 1, 1938, divided by 365: *Provided, however,* That if the taxpayer's records properly reflect the income for that part of the fiscal year falling in the calendar year 1938, then the portion of the fiscal year's income taxable hereunder shall be the portion received or accrued during the calendar year 1938.

IMPOSITION OF TAX

SEC. 2. (a) Tax on individuals: There is hereby levied for each taxable year upon the taxable income of every individual a tax at the following rates:

Two percent on the first $1,000 of taxable income.
Three percent on the next $2,000 of taxable income.
Four percent on the next $2,000 of taxable income.
Five precent on the next $2,000 of taxable income.
Six percent on the next $2,000 of taxable income.
Seven percent on the taxable income in excess of $9,000.

(b) Tax on corporations: There is hereby levied for each taxable year upon the taxable income from District of Columbia sources of every corporation, whether domestic or foreign (except those organizations expressly exempt under paragraph (d) of this section), a tax at the rate of 5 percent thereof.

(c) Definition of "taxable income": As used in this section, the term "taxable income" means the amount of the net income.

(d) Exemptions from tax: There shall be exempt from taxation under this title the following organizations: Corporations, including any community chest, fund, foundation, cemetery association, teachers' retirement fund association, church, or club, organized and operated exclusively for religious, charitable, scientific, literary, educational, or social purposes, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual and no substantial part of the activities of which is carrying on propaganda, or otherwise attempting to influence legislation; and labor organizations, trade associations, boards of trade, chambers of commerce, citizens' associations or organizations, not organized for profit and no part of the net earnings of which inures to the benefit of any private shareholder or individual; banks, insurance companies, building and loan associations, and companies, incorporated or otherwise, which guarantee the fidelity of any individual or individuals, such as bonding companies, all of which pay taxes upon gross premiums or earnings under existing laws of the District of Columbia.

NET INCOME

SEC. 3. Definition: The term "net income" means the gross income of a taxpayer less the deductions allowed by this title.

GROSS INCOME AND EXCLUSIONS THEREFROM

SEC. 4. (a) Of resident individuals: The words "gross income," as used in this title, include gains, profits, and income derived from salaries, wages, or compensation for personal services of whatever kind and in whatever form paid, including salaries, wages, and compensation paid by the United States to its officers and employees to the extent the same is not immune from taxation under the Constitution, or income derived from professions, vocations, trades, businesses, commerce, or sales or dealings in property, whether real or personal, growing out of the ownership, or use of, or interest in, such property; also from rent, royalties, interest, dividends, securities, or transactions of any business carried on for gain or profit, or gains or profits, and income derived from any source whatever.

(b) Of corporations and nonresident individuals: In the case of any corporation or a nonresident individual, gross income includes only the gross income from sources within the District of Columbia.

(c) Exclusions from gross income: The following items shall not be included in gross income and shall be exempt from taxation under this title:

(1) In the case of individuals, earned income not in excess of $10,000: *Provided, however,* That if a return is made for a fractional part of a year the amount excluded in this subparagraph shall be reduced to an amount which bears the same ratio to the full exclusion as the number of months in the period for which the return is made bears to 12 months.

(2) In the case of individuals, income other than earned income not in excess of $500: *Provided, however,* That if a return is made for a fractional part of a year the amount excluded in this subparagraph shall be reduced to an amount which bears the same ratio to the full exclusion as the number of months in the period for which the return is made bears to 12 months.

(3) Life insurance: Amounts received under a life-insurance contract paid by reason of the death of the insured, whether in a single sum or otherwise (but if such amounts are held by the insurer under an agreement to pay interest thereon, the interest payments shall be included in gross income).

(4) Annuities, etc.: Amounts received (other than amounts paid by reason of the death of the insured and interest payments on such amounts and other than amounts received as annuities) under a life-insurance or endowment contract, but if such amounts (when added to amounts received before the taxable year under such contract) exceed the aggregate premiums or consideration paid (whether or not paid during the taxable year) then the excess shall be included in gross income. Amounts received as an annuity under an annuity or endowment contract shall be included in gross income; except that there shall be excluded from gross income the excess of the amount received in the taxable year over an amount equal to 3 percent of the aggregate premiums or consideration paid for such annuity (whether or not paid during such year), until the aggregate amount excluded from gross income under this title in respect to such annuity equals the aggregate premiums or consideration paid for such annuity. In the case of a transfer for a valuable consideration, by assignment or otherwise, of a life-insurance, endowment, or annuity contract, or any interest therein, only the actual value of such consideration and the amount of the premiums and other sums subsequently paid by the transferee shall be exempt from taxation under paragraph (1) or this paragraph.

(5) Gifts, bequests, and devises: The value of property acquired by gift, bequest, devise, or inheritance (but the income from such property shall be included in gross income).

(6) Tax-free interest: Interest upon (A) the obligations of a State, Territory, or any political subdivision thereof, or the District of Columbia; or (B) obligations of a corporation organized under act of Congress, if such corporation is an instrumentality of the United States; or (C) the obligations of the United States or its possessions.

(7) Compensation for injuries or sickness: Amounts received, through accident or health insurance or under workmen's compensation acts, as compensation for personal injuries or sickness, plus the amount of any damages received, whether by suit or agreement on account of such injuries or sickness.

(8) Ministers: The rental value of a dwelling house and appurtenances thereof furnished to a minister of the gospel as part of his compensation.

(9) Income exempt under treaty: Income of any kind to the extent required by any treaty obligations of the United States.

(10) Dividends from China Trade Act Corporations: In the case of a person, amounts distributed as dividends to or for his benefit by a corporation organized under the China Trade Act, 1922, if, at the time of such distribution, he is a resident of China, and the equitable right to the income of the shares of stock of the corporation is in good faith vested in him.

(11) Income of foreign governments.

DEDUCTIONS FROM GROSS INCOME

SEC. 5. (a) Items of deduction: In computing net income there shall be allowed as deductions:

(1) Expenses: All the ordinary and necessary expenses paid or incurred during the taxable year in carrying on any trade or business, including a reasonable allowance for salaries or other compensation for personal services actually rendered; traveling expenses (including the entire amount expended for meals and lodging) while away from home in the pursuit of a trade or business; and rentals or other payments required to be made as a condition to the continued use or possession, for purposes of the trade or business, of property to which the taxpayer has not taken or is not taking title or in which he has no equity.

(2) Interest: All interest paid or accrued within the taxable year on indebtedness.

(3) Taxes: Taxes paid or accrued within the taxable year, except—

(A) Income taxes;
(B) Estate, inheritance, legacy, succession, and gift taxes;
(C) Business-privilege tax accruing after June 30, 1939;
(D) Taxes assessed against local benefits of a kind tending to increase the value of the property assessed; but this paragraph shall not exclude the allowance as a deduction of so much of such taxes as is properly allocable to maintenance or interest charges; and
(E) Taxes paid to any State or Territory on property, business, or occupation the income from which is not taxable under this title.

(4) Losses in trade or business: Losses sustained during the taxable year and not compensated for by insurance or otherwise, if incurred in trade or business, the income from which is subject to taxation under this title.

(5) Losses in transactions for profit: Losses sustained during the taxable year and not compensated for by insurance or otherwise, if incurred in any transaction entered into for profit, would be subject to taxation under this title, though not connected with the trade or business.

(6) Intercompany dividends: In the case of a corporation, the amount received as dividends from a domestic corporation which is subject to taxation under this title.

(7) Bad debts: Debts ascertained to be worthless and charged off within the taxable year or, in the discretion of the assessor, a reasonable addition to a reserve for bad debts; and when satisfied that a debt is recoverable only in part, the assessor may allow such debt, in an amount not in excess of the part charged off within the taxable year, as a deduction.

(8) Insurance premiums: All fire-, tornado-, and casualty-insurance premiums paid during the taxable year in connection with property held for investment or business.

(9) Depreciation: A reasonable allowance for exhaustion, wear, and tear of property used in the trade or business, including a reasonable allowance for obsolescence; and including in the case of natural resources allowances for depletion as permitted by reasonable rules and regulations which the Commissioners are hereby authorized to promulgate.

(10) Charitable contributions: Contributions or gifts actually paid within the taxable year to or for the use of any corporation, or trust, or community fund, or foundation, maintaining activities in the District of Columbia and organized and operated exclusively for religious, charitable, scientific, literary, military, or educational purposes, no part of the net income of which inures to the benefit of any private shareholder or individual: *Provided*, That such deductions shall be allowed only in an amount which in all of the above cases combined does not exceed 15 percent of the taxpayer's net income as computed without the benefit of this subparagraph.

(11) Wagering losses: Losses from wagering transactions shall be allowed only to the extent of the gains from such transactions.

(b) Allocation of deductions: In the case of a taxpayer, other than a resident individual, the deductions allowed in this section shall be allowed only for and to the extent that they are connected with income arising from sources within the District and taxable under this title to a nonresident taxpayer; and the proper apportionment and allocation of the deductions with respect to sources of income within and without the District shall be determined by processes or formulas of general apportionment under rules and regulations to be prescribed by the Commissioners. The so-called charitable contribution deduction allowed by subparagraph 10 of paragraph (a) of this section shall be allowed whether or not connected with income from sources within the District.

(c) Corporations and nonresident individuals to file return of total income: A corporation or a nonresident individual shall receive the benefits of the deductions allowed to it under this title only by filing or causing to be filed with the assessor a true and accurate return of its total income received from all sources, whether within or without the District.

GAINS OR LOSSES FROM SALE OF ASSETS

SEC. 6. (a) Gain or loss in capital assets not recognized: No gain or loss from the sale or exchange of a capital asset shall be recognized in the computation of net income under this title. For the purposes of this title, "capital assets" means property held by the taxpayer for more than 2 years (whether or not connected with his trade or business) but does not include stock in trade of the taxpayer or other property of a kind which would properly be included in the inventory of a taxpayer if on hand at the close of the taxable year, or property held by the taxpayer primarily for sale to customers in the ordinary course of his trade or business.

(b) Gain or loss in assets other than capital: Gains or losses from the sale or exchange of property other than a capital asset shall be treated in the same manner as other income or deductible losses, and the basis for computing such gain or loss shall be the cost of such property or, if acquired by some means other than purchase, the fair market value thereof at the date of acquisition.

EXCHANGES

SEC. 7. Where property is exchanged for other property, the property received in exchange for the purpose of determining the gain or loss shall be treated as the equivalent of cash to the amount of its fair market value; but when in connection with the reorganization, merger, or consolidation of a corporation a taxpayer receives, in place of stock or securities owned by him, new stock or securities of the reorganized, merged, or consolidated corporation, no gain or loss shall be deemed to occur from the exchange until the new stock or securities are sold or realized upon and the gain or loss is definitely ascertained, until which time the new stock or securities received shall be treated as taking the place of the stock and securities exchanged; provided such reorganization, merger, or consolidation is a "reorganization" within the meaning of the term "reorganization" as defined in section 112 (g) of the Federal Revenue Act of 1936.

DEDUCTIONS NOT ALLOWED

SEC. 8. (a) General rule: In computing net income no deductions shall be allowed in any case in respect to—

(1) personal, living, or family expenses;

(2) any amount paid out for new buildings or for permanent improvements or betterments, made to increase the value of any property or estate;

(3) any amount expended in restoring property or in making good the exhaustion thereof for which an allowance is or has been made; and

(4) premiums paid on any life-insurance policy covering the life of any officer or employee or of any person financially interested in any trade or business carried on by the taxpayer when the taxpayer is directly or indirectly a beneficiary under such policy.

(b) Holders of life or terminable interest: Amounts paid under the laws of any State, Territory, District of Columbia, possession of the United States, or foreign country as income to the holder of a life or terminable interest acquired by gift, bequest, or inheritance shall not be reduced or diminished by any deduction for shrinkage (by whatever name called) in the value of such interest due to the lapse of time, nor by any deduction allowed by this act (except the deductions provided for in subsections (l) and (m) of section 23 of the Federal Revenue Act of 1926 as amended) for the purpose of computing the net income of an estate or trust but not allowed under the laws of such State, Territory, District of Columbia, possession of the United States, or foreign country for the purpose of computing the income to which such holder is entitled.

CREDITS AGAINST TAX

SEC. 9. (a) Allowed residents for income tax paid State or Territory: Whenever a resident individual of the District has become liable for income tax to any State or Territory upon his net income, or any part thereof for the taxable year, derived from sources without the District and subject to taxation under this title, the amount of income tax payable by him under this title shall be credited on his return with the income tax so paid by him to any State or Territory upon his producing to the assessor satisfactory evidence of the fact of such payment: *Provided, however*, That such credit shall not exceed that proportion of the tax payable under section 2 of this title that the portion of taxable income taxed by such State or Territory bears to the total net income of such resident subject to tax under this title. The credit provided for by this section shall not be granted to the taxpayer when the laws of the State or Territory under which the income in question is subject to tax assessment provide for credit to such taxpayer substantially similar to that granted by paragraph (b) of this section.

(b) Allowed nonresidents for income tax paid State or Territory: Whenever a nonresident individual of the District has become liable for income tax, to the State or Territory where he resides, upon his net income for the taxable year, derived from sources within the District and subject to taxation under this title, the amount of income tax payable by him under this title shall be credited with such proportion of the tax so payable by him to the State or Territory where he resides as his income subject to taxation under this title bears to his entire income upon which the tax so payable to such other State or Territory was imposed: *Provided*, That such credit shall be allowed only if the laws of said State or Territory (1) grant a substantially similar credit to residents of the District subject to income tax under such laws, or (2) impose a tax upon the personal income of its residents derived from sources in the District and exempt from taxation the personal income of residents of the District. No credit shall be allowed against the amount of the tax on any income taxable under this title which is exempt from taxation under the laws of such other State or Territory.

(c) Credit for business-privilege tax: Any business-privilege tax assessed against and paid by the taxpayer to the District for any fiscal year beginning after June 30, 1939, shall be allowed as a credit against the tax imposed by this title and assessed during the same fiscal year.

ACCOUNTING PERIODS

SEC. 10. The net income shall be computed upon the basis of the taxpayer's annual accounting period (fiscal year or calendar year, as the case may be) in accordance with the method of accounting regularly employed in keeping the books of such taxpayer; but if no such method of accounting has been so employed, or if the method employed does not clearly reflect the income, the computation shall be made in accordance with such method as in the opinion of the assessor does clearly reflect the income. If the taxpayer's annual accounting period is other than a fiscal year as defined in section 44 or if the taxpayer has no annual accounting period or does not keep books, the net income shall be computed on the basis of the calendar year. If the taxpayer makes a Federal income-tax return, his income shall be computed, for the purposes of this title, on the basis of the same calendar or fiscal year as in such Federal income-tax return.

PERIOD IN WHICH ITEMS OF GROSS INCOME INCLUDED

SEC. 11. The amount of all items of gross income shall be included in the gross income for the taxable year in which received by the taxpayer unless, under methods of accounting permitted under section 10, any such amounts are to be properly accounted for as of a different period. In the case of the death of a taxpayer there shall be included, in computing net income for the taxable period in which falls the date of his death, amounts accrued up to the date of his death if not otherwise properly includible in respect to such period or a prior period.

PERIOD FOR WHICH DEDUCTIONS AND CREDITS TAKEN

SEC. 12. The deductions and credits provided for in this title shall be taken for the taxable year in which "paid or accrued" or "paid or incurred," dependent upon the method of accounting upon the basis of which the net income is computed unless, in order to clearly reflect the income, the deductions or credits should be taken as of a different period. In the case of the death of a taxpayer there shall be allowed as deductions and credits for the taxable period in which falls the date of his death, amounts accrued up to the date of his death if not otherwise properly allowable in respect to such period or a prior period.

INSTALLMENT BASIS

SEC. 13. (a) Dealers in personal property: Under regulations prescribed by the Commissioners, a person who regularly sells or otherwise disposes of personal property on the installment plan may return as income therefrom in any taxable year that proportion of the installment payments actually received in that year which the gross profit realized or to be realized when payment is completed bears to the total contract price.

(b) Sales of realty and casual sales of personalty: In the case of (1) a casual sale or other casual disposition of personal property (other than property of a kind which would properly be included in the inventory of the taxpayer if on hand at the close of the taxable year) for a price exceeding $1,000, or (2) of a sale or other disposition of real property, if in either case the initial payments do not exceed 30 percent of the selling price, the income may, under regulations prescribed by the Commissioners, be returned on the basis and in the manner above prescribed in this section. As used in this section, the term "initial payments" means the payments received in cash or property other than evidences of indebtedness of the purchaser during the taxable period in which the sale or other disposition is made.

(c) Change from accrual to installment basis: If a taxpayer entitled to the benefits of subsection (a) elects for any taxable year to report his net income on the installment basis, then in computing his income for the year of change or any subsequent year, amounts actually received during any such year on account of sales or other disposition of property made in any prior year shall not be excluded.

(d) Gain or loss upon disposition of installment obligations: If an installment obligation is satisfied at other than its face value or distributed, transmitted, sold, or otherwise dispcsed of, gain or loss shall result to the extent of the difference between the basis of the obligation and (1) in the case of satisfaction at other than face value or a sale or exchange—the amount realized, or (2) in case of a distribution, transmission, or disposition otherwise than by sale or exchange—the fair market value of the obligation at the time of such distribution, transmission, or disposition. Any gain or loss so resulting shall be considered as resulting from the sale or exchange of the property in respect to which the installment obligation was received. The basis of the obligation shall be the excess of the face value of the obligation over an amount equal to the income which would be returnable were the obligation satisfied in full. This paragraph shall not apply to the transmission at death of installment obligations if there is filed with the assessor, at such time as he may by regulation prescribe, a bond in such amount and with such sureties as he may deem necessary, conditioned upon the return as income, by the person receiving any payment in such obligations, of the same proportion of such payment as would be returnable as income by the decedent if he had lived and had received such payment.

Inventories

SEC. 14. Whenever in the opinion of the assessor the use of inventories is necessary in order clearly to determine the income of any taxpayer, inventories shall be taken by such taxpayer upon such basis as the assessor may prescribe as conforming as nearly as may be to the best accounting practice in the trade or business and as most clearly reflecting the income.

INDIVIDUAL RETURNS

SEC. 15. (a) Requirement: The following individuals shall each make under oath a return stating specifically the items of his gross income and the deductions and credits allowed under this title and such other information for the purpose of carrying out the provisions of this title as the Commissioners may by regulations prescribe:

(1) Every individual having a net income for the taxable year.

(2) Every individual having earned income in excess of $10,000 for the taxable year.

(3) Every individual having income other than earned income in excess of $500 for the taxable year.

(b) Persons under disability: If the taxpayer is unable to make his own return, the return shall be made by a duly authorized agent or by the guardian or other person charged with the care of the person or property of such taxpayer.

(c) Fiduciaries: For returns to be made by fiduciaries, see section 24.

CORPORATION RETURNS

SEC. 16. Every corporation not expressly exempt from the tax imposed by this title shall make a return and pay a filing fee of $25 which shall be credited against the tax. Such return shall state specifically the items of its gross income and the deductions and credits allowed by this title, and such other information for the purpose of carrying out the provisions of this title as the Commissioners may by regulations prescribe. The return shall be sworn to by the president, vice president, or other principal officer, and by the treasurer, assistant treasurer, or chief accounting officer. In cases where receivers, trustees in bankruptcy, or assignees are operating the property or business of corporations, such receivers, trustees, or assignees shall make returns for such corporations in the same manner and form as corporations are required to make returns. Any tax due on the basis of such returns made by receivers, trustees, or assignees shall be collected in the same manner as if collected from the corporations of whose business or property they have custody and control.

TAXPAYER TO MAKE RETURN WHETHER RETURN FORM IS SENT OR NOT

SEC. 17. Blank forms of returns for income shall be supplied by the assessor. It shall be the duty of the assessor to obtain an income-tax return from every taxpayer who is liable under the law to file such return; but this duty shall in no manner diminish the obligation of the taxpayer to file a return without being called upon to do so.

TIME AND PLACE FOR FILING RETURNS

SEC. 18. All returns of income for the preceding taxable year shall be made to the assessor on or before the 15th day of October in each year, except that such returns, if made on the basis of a fiscal year ending after June 30 in any year, shall be made on or before the 15th day of the third month following the close of such fiscal year.

EXTENSION OF TIME FOR FILING RETURNS

SEC. 19. The assessor may grant a reasonable extension of time for filing income returns whenever in his judgment good cause exists and shall keep a record of every such extension. Except in case of a taxpayer who is abroad, no such extension shall be granted for more than 6 months, and in no case for more than 1 year. In the event time for filing a return is deferred, the taxpayer is hereby required to pay, as a part of the tax, an amount equal to 6 percent per annum on the tax ultimately assessed from the time the return was due until it is actually filed in the office of the assessor.

ALLOCATION OF INCOME AND DEDUCTIONS

SEC. 20. In any of two or more organizations, trades, or businesses (whether or not incorporated, whether or not organized in the District of Columbia, and whether or not affiliated) owned or controlled directly or indirectly by the same interests, the assessor is authorized to distribute, apportion, or allocate gross income or deductions between or among such organizations, trades, or businesses, if he determines that such distribution, apportionment, or allocation is necessary in order to prevent evasion of taxes or clearly to reflect the income of any of such organizations, trades, or businesses. The provisions of this section shall apply, but shall not be limited in application to any case of a common carrier by railroad subject to the Interstate Commerce Act and jointly owned or controlled directly or indirectly by two or more common carriers by railroad subject to said act.

PUBLICITY OF RETURNS

SEC. 21. (a) Secrecy of returns: Except to any official of the District, having a right thereto in his official capacity, it shall be unlawful for any officer or employee of the District to divulge or make known in any manner the amount of income or any particulars set forth or disclosed in any report or return under this title.

(b) When copies may be furnished: Neither the original nor a copy of the return desired for use in litigations in court shall be furnished where the District of Columbia is not interested in the result whether or not the request is contained in an order of the court: *Provided*, That nothing herein shall be construed to prevent the furnishing to a taxpayer of a copy of his return upon the payment of a fee of $1.

(c) Reciprocal exchange of information with States: Notwithstanding the provisions of this section, the assessor may permit the proper officer of any State imposing an income tax or his authorized representative to inspect income-tax returns, filed with the assessor or many furnish to such officer or representative a copy of any income-tax return provided such State grants substantially similar privileges to the assessor or his representative or to the proper officer of the District charged with the administration of this title.

(d) Publication of statistics: Nothing herein shall be construed to prohibit the publication of statistics so classified as to prevent the identification of particular reports and the items thereof, or of the publication of delinquent lists showing the names of taxpayers who have failed to pay their taxes at the time and in the manner provided by law, together with any relevant information which in the opinion of the assessor may assist in the collection of such delinquent taxes.

(e) Penalties for violation of this section: Any offense against the provisions of this section shall be a misdemeanor and shall be punishable by a fine not exceeding $1,000 or imprisonment for 6 months, or both, in the discretion of the court.

RETURNS TO BE PRESERVED

SEC. 22. Reports and returns received by the assessor under the provisions of this title shall be preserved for 6 years and thereafter until the assessor orders them to be destroyed.

FIDUCIARY RETURNS

SEC. 23. (a) Requirement of return: Every fiduciary (except a receiver appointed by authority of law in possession of part only of the property of an individual) shall make under oath a return for any of the following individuals, estates, or trusts for which he acts, stating specifically the items of gross income thereof and the deductions and credits allowed under this title and such other information for the purpose of carrying out the provisions of this title as the Commissioners may by regulations prescribe:

(1) Every individual estate or trust having a net income for the taxable year.

(2) Every individual having earned income in excess of $10,000 for the taxable year.

(3) Every individual having income other than earned income in excess of $500 for the taxable year.

(b) Joint fiduciaries: Under such regulations as the Commissioners may prescribe, a return by one of two or more joint fiduciaries and filed in the office of the assessor shall be sufficient compliance with the above requirement. Such fiduciary shall make oath (1) that he has sufficient knowledge of the affairs of the individual, estate, or trust for which the return is made to enable him to make the return, and (2) that the return is, to the best of his knowledge and belief, true and correct.

(c) Law applicable to fiduciaries: Any fiduciary required to make a return under this title shall be subject to all the provisions of law which apply to individuals.

ESTATES AND TRUSTS

SEC. 24. (a) Application of tax: The taxes imposed by this title upon individuals shall apply to the income of estates or of any kind of property held in trust, including—

(1) income accumulated in trust for the benefit of unborn or unascertained person or persons with contingent interests, and income accumulated or held for future distribution under the terms of the will or trust;

(2) income which is to be distributed currently by the fiduciary to the beneficiaries, and income collected by a guardian of an infant which is to be held or distributed as the court may direct;

(3) income received by estates of deceased persons during the period of administration or settlement of the estate; and

(4) income which, in the discretion of the fiduciary, may be either distributed to the beneficiaries or accumulated.

(b) Computation of tax: The tax shall be computed upon the net income of the estate or trust, and shall be paid by the fiduciary, except as provided in paragraph (e) of this section (relating to revocable trusts) and paragraph (f) of this section (relating to income for benefit of the grantor).

(c) Net income: The net income of the estate or trust shall be computed in the same manner and on the same basis as in the case of an individual, except that—

(1) there shall be allowed as an additional deduction in computing the net income of the estate or trust the amount of the income of the estate or trust for its taxable year which is to be distributed currently by the fiduciary to the beneficiaries, and the amount of the income collected by a guardian of an infant which is to be held or distributed as the court may direct, but the amount so allowed as a deduction shall be included in computing the net income of the beneficiaries whether distributed to them or not. Any amount allowed as a deduction under this paragraph shall not be allowed as a deduction under subsection (2) of this section in the same or any succeeding taxable year;

(2) In the case of income received by estates of deceased persons during the period of administration or settlement of the estate, and in the case of income which, in the discretion of the fiduciary, may be either distributed to the beneficary or accumulated, there shall be allowed as an additional deduction in computing the net income of the estate or trust the amount of the income of the estate or trust for its taxable year, which is properly paid or credited during such year to any legatee, heir, or beneficiary, but the amount so allowed as a deduction shall be included in computing the net income of the legatee, heir, or beneficiary;

(3) There shall be allowed as a deduction (in lieu of the deductions for charitable contributions authorized by section 5 (a) (10)) any part of the gross income, without limitation, which pursuant to the terms of the will or deed creating a trust, is during the taxable year paid or permanently set aside for the purposes and in the manner provided in section 5 (a) (10) or is to be used exclusively for the purposes enumerated in section 5 (a) (10).

(d) Different taxable year: If the taxable year of a beneficiary is different from that of the estate or trust, the amount which he is required, under subparagraph (1) of paragraph (c) of this section, to include in computing his net income, shall be based upon the income of the estate or trust for any taxable year of the estate or trust ending within or with his taxable year.

(e) Revocable trusts: Where at any time the power to revest in the grantor title to any part of the corpus of the trust is vested—

(1) In the grantor, either alone or in conjunction with any person not having a substantial adverse interest in the disposition of such part of the corpus or the income therefrom; or

(2) In any person not having a substantial adverse interest in the dispostion of such part of the corpus or the income therefrom, then the income of such part of the trust shall be included in computing the net income of the grantor.

(f) Income for benefit of grantor: Where any part of the income of a trust—

(1) Is, or in the discretion of the grantor or of any person not having a substantial adverse interest in the disposition of such part of the income may be, held or accumulated for future distribution to the grantor; or

(2) May, in the discretion of the grantor or of any person not having a substantial adverse interest in the disposition of such part of the income, be distributed to the grantor; or

(3) Is, or in the discretion of the grantor or of any person not having a substantial adverse interest in the disposition of such part of the income may be applied to the payment of premiums upon policies of insurance on the life of the grantor (except policies of insurance irrevocably payable for the purposes and in the manner specified in section 5 (a) 10, relating to the so-called "charitable contribution" deduction);

then such part of the income of the trust shall be included in computing the net income of the grantor.

(g) Definition of "in discretion of grantor": As used in this section, the term "in the discretion of the grantor" means "in the discretion of the grantor, either alone or in conjunction with any person not having a substantial adverse interest in the disposition of the part of the income in question."

(h) Income from intangible personal property held by trust: Income from intangible personal property held by any trust company or by any national bank situated in the District (with or without an individual trustee, resident or nonresident) in trust to pay the income for the time being to, or to accumulate or apply such income for the benefit of any nonresident of the District, shall not be taxable hereunder if—

(1) such beneficial owner or cestui que trust was at the time of the creation of the trust a nonresident of the District; and

(2) the testator, settlor, or grantor was also at the time of the creation of the trust a nonresident of the District.

PARTNERSHIPS

SEC. 25. (a) Partners only taxable: Individuals carrying on business in partnership shall be liable for income tax only in their individual capacity, and no income tax shall be assessable hereunder upon the net income of any partnership. All such income shall be assessable to the individual partners; it shall be reported by such partners as individuals upon their respective individual income returns; and it shall be taxed to them as individuals along with their other income at the rate and in the manner herein provided for the taxation of income received by individuals. There shall be included in computing the net income of each partner his distributive share, whether distributed or not, of the net income of the partnership for the taxable year; or if his net income for such taxable year is computed upon the basis of a period different from that upon the basis of which the net income of the partnership is computed, then his distributive share of the net income of the partnership for any accounting period of the partnership ending within the taxable year upon the basis of which the partner's net income is computed.

(b) Partnership return: Every partnership shall make a return for each taxable year stating specifically the items of its gross income and the deductions allowed by this title, and shall include in the return the names and the addresses of the individuals who would be entitled to share in the net income if distributed, and the amount of the distributive share of each individual. The return shall be sworn to by any one of the partners.

PAYMENT OF TAX

SEC. 26. (a) Time of payment: The total amount of tax imposed by this title shall be paid on the 15th day of October following the close of the calendar year, or, if the return should be made on the basis of a fiscal year ending after June 30 in any year, then on the 15th day of the third month following the close of the fiscal year.

(b) Installment payments: The taxpayer may elect to pay the tax in two equal installments, in which case the first installment shall be paid on the date prescribed for the payment of the tax by the taxpayer, the second installment shall be paid on the 15th day of the sixth month after such date. If any installment is not paid on or before the date fixed for its payment the whole amount of the tax unpaid shall be paid upon notice and demand from the collector of taxes.

(c) Extension of time for payments: At the request of the taxpayer the assessor may extend the time for payment by the taxpayer of the amount determined as the tax, for a period not to exceed 6 months from the date prescribed for the payment of the tax or an installment thereof. In such case the amount in respect to which the extension is granted shall be paid on or before the date of the expiration of the period of the extension.

(d) Voluntary advance payment: A tax imposed by this title, or any installment thereof, may be paid, at the election of the taxpayer, prior to the date prescribed for its payment.

(e) Fractional part of cent: In the payment of any tax under this title a fractional part of a cent shall be disregarded unless it amounts to one-half cent or more, in which case it shall be increased to 1 cent.

(f) Payment to collector and receipts: The tax provided under this title shall be collected by the collector and the revenues derived therefrom shall be turned over to the Treasury of the United States for the credit to the District in the same manner as other revenues are turned over to the United States Treasury for the credit to the District. The collector shall, upon written request, give to the person making payment of any income tax a full written or printed receipt therefor.

TAX A PERSONAL DEBT

SEC. 27. Every tax imposed by this title, and all increases, interest, and penalties thereof, shall become, from the time it is due and payable, a personal debt, from the person or persons liable to pay the same to the District, and shall be entitled to the same priority as other District taxes; and the taxes levied hereunder and the interest and penalties thereon shall be collected by the collector of taxes in the manner provided by law for the collection of taxes due the District on personal property in force at the time of such collection.

INFORMATION FROM THE BUREAU OF INTERNAL REVENUE

SEC. 28. The Bureau of Internal Revenue of the Treasury Department of the United States is authorized and required to supply such information as may be requested by the Commissioners relative to any person subject to the taxes imposed by this title.

ASSESSOR TO ADMINISTER

SEC. 29. (a) Duties of assessor: The assessor is hereby required to administer the provisions of this title. The assessor shall pre-

scribe forms identical with those utilized by the Federal Government, except to the extent required by differences between this title and its application and the Federal act and its application. He shall apply as far as practicable the administrative and judicial interpretations of the Federal income-tax law so that computations of income for purposes of this title shall be, as nearly as practicable, identical with the calculations required for Federal income-tax purposes. As soon as practicable after the return is filed the assessor shall examine it and shall determine the correct amount of the tax.

(b) Statements and special returns: Every taxpayer liable to any tax imposed by this title shall keep such records, render under oath such statements, make such returns, and comply with such rules and regulations as the Commissioners from time to time may prescribe. Whenever the assessor judges it necessary he may require any taxpayer, by notice served upon him, to make a return, render under oath such statements, or keep such records as he deems sufficient to show whether or not such taxpayer is liable to tax under this title and the extent of such liability.

(c) Examination of books and witnesses: The assessor, for the purpose of ascertaining the correctness of any return filed hereunder, or for the purpose of making an estimate of the taxable income of any taxpayer, is authorized to examine any books, papers, records, or memoranda of any person bearing upon the matters required to be included in the return and may summon any person to appear and produce books, records, papers, or memoranda bearing upon the matters required to be included in the return, and to give testimony or answer interrogatories under oath respecting the same, and the assessor shall have power to administer oaths to such person or persons. Such summons may be served by any members of the Metropolitan Police Department. If any person having been personally summoned shall neglect or refuse to obey the summons issued as herein provided, then, and in that event, the assessor may report that fact to the District Court of the United States for the District of Columbia, or one of the justices thereof, and said court or any justice thereof hereby is empowered to compel obedience to such summons to the same extent as witnesses may be compelled to obey the subpenas of that court.

(d) Return by assessor: If any person fails to make and file a return at the time prescribed by law or by regulations made under authority of law, or makes, willfully or otherwise, a false or fraudulent return, the assessor shall make the return from his own knowledge and from such information as he can obtain through testimony or otherwise. Any return so made and subscribed by the assessor shall be prima facie good and sufficient for all legal purposes.

ASSESSMENT AND COLLECTION OF DEFICIENCIES

SEC. 30. Definition of "deficiency:"As used in this title in respect of a tax imposed by this title "deficiency" means—

(1) the amount by which the tax imposed by this title exceeds the amount shown as the tax by the taxpayer upon his return; but the amount so shown on the return shall first be increased by the amounts previously assessed (or collected without assessment) as a deficiency, and decreased by the amounts previously abated, credited, refunded, or otherwise repaid in respect of such tax; or

(2) if no amount is shown as the tax by the taxpayer upon his return, or if no return is made by the taxpayer, then the amount by which the tax exceeds the amounts previously assessed (or collected without assessment) as a deficiency; but such amounts previously assessed, or collected without assessment, shall first be decreased by the amounts previously abated, credited, refunded, or otherwise repaid in respect to such tax.

DETERMINATION AND ASSESSMENT OF DEFICIENCY

SEC. 31. If a deficiency in tax is determined by the assessor, the taxpayer shall be notified thereof and given a period of not less than 30 days, after such notice is sent by registered mail, in which to file a protest and show cause or reason why the deficiency should not be paid. Opportunity for hearing shall be granted by the assessor, and a final decision thereon shall be made as quickly as practicable. Any deficiency in tax then determined to be due shall be assessed and paid, together with any addition to the tax applicable thereto, within 10 days after notice and demand by the collector.

JEOPARDY ASSESSMENT

SEC. 32. (a) Authority for making: If the assessor believes that the collection of any tax imposed by this title will be jeopardized by delay, he shall, whether or not the time otherwise prescribed by law for making return and paying such tax has expired, immediately assess such tax (together with all interest and penalties, the assessment of which is provided for by law). Such tax, penalties, and interest shall thereupon become immediately due and payable, and immediate notice and demand shall be made by the collector for the payment thereof. Upon failure or refusal to pay such tax, penalty, and interest, collection thereof by distraint shall be lawful.

(b) Bond to stay collection: The collection of the whole or any part of the amount of such assessment may be stayed by filing with the collector a bond in such amount, not exceeding double the amount as to which the stay is desired, and with such sureties as the collector deems necessary, conditioned upon the payment of the amount, the collection of which is stayed, at the time at which, but for this section, such amount would be due.

PERIOD OF LIMITATION UPON ASSESSMENT AND COLLECTION

SEC. 33. (a) General rule: Except as provided in paragraph (b) of this section—

(1) The amount of income taxes imposed by this title shall be assessed within 2 years after the return is filed, and no proceeding in court without assessment for the collection of such taxes shall be begun after the expiration of such period.

(2) In the case of income received during the lifetime of a decedent, or by his estate during the period of administration, or by a corporation, the tax shall be assessed, and any proceeding in court without assessment for the collection of such tax shall be begun, within 12 months after written request therefor (filed after the return is made) by the executor, administrator, or other fiduciary representing the estate of such decedent, or by the corporation, but not after the expiration of 2 years after the return is filed. This subparagraph shall not apply in the case of a corporation unless—

(A) such written request notifies the assessor that the corporation contemplates dissolution at or before the expiration of such 12-month period; and

(B) the dissolution is in good faith begun before the expiration of such 12-month period; and

(C) the dissolution is completed.

(3) If the taxpayer omits from gross income an amount properly includible therein which is in excess of 25 percent of the amount of gross income stated in the return, the tax may be assessed, or a proceeding in court for the collection of such tax may be begun without assessment, at any time within 5 years after the return was filed.

(4) For the purposes of subparagraphs (1), (2), and (3), a return filed before the last day prescribed by law for the filing thereof shall be considered as filed on such last day.

(b) False return: In the case of a false or fraudulent return with intent to evade tax or of a failure to file a return, the tax may be assessed, or a proceeding in court for the collection of such tax may be begun without assessment, at any time.

(c) Waiver: Where before the expiration of the time prescribed in paragraph (a) for the assessment of the tax, both the assessor and the taxpayer have consented in writing to its assessment after such time, the tax may be assessed at any time prior to the expiration of the period agreed upon. The period so agreed upon may be extended by subsequent agreements in writing made before the expiration of the period previously agreed upon.

(d) Collection after assessment: Where the assessment of any income tax imposed by this title has been made within the period of limitation properly applicable thereto, such tax may be collected by distraint or by a proceeding in court, but only if begun (A), within 3 years after the assessment of the tax or (B) prior to the expiration of any period for collection agreed upon in writing by the assessor and the taxpayer before the expiration of such 3-year period. The period so agreed upon may be extended by subsequent agreements in writing made before the expiration of the period previously agreed upon.

REFUNDS

SEC. 34. Where there has been an overpayment of any tax imposed by this title, the amount of such overpayment shall be refunded to the taxpayer. No such refund shall be allowed after 2 years from the time the tax is paid unless before the expiration of such period a claim therefor is filed by the taxpayer. The amount of the refund shall not exceed the portion of the tax paid during the 2 years immediately preceding the filing of the claim, or, if no claim was filed, then during the 2 years immediately preceding the allowance of the refund. Every claim for refund must be in writing, under oath; must state the specific grounds upon which the claim is founded, and must be filed with the assessor. If the assessor disallows any part of a claim for refund, he shall send to the taxpayer by registered mail a notice of the part of the claim so disallowed. Within 90 days after the mailing of such notice, the taxpayer may file an appeal with the Board of Tax Appeals for the District of Columbia, in the same manner and to the same extent as set forth in sections 3, 4, 7, 8, 9, 10, 11, and 12 of title IX of an act to amend the District of Columbia Revenue Act of 1937, and for other purposes, approved May 16, 1938. The remedy provided to the taxpayer under this section shall not be deemed to take away from the taxpayer any remedy which he might have under any other provision of law; but no suit by the taxpayer for the recovery of any part of such tax shall be instituted in any court if the taxpayer has elected to file an appeal in accordance with this section.

CLOSING AGREEMENTS

SEC. 35. The assessor is authorized to enter into an agreement with any person relating to the liability of such person (or of the person or estate for whom he acts) in respect of any income tax for any period ending prior to the date of the agreement. If such agreement is approved by the Commissioners within such time as may be stated in such agreement, or later agreed to, such agreement shall be final and conclusive and except upon a showing of fraud or malfeasance, or misrepresentation of a material fact—the case shall not be reopened as to the matters agreed upon or the agreement modified; and in any suit or proceeding relating to the tax liability of the taxpayer such agreement shall not be annulled, modified, set aside, or disregarded.

COMPROMISES

SEC. 36. (a) Authority to make: Whenever in the opinion of the Commissioners there shall arise with respect of any tax imposed under this title any doubt as to the liability of the taxpayer or the collectibility of the tax for any reason whatsoever the Commissioners may compromise such tax.

(b) Concealment of assets: Any person who, in connection with any compromise under this section or offer of such compromise or in connection with any closing agreement under this title or offer

to enter into any such agreement, willfully (1) conceals from any officer or employee of the District of Columbia any property belonging to the estate of the taxpayer or other person liable with respect of the tax, or (2) receives, destroys, mutilates, or falsifies any book, document, or record or makes under oath any false statement relating to the estate or the financial condition of the taxpayer or to the person liable in respect of the tax, shall, upon conviction thereof, be fined not more than $5,000 or imprisoned for not more than 1 year, or both.

(c) Of penalties: The Commissioners shall have the power for cause shown to compromise any penalty arising under this title.

FAILURE TO FILE RETURN

SEC. 37. In case of any failure to make and file a return required by this title, within the time prescribed by law or prescribed by the Commissioners in pursuance of law, 25 percent of the tax shall be added to the tax, except that when a return is filed after such time and it is shown that the failure to file it was due to reasonable cause and not due to willful neglect, no such addition shall be made to the tax. The amount so added to any tax shall be collected at the same time and in the same manner and as a part of the tax unless the tax has been paid before the discovery of the neglect, in which case the amount so added shall be collected in the same manner as the tax.

INTEREST ON DEFICIENCIES

SEC. 38. Interest upon the amount determined as a deficiency shall be assessed at the same time as the deficiency, shall be paid upon notice and demand from the collector, and shall be collected as a part of the tax, at the rate of 1 percent per month from the date prescribed for the payment of the tax (or, if the tax is paid in installments, from the date prescribed for the payment of the first installment) to the date the deficiency is assessed.

ADDITIONS TO THE TAX IN CASE OF DEFICIENCY

SEC. 39. (a) Negligence: If any part of any deficiency is due to negligence, or intentional disregard of rules and regulations but without intent to defraud, 5 percent of the total amount of the deficiency (in addition to such deficiency) shall be assessed, collected, and paid in the same manner as if it were a deficiency.

(b) Fraud: If any part of any deficiency is due to fraud with intent to evade tax, then 50 percent of the total amount of the deficiency (in addition to such deficiency) shall be so assessed, collected, and paid.

ADDITIONS TO THE TAX IN CASE OF NONPAYMENT

SEC. 40. (a) Tax shown on return:

(1) General rule: Where the amount determined by the taxpayer as the tax imposed by this title, or any installment thereof, or any part of such amount or installment, is not paid on or before the date prescribed for its payment, there shall be collected as a part of the tax, interest upon such unpaid amount at the rate of 1 percent a month from the date prescribed for its payment until it is paid.

(2) If extension granted: Where an extension of time for payment of the amount so determined as the tax by the taxpayer, or any installment thereof, has been granted, and the amount the time for payment of which has been extended, and the interest thereon determined under section 41 is not paid in full prior to the expiration of the period of the extension, then, in lieu of the interest provided for in subparagraph (1) of this paragraph, interest at the rate of 1 percent a month shall be collected on such unpaid amount from the date of the expiration of the period of the extension until it is paid.

(b) Deficiency: Where a deficiency, or any interest or additional amounts assessed in connection therewith under section 38, or under section 39, or any addition to the tax in case of delinquency provided for in section 37 is not paid in full within 10 days from the date of notice and demand from the collector, there shall be collected, as part of the tax, interest upon the unpaid amount at the rate of 1 percent a month from the date of such notice and demand until it is paid.

(c) Fiduciaries: For any period an estate is held by a fiduciary appointed by order of any court of competent jurisdiction or by will, there shall be collected interest at the rate of 1 percent per month in lieu of the interest provided in subparagraphs (a) and (b) of this section.

TIME EXTENDED FOR PAYMENT OF TAX SHOWN ON RETURN

SEC. 41. If the time for payment of the amount determined as the tax by the taxpayer, or any installment thereof, is extended under the authority of section 26 (c), there shall be collected, as a part of such amount, interest thereon at the rate of 1 percent per month from the date when such payment should have been made if no extension had been granted, until the expiration of the period of the extension.

PENALTIES

SEC. 42. (a) Negligence: Any person required under this title to pay or collect any tax, or required by law or regulations made under authority thereof to make a return, keep any records, or supply information, who fails to pay or collect such tax, to make such return, to keep such records, or supply such information, at the time or times required by law or regulations shall, upon conviction thereof (in addition to other penalties provided by law), be fined not more than $300 for each and every such failure, and each and every day that such failure continues shall constitute a separate and distinct offense. All prosecutions under this paragraph shall be brought in the police court of the District of Columbia on information by the corporation counsel or his assistants in the name of the District of Columbia.

(b) Willful violation: Any person required under this title to pay or collect any tax, or required by law or regulations made under authority thereof to make a return, keep any records, or supply any information, for the purposes of this title, who willfully refuses to pay or collect such tax, to make such returns, to keep such records, or to supply such information, or who willfully attempts in any manner to defeat or evade the tax imposed by this title, shall, in addition to other penalties provided by law, be guilty of a misdemeanor and shall be fined not more than $10,000 or imprisoned for not more than 1 year, or both, together with costs of prosecution.

(c) Definition of "person": The term "person" as used in this section includes an officer or employee of a corporation, or a member or employee of a partnership, who as such officer, employee, or member is under duty to perform the act in respect to which the violation occurs.

DEFINITIONS

SEC. 43. For the purpose of this title and unless otherwise required by the context—

(1) The word "person" means an individual, a trust or estate, a partnership, or a corporation.

(2) The word "taxpayer" means any person subject to a tax imposed by this title.

(3) The word "partnership" includes a syndicate, group, pool, joint adventure, or other unincorporated organization, through or by means of which any business, financial operation, or venture is carried on, and which is not, within the meaning of this title, a trust or estate or a corporation; and the word "partner" includes a member in such a syndicate, group, pool, joint adventure, or organization.

(4) The word "corporation" includes associations, joint-stock companies, and insurance companies.

(5) The word "domestic" when applied to a corporation other than an association, means created under the law of United States applicable to the District of Columbia; and when applied to an association or partnership means having the principal office or place of business within the District of Columbia.

(6) The word "foreign" when applied to a corporation or partnership means a corporation or partnership which is not domestic.

(7) The word "fiduciary" means a guardian, trustee, executor, administrator, receiver, conservator, or any person acting in any fiduciary capacity for any person.

(8) The word "individual" means all natural persons, whether married or unmarried; and also all trusts, estates, and fiduciaries acting for other persons; it does not include corporations or partnerships acting for or in their own behalf.

(9) The words "taxable year" mean the calendar year or the fiscal year ending during such calendar year upon the basis of which the net income is computed under this title. The term "taxable year" includes, in the case of a return made for a fractional part of a year under the provisions of this title, the period for which such return is made.

(10) The words "fiscal year" mean an accounting period of 12 months and ending on the last day of any month other than December.

(11) The words "paid or incurred" and "paid or accrued" shall be construed according to the method of accounting upon the basis of which the net income is computed under this title.

(12) The words "trade or business" include the engaging in or carrying on of any trade, business, profession, vocation or calling, or commercial activity in the District of Columbia; and include the performance of the functions of a public office.

(13) "Earned income" means wages, salaries, professional fees, and other amounts received as compensation for personal services actually rendered, but does not include any amount not included in gross income, nor that part of the compensation derived by the taxpayer for personal services rendered by him to a corporation which represents a distribution of earnings or profits rather than a reasonable allowance as compensation for the personal services actually rendered; and other compensation received from the active conduct of a trade or business; and shall include pensions.

(14) The word "resident" applies only to natural persons and includes, for the purpose of determining liability to the taxes imposed by this title upon the income of any taxable year, every person domiciled in the District on the last day of the taxable year, and every other person who, for more than 6 months of the taxable year, maintained his place of abode within the District, whether domiciled in the District or not, but any person who, on or before the last day of the taxable year, changes his place of abode to a place without the District, with the bona fide intention of continuing actually to abide permanently without the District, shall be taxable the same as a nonresident is taxable under this title. The fact that a person who has changed his place of abode, within 6 months from so doing, again resides within the District, shall be prima facie evidence that he did not intend permanently to have his place of abode without the District. Such person not having returned his income for taxation as a resident of the District shall be deemed to have resided on the day when such income should have been listed at his last place of abode within the District. The fact that a person whose place of abode during the greater portion of such 12 months has been within the District and claims or has exercised the right of vote at public elections in any State or Territory shall, of itself, constitute him a nonresident of the District within the meaning of this title.

(15) The word "stock" includes a share in an association, joint-stock company, or insurance company.

(16) The word "shareholder" includes a member in an association, joint-stock company, or insurance company.

(17) The words "United States" when used in a geographical sense include only the States, the Territories of Alaska and Hawaii, and the District of Columbia.

(18) The word "dividend" means any distribution made by a corporation out of its earnings or profits to its stockholders or members whether such distribution be made in cash, or any other property, other than stock of the same class in the corporation. It includes such portion of the assets of a corporation distributed at the time of dissolution as are in effect a distribution of earnings.

(19) The word "include", when used in a definition contained in this title, shall not be deemed to exclude other things otherwise within the meaning of the term defined.

(20) The word "Commissioners" means the Commissioners of the District of Columbia or their duly authorized representative or representatives.

(21) The word "District" means the District of Columbia.

(22) The word "assessor" means the assessor of the District of Columbia.

(23) The word "collector" means the collector of taxes of the District of Columbia.

With the following committee amendment:

Page 18, beginning in line 20, after the word "year", insert the following:

In the event that the taxpayer hereunder shall be a member of a partnership and such partnership has been assessed and has paid such business-privilege tax, such taxpayer shall be entitled to credit against the tax imposed by this title such proportionate part of such business-privilege tax as his distributive share of the net income of the partnership bears to the entire net income of the partnership.

The committee amendment was agreed to.

Mr. DIRKSEN. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. DIRKSEN: On page 7, line 2, strike out "$10,000" and insert "$2,500."

Mr. DIRKSEN. Mr. Chairman, as I stated earlier in the afternoon, I cannot put myself in the position of seeking to defend the exclusion of $10,000 from income; so I am offering this amendment for exclusion of only $2,500. If I followed my own inclinations in the matter it would exclude all earned income and unearned income entirely, and make all of it taxable, with proper deductions for families and credits similar to the Federal statute.

I do want to say a word or two about the question raised by the majority leader as to whether Members of Congress would be taxed. On page 6, in line 20 of this bill, there is the following language:

In case of any corporation or a nonresident individual, gross income includes only the gross income from sources within the District of Columbia.

I think it is obvious that a Member of Congress is a nonresident individual in Washington.

I think it is the best tax opinion that the salaries of Members of Congress do not constitute gross income from sources within the District of Columbia, even though, geographically speaking, the Federal Treasury, where the checks may be drawn, is located in the District; but it has never appealed to me, and I do not believe it does to you, to tax people in that respect. To follow this a little further, under the recent ruling of the Supreme Court of the United States if you come from one of 32 States in the Union which have an income-tax law you are going to pay a tax back home on your salaries. You get credit for whatever you pay back home. Over on page 17 of the bill you find a section that provides credit for income tax paid by residents of other jurisdictions, and in subsection (b) you will find credit given to nonresidents who pay an income tax to a State or Territory.

So at least the Members from 32 States in the Union who pay an income tax back home would not have to pay one here and would be credited with the tax they pay back home, but it occurs to me also, from my study of the subject and from statements that have been made to me from time to time, that Congressmen would not be liable for any income tax. So far as I personally am concerned, I do not care anything about it, but I am only giving you the benefit of opinions that have come to me, and state my desire to so amend this bill as will provide a palatable and workable income tax in the District of Columbia.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. MAY. In my State we pay not only a State income tax but a Federal income tax. I think this legislation should expressly state that in such cases the person will not have to pay a third income tax in the District of Columbia.

Mr. DIRKSEN. It is made clear and is so expressly stated in the credit provisions of the bill on page 17. There can be no question about it—there is nothing equivocal about it.

I hope this amendment which seeks to reduce the $10,000 exemption of income to $2,500 will be adopted because, Mr. Chairman, you will be on a hot spot when you go back home and try to defend a provision of a tax bill so unpalatable as to exclude $10,000 of income. I am not going to put myself in that position.

Mr. RAYBURN. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. RAYBURN. Does the gentleman believe the provisions of this bill as it stands would tax the salary of a citizen of Texas in the District of Columbia? It matters not whether the State has an income tax.

Mr. DIRKSEN. My opinion is based upon, for instance, information coming from men like the member of the Board of Tax Appeals, who has told me over and over again that he did not believe you can tax a Congressman's salary here, would answer the gentleman's question about the State of Texas.

Mr. RAYBURN. It is my belief also that you cannot tax a Congressman's salary in the District of Columbia.

Mr. DIRKSEN. That goes for the gentleman's State, and for my State, and for the 16 other States that do not have income taxes. In the case of an individual gross income includes only gross income from sources within the District of Columbia. The fact that the Federal Treasury is located here, and the fact that salary checks are disbursed from the Federal Treasury, does not mean that the income was earned from sources within the District of Columbia. That is consideration No. 1. In the case of 32 States, which does not include the gentleman's State or my State, a provision is written in this bill providing credit for the income tax paid in those States.

Mr. RAYBURN. Let me ask the gentleman a further question. If there is any ambiguity in the bill why not clear it up so there will not be any question about citizens of Illinois, Texas, or the other States?

Mr. DIRKSEN. If anyone desires to offer such an amendment there will be no objection so far as I am concerned.

Mr. RAYBURN. Another consideration that must be borne in mind is the fact that most Members of Congress have as secretaries citizens of their own States. These secretaries and assistant secretaries pay Federal income taxes on their salaries. Is there any provision in this bill to protect them against paying an additional income tax in the District of Columbia?

Mr. DIRKSEN. The bill contains a crediting device which applies in the case of residents of those States which do have income taxes, it runs to their benefit; and in those jurisdictions which do not have an income tax it is a question of residence and source of income. If they are not residents of the District of Columbia I have some doubt whether they would be included.

Mr. RAYBURN. Is not the question of citizenship one of intent anyhow?

Mr. DIRKSEN. We have discused that matter for 3 years. It seems to me we have come to no resolution of it whatsoever.

Mr. RAYBURN. Does the gentleman really think there should be any ambiguity left in the bill as to whether a secretary or assistant secretary who claims residence in the State from which he or she came, who pays an income tax in that jurisdiction should be considered a citizen of the District of Columbia for taxing purposes?

Mr. DIRKSEN. There is none in the bill now.

Mr. RAYBURN. I am not sure that I can agree with the gentleman on that.

Mr. DIRKSEN. There is none in the bill now because of the crediting device on page 17.

Mr. NICHOLS. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. NICHOLS. The bill provides a tax on that portion of their income which was earned within the District of Columbia, they being nonresidents.

Mr. DIRKSEN. Oh, yes; that is true. I was limiting that last observation to the 32 jurisdictions that would have the benefit of the crediting device. As to residents of the other 16 States there may be some question. It would all turn on the question of domicile and what portion of their income was earned in the District of Columbia.

Mr. RAYBURN. The question of citizenship certainly should not come up, but the question of whether their income will be interpreted as having been earned within the District of Columbia, they being paid from the Federal Treasury located in Washington, may come up.

Mr. DIRKSEN. I believe they would have the benefit of the same rule that would be made in the case of Congressmen, except, of course, they are appointees whereas we are elected officials, who come here under a mandate from our constituency.

Mr. RAYBURN. The gentleman says he does not think the Members' salary would be taxed, and he does not think that the salary of a Member's clerk, the citizen of a State, would be taxed. However, he says in 32 States there would be no question about that.

Mr. DIRKSEN. There would be no question about that.

Mr. RAYBURN. But in 16 States there might be.

Mr. DIRKSEN. In 16 States that do not have an income tax at the present time, that have no authority under their own law to assess a tax on Federal salaries since they have not captialized on the very recent ruling of the Supreme Court, there may be some question. I do not pose as a tax authority, but I can find precedents and good argument on both sides of the question.

Mr. RAYBURN. I do not think there ought to be any question about the matter.

Mr. DIRKSEN. If anyone thinks there is ambiguity there that ought to be ironed out, it would be quite all right to perfect the bill and insert such amendment.

Mr. RAYBURN. I may say to the gentleman that I am one Member of the House who will not vote for any tax bill for the District of Columbia that has any ambiguity in it with reference to the question whether or not I may have to pay an additional income tax in the District of Columbia or whether my clerks will have to pay an additional tax in the District of Columbia when they are citizens of the State of Texas. [Applause.]

Mr. DIRKSEN. I may ask the gentleman with respect to the $10,000 exclusion from earned income that has been put in the bill, what would he say about a Cabinet member, for instance, whose salary is $15,000, or what would he say about someone who holds office here where the salary is $8,000? Now, then, those are the provisions of the bill as it came from the subcommittee, irrespective of this provision, and I am going to offer an amendment to strike it out and reduce it to $2,500 in order to make it more palatable. You would still have to file a return if you were in the upper brackets if you went on the theory suggested by the majority leader.

Mr. THOMAS F. FORD. Will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from California.

Mr. THOMAS F. FORD. What is the tax rate on real estate in the District of Columbia?

Mr. DIRKSEN. In this bill it is fixed at not to exceed $1.75. This real-estate question has been bouncing around here for 7 or 8 years. You must remember they are assessed on the basis of full current valuation and they have produced figures to show exactly how much a dwelling pays in the District of Columbia as compared with other States or cities. It is a case of values.

[Here the gavel fell.]

Mr. COCHRAN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I am going to be consistent today by voting for an income tax for the people of the District of Columbia. I feel that Members of Congress and the employees of Congress are not subject, and should not be subject, to an income tax, and if there is any doubt I will offer an amendment to exempt them.

It so happens I was the first Member of Congress who introduced a resolution providing that the State should have the power to tax Federal employees and that the Federal Government should have the right to tax the State employees. I maintained from the outset that we had the right to do just that under the sixteenth amendment, but your Judiciary Committee did not agree with me. Then the Supreme Court of the United States said we did have the right to assess these taxes, and the Congress responded with proper legislation. There is no reason in the world why an individual citizen of a State should be subject to a State and a Federal income tax and a Federal or State employee, whom those citizens support, not be subject to both a State and Federal tax. As I said, if there is any doubt whatsoever in reference to Members of Congress and the employees of Congress who pay an income tax back home being subject to this tax, I say it will be cleared up. I do believe, however, that the income tax is as fair a tax as can be assessed against the people of this country. It has proven to be so. It taxes the people best able to pay. I do not think the $10,000 exemption should be allowed to stand, and I shall support the amendment to be offered by the gentleman from Illinois. I hope the Committee will do likewise. I am not one who is going on record as saying that only those who have an income of $10,000 or more should be subject to this tax.

Why should a Member of Congress be exempt? I am subject to the Federal income-tax law. I am also subject to the income-tax law of the State of Missouri, and very properly so. Therefore, as I pay a tax to the Government and one to my own State, I should not be required to pay a tax in the District of Columbia. I am here because I am sent here by the people of my congressional district, not for the purpose of residing in the District of Columbia but to represent them in Congress, and when Congress is not in session I go home.

I leave plenty of money in the District of Columbia, and those who derive an income of what I spend, and what you and others spend, who come here to attend sessions of Congress, should be willing to pay their own expenses. While I have been here 27 years, I lived at one hotel over 8 years. I figured up last week that in that time I paid that hotel over $10,000 in rent alone. Every Member of Congress has the same experience. We should not be asked to support the government of the District of Columbia by paying income taxes.

The gentleman from Oklahoma spoke a minute ago of the real-estate tax and said it was $1.75. He stated further that the tax was based on full value. But look at the record. Go over where your New House Office Building stands and examine the assessed value of that property before the building was constructed and before the property was taken over by the Government. It is situated on the same property where the old Congress Hall Hotel and the Vendome Hotel used to stand. Just see how many hundred percent above the assessed value your Government was required to pay in order to take that property over.

There never was a condemnation suit in the city of Washington in the many years I have been here where the Government of the United States did not have to pay more than the assessed value of the property to get the property, if the question was left to a jury.

In my own city, St. Louis, we pay $2.76 a hundred on real estate and a tax of $2.76 on personal property. I pay about $22.50 for my automobile license, and I pay $2.76 a hundred on the value of my automobile; and they set the value. I am not allowed to set it. The assessor has a table that applies to all.

Mr. NICHOLS. Will the gentleman yield?

Mr. COCHRAN. I yield to the gentleman from Oklahoma.

Mr. NICHOLS. Will the gentleman tell us how much bonded indebtedness the city of St. Louis has and what portion of the $2.76 goes to retire such bonds?

Mr. COCHRAN. I do not know what the bonded indebtedness is. It has a bonded indebtedness of course, but I may say that the bonds of the city of St. Louis, despite what the gentleman from Kansas [Mr. LAMBERTSON] stated the other day, always sell for par or above par.

Mr. NICHOLS. I was making no reflection on the city of St. Louis.

Mr. COCHRAN. I know the gentleman would not do that. Yes, we have a bonded indebtedness, but I do not know the amount.

Mr. NICHOLS. I only wanted to point out to the gentleman that there is no bonded indebtedness on the part of the city of Washington because there is a statutory prohibition against it, and this would be some reason why the real-estate tax should be somewhat less in the District of Columbia than it would be in jurisdictions that have a bonded indebtedness.

Mr. COCHRAN. I suggest to the gentleman from Oklahoma that he examine the books of the assessor's office in a case where someone has bought a piece of property, a house, say, in the District of Columbia for $15,000, $20,000, or $25,000. Then go up next year and see what the assessed value is, and find whether the assessed value is anywhere near the price of the property which would be full value. That is your answer. Go look at the records.

You heard the gentleman from Texas, Mr. Blanton, many times make speeches here in regard to taxes in the District of Columbia. He did not take his own figures, he took them from the assessor's books. He showed you where men in the District of Columbia owned Packards and Lincolns and that the value of those Packards and Lincolns from the standpoint of their assessed value as personal property was $100, $200, or $300. That is the reason you have to raise taxes in the District of Columbia. If they raised the taxes in the District of Columbia to where they can under existing law, and by assessing the values as they should, you would not have to have a tax bill here today. [Applause.]

[Here the gavel fell.]

Mr. BATES of Massachusetts. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, as a member of the subcommittee of the District of Columbia dealing with taxation, I wish to say a word in favor of lowering the exemptions on the income tax. I do not know of any city the size of Washington in the whole United States of America that has such a low rate of taxation on real estate and personal property. The gentleman from Missouri mentioned the fact that in his city the tax rate is $2.70 per $100, or $27 per $1,000. The average tax rate in the cities of my State of Massachusetts is over $3.30 per $100, or $33 per $1,000, and many of the cities have a tax rate of over $40 a thousand.

In the hearings before the Advisory Committee and the Joint Committee on Taxation, which was created by the Congress of the United States, to make a survey of the District tax structure, it was stated by those representing the real-estate organizations that the real-estate tax was not an unfair tax in the District of Columbia.

I wish to call to the attention of the members of the Advisory Committee, acting with experts on the tax study, for which $10,000 was appropriated by Congress, recommended the abolition of the intangible personal property tax and the business-privilege tax. When we reach the proper title, I intend to offer an amendment in connection with the business-privilege tax which will strike it out altogether.

With regard to lowering the income-tax exemptions, even Federal employees were present at the hearings and went on record in favor of lowering the exemptions. It seems to me that instead of reaching out into a business-privilege tax, which is nothing more than a sales tax, in another form, we should lower the exemptions on earned income. We are faced with the situation of either reducing below $10,000 the exemption on incomes or substituting a business-privilege tax, which the Advisory Committee recommends should not be continued.

It seems to me that the theory of ability to pay has been actually recognized by 35 of the 48 States in the Union, either by placing an income tax on persons or an income tax on business. If there is any question in the minds of the Members of the House that the Members of Congress will come within the scope of this $10,000 exemption—and I believe with other Members of the House that it ought to be eliminated—let me say that I personally feel that it will be only a short period of time, as a result of the recent Supreme Court ruling, that every Member of Congress and every Federal employee will be subject to the laws of their own States insofar as payment of a tax on incomes of less than $10,000 is concerned.

Mr. THOMAS F. FORD. Mr. Chairman, will the gentleman yield?

Mr. BATES of Massachusetts. I yield to the gentleman from California.

Mr. THOMAS F. FORD. Would not the business-privilege tax and everything else be eliminated if a reasonable real-estate tax were assessed?

Mr. BATES of Massachusetts. It is very obvious from the report of the committee and those who are interested in taxes in the District of Columbia that they want to get out from under what I consider to be a fair tax on real estate. [Applause.]

[Here the gavel fell.]

Mr. RANDOLPH. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

Mr. NICHOLS. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, you can vote on this amendment on another basis than whether or not it is going to tax the salaries of Members of Congress. Of course, if there is a $2,500 exemption and the present provisions of the bill remain as they are, unless I am not able to write the English language the bill will, of course, tax the salaries of Federal employees and Members of Congress.

I was very frank in stating to you that I can think of no reason why a Member of Congress should pay an income tax to the local government of the District of Columbia, but you can forget all that and vote on the proposition on another basis. This tax bill is brought here for the purpose of raising revenue to defray the cost of government in the District of Columbia. This bill is written to raise a sufficient amount of revenue. If you reduce the exemptions in connection with the income tax from $10,000 to $2,500 you increase the amount of money the bill will yield in revenue and will raise more revenue than it is necessary to raise from the taxpayers to defray the cost of running the government of the District of Columbia.

Mr. REES of Kansas. Mr. Chairman, will the gentleman yield?

Mr. NICHOLS. I yield.

Mr. REES of Kansas. Is it not a fact that the Congress appropriates at least $5,000,000 a year to help run the District of Columbia?

Mr. NICHOLS. Oh, yes.

Mr. REES of Kansas. And is it not also a fact that if we had a reasonable tax rate on real estate here and if we could lower the exemption it would not be necessary to ask the United States Government to help defray these expenses?

Mr. NICHOLS. I wish my friend were correct. I will explain to my friend. The only reason there is a contribution paid by the Federal Government to the District of Columbia is because of the Federal property in the District of Columbia that pays no taxes to the support of the local government, plus the fact that the local government furnishes police protection, fire protection, and many other services to the Federal Government which the Federal Government cannot reimburse them for, and the amount of income tax, the rates

of tax on real and personal property, whether or not there is a sales tax, the amount of gasoline tax—none of that has any bearing whatever on the amount of the Federal contribution to the District of Columbia.

Mr. THOMAS F. FORD. Mr. Chairman, will the gentleman yield?

Mr. NICHOLS. I yield.

Mr. THOMAS F. FORD. Does the gentleman think the present rate of $1.75 is an adequate real-estate tax?

Mr. NICHOLS. I certainly do.

Mr. THOMAS F. FORD. Why?

Mr. NICHOLS. I will tell my friend. I said a minute ago that this would be the lowest tax-paying jurisdiction in the United States because there are fewer things that you spend tax money for in the District of Columbia. The District of Columbia should have the lowest real-estate tax, the lowest personal tax, it should have the lowest income tax, it should have the lowest gasoline tax, it should have the lowest excise taxes of any taxing jurisdiction in the United States, because of the reasons pointed out, and I shall now explain to my friend, if he were not here, that when you raise money to defray the cost of government of the District of Columbia, you are raising money for that purpose and only one other, and that is a contribution to the support of the Federal Government.

Now, take my friend's city of Los Angeles. In the city of Los Angeles when you pay taxes you pay taxes for the support of the metropolitan government of Los Angeles, which is No. 1. Then you pay another tax for the support of an independent school district within the city of Los Angeles, which is No. 2.

[Here the gavel fell.]

Mr. NICHOLS. Mr. Chairman, I ask unanimous consent to proceed for 1 additional minute.

The CHAIRMAN. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. NICHOLS. First, there is your city tax; second, your contribution to the support of your independent school districts; third, contribution to the support of your county government, and I do not know whether in California this is true, but in Oklahoma we also are taxed for the support of township government, but at least there are three different taxes there. Then there is the support of an independent school system within the county which is fourth, and then, fifth, a contribution to the support of State government and then, sixth, a contribution to the support of Federal Government.

Contributions are direct taxes that my friend pays in Los Angeles, while in the District of Columbia you can have but two—one, support of municipal government, and, two, a contribution to the support of the Federal Government.

So, it is absolutely proper that the taxes should be less if you get as efficient government in the District of Columbia as you get in my friend's State, because there are not the things to spend the taxpayer's money for.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. DIRKSEN].

The question was taken; and on a division (demanded by Mr. DIRKSEN) there were—ayes 43, noes 61.

So the amendment was rejected.

Mr. COCHRAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COCHRAN: On page 5, line 5, after the word "following", insert "individuals and", and after the semicolon in line 5 insert "Senators, Representatives, Delegates, Resident Commissioners, officers and employees of the Senate and House of Representatives of the United States."

Mr. COCHRAN. Mr. Chairman, my amendment can be explained in a minute. It removes the objections of those who felt there might be something in this bill that would subject a Member of Congress or the employees of Congress to taxation in the District of Columbia under this income-tax provision. The amendment meets the objection of the majority leader and it meets the objection of anyone else who has any fear whatsoever that they are going to be subject to this income-tax law.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. COCHRAN. I yield.

Mr. PATMAN. Does the gentleman believe we should define as a resident the ones who should pay this tax even if the gentleman's amendment is adopted? What about the one who works for the Federal Government but lives in some State or has a home there?

Mr. COCHRAN. My amendment speaks for itself, and if the gentleman wants to offer an amendment to accomplish the purpose he has in mind, he, of course, can offer it.

Mr. SCHAFER of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. COCHRAN. I yield.

Mr. SCHAFER of Wisconsin. Will the gentleman's amendment apply to employees of the Federal Government in the District of Columbia who maintain their legal residence in their respective States and pay their State income taxes?

Mr. COCHRAN. It will not. If the gentleman wants to offer such an amendment, he can do it. My amendment is solely directed to taking care of Members of Congress and the employees of Congress.

Mr. HAWKS. Is the gentleman leaving the exemption at $10,000?

Mr. COCHRAN. This is placed in the proviso with respect to those that are exempted, and should be amended. I am reaching a different subject by my amendment. As I said a short time ago, we are subject to income taxes in our own States and should not be required to help the citizens of the District of Columbia pay for the upkeep of their city. If the people of the District would but take the time to look up the laws of the cities of equal size in the country they would then understand how fortunate they are when it comes to paying taxes. I pay city, State, and Federal taxes. The District of Columbia even with this bill will not be subject to three taxes but to two. My State has a sales tax. The District of Columbia has none. I am willing to pay any taxes that are assessed against others, but I am not willing to pay taxes to cities or States other than my own. I hope my amendment is agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Missouri [Mr. COCHRAN].

The amendment was agreed to.

Mr. SMITH of Virginia. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. SMITH of Virginia: Page 5, line 16, strike out the word "organizations" and insert the following: "farmers' cooperative associations organized and operated on a cooperative basis for the purpose of marketing the products of members or other producers, and turning back to them the proceeds of sales, less the necessary marketing expense, on the basis of either the quantity or the value of the products furnished by them."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia.

Mr. SMITH of Virginia. Mr. Chairman, I understand that this amendment is agreeable to the members of the committee.

Mr. RANDOLPH. Mr. Chairman, the committee is agreeable to have this amendment adopted.

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. BATES of Massachusetts. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. BATES of Massachusetts: Page 7, line 2, strike out "$10,000" and insert "$2,000."

Mr. BATES of Massachusetts. Mr. Chairman, this amendment is offered for the reason that the House has now approved an amendment offered by the gentleman from Missouri [Mr. COCHRAN] which exempts all Members of Congress, Delegates, and Commissioners from the imposition of any tax under this tax bill. This amendment reduces the exemption

of income-tax payers from $10,000 to $2,000. I cannot help to reiterate that in 33 other States of the Union there are income taxes applicable to personal income-tax payments, and it seems to me that where the District is reaching out for additional revenue, and the theory of ability to pay is involved in this whole tax question, it is but a fair thing for the Members of the House to approve the lowering of the exemption, so that the Federal employees of the District who have already appeared before the committee and approved a reduction in the exemption from $10,000 down to a much lower level, will come within the provisions of the act, and I trust, in view of the fact that the committee but a moment ago approved the Cochran amendment eliminating Members of the House, Commissioners, and Delegates from any provision of this bill, that the committee will adopt the amendment that I have submitted.

Mr. NICHOLS. Mr. Chairman, there is something broader in this bill than whether or not Members of Congress will pay a tax on that part of their salaries earned within the District of Columbia. My notion of that is well known. I do not think they should. This amendment proposes to reduce exemptions of earned income down to $2,000. That affects every man, woman, and child who is earning an income within the District of Columbia. There is just not any sense or any reason in raising all of your taxes from the bottom of the list, when you can go to the top of the list and get it, and you do not need the additional taxes. If you support the $2,000 amendment offered by my distinguished friend from Massachusetts, then you are putting a tax on every man and woman who earns a salary within the District of Columbia on every cent that he or she earns over $2,000, and I say to you that the tax experts who studied this problem say that you do not need that money.

Mr. BATES of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. NICHOLS. Yes.

Mr. BATES of Massachusetts. Is it not a fact that in the provisions of this bill, speaking about payment from the bottom of the list, that the bill contains a provision for a business privilege business tax, which is nothing more or less than a sales tax, which is being paid by all of the people of the District.

Mr. NICHOLS. Very well. That is probably true, but I am very sure my friend from Massachusetts, who is very fair, does not want them to make them pay all of the taxes of the District. What I mean is this. This is presumed to be a balanced tax program. It just so happens that under a sales tax if I can use that as an example—and it has no consideration here—that under a 2-percent sales tax, as you credit the thing up on income it stays rather constant on the ability to pay the tax clear up to $10,000 of income, but when you get beyond the $10,000, then it starts going down to the point where the man who earns over $10,000 pays less of the percentage of the money that he earns under the sales tax than the group of people who come up to the $10,000 income.

The business-privilege tax provided for in this bill, in some instances, will be passed on to the consumer. Personally, I think that is all right, but by reason of the fact that they are carrying their burden in the payment of whatever portion of the business-privilege tax is passed on, then why in the name of common sense, when you do not need an exemption of less than $10,000 to raise sufficient money, should you lower it to $2,000 and heap an additional burden on those people who pay the business-privilege tax?

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. NICHOLS. I yield.

Mr. McCORMACK. Is this tax imposed in addition to the tax provided for in section 2? Section 2 provides for an individual tax of 2 percent on the first thousand, 3 percent on the next $2,000 of taxable income, and so forth?

Mr. NICHOLS. That is right, but I want to point this out, that there is an exemption of $10,000 for earned income, and $500 for nonearned income. This table, of course, would not operate under the individual tax until you got above $10,000 unless this amendment is adopted. Then, of course, there would only be a $2,000 exemption.

Mr. McCORMACK. In other words the tax relates to income above $10,000?

Mr. NICHOLS. Exactly.

Mr. McCORMACK. The theory of the gentleman's position is that there is no necessity for raising additional taxes to meet the fiscal obligations of the District of Columbia?

Mr. NICHOLS. Exactly. There is no demand for the revenue.

Mr. McCORMACK. Your position seems to me to be pretty sound.

[Here the gavel fell.]

Mr. DIRKSEN. Mr. Chairman, I rise in support of the amendment.

Now, Mr. Chairman, there is pending an amendment to reduce the amount of excluded earned income from $10,000 to $2,000. That amendment has been introduced by the gentleman from Massachusetts [Mr. BATES]. It should be adopted, in view of the fact that this Committee a moment ago adopted the amendment offered by the gentleman from Missouri [Mr. COCHRAN], which exempted Members of the Senate and House, Resident Commissioners, Delegates, and so forth, and their secretaries.

Let me say this: Here is the gentleman from Wisconsin [Mr. KEEFE] sitting in the front row. What would you say to the people of Wisconsin if out there they had to pay on the first thousand dollars of income, or $1,200, or whatever it is, and then you went back home and rendered an account of your stewardship and said, "Down in the District of Columbia we exempted or excluded $10,000 before the income tax became effective"?

What would the gentleman from New York [Mr. WADSWORTH] say when he went home and said, "We have a much smaller amount in New York where the income tax starts, but in the District of Columbia we allowed a $10,000 excluded income"?

What would the gentleman from Missouri say? What would the gentleman from Wisconsin [Mr. SCHAFER] say? How can you make that stand up and be compatible with what 32 jurisdictions in the country have done on income taxes? It is so unbalanced, so out of line.

A $2,000 income might be excluded, which can be refined in subsequent years, but how are you going to defend your position when you go home and say, "Down in the District of Columbia we made it possible to exclude the first $10,000 of income before the tax attaches."

Gentlemen, you are putting yourselves in a peculiar position.

Now, they say it will raise too much money. There has not been a single showing before the committee or the subcommittee that it will raise too much money. If it should raise a little more than is necessary the District of Columbia cannot spend it. The only money they can expend is what the Appropriations Committee of the House tells them they can spend, and for what purpose. You could have $50,000,000 in the Federal Treasury to the credit of the District of Columbia and they could not touch a dime of it to buy 100 feet of fire hose until the Congress first gave them the authority. In other words, we have had as much as $9,000,000 of excess money down there, but they could not spend a dime of it. If we were so fortunate as to raise a little more than the needs of the District of Columbia required under the appropriation bills it would be a most happy circumstance, I would say, but do not let that fool you as to the necessity of writing this amendment into the bill in order to make it feasible and workable and put it somewhere in line with the other States of the country.

Mr. SCHAFER of Wisconsin. Will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. SCHAFER of Wisconsin. If we raise too much money from the income tax we might be able to reduce the personal-property and real-estate taxes in the District of Columbia or reduce the gasoline tax and give some relief to the great masses of the common people who are least able to pay taxes.

Mr. DIRKSEN. Oh, when we have too much money they can find uses for it if Congress approves. The committee has held down on school buildings and other things in the District. But it cannot be used unless the Congress says they may use it. If you are going to follow out what you did a moment ago in adopting the Cochran amendment and exempt the elective officers and their secretaries and delegates, and so forth, then you ought to make this a workable bill and adopt the amendment that is on the desk at the present time, to the effect that not to exceed $2,000 of earned income shall be excluded before the tax attaches. It is necessary.

[Here the gavel fell.]

Mr. REES of Kansas. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I rise in support of the amendment that will reduce the exemption on earned income tax from $10,000 to $2,000. I have been in Congress only a few years but I have observed that during each session this Congress is required to appropriate funds for the support of the District of Columbia. I have no objection to this, so long as the property owners in the District and the folks who live here pay their fair share of the taxes to support the city of Washington.

The residents of the District of Columbia enjoy, as was stated a while ago, the lowest real-estate and personal tax of any city of like size in the United States. These taxes have been kept down. Those who own large properties in the District have continually seen to it that the taxes have been kept at a minimum.

As a matter of fact, the entire amount of taxes charged against real and personal property is $1.75 per hundred. This is approximately half the amount of taxes assessed against property in most of the cities in this country. A tax bill is now brought before us, providing for a tax on incomes. Up to this time, there has not been an income tax in the District, but somebody saw to it that the first exemption was $10,000. There is not a State in the Union that has an exemption of this kind. We say to those who live in the District of Columbia that they will not have to pay an income tax unless they earn at least $10,000 a year. The pending amendment provides for an exemption of $2,000, and also provides that the tax on the balance of the income rises by very slight graduations, so that a person who has an earned income of $5,000 will pay a tax of $80. Comparatively speaking, this is not burdensome at all. There is not a State, I venture to say, that has a fairer income tax than is provided by this amendment. During each and every year, Congress has been appropriating millions of dollars to support the District of Columbia. It seems to me that the Federal Government should not be asked to contribute to the support of this city until the people who live here have at least had a chance to pay a fair share in taxes for its support. At this time, in my judgment, they are not doing it. I believe by all means that this amendment should be adopted. [Applause.]

Mr. RANDOLPH. Mr. Chairman, I ask unanimous consent that all debate on this amendment do now close.

The CHAIRMAN. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts.

The question was taken; and on a division (demanded by Mr. NICHOLS) there were—ayes 75, noes 27.

Mr. NICHOLS. Mr. Chairman, I demand tellers.

Tellers were ordered.

The Committee again divided; and the tellers reported that there were—ayes 88, noes 29.

So the amendment was agreed to.

The Clerk read as follows:

TITLE II—ADVANCEMENT OF MONEY BY TREASURY

Until and including June 30, 1940, the Secretary of the Treasury, notwithstanding the provisions of the District of Columbia Appropriation Act, approved June 29, 1922, is authorized and directed to advance, on the requisition of the Commissioners of the District of Columbia, made in the manner now prescribed by law, out of any money in the Treasury of the United States not otherwise appropriated, such sums as may be necessary from time to time during said fiscal year to meet the general expenses of said District as authorized by Congress, and such amounts so advanced shall be reimbursed by the said Commissioners to the Treasury out of taxes and revenue collected for the support of the government of the said District of Columbia.

With the following committee amendments:

Page 56, line 18, after the word "Treasury", insert "and Federal contribution."

Page 56, line 19, insert "SEC. 1."

Page 57, line 6, after the word "Columbia", insert:

"SEC. 2. After June 30, 1939, the contribution by the United States toward the expenses of the government of the District of Columbia shall in no event be in excess of $5,000,000 for any one fiscal year."

The committee amendments were agreed to.

The Clerk read as follows:

TITLE III—PARKING LOT TAX

IMPOSITION OF THE TAX

SECTION 1. For each year ending June 30, beginning with the year ending June 30, 1940, there shall be imposed for the privilege of operating, conducting, and maintaining parking lots in the District on property privately owned or owned by the United States or by the District, a tax of 2 percent of the amount of the gross receipts derived from such business.

RETURNS AND PAYMENT OF TAX

SEC. 2. Every person liable to the tax under this title shall make a return, under oath, within 1 month after the close of the year with respect to which such tax is imposed, to the collector of taxes. Such returns shall contain such information and be made in such manner as the Commissioners may by regulation prescribe. The tax shall, without assessment or notice, be due and payable to the collector of taxes before the expiration of the period for filing the returns.

LICENSE REQUIREMENTS

SEC. 3. (a) No person shall engage in or carry on any business of conducting parking lots in the District of Columbia on any property, whether owned privately or by the United States or by the District, after 60 days from the approval of this act without first having obtained a license to do so from the Commissioners. All licenses issued under this title shall expire on June 30 of each year, and no license may be transferred to any other person.

(b) All licenses granted under this title must be conspicuously posted on the premises of the licensee and said license shall be accessible at all times for inspection by the police or other officers duly authorized to make such inspection.

(c) Licenses shall be good only for the location designated thereon, and no license shall be issued for more than one place of business without a payment of a separate fee for each.

(d) The Commissioners may, after hearing, revoke any license issued hereunder for failure of the licensee to file a return or corrected return within the time required by this title, or to pay any tax when due.

(e) Each application for license shall be accompanied by a filing fee of $5.

ADMINISTRATION OF TAX

SEC. 4. The Commissioners shall be charged with the administration and enforcement of this title.

EFFECT ON PRIOR LAWS

SEC. 5. This title shall not be deemed to repeal or in any way affect any existing act or regulation under which taxes are now levied.

OTHER LAWS APPLICABLE

SEC. 6. All provisions of law (including penalties) applicable in respect to the retail sales tax imposed by title II shall, insofar as applicable, and not inconsistent with this title, be applicable in respect to the tax imposed by this title.

DEFINITIONS

(a) The term "parking lot" as used in this act shall be taken to mean any lot or space upon which is conducted the business of parking cars for compensation furnished.

(b) The term "District" shall mean the District of Columbia.

(c) The term "assessor" shall mean the assessor of the District of Columbia.

(d) The term "gross receipts" shall mean the gross receipts received from the business of conducting, operating, and maintaining parking lots without any deduction therefrom on account of the cost of maintenance and operating expenses or any other expenses whatsoever.

(e) The term "fiscal year" means a year beginning on the 1st day of July and ending on the 30th day of June following.

With the following committee amendments:

Page 57, line 24, strike out "collector of taxes" and insert "assessor."

Mr. SCHAFER of Wisconsin. Mr. Chairman, I move to strike out the last word, and ask unanimous consent to speak out of order for 5 minutes on the subject of cotton.

Mr. RANDOLPH. Mr. Chairman, reserving the right to object, and I will not, because I do not want to stop my friend from speaking, but I shall be forced to object to further speeches that do not relate to the tax bill.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. SCHAFER of Wisconsin. Mr. Chairman, I want to talk on a very important matter. In order to present as many facts as I can in the brief time which I have, I shall use most of the 5 minutes to read a letter which I received under date of June 6, 1939, from Hon. J. E. McDonald, commissioner of agriculture for the State of Texas. I now read Mr. McDonald's letter:

DEPARTMENT OF AGRICULTURE,
Austin, Tex., June 6, 1939.

Hon. JOHN C. SCHAFER,
House Office Building, Washington, D. C.

MY DEAR CONGRESSMAN: As elected representative of the cotton farmers of Texas who produce nearly one-third of the Nation's cotton, I earnestly and respectfully urge that you pronouncedly and actively oppose the proposal to use the taxpayers' money to subsidize cotton exports.

Using public funds as bonus to foreigners for buying our American cotton at the present ridiculously low price, which is under cost of production and far below parity, cannot be justified. If any subsidy or bonus is to be paid they should be paid to Americans and not foreigners.

During the past 6 years Congress has followed Secretary Wallace's cotton suggestions with the result that today the cotton industry of America is in a hell of a fix. Secretary Wallace may be ever so honest and sincere but he has thoroughly demonstrated his inability in solving the cotton problem, and the public should and will condemn any Congressman who will further follow an official whose ideas have proven so impractical and destructive to one of America's greatest agricultural industries.

With cotton exports the smallest since 1884 and with nearly 12,000,000 bales of cotton frozen under Government loans, it is time to stop dilly-dallying about and get busy on something constructive.

With the administration of the present A. A. A. program, which is unsound and impractical, cotton farmers are being forced to compete with farmers growing other crops which surely will bring on more confusion and demoralization in general agriculture.

Wallace's proposed export subsidy would antagonize foreign cotton producers and result in reprisals which would be disastrous for the American farmer.

I have written you plainly and rather crudely simply because I can clearly see the disastrous results which would follow the adoption and administration of Wallace's cotton export subsidy proposal.

I trust you will bitterly oppose using taxpayers' money in subsidizing other exports; such would be unsound and unjust.

With appreciation and kindest regards, I am,

Very sincerely yours,

J. E. MCDONALD,
Commissioner of Agriculture.

This letter is from a leading Democrat in the State of Texas, a State which produces almost one-third of all the cotton grown in America. With one part of his letter I disagree: This Democratic commissioner of agriculture for the State of Texas denounces the A. A. A. program as a Wallace program. It is not a Wallace program. George Peak, a New Deal leader, in his book said that the Triple A production-for-destruction program was the brainstorm child of Prof. Mordecai Ezekiel, Henry Morgenthau, and Jerome Frank [applause], who at the time of its birth was one of the partners of the Wall Street legal firm of Chadbourne, Stanchfield & Levy. As far as criticizing Mr. Wallace and accusing him of being the daddy of the Triple A monstrosity is concerned, it should not be done, because Mr. Wallace is only the Charlie McCarthy of the Agricultural Department. [Applause.] The real man behind the gun is Prof. Mordecai Ezekiel. Wallace is Mordecai's Charlie McCarthy. Wallace is the New Deal Secretary of Agriculture in name only. Mordecai makes the wheels of the Agricultural Department go round—round and round so fast that the American farmer gets dizzy. I was very glad to receive this letter from that great Jeffersonian Democrat who was elected agricultural commissioner for the State of Texas with an overwhelming majority. Texas is to be congratulated for electing a commissioner of agriculture who has the sincerity of purpose, courage, and interest in the welfare of the cotton producers of America to let Congress know that Mordecai Ezekiel has been giving the American cotton farmers quack political medicine imported direct from Moscow, which if taken much longer will give our American cotton industry the kiss of death.

Mr. Chairman, after receiving the commissioner's letter I am hopeful that we will receive in the near future assistance from many people who live in our southern Democratic States, who adhere to the fundamental principles of Thomas Jefferson and who are opposed to the New Deal Soviet principles of government which have been imported by the New Deal direct from Moscow. I ask them to join with our Republicans and help us get our Federal Government out of the Moscow hock shop.

Mr. Chairman, I sincerely hope that my Republican colleagues will follow our Jeffersonian Democratic Texas commissioner of agriculture and enact some legislation which will take care of the cotton producers of the South and not crucify them as they have been crucified, according to Mr. McDonald, under the cotton production-for-destruction, regimentation-and-restriction program, the brain child of Mordecai Ezekiel, conceived in iniquity and born in sin. [Applause.]

[Here the gavel fell.]

Mr. NICHOLS. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I have never taken this floor to talk on party issues. There is being considered here today a revenue bill for the District of Columbia. A distinguished member of the minority has seen fit to interject into the discussion partisan politics. That suits me clear down to the ground. I think I can promise you gentlemen that from here on out I am going to do a little partisan talking.

A very interesting thing has just happened. A distinguished member of the minority, an able Member of Congress, who I presume expresses the sentiments of his party, has just introduced an amendment which has been agreed to by a vote of 88 to 29. I stood at the teller's post while those votes were being counted, and I venture the assertion—and I stand corrected if I am in error—that 86 of those votes were cast by Republicans.

Mr. MICHENER. Will the gentleman yield?

Mr. NICHOLS. I yield to the gentleman from Michigan.

Mr. MICHENER. The gentleman stated that 86 of those votes were by Republican Members?

Mr. NICHOLS. Yes.

Mr. MICHENER. Where were the rest of the Democrats who should have been here voting?

Mr. NICHOLS. I am sorry to say to my friend that the Democratic Party is made up of individuals. We do not herd like cattle very well. We do not yield to the whip. [Laughter.] We are that party which assumes to be able to stand upon its own feet, and we cast our vote according to our own individual precepts. [Laughter and applause.]

Mr. Chairman, I did not start this argument; but let me point out that the amendment just agreed to has removed the burden of taxation from property and has placed it on the individual wage earner, if you please. Let us see if that is not so. An exemption of $10,000 was provided in the bill. The Bates amendment reduced that exemption to $2,000. No one will say that the District of Columbia needs additional money raised by this amendment to defray the cost of the government of the District of Columbia; but the answer by the gentleman from Illinois [Mr. DIRKSEN] is even if it does raise too much money it cannot be expended until appropriated. I may say to my Republican friends that it is not the spending of the money which hurts. It is the payment of the taxes. When we reduced this exemption to $2,000 the taxpayer will pay the money, whether it is ever spent or not. I hope that the great party who so generously and willingly criticizes every action and activity of this administration is willing on this local matter to assume the responsibility of having shifted the burden of the payment of taxes, as it was shifted by the adoption of the last amendment.

Mr. COLE of New York. Will the gentleman yield?

Mr. NICHOLS. I yield to the gentleman from New York.

Mr. COLE of New York. In connection with the question of partisanship which the gentleman has just discussed, is it not true that the gentleman's President, Mr. Roosevelt, advocated a straight income tax for the District of Columbia; so that we have a situation where the Republicans are standing by your President?

Mr. NICHOLS. No. I may say to the gentleman that in the Pond report, which formed the basis for the instant bill now under consideration—and that bill, by the way, included a 1-percent sales tax—the President approved the bill as written and as recommended by the tax experts for this local jurisdiction. Of course, the President has many, many times stated that he objected to the imposition of a sales tax for the Federal Government. This is a local matter, however.

[Here the gavel fell.]

Mr. DIRKSEN. Mr. Chairman, I move to strike out the last three words.

Mr. Chairman, I know that my friend from Oklahoma did not mean all he said, at least I hope he did not, because there has been a kind of happy fellowship in the District of Columbia Committee. There has been no partisanship. There has been at no time any provocation of partisan consideration as that committee considered legislation which was necessary and in the interest of the welfare of the District of Columbia. Let no one therefore take a cue from the statement made by our genial friend from Wisconsin [Mr. SCHAFER], when he stood up here and made a speech on cotton. I suppose it was tinged with some political and partisan consideration, but he spoke out of order and the chairman of the Committee on the District of Columbia registered no objection which it was his duty to do if he did not want the gentleman to speak out of order. Do not let this partisanship be carried over into any further consideration of this bill because it is not partisan. We must not make it partisan and we shall not do so. Our interest is in enacting and perfecting a tax bill of which we can have a sense of pride and which we can defend. It is a matter of principle with me, and no partisan consideration shall enter into it.

Mr. RANDOLPH. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield to my friend, the chairman of the committee.

Mr. RANDOLPH. I am sure the gentleman from Illinois, the ranking minority member on the District of Columbia Committee, would never accuse me of being partisan in any way.

Mr. DIRKSEN. Precisely; the gentleman has never permitted partisanship to enter into his deliberations.

Mr. RANDOLPH. It was only out of courtesy that I permitted the gentleman from Wisconsin to address the Committee for 5 minutes.

Mr. DIRKSEN. That is right.

Mr. RANDOLPH. I did that as I would do it for any Member. I stated that I would allow him that time, but would not wish other Members to take up time similarly because we wanted to expedite the consideration of this measure.

Mr. DIRKSEN. That is quite true. I hope that a matter that revolves around a letter that came from the commissioner of agriculture of Texas will not be injected into the consideration of this bill, because really, we are not considering cotton, we are considering a feasible and workable tax program for the District of Columbia.

The Clerk read as follows:

TITLE IV—AMENDMENTS TO AND REPEAL OF PRIOR ACTS

INTANGIBLE PERSONAL PROPERTY

SECTION 1. The tax on intangible personal property imposed by any law relating to the District shall not apply with respect to any year subsequent to the fiscal year ending June 30, 1939.

TAX ON CERTAIN UTILITIES

SEC. 2. (a) Section 6, paragraph 5, of the act of July 1, 1902, chapter 1352 (32 Stat. 619), is amended insofar as it relates to gas, electric lighting, and telephone companies by striking out "gross earnings" wherever appearing therein and substituting therefor "gross receipts from the sale of public utility commodities or services within the District of Columbia"; and in the case of gas companies by striking out the rate "5 percent" and substituting therefor the rate "4 percent"; and in the case of street railroad companies by striking out "4 percent" and substituting therefor "3 percent."

(b) Section 6 of the act of July 1, 1902 (ch. 1352, 32 Stat. 619), is amended by striking out paragraph 8 so that the corporate excess tax therein provided shall become inoperative.

TAX ON REAL PROPERTY

SEC. 3. Title VII of the District of Columbia Revenue Act of 1937, as amended, is amended to read as follows: "For the fiscal year ending June 30, 1940, and for each fiscal year thereafter, the rate of taxation imposed for the District on real and tangible personal property shall not exceed 1.75 percent of the assessed value of such property."

TAXABLE STATUS OF MOTOR VEHICLES AS TANGIBLE PERSONAL PROPERTY

SEC. 4. Notwithstanding any other provision of law, the tangible personal-property tax on motor vehicles, except when consisting of stock in trade of merchants, shall be prorated according to the number of months such property has a situs within the District; and all such motor vehicles shall be assessed at their value as of March 1 each year: *Provided, however,* That where a motor vehicle shall be registered in the District of Columbia for the first time on a date between March 1 of one year and March 1 of the succeeding year, such motor vehicle shall be assessed, for taxation for the period ending with the succeeding March 1, at its value as of date of application for such first registration.

TAX APPEALS

SEC. 5. (a) Section (3) of the title IX of the District of Columbia Revenue Act of 1937, as amended, is amended as follows:

"SEC. 3. Any person aggrieved by any assessment by the District against him of any personal-property, inheritance, estate, business-privilege, gross-receipts, gross-earnings, insurance-premiums, or motor-vehicle-fuel tax or taxes, or penalties thereon, may, within 90 days after notice of such assessment, appeal from such assessment to the Board, provided such person shall first pay such tax, together with penalties and interest due thereon, to the collector of taxes of the District of Columbia under protest in writing. The mailing to the taxpayer of a statement of taxes due shall be considered notice of assessment with respect of such taxes. The Board shall hear and determine all questions arising on said appeal and shall make separate findings of fact and conclusions of law, and shall render its decision thereon in writing. The Board may affirm, cancel, reduce, or increase such assessment."

(b) Subsections (a), (b), and (c) of section 5 of title IX of the District of Columbia Revenue Act of 1937, as amended, are amended to read as follows:

"(a) The assessor and deputy assessor of the District and the board of all of the assistant assessors, with the assessor as chairman, shall compose a Board of Equalization and Review, and as such Board of Equalization and Review they shall convene in a room to be provided for them by the Commissioners, on the first Monday of January of each year, and shall remain in session until the first Monday in April of each year, after which date no complaint as to valuation as herein provided shall be received or considered by such Board of Equalization and Review. Public notice of the time and place of such session shall be given by publication for 2 successive days in two daily newspapers in the District not more than 2 weeks or less than 10 days before the beginning of said session. It shall be the duty of said Board of Equalization and Review to fairly and impartially equalize the value of real property made by the board of assistant assessors as the basis for assessment. Any five of said Board of Equalization and Review shall constitute a quorum for business, and, in the absence of the assessor, a temporary chairman may be selected. They shall immediately proceed to equalize the valuations made by the board of assistant assessors so that each lot and tract and improvement thereon shall be entered upon the tax list at their value in money; and for this purpose they shall hear such complaints as may be made in respect of said assessments, and in determining them they may raise the valuation of such tracts or lots as in their opinion may have been returned below their value and reduce the valuation of such as they may believe to have been returned above their value to such sum as in their opinion may be the value thereof. The valuation of the real property made and equalized as aforesaid shall be completed not later than the first Monday of May annually. The valuation of said real property made and equalized as aforesaid shall be approved by the Commissioners not later than July 1 annually, and when approved by the Commissioners shall constitute the basis of taxation for the next succeeding year and until another valuation is made according to law, except as hereinafter provided. Any person aggrieved by any assessment, equalization, or valuation made, may within 90 days after October 1 of the year in which such assessment, equalization, or valuation is made, appeal from such assessment, equalization, or valuation in the same manner and to the same extent as provided in sections 3 and 4 of this title: *Provided, however,* That such person shall have first made his complaint to the Board of Equalization and Review respecting such assessment as herein provided.

"(b) Annually, on or prior to July 1 of each year, the board of assistant assessors shall make a list of all real estate which shall have become subject to taxation and which is not then on the tax list, and affix a value thereon, according to the rules prescribed by law for assessing real estate; shall make return of all new structures erected or roofed, and additions to or improvements of old

structures which shall not have been theretofore assessed, specifying the tract or lot of land on which each of such structures has been erected, and the value of such structure, and they shall add such valuation to the assessment made on such tract or lot. When the improvements on any lot or tract of land shall become damaged or be destroyed from any cause, the said board of assistant assessors shall reduce the assessment on said property to the extent of such damage: *Provided*, That the Board of Equalization and Review shall hear such complaints as may be made in respect of said assessments between September 1 and September 30 and determine the same not later than October 15 of the same year. Any person aggrieved by any assessment or valuation made in pursuance of this paragraph may, within 90 days after October 15 of the year in which said valuation or assessment is made, appeal from such assessment or valuation in the same manner and to the same extent as provided in sections 3 and 4 of this title: *Provided, however*, That such person shall have first made his complaint to the Board of Equalization and Review respecting such assessment as herein provided.

"(c) In addition to the annnal assessment of all real estate made on or prior to July 1 of each year there shall be added a list of all new buildings erected or under roof prior to January 1 of each year, in the same manner as provided by law for all annual additions; and the amounts thereof shall be added as assessment for the second half of the then current year payable in the month of March. When the improvements on any lot or tract of land shall become damaged or be destroyed from any cause prior to January 1 of each year the said board of assistant assessors shall reduce the assessment on said property to the extent of said damage for the second half of the then current year payable in the month of March. The Board of Equalization and Review shall hear such complaints as may be made in respect of said assessments for the second half of said year between March 1 and March 31 and determine said complaints not later than April 15 of the same year. Any person aggrieved by any assessment made in pursuance of this paragraph may, within 90 days after April 15 of the year in which such assessment is made, appeal from such assessment in the same manner and to the same extent as provided in sections 3 and 4 of this title: *Provided, however*, That such person shall have first made his complaint to the Board of Equalization and Review respecting such assessment as herein provided."

(c) Title IX of the District of Columbia Revenue Act of 1937, as amended, is amended by adding thereto a new section reading as follows:

"SEC. 13. In any matter affecting taxation, the determination of which is by law left to the discretion of the Commissioners, the Commissioners may, if they so elect, refer such matter to the Board to make findings of fact and submit recommendations, such findings of fact and recommendations, if any, to be advisory only and not binding on the Commissioners, and shall be without prejudice to the Commissioners to make such further and other inquiry and investigation concerning such matter as they in their discretion shall consider necessary or advisable."

COLLECTION OF PERSONAL PROPERTY TAXES

SEC. 6. (a) The second sentence of section 2 of title I of the District of Columbia Revenue Act of 1937 is amended to read as follows: "In case of such neglect or refusal of the person delinquent as aforesaid the collector, or the person designated by him, may levy upon all such property and rights to such property belonging to such person whether situated within the District or not, for the payment of the sum due with interest and penalties thereon and the costs that may accrue and the collector of taxes shall immediately proceed to advertise the same by public notice to be posted in the office of said collector and by advertisement three times in one week in one or more daily newspapers in said District, or in the county of the State in which the property is situated, stating the time when and the place where such property shall be sold, the last publication to be at least 6 days before the date of sale and if the said taxes, with interest and penalties thereon, and the costs and expenses which shall have accrued thereon, shall not be paid before the date fixed for such sale, which shall not be less than 10 days after said levy or taking of said property, the collector shall proceed to sell at public auction such property or interest therein, or so much thereof as may be needed to pay such taxes, interest, penalties, and accrued costs and expenses of such distraint and sale."

(b) Section 6 of title I of the District of Columbia Revenue Act of 1937 is amended to read as follows: "In the case of the neglect or refusal of any person to pay a personal-property tax within 10 days after notice and demand, the collector of taxes, or the person designated by him, may file a certificate of such delinquent personal tax with the clerk of the District Court of the United States for the District of Columbia or for the district in which the property is situated, which certificate from the date of its filing shall have the force and effect, as against the delinquent person named in such certificate, of the lien created by a judgment granted by said court, which lien shall remain in force and effect until the taxes set forth in said certificate, with interest and penalties thereon, shall be paid and said lien may be enforced by a bill in equity filed in said court."

With the following committee amendments:

Page 62, after line 4, insert the following:

"SEC. 5. (a) The first sentence of the second paragraph of section 2 of title IX of the District of Columbia Revenue Act of 1937, as amended by the act approved May 16, 1938, is amended to read as follows: 'The salary of such person so appointed shall be $8,000 per annum.'"

Page 62, line 10, strike out "SEC. 5 (a)" and insert "(b)."

The committee amendments were agreed to.

The Clerk read as follows:

TITLE V—INHERITANCE, ESTATE, AND GIFT TAXES

Title V of the District of Columbia Revenue Act of 1937, as amended by an act entitled "An act to amend the District of Columbia Revenue Act of 1937, and for other purposes," approved May 16, 1938, is amended to read as follows:

"Taxes shall be imposed in relation to estates of decedents, the shares of beneficiaries of such estates, and gifts as hereinafter provided:

"ARTICLE I—INHERITANCE TAX

"SECTION 1. (a) All real property and tangible and intangible personal property, or any interest therein, having its taxable situs in the District of Columbia, transferred from any person who may die seized or possessed thereof, either by will or by law, or by right of survivorship, and all such property, or interest therein, transferred by deed, grant, bargain, gift, or sale (except in cases of a bona fide purchase for full consideration in money or money's worth), made or intended to take effect in possession or enjoyment after the death of the decedent, or made in contemplation of death, to or for the use of, in trust or otherwise (including property of which the decedent has retained for his life or for any period not ascertainable without reference to his death or for any period which does not in fact end before his death (1) the possession or enjoyment of, or the right to the income from such property or (2) the right, either alone or in conjunction with any person, to designate the persons who shall possess or enjoy the property or the income therefrom), the father, mother, husband, wife, children by blood or legally adopted children, or any other lineal descendants or lineal ancestors of the decedent, shall be subject to a tax of 1 percent on so much of the clear value of such property so transferred to each such beneficiary as is in excess of $5,000.

"(b) So much of said property as is in excess of $2,000, so transferred to each of the brothers, sisters, nephews, and nieces of the whole or half blood of the decedent shall be subject to a tax of 3 percent thereof.

"(c) So much of said property as is in excess of $1,000, so transferred to each of the grandnephews and grandnieces of the decedent and all persons other than those included in paragraphs (a) and (b) of this section, and all firms, institutions, associations, and corporations, shall be subject to a tax of 5 percent thereof.

"(d) Executors, administrators, trustees, and other persons making distribution shall only be discharged from liability for the amount of such tax, with the payment of which they are charged, by paying the same as hereinafter described.

"(e) Property transferred exclusively for public or municipal purposes, to the United States or the District of Columbia, or exclusively for charitable, educational, or religious purposes within the District of Columbia, shall be exempt from any and all taxation under the provisions of this section.

"(f) Where any beneficiary has died or may hereafter die within 6 months after the death of the decedent and before coming into the possession and enjoyment of any property passing to him, and before selling, assigning, transferring, or in any manner contracting with respect to his interest in such property, such property shall be taxed only once, and if the tax on the property so passing to said beneficiary has not been paid, then the tax shall be assessed on the property received from such share by each beneficiary thereof, finally entitled to the possession and enjoyment thereof, as if he had been the original beneficiary, and the exemptions and rates of taxation shall be governed by the respective relationship of each of the ultimate beneficiaries to the first decedent.

"(g) The provisions of article I of this title shall apply to property in the estate of every person who shall die after this title becomes effective.

"(h) The transfer of any property, or interest therein, within 2 years prior to death, shall, unless shown to the contrary, be deemed to have been made in contemplation of death.

"(i) All property and interest therein which shall pass from a decedent to the same beneficiary by one or more of the methods specified in this section, and all beneficial interests which shall accrue in the manner herein provided to such beneficiary on account of the death of such decedent, shall be united and treated as a single interest for the purpose of determining the tax hereunder.

"(j) Whenever any person shall exercise a general power of appointment derived from any disposition of property, made either before or after the passage of this title, such appointment, when made, shall be deemed a transfer taxable, under the provisions of this title, in the same manner as though the property to which such appointment relates belonged absolutely to the donee of such power; and whenever any person possessing such power of appointment so derived shall omit or fail to exercise the same, within the time provided therefor, in whole or in part, a transfer taxable under the provisions of this title shall be deemed to take place to the extent of such omissions or failure in the same manner as though the person or persons thereby becoming entitled to the possession or enjoyment of the property to which such power related had succeeded thereto by the will of the donee of the power failing to exercise such power, taking effect at the time of such omission or failure.

"(k) The doctrine of equitable conversion shall not be invoked in the assessment of taxes under this article.

"SEC. 2. The tax provided in section 1 shall be paid on the market value of the property or interest therein at the time of the death of the decedent as appraised by the assessor, or, in the discretion of the assessor, upon the value as appraised by the probate court of the District. The taxable portion of real or personal property held jointly or by the entireties shall be determined by dividing the value of the entire property by the number of persons in whose joint names it was held.

"SEC. 3. The appraisal thus made shall be deemed and taken to be the true value of the said property or interest therein upon which the said tax shall be paid, and the amount of said tax and the tax imposed by article II of this title shall be a lien on said property or interest therein for the period of 10 years from the date of death of the decedent: *Provided, however,* That such lien shall not attach to any personal property sold or disposed of for value by an administrator, executor, or collector, of the estate of such decedent appointed by the District Court of the United States for the District of Columbia or by a trustee appointed under a will filed with the register of wills for the District or by order of said court, or his successor approved by said court, but a lien for said taxes shall attach on all property acquired in substitution therefor for a period of 10 years after the acquisition of such substituted property. *And provided further,* That such lien upon such substituted property shall, upon sale by such personal representatives, be extinguished and shall reattach in the manner as provided with respect of such original property.

"SEC. 4. The personal representative of every decedent, the gross value of whose estate is in excess of $1,000, shall, within 15 months after the death of the decedent, report under oath to the assessor, on forms provided for that purpose, an itemized schedule of all the property (real, personal, and mixed) of the decedent, the market value thereof at the time of the death of the decedent, the name or names of the persons to receive the same and the actual value of the property that each will receive, the relationship of such persons to the decedent, and the age of any persons who receive a life interest in the property, and any other information which the assessor may require. Said personal representative shall, within 18 months of the date of the death of the decedent and before distribution of the estate, pay to the collector of taxes the taxes imposed by section 1 upon the distributive shares and legacies in his hands and the tax imposed by section 1 hereof against each distributive share or legacy shall be charged against such distributive share or legacy unless the will shall otherwise direct.

"SEC. 5. The personal representative of the decedent shall collect from each beneficiary entitled to a distibutive share or legacy the tax imposed upon such distributive share or legacy in section 1 hereof, and if the said beneficiary shall neglect or fail to pay the same within 15 months after the date of the death of the decedent such personal representative shall, upon the order of the District Court of the United States for the District of Columbia, sell for cash so much of said distributive share or legacy as may be necessary to pay said tax and all the expenses of said sale.

"SEC. 6. Every person entitled to receive property taxable under section 1 hereof, which property is not under the control of a personal representative, and is over $1,000 in value, shall, within 6 months after the death of the decedent, report under oath to the assessor, on forms provided for that purpose, an itemized schedule of all property (real, personal, and mixed) received or to be received by such person; the market value of the same at the time of the death of the decedent and the relationship of such person to the decedent; and any other information which the assessor may require. The tax on the transfer of any such property shall be paid by such person to the collector of taxes within 9 months after the date of the death of the decedent: *Provided, however,* That with respect to real estate passing by will or inheritance such report shall be made within 15 months after the death of the decedent, and the tax on the transfer thereof shall be paid within 18 months after the date of the death of the decedent.

"SEC. 7. In the case of any grant, deed, devise, descent, or bequest of a life interest or term of years, the donee for life or years shall pay a tax only on the value of his interest, determined in a manner as the Commissioners by regulation may prescribe, and the donee of the future interest shall pay a tax only on his interest as based upon the value thereof at the time of the death of the decedent creating such interest. The value of any future interest shall be determined by deducting from the market value of such property at the time of the death of such decedent the value of the precedent life interest or term of years. Where the future interest is vested the donee thereof shall pay the tax within the time in which the tax upon the precedent life interest or term of years is required to be paid under the provisions of sections 4 and 6 of this article, as the case may be. Where the future interest is contingent the personal representative of such decedent or the persons interested in such contingent future estate shall have the option of (1) paying, within the time herein provided for the payment of taxes due upon vested future interests, a tax equal to the mean between the highest possible tax and the lowest possible tax which could be imposed under any contingency or condition whereby such contingent future interest might be wholly or in part created, defeated, extended, or abridged; or (2) paying the tax upon such transfer at the time when such future interest shall become vested at rates and with exemptions in force at the time of the death of the decedent: *Provided,* That the personal representative or trustee of the estate of the decedent or the persons interested in the future contingent interest shall deposit with the assessor a bond in the penal sum of an amount equal to twice the tax payable under option (1) hereof. Such bonds shall be payable to the District and shall be conditioned for the payment of such tax when and as the same shall become due and payable. The tax upon the transfer of future interests or remainders shall be a lien upon the property or interest transferred from the date of the death of the decedent creating the interests and shall remain in force and effect until 10 years after the date, when such remainder or future interest shall become vested in the donee thereof. If the tax upon the transfer of a contingent future interest is paid before the same shall become vested, such tax shall be paid by the personal representative out of the corpus of the estate of the decedent, otherwise by the person or persons entitled to receive the same.

"ARTICLE II—ESTATE TAXES

"SECTION 1. In addition to the taxes imposed by article I, there is hereby imposed upon the transfer of the estate of every decedent who, after this title becomes effective, shall die a resident of the District, a tax equal to 80 percent of the Federal estate tax imposed by subdivision (a) of section 301, title III, of the Revenue Act of 1926, as amended, or as hereafter amended or reenacted.

"SEC. 2. There shall be credited against and applied in reduction of the tax imposed by section 1 of this article the amount of any estate, inheritance, legacy, or succession tax lawfully imposed by any State or Territory of the United States, in respect of any property included in the gross estate for Federal estate-tax purposes as prescribed in title III of the Revenue Act of 1926, as amended, or as hereafter amended or reenacted: *Provided, however,* That only such taxes as are actually paid and credit therefor claimed and allowed against the Federal estate tax may be applied as a credit against and in reduction of the tax imposed by section 1.

"SEC. 3. In no event shall the tax imposed by section 1 of this article exceed the difference between the maximum credit which might be allowed against the Federal estate tax imposed by title III of the Revenue Act of 1926, as amended, or as hereafter amended or reenacted, and the aggregate amount of the taxes described in section 2 of this article (but not including the tax imposed by section 1) allowable as a credit against the Federal estate tax.

"SEC. 4. The purpose of section 1 of this article is to secure for the District the benefit of the credit allowed under the provisions of section 301 (c) of title III of the Revenue Act of 1926, as amended, or as hereafter amended or reenacted, to the extent that the District may be entitled by the provisions of said Revenue Act, by imposing additional taxes, and the same shall be liberally construed to effect such purpose: *Provided,* That the amount of the tax imposed by section 1 of this article shall not be decreased by any failure to secure the allowance of credit against the Federal estate tax.

"SEC. 5. A tax is hereby imposed upon the transfer of real property or tangible personal property in the District of every person who at the time of death was a resident of the United States but not a resident of the District, and upon the transfer of all property, both real and personal, within the District of every person who at the time of death was not a resident of the United States, the amount of which shall be a sum equal to such proportion of the amount by which the credit allowable under the applicable Federal Revenue Act for estate, inheritance, legacy, and succession taxes actually paid to the several States exceeds the amount actually so paid for such taxes, exclusive of estate taxes based upon the difference between such credit and other estate taxes and inheritance, legacy, and succession taxes, as the value of the property in the District bears to the value of the entire estate, subject to estate tax under the applicable Federal Revenue Act.

"SEC. 6. Every executor or administrator of the estate of a decedent dying a resident of the District or of a nonresident decedent owning real estate or tangible personal property situated in the District, or of an alien decedent owning any real estate, tangible or intangible personal property situated in the District or, if there is no executor or administrator appointed, qualified, and acting, then any person in actual or constructive possession of any property forming a part of an estate subject to estate tax under this title shall, within 16 months after the death of the decedent file with the assessor a copy of the return required by section 304 of the Revenue Act of 1926, verified by the affidavit of the person filing said return with the assessor, and shall, within 30 days after the date of any communication from the Commissioner of Internal Revenue, confirming, increasing, or diminishing the tax shown to be due, file a copy of such communication with the assessor. With the copy of the Federal estate-tax return there shall be filed an affidavit as to the several amounts paid or expected to be paid as taxes within the purview of section 2 of this article: *Provided, however,* That in any case where the time for the filing of such return as required by section 304 of the Revenue Act of 1926 is extended without penalty by the Bureau of Internal Revenue, then the copy thereof verified as aforesaid may be filed with the assessor within 30 days after the expiration of said extended period.

"SEC. 7. The assessor shall, upon receipt of the return and accompanying affidavit, assess such amount as he may determine, from the basis of the return, to be due the District. Upon receipt of a copy of any communication from the Commissioner of Inter-

nal Revenue, herein required to be filed, the assessor shall make such additional assessment or shall make such abatement of the assessment as may appear proper.

"SEC. 8. The estate taxes imposed by this article shall be paid to the collector of taxes within 17 months after the death of the decedent: *Provided, however,* That in any case where the time for the payment of taxes imposed by subdivision (a) of section 301, title III, of the Revenue Act of 1926, is extended by the Bureau of Internal Revenue, then the tax imposed by this article shall be paid within 60 days after the expiration of such extended period, together with interest as provided in section 4 of article IV of this title: *Provided further,* That any additional assessment found to be due under section 7 of this article shall be paid to the collector of taxes within 30 days after the determination of such additional assessment by the assessor."

"ARTICLE III—GIFT TAX

"SECTION 1. A tax is hereby imposed for the calendar year 1939 and each calendar year thereafter upon the transfer during such calendar year by any person, resident or nonresident, of property by gift, but this article shall not apply to such transfers made and completed prior to the effective date of this article.

"SEC. 2. The tax shall be an amount equal to the tax which would have been imposed under article I of this title if the transfer had been one properly taxable under said article, and the rates imposed and the exemptions allowed shall be those in force under said article I at the time the gift is completed.

"SEC. 3. The tax shall apply whether the transfer is in trust or otherwise, whether the gift is direct or indirect, and whether the property is real or personal, tangible or intangible; and shall apply to all transfers of property having a taxable situs within the District of Columbia.

"SEC. 4. The donor shall be allowed as many exemptions as there may be donees, but he shall have only one exemption with respect to each donee, regardless of the number of years over which the gifts from said donor shall continue. The exemption, at the option of the donor, may be taken in its entirety in a single year, or be spread over successive years in such amounts as he sees fit, but after the limit has been reached no further exemption is allowable.

"SEC. 5. The exemption, or portion thereof, claimed by any donor in respect to any donee under section 4 hereof shall be applied to reduce the exemption claimed by the same donee under article I of this title when receiving property taxable thereunder from the same donor. The purpose of this section is to limit the total amount of the exemption allowable under both articles I and III, in respect of a transfer or transfers from one donor to one donee to the amount of the exemption allowable had such transfer or transfers been subject to taxation under one of such articles only.

"SEC. 6. If the transfer is made in property, the clear market value thereof at the date of the gift as determined by the assessor shall be considered the taxable value of the gift. Where the property is sold or exchanged for less than a fair consideration in money or money's worth, then the amount by which the clear market value of the property exceeded the consideration received shall, for the purposes of the tax imposed by this article, be deemed a gift and shall be included in computing the amount of gifts made during the year.

"SEC. 7. The following transfers are exempt from such tax and from all other provisions of this article:

"(1) Property transferred exclusively for public or municipal purposes to the United States or the District of Columbia, or exclusively for charitable, educational, or religious purposes within the District of Columbia.

"(2) All property, money, service, or other thing of value transferred, paid, furnished, or delivered by any corporation, organization, or association to its employees, or to any organization of its employees, directly or indirectly, or to any person, firm, or corporation for them or it, to cover insurance, sickness and death benefits, pensions, relief activities, or to any other employees' benefit fund of any kind, and medical service to such employees and their families.

"(3) All reasonable amounts of property, money, service, or other thing of value transferred, paid, furnished, or delivered by any individual to anyone who is dependent upon him for support when such property, money, service, or other thing of value is transferred and paid or furnished for the current maintenance, support, or education of such dependent.

"SEC. 8. (a) Any person who, within the calendar year 1939 or any calendar year thereafter, makes any transfer or transfers by gift in excess of $1,000 shall file a return under oath with the assessor on a form prescribed by the assessor for that purpose. Such return shall be filed by the 15th day of March following the close of the calendar year and such return shall set forth the following: (1) The value of each gift made during the calendar year; (2) the net gifts for each of the preceding calendar years; (3) the name and address of each donee; and (4) any other information the assessor may require: *Provided, however,* That at such time as the aggregate of gifts since the effective date of this article to any one donee exceeds $1,000 in value, the donor thereof shall file the return required herein by the 15th day of March following the close of the calendar year in which said excess occurred, regardless of whether the aggregate gifts to said donee during that calendar year exceeded $1,000 or not, and said donor shall file a return for every successive calendar year in which a gift is made to said donee regardless of the amount thereof.

"(b) The return in the case of a donor dying prior to the date when he is required to make a return shall be made on his behalf by his personal representative; that of a person for whom or for whose property a guardian has been appointed shall be made by the guardian of his person or his property or both; and that of a person employing any device to make gifts indirectly shall be made by him and by those in charge or in control of the agency or instrumentality through which such person is making gifts indirectly.

"SEC. 9. The assessor may require of any donee or his agent, trustee, or representative such information as may be necessary for the effective administration of this article.

"SEC. 10. The tax imposed by this article shall be paid by the donor on or before the 15th day of April following the close of the calendar year: *Provided, however,* That if the tax is not paid by the donor when due each donee shall be jointly and severally liable with the donor for so much of the tax as may be due on account of his respective gift.

"SEC. 11. The tax imposed by this article shall be a lien upon all gifts made during the calendar year for a period of 10 years from the time the gifts were made and completed. Any part of the property comprised in the gift that may have been sold by the donee to a bona fide purchaser for an adequate and full consideration in money or money's worth shall be divested of the lien hereby imposed and the lien, to the extent of the value of such gift, shall attach to all the property of the donee (including after-acquired property), except any part sold to a bona fide purchaser for an adequate and full consideration in money or money's worth.

"SEC. 12. No tax shall be imposed upon the transfer of any property which is taxable under article 1 of this title: *Provided, however,* That the relinquishment or termination of any power reserved to a donor in relation to any property, to the extent that such relinquishment or termination renders the transfer of such property nontaxable under article 1 of title, shall be considered a transfer of the property taxable under this article.

"SEC. 13. Any gift tax paid upon the transfer of any property under the provisions of this article may be applied as a credit upon any inheritance tax which may be imposed under article 1 upon the same transfer.

"SEC. 14. Any person aggrieved at any assessment of tax imposed by this article, or at the imposition of penalties in relation thereto, may appeal therefrom to the Board of Tax Appeals for the District of Columbia in the same manner and to the same extent as provided in sections 3, 4, 7, 8, 9, 10, 11, and 12 of title IX of the District of Columbia Revenue Act of 1937, as amended."

"ARTICLE IV—GENERAL

"SECTION 1. The bond of the personal representative of the decedent shall be liable for all taxes and penalties assessed under this title, except inheritance taxes and penalties imposed in relation to the transfer of property not under the control of such personal representative: *Provided,* That in no case shall the bond or the personal representative be liable for a greater sum than is actually received by him.

"SEC. 2. The register of wills of the District shall report to the assessor on forms provided for the purpose every qualification in the District upon the estate of a decedent. Such report shall be filed with the assessor at least once every month, and shall contain the name of the decedent, the date of his death, the name and address of the personal representative, and the value of the estate, as shown by the petition for administration or probate.

"SEC. 3. The Commissioners shall have supervision of the enforcement of this title and shall have the power to make such rules and regulations, consistent with its provisions, as may be necessary for its enforcement and efficient administration and to provide for the granting of extension of time within which to perform the duties imposed by this title. The assessor shall determine all taxes assessable under this title, and immediately upon the determination of same shall forward a statement of the taxes determined to the person or persons chargeable with the payment thereof and shall give advice thereof to the collector of taxes. The assessor is hereby authorized and empowered to summon any person before him to give testimony on oath or affirmation or to produce all books, records, papers, documents, or other legal evidence as to any matter relating to this title, and the assessor is authorized to administer oaths and to take testimony for the purposes of the administration of this title. Such summons may be served by any member of the Metropolitan Police Department. If any person having been personally summoned shall neglect or refuse to obey the summons issued as herein provided, then and in that event the assessor may report that fact to the District Court of the United States for the District of Columbia of one of the justices thereof, and said court or any justice thereof hereby is empowered to compel obedience to said summons to the same extent as witnesses may be compelled to obey the subpenas of that court.

"SEC. 4. If the taxes imposed by this title are not paid when due, 1 percent interest for each month or portion of a month from the date when the same were due until paid shall be added to the amount of said taxes and collected as a part of the same, and said taxes shall be collected by the collector of taxes in the manner provided by the law for the collection of taxes due the District on personal property in force at the time of such collection: *Provided, however,* That where the time for payment of the tax imposed by this title is extended by the assessor or where the payment of the tax is lawfully suspended under the regulations for the administration of this title, interest shall be paid at the rate of 6 percent per annum from the date on which the tax would otherwise be payable.

"SEC. 5. If any person shall fail to perform any duty imposed upon him by the provisions of this title or the regulations made

hereunder the Commissioners may proceed by petition for mandamus to compel performance, and upon the granting of such writ the court shall adjudge all costs of such proceeding against the delinquent.

"SEC. 6. Any person required by this title to file a return who fails to file such return within the time prescribed by this title, or within such additional time as may be granted under regulations promulgated by the Commissioners, shall become liable in his own person and estate to the District in an amount equal to 10 percent of the tax found to be due. In case any person required by this title to file a return knowingly files a false or fraudulent return, he shall become liable in his own person and estate to the said District in an amount equal to 50 percent of the tax found to be due. Such amounts shall be collected in the same manner as is herein provided for the collection of the taxes levied under this title.

"SEC. 7. Any person required by this title to pay a tax or required by law or regulation made under authority thereof to make a return or keep any records or supply any information for the purposes of computation, assessment, or collection of any tax imposed by this title, who willfully fails to pay such tax, make any such return, or supply any such information at the time or times required by law or regulation shall, in addition to other penalties provided by law, be guilty of a misdemeanor and upon conviction thereof be fined not more than $1,000 or imprisoned for not more than 1 year, or both.

"SEC. 8. When the assessor is satisfied that the tax liability imposed by this title has been fully discharged or provided for, he may, under regulations prescribed by the Commissioners, issue his certificate, releasing any or all property from the lien herein imposed.

"SEC. 9. No person holding, within the District, tangible or intangible assets of any resident or nonresident decedent, of the value of $300 or more, shall deliver or transfer the same or any part thereof to any person other than an executor, administrator, or collector of the estate of such decedent appointed by the District Court of the United States for the District of Columbia, unless notice of the date and place of such intended transfer be served upon the assessor of the District of Columbia at least 10 days prior to such delivery or transfer, nor shall any person holding, within the District of Columbia, any assets of a resident or nonresident decedent, of the value of $300 or more, deliver or transfer the same or any part thereof to any person other than an executor, administrator, or collector of the estate of such decedent appointed by said District court without retaining a sufficient portion or amount thereof to pay any tax which may be assessed on account of the transfer of such assets under the provisions of articles I and II without an order from the assessor of the District of Columbia authorizing such transfer. It shall be lawful for the assessor of the District, personally, or by his representatives, to examine said assets at any time before such delivery or transfer. Failure to serve such notice or to allow such examination or to retain as herein required a sufficient portion or amount to pay the taxes imposed by this title shall render such person liable to the payment of such taxes. The assessor of the District may issue a certificate authorizing the transfer of any such assets whenever it appears to the satisfaction of said assessor that no tax is due thereon: *Provided, however,* That any corporation, foreign or domestic to the District, having outstanding stock or other securities registered in the sole name of a decedent whose estate or any part thereof is taxable under this title, may transfer the same, without notice to the assessor and without liability for any tax imposed thereon under this title, upon the order of an administrator, executor, or collector of the estate of such decedent appointed by the District Court of the United States for the District of Columbia, or by a trustee appointed under a will filed with the register of wills of the District, or appointed by said court, or his successor approved by said court: *Provided further,* That the lessor of a safe-deposit box standing in the joint names of a decedent and a survivor or survivors may deliver the entire contents of such safe-deposit box to the survivor or survivors, after examination of such contents by the assessor or his representative, without any liability on the part of the said lessor for the payment of such tax.

"SEC. 10. The Bureau of Internal Revenue of the Treasury Department of the United States is authorized and required to supply such information as may be requested by the Commissioners relative to any person subject to the taxes imposed under this title or relative to any person whose estate is subject to the provisions of this title.

"SEC. 11. If any return required by this title is not filed with the assessor when due, the assessor shall have the right to determine and assess the tax or taxes from such information as he may possess or obtain.

"SEC. 12. The assessor is authorized to enter into an agreement with any person liable for a tax on a transfer under article I or article III of this title, in which remainders or expectant estates are of such nature or so disposed and circumstanced that the value of the interest is not ascertainable under the provisions of this title, and to compound and settle such tax upon such terms as the assessor may deem equitable and expedient.

"SEC. 13. In the interpretation of this title, unless the context indicates a different meaning, the term "tax" means the tax or taxes mentioned in this title.

"(a) The term 'District' means the District of Columbia.

"(b) The term 'Commissioners' means the Commissioners of the District of Columbia, or their duly authorized representative or representatives.

"(c) The term 'assessor' means the assessor of the District of Columbia or his duly authorized representative or representatives.

"(d) The term 'collector of taxes' means the collector of taxes for the District of Columbia, or his duly authorized representative or representatives.

"(e) The term 'Metropolitan Police Department' means the Metropolitan Police Department of the District of Columbia.

"(f) The term 'include' when used in a definition contained in this title, shall not be deemed to exclude other things otherwise within the meaning of the term defined.

"(g) The term 'resident' means domiciled and the term 'residence' means domicile.

"SEC. 14. The provisions of this title shall become effective at 12:01 antemeridian, the day immediately following its approval."

With the following committee amendments:

Page 70, line 11, after the parenthesis and the comma, insert the word "to."

Page 70, line 14, after the word "tax", strike out the remainder of the line and all of lines 15 and 16 and insert in lieu thereof the following: "as follows: 1 percent of so much of said property as is in excess of $5,000 and not in excess of $50,000; 2 percent of so much of said property as is in excess of $50,000 and not in excess of $100,000; 3 percent of so much of said property as is in excess of $100,000 and not in excess of $500,000; 4 percent of so much of said property as in excess of $500,000 and not in excess of $1,000,000; 5 percent of so much of said property as is in excess of $1,000,000."

Page 71, beginning in line 1, strike out down to and including line 10 and insert the following:

"(b) So much of said property so transferred to each of the brothers and sisters of the whole or half blood of the decedent shall be subject to a tax as follows: 3 percent of so much of said property as is in excess of $2,000 and not in excess of $25,000; 4 percent of so much of said property as is in excess of $25,000 and not in excess of $50,000; 6 percent of so much of said property as is in excess of $50,000 and not in excess of $100,000; 8 percent of so much of said property as is in excess of $100,000 and not in excess of $500,000; 10 percent of so much of said property as is in excess of $500,000.

"(c) So much of said property so transferred to any person other than those included in paragraphs (a) and (b) of this section and all firms, institutions, associations, and corporations shall be subject to a tax as follows: 5 percent of so much of said property as is in excess of $1,000 and not in excess of $25,000; 7 percent of so much of said property as is in excess of $25,000 and not in excess of $50,000; 9 percent of so much of said property as is in excess of $50,000 and not in excess of $100,000; 12 percent of so much of said property as is in excess of $100,000 and not in excess of $500,000; 15 percent of so much of said property as is in excess of $500,000."

The committee amendments were agreed to.

The Clerk read as follows:

TITLE VI—TAX ON PRIVILEGE OF DOING BUSINESS

SECTION 1. Title VI of the District of Columbia Revenue Act of 1937, as amended by an act entitled "An act to amend the District of Columbia Revenue Act of 1937, and for other purposes," approved May 16, 1938, is amended to read as follows:

"SEC. 1. Where used in this title—

"(a) The term 'person' includes any individual, firm, copartnership, joint adventure, association, corporation (domestic or foreign), trust, estate, receiver, or any other group or combination, acting as a unit; and all bus lines, truck lines, radio-communication lines or networks, telegraph lines, telephone lines, or any instrumentality of commerce, but shall not include railroads, railroad-express companies, steamship companies, and air-transportation lines.

"(b) The term 'District' means the District of Columbia.

"(c) The term 'taxpayer' means any person liable for any tax hereunder.

"(d) The term 'Commissioners' means the Commissioners of the District or their duly authorized representative or representatives.

"(e) The term 'business' shall include the carrying on or exercising for gain or economic benefit, either direct or indirect, any trade, business, profession, vocation, or commercial activity, including the renting or leasing of real or personal property, in any commerce whatsoever in the District, in or on privately owned property and in or on property owned by the United States Government, or by the District, not including, however, labor or services rendered by any individual as an employee for wages, salary, or commission.

"The term 'business' shall not include the usual activities of boards of trade, chambers of commerce, trade associations or unions, or other associations performing the services usually performed by trade associations and unions, community chest funds or foundations, corporations organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals, or club or fraternal organizations operated exclusively for social, literary, educational, or fraternal purposes, where no part of the net earnings or income or receipts from such units, groups, or associations inure to any private shareholder or individual, and no substantial part of the activities of which is carried on for propaganda or attempt to influence legislation: *Provided, however,* That if any such units, groups, or associations shall engage in activities other than the activities in which such units, groups, or associations usually engage, such activities shall be included in the term 'business':

Provided further, That activities conducted for gain or profit by any educational institution, hospital, or any other institution mentioned in this subparagraph are included in the term 'business.'

"(f) The term 'gross receipts' means the gross receipts received from any business in the District, including cash, credits, and property of any kind or nature, without any deduction therefrom on account of the cost of the property sold, the cost of materials, labor, or services, or other costs, interest or discount paid, or any expense whatsoever: *Provided, however,* That any credits included by a taxpayer in a prior return of gross receipts which shall not have been collected during the period since the filing of the return in which the credit was included may be deducted from the gross receipts covered by the subsequent return: *Provided further,* That if such credit shall be collected during a succeeding taxable period, such items shall be included in the return of gross receipts for such succeeding taxable period: *Provided further,* That the term 'gross receipts' when used in connection with or in respect to financial transactions involving the sale of notes, stocks, bonds, and other securities, or the loan, collection, or advance of money, or the discounting of notes, bills, or other evidences of debt, shall be deemed to mean the gross interest, discount, or commission, or other gross income earned by means of or resulting from said financial transactions: *Provided further,* That in connection with commission merchants, attorneys, or other agents, the term 'gross receipts' shall be deemed to mean the gross amount of such commissions or gross fees received by them, and as to stock and bond brokers, the term 'gross receipts' shall be deemed to mean gross amount of commissions or gross fees received, the gross trading profit on securities bought and sold, and the gross interest income on marginal accounts from business done or arising in the District: *Provided further,* That with respect to contractors the term 'gross receipts' shall mean their total receipts, less money paid by them to subcontractors for work and labor performed, and material furnished by such subcontractors in connection with such work and labor.

"(g) The term 'fiscal year' means the year beginning on the 1st day of July and ending on the 30th day of June following.

"(h) The term 'original license' shall mean the first license issued to any person for any single place of business, and the term 'renewal license' shall mean any subsequent license issued to the same person for the same place of business.

"(i) The terms 'include' and 'including' when used in this title in connection with a class or group, or in a definition contained in this title, shall not be deemed to exclude other persons or things otherwise within such class or group, or within the meaning of the term defined, as the case may be.

"SEC. 2. (a) No person shall engage in or carry on any business in the District without having a license required by this title so to do from the Commissioners, except that no license shall be required of any person selling newspapers, magazines, and periodicals, whose sales are not made from a fixed location and which sales do not exceed the annual sum of $2,000, nor of any person conducting a display or exhibit of merchandise as a part of or in connection with any convention of merchants or manufacturers held within the District and negotiating or procuring orders for merchandise displayed thereat: *Provided, however,* That such person shall not be relieved from the requirement of reporting and paying the tax computed on the gross receipts derived from business carried on by such person within the District.

"(b) All licenses issued under this title shall be in effect for the duration of the fiscal year in which issued, unless revoked as herein provided, and shall expire at midnight of the 30th day of June of each year. No license may be transferred to any other person.

"(c) All licenses granted under this title must be conspicuously posted on the premises of the licensee and said license shall be accessible at all times for inspection by the police or other officers duly authorized to make such inspection. Licensees having no located place of business shall exhibit their licenses when requested to do so by any of the officers above named.

"(d) Licenses shall be good only for the location designated thereon; except in the case of licenses issued hereunder for businesses which in their nature are carried on at large and not at a fixed place of business. No license shall be issued for more than one place of business without a payment of a separate fee for each, except where a taxpayer is engaged in the business of renting real estate.

"(e) Any person not having an office or place of business in the District but who does or transacts business in the District by or through an employee or agent, shall procure the license provided by this title. Said license shall be carried and exhibited by said employee or agent: *Provided, however,* That where said person does or transacts business in the District by or through two or more employees or agents, each such employee or agent shall carry either the license or a certificate from the Commissioners that the license has been obtained. Such certificates shall be in such form as the Commissioners shall determine and shall be furnished without charge by the Commissioners upon request. No employee or agent of a person not having an office or place of business within the District shall engage in or carry on any business in the District for or on behalf of such person unless such person shall have first obtained a license as provided by this title.

"(f) The Commissioners may, after hearing, revoke any license issued hereunder for failure of the licensee to file a return or corrected return within the time required by this title as originally enacted or amended or to pay any installment of tax when due thereunder.

"(g) Licenses shall be renewed for the ensuing fiscal year upon application as provided in section 3 of this title: *Provided, however,* That no license shall be issued if the taxpayer has failed or refused to pay any tax or installment thereof or penalties thereon imposed by this title as originally enacted or as amended: *Provided further,* That the Commissioners in their discretion for cause shown may, on such terms and conditions as they may determine or prescribe, waive the provisions of this paragraph.

"SEC. 3. (a) Applications for license shall be upon a form prescribed and furnished by the Commissioners, and each application shall be accompanied by a fee of $10: *Provided, however,* That no fee for the renewal of any license previously issued shall be required of any person if he shall certify under oath (1) that his gross receipts during the year immediately preceding his application, if he was engaged in business during all of such period of time, or (2) that his gross receipts as computed in section 5 of this title, if he was engaged in business for less than 1 year immediately preceding his application, were not more than $2,000. Application for an original license may be made at any time. Application for a renewal license shall be made during the month of May immediately preceding the fiscal year for which it is desired that the license be renewed: *Provided further,* That where an original license is issued to any person after the 1st day of May of any year, application for a renewal of such license for the ensuing fiscal year may be made at any time prior to the expiration of the fiscal year in which such original license was issued.

"(b) In the event of the failure of a licensee to apply for renewal of a license or licenses within the time prescribed herein, such licensee shall be required to pay for the renewal of each license the sum of $5 in addition to the fees prescribed herein, and the license fee in no event shall be less than $5 for each such renewal license.

"SEC. 4. (a) Every person subject to the provisions of this title, whose annual gross receipts during the preceding calendar year exceed $2,000, shall, during the month of July of each year, furnish to the assessor, on a form prescribed by the Commissioners, a statement under oath showing the gross receipts of the taxpayer during the preceding calendar year, which return shall contain such other information as the Commissioners may deem necessary for the proper administration of this title. The burden of proof shall be upon the person claiming exemption from the requirement of filing a return to show that his gross annual receipts are not in excess of $2,000.

"(b) The Commissioners, for the purpose of ascertaining the correctness of any return filed hereunder, or for the purpose of making a return where none has been made, are authorized to examine any books, papers, records, or memoranda of any person bearing upon the matters required to be included in the return, and to give testimony or answer interrogatories under oath respecting the same, and the Commissioners shall have power to administer oaths to such person or persons. Such summons may be served by any member of the Metropolitan Police Department. If any person having been personally summoned shall neglect or refuse to obey the summons issued as herein provided, then, and in that event, the Commissioners may report that fact to the District Court of the United States for the District of Columbia, or one of the justices thereof, and said court or any justice thereof hereby is empowered to compel obedience to such summons to the same extent as witnesses may be compelled to obey the subpenas of that court.

"(c) The Commissioners are authorized and empowered to extend for cause shown the time for filing a return for a period not exceeding 30 days.

"SEC. 5. (a) For the privilege of engaging in business in the District during any fiscal year after June 30, 1939, each person so engaged shall pay to the collector of taxes a tax measured upon gross receipts in excess of $2,000 derived from such business for the calendar year immediately preceding, as follows:

"1. Dealers in goods, wares, and merchandise, the owners of rental, real, and personal property, persons who supply transportation for hire, and all other persons engaged in a business in which capital is the primary material factor in the production of gross receipts, shall pay a tax equal to four-tenths of 1 percent of such excess gross receipts derived by them respectively from such businesses: *Provided, however,* That with repect to dealers in goods, wares, and merchandise, where the spread or difference between the cost of goods sold and the sale price does not exceed 4 percent of the cost of the goods sold, one-tenth of 1 percent of such dealers' excess gross receipts; where such spread or difference exceeds 4 but does not exceed 8 percent, two-tenths of 1 percent of such dealers' excess gross receipt; and where such spread or difference exceeds 8 percent but does not exceed 12 percent, three-tenths of 1 percent of such dealers' excess gross receipts; and where such spread or difference exceeds 12 percent, four-tenths of 1 percent of such dealers' excess gross receipts. The cost of such goods, wares, and merchandise sold shall be determined after considering the inventories both at the beginning and at the end of the period covered by the return and purchases made during such period, and such inventories shall be valued at cost or market, whichever is lower, and shall be in agreement with the inventories as reflected by the books of such dealers. The cost of goods, wares, and merchandise shall be the actual purchase price, including the prevailing freight rate to the dealers' place of business in the District. The burden of proving under which classification the taxpayer

shall be taxed shall be upon the taxpayer, and, unless the taxpayer shall by proof satisfactory to the assessor show to the contrary, the spread or difference between the cost of goods, wares, and merchandise sold by the taxpayer and the selling price of such goods, wares, and merchandise shall be presumed to be in excess of 12 percent of the cost of the goods, wares, and merchandise sold, and the taxpayer shall be taxed accordingly.

"2. Attorneys at law, physicians, surgeons, dentists, oculists, nurses, accountants, commission merchants, factors, musicians, artists, brokers, agents, engineers, architects, interior decorators, osteopathic physicians, surveyors, Christian Science practitioners, clairvoyants, phrenologists, and all other persons engaged in a business in which personal services are the primary material factor in the production of gross receipts shall pay a tax equal to eight-tenths of 1 percent of such excess gross receipts derived by them respectively from such businesses. With respect to any corporation which shall conduct, carry on, or transact any business described in this subparagraph, such corporation shall be subject to the provisions of this subparagraph to the same extent as if such business had been conducted, transacted, or carried on by an individual or individuals.

"3. All persons other than those mentioned in subparagraph (1) of this paragraph shall pay a tax equal to eight-tenths of 1 percent of the gross receipts derived by such persons from such business. The burden of proving that the taxpayer should be classified under subparagraph (1) of this paragraph shall be upon the taxpayer, and, unless the taxpayer shall by proof satisfactory to the assessor show to the contrary, the taxpayer shall be classified under subparagraph (2) of this paragraph.

"(b) If a taxpayer shall not have been engaged in business during the entire calendar year upon the gross receipts of which the tax imposed by this title is measured, he shall pay the tax imposed by this title measured by his gross receipts during the period of 1 year from the date when he became so engaged; and if such taxpayer shall not have been so engaged for an entire year prior to the beginning of the fiscal year for which the tax is imposed, then the tax imposed shall be measured by his gross receipts during the period in which he was so engaged, multiplied by a fraction, the numerator of which shall be 365 and the denominator of which shall be the number of days in which he was so engaged.

"(c) If a person liable for the tax during any year or portion of a year for which the tax is computed acquires the assets or franchises of or merges or consolidates his business with the business of any other person or persons, such person liable for the tax shall report, as his gross receipts by which the tax is to be measured, the gross receipts for such year of such other person or persons, together with his own gross receipts during such year.

"SEC. 6 National banks and all other incorporated banks and trust companies, street railroad, gas, electric lighting, and telephone companies, companies incorporated or otherwise, which guarantee the fidelity of any individual or individuals, such as bonding companies, companies which furnish abstracts of title, savings banks, and building and loan associations which pay taxes under existing laws of the District upon gross receipts or gross earnings and insurance companies which pay a tax upon premiums shall be exempt from the provisions of this title.

"SEC. 7. (a) The taxes imposed hereby shall be due on the 1st day of July of the fiscal year for which such taxes are assessed and may be paid, without penalty, to the collector of taxes of the District in equal semiannual installments in the months of October and April following. If either of said installments shall not be paid within the month when the same is due, said installment shall thereupon be in arrears and delinquent and there shall be added, and collected, to said tax a penalty of 1 percent per month upon the amount thereof for the period of such delinquency, and said installment with the penalties thereon shall constitute a delinquent tax.

"(b) Any tax on tangible personal property (other than motor vehicle) levied against and paid by the taxpayer to the District, shall be allowed as a credit against the tax due by such taxpayer under this title for the taxable year for which such tax on tangible personal property is assessed.

"SEC. 8. If a return required by this title is not filed, or if a return when filed is incorrect or insufficient and the maker fails to file a corrected or sufficient return within 20 days after the same is required by notice from the assessor, the assessor shall determine the amount of tax due from such information as he may be able to obtain, and if necessary, may estimate the tax on the basis of external indices, such as number of employees of the person concerned, rentals paid by him, stock on hand, and other factors. The assessor shall give notice of such determination to the person liable for the tax. Such determination shall fix the tax, subject, however, to appeal as provided in sections 3 and 4 of title IX of this act.

"SEC. 9. Any person failing to file a return or corrected return within the time required by this title shall be subject to a penalty of 10 percent of the tax imposed by this title for the first month of delay plus 1 percent of such tax for each additional month of delay or fraction thereof: *Provided, however,* That if such failure shall be due to willful neglect or disregard of the provisions of this title or regulations prescribed for its enforcement such penalty shall be 10 percent of the tax imposed by this title for the first month of delay plus 5 percent of such tax for each additional month of delay or fraction thereof. Such penalty shall be computed upon and added to the tax imposed by this title for any allowance or credit for tangible personal-property tax paid by the taxpayer as provided in section 7 (b) hereof.

"SEC. 10. Any notice authorized or required under the provisions of this title may be given by mailing the same to the person for whom it is intended, addressed to such person at the address given in the return filed by him pursuant to the provisions of this title, or if no return has been filed, then to his last-known address. The mailing of such notice shall be presumptive evidence of the receipt of the same by the person to whom addressed. Any period of time which must be determined under the provisions of this title by the giving of notice shall commence to run from the date of mailing such notice.

"SEC. 11. The taxes levied hereunder and penalties may be assessed by the assessor and collected by the collector of taxes of the District in the manner provided by law for the assessment and collection of taxes due to the District on personal property in force at the time of such assessment and collection.

"SEC. 12. Any person engaging in or carrying on business without having a license so to do, or failing or refusing to file a sworn report as required herein, or to comply with any rule or regulation of the Commissioners for the administration and enforcement of the provisions of this title shall, upon conviction thereof, be fined not more than $300 for each and every failure, refusal, or violation, and each and every day that such failure, refusal, or violation continues shall constitute a separate and distinct offense. All prosecutions under this title shall be brought in the police court of the District on information by the corporation counsel or his assistant in the name of the District.

"SEC. 13. The Bureau of Internal Revenue of the Treasury Department of the United States is authorized and required to supply such information as may be requested by the Commissioners relative to any person subject to the taxes imposed under this title.

"SEC. 14. Except in accordance with proper judicial order or as otherwise provided by law, it shall be unlawful for the Commissioners or any person having an administrative duty under this title to divulge or make known in any manner the receipts or any other information relating to the business of a taxpayer contained in any return required under this title. The persons charged with the custody of such returns shall not be required to produce any of them or evidence of anything contained in them in any action or proceeding in any court, except on behalf of the United States or the District, or on behalf of any party to any action or proceeding under the provisions of this title, when the returns or facts shown thereby are directly involved in such action or proceeding, in either of which events the court may require the production of, and may admit in evidence so much of such returns or of the facts shown thereby as are pertinent to the action or proceeding and no more. Nothing herein shall be construed to prohibit the delivery to a taxpayer, or his duly authorized representative, of a certified copy of any return filed in connection with his tax, nor to prohibit the publication of statistics so classified as to prevent the identification of particular returns and the items thereof, or the inspection by the corporation counsel of the District, or any of his assistants, of the return of any taxpayer who shall bring action to set aside or review the tax based thereon, or against whom an action or proceeding has been instituted for the collection of a tax or penalty. Returns shall be preserved for 3 years and thereafter until the Commissioners order them to be destroyed. Any violation of the provisions of this section shall be subject to the punishment provided by section 12 of this title.

"SEC. 15. This title shall not be deemed to repeal or in any way affect any existing act or regulation under which taxes are now levied, or any license or license fees are now required.

"SEC. 16. Appropriations are hereby authorized for such additional personnel and expenses as may be necessary to carry out the provisions of this act.

"SEC. 17. The proper apportionment and allocation of gross receipts with respect to sources within and without the District may be determined by processes or formulas of general apportionment under rules and regulations prescribed by the Commissioners."

SEC. 2. The amendments made by this section shall not affect the taxes imposed and the licenses required by the provisions of title VI of the District of Columbia Revenue Act of 1937, as originally enacted, or, as amended by the act entitled "An act to amend the District of Columbia Revenue Act of 1937, and for other purposes," approved May 16, 1938. The provisions of title VI of the District of Columbia Revenue Act of 1937, as amended by an act entitled "An act to amend the District of Columbia Revenue Act of 1937, and for other purposes," approved May 16, 1938, shall remain effective to and including June 30, 1939; and the amendment made by this section shall be effective July 1, 1939.

With the following committee amendments:

Page 104, line 20, after the word "return", insert the following: "and may summon any person to appear and produce books, records, papers, or memoranda bearing upon the matters required to be included in the return."

Page 109, line 13, strike out "(a)."

Page 110, beginning in line 1, strike out down to and including line 5.

Page 111, line 4, after the word "thereof" strike out the remainder of the line and lines 5, 6, 7, and 8.

Page 114, line 13, strike out the word "section" and insert "title".

Page 114, line 24, strike out "amendment" and insert "amendments".

Page 114, line 24, strike out "section" and insert "title."

The committee amendments were agreed to.

Mr. BATES of Massachusetts. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BATES of Massachusetts: Beginning on page 96, line 9, strike out Title VI.

Mr. BATES of Massachusetts. Mr. Chairman, the amendment I now offer strikes out title VI, which is the business-privilege tax.

In connection with the recent approval of the reduction in exemptions in the income tax from $10,000 to $2,000, the gentleman from Oklahoma [Mr. NICHOLS] said that the adoption of this provision cutting exemptions to $2,000 on earned income would produce a surplus. My answer to that is that even without the further exemption from $10,000 to $2,000 and without the business-privilege tax we still have a surplus on the basis of the House appropriation bill of over $1,500,000 to operate the District Government for the fiscal year 1940. If we have a surplus of $1,500,000 without exempting incomes below $10,000 and also without the business-privilege tax, then what sense is there in adopting the business-privilege tax if lower income-tax exemptions develop more revenue? Or, in other words, if exemptions to $2,000 will yield another $1,000,000, there will be a surplus of at least $2,500,000 after meeting all the requirements of the District appropriation bill as passed by the House. This House bill also provides $4,600,000 for capital outlays.

If we have two and a half million dollars on the basis of the House bill, setting aside a total of $4,600,000 for capital improvements, we do not need to worry about the inclusion of any other provision in the bill in order to raise additional money which is not necessary.

Let us now find out what the Advisory Committee on Taxation says about the so-called business-privilege tax. Here is what the Advisory Committee which we had make a study and a report to the Congress at the beginning of this year states:

The business-privilege tax is generally regarded as a temporary or stop-gap measure. Although some of the friction caused by its introduction has subsided, almost the entire time of the Board of Tax Appeals for the District of Columbia is spent in the adjudication of issues arising under this tax. Popular condemnation is widespread and it is safe to say that public sentiment is overwhelmingly opposed to this tax.

They further say:

The tax ignores the ability doctrine, its philosophy being that every business is operated at a profit.

A gross-receipt tax works an undue hardship on the marginal firms, those operating on such a narrow profit margin that the tax may bankrupt them if it is not shifted.

The tax is difficult to administer. Even with nearly 50,000 accounts, allegations of widespread evasions have been made and it is a matter of general knowledge that the administrative coverage is incomplete.

The tax is easily evaded.

Insofar as the tax is shifted, it pyramids by being added to each business transaction in the process of reaching the consumer.

The business-privilege tax far outweighs the contentions advanced in their favor. The immediate removal of these two taxes is a prerequisite to the establishment of a well-arranged tax system in the District of Columbia.

I trust the amendment will be adopted.

[Here the gavel fell.]

Mr. RANDOLPH. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 5 minutes.

Mr. DIRKSEN. Mr. Chairman, reserving the right to object, is the gentleman going to speak on this amendment?

Mr. RANDOLPH. Yes.

Mr. DIRKSEN. I would like to have 5 minutes.

Mr. RANDOLPH. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

Mr. DIRKSEN. Mr. Chairman, I want to get before you just what the situation is with respect to the business-privilege tax. Here is the way the thing operates: Everybody who is in business and who is subject to this title, and has been since 1937, must get a license to do business, even though he may not be taxable. In 1938 there were 47,000 licenses in the District of Columbia. Think of that in a town of around 600,000 people. Twenty thousand of those licenses were free—that is, they were not taxable—23,000 were taxable, and 4,000 were relieved because the element of interstate commerce was involved, like bus lines, railroads, and so forth.

About 60 percent of all those who were licensed under this provision paid a tax that ran from $20 to $50, and it raised, in 1938, $1,800,000. There was a credit against that, so that the amount realized from 47,000 licensed businesses was something like $1,200,000. The gross is estimated for this fiscal year at about $2,200,000. If your gross income is under $3,000, of course, that is exempt, or if you do not do business at a fixed place, that is exempt. Then we divide the application of this tax to people in two classes; first, those who deal in goods, wares, and merchandise, where capital is a primary element in the business as distinguished from a professional man like a lawyer or doctor. If you are a grocer or a baker, or if you operate a meat market, if the spread between the cost of merchandise you buy and the sales price is less than 4 percent or up to 4 percent, you pay one-tenth of 1 percent; if it is up to 8 percent, you pay two-tenths of 1 percent; and if it is up to 12 percent, you pay three-tenths of 1 percent; and if the spread is over 12 percent, you pay four-tenths of 1 percent.

You can imagine what an abomination that kind of a bill is to administer and the number of administrative difficulties that will arise in the case of professional men. They pay eight-tenths of 1 percent on all over $2,000. Now, the language of this bill in that respect, to say the least, is interesting. Listen to this, on page 107:

Attorneys at law, physicians, surgeons, dentists, oculists, nurses, accountants, commission merchants, factors, musicians, artists, brokers, agents, engineers, architects, interior decorators, osteopathic physicians, surveyors, Christian Science practitioners, clairvoyants, phrenologists, and all other persons engaged in a business in which personal services are the primary material factor in the production of gross receipts, shall pay a tax equal to eight-tenths of 1 percent of such excess gross receipts derived by them respectively from such businesses.

You see what difficulty arises in trying to administer a law of this kind, and then we have to refine so carefully in connection with dealers in goods, wares, and merchandise, trying to develop an equitable sort of balance. The fact of the matter is that under a bill of this kind you just cannot do it. If we can raise this money under the first title of this bill—and it will probably need some little refinement in the Senate, since we have not adjusted the table of rates—then of course we can get along without this business-privilege tax, and that is the best argument that I know of why the amendment of the gentleman from Massachusetts [Mr. BATES] should be adopted, and we ought to strike title 6 from this bill.

Mr. BATES of Massachusetts. And even without the exemption from $10,000 to $2,000, we still have a million and a half surplus without the business-privilege tax.

Mr. DIRKSEN. There have been so many estimates going about, that I will say the careful estimate of my friend from Massachusetts is just as good and probably as near to the fact as any I have seen, but in case we run into difficulty so that we do not have any revenue, there is a provision in the bill that permits advances to be made to the District from the Federal Treasury, which are of course to be reimbursable. But we have plenty of time to test the matter so that we can very well strike out the business-privilege tax. I recognize the fact that this has been on the books before, but that was done just as a gesture, as a stop-gap, as something that came about at the time that the fiscal year was ready to close. That, however, does not make this an acceptable tax.

Mr. COCHRAN. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. Yes.

Mr. COCHRAN. Of course the States could not retaliate in this instance because this is not a manufacturing city.

Mr. DIRKSEN. That is true.

Mr. COCHRAN. But if the States of the Union followed this policy, we would have a fine condition all over the country, where every State in the Union would be passing what would practically be a tariff bill.

Mr. DIRKSEN. And I say to the gentleman that that retaliation in the tax structures of the States has gotten to the point where the Council of State Governments with offices in Chicago is giving the major portion of its time to the general problem of tax and State barriers erected, and the matter has gotten to such a point where the free flow of commerce within the States is being definitely obstructed. Let us strike out title 6 of this bill.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

The question is on the amendment offered by the gentleman from Massachusetts [Mr. BATES].

The question was taken; and on a division (demanded by Mr. BATES of Massachusetts) there were ayes 60 and noes 39.

Mr. NICHOLS. Mr. Chairman, I object to the vote on the ground that there is not a quorum present.

The CHAIRMAN. The Chair will count. [After counting.] One hundred and thirty-three Members are present; a quorum is present.

Mr. NICHOLS. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed Mr. NICHOLS and Mr. BATES of Massachusetts to act as tellers.

The committee again divided; and the tellers reported there were ayes 86 and noes 51.

So the amendment was agreed to.

The Clerk read as follows:

TITLE VII—GENERAL PROVISIONS

SEPARABILITY CLAUSE

SECTION 1. If any provision of this act or the application thereof to any person or circumstances is held invalid, the remainder of the act, and the application of such provision to other persons or circumstances, shall not be affected thereby.

RULES AND REGULATIONS

SEC. 2. The Commissioners shall prescribe and publish all needful rules and regulations for the enforcement of this act.

Mr. RANDOLPH. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and the bill, as amended, do pass.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. COLE of Maryland, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H. R. 6577) to provide revenue for the District of Columbia, and for other purposes, directed him to report the same back to the House with sundry amendments, with the recommendation that the amendments be agreed to and the bill, as amended, do pass.

Mr. RANDOLPH. Mr. Speaker, I move the previous question on the bill and all amendments to final passage.

The previous question was ordered.

The SPEAKER. Is a separate vote demanded on any amendment?

Mr. RANDOLPH. Mr. Speaker, I ask for a separate vote on the so-called Bates amendment applying to the income-tax feature of the bill; also on the Bates amendment applying to the privilege tax.

The SPEAKER. Is a separate vote demanded on any other amendment? If not, the Chair will put them en grosse.

The other amendments were agreed to.

The SPEAKER. The Clerk will report the first amendment on which a separate vote is demanded.

The Clerk read as follows:

Amendment offered by Mr. BATES of Massachusetts: On page 7, line 2, strike out "$10,000" and insert "$2,000."

The question was taken; and on a division (demanded by Mr. RANDOLPH) there were—ayes 75 and noes 54.

Mr. RANDOLPH. Mr. Speaker, I object to the vote on the ground that there is no quorum present, and I make the point of order that there is no quorum present.

The SPEAKER. Evidently there is no quorum present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 187, nays 130, not voting 113, as follows:

[Roll No. 92]

YEAS—187

Alexander	Dworshak	Kerr	Rogers, Mass.
Allen, Ill.	Eaton, Calif.	Kilday	Rutherford
Allen, La.	Eaton, N. J.	Kinzer	Sandager
Andersen, H. Carl	Elliott	Kramer	Schafer, Wis.
Anderson, Calif.	Engel	Kunkel	Schiffler
Angell	Englebright	Lambertson	Seccombe
Arends	Fish	Landis	Seger
Ashbrook	Folger	Lanham	Shannon
Austin	Gathings	Leavy	Short
Barden	Gearhart	LeCompte	Simpson
Bates, Mass.	Gehrmann	Lemke	Smith, Ill.
Beckworth	Gilchrist	Luce	Smith, Maine
Blackney	Gillie	Ludlow	Sparkman
Boehne	Gore	McDowell	Springer
Bolles	Graham	McLean	Steagall
Bolton	Green	Maas	Stearns, N. H.
Bradley, Mich.	Griffith	Magnuson	Stefan
Brooks	Griswold	Mapes	Taber
Brown, Ohio	Gross	Marshall	Talle
Bryson	Guyer, Kans.	Martin, Colo.	Tarver
Buckler, Minn.	Gwynne	Martin, Iowa	Taylor, Colo.
Bulwinkle	Hall	Martin, Mass.	Taylor, Tenn.
Burdick	Halleck	Mason	Thill
Burgin	Hancock	Michener	Thorkelson
Carlson	Hare	Miller	Tibbott
Carter	Harness	Mills, La.	Tinkham
Cartwright	Hawks	Monkiewicz	Van Zandt
Chiperfield	Heinke	Moser	Vincent, Ky.
Church	Hess	Mott	Voorhis, Calif.
Clason	Hinshaw	Mundt	Vorys, Ohio
Clevenger	Hobbs	Murray	Vreeland
Cluett	Hoffman	O'Brien	Wadsworth
Cochran	Holmes	O'Connor	Warren
Cole, N. Y.	Hope	Oliver	Welch
Cooper	Houston	Patrick	Wheat
Crawford	Hull	Peterson, Ga.	Whelchel
Crosser	Jeffries	Pittenger	White, Idaho
Crowe	Jenks, N. H.	Polk	White, Ohio
Crowther	Jensen	Powers	Wigglesworth
Curtis	Johns	Rankin	Williams, Mo.
D'Alesandro	Johnson, Ill.	Reece, Tenn.	Wolcott
Darrow	Johnson, Ind.	Reed, Ill.	Wolverton, N. J.
Dirksen	Johnson, Lyndon	Reed, N. Y.	Woodruff, Mich.
Dondero	Johnson, Okla.	Rees, Kans.	Woodrum, Va.
Doughton	Jones, Ohio	Robsion, Ky.	Youngdahl
Dowell	Kean	Rockefeller	Zimmerman
Durham	Keefe	Rodgers, Pa.	

NAYS—130

Arnold	Ferguson	McCormack	Robertson
Ball	Fernandez	McGehee	Robinson, Utah
Barry	Flaherty	McKeough	Rogers, Okla.
Bates, Ky.	Flannery	McMillan, John L.	Romjue
Beam	Ford, Miss.	McMillan, Thos. S.	Ryan
Bland	Ford, Thomas F.	Mahon	Sasscer
Boren	Fries	Maloney	Schaefer, Ill.
Bradley, Pa.	Garrett	Marcantonio	Schuetz
Brown, Ga.	Geyer, Calif.	Martin, Ill.	Schulte
Buck	Gibbs	May	Schwert
Burch	Gossett	Mills, Ark.	Scrugham
Byrns, Tenn.	Grant, Ala.	Mitchell	Shafer, Mich.
Byron	Gregory	Mouton	Shanley
Cannon, Fla.	Hart	Murdock, Ariz.	Sheppard
Cannon, Mo.	Harter, Ohio	Murdock, Utah	Smith, Conn.
Coffee, Nebr.	Havenner	Nichols	Smith, Ohio
Coffee, Wash.	Hill	Norrell	Smith, Va.
Cole, Md.	Hook	Norton	Snyder
Collins	Hunter	O'Day	South
Colmer	Izac	O'Leary	Spence
Corbett	Jacobsen	Owen	Starnes, Ala.
Courtney	Johnson, Luther A.	Pace	Sutphin
Cox	Johnson, W. Va.	Parsons	Tenerowicz
Creal	Jones, Tex.	Patman	Thomas, Tex.
Delaney	Kee	Patton	Thomason
Dempsey	Kennedy, Md.	Pearson	Tolan
Dingell	Kirwan	Peterson, Fla.	Vinson, Ga.
Disney	Kitchens	Pfeifer	Wallgren
Doxey	Kocialkowski	Poage	Walter
Duncan	Larrabee	Rabaut	Weaver
Dunn	Lea	Randolph	Whittington
Edmiston	Lewis, Colo.	Rayburn	
Ellis	McArdle	Richards	

NOT VOTING—113

Allen, Pa.	Darden	Horton	Pierce, Oreg.
Anderson, Mo.	DeRouen	Jarman	Plumley
Andresen, A. H.	Dickstein	Jarrett	Ramspeck
Andrews	Dies	Jenkins, Ohio	Rich
Barnes	Ditter	Keller	Risk
Barton	Douglas	Kelly	Routzohn
Bell	Drewry	Kennedy, Martin	Sabath
Bender	Eberharter	Kennedy, Michael	Sacks
Bloom	Elston	Keogh	Satterfield
Boland	Evans	Kleberg	Secrest
Boykin	Faddis	Knutson	Sirovich
Brewster	Fay	Lesinski	Smith, Wash.
Buckley, N. Y.	Fenton	Lewis, Ohio	Smith, W. Va.
Byrne, N. Y.	Fitzpatrick	McAndrews	Somers, N. Y.
Caldwell	Flannagan	McGranery	Sullivan
Case, S. Dak.	Ford, Leland M.	McLaughlin	Sumner, Ill.
Casey, Mass.	Fulmer	McLeod	Sumners, Tex
Celler	Gamble	McReynolds	Sweeney
Chandler	Gartner	Maciejewski	Terry
Chapman	Gavagan	Mansfield	Thomas, N. J.
Clark	Gerlach	Massingale	Treadway
Claypool	Gifford	Merritt	West
Connery	Grant, Ind.	Monroney	Williams, Del.
Cooley	Harrington	Myers	Winter
Costello	Harter, N. Y.	Nelson	Wolfenden, Pa.
Culkin	Hartley	O'Neal	Wood
Cullen	Healey	Osmers	
Cummings	Hendricks	O'Toole	
Curley	Hennings	Pierce, N. Y.	

So the amendment was agreed to.

The Clerk announced the following pairs:

General pairs until further notice:

Mr. Mansfield with Mr. Treadway.
Mr. Cullen with Mr. Gartner.
Mr. Ramspeck with Mr. Thomas of New Jersey.
Mr. Nelson with Mr. Wolfenden of Pennsylvania.
Mr. Drewry with Mr. Douglas.
Mr. Boland with Mr. Plumley.
Mr. Sullivan with Mr. Barton.
Mr. West with Mr. Ditter.
Mr. Cooley with Mr. Hartley.
Mr. Fulmer with Mr. Jenkins of Ohio.
Mr. Keogh with Mr. Rich.
Mr. O'Neal with Mr. Pierce of New York.
Mr. Kleberg with Mr. Brewster.
Mr. Bell with Mr. Gamble.
Mr. Martin J. Kennedy with Mr. Knutson.
Mr. Boykin with Mr. McLeod.
Mr. Flannagan with Mr. H. Carl Andersen.
Mr. Chandler with Mr. Risk.
Mr. Kelly with Mr. Winter.
Mr. Gavagan with Mr. Case of South Dakota.
Mr. Darden with Mr. Gifford.
Mr. McAndrews with Mr. Jarrett.
Mr. Chapman with Mr. Lewis of Ohio.
Mr. DeRouen with Miss Sumner of Illinois.
Mr. Hendricks with Mr. Osmers.
Mr. Harrington with Mr. Culkin.
Mr. Fitzpatrick with Mr. Andrews.
Mr. Sabath with Mr. Fenton.
Mr. Terry with Mr. Grant of Indiana.
Mr. Satterfield with Mr. Routzohn.
Mr. Jarman with Mr. Williams of Delaware.
Mr. Hennings with Mr. Bender.
Mr. Keller with Mr. Elston.
Mr. McReynolds with Mr. Gerlach.
Mr. Dies with Mr. Harter of New York.
Mr. Merritt with Mr. Anderson of California.
Mr. Costello with Mr. Horton.
Mr. Dickstein with Mr. Leland M. Ford.
Mr. Secrest with Mr. Curley.
Mr. McGranery with Mr. Sumners of Texas.
Mr. Celler with Mr. Monroney.
Mr. Allen of Pennsylvania with Mr. Smith of West Virginia.
Mr. McLaughlin with Mr. Wood.
Mr. Sweeney with Mr. Cummings.
Mr. Clark with Mr. Michael J. Kennedy.
Mr. Myers with Mr. O'Toole.
Mr. Bloom with Mr. Faddis.
Mr. Connery with Mr. Byrne of New York.
Mr. Sirovich with Mr. Maciejewski.
Mr. Claypool with Mr. Somers of New York.
Mr. Fay with Mr. Anderson of Missouri.
Mr. Barnes with Mr. Evans.
Mr. Buckley of New York with Mr. Eberharter.
Mr. Caldwell with Mr. Sachs.
Mr. Smith of Washington with Mr. Casey of Massachusetts.

Mr. GREEN and Mr. O'CONNOR changed their vote from "nay" to "yea."

Mr. DUNN changed his vote from "yea" to "nay."

The result of the vote was announced as above recorded.

The doors were opened.

The SPEAKER. The Clerk will report the next amendment on which a separate vote is demanded.

The Clerk read as follows:

Amendment offered by Mr. BATES of Massachusetts: On page 96, beginning in line 9, strike out all of title VI.

The SPEAKER. The question is on the amendment.

The question was taken; and the Chair being in doubt, the House divided, and there were—ayes 149, noes 57.

Mr. RANDOLPH. Mr. Speaker, I object to the vote on the ground that a quorum is not present.

The SPEAKER. The Chair will count. [After counting.] Two hundred and seventy-one Members are present, a quorum.

So the amendment was agreed to.

Mr. THILL. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were refused.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The bill was passed, and a motion to reconsider was laid on the table.

SUPPLEMENTAL WAR DEPARTMENT APPROPRIATION BILL, 1940

Mr. SNYDER, from the Committee on Appropriations, reported the bill (H. R. 6791, Rept. No. 823) making additional appropriations for the Military Establishment for the fiscal year ending June 30, 1940, and for other purposes, which was referred to the Committee of the Whole House on the state of the Union and ordered to be printed.

Mr. POWERS reserved all points of order against the bill.

ISSUANCE OF BONDS BY T. V. A.

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent that the Committee on Military Affairs may have until midnight tonight in which to file a report on the bill to amend the Tennessee Valley Authority Act of 1933.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tonight to file a rule making the so-called T. V. A. bill in order.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The report is as follows:

Mr. SABATH, from the Committee on Rules, submitted the following report (to accompany H. Res. 219):

The Committee on Rules, having had under consideration House Resolution 219, reports the same to the House with the recommendation that the resolution do pass.

House Resolution 219

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of S. 1796, an act to amend the Tennessee Valley Authority Act of 1933, and all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill and continue not to exceed 4 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Military Affairs, the bill shall be read for amendment under the 5-minute rule. It shall be in order to consider without the intervention of any point of order the substitute committee amendment recommended by the Committee on Military Affairs now in the bill, and such substitute for the purpose of amendment shall be considered under the 5-minute rule as an original bill. At the conclusion of such consideration the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any of the amendments adopted in the Committee of the Whole to the bill or Committee substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

EXTENSION OF REMARKS

Mr. WHITE of Idaho. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on the subject The Impressions of a Congressman on the Visit of King George and Queen Elizabeth to the Nation's Capital, prepared by myself.

Mr. POWERS. Mr. Speaker, reserving the right to object, and I shall not, I merely take this method of gaining an opportunity to ask the gentleman from Pennsylvania when he intends to call up the supplemental War Department bill for consideration.

Mr. SNYDER. I am not able to say. It all depends on when the leadership, both majority and minority, find time to take it up.

Mr. ENGEL. Mr. Speaker, will the gentleman yield?

Mr. POWERS. I yield.

Mr. ENGEL. The majority leader said on last Friday that it was not the intention of the administration to bring this bill up until next week. Has anything occurred to cause a change in that plan?

Mr. RAYBURN. No. The so-called T. V. A. bill will be up tomorrow, and on Wednesday we shall begin consideration of the relief bill which, I think, will take the balance of this week.

Mr. ENGEL. And this War Department bill will not come up until next week?

Mr. RAYBURN. I am sure it will not come up until next week.

The SPEAKER. Is there objection to the request of the gentleman from Idaho to extend his remarks in the manner indicated?

There was no objection.

DISTRICT OF COLUMBIA

Several Members rose.

The SPEAKER. This is District of Columbia Day, and the gentleman from West Virginia is entitled to recognition. The Chair cannot recognize Members at this time unless the gentleman from West Virginia yields for that purpose.

Mr. RANDOLPH. Mr. Speaker, I, of course, will be very generous to my colleagues. I think, however, if they will wait just a moment to dispose of this one measure we shall not unduly delay them.

RESALE PRICES IN THE DISTRICT OF COLUMBIA

Mr. RANDOLPH. Mr. Speaker, I call up the bill (H. R. 3838) to protect trade-mark owners, producers, distributors, and the general public against injurious and uneconomic practices in the distribution of competitive commodities bearing a distinguishing trade-mark, brand, or name through the use of voluntary contracts establishing minimum resale prices and providing for refusal to sell unless such minimum resale prices are observed.

The Clerk read the title of the bill.

The Clerk read the bill, as follows:

Be it enacted, etc., That the following terms, as used in this act, are hereby defined as follows:

(a) "Commodity" means any subject of commerce.

(b) "Producer" means any grower, baker, maker, manufacturer, bottler, packer, converter, processor, or publisher.

(c) "Wholesaler" means any person selling a commodity other than a producer or retailer."

(d) "Retailer" means any person selling a commodity to consumers for use.

(e) "Person" means an individual, a corporation, a partnership, an association, a joint-stock company, a business trust, or any unincorporated organization.

SEC. 2. No contract relating to the sale or resale of a commodity which bears, or the label or container of which bears, the trade-mark, brand, or name of the producer or distributor of such commodity and which commodity is in free and open competition with commodities of the same general class produced or distributed by others shall be deemed in violation of any law of the District of Columbia by reason of any of the following provisions which may be contained in such contract:

(a) That the buyer will not resell such commodity at less than the minimum price stipulated by the seller.

(b) That the buyer will require of any dealer to whom he may resell such commodity an agreement that he will not, in turn, resell at less than the minimum price stipulated by the seller.

(c) That the seller will not sell such commodity—

(1) To any wholesaler, unless such wholesaler will agree not to resell the same to any retailer unless the retailer will, in turn, agree not to resell the same except to consumers for use and at not less than the stipulated minimum price, and such wholesaler will likewise agree not to resell the same to any other wholesaler unless such other wholesaler will make the same agreement with any wholesaler or retailer to whom he may resell; or

(2) To any retailer, unless the retailer will agree not to resell the same except to consumers for use and at not less than the stipulated minimum price.

SEC. 3. For the purpose of preventing evasion of the resale price restrictions imposed in respect of any commodity by any contract entered into pursuant to the provisions of this act (except to the extent authorized by the said contract)—

(a) The offering or giving of any article of value in connection with the sale of such commodity;

(b) The offering or the making of any concession of any kind whatsoever (whether by the giving of coupons or otherwise) in connection with any such sale; or

(c) The sale or offering for sale of such commodity in combination with any other commodity

shall be deemed a violation of such resale price restriction, for which the remedies prescribed by section 6 of this act shall be available.

SEC. 4. No minimum resale price shall be established for any commodity, under any contract entered into pursuant to the provisions of this act, by any person other than the owner of the trade-mark, brand, or name used in connection with such commodity or by a distributor specifically authorized to establish said price by the owner of such trade-mark, brand, or name.

SEC. 5. No contract containing any of the provisions enumerated in section 2 of this act shall be deemed to preclude the resale of any commodity covered thereby without reference to such contract in the following cases:

(a) In closing out the owner's stock for the bona fide purpose of discontinuing dealing in any such commodity and plain notice of the fact is given to the public: *Provided*, That the owner of such stock shall give to the producer or distributor of such commodity prompt and reasonable notice in writing of his intention to close out said stock and an opportunity to purchase such stock at the original invoice price;

(b) When the trade-mark, brand, or name is removed or wholly obliterated from the commodity and is not used or directly or indirectly referred to in the advertisement or sale thereof;

(c) When the goods are altered, second-hand, damaged, or deteriorated and plain notice of the fact is given to the public in the advertisement and sale thereof, such notice to be conspicuously displayed in all advertisements and to be affixed to the commodity; or

(d) By any officer acting under an order of court.

SEC. 6. Willfully and knowingly advertising, offering for sale, or selling any commodity at less than the price stipulated in any contract entered into pursuant to the provisions of this act, whether the person so advertising, offering for sale, or selling is or is not a party to such contract, is unfair competition and is actionable at the suit of any person damaged thereby.

SEC. 7. This act shall not apply to any contract or agreement between or among producers or distributors or between or among wholesalers or between or among retailers as to sale or resale price.

SEC. 8. If any provision of this act, or the application thereof to any person or circumstance, is held invalid, the remainder of the act, and the application of such provisions to other persons or circumstances, shall not be affected thereby.

SEC. 9. All acts or parts of acts inconsistent herewith are hereby repealed to the extent of such inconsistency.

SEC. 10. This act may be known and cited as the "Fair Trade Act."

Mr. LANHAM. Mr. Speaker, I move to strike out the last word.

Mr. Speaker, the bill refers to trade-marks. Will the gentleman from West Virginia tell us what provision in the bill relates to trade-marks?

Mr. RANDOLPH. Mr. Speaker, I yield to the gentleman from Maryland to answer the gentleman's question.

Mr. KENNEDY of Maryland. Trade-marks are not affected by this bill.

Mr. RANDOLPH. Mr. Speaker, I move the previous question.

The previous question was ordered.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

RETIREMENT PAY FOR JUDGES IN THE DISTRICT OF COLUMBIA

Mr. RANDOLPH. Mr. Speaker, I ask unanimous consent that the bill (H. R. 6504) providing retirement pay for the judges of the police court of the District of Columbia, the municipal court of the District of Columbia, and the juvenile court of the District of Columbia, be transferred from the District of Columbia Committee to the Committee on the Judiciary of the House.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia [Mr. RANDOLPH]?

There was no objection.

Mr. RANDOLPH. Mr. Speaker, this completes the calendar for the District of Columbia Committee.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate had passed without amendment a joint resolution of the House of the following title:

H. J. Res. 322. Joint resolution making an additional appropriation for the control of outbreaks of insect pests.

The message also announced that the Senate insists upon its amendments to the bill (H. R. 6260) entitled "An act making appropriations for the fiscal year ending June 30, 1940, for civil functions administered by the War Department, and for other purposes," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. THOMAS of Oklahoma, Mr. HAYDEN, Mr. OVERTON, Mr. RUSSELL, Mr. SHEPPARD, Mr. TOWNSEND, and Mr. BRIDGES to be the conferees on the part of the Senate.

EXTENSION OF REMARKS

Mr. ALLEN of Louisiana. Mr. Speaker, I ask unanimous consent to revise and extend my remarks in the RECORD and to include therein a memorial address I made before the United States Park Police Association.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana [Mr. ALLEN]?

There was no objection.

Mr. LUDLOW. Mr. Speaker, I ask unanimous consent to extend my remarks twice in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Indiana [Mr. LUDLOW]?

There was no objection.

THE NATIONAL YOUTH ADMINISTRATION

Mr. COLLINS. Mr. Speaker, I ask unanimous consent to address the House for one-half minute.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi [Mr. COLLINS]?

There was no objection.

Mr. COLLINS. Mr. Speaker, in considering the unemployment problem, I think it is well to remember that one-third of the unemployed are youth 16 to 24 years of age. The National Youth Administration is giving work and educational opportunities to over 600,000 needy young people at the remarkably low cost of around $125 a year, and I want to give you an idea of how a dollar of N. Y. A. funds is expended. Last year, out of every dollar 84 cents went into youth wages; 11 cents went into project supervision and timekeeping; and 5 cents was expended for equipment, materials, and other nonlabor costs. An enormous amount has been done with a small amount of money in a group where need is so great.

The administrative overhead of the National Youth Administration has been around $4,000,000. In my opinion, the proper administration of a program for young people is of utmost importance. It is my firm conviction that unless there are competent people working with our youth there had better not be any at all. Young people must have able and intelligent handling to get the most from the work they are doing.

The National Youth Administration not only gives work relief to young men and women but it prepares them for honest jobs. I am convinced that the National Youth Administration has a practical understanding of its responsibility to young people, and every Member of Congress should support and extend a program of such real value to our youth.

In the student-aid program 378,000 needy young people are being assisted in continuing their education at a yearly cost of $58.50 in payment for part-time work in schools and colleges. On the work projects, the out-of-school unemployed youth is given every conceivable kind of work experience at a cost of $233 a year to the N. Y. A. This project work is so varied that on any one project a young person may receive valuable experience in several different types of activities. The N. Y. A. policy is to afford these young people as wide a range of work experience as possible.

Youth on N. Y. A. work projects are building rural schools, small libraries, and community centers, constructing athletic fields, building swimming pools, tennis courts, and many other kinds of recreational facilities for community use. They are doing ground beautification work and landscaping public parks and grounds around public buildings. They work on the roads, they are making sidewalks and grading roads, building bridges, gutters, and sewers. They do conservation work and clear forests, reclaim swamplands, build small dams, plant trees and shrubs; they are doing statistical, clerical work, and library work. A large number of the young men are in workshops repairing and renovating furniture for schools and public agencies. Girls are sewing for relief agencies, acting as health clinic assistants, and serving school lunches. In fact, these young people on the N. Y. A. are learning to do every kind of work, and most of them had not had a chance at any work before they got their N. Y. A. job.

Although it is difficult to give a clear picture of what actually is being done on work projects by a mere listing of the major work categories, I am submitting for your inspection the distribution of N. Y. A. project youth in each State by the major work classifications in which they are employed.

Number of persons employed on work projects of the National Youth Administration, by type of project, Mar. 31, 1939

Type of project	Alabama	Arizona	Arkansas	California
Grand total	6,824	898	4,549	7,458
Highways, roads, and streets	88		48	28
Construction of new buildings	769	160	1,648	256
Remodeling and repairing of public buildings	643	41	126	78
Improvement of grounds	419	264	32	302
Recreational equipment and facilities (excluding buildings)	59	20	87	275
Conservation				701
Sewing	378	80	82	466
Workshops	472		338	836
Nursery schools	212		29	289
Resident training projects	2,142		1,485	605
Recreational-assistance projects	273	24	27	198
Clerical projects	560	130	457	1,925
Public health and hospital work				48
Library service and book repair	239	26	16	247
Museum work			11	105
Research, statistical and nonstatistical surveys				14
Arts and crafts				369
School-lunch projects	191	84		56
Homemaking and domestic training projects	206	11	108	117
Youth-center activities				45
Miscellaneous projects	203	58	55	498

Type of project	Colorado	Connecticut	Delaware	District of Columbia
Grand total	3,066	2,357	305	768
Highways, roads, and streets	60	81	13	
Construction of new buildings	112			63
Remodeling and repair of public buildings	137	135		
Improvement of grounds	58	82	4	
Recreational equipment and facilities (excluding buildings)	337	83	78	
Conservation	24	10		
Sewing	602	150	6	
Workshops	342	606	33	66
Nursery schools	99		38	70
Resident training projects	113	47		88
Recreational-assistance projects	112	198	10	102
Clerical projects	444	661	42	145
Public health and hospital work		29	10	125
Library service and book repair	314	31	6	4
Museum work	59			
Research, statistical and nonstatistical surveys	69	9		
Arts and crafts	5	8		
School-lunch projects	105		19	26
Homemaking and domestic training projects		24		45
Youth-center activities		92	18	
Miscellaneous projects	74	111	28	33

Type of project	Florida	Georgia	Idaho	Illinois
Grand total	4,667	5,994	1,269	12,735
Highways, roads, and streets		19	25	1,306
Construction of new buildings	344	1,173	20	16
Remodeling and repairing of public buildings	141	70	61	140
Improvement of grounds	234	143	104	815
Recreational equipment and facilities (excluding buildings)	289		2	863
Conservation				263
Sewing	449	266	71	1,333
Workshops	369	469	76	1,285
Nursery schools	136	42	19	329
Resident training projects	302	1,478	445	439
Recreational-assistance projects	211	33	75	921
Clerical projects	1,266	1,436	213	2,723
Public health and hospital work	105			157
Library service and book repair	62	36	91	644

Number of persons employed on work projects of the National Youth Administration, by type of project, Mar. 31, 1939—Continued

Type of project	Florida	Georgia	Idaho	Illinois
Museum work	12			
Research, statistical and nonstatistical surveys		10		6
Arts and crafts	4			168
School-lunch projects	87		7	
Homemaking and domestic training projects	67	425	2	185
Youth-center activities		394		135
Miscellaneous projects	589		58	1,007

Type of project	Indiana	Iowa	Kansas	Kentucky
Grand total	4,091	2,639	5,780	6,376
Highways, roads, and streets	78	158	831	192
Construction of new buildings	437	120	794	453
Remodeling and repairing of public buildings	105	83	27	469
Improvement of grounds	284	119	489	120
Recreational equipment and facilities (excluding buildings)	1,246	483	1,363	158
Conservation	4	155	36	
Sewing		53	757	935
Workshops	548	261	104	1,084
Nursery schools	46	21	38	74
Resident training projects	70	102	507	719
Recreational-assistance projects	309	93	36	63
Clerical projects	735	575	710	469
Public health and hospital work		19		
Library service and book repair	147	85	56	87
Museum work	2	1		12
Research, statistical and nonstatistical surveys	31			
Arts and crafts	20	16		
School-lunch projects	21	2	4	56
Homemaking and domestic training projects	851	99		1,307
Youth-center activities		150		
Miscellaneous projects	56	44	28	178

Type of project	Louisiana	Maine	Maryland	Massachusetts
Grand total	5,713	1,252	1,332	5,799
Highways, roads, and streets	210		24	63
Construction of new buildings	432		97	68
Remodeling and repairing of public buildings	893	73	116	60
Improvement of grounds	137			452
Recreational equipment and facilities (excluding buildings)		101	109	352
Conservation				392
Sewing	187	96	57	956
Workshops	442	196	244	660
Nursery schools	120	14	140	230
Resident training projects	1,825	537	124	82
Recreational-assistance projects	2	39	19	263
Clerical projects	563	146	151	1,482
Public health and hospital work	192	24		292
Library service and book repair	117	16	20	108
Museum work				9
Arts and crafts				26
School-lunch projects			54	
Homemaking and domestic training projects	549	9	41	
Youth-center activities			133	285
Miscellaneous projects	44	1	3	19

Type of project	Michigan	Minnesota	Mississippi	Missouri
Grand total	6,898	6,188	5,382	6,861
Highways, roads, and streets	101	548	41	1,377
Construction of new buildings	24	288	1,716	154
Remodeling and repair of public buildings	347	218	80	117
Improvement of grounds	222		19	568
Recreational equipment and facilities (excluding buildings)	780	992		535
Conservation	213	57		68
Sewing	272	726		311
Workshops	956	522	764	338
Nursery schools	136			74
Resident training projects	486	203	1,002	233
Recreational-assistance projects	267	623		142
Clerical projects	1,739	1,179	1,190	1,409
Public health and hospital work				39
Library service and book repair	190	318	332	341
Museum work	181	11	13	
Research, statistical and nonstatistical surveys		19		
Arts and crafts		81		
School-lunch projects	73	118		15
Homemaking and domestic training projects		67		
Youth-center activities				439
Miscellaneous projects	902	218	225	701

Number of persons employed on work projects of the National Youth Administration, by type of project, Mar. 31, 1939—Continued

Type of project	Montana	Nebraska	Nevada	New Hampshire
Grand total	1,433	3,753	162	786
Highways, roads, and streets	4	594		
Construction of new buildings	10	269		
Remodeling and repairing of public buildings	16	51		
Improvement of grounds	42	202		
Recreational equipment and facilities (excluding buildings)	97	220		55
Conservation	37	18		
Sewing	173	476		
Workshops	142	443		96
Nursery schools	88	9	1	22
Resident training projects	296	311		279
Recreational-assistance projects	14	177	4	
Clerical projects	347	286	55	142
Public health and hospital work				
Library service and book repair	48	186	23	24
Museum work		15		
Research, statistical and nonstatistical surveys		10		
Arts and crafts		2		
School-lunch projects	18	68	13	
Homemaking and domestic training projects		6		165
Youth-center activities	69	27		
Miscellaneous projects	32	283	66	3

Type of project	New Jersey	New Mexico	New York City	New York State
Grand total	6,265	2,067	10,007	11,366
Highways, roads, and streets	148	59		298
Construction of new buildings	114	126	73	7
Remodeling and repairing of public buildings	465	34		643
Improvement of grounds	672	116		130
Recreational equipment and facilities (excluding buildings)	505	107	1,999	938
Conservation	259	8		153
Sewing		88		435
Workshops	1,670	528	121	2,225
Nursery schools	55	37	658	235
Resident training projects	96	247	4	323
Recreational-assistance projects	382	214	1,807	614
Clerical projects	1,825	341	5,345	2,515
Public health and hospital work				541
Library service and book repair	27	88		531
Museum work		13		63
Research, statistical and nonstatistical surveys				
Arts and crafts	3			54
School-lunch projects		19		238
Homemaking and domestic training projects				19
Youth-center activities		28		101
Miscellaneous projects	144	23		1,303

Type of project	North Carolina	North Dakota	Ohio	Oklahoma
Grand total	7,579	3,108	8,216	7,875
Highways, roads, and streets	30	148	714	
Construction of new buildings	494	137	391	1,027
Remodeling and repairing of public buildings	1,020	120	177	
Improvement of grounds		40	352	
Recreational equipment and facilities (excluding buildings)		395	1,712	961
Conservation		88	180	
Sewing	175	638	289	
Workshops	1,695	260	694	767
Nursery schools	89	37	70	
Resident training projects	586	213	335	2,925
Recreational-assistance projects		64	328	
Clerical projects	1,037	465	1,861	1,063
Public health and hospital work			285	
Library service and book repair	105	73	138	
Museum work	42	3		
Research, statistical and nonstatistical surveys	154			
Arts and crafts		3	98	38
School-lunch projects	554	79		
Homemaking and domestic training projects	1,317		295	761
Youth-center activities	32		5	
Miscellaneous projects	243	345	292	313

Type of project	Oregon	Pennsylvania	Rhode Island	South Carolina
Grand total	1,263	12,437	1,521	4,390
Highways, roads, and streets		469		
Construction of new buildings	57	203		227
Remodeling and repair of public buildings		654	155	31

Number of persons employed on work projects of the National Youth Administration, by type of project, Mar. 31, 1939—Continued

Type of project	Oregon	Pennsylvania	Rhode Island	South Carolina
Improvement of grounds	59	401		
Recreational equipment and facilities (excluding buildings)	209	1,296		
Conservation		409	123	
Sewing	24	437	338	
Workshops	192	1,211	482	738
Nursery schools	30	270	34	
Resident training projects	113	281	60	1,927
Recreational-assistance projects	28	639	132	
Clerical projects	165	2,714	177	725
Public health and hospital work		1,368		
Library service and book repair	72	550		
Museum work		210		
Research, statistical and nonstatistical surveys				
Arts and crafts	9	199	19	
School-lunch projects	56			
Homemaking and domestic training projects	5			
Youth-center activities	199	156		495
Miscellaneous projects	45	970		247

Type of project	South Dakota	Tennessee	Texas	Utah
Grand total	3,708	6,037	11,870	1,831
Highways, roads, and streets	361	295	1,114	151
Construction of new buildings	68	917	1,326	144
Remodeling and repairing of public buildings	182	793	189	113
Improvement of grounds	9	656	570	268
Recreational equipment and facilities (excluding buildings)	110	144	1,004	133
Conservation	21			6
Sewing		586	876	45
Workshops	204	734	1,257	
Nursery schools		133	175	33
Resident training projects	440	593	2,178	277
Recreational-assistance projects	74	119	123	195
Clerical projects	605	552	1,848	121
Public health and hospital work	9		64	52
Library service and book repair	2	97	21	180
Museum work		69		
Research, statistical and nonstatistical surveys				
Arts and crafts				
School-lunch projects	16	124	437	
Homemaking and domestic training projects	680		10	
Youth-center activities	93		21	
Miscellaneous projects	834	225	657	113

Type of project	Vermont	Virginia	Washington	West Virginia
Grand total	388	4,813	2,409	5,410
Highways, roads, and streets		206	52	452
Construction of new buildings	34	132		463
Remodeling and repairing of public buildings		349		382
Improvement of grounds		698	155	1,613
Recreational equipment and facilities (excluding buildings)	28		242	379
Conservation		88	63	14
Sewing		175	143	402
Workshops	76	227	295	
Nursery schools	29	58	8	99
Resident-training projects		306	234	747
Recreational assistance projects	57	158	112	125
Clerical projects	89	1,009	625	481
Public health and hospital work		29		15
Library service and book repair	6	231	216	37
Museum work				10
Research, statistical and nonstatistical surveys				
Arts and crafts			19	
School-lunch projects	55	311	44	
Homemaking and domestic training projects		566	70	24
Youth-center activities	13			
Miscellaneous projects	1	270	151	167

Type of project	Wisconsin	Wyoming
Grand total	5,807	773
Highways, roads, and streets		17
Construction of new buildings	78	61
Remodeling and repairing of public buildings		10
Improvement of grounds	635	24
Recreational equipment and facilities (excluding buildings)	383	12
Conservation	308	
Sewing	661	3
Workshops	671	121
Nursery schools		23
Resident training projects	438	
Recreational-assistance projects	235	87

Number of persons employed on work projects of the National Youth Administration, by type of project, Mar. 31, 1939—Continued

Type of project	Wisconsin	Wyoming
Clerical projects	1,837	293
Public health and hospital work	34	
Library service and book repair	181	77
Museum work	25	
Research, statistical and nonstatistical surveys		
Arts and crafts	87	
School-lunch projects	32	33
Homemaking and domestic training projects	33	12
Youth-center activities		
Miscellaneous projects	109	

EXTENSION OF REMARKS

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to extent my own remarks in the RECORD and to include in connection therewith an editorial in explanation thereof.

The SPEAKER. Is there objection to the request of the gentleman from Texas [Mr. PATMAN]?

There was no objection.

Mr. JOHNSON of Oklahoma. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include a very interesting article with reference to the N. Y. A. slash which appeared yesterday in the Washington Post.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma [Mr. JOHNSON]?

There was no objection.

Mr. SMITH of Illinois. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a letter written to me on the subject of youth's place in our economic system, as well as supplementary material thereto.

The SPEAKER. Is there objection to the request of the gentleman from Illinois [Mr. SMITH]?

There was no objection.

INFORMATION FROM COMMITTEES

Mr. COCHRAN. Mr. Speaker, I ask unanimous consent to proceed for 2 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Missouri [Mr. COCHRAN]?

There was no objection.

Mr. COCHRAN. Mr. Speaker, I am receiving letters from home asking me what the committee is doing concerning the appropriation for the National Youth Administration. I can get no official information. As far as I know, the subcommittee of the Appropriations Committee is meeting in executive session. I do not know how information is getting out as to what this particular committee proposes to do. I have seen no report of the committee which tells me there has been any reduction in connection with this particular appropriation, and I would like to know whether or not the gentleman from Oklahoma or the gentleman from Mississippi can inform me whether the committee has agreed upon certain items concerning N. Y. A.; if so, what is the result of its deliberations? All I know is what I read in the papers and it does not sound very good for a Member of Congress to tell his constituents he does not know what is going on, when the papers seem to get the information.

Mr. JOHNSON of Oklahoma. I may say that in the remarks I have made with reference to the proposed slash in the National Youth Administration I simply said there were certain rumors that a very serious slash is being proposed "in certain quarters."

Not being a member of the subcommittee having jurisdiction over the N. Y. A., I, of course, do not have any first-hand information. If the gentleman, however, has read the newspapers, he is aware of the fact the newspaper reporters know exactly what is taking place. They know that there are well-founded rumors that a certain committee proposes to slash the N. Y. A. appropriation by more than $40,000,000.

Mr. COCHRAN. I have liberally supported the N. Y. A., because I feel it has been very valuable to the youth of the country, and I expect to support the President's recommendations in the future, but what is bothering me is the fact that

information is getting out to the newspapers about what a committee of Congress is doing in executive session, where there is an agreement that no information is to be given out until the committee has reported the bill. The committee members refuse to discuss the matter.

Mr. JOHNSON of Oklahoma. At no time or at no place have I quoted any member of the committee, because I thoroughly believe in the great program now being carried on by the National Youth Administration, and do not want to see it crippled. I have taken the liberty of calling attention to certain editorials based on rumors of a proposed drastic cut next year in the N. Y. A. below the urgent request of the President of the United States. If I have had a part in helping arouse public sentiment against the proposal to slash the appropriation for the N. Y. A., then I feel highly complimented and am thankful that my efforts have borne fruit. [Applause.]

Mr. COLLINS. The gentleman also addressed his question to me, and I want the privilege of answering it. I, too, have said there were well-defined rumors, and as evidence I expect to insert in the RECORD soon clippings from over 100 metropolitan newspapers on this subject. I am not a member of the subcommittee which is considering the W. P. A. and National Youth Administration appropriations, and hence have no personal knowledge of their action. There are rumors that national youth appropriations have been cut about $45,000,000 and I am afraid these rumors are well founded.

Mr. Speaker, I ask unanimous consent that the gentleman's time be extended 1 minute.

[Here the gavel fell.]

The SPEAKER. The Chair cannot submit that request without the consent of the gentlemen having special orders.

PERMISSION TO ADDRESS THE HOUSE

Mr. MARTIN of Massachusetts. Mr. Speaker, I ask unanimous consent that my colleague the gentleman from New York [Mr. FISH] may be permitted to address the House for 15 minutes at the conclusion of the special orders for today heretofore entered.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

EXTENSION OF REMARKS

Mrs. NORTON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a broadcast.

The SPEAKER. Is there objection to the request of the gentlewoman from New Jersey?

There was no objection.

Mr. COFFEE of Washington. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on two topics, and in one extension to include a letter from a constituent and in the other a brief editorial.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. LAMBERTSON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein an editorial.

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. REES of Kansas. Mr. Speaker, I ask unanimous consent to extend in the RECORD the remarks I made today.

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. GILLIE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD, and include therein a table giving the estimated cost of the Townsend plan in my district.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

The SPEAKER. Under a special order of the House heretofore made, the gentleman from Minnesota [Mr. ALEXANDER] is recognized for 30 minutes.

AMERICAN ASPECTS OF JAPANESE INFILTRATION INTO THE PHILIPPINES

Mr. ALEXANDER. Mr. Speaker, on May 19 I introduced H. R. 198 calling for an investigation of the Philippine-Japanese situation. Today I wish to present a few facts and figures in connection with the subject in order that a decision may be reached as to suitable action.

In order to avoid any charge of a desire to be dramatic or sensational in the presentation of some startling pictures, I will avoid oratory and personalities as much as possible and simply make a recitation of part of the material which has come to me from many sources during the past few months. Since some insight in and knowledge of Far East problems became evident with the remarks on Guam which I made in this House on February 22, this material has literally dropped into my office from all corners of the earth like a shower from the sky.

Under the terms of the present Philippine Independence Act we agreed to give the islands their complete independence on July 4, 1946. In view of the marked changes which have taken place in the Orient since the act was first proposed in 1934, especially the evident acts of aggression by Japan since July 1937 when her present drive was started into China, both we and the Filipino people realize the need for a reevaluation and revision of our plans.

On this subject there are, of course, several varying viewpoints. It is reported that up until very recently, many Filipinos, including President Quezon, have been asking for a plebiscite to vote on the question of immediate independence. In this connection it is interesting to note that this situation, this demand for independence, has never existed in any of our other Territorial dependencies. Did you ever hear of our native Alaskans, Hawaiians, or Puerto Ricans asking for independence? In this country the viewpoint of a few is that there should never be a severance of our present relations, but in view of the present inflammable world situation both in Asia and in Europe it is said that about 95 percent of our people are in favor of immediate withdrawal from the Philippines.

Under the terms of my resolution an investigation is called for to determine what our present and our immediate future attitude should be to these questions. In order to view the subject I will divide my remarks into two sections. The first will deal with some actual facts and activities of the Japanese in the Philippines, and the second section with some economic and trade aspects created by those Japanese activities as they affect trade, industry, and unemployment in America.

We do not hesitate to work ourselves into a frenzy over Japanese action in China. I have received, as many of you have, hundreds of letters from individuals and petitions signed by large groups of our church and civic organizations demanding that we take action of varied sorts against Japan for her acts of aggression in China. But we hear no remonstrance over a similar or more definite taking over of our own dependency, the Philippines, where flies the Stars and Stripes as the symbol of our sovereignty. Perhaps we have not been so well informed in the latter case as in the former.

That being the case I invite you to go with me today for a trip around the islands and you may be amazed to find such startling evidences of Japan's efficient invasion there in our territory as will overshadow her taking over merely a third of China. You will find that the Japanese are producing 67 percent of the islands' hemp—one of their most important crops, and one of our chief imports from there; that they control 35 percent of the storekeeping business or retail trade; that they are catching 80 percent of the fish sold commercially; that they in 1937 furnished the islands with from 60 to 90 percent of the total demand for such typically American products as canned mackerel, sardines, dried codfish, cotton yarns, and knitted goods, bicycles, fishing nets, and rayon cloth.

This bears out the prediction made 40 years ago by Admiral Dewey as revealed recently by John Barrett who served as special diplomatic adviser to the admiral. Mr. Barrett made notes of a conversation with the admiral while the two sat on the deck of the famous flagship *Olympia* as he viewed the beautiful natural harbor of Manila, in the course of which Admiral Dewey said:

> I look forward some 40 or 50 years and foresee a Japanese naval squadron entering this harbor, as I have done, and demanding surrender of Manila and the Philippines, with the plan of making these islands part of a great Japanese empire of the future. I will not live to witness what you will see if you live your ordinary life. That will be the conquest of China by Japan and, when that is done, the conquest of all the island possessions from north to south.

Contemplating such a prediction, and keeping in mind present trends in the Far East, we need to recall that these islands are tremendously fertile and rich in natural resources. The population is variously estimated at from fifteen to eighteen million, but the land can easily support up to 50,000,000 as the islands have an area of double the size of all of our New England States.

But to get back to our inspection trip. Maj. William H. Anderson says in his recent book entitled "The Philippines":

> There is an organized Japanese propaganda in the Philippines, especially in Manila, the cultural and business center of the archipelago. It may not be openly against the United States, but it is quietly working toward impressing the Filipinos with the fact that Japan is their greatest friend.

Tours to Japan, openly subsidized from Tokyo, have been organized. The manager of the tour for writers laid down only one condition to those who accepted his offer:

> In turn for this free trip to Japan which I am giving you, you are to write six articles on the following subjects: Japanese personalities, Japanese press, Japan-Philippine affinities.

There have been tours for college professors, students, and members of the Philippine National Assembly. I also have here a copy of the Philippines Herald of April 17, 1939, showing a trip by a music group.

All over the Philippines, lawyers are learning the Japanese language. A school has been established in Manila by the Japanese for those desiring to learn the coming language of the country. With so much business done by the newcomers, Filipinos in commerce and professions are eager to learn Japanese.

A Filipino law professor at the University of the Philippines is the loudest Japanophile in the Philippines. He is in favor of Japanese overlordship of his country. He says that if the Philippines must be ruled by foreigners, it may as well be ruled by fellow orientals. This professor and some other intelligent Filipinos sent a deputation to Tokyo to present a petition to the Emperor praying the Son of Heaven to annex the Philippines. A leading department-store owner, who traveled extensively in Japan and who was feted royally by the Japanese as a member of a group of businessmen on a good-will mission, came out strongly for a Philippine-Japanese alliance.

Manila is rapidly becoming a typical Japanese town. The quaint old Spanish buildings, the picturesque nipa huts of the poor natives, and the modern structures built during the American regime, are being eclipsed by the gaudy, tinderbox Japanese bazars, novelty shops, photo studios, refreshment parlors, restaurants, and barber shops.

In order to maintain an efficient distributing system, big Japanese firms post men in all parts of the Philippines. They are rapidly supplanting 80,000 Chinese as the island's retail traders. Despite the fact that they sell 84 percent of their total exports to the United States, the Filipinos prefer to buy Japanese goods because they are much cheaper. This is especially true in the textile trade. In late years the United States has lost much of its textile market in the islands to Japan. The Philippines have been selling to the United States merchandise worth $100,000,000 annually, while they have been buying American goods valued at a little more than half of that figure. On the other hand, Japan sells to them goods worth $10,500,000, which is between two or three times as much as she buys from the islands.

Provided with fast motorboats and strong nets, and trained scientifically, the Japanese dominate the Philippine fishing industry. Most of the Filipinos who fish do so for fun or their own kitchens. With their antiquated methods they are no match for the Japanese, who own practically 100 percent of the fishing boats.

The Philippines has a law limiting the entrance of Japanese into the fishing trade, which provides that no boats of more than 3 tons belonging to aliens should be licensed. But all the Japanese have to do is to have Filipinos register as the owners of the fishing boats. For the use of his Spanish name, the Filipino nominal owner gets $10 a month on each boat and the satisfaction of passing as the employer of the Japanese fishermen who furnish him with the boodle.

The Japanese are also on their way to domination of the islands' lumber industry. Americans still control mining, but the Japanese are trying to get into the industry. They have been trying to buy some gold mines.

The Japanese also have their eyes on the copper, lead, zinc, iron ore, chromium, coal, petroleum, asphalt, asbestos, gypsum, guano, phosphate rock, sulfur, and cement resources there. Japan needs these materials not only for her industries but for war purposes.

The Philippines is particularly adapted to the production of the foregoing metals and minerals, as well as sugar, vegetable fats, and fibers. No wonder many a Japanese expansionist has said that Philippine independence is the answer to Japan's prayer.

Japanese in large numbers arrive in Davao every month. The only thing that is preventing Japan from moving in completely is that she does not want to precipitate any trouble at this time with the United States. Japan can wait a few more years and we in the meantime can add more wealth and defenses to be taken over.

The Filipino authorities are afraid to do anything about the steady flow of short, wiry, hardy, astute yellow men into what has proudly been called in the Philippine Commonwealth's Constitution "the patrimony of the nation." They are resigned to the coming of the Japanese. They admit frankly that they cannot afford to make any unfriendly gesture toward their invading neighbors. "Tomorrow they may be our masters," they say in a matter-of-fact manner.

Mindanao is the richest section of a country extraordinarily rich in natural resources. It is the second largest island of the Philippine Archipelago. At its southeastern end is Davao Province, a region free from typhoons and endowed with springlike weather all the year round. Its soil is most fertile and its mountains are covered with forests of hardwood. Philippine mahogany, known the world over, comes in great quantities from this region. On the mountain slopes grows grass on which millions of cattle can fatten. Mineral wealth of the land is abundant. Off the coast fish are plentiful.

Such is the region selected by the smart Japanese for their initial colony. At present they are growing the best kind of hemp in the world and raising over one-half of the total Philippine hemp production. In a few years they have progressed to such an extent as to completely dominate the Philippine hemp industry.

For over 30 years Japan has given the greatest study and encouragement to the agricultural development of the Philippines. She has done more pioneering and more constructive work there than has the United States. Japan knows the possibilities of every nook and corner of the archipelago. The Japanese have developed a large lumber industry, with almost the entire output going to Japan. They know every bay and inlet of the islands, every river and harbor, and have taken great interest in obtaining valuable information from all parts of the islands.

The Japanese in Davao are running a practically independent state. They have their own experimental stations, banks, schools, social centers, and hospitals, all of which are supervised by men presumably sent over by the Japanese

Government. Davao is so Japanese that even the Filipinos have dubbed it "Davaokuo." If it is known in Manila that you are going to visit the southern part of the Philippines, friends will jokingly urge you to make a call at the Japanese consulate and have your passport visaed. Even President Quezon, at the beginning of his administration, felt it necessary to notify the Japanese consul general at Manila and the Japanese consul at Davao before making an inspection trip to Mindanao.

Although the law of the Philippines prohibits the holding of land by aliens, Japanese have acquired 170,000 acres of agricultural land and many more acres of virgin forest land, thanks to crooked Government officials and lawyers and ignorant natives.

This is how it is done in some instances.

Mr. KITCHENS. Mr. Speaker, will the gentleman yield?

Mr. ALEXANDER. I yield for a question.

Mr. KITCHENS. I spent 9 years in the Philippines and learned to appreciate the Filipino people. They have a general assembly there and all necessary officials to run their government. We promised them independence. We are under obligation, therefore, to protect them until 1946. The mere fact that the Japanese are penetrating that country today in a business way, as I see it, should not concern us as long as we stand prepared to give the Filipinos their independence in 1946. We propose to give them their independence, and they can do whatever they like with it. They have demanded it. There seems to be a universal desire for it. If they would rather have the Japanese overlording them, as the gentleman says, then I say, let them have the Japanese overlord them.

Mr. ALEXANDER. True. The point I am making is that on account of that very penetration I am describing here it may perhaps be too late in 1946 and we may in the meantime be involved in the war which is now going on in the Orient. Therefore, I am questioning whether we should not immediately take steps to get out rather than wait until 1946.

Mr. HOFFMAN. Mr. Speaker, will the gentleman yield?

Mr. ALEXANDER. I yield to the gentleman from Michigan.

Mr. HOFFMAN. Has the gentleman from Arkansas any idea that the Filipinos will accept their independence in 1946?

Mr. KITCHENS. It is not a question of accepting it. We have said we are going to give it to them at that time.

Mr. HOFFMAN. I understand from the press that they have now changed their minds about it and there are certain things they want us to continue to do.

Mr. KITCHENS. They might change their minds. Of course, I can see how, if I were a Filipino, I would have changed my mind a long time ago, because the general run of the Filipino people seem to be well satisfied with government by Americans. However, as far as I am concerned, although I love the Filipino people, I am willing to turn their country over to them and let them do what they want with it.

Mr. ALEXANDER. Exactly. I already have made the point that I understand that 95 percent of the people in this Nation feel that way, and that is what I am pointing out here. Our people are asking, Why should we wait until we are involved in a war in the Far East?

Mr. KITCHENS. But we are under a moral and a legal obligation to remain there until 1946 and to give them their independence then. I know of no honorable way to avoid that obligation. I would not want to manifest any disposition to withdraw from the Philippines before 1946.

Mr. ALEXANDER. If this Jap infiltration keeps up, we may have to. I started to explain how the Japanese take over the land. It is done in this way:

Japanese men have in many cases "married" native women who can lawfully acquire land for them. When their holdings are improved they send for their Japanese wives in the old country. The native "wives" disappear, die, or become servants to the ladies from Nippon.

With the help of crooked Filipino lawyers, Japanese also obtain large parcels of land through the use of fairly intelligent citizens as dummies. For the use of their names these dummies usually get 10 percent of the yearly products.

The secretary of agriculture and commerce could no longer stand the jibes of the press about his "cowardice" as manifest in his failure to cancel these illegal leases acquired by the Japanese. He was about ready to give in to the demands of the press and cancel several thousand leases when the head of the Government, President Quezon, ordered him to take no action.

So surprising was the attitude of the dictatorial president, who had been using strong-arm tactics in the eradication of bandits in his home province, that even at the height of his popularity he was described by some of his countrymen as having "cold feet." The fact was that President Quezon showed prudence. Assuming an attitude of defiance, the Japanese announced they were ready to raise a huge defense fund, sent a 700-word telegram to Tokyo, and then exclaimed: "We will never step off of our land. There will be trouble if anyone should drive us away." To all intents and purposes, Davao is as much Japanese territory as Manchukuo.

The Japanese Government has been subsidizing Japanese steamship lines which go out of their way to touch at Mindanao. The number of Japanese trading ships calling at the port of Davao alone is 25 times the number of American vessels. If the Japanese vessels operate at a loss, their Government makes up the deficit. The ships must continue in order that Japanese immigration may go on uninterrupted. It is no secret that the fare rates for Japanese between Japan and her mandated islands are ridiculously low, but the rates between the last mandated island and Mindanao are still lower, by half. With Brazil making drastic restrictions against Japanese immigration, more and more of the adventurous Nipponese have taken advantage of these low fares to settle in the Philippines. The Japanese Government is looking to the future. They can see the Philippines will be not only a gold mine but also an inexhaustible scurce of raw materials for Japanese industries.

Palau, one of the most important Japanese islands of Micronesia, lies at less than 3 hours' distance by plane from the Philippines, Netherlands India, or Australian territory. In Palau the Japanese have built a modern airport and are now building piers and channels to improve the already excellent harbor for Japanese warships.

Palau has complete command of the southern part of the Philippines, while Japan's Formosa is only 80 miles from the Batanes, the northernmost islands of the Philippine Archipelago. The Batanes people often make complaints to the government about Japanese fishermen from Formosa who make raids on their villages, carry away their cattle, pigs, and chickens and steal their lumber.

But what can the government do? Recently Filipino constabularly men boarded a suspicious Japanese boat off the coast. The Japanese battered the government agents and threw them overboard. The Philippine government protested to the Japanese consul, who promised that the boat's crew would be punished. The crew was brought to trial in Japan and set free.

Mr. KITCHENS. Will the gentleman yield?

Mr. ALEXANDER. I yield.

Mr. KITCHENS. Has the Philippine government or any official of the Philippine government asked the United States to take any action with regard to those matters?

Mr. ALEXANDER. Yes. Our Resident High Commissioner there, Paul V. McNutt, asked that recently in a radio address, and I have received requests since I introduced my resolution on May 19.

"Take a bird's eye view of the world," says an inspired Japanese writer. "The Philippines are part of Japan. Heaven will punish us if we refuse to take that which Heaven gives us. We must not stand on ceremony too much."

ECONOMIC AND TRADE ASPECTS

So much for the Japanese infiltrations. Now let us examine the effect of this situation on our own economy here in America.

Under our trade arrangement with the Philippines our own agriculture and industry is vitally and seriously affected. Japanese raised and produced hemp not only comes in duty free but so, also, does binder twine and rope, up to a total of 6,000,000 pounds per year. This product is manufactured with cheap oriental labor costing from 25 to 40 cents per day. This, as you see, is less by one-third to one-half than our prison twine factory pays its inmates in cash in my own district. But where does such competition leave industrial plants like the International Harvester Co., where the bulk of our twine was formerly produced at a higher wage per hour—45.7 cents average—than the daily wage in the Philippines? As an indication of the situation our entire industry is in, consider the fact that the number of employees has gone down from over 12,000 to 4,300 in 1935. It is estimated that up to 70 percent of the American market has been sacrificed by Philippine competition as they can undersell United States firms at from 2 to 6 cents per pound.

In other words, we are not only supporting Japanese industries in Japan and aiding in the war on China, but we are also doing a very good job in the Philippines where we are giving them all the advantages of free trade and thus favoring them above our own workingmen who have been thrown out of work. Statistics show an increase in the low economic year of 1934 of 900 percent in Philippine cordage imports, as compared to 1921.

Now let us take a look at two other live articles which we import in large quantities in competition with our own agricultural products—coconut oil and sugar. In 1937, 17.3 percent of the coconut oil consumed went into oleomargarine, 2.9 percent into lard compounds and vegetable shortenings, 11.7 percent into other edible use, and 66.1 percent into the manufacture of soaps. True, there is a 3-cent per pound excise tax on the coconut oil imported by us, but it is returned to the islands by our indulgent Government, as is also the revenue tax collected on cigars and tobacco and the bounty or processing tax on sugar. No one as yet has been able to discover why such a refund should be made, especially in view of the fact that the operation of the islands is said to cost us $100,000,000 a year for pensions to Filipinos and other gifts and items, but it all helps to aid in building up their wealth, their territorial army, and defenses so that they will be more valuable to the Japs when they take over the islands completely.

We import nearly 1,000,000 tons of sugar annually, which, with the 2,000,000 from Cuba, displaces millions of acres of cane and sugar-beet farm land in 27 of our States where sugar is produced, thus throwing not only our agriculture out of joint but also the workers in the sugar-processing plants.

Right now in this Congress an attempt is being made in S. 2390, which passed the Senate May 31, and in H. R. 6262 to liberalize still further the benefits and privileges to the Philippine Government and its Japanese citizens as to the exportation of coconut oil, tobacco, cigars, shell and pearl buttons, and a few other things, all of which come in in direct competition with our own farms, factories, and workers.

[Here the gavel fell.]

Mr. SCHAFER of Wisconsin. Mr. Speaker, I ask unanimous consent that the gentleman be permitted to proceed for 5 additional minutes. He is making a good American speech. [Applause.]

The SPEAKER pro tempore (Mr. JOHNSON of Oklahoma). Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. ALEXANDER. Therefore, in view of all these circumstances, in view of the intensive activities of the Japanese in the best parts of the islands, in view of the apparent lack of interest or inability of the local authorities to cope with the situation, and in view of the situation being highly detrimental and dangerous to the welfare of the United States and her citizens, I suggest to the Congress the advisability of an immediate investigation to determine whether we should complete our withdrawal immediately, or institute necessary reform measures, such as a change in administrative officials and enforcement of the Japanese exclusion acts, which are now fundamental laws of the Commonwealth, and such other details as are covered in my resolution. [Applause.]

As evidence of the need for immediate action I refer again to the recommendation to that effect of United States High Commissioner Paul V. McNutt, in his address here on March 14, 1938. Also, here is a cablegram illustrative of many other messages received by me:

MANILA, *May 29, 1939.*

We endorse urgent congressional investigation of Philippine Commonwealth for justice sake.

(Signed) ——— Party by ——— Chairman.

Names not published for protection of senders.

The following letters indicate the local situation, and coming from a large American-owned concern with headquarters at Manila give first-hand inside information of the charges made:

MANILA, P. I., *May 21, 1939.*

Congressman JOHN C. ALEXANDER,

United States Congress, Washington, D. C.

DEAR SIR: The news of your request for a congressional investigation of the pro-Japanese activities of President Quezon and the local government has created quite a furor here.

At the present time there is a case in court by Mrs. Fabella for libel against two public officials in the Province of Batangas who asserted in official reports that she was a "dummy" for Japanese fishermen. She was called on to produce her books in court by subpena duces tecum and refused, fighting it out in court until the judge ruled that she must produce same. She then offered to produce them in the office of the prosecuting attorney, and that compromise was accepted. It is rumored that she is to withdraw her suit for libel.

The most famous case was the Coron incident. The early reports, official and otherwise, said that the local police caught Japanese fishing with dynamite. An attempt to search the boat and make arrests was forcibly resisted, and one Japanese was killed. The Japs then seized a Chinese resident and carried him bound to Manila in their vessel. When the trial came up Filipino attorneys of political prominence, like Fiscal, Opinion, and Attorney Duran defended the Japanese of the charge of resistance against the authorities, and the cases were all quashed, and instead the police were indicted for their part in the case. Little is heard since.

There was a previous case years ago when a Jap vessel was seized by the authorities for violation of the laws, and a guard left aboard of three police. The Japs attacked them, threw them overboard, and then left hurriedly for Formosa. The Philippine Government sent a representative to Tokyo to arrange for extradition, which was refused, and the men brought to trial in Formosa. After serving a short period of their sentence they were pardoned by the Japanese authorities.

Many leading Filipinos, seeing the handwriting on the wall, are sending their children to Japan to study, and are themselves studying Japanese. The son of Justice Laurel went to Japanese military school. He was appointed to Quezon's staff after his return. He landed in the uniform of a reserve officer in the Japanese Army.

The influence of the Japanese consul is great. When it was advertised that Edgar Snow would lecture in Pasay, just outside the city limits of Manila, the consul protested, and the local mayor, 24 hours before the lecture, suspended the permit, at the behest of the governor of the province. The committee appealed to the office of President Quezon and that of the High Commissioner. The consul also visited Quezon to ask that the mayor continue to refuse the permit, as Snow is the celebrated author of Red Star Over China, and persona non grata to the Japanese. The governor of Rizal, rumored to be a shareholder in the new Japanese brewery, stood firm at first, but finally admitted that under the law he could not forbid the lecture, but, on the other hand, he could not be obliged to furnish police for protection of the meeting nor be responsible for what happened. This implied threat was wholly froth. A larger crowd than expected attended and there was not the slightest sign of disorder.

Various groups have advocated boycott of Japanese goods during the "China adventure," but the authorities here have been adamant, threatening to arrest anybody who circulated any such petition. A group of us wrote Mayor Posadas, under what laws he planned to make these arrests, and he replied:

"1. For violating the neutrality proclamation of President Quezon against showing sympathy for either side.

"2. For violating the ordinance against distribution of leaflets on the streets of Manila.

"3. For violating laws prohibiting incitement to war."

A small committee invited him to make a test case by arresting them for distribution of the boycott appeal and sent him one by mail. He has not replied.

On the other hand it is only fair to state that in the past 3 months there has been considerable activity in arresting illegal fishers. Mrs. Fabella is the wife of one of Quezon's closest friends, the man who accompanied Mrs. Quezon during her trip with her party to Java. Yet she has been denounced in public.

About the Davao matter, there seems no question that Filipinos acted as dummies for Japanese with the tacit consent of the authorities, and nothing has been done about it, because of the threatening and aggressive attitude of the Japanese consul in

Davao and the one in Manila also, to protect their nationals. It is a delicate subject. They had no real right to the land, but took it with tacit consent and have not invested millions in improvements. It is rumored that their first period of lease will be allowed to expire without expulsion, but that there will be no renewal. That would perhaps be fair, but who can tell what will happen the year those leases fall due for renewal.

Part of the inaction of the Filipinos is due to fear, especially as they have not received a very strong line from Washington, and part from President Quezon's lead. He has fraternized with the Japanese, received honors from them, and talks much of Bushido.

Yours truly.

MANILA, P. I., *June 1, 1939.*

Congressman JOHN G. ALEXANDER,
United States Congress, Washington, D. C.

DEAR SIR: Since last writing you I have been following developments. Mayor Posadas has replied that he still considers the boycott circular an "insult" to Japan and punishable by law.

The Mrs. Fabella case has now been settled. She refused to bring to court her books for examination. The judge ordered her to do so or he would hold her in contempt of court. She then made an arrangement to show her books to the solicitor general not in open court. After a conference at his office last Monday, he "certified" that she was not a "dummy" for the Japanese. She at the same time withdrew her case for libel against the two officials who had said she was.

Her daughter was married yesterday morning and the principal attendant was Miss Quezon, daughter of the President.

Your resolution arrived this week by air mail and has excited much interest. The reply of Joaquin Elizalde has also been printed in full.

Yours very truly.

Mr. Speaker, I ask unanimous consent to revise and extend my own remarks in the RECORD and include therein an additional letter I have attached to my memorandum here.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. ALEXANDER. Mr. Speaker, I also ask unanimous consent to insert in the Appendix of the RECORD an article entitled "Japan, Spain, Germany, England absorb trade benefits granted Filipinos by the United States," and in addition thereto an article by Publisher Sevilla, of the Philippine-American Advocate along the same line as I have discussed here this afternoon.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

The SPEAKER pro tempore. Under special order of the House, the gentleman from New York [Mr. FISH] is recognized for 15 minutes.

FREEDOM OF SPEECH AND THE WAR DEBTS

Mr. FISH. Mr. Speaker, I want to make a few comments on this occasion in regard to freedom of speech and also upon the war debts which will come due on June 15.

The foundation and rock upon which our free institutions and American liberties are based is that of freedom of speech, whether in the press, forum, or over the radio. Any attempt to restrict the right of freedom of speech is a menace to popular government and to democratic institutions. Censorship of the press or control over the radio would establish a precedent that would endanger American liberties, promote intolerance, and, ultimately, set up an American dictatorship.

I subscribe to the sentiment expressed by Voltaire when he said:

> I do not agree with a word that you say, but I will defend to the death your right to say it.

The attempt to censor or restrict the right of Father Coughlin to speak over the radio, regardless of the merits or demerits of his views, is, in my opinion, an act of intolerance and an utterly un-American procedure.

If the administration or any opposition groups can keep critics off the radio then we have reached the end of government by the people and of free institutions in America. Dictatorships of the left, such as communism, and of the right, like fascism and nazi-ism, have already done away with freedom of speech. Let us not follow this example in the United States.

The constitutional right of freedom of speech must be upheld or otherwise we will have a dictatorship and the right of minority groups and legislative and party minorities will be destroyed. [Applause.]

Mr. Speaker, we again have with us the war debts. These war-debt payments are due on the 15th of June. Some years ago, back in 1932, President-elect Roosevelt refused to cooperate with President Hoover who asked him to come and meet him and discuss ways and means of settling these war debts. The President-elect, Mr. Roosevelt, then Governor of the State of New York, sent back word that he was very sorry he could not in this particular matter cooperate with President Hoover, but that he proposed when he came into power to make the settlement of the war debts his first objective. Six years or more have gone by, and practically no nation today is paying its war debts to us, except little, honest Finland.

Under Republican administrations approximately $200,000,000 was being paid in interest payments on these war debts. Today, in spite of the definite promise of President-elect Roosevelt, practically nothing is being paid except the $160,000 semiannually by the Republic of Finland.

One of the reasons I rose to speak today is the fact that we passed in the Congress only a few days ago legislation empowering the administration to swap cotton and wheat for tin and rubber and other supplies of that nature. I do not believe it is fair in talking on the war debts to say, "Why do not these nations pay; they made definite promises; why have Great Britain and France and other nations welched on their war debts," unless you present some method as to how they can pay.

I submit that Great Britain could very easily pay in rubber, in tin or in tea, none of which commodities we produce in this country. It would not interfere with our wage scales or the employment of our wage earners if they paid in these commodities.

But the fact is that Great Britain for the last 6 years has not paid one cent and she is all the time loaning money to other nations. I have before me a statement of the loans made by Great Britain since July 1, 1936. Great Britain loaned the Soviet Government $50,000,000 under an agreement which she entered into on July 28, 1936; she loaned the Turkish Government, by agreement of May 27, 1938, $50,000,000 and an additional $30,000,000 loaned by the British Treasury to the Turkish Government for military purchases in Great Britain. She loaned Czechoslovakia in February 1939 $40,000,000. She loaned China as of March 29, 1939, another $25,000,000, and Rumania, May 11, 1937, $25,000,000. I understand by reading the reports in the newspapers that she is negotiating loans for $100,000,000 with Poland, and yet she is unable and unwilling to pay one single dollar to the United States.

If Great Britain is bankrupt and insolvent and has no money with which to pay us, that would be an entirely different matter. I take this occasion, just prior to June 15, to point out that Great Britain produces—that is, the British Empire—about 66⅔ percent of all of the gold in the world. Gold is produced at the rate of approximately a billion dollars a year, so that Great Britain produces between six and seven hundred million dollars worth of gold, most of it in South Africa. Due to an act of Congress, we have set an arbitrary price on gold of $35 an ounce. It costs, roughly, $18 an ounce to produce. We are giving the British Empire year after year a 100-percent profit on their greatest product, that of gold. We have bought practically $4,000,000,000 worth of gold from foreign sources, most of it from Great Britain, upon which she has made a profit of 100 percent.

She could easily pay us in gold alone, if she wanted to do it, but the fact is she has refused to do it, and now, when we are staggering under debts, we have a right to ask the British Empire, with all of her gold and excess of rubber production and of tea and tin, what she proposes to do. I know of course that no Member of Congress did sell his political birthright for a cup of tea at the British Embassy the other day, and I know perfectly well that no Democratic Member of Congress has done that. It is true that 50 Democratic Members of the House, chairmen of the committees, went to the garden party while only one ranking

Republican member of a committee was even accorded an invitation.

Mr. SCHAFER of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. FISH. Yes.

Mr. SCHAFER of Wisconsin. Is it not a fact that in the 1932 campaign our ex-international banker, New Deal President, Mr. Roosevelt, promised no reduction or cancelation of our foreign debtor nations' obligations? Did he not repudiate that pledge when his administration debased the American dollar to 59 cents, which in effect canceled 41 percent of the principal and all interest payments on the $13,000,000,000 owed to the American Government by foreign nations?

Mr. FISH. Let me ask the gentleman a question, a very fair question. Does the gentleman know any single promise or pledge that the President ever made that he has ever kept?

Mr. SCHAFER of Wisconsin. No, I do not. Some of the new dealers in my district point with pride to the repeal of the eighteenth amendment.

However, the amendment repealing the eighteenth amendment conforms to the 1932 Republican platform plank. The President and his party platform promised to preserve States' rights on the question of repeal. After he was elected he forgot all about the rights of the States and under the protection of Federal bureaucracy the New Deal blue eagle hatched a gigantic liquor-monopoly vulture.

Mr. SEGER. Mr. Speaker, will the gentleman state the total amount of loans he speaks of?

Mr. FISH. The loans I refer to actually amount to $240,000,000 in the last few years, and another huge loan is proposed for Poland. There may be other loans that I have not been able to verify.

Mr. SCHAFER of Wisconsin. Mr. Speaker, will the gentleman yield further?

Mr. FISH. Yes.

Mr. SCHAFER of Wisconsin. The gentleman is the high-ranking minority member of the Committee on Foreign Affairs. I understand that your committee in the near future will bring the Sol Bloom antineutrality bill to the floor of the House for consideration. I would suggest that the gentleman offer an amendment to that bill in committee to make the policy of the Johnson Act apply—an amendment which would prohibit the sale or shipment of war supplies, arms, munitions, and implements of war to all foreign nations which are in default in their payments honestly due the American taxpayers' Treasury.

Mr. FISH. I think the position of the gentleman is very well taken, but that Bloom bill, that fake neutrality bill, which is actually an interventionist bill, is so vicious that I do not believe any amendment could make it work or that it could be perfected in any way. I hope the Bloom bill will come before the House so that all Members, particularly on the Democratic side, will have a chance to go on record for that unneutrality bill that turns over the war-making powers of the Congress to the President, and virtually guarantees that we will become involved in every war that breaks out in Europe.

I rose for the purpose of reiterating my question, to ask what does the British Government propose to do? How long do they propose to continue to loan money to other nations and refuse to pay their war debts to us?

I was about to say that 50 leading Members on the Democratic side, all chairmen of committees, went to the reception for the King and Queen at the British Embassy. Only one Republican, ranking member of a committee, was even invited. All of us, regardless of partisanship, welcomed the King and Queen to this country. We all think they were charming, kindly, and democratic people and we hope that our relationships with Great Britain will improve as the result of their visit here. But that does not change the vote or opinion of a single person on the payment of the war debts or of keeping out of the eternal wars of Europe.

When the British Ambassador gave a dinner to the King and Queen and did not invite a single member of the minority party in the House or the Senate, the greatest legislative body in the world, did not ask a single Republican Senator or a single Republican Member of the House to that dinner, all I can say is that if an American Ambassador had done the same thing he should be recalled, for, after all, we are the greatest legislative body in the world, yet the minority is deliberately ignored by the British Ambassador.

It may be that the Ambassador thinks the Republican Party has come to an end; he may think that we are in an innocuous vicissitude; that we do not count for anything. But I say to you it is my humble opinion that the Republican Party will be in control of the House of Representatives in 1940. [Applause.] At that time these ranking members on the Rules Committee, the Ways and Means Committee, the Appropriations Committee, the Military and Naval Affairs Committees, those Members who have served here from 15 to 25 years in the House, will be chairmen of these important committees. I have no ax to grind. I happen to be the only ranking member of an important committee who was invited to that garden party. I have a right, therefore, to speak for those who were not invited, and for the minority party, and for the opposition party. I know enough about the British Government to know that the opposition party and their leaders are always invited by the King and Queen to their state dinners and other functions.

The King and Queen had nothing to do with this slight upon the minority Members of the Congress, whether in the House or the Senate. They had nothing to do with the fact that the ranking Members of 50 committees of this House were not invited and particularly of the 10 major committees. It does not affect their visit here at all.

I conclude, Mr. Speaker, by asking again, When does the British Government propose to pay its war debts to the United States Government? [Applause.]

[Here the gavel fell.]

Mr. SCHAFER of Wisconsin. Mr. Speaker, I ask unanimous consent to address the House for 2 minutes.

The SPEAKER pro tempore (Mr. JOHNSON of Oklahoma). Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. SCHAFER of Wisconsin. Mr. Speaker, I wish to say to my distinguished colleague from New York [Mr. FISH] that every time the Democrats have control of the Federal Government they play Santa Claus to England and other foreign countries in a big way. During the World War and after the armistice they handed billions of American dollars to foreign countries, including the $13,000,000,000 which those countries now owe America.

Then they devalued the American dollar to 59 cents, which in effect canceled 41 percent of the principal and interest on all of the billions of dollars owed to Uncle Sam by foreign nations as well as the billions of dollars owed by foreign governments and their subjects to American private investors. I shall introduce in a very few days a bill to provide for a lien on all of the property, personal and real, in America which is owned by all foreign nations in default to the American taxpayers' Treasury, and liens on all of the property of their nationals. This legislation follows the suggestion of a distinguished Democratic President, Andrew Jackson. Every day Uncle Sam forecloses his liens on American citizens who are in default and takes away their homes and farms. Uncle Sam should act and collect the billions of dollars which foreign nations owe him. We should not wait until the kings and queens come to America with the hope that they will bring the "jack" with them, and give the American people a straight deal. [Applause.]

Mr. FISH. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. FISH. Mr. Speaker, the gentleman from Wisconsin is absolutely accurate. What we need in America is a President like Andrew Jackson. Had we a President in the

White House with his kind of courage all these war debts would be collected or settled on a satisfactory basis.

Let me say, also, that when it comes to the question of the King and Queen being invited here, I hope the next time any king or queen is invited to America that they will come here as the guests of the Nation and not of the administration or the New Deal.

[Here the gavel fell.]

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. CONNERY (at the request of Mr. FLAHERTY), indefinitely, on account of illness.

To Mr. DIES (at the request of Mr. LUTHER A. JOHNSON), indefinitely, on account of illness.

ADJOURNMENT

Mr. CARTWRIGHT. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 50 minutes p. m.) the House adjourned until tomorrow, Tuesday, June 13, 1939, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON FOREIGN AFFAIRS

There will be a meeting of the Committee on Foreign Affairs (executive session) in the committee rooms, the Capitol, at 10 a. m., Tuesday, June 13, 1939, for the further consideration of House Joint Resolution 306, Neutrality Act of 1939.

COMMITTEE ON THE JUDICIARY

On Wednesday, June 14, 1939, beginning at 10 a. m., there will be continued a public hearing before the Committee on the Judiciary on the bill (H. R. 6369) to amend the act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory thereof and supplemental thereto; to create a Railroad Reorganization Court; and for other purposes.

There will be continued a public hearing before Subcommittee No. 3 of the Committee on the Judiciary on Wednesday, June 21, 1939, at 10 a. m., on the bill (H. R. 2318) to divorce the business of production, refining, and transporting of petroleum products from that of marketing petroleum products. Room 346, House Office Building.

COMMITTEE ON MERCHANT MARINE AND FISHERIES

The Committee on Merchant Marine and Fisheries will hold public hearings in room 219, House Office Building, at 10 a. m., on the bills and dates listed below:

On Tuesday, June 19, 1939, on H. R. 1011, drydock facilities for San Francisco (WELCH); H. R. 2870, drydock facilities for Los Angeles (THOMAS F. FORD); H. R. 3040, drydock facilities for Los Angeles (GEYER of California); and H. R. 5787, drydock facilities for Seattle, Wash. (MAGNUSON).

The hearing originally scheduled by the Committee on Merchant Marine and Fisheries for Thursday, June 8, 1939, on H. R. 6042, requiring numbers on undocumented vessels (KRAMER), and H. R. 5837, alien owners and officers of vessels (KRAMER), has been postponed until Tuesday, June 13, and will come up on the same list as those bills named directly above.

On Thursday, June 15, 1939, on House Joint Resolution 194, investigate conditions pertaining to lascar seaman (SIROVICH).

On Friday, June 16, 1939, on H. R. 5611, district commanders' bill (U. S. Coast Guard).

COMMITTEE ON IMMIGRATION AND NATURALIZATION

There will be a meeting of the Committee on Immigration and Naturalization in room 445, House Office Building, at 10:30 a. m. Tuesday, June 13, 1939, for the continuation of hearings on House Joint Resolution 165 and House Joint Resolution 168.

There will be a meeting of the Committee on Immigration and Naturalization in room 445, House Office Building, at 10:30 a. m. Wednesday, June 14, 1939, for the consideration of H. R. 5838 (KRAMER) and unfinished business.

COMMITTEE ON IRRIGATION AND RECLAMATION

There will be a meeting of the Committee on Irrigation and Reclamation, at 10 o'clock a. m. Thursday, June 15, 1939, for the consideration of H. R. 6773.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

840. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the Treasury Department for the fiscal year 1939 amounting to $4,000 (H. Doc. No. 322); to the Committee on Appropriations and ordered to be printed.

841. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the War Department, in the amount of $6,000, for the fiscal year 1940, for salaries of the office of the Inspector General (H. Doc. No. 321); to the Committee on Appropriations and ordered to be printed.

842. A communication from the President of the United States, transmitting a supplemental estimate of appropriations for the Department of Labor for the fiscal year 1940 amounting to $25,000 (H. Doc. No. 320); to the Committee on Appropriations and ordered to be printed.

843. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the fiscal year 1939, to remain available until December 31, 1939, for the Department of Agriculture, for the control of insect pests and plant disease, amounting to $1,750,000 (H. Doc. No. 319); to the Committee on Appropriations and ordered to be printed.

844. A letter from the Chairman, Reconstruction Finance Corporation, transmitting a report of the activities and expenditures for the month of April 1939 (H. Doc. No. 323); to the Committee on Banking and Currency and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. SNYDER: Committee on Appropriations. H. R. 6791. A bill making additional appropriations for the Military Establishment for the fiscal year ending June 30, 1940, and for other purposes; without amendment (Rept. No. 823). Referred to the Committee of the Whole House on the state of the Union.

Mr. BLAND: Committee on Merchant Marine and Fisheries. H. R. 6746. A bill to amend certain provisions of the Merchant Marine and Shipping Acts, to further the development of the American merchant marine, and for other purposes; with amendment (Rept. No. 824). Referred to the Committee of the Whole House on the state of the Union.

Mr. MAY: Committee on Military Affairs. S. 1796. An act to amend the Tennessee Valley Authority Act of 1933; with amendment (Rept. No. 825). Referred to the Committee of the Whole House on the state of the Union.

Mr. SABATH: Committee on Rules. House Resolution 219. Resolution providing for the consideration of S. 1796, an act to amend the Tennessee Valley Authority Act of 1933; without amendment (Rept. No. 826). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. SABATH:

H. R. 6790. A bill to liberalize extension of credit to small businesses, to stimulate business, to create employment, and for other purposes; to the Committee on Banking and Currency.

By Mr. SNYDER:

H. R. 6791. A bill making additional appropriations for the Military Establishment for the fiscal year ending June 30, 1940, and for other purposes; to the Committee on Appropriations.

By Mr. BYRNE of New York:

H. R. 6792. A bill to provide for the acquisition, and preservation as a museum, of the John A. Griswold house, and contents thereof, in the city of Troy, N. Y.; to the Committee on the Public Lands.

By Mr. CELLER:

H. R. 6793. A bill to assist the States to establish and maintain improved methods of supervision of offenders released by probation, parole, conditional release, or otherwise; to the Committee on the Judiciary.

By Mr. DEMPSEY:

H. R. 6794. A bill to prevent pernicious political activities; to the Committee on the Judiciary.

By Mr. THOMAS F. FORD:

H. R. 6795. A bill to amend section 301 of the Merchant Marine Act, 1936; to the Committee on Merchant Marine and Fisheries.

By Mr. MURDOCK of Arizona:

H. R. 6796. A bill to authorize the purchase of certain lands for the San Carlos Apache Tribe, Ariz.; to the Committee on Indian Affairs.

By Mr. PIERCE of Oregon:

H. R. 6797. A bill to provide for assistance by the Federal Government in the control and eradication of noxious weeds; to the Committee on Agriculture.

By Mr. TENEROWICZ:

H. R. 6798 (by request). A bill to amend section 2169, United States Revised Statutes, being title 8, section 359, United States Code; to the Committee on Immigration and Naturalization.

By Mr. VINSON of Georgia:

H. R. 6799. A bill to regulate the assignment of naval officers to duty, and for other purposes; to the Committee on Naval Affairs.

By Mr. ZIMMERMAN:

H. R. 6800. A bill granting pensions to certain soldiers, sailors, and marines who served in organizations and campaigns in the Philippines from July 5, 1902, to August 5, 1913, inclusive, and for other purposes; to the Committee on Pensions.

By Mr. WALLGREN:

H. J. Res. 323. Joint resolution to provide for negotiations with the Government of Canada to arrange a modification of the trade agreement entered into November 17, 1938; to the Committee on Ways and Means.

By Mr. PIERCE of Oregon:

H. Res. 220. Resolution creating a select committee to investigate the conducting of polls purporting to measure public opinion; to the Committee on Rules.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of Massachusetts, memorializing the President and the Congress of the United States to consider their resolution dated May 26, 1939, with reference to citizenship to aliens; to the Committee on Immigration and Naturalization.

Also, memorial of the Legislature of the State of California, memorializing the President and the Congress of the United States to consider their Senate Joint Resolution No. 9, with reference to a reciprocal trade agreement between the United States of America and Venezuela; to the Committee on Foreign Affairs.

Also, memorial of the Legislature of the State of Nebraska, memorializing the President and the Congress of the United States to consider their Resolution No. 39, with reference to payment on Federal loans; to the Committee on Agriculture.

Also, memorial of the Legislature of the State of Illinois, memorializing the President and the Congress of the United States to consider their House Joint Resolution No. 13, with reference to House bill 2, known as the General Welfare Act; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CANNON of Missouri:

H. R. 6801. A bill confirming title to a certain tract of land located in Lincoln County, in the State of Missouri; to the Committee on the Public Lands.

By Mr. GILCHRIST:

H. R. 6802. A bill granting an increase of pension to Mary Jane Kemp; to the Committee on Invalid Pensions.

By Mr. JENSEN:

H. R. 6803. A bill for the relief of C. L. Herren; to the Committee on Claims.

By Mr. McGEHEE:

H. R. 6804. A bill for the relief of George E. Miller; to the Committee on Claims.

H. R. 6805. A bill for the relief of Sam E. Woods; to the Committee on Claims.

By Mr. MASON:

H. R. 6806. A bill granting an increase of pension to Mary L. Harwig; to the Committee on Invalid Pensions.

By Mr. NICHOLS:

H. R. 6807. A bill for the relief of Joe L. McKinney and Jenita E. McKinney; to the Committee on Claims.

By Mr. ROCKEFELLER:

H. R. 6808. A bill for the relief of Matilda Larned; to the Committee on Claims.

By Mr. KIRWAN:

H. J. Res. 324. Joint resolution to provide for the relief of Erich Hecht, Grete Hecht, and Erich Hecht, Jr.; to the Committee on Immigration and Naturalization.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3665. By Mr. ASHBROOK: Petition of Mrs. James E. Atha, of Newark, Ohio, and 117 others, endorsing House bill 5620, the General Welfare Act; to the Committee on Ways and Means.

3666. Also, petition of James A. Atha, of Newark, Ohio, and 30 others, endorsing House bill 5620, the General Welfare Act; to the Committee on Ways and Means.

3667. Also, petition of Minnie Korns, of Columbus, Ohio, and 60 others, endorsing House bill 5620, the General Welfare Act; to the Committee on Ways and Means.

3668. By Mr. BARTON: Petition of Adele Archer, of New York City, and 60 others, endorsing House bill 5620, the General Welfare Act; to the Committee on Ways and Means.

3669. Also, petition of Claire F. Renard, of New York City, and 112 others, endorsing House bill 5620, the General Welfare Act, to the Committee on Ways and Means.

3670. Also, petition of Albert J. Felmlee, of New York City, and 30 others, endorsing House bill 5620, the General Welfare Act; to the Committee on Ways and Means.

3671. Also, petition of Ida Compton, of New York City, and 135 others, endorsing House bill 5620, the General Welfare Act; to the Committee on Ways and Means.

3672. By Mr. CURTIS: Petition of the Legislature of the State of Nebraska, petitioning consideration of their Resolution No. 39, concerning farm credits; to the Committee on Agriculture.

3673. By Mr. FAY: Petition of Local No. 47 of the United Federal Workers of America, requesting that House bill 960 be placed on the current calendar as early as possible; to the Committee on Rules.

3674. By Mr. GEYER of California: Resolution from the District Council, No. 4, Maritime Federation of the Pacific, an organization of 6,000 members, W. S. Lawrence, secretary, San Pedro, Calif., requesting the Congress of the United States to enact into law the Casey bill (H. R. 6470), which provides adequate Works Progress Administration funds; to the Committee on Appropriations.

3675. Also, resolution of Motion Picture Democratic Committee, Maurice Murphy, executive secretary, Hollywood,

Calif., protesting against the passage of House bills 4860, 5128, 5643, 3390, 4907, 4909, 3029, 3051, 3031, 3032, 3035, 3241, 3245, and 999; also Senate bills 407 to 411, inclusive, 668, and 1470, and commending the Congressman from California who voted against House bill 5643, the Hobbs bill; to the Committee on Immigration and Naturalization.

3676. By Mr. KENNEDY of Maryland: Petition of Nell G. Chapman, of Baltimore, Md., and 29 others, endorsing House bill 5620, the General Welfare Act; to the Committee on Ways and Means.

3677. Also, petition of Mrs. C. D. Halbert, of Baltimore, Md., and 29 others, endorsing House bill 5620, the General Welfare Act; to the Committee on Ways and Means.

3678. Also, petition of Viola G. Sloffer, of Baltimore, Md., and 10 others, endorsing House bill 5620, the General Welfare Act; to the Committee on Ways and Means.

3679. Also, petition of Rev. Grace A. M. T. Bratcher, of Baltimore, Md., and nine others, endorsing House bill 5620, the General Welfare Act; to the Committee on Ways and Means.

3680. By Mr. MICHAEL J. KENNEDY: Memorial of the Second Quadrennial Convention of the Brotherhood of Railroad Trainmen, endorsing the position of President Roosevelt in urging conscription of wealth in time of war; to the Committee on Military Affairs.

3681. Also, memorial of the New York State Industrial Union Council, New York City, representing 700,000 workers affiliated with the Congress of Industrial Organizations, opposing amendments to wage-hour and social-security laws exempting cannery and processing workers, urging limitation to bona fide agricultural laborers; to the Committee on Labor.

3682. Also memorial of the Grand Lodge of the Brotherhood of Railroad Trainmen, endorsing President Roosevelt's foreign policies and his peace program, and urging that the brotherhood cooperate with other organizations who are supporting such a peace program to the end that American democracy, in which labor particularly has a vital stake, shall be fortified against war by helping to keep the world out of war; to the Committee on Labor.

3683. Also, memorial of Local No. 47 of the United Federal Workers of America, requesting that House bill 960 be placed on the House Calendar by the chairman of the Civil Service Committee; to the Committee on the Civil Service.

3684. By Mr. MARTIN J. KENNEDY: Petition of the National Maritime Union of America, New York City, urging support of the Casey bill (H. R. 6470); to the Committee on Appropriations.

3685. Also, petition of the United Neighborhood Houses of New York, Inc., New York City, concerning curtailment of the National Youth Administration; to the Committee on Appropriations.

3686. By Mr. KEOGH: Petition of the Educational Conservation Society, Long Island City, favoring the passage of the Barry-Mead bill providing for Federal aid to the States in the furthering of conservation education in schools, colleges, and universities; to the Committee on Appropriations.

3687. Also, petition of the National Parks Association, Washington, D. C., concerning House bill 3794, Kings Canyon bill; to the Committee on the Public Lands.

3688. Also, petition of the New York State Industrial Union Council, concerning amendments to wage-hours security laws exempting cannery and processing workers; to the Committee on Ways and Means.

3689. Also, petition of Jacob J. Goldberg, president, New York Pharmaceutical Council, favoring the fair-trade bill (H. R. 3838) for the District of Columbia; to the Committee on the District of Columbia.

3690. Also, petition of the Labor Non-Partisan League, Washington, D. C., favoring the recommittal of the McGehee unemployment compensation bill (H. R. 4533); to the Committee on the District of Columbia.

3691. Also, petition of the United States Independent Telephone Association, Chicago, Ill., concerning the wage-and-hour bill (H. R. 5435); to the Committee on Labor.

3692. Also, petition of David J. Henry, president, Local No. 90 of the United Federal Workers of America, favoring the passage of the Ramspeck bill (H. R. 960); to the Committee on the Civil Service.

3693. By Mr. LUCE: Memorial favoring resolutions memorializing Congress in favor of the granting of full United States citizenship to aliens who served in the Military or Naval Establishments of the United States during the World War and were honorably discharged from such service; to the Committee on Immigration and Naturalization.

3694. By Mr. PFEIFER: Petition of the National Parks Association, Washington, D. C., favoring the establishment of the John Muir-Kings Canyon National Park, House bill 3794; to the Committee on the Public Lands.

3695. Also, petition of the Sierra Club, San Francisco, Calif., concerning the Gearhart bill (H. R. 3794); to the Committee on the Public Lands.

3696. Also, petition of Local No. 90, United Federal Workers of America, New York City, urging the passage of the Ramspeck bill (H. R. 960); to the Committee on the Civil Service.

3697. Also, petition of the United States Independent Telephone Association, Chicago, Ill., concerning certain amendments to House bill 5435; to the Committee on Labor.

3698. Also, petition of the New York State Telephone Association, Albany, N. Y., urging certain amendments to the Norton bill (H. R. 5435); to the Committee on Labor.

3699. Also, petition of the Brooklyn Botanic Garden, C. Stuart Gager, director, Brooklyn, N. Y., opposing any amendments to the Gearhart bill (H. R. 3794), known as the John Muir-Kings Canyon National Park bill; to the Committee on the Public Lands.

3700. Also, petition of the New York State Industrial Union Council, New York City, concerning amendments to the wage-hour and social-security laws; to the Committee on Ways and Means.

3701. Also, petition of the New York Pharmaceutical Council, Jacob J. Goldberg, president, New York City, urging support of the fair-trade bill (H. R. 3838) for the District of Columbia; to the Committee on the District of Columbia.

3702. By the SPEAKER: Petition of George W. Bennett, of San Francisco, Calif., and others, petitioning consideration of their resolution with reference to House Joint Resolution No. 266, Works Progress Administration appropriation; to the Committee on Appropriations.

SENATE

TUESDAY, JUNE 13, 1939

Rev. Bernard Braskamp, D. D., pastor of the Gunton-Temple Memorial Presbyterian Church, Washington, D. C., offered the following prayer:

O Thou whose amazing goodness crowneth our life, this is one of the days which Thou hast made, and we will rejoice and be glad in it.

We seek Thee not in vain but in the assurance that the whole fullness of Thine infinite being is at our disposal, for in the revelation of Thy greatness we see Thy power to accomplish all that Thou hast promised, to confer upon us all that we need, and to do for us abundantly above all that we can ask or think.

May Thy special blessing rest upon these Thy servants. Kindle within our hearts a desire to advance the welfare of mankind everywhere. May sentiments of benevolence and good will permeate all our thoughts and deeds. May these sentiments become more natural, more powerful, more impartial.

Help us to cleave with increasing tenacity of purpose and with fond affection to the coming of that day when Thy will shall be known on the earth and Thy saving health to all nations.

In the name of the Christ we pray. Amen.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of Monday, June 12, 1939, was dispensed with, and the Journal was approved.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 3838. An act to protect trade-mark owners, producers, distributors, and the general public against injurious and uneconomic practices in the distribution of competitive commodities bearing a distinguishing trade-mark, brand, or name through the use of voluntary contracts establishing minimum resale prices and providing for refusal to sell unless such minimum resale prices are observed;

H. R. 5144. An act to authorize the board of directors of the Columbia Institution for the Deaf to dedicate a portion of Mount Olivet Road NE. and to exchange certain lands with the Secretary of the Interior, to dispose of other lands, and for other purposes;

H. R. 5660. An act to include Lafayette Park within the provisions of the act entitled "An act to regulate the height, exterior design, and construction of private and semipublic buildings in certain areas of the National Capital," approved May 16, 1930;

H. R. 6405. An act authorizing the sale of certain real estate in the District of Columbia no longer required for public purposes; and

H. R. 6577. An act to provide revenue for the District of Columbia, and for other purposes.

ENROLLED JOINT RESOLUTIONS SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled joint resolution (H. J. Res. 322) making an additional appropriation for the control of outbreaks of insect pests, and it was signed by the Vice President.

CALL OF THE ROLL

Mr. MINTON. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Danaher	Johnson, Calif.	Radcliffe
Andrews	Davis	Johnson, Colo.	Reed
Ashurst	Donahey	King	Russell
Austin	Downey	La Follette	Schwartz
Bailey	Ellender	Lee	Schwellenbach
Bankhead	Frazier	Lodge	Sheppard
Barbour	George	Logan	Slattery
Barkley	Gerry	Lucas	Smathers
Bilbo	Gibson	Lundeen	Smith
Bone	Gillette	McCarran	Stewart
Borah	Glass	McKellar	Taft
Brown	Green	McNary	Thomas, Okla.
Bulow	Guffey	Maloney	Thomas, Utah
Burke	Gurney	Mead	Townsend
Byrd	Hale	Minton	Tydings
Byrnes	Harrison	Neely	Vandenberg
Capper	Hatch	Norris	Van Nuys
Caraway	Hayden	Nye	Wagner
Chavez	Herring	O'Mahoney	Walsh
Clark, Idaho	Hill	Overton	Wheeler
Clark, Mo.	Holt	Pepper	White
Connally	Hughes	Pittman	Wiley

Mr. MINTON. I announce that the Senator from North Carolina [Mr. REYNOLDS] is detained from the Senate because of illness.

The Senator from Arkansas [Mr. MILLER] is absent because of illness in his family.

The Senator from Montana [Mr. MURRAY] and the Senator from Missouri [Mr. TRUMAN] are detained on important public business.

Mr. McNARY. I announce that my colleague the junior Senator from Oregon [Mr. HOLMAN] is necessarily absent on public business.

The VICE PRESIDENT. Eighty-eight Senators have answered to their names. A quorum is present.

LOANS TO THEIR EXECUTIVE OFFICERS BY MEMBER BANKS

The VICE PRESIDENT laid before the Senate the amendments of the House of Representatives to the bill (S. 1886) to extend to June 16, 1942, the period within which certain loans to executive officers of member banks of the Federal Reserve System may be renewed or extended.

Mr. GLASS. I move that the Senate disagree to the House amendment, request a conference with the House on the disagreeing votes to the two Houses thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Vice President appointed Mr. GLASS, Mr. BYRNES, and Mr. TOWNSEND conferees on the part of the Senate.

PURCHASES FROM INDIANS BY GOVERNMENT EMPLOYEES

The VICE PRESIDENT laid before the Senate the amendments of the House of Representatives to the bill (S. 2154) to modify the provisions of section 10 of the act of June 30, 1834, and section 10 of the act of June 22, 1874, relating to the Indians, which were, on page 1, line 3, to strike out "10" and to insert "14"; on page 2, line 3, after "*Provided*", to insert "*however*, That no employee of the United States Government shall be permitted to make any such purchases for the purpose of engaging directly or indirectly in the commercial selling, reselling, trading, or bartering of said purchases by the said employee: *Provided further*"; and to amend the title so as to read: "An act to modify the provisions of section 14 of the act of June 30, 1834, and section 10 of the act of June 22, 1874, relating to the Indians."

Mr. THOMAS of Oklahoma. Mr. President, this bill, which has passed the Senate and the House, relates to the purchase of Indian trinkets by Government employees. Under an old law no one in the public service was permitted to buy anything from an Indian. This bill removes that inhibition, but through an amendment adopted by the House it restricts Government employees from purchasing such trinkets for resale at a profit.

I move that the Senate concur in the amendment of the House.

The motion was agreed to.

CHARGES AGAINST LANDS UNDER BLACKFEET INDIAN IRRIGATION PROJECT

The VICE PRESIDENT laid before the Senate a letter from the Acting Secretary of the Interior, transmitting a draft of proposed legislation to approve the action of the Secretary of the Interior in deferring the collection of certain irrigation charges against lands under the Blackfeet Indian irrigation project, which, with the accompanying paper, was referred to the Committee on Indian Affairs.

EDITH EASTON AND ALMA GATES *v.* THE UNITED STATES

The VICE PRESIDENT laid before the Senate a letter from the Comptroller General of the United States, submitting his report and recommendation concerning the claim of Edith Easton and Alma E. Gates against the United States, which, with the accompanying paper, was referred to the Committee on Claims.

ACT NO. 214, SESSION LAWS, HAWAII

The VICE PRESIDENT also laid before the Senate copy of Act No. 214 of the Session Laws of Hawaii of 1939, being an act to amend Act 105 of the Session Laws of Hawaii, 1921, granting franchise for the manufacture, maintenance, distribution, and supply of electric current for light and power within Kapaa and Waipouli in the District of Kawaihau on the island and county of Kauai, by including within said franchise the entire District of Kawaihau, island of Kauai, which was referred to the Committee on Territories and Insular Affairs.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following joint resolutions of the Legislature of California, which were referred to the Committee on Commerce:

Senate Joint Resolution 19, relative to memorializing Congress to construct a breakwater and port of refuge at Pillar Point, San Mateo County

Whereas within the last year there has been constructed an easy grade coast highway from San Francisco south to Half Moon Bay,

providing for the first time an easily accessible low-grade highway to this territory, opening up the coast to travel; and

Whereas the coast of San Mateo County, Calif., is the most accessible point in California for enemy ships to land armies; and

Whereas there are no harbors or breakwaters along the coast for scouting boats or other light-draft boats engaged in the national defense, or for the accommodation of boats engaged in navigation and commerce; and

Whereas there is now pending in the House of Representatives of the United States House bill H. R. 1946, which directs the Secretary of War to make an examination and survey of Pillar Point, San Mateo County, Calif., with a view toward the erection and establishment of a breakwater and port of refuge at that place; and

Whereas in the interest of navigation and commerce, the national defense, and the welfare, safety, and protection of the State of California, a port of refuge and breakwater is necessary at Pillar Point, San Mateo County, Calif.: Now, therefore, be it

Resolved by the Senate and Assembly of the State of California, jointly, That the legislature hereby endorses and recommends to the Congress of the United States the construction of a breakwater and port of refuge at Pillar Point, San Mateo County, Calif.; and be it further

Resolved, That the secretary of the senate forward a copy of this resolution to the President and Vice President of the United States, the Speaker of the House of Representatives, and to the Senators and Representatives of the State of California in Congress, with the request that each approve House bill H. R. 1946, the consideration of which is now pending in the Rivers and Harbors Committee of the House of Representatives, and such other and further legislation as may be necessary and proper for the erection of a breakwater and port of refuge at Pillar Point; and be it further

Resolved, That the Rivers and Harbors Committee of the House of Representatives be requested to incorporate House bill H. R. 1946 in the House general rivers and harbors bill.

Senate Joint Resolution 23

Relative to memorializing Congress to provide for the control of the mud flow of Mount Shasta

Whereas at and near the base of Mount Shasta there is an area commonly known as Mud Creek, in which there flows slowly a muddy substance carrying ash and other debris from the mountain, which substance is carried into the McCloud River and thence into the upper reaches of the Sacramento River; and

Whereas most of the land in the area affected is land of the United States; and

Whereas in past years the State and the United States have maintained debris-control works to control the mud flow for the protection of the stream flow of the Sacramento River and its tributaries; and

Whereas with the construction of the works of the Central Valley project the control of the mud flow and the prevention of excessive deposit of silt in the waters impounded will become a problem in the maintenance of the works of the project: Now, therefore, be it

Resolved by the Senate and Assembly of the State of California, jointly, That the Legislature of the State of California hereby respectfully urges the President and the Congress of the United States to provide for the control of debris from the mud flow from Mount Shasta as a part of or in connection with the Central Valley project and at the sole expense of the Federal Government or its agencies; and be it further

Resolved, That the secretary of the senate transmit copies of this resolution to the President and Vice President of the United States, the Speaker of the House of Representatives, and to each Senator and Representative in the Congress of the United States from the State of California.

The VICE PRESIDENT also laid before the Senate a resolution adopted by the executive committee of the Hamakua Civic Club, Territory of Hawaii, favoring the enactment of pending legislation to provide for the reapportionment of the membership of the House of Representatives of the Legislature of Hawaii, which was referred to the Committee on Territories and Insular Affairs.

Mr. MINTON (for Mr. REYNOLDS) presented a telegram in the nature of a memorial from M. O. Bell, chairman of the Murphy Carnegie Library, of Murphy, N. C., remonstrating against the confirmation of the nomination of Archibald MacLeish, of Connecticut, to be Librarian of Congress, which was referred to the Committee on the Library.

Mr. HOLT presented petitions of the Committee for Club No. 1, of Rivesville; the Townsend Club of Dakota; and Townsend Club No. 1, of Keyser, all in the State of West Virginia, praying for the enactment of general-welfare legislation granting old-age assistance (Townsend plan), which were referred to the Committee on Finance.

ENCOURAGEMENT AND SUPPORT OF THE FINE ARTS—PETITION

Mr. WAGNER. Mr. President, I present a petition for the encouragement and support of the fine arts under the Works Progress Administration. I ask that the petition together with the names of the signers thereof may be printed in the RECORD as a part of my remarks, and that the petition be referred to the Committee on Appropriations. It is very short.

The VICE PRESIDENT. Is there objection?

There being no objection, the petition was referred to the Committee on Appropriations and ordered to be printed in the RECORD together with the signatures attached thereto, as follows:

To the honorable the Senate and the House of Representatives of the United States:

The petition of the undersigned respectfully shows:

1. That your petitioners are citizens of the United States who are concerned with the cultural development of the Nation, supporters or practitioners in the fields of the fine arts and sustaining or practicing organizations in these fields, including the visual arts, letters, music, and drama;

2. That in the past the principle of fostering, protecting, and encouraging the development of the fine arts has been repeatedly adopted by governments throughout the course of history;

3. That the United States of America has during the past 4 years by means of the program fostered, accepted, and acted upon this principle in the field of the arts and demonstrated its profound and democratic value to vast sections of its population;

4. That the fine arts have always been instrumentalities for the promotion of national and international peace; and that therefore the encouragement of the fine arts is in effect a step in the direction of promotion of peace;

5. That promotion of the fine arts tends to develop Nation-wide and world-wide understanding and sympathy, as was pointed out by the first President of this country in his last will and testament;

6. That this support of the fine arts has demonstrated the native resources for a great national culture in the United States worthy of taking rank with any other culture in history.

Wherefore, your petitioners respectfully pray that your honorable Houses, taking full cognizance of the matters set forth above, will, by legislative resolution and enactment through the provision of adequate appropriation, endorse the principle of fostering, protecting, and encouraging the fine arts in the United States; and further, by legislation, enact into action this principle and make fair and just provision in such form as may be proper for the development of the fine arts by the continuance of the employment of the large number of existing needy professional citizens trained in these various arts on behalf of the millions of persons engaged in public services and the tax supported and other eleemosynary and educational institutions whom they serve; by

The continuance of the policy of maintenance of skills which will preserve for our Nation these fundamentals of vast, profound, and broad cultural development; and by

The continuance of the underlying American philosophy of self-respect through work.

Respectfully submitted.

Lester Grainger, Welfare Council of New York City; Dr. John Haynes Holmes; S. S. Goldwater, M. D., commissioner of hospitals, New York City; Christopher LaFarge, writer-economist; Roy Chapman Andrews, director, Museum of Natural History, New York City; Stanley Isaacs, president, United Neighborhood Houses; William Lescaze, architect; Forest Grant, director of art, New York City schools; William P. Farnsworth, lawyer; Alfred H. Barr, Jr., director, Modern Art Museum; Thomas Mabrey, Jr., executive director, Museum of Modern Art; Beaumont Newhall, Museum of Modern Art; Hardinge Scholls, Museum of City of New York; Harry Woodburn Chase, chancelor, New York University; Leroy E. Kimball, comptroller, New York University; Rufus D. Smith, provost, New York University; Walter W. S. Cook, professor of fine art, New York University; A. Philip McMahon, professor of fine art, New York University; Charles S. McConn, dean of Washington Square College, New York University; Ned H. Dearborn, dean, division of general education, New York University; Alexander Baltzly, professor of history and assistant dean of the Washington Square College of New York University; Harwood Simmons, associate in music, Columbia University, assistant in music, world's fair; Richard Angell, librarian, music library, Columbia University; Daniel Gregory Mason McDowell, professor of music, Columbia University; Douglas Moore, associate professor of music, chairman of department of music, Barnard College, Columbia University; Leopold Arnaud, dean, school of architecture, Columbia University; Carl Feiss, planning and housing division, school of architecture, Columbia University; Nelson P. Mead, acting president, College of City of New York; Morton Gottschall, dean, College of Liberal Arts and Sciences, the City College; George William Eggers, chairman, department of art, the City College; Albert P. D'Andrea, assistant professor of art, the City College; Jerome Swinford, Sarah Lawrence College, Bronxville; Horace Grennell, Sarah Lawrence College, Bronxville;

Ashley Pettis, Sarah Lawrence College, Bronxville; Constance Warren, Sarah Lawrence College, Bronxville; William Schuman, composer, Sarah Lawrence College, Bronxville; Richard C. Brockway, New York State Labor Department; Bruce Bliven, editor, the New Republic; Langdon Post, consultant to United Housing Authority; Irwin Edman, professor of philosophy, Columbia University; John Lovejoy Elliot, senior lender, Society for Ethical Culture; Henry A. Uterhart, member, New York Bar; John Dewey, professor (emeritus), Columbia University; Walter Hampden, actor; Maurice Wertheim, member, board of managers, New York Theater Guild; Frank Chapman, singer, manager; Gladys Swarthout, Metropolitan Opera Co., singer-cinema; Valentina, modiste; Grace Moore, Metropolitan Opera Co., singer-cinema; Frederick Schang, corporation executive, president, Artists Corporation; Philip Loeb, member of council, Actors Equity Association; Frank Gillmore, president of the Associated Actors and Artists of America; Frederic March, actor; Florence Eldridge, actress; McKay Morris, actor; John Houseman, theatrical producer; Orson Welles, theatrical producer; Albert Mayer, architect, chairman, Borough Planning Board of Manhattan; Alvin Johnson, director, New School of Social Research; Clarence Adler, concert pianist and teacher; Frank L. Weil, president, Young Men's Hebrew Association; Sidonie M. Gruenberg, director, Child Study Association of America; Eliot Janeway, business editor, Time magazine; Leonard Lyons, columnist, New York Post; Aline Hays, artist; Arthur Garfield Hays; W. L. Parker, managing editor, William A. Wise & Co., publishers; Helen Hall, director, Henry Street Settlement, president, National Federation of Settlements; Paul Kellogg, editor, Survey Graphic, president, National Conference of Social Work; Helen D. Beavers, secretary, National Services Division, Y. W. C. A.; Rose M. Wasserman, director of Adult Groups, Henry Street Settlement of New York City; Anna Kurtagh, designer; Mildred A. Gutwillig, head worker, recreation rooms and settlement; William J. Strauss, head worker, Council House; Anne L. Goldstein, neighborhood worker, Madison House; Mathilda Dreifus, head worker, Federation Settlement; Bert Jahr, director arts and crafts, Bronx House; Abbo Ostrowsky, director, Educational Alliance Art School; Graenum Berger, head worker, Bronx House; Frederic R. Stetlenheim, director, board, Bronx House; Helene Nelson, director, Jacob Riis Settlement; Albert J. Kennedy, head worker, University Settlement; Lillie M. Peck, secretary, National Federation of Settlements; Lillian D. Robbins, head worker, Hamilton House; Franklin I. Harbach; director of social activities, Henry Street Settlement; Emeric Kurtagh, educational director, Henry Street Settlement; Cynthia Knowles, executive secretary, United Neighborhood Houses; Lucy R. Milligan (Mrs. H. V. Milligan), secretary, National Council of Women; H. V. Milligan, organist, Riverside Church; Theresa Mayer Durlach, president, World Peaceways, vice president of Intercultural Relations, director, Emerson School; Frank E. Kartisen, Jr., vice president, Public Education, assistant vice president, Child Study Association of America; Caroline K. Simon, sponsor, committee on planned parenthood, Social Hygiene Association; Homer Folks; Ely Jacques Kahn, industrial designer; Lincoln E. Kirstein, American Ballet; Rosamond Gilder; Mary Van Kleeck, social-work research; Donald Peterson, owner, Peterson Radio Productions; Helen Johnson Keyes, staff writer, Christian Science Monitor; William Lengel, Literary Association; Harry Hansen, literary editor, New York World-Telegram; George Britt, editorial writer, New York World-Telegram; Ernest Hutcheson, concert pianist and president, Juilliard School of Music; Geraldine Farrar, singer; Mrs. William Pegram Gilmour, music lover; Mrs. A. E. Newman, music lover, theater lover; Mrs. L. W. Coghill, the John Church Publishing Co. (music); Mrs. Elizabeth Paine Williams, president-founder, Florida Club of the East; Edgar Stillman Kelly, foremost American composer (symphonic); Augustus Post, governor, Musicians Club, New York; Joseph Knitzer, Columbia Concert Corporation, manager; Dorothy Minty, concert violinist and teacher, Metropolitan Quartette, Delphian Trio; Grace Spofford, director, music school of Henry Street Settlement, former dean of Curtis Institute of Music; Florence Turitz, vocal instructor, Dalcroze School of Music, Music School of the Henry Street Settlement; Lydia Hoffman-Behrendt, concert pianist, teacher at New York College of Music and Henry Street Music School; Olin Downs, music critic for the New York Times, music director of New York World's Fair; Vera Curtis, singer, lecturer, teacher; Helen L. Laufman, author; Roy S. MacElwel, consulting engineer; Edna W. Strasser, decorator; Frank LaForge, composer and voice teacher; Virginia P. Schoellkopf, chairman of music education committee of the Federal Music Project; Janet D. Schenck, director of Manhattan School of Music; Marion Rous, music educator and lecturer; Robert I. Center, radio; John Majeski, musical America; Nanning Joseph, literary agent; Paul H. Lang, associate professor of musicology, Columbia University; William J. Mitchell, instructor of music, Bernard College, Columbia University; Carl Deis, music editor in chief, G. Schirmer, Inc.; Omar Hite, staff, the New York Times; George H. Copeland, travel editor, the New York Times; Paul Fredericksen, staff, the New York Times; Jane Ayer Cobb, staff, the New York Times; Emma H. Little, staff, New York Times; Kenneth Stewart, New York Times; John Stanton, New York Times; Francis Brown, New York Times; Frederick Gruin, New York Times; Shepard Stone, New York Times; Harry M. Davis, New York Times; Robert W. Brown; Charles Boni, publisher, Malcom Cowley, literary editor, the New Republic; C. Hartley Grattan, author of Why We Fought the Three James, etc.; Russell L. Cecil, M. D., Sc. D., professor of clinical medicine, Cornell University; Dashiell Hammett, League of American Writers; Brooks Atkinson, drama critic, New York Times; Elizabeth Thompson Drexel; Carl Van Doren, Literary Guild; Winthrop Parkhurst, Newsweek: music and radio editor, Cooper Union: lecturer, author, and critic; Wallingford Riegger, Teachers College, American Composers Alliance, McDowell Club, Professional Club; Harrison Kerr, American Composers Alliance, National Committee for American Music, N. M. Q. R., N. A. A. C. C.; Shirley Brandt, American Composers Alliance; Henry H. Balos, Bruce Humphries, Inc., United Publishers Assn., Inc.; Doris Humphrey, Columbia University, New York University, Temple University, New School for Social Research; Peyton Boswell, editor, Art Digest; A. D. Gruskin, director, Midtown Galleries; Alfred M. Frankfurter, editor, Art News; Marie Sterner, director, Marie Sterner Galleries; C. Philip Boyer, director, Boyer Galleries; David H. P. McGill, business manager, College Art Assn.; Mary Sullivan (Mrs. Cornelius J.), director, Mrs. Cornelius J. Sullivan Gallery; F. Newlin Price, director, Ferragil Galleries; Max Weber, president American Artists' Congress; Arthur Emptage, executive secretary, American Artists' Congress; Victor Candell, American Artists' Congress; Maurice Becker, American Artists' Congress; Yasuo Kuniyoshi, American Artists' Congress, Painters, Sculptors and Gravers Society; Ben Shahn, American Artists' Congress, Painters, Sculptors, and Gravers Society; Herman Baron, director, American Contemporary Art Gallery; Frank C. Kirk, American Artists' Congress; Jerome Klein, art critic, New York Post; Abraham Walkowitz, American Artists' Congress; A. Birnbaum, American Artists' Congress; Ralph M. Pearson, American Artists' Congress; Theresa F. Bernstein, Women's Society, American Artists' Congress; Julian E. Levi, American Artists Congress, American group; Minna R. Harkavy, American Artists Congress Painters, Sculptors and Gravers Society; H. Bennett Buck, trustee, Syracuse Museum of Fine Arts; William Zorach, instructor, Art Students League, Rosemary Junior School, Finch Junior School, vice president, Society Sculptors, Painters and Gravers, executive board member, Sculptors Guild; Dorothea Greenbaum, member, executive board, Sculptors Guild, secretary, Sculptors Guild, member, Painters, Sculptors, and Gravers Society; Oronzio Maldarelli, member, executive board, Sculptors Guild, associate in sculpture, Columbia University; William F. Dooling, principal, Straubenmuller High School; Peter Blume, artist; Robert M. Coates, art critic, The New Yorker; Lucille Blanch, painter; Edith Gregor Halpert, The Downtown Gallery, American Folk Art Gallery; Margaret Lowengrund, artist; Anne Goldthwaite, member, artists committee, New York World's Fair, president, New York Society of Women Artists, chairman, American Printmakers; David Rosen, technical advisor, Walters Art Gallery, Baltimore and Philadelphia Art Museum; Lucy A. Goldthwaite, librarian for the blind; Katherine F. Liddell, professor of English, Sarah Lawrence College; J. W. Woodner, architect; Lewis Mumford, author, The Culture of Cities, etc., visiting lecturer in art, Dartmouth College; Christina Malman, artist, The New Yorker; Louise Bonney Leicester; Frederick Taylor Fisher, National Committee for Art Appreciation, Ltd.; Carl O. Schniewind, Brooklyn Museum; Robert Milton, play producer; Mark Eisner, lawyer, member of firm of Olvany, Eisner & Donnelly; Ernest Peixotto, consultant for mural painting, board of design, New York World's Fair; George Bachr; Grace H. Gosselin, New York Society for Ethical Culture; Talbot Hamlin, Avery librarian, Columbia University; Henry S. Churchill, architect, chairman, Friends of the Federal Art Project; Julie W. Neumann, director, Ethical Culture School; Henry Neumann, leader, Brooklyn Ethical Culture Society; Sidney Howard, director, The Playwrights' Co., member, Council Dramatists' Guild and Authors' League; Susan C. N. Clapp, assistant librarian, Alexander Hamilton Institute; J. W. Broadbent, Alexander Hamilton Institute; Richard A. Lacey, tax department, City of New York; Mary Margaret Dean, Three Arts Club; Winifred L. Hubbell, research assistant; Leigh G. Hubbell, assistant editor, Alexander Hamilton Institute; Isobel Walker Soule, editor; Paul Strand, president, Frontier Films;

George Soule, New Republic; Arthur B. Spingarn, lawyer, vice president and chairman of legal committee of National Association for Advancement of Colored People; Elizabeth Delza, dancer, Elizabeth Delza School of the Dance; Gorham Munson, faculty, New School for Social Research; Henry W. Pope, member, National Council on Negro Work, Y. M. C. A.; Ernestine Rose, branch librarian, One Hundred and Thirty-fifth Street Branch, New York Public Library; Helena Harper Coates, executive secretary, West Harlem Council of Social Agencies; Louise H. Johnson, vice president, New York Chapter Association for the Study of Negro Life and History; Viola W. Carter, Women's Anti-Discrimination League, chairman, executive committee; Sarah Pelham Speaks, chairman, Colonial Park Neighborhood Council; Charles M. Hanson, chairman, Harlem Committee on Public Policy; C. L. Alexander, business manager, Harlem Branch, Y. M. C. A.; Jacob Moscowitz, member, American Institute of Architects; Lester H. Maxon, Queens Society of Architects; Mortimer E. Freehof, architect; Edwin J. Robin, architect; Herbert Lippmann, American Institute of Architects, New York Chapter Architectural League of New York; Blanche Yurka, actress; Warren P. Munsell, business manager, the Theatre Guild; Lawrence Langner, Theatre Guild director; Hester Sondergaard, actress; Joy Pride, president, New York Association of Southern Born Artists; Herman Shumlin, theatrical manager, producer, and director; Gregory Tucker, composer and pianist, professor at Bennington College; Franziska Boaz, dancer and percussion composer, Hanya Holm Studio, Inc., Bennington School of Dance; Nicholas Michelson, Eugene Field Society German-American Writers' Association; Lee Simonson, a director of the Theatre Guild, New York City, scenic designer, theater consultant, consultant to national advisory council on school-building problems; Bela Blau, theatrical producer, director; Tom Powers, actor-author, Actors Equity, Authors League; Thomas Jefferson Scott, composer; Mitchell M. Benson, assistant director of program operations, radio station WOR; Jerry A. Danzig, commercial program manager, radio station WOR; Alvin M. Josephy, Jr., special features division, radio station WOR; Ray Whittaker, general manager, Select Theatres Corporation; Alfred Hall, studio director, radio station WMCA; Henry Hart, member of Author's League and the League of American Writers; Oliver LaFarge, Authors' League, P. E. N. League of American Writers; Sigmund Spaeth, writer and broadcaster; M. Jagendorf, dentist, author, New York Story league (president), Eugene Field Society, French Folk Lore Society, La France Legion Post; Margaret Webster, director for Maurice Evans, Inc., Merrie England, World's Fair, Family Portrait, etc.; Rudolph A. Pittaway, Little Red School House, New York City; Vivian Fine, composer; Arthur Berger, Mills College, Calif.; Ruth Green Harris, art critic, New York Times, occasional correspondent; Isaac Nemiroff, violinist, Local No. 802, A. F. of L.; Dawn Powell, League of American Writers; Mitzi Barach, United Professional Artists; Arthur Herzog, Jr., Society for United Democratic Action; Lawrence Langner, Theater Guild director; Ruth Abrams, National Arts Committee; Dorothy Parker, League of American Writers; Rosina Lherinne, pianist; Josef Lherinne, pianist; Jerome E. Brooks, League of American Writers; Jean Starr Untermeyer, League of American Writers; Marian Hart, executive secretary, Book Union; Irving Mintz, Greenbaum, Wolff & Ernst; Ethel Hirshman, Greenbaum, Wolff & Ernst; F. Harry Otto, Greenbaum, Wolff & Ernst; H. H. Stern, Greenbaum, Wolff & Ernst; Justin N. Reinhardt, Greenbaum, Wolff & Ernst; Hyman Shendelman, Greenbaum, Wolff & Ernst; Harriet Fleischl Pilpel, Greenbaum, Wolff & Ernst; Joseph M. Goldberg, Greenbaum, Wolff & Ernst; Dorothy L. Shereff, Greenbaum, Wolff & Ernst; Paula Gross, Greenbaum, Wolff & Ernst; Theodore S. Jaffin, Greenbaum, Wolff & Ernst; Benjamin Kaplan, Greenbaum, Wolff & Ernst; Harold Liebross, Greenbaum, Wolff & Ernst; Lawrence H. Rosenthal, Greenbaum, Wolff & Ernst; Donald Bragman, Greenbaum, Wolff & Ernst; Alan Campbell, League of American Writers; George Rolfe Humphries, League of American Writers, American Federation of Teachers; Franklin Folsom, executive secretary, League of American Writers; W. L. Rivers, writer, League of American Writers; David M. Levy, M. D., psychiatrist; Beatrice S. Kahn; Rudolph H. Schnorrenberg, welfare worker (formerly) Christodora House; Muriel Draper, League of American Writers, Friends of Federal Art Project, TAC, etc.; Felix T. Rosen, investment banker; Alice de la Mar; Rita Romilly, actress, Nantucket Players; Benson Martin, agriculturist.

PETITIONS OF YOUNG MEN'S ANTIAGGRESSIVE WAR LEAGUE

Mr. BONE. Mr. President, I hold in my hand a series of petitions to the Congress of the United States, signed by young American citizens, members of the student body of Gonzaga University in the city of Spokane, Wash. There are nearly 700 of them. I am going to read the preamble to these petitions, and ask that they then be referred to the Committee on Foreign Relations:

We, the undersigned, are American citizens between the ages of 17 and 27. If the United States goes to war on European soil, we will be the so-called cannon fodder for foreign guns. Before it is too late, therefore, we wish to send this open protest to our responsible leaders in Washington. We reaffirm our allegiance to the United States of America.

We declare we are ready to defend our country if it is actually attacked.

But we protest with our whole being against participation by this country in a war on foreign soil.

We will fight in such a war against our will, and only if forced to by the United States Government.

We further protest against any commitment, secret or open, made by this Government to give help, military or economic, to any one side in the coming struggle.

The VICE PRESIDENT. The petitions will be referred to the Committee on Foreign Relations.

WATER RESOURCES OF DELAWARE RIVER BASIN

Mr. DAVIS. Mr. President, I ask unanimous consent to have printed in the RECORD and referred to the Committee on Appropriations a resolution of the Interstate Commission on the Delaware River Basin adopted at Philadelphia, June 10, for the investigation of the water resources of the Delaware River. I am informed that $400,000 in Federal funds are necessary for this purpose.

There being no objection, the resolution was referred to the Committee on Appropriations and ordered to be printed in the RECORD, as follows:

THE INTERSTATE COMMISSION ON THE DELAWARE RIVER BASIN

Whereas the Interstate Commission on the Delaware River Basin (hereinafter called Incodel) was created for the purpose, among others, of making equitable division of the waters of the Delaware River between the States of New York, Pennsylvania, New Jersey, and Delaware; and

Whereas the National Resources Committee has expressed its willingness to cooperate, if practicable, with Incodel in the collection of relevant basic data: Now, therefore, be it

Resolved, That the National Resources Committee, through its water resources committee, be requested, in consultation with the members of Incodel to arrange a meeting for such investigation (1) of the water resources of the Delaware River; (2) of the past, present, and prospective uses and consumption of water in such basin in the United States; and (3) of opportunities for conserving and augmenting such water resources by all feasible means, as will assist Incodel in reaching a satisfactory basis for the equitable apportionment of the waters of the Delaware River Basin as contemplated by Incodel.

In making this request, Incodel and its individual members declare it to be their desire to cooperate and assist in such investigations in all ways within their power, and it further declares that, through its individual members, it will seek to obtain the allotment of State funds, or services, or both for the purposes of the investigation in such amounts as will equitably distribute the costs thereof between the Federal Government and the member States of New York, Pennsylvania, New Jersey, and Delaware. It is understood that the cooperative investigation requested herein shall be limited to the collection, correlation, and presentation of factual data and shall not include recommendations except upon the request of Incodel, based upon the unanimous agreement of those members. It is further understood that said investigation shall be in harmony with the spirit and intent of Incodel and nothing therein contained shall be taken to be a modification or alteration of the objectives thereof.

This resolution was adopted in the annual meeting of Incodel held in the Broad Street Suburban Station Building in Philadelphia, on Saturday, June 10, 1939, and the chairman was authorized to sign the same, with the request that it be attested by the secretary and forwarded to the National Resources Committee.

ELLWOOD J. TURNER, *Chairman.*

Attest:

DAVID W. ROBINSON, *Secretary.*

REPORTS OF COMMITTEES

Mr. WAGNER, from the Committee on Banking and Currency, to which was referred the bill (H. R. 3325) to extend the time within which the powers relating to the stabilization fund and alteration of the weight of the dollar may be exercised, reported it without amendment and submitted a report (No. 591) thereon.

Mr. ADAMS, as a member of the Committee on Banking and Currency, submitted minority views on the foregoing bill (H. R. 3325), which were ordered to be printed as a part of Report No. 591.

Mr. HOLMAN, from the Committee on Military Affairs, to which was referred the bill (S. 2236) for the relief of Benjamin F. Longenecker, reported it without amendment and submitted a report (No. 592) thereon.

Mr. KING, from the Committee on the District of Columbia, to which was referred the bill (S. 2048) authorizing the installation of parking meters and other devices on the streets of the District of Columbia, and for other purposes, reported it without amendment and submitted a report (No. 593) thereon.

Mr. TYDINGS, from the Committee on the District of Columbia, to which was referred the bill (S. 1908) to amend section 691–a of the Code of Law of the District of Columbia, approved March 3, 1901, and of any act or acts amendatory thereof, relating to foreign building and loan associations doing business in the District of Columbia, reported it with an amendment and submitted a report (No. 594) thereon.

DOMESTICALLY PRODUCED FISH PRODUCTS IN COMMERCE—AMENDMENTS REPORTED

Mr. PEPPER, from the Committee on Commerce, reported additional amendments to the bill (S. 1852) to promote the free flow of domestically produced fishery products in commerce, and for other purposes, which were ordered to be printed.

FEDERAL ASSISTANCE FOR SUPPORT OF EDUCATION—MINORITY VIEWS

Mr. WALSH (for himself and Mr. DONAHEY), as members of the Committee on Education and Labor, submitted minority views on the bill (S. 1305) to promote the general welfare through appropriation of funds to assist the States and Territories in providing more effective programs of public education, which were ordered to be printed as part 3 of Report No. 244.

ENROLLED BILLS PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on June 10, 1939, that committee presented to the President of the United States the following enrolled bills:

S. 1031. An act to amend section 243 of the Penal Code of the United States, as amended by the act of June 15, 1935 (49 Stat. 378), relating to the marking of packages containing wild animals and birds and parts thereof; and

S. 1243. An act to authorize the use of War Department equipment for the Confederate Veterans' 1939 Reunion at Trinidad, Colo., August 22, 23, 24, and 25, 1939.

BILLS AND JOINT RESOLUTIONS INTRODUCED

Bills and joint resolutions were introduced, read the first time, and by unanimous consent the second time, and referred as follows:

By Mr. BORAH:

S. 2596. A bill for the relief of Stephen J. Gnash, formerly captain of the United States Capitol Police (with accompanying papers); to the Committee on Claims.

S. 2597. A bill for the relief of John Hochlander, his wife, Elizabeth, and his sons, Joseph and Michael; to the Committee on Immigration.

By Mr. LUCAS:

S. 2598. A bill for the relief of Kurt Wessely; to the Committee on Immigration.

By Mr. WALSH:

S. 2599. A bill to amend the Naval Reserve Act of 1938 (Public, No. 732, 52 Stat. 1175); to the Committee on Naval Affairs.

S. 2600. A bill to amend the act entitled "An act to provide additional protection for owners of patents of the United States, and for other purposes," approved June 25, 1910 (36 Stat. 851), as amended (40 Stat. 705; 35 U. S. C. 68), so as to protect the United States in certain patent infringement suits; to the Committee on Patents.

By Mr. MEAD:

S. 2601. A bill for the relief of the Werber Leather Coat Co., Inc.; to the Committee on Claims.

Mr. ELLENDER:

S. 2602. A bill for the relief of Otis Davis and Dr. James E. Walsworth; to the Committee on Claims.

By Mr. WHITE:

S. 2603 (by request). A bill for the extension of admiralty jurisdiction; to the Committee on the Judiciary.

By Mr. BANKHEAD (for himself and Mr. DONAHEY):

S. 2604. A bill authorizing the Tennessee Valley Authority to pay the owner or owners of certain property affected by flooding in the erection of Pickwick Dam; to the Committee on Agriculture and Forestry.

By Mr. NORRIS:

S. 2605. A bill to amend the Agricultural Marketing Act, as amended, with respect to the definition of a cooperative association; to the Committee on Agriculture and Forestry.

By Mr. PITTMAN:

S. J. Res. 151. Joint resolution to amend Public Resolution No. 46, approved August 9, 1935, entitled "Joint resolution requesting the President to extend to the International Statistical Institute an invitation to hold its twenty-fourth session in the United States in 1939"; and

S. J. Res. 152. Joint resolution to provide for the adjudication by a commissioner of claims of American nationals against the Government of the Union of Soviet Socialist Republics; to the Committee on Foreign Relations.

HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred to the Committee on the District of Columbia:

H. R. 3838. An act to protect trade-mark owners, producers, distributors, and the general public against injurious and uneconomic practices in the distribution of competitive commodities bearing a distinguishing trade-mark, brand, or name through the use of voluntary contracts establishing minimum resale prices and providing for refusal to sell unless such minimum resale prices are observed;

H. R. 5660. An act to include Lafayette Park within the provisions of the act entitled "An act to regulate the height, exterior design, and construction of private and semipublic buildings in certain areas of the National Capital," approved May 16, 1930;

H. R. 6405. An act authorizing the sale of certain real estate in the District of Columbia no longer required for public purposes; and

H. R. 6577. An act to provide revenue for the District of Columbia, and for other purposes.

SOCIAL SECURITY ACT—AMENDMENT

Mr. HAYDEN submitted an amendment intended to be proposed by him to the bill (H. R. 6635) to amend the Social Security Act, and for other purposes, which was referred to the Committee on Finance and ordered to be printed.

REGISTRY OF PURSERS AND SURGEONS AS STAFF OFFICERS

Mr. OVERTON submitted an amendment intended to be proposed by him to the bill (H. R. 6076) to provide for the registry of pursers and surgeons as staff officers on vessels of the United States, and for other purposes, which was referred to the Committee on Commerce and ordered to be printed.

ADDRESS BY SENATOR OVERTON AT COMMENCEMENT EXERCISES, DUQUESNE UNIVERSITY, PITTSBURGH, PA.

[Mr. CLARK of Missouri asked and obtained leave to have printed in the RECORD an address by Senator OVERTON at the sixty-first annual commencement of Duquesne University, Pittsburgh, Pa., Wednesday, June 7, 1939, which appears in the Appendix.]

BALANCING THE FEDERAL BUDGET—DISCUSSION OVER AMERICAN FORUM OF THE AIR

[Mr. BILBO asked and obtained leave to have printed in the RECORD a radio discussion over the American Forum of the Air on the subject of Balancing the Federal Budget, which appears in the Appendix.]

ADDRESS BY POSTMASTER GENERAL FARLEY AT CHEYENNE, WYO.

[Mr. O'MAHONEY asked and obtained leave to have printed in the RECORD an address delivered by Hon. James A. Farley, Postmaster General, at the annual convention of the Wyoming Chapter of the National Association of Postmasters, held at Cheyenne, Wyo., May 23, 1939, which appears in the Appendix.]

THE FUTURE OF THE AMERICAN FARMER—ADDRESS BY SENATOR LUCAS

[Mr. GILLETTE asked and obtained leave to have printed in the RECORD a radio address delivered by Senator LUCAS on June 12, 1939, on the subject of The Future of the American Farmer," which appears in the Appendix.]

EDITORIAL COMMENT ON ADDRESS BY POSTMASTER GENERAL FARLEY TO TENNESSEE POSTMASTERS

[Mr. MCKELLAR asked and obtained leave to have printed in the RECORD an editorial entitled "A Timely Speech by a Useful Public Servant," published in the Chattanooga (Tenn.) News of June 6, 1939, which appears in the Appendix.]

ADDRESS BY HON. JAMES A. FARLEY AT TESTIMONIAL BANQUET TO RIGHT REVEREND MONSIGNOR LAVELLE

[Mr. WAGNER asked and obtained leave to have printed in the RECORD an address delivered by Hon. James A. Farley, Postmaster General, at the testimonial banquet in honor of the diamond jubilee of Rt. Rev. Msgr. Michael J. Lavelle, in New York City on June 6, 1939, which appears in the Appendix.]

APPROPRIATIONS FOR LABOR DEPARTMENT—CONFERENCE REPORT

Mr. McKELLAR submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5427) making appropriations for the Labor Department for the fiscal year ending June 30, 1940, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 7, 12, and 13.

That the House recede from its disagreement to the amendments of the Senate numbered 2, 4, 5, 6, 8, 9, 10, and 11, and agree to the same.

Amendment numbered 3: That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$1,200"; and the Senate agree to the same.

Amendment numbered 16: That the House recede from its disagreement to the amendment of the Senate numbered 16, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$207,200"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 1, 14, and 15.

KENNETH MCKELLAR,
RICHARD B. RUSSELL,
PAT MCCARRAN,
J. H. BANKHEAD,
H. C. LODGE, JR.,
Managers on the part of the Senate.

M. C. TARVER,
JOHN M. HOUSTON,
LOUIS C. RABAUT,
CHARLES A. PLUMLEY,
ALBERT J. ENGEL,
Managers on the part of the House.

Mr. KING. Mr. President, is this a final report?

Mr. MCKELLAR. No; it is not a final report. There are three items which are still in conference, and the bill will have to go back to conference.

Mr. KING. Will the Senator kindly indicate the items as to which the Senate receded?

Mr. MCKELLAR. There are only three.

The Senate receded on amendment numbered 7, dealing with the amount allowed for traveling expenses, as shown on page 5 of the bill. It receded on a $5,000 increase and accepted the House figure. I am sure the Senator will agree to that course.

The next one is amendment numbered 12, relative to the Federal Employment Service. The Senate adopted an amendment for the cooperation of the States in such a system, and it yielded to the House on that amendment. The amount involved is $40,000.

Mr. KING. That is, the Senate increased the amount?

Mr. MCKELLAR. It increased the amount, and again it yielded to the smaller figures of the House.

On amendment numbered 13 there was an increase of $20,000; and the Senate yielded on that amendment.

Mr. KING. May I ask the Senator if any disposition was made of amendment numbered 14?

Mr. MCKELLAR. That amendment is still in disagreement and will go back to conference.

The VICE PRESIDENT. Without objection, the conference report is agreed to.

LEGISLATIVE APPROPRIATIONS—CONFERENCE REPORT

Mr. TYDINGS submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 4218) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1940, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 4, 30, and 31.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, 5, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 19, 20, 21, 22, 23, 24, 25, 26, 29, and 32, and agree to the same.

Amendment numbered 6: That the House recede from its disagreement to the amendment of the Senate numbered 6, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$505,960"; and the Senate agree to the same.

Amendment numbered 27: That the House recede from its disagreement to the amendment of the Senate numbered 27, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "$275,000, including not exceeding $13,000 for personal services and"; and the Senate agree to the same.

Amendment numbered 28: That the House recede from its disagreement to the amendment of the Senate numbered 28, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: ": *Provided*, That the unexpended balance of the appropriation for this purpose for the fiscal year 1939 is hereby reappropriated and made available for the fiscal year 1940, and of such reappropriated sum not to exceed $4,000 shall be available for personal services."; and the Senate agree to the same.

The committee of conference report in disagreement amendment numbered 18.

MILLARD E. TYDINGS,
JAMES F. BYRNES,
ALVA B. ADAMS,
JOHN H. OVERTON,
HARRY S. TRUMAN,
FREDERICK HALE,
STYLES BRIDGES,
Managers on the part of the Senate.

LOUIS C. RABAUT,
J. O. FERNANDEZ,
JAS. MCANDREWS,
KARL STEFAN,
Managers on the part of the House.

The report was agreed to.

APPROPRIATIONS FOR CIVIL FUNCTIONS OF WAR DEPARTMENT—CONFERENCE REPORT

Mr. THOMAS of Oklahoma submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6260) making appropriations for the fiscal year ending June 30, 1940, for civil functions administered by the War Department, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 1 and 2.

That the House recede from its disagreement to the amendments of the Senate numbered 3 and 4, and agree to the same.

The committee of conference report in disagreement amendments numbered 5, 6, and 7.

ELMER THOMAS,
CARL HAYDEN,
JOHN H. OVERTON,
RICHARD B. RUSSELL,
MORRIS SHEPPARD,
Managers on the part of the Senate.

J. BUELL SNYDER,
DAVID D. TERRY,
JOE STARNES,
ROSS A. COLLINS,
JOHN H. KERR,
Managers on the part of the House.

The report was agreed to.

TAXES AND PENALTIES RECOVERED THROUGH CONTINENTAL TRADING CO. INVESTIGATION

Mr. NYE. Mr. President, the Senate will have some recollection of the extended investigation of the affairs of the

Continental Trading Co. made some years ago by reason of a resolution submitted by the Senator from Nebraska [Mr. NORRIS]. That investigation was followed by so many prosecutions as to lead to a desire on my part, a few weeks ago, to ascertain what had been the recovery by the Federal Treasury traceable to that investigation.

I have before me, dated May 26, 1939, a letter from the Commissioner of Internal Revenue setting forth in some detail the amount of recovery to the Government in the way of additional taxes collected, penalty agreed to and paid, and interest paid, a total of $5,002,746.54. I should like to have the letter of the Commissioner printed in the RECORD.

The VICE PRESIDENT. Is there objection?

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

TREASURY DEPARTMENT,
Washington, May 26, 1939.

Hon. GERALD P. NYE,
United States Senate.

MY DEAR SENATOR: Reference is made to your letter dated April 3, 1939, in which you ask to be advised as to the entire amount of taxes and penalties recovered by reason of cases growing out of the Continental Trading Co. investigation.

You are advised that the Bureau is without authority under the existing law and regulations to furnish you data disclosed by income-tax returns or data supplemental thereon as to any particular taxpayer, except insofar as such data are public record. There is set forth below, however, a summary of the amounts recovered in a number of cases involved in the Continental Trading Co. investigation. The amounts stated include the additional tax, penalty, and interest resulting from all adjustments of whatever nature.

Additional taxes agreed to and paid	$2,915,036.88
Penalty agreed to and paid	659,283.13
Interest paid	1,310,469.74
Total	4,884,791.72
Add:	
Amounts agreed to but unpaid:	
Taxes	82,492.19
Penalty	35,462.63
Total	5,002,746.54

The case of Mr. Robert W. Stewart is the only one growing out of the Continental Trading Co. investigation which remains unsettled. This case is awaiting hearing before the United States Board of Tax Appeals in Chicago, Ill.

Very truly yours,

GUY T. HELVERING, *Commissioner.*

THE CALENDAR

The VICE PRESIDENT. Morning business having been concluded, the calendar under Rule VIII is in order.

Mr. BARKLEY. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of unobjected-to bills on the calendar.

The VICE PRESIDENT. Is there objection? The Chair hears none. The clerk will state the first measure on the calendar.

RESOLUTIONS AND BILLS PASSED OVER

The first business on the calendar was the resolution (S. Res. 58) providing that a calendar day's notice shall suffice in connection with suspension of a rule.

Mr. McNARY. Let the resolution go over.

The VICE PRESIDENT. The resolution will be passed over.

The resolution (S. Res. 74) providing for a Committee on Civil Aviation was announced as next in order.

Mr. McNARY. Let the resolution go over.

The VICE PRESIDENT. The resolution will be passed over.

The joint resolution (S. J. Res. 45) to amend the act of July 3, 1926, entitled "An act conferring jurisdiction upon the Court of Claims to hear, examine, adjudicate, and render judgment in claims which the Crow Tribe of Indians may have against the United States, and for other purposes," was announced as next in order.

Mr. KING. Let the joint resolution go over.

The VICE PRESIDENT. The joint resolution will be passed over.

The bill (S. 783) to amend the act, as amended, entitled "An act to refer the claims of the Delaware Indians to the Court of Claims, with the right of appeal to the Supreme Court of the United States," approved February 7, 1925, was announced as next in order.

Mr. KING. Mr. President, there are a number of these claims against the Government by Indians, and the question is still being considered. It is agreed by the proponents of the bills that they may go over for the present, with the exception of two, Senate bill 962 and House bill 2971.

Mr. McNARY. Mr. President, will the Senator yield?

Mr. KING. I am very happy to yield.

Mr. McNARY. Would it not be more orderly and expeditious if the Senator would simply ask that the bills go over as we reach them on the calendar?

Mr. KING. I have no objection, but heretofore they have all been lumped, and we know what they are.

Mr. McNARY. Yes; but this time, as I understand, the Senator wants to make some exceptions.

Mr. KING. Yes; there are two exceptions.

The bill (S. 784) for the relief of certain Indians of the Winnebago Agency, Nebr., was announced as next in order.

Mr. KING. Let the bill go over.

The VICE PRESIDENT. The bill will go over.

The bill (S. 790) conferring jurisdiction upon the Court of Claims to hear and determine the claims of the Prairie Band or Tribe of Pottawatomie Indians of Kansas and Wisconsin against the United States was announced as next in order.

Mr. KING. Let the bill go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 1222) authorizing an appropriation for payments to the Osage Tribe of Indians on account of lands sold by the United States was announced as next in order.

Mr. KING. Let the bill go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 767), conferring jurisdiction on the Court of Claims to hear, examine, adjudicate, and enter judgment in any claims which the Assiniboine Indians may have against the United States, and for other purposes, was announced as next in order.

Mr. KING. Let the bill go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 864) authorizing the Arapahoe and Cheyenne Indians to submit claims to the Court of Claims, and for other purposes, was announced as next in order.

Mr. KING. Let the bill go over.

The VICE PRESIDENT. The bill will be passed over.

LANDS PURCHASED FOR CHOCTAW INDIANS, MISSISSIPPI

The bill (S. 962) to define the status of certain lands purchased for the Choctaw Indians, Mississippi, was announced as next in order.

The PRESIDING OFFICER (Mr. CLARK of Missouri in the chair). This is the same as Calendar No. 203, House bill 3367, and, without objection, the House bill will be substituted for the Senate bill and will be now considered.

There being no objection, the Senate proceeded to consider the bill (H. R. 3367) to define the status of certain lands purchased for the Choctaw Indians, Mississippi, which was ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That title to all lands purchased by the United States for the benefit of the Choctaw Indians of Mississippi, under authority contained in the act of May 25, 1918 (40 Stat. L., 573), and similar subsequent acts, not under contract for resale to Choctaw Indians, or on which existing contracts of resale may hereafter be canceled, is hereby declared to be in the United States in trust for such Choctaw Indians of one-half or more Indian blood, resident in Mississippi, as shall be designated by the Secretary of the Interior.

The PRESIDING OFFICER. Without objection, Senate bill 962 will be indefinitely postponed.

BILLS AND RESOLUTIONS PASSED OVER

The bill (S. 498) authorizing an appropriation to carry out the provisions of section 26 of the agreement with the Muskogee or Creek Tribe of Indians, approved March 1, 1901, was announced as next in order.

Mr. KING. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 1162) to provide for the recognition of the services of the civilian officials and employees, citizens of the United States, engaged in and about the construction of the Panama Canal was announced as next in order.

Mr. KING. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 1303) to amend the Agricultural Adjustment Act of 1938, as amended, with respect to cotton, was announced as next in order.

Mr. McNARY. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (H. R. 2971) for the relief of certain Indians of the Winnebago Agency was announced as next in order.

The PRESIDING OFFICER. This is the same as Calendar No. 101, Senate bill 784, to which the Senator from Utah objected.

Mr. KING. Let it go over, then.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 795) to provide for the education of all types of physically handicapped children, to make an appropriation of money therefor, and to regulate its expenditure was announced as next in order.

Mr. TAFT. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 1681) to amend section 107 of the Judicial Code to create a mountain district in the State of Tennessee, and for other purposes, was announced as next in order.

Mr. McNARY. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 570) to regulate interstate and foreign commerce in agricultural products; to prevent unfair competition; to provide for the orderly marketing of such products; to promote the general welfare by assuring an abundant and permanent supply of such products by securing to the producers a minimum price of not less than cost of production, and for other purposes, was announced as next in order.

Mr. KING. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The resolution (S. Res. 107) opposing sales of American cotton during the present world crisis to foreign purchasers below the cost of production was announced as next in order.

Mr. BARKLEY. Let the resolution go over.

The PRESIDING OFFICER. The resolution will be passed over.

The bill (S. 1305) to promote the general welfare through appropriation of funds to assist the States and Territories in providing more effective programs of public education was announced as next in order.

Mr. McNARY. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 1265) to establish a Department of Public Works, to amend certain sections of the Social Security Act, and for other purposes, was announced as next in order.

Mr. LODGE. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 2202) to establish a Public Works Agency was announced as next in order.

Mr. LODGE. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 2203) to amend certain sections of the Social Security Act was announced as next in order.

Mr. LODGE. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The joint resolution (S. J. Res. 34) for the relief of W. K. Richardson, was announced as next in order.

Mr. KING. Mr. President, the President has vetoed a similar measure upon one occasion, and I ask that this joint resolution go over.

The PRESIDING OFFICER. The joint resolution will be passed over.

The bill (S. 2017) to amend the Railroad Unemployment Insurance Act approved June 25, 1938, was announced as next in order.

Mr. McNARY. I should like to have an explanation of this measure.

Mr. KING. Let it go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 517) to amend the Communications Act of 1934 to prohibit the advertising of alcoholic beverages by radio, was announced as next in order.

Mr. LA FOLLETTE. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 1730) to amend the civil-service law to permit certain employees of the legislative branch of the Government to be transferred to positions under the competitive classified civil service, was announced as next in order.

Mr. KING. Over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (H. R. 289) for the relief of officers and soldiers of the Volunteer Service of the United States mustered into service for the War with Spain, was announced as next in order.

Mr. KING. Let that bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (H. R. 5375) to promote nautical education, and for other purposes, was announced as next in order.

Mr. KING. Mr. President, I desire to ask the chairman of the Committee on Naval Affairs whether this bill has been considered by his committee, and approved by it.

Mr. WALSH. Mr. President, the bill has not been before my committee.

Mr. McNARY. This bill was referred to the Committee on Commerce.

Mr. KING. Let it go over.

The PRESIDING OFFICER. The bill will be passed over.

CLAIMS OF YAKIMA INDIAN TRIBES

The bill (S. 773) conferring jurisdiction upon the United States Court of Claims to hear, examine, adjudicate, and render final judgment on any and all claims which the Yakima Indian Tribes may have against the United States, and for other purposes, was announced as next in order.

Mr. KING. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

Mr. SCHWELLENBACH subsequently said: Mr. President, will not the Senator withhold his objection?

Mr. KING. I withhold the objection.

Mr. SCHWELLENBACH. Mr. President, this bill gives to the Yakima Indian Tribes the right to go into the Court of Claims and establish their right to certain land which is adjacent to the reservation, on the basis of a treaty which was negotiated in 1853 or 1854, by General Stevens, who was at that time the Commissioner of Indian Affairs, in addition to being Territorial Governor.

Governor Stevens at that time negotiated treaties with a large number of Indian tribes in the State of Washington, which was then the Territory of Washington. In each instance he very carefully prepared a map showing the boundaries of the agreements which he made. In this particular instance the map was not available; for some reason or other it was brought to the files in Washington, and for a great many years was lost, and the Indians were not in a position to maintain their contention that Governor Stevens had agreed with them on certain boundaries.

The Department itself a few years ago found the map which had been prepared by Governor Stevens, and it fully substantiated the claim of the Yakima Indians. They come in now asking for the right to go before the Court of Claims and establish their rights. The bill is approved by the Secretary of the Interior. There are some technical objections by the Attorney General's office, but they do not go to the merits of the question, and the committee, after a very thorough hearing, decided that the bill was meritorious, and reported it favorably. It merely gives the Indians the right to go into court and establish a claim for which they con-

tended for years, and which has been fully substantiated by the finding of this map in the files of the Department.

Mr. KING. Mr. President, will the Senator yield?

Mr. SCHWELLENBACH. I yield.

Mr. KING. Are any of the lands which the Indians claim occupied by white settlers?

Mr. SCHWELLENBACH. Yes; and with reference to them the bill provides for an adjudication as to the value of the lands.

Mr. KING. It would probably entail a very large expense on the Government.

Mr. SCHWELLENBACH. It may. Part of the lands are owned by the Federal Government and would be returned to the Indian tribe. Part of the lands are owned by white people and the Government would be compelled to pay the value of those lands. That certainly is true; but, on the other hand, the Indians have a perfectly valid claim, as conceded by the Department of the Interior after an investigation by the Indian Office, and I cannot see, and the committee could not see, any justification, in view of the admission by the Secretary of the Interior that this tribe was entitled to these lands, and that they had been wrongfully taken from them, for not permitting them to go into court and establish their rights.

Mr. KING. Is there any provision in the bill under the terms of which, if judgment should be given in favor of the Indians as to their right to the lands, there could be an offset for any agreements which have been made heretofore by the Government?

Mr. SCHWELLENBACH. Yes; the Department has submitted an amendment, which I have accepted, which I think goes further than such provisions have ever gone before in protecting the Government.

Mr. KING. Mr. President, I have objected to all these Indian bills, and a search is being made in all of the Government departments which have to do with Indian lands, with a view to determining just what would be right and just in the matter. I am very solicitous for the welfare of the Indians, and I want to be just to them, but, at the same time, I want to protect the Government in these matters, so far as the Government should be protected. Would the Senator object to having this measure placed in the same category in which a number of other Indian bills are now placed, bills which are being considered by various departments? We will get a report next week, and then I shall be perfectly willing to get rid of all the bills in one way or another.

Mr. SCHWELLENBACH. If it would mean the delay of only a week I should certainly have no objection to that. On the other hand, this is a case in which there is, as a result of what has been found in the files of the Department of the Interior itself, very definite proof, and the Department is not asking that this case be placed in the category with the other bills. They have recommended it.

Mr. KING. The Department of the Interior, so far as my investigation has disclosed, have in a number of these cases been generous in their recommendations. Let the bill go over for a week, and then I will have no objection to it being taken up.

The PRESIDING OFFICER. Under objection, the bill will be passed over.

APPOINTMENT OF MIDSHIPMEN FROM THE DISTRICT OF COLUMBIA

The Senate proceeded to consider the bill (S. 1854) to increase the number of midshipmen allowed at the United States Naval Academy from the District of Columbia, which had been reported from the Committee on Naval Affairs with amendments to add two new sections at the end of the bill, so as to make the bill read:

Be it enacted, etc., That section 1 of the act entitled "An act to increase the number of midshipmen at the United States Naval Academy," approved December 20, 1917 (40 Stat. 430), as amended (U. S. C., title 34, sec. 1032), is hereby further amended to read as follows:

"That hereafter there shall be allowed at the United States Naval Academy 5 midshipmen for each Senator, Representative, Delegate in Congress, and Resident Commissioner from Puerto Rico, and 15 for the District of Columbia, 15 appointed each year at large, and 100 appointed annually from enlisted men of the Navy, as now authorized by law."

SEC. 2. Notwithstanding the foregoing provisions of this act, not more than 5 such midshipmen shall be appointed from the District of Columbia during the year 1940, nor more than 5 during the year 1941.

SEC. 3. The first sentence of section 1517 of the Revised Statutes is amended to read as follows: "Candidates allowed for congressional districts and for Territories must be actual residents of the districts or Territories, respectively, from which they are nominated; and candidates allowed for the District of Columbia must have been actual residents of said District for not less than 5 years immediately prior to their nomination."

Mr. McNARY. Mr. President, heretofore I have objected to this bill because I have thought it was an unhappy discrimination against the States of the country having an equal population with that of the District of Columbia or greater; but I do not believe I should stand in the way of the enactment of the bill, and I withdraw my objection.

Mr. KING. Mr. President, I should like to have the chairman of the Committee on Naval Affairs indicate the merits of the bill.

Mr. WALSH. Mr. President, heretofore this bill has been passed over on the objection of some who wondered if it might not possibly be discriminatory in favor of the District of Columbia. First of all, the proposed increase in the number of midshipmen who may attend the Naval Academy from the District of Columbia is in conformity with a law already enacted respecting the number of cadets who may attend the Military Academy at West Point from the District of Columbia. That increase has already been accomplished.

At the present time under authority of law, five midshipmen are permitted to be appointed from the District of Columbia to the Naval Academy. As a matter of fact, only four are appointed. The law gives each of us the right to name five midshipmen. The appropriation is limited, however, so that there cannot be more than four appointed. This proposal is to increase the number of midshipmen from the District of Columbia, which by law is now 5, to 15. In reality, it would mean 12, on the basis of the manner in which we are now given appointments.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. WALSH. I yield.

Mr. CONNALLY. I noticed an account in the newspapers of the graduates at Annapolis who were from the District of Columbia, and there was quite a large number, it seems to me, nearly 20.

Mr. WALSH. The Senator is correct. However, many Army and Naval officers who have retired reside in the District of Columbia, and their sons are referred to as residents of the District of Columbia but are not appointed under any authority by the Commissioners of the District of Columbia. They are appointed under the authority the President has to appoint each year approximately 15 sons of Army officers to the Military Academy and 15 sons of Naval officers to the Naval Academy. For the reasons stated by the Senator from Texas in his observation, I have had inserted in the bill an amendment which will apply to no other State or section of the country, and which provides that the appointees under the bill must have had actually 5 years of residence in the District of Columbia. I was aware that the large number of retired officers whose sons had not succeeded in getting appointments through the regular Presidential channels of appointment for them would bring pressure upon the District Commissioners to make such appointments, and also that a number of so-called preparatory schools, to which young men come here to attend, and take up temporary residence, would bring pressure upon the District Commissioners for appointments.

The Commissioners originally refused to accept the amendments, and I held the bill up until now and until they would accept it, because I wanted the appointments to go to bona fide residents of the District of Columbia who have been here as regular residents, and not to transient residents who have not lived here for at least 5 years.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. WALSH. I yield to the Senator from Texas.

Mr. CONNALLY. Under the Senator's bill, how does the number of appointments compare, on the basis of population, with the number in the rest of the country?

Mr. WALSH. I shall be very glad to give that information to the Senator. The smaller States in the Union—and there are 10 States smaller than the District of Columbia in population—have now a right to appoint 15 midshipmen, 5 for each of the 2 Senators and 5 for the 1 Representative, making a total of 15. So this bill keeps the proportion of appointees to the minimum of any State.

The 10 States, each having a population smaller than that of the District of Columbia, represent for each appointment an approximate population of 16,000 people plus. Under this bill at present the representation of the District of Columbia will be 63,000 of population.

Mr. CONNALLY. I may say to the Senator, however, that that is not at all a fair ratio to the country at large. Some of the smaller States have 2 Senators and 1 Representative, and receive, therefore, 15 appointments, whereas a State such as mine, which has 2 Senators and 21 Representatives, would suffer. In the bill a larger proportionate ratio is given to the District of Columbia than obtains throughout the country at large.

Mr. WALSH. Unfortunately that is not true.

Mr. CONNALLY. It is true if the Senator is correct in the statement he made that the bill gives to the District of Columbia the same minimum that the smaller States now have.

Mr. WALSH. The same minimum number of appointees which the smaller States in the Union have, which constitutes five appointments for each of the two Senators and five for one Representative.

I may read for the RECORD from the report of the committee, as follows:

> On a population basis, using the 1930 census, it is found that the States have an appointment in the 2 schools on the basis of 1 for each 32,899 of population, while the District has 1 appointment for 54,096 population. For the year 1936, based on official estimates of population for the States and for the District of Columbia, it is found that the 48 States would have 1 appointment for each 34,385 of population, while the District of Columbia would have 1 for each 68,777 of population, which is exactly double the amount of population required by a State for a representative and Washington would be entitled to 18 appointments instead of 9.

That is what they have now—prior to the passage of this bill, which increased the number of candidates.

> It is also found that on an estimated population for 1936, 10 States (New Hampshire, Vermont, Delaware, Montana, Idaho, Wyoming, New Mexico, Arizona, Vermont, and Nevada) have a combined population of 3,840,000, with a quota in the two military schools of 238, which is 1 appointment for each 16,184 of population, as compared with the District of Columbia with 1 appointment for each 68,777 of population, and in order for the District of Columbia to have the same representation as the 10 States it would be necessary that the District be given 38 appointments instead of 9.
>
> Comparing New York State—

I wish to show that because it affords a better comparison with Texas than other States—

> Comparing New York State, based on the 1936 population, it has 1 appointment in the 2 schools for each 39,316 of population, as compared to each 68,777 for the city of Washington.

Mr. President, I think the District of Columbia has made out a very excellent case for this increased representation. It is less, even under this bill, than the District is entitled to if we proceeded strictly upon a population basis, but we felt that the District of Columbia was at least entitled to the same number as the smallest States which are represented in Congress by two Senators and one Representative.

The PRESIDING OFFICER. The question is on agreeing to the amendments of the committee.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

PUBLIC PARK AND RECREATIONAL SITE IN NEVADA

Mr. PITTMAN. Mr. President, I am compelled to leave for the White House in 3 minutes, and I ask unanimous consent for immediate consideration of Calendar No. 560, Senate bill 2. I wish to make a brief statement in regard to that bill. It provides for the granting and conveyance from the United States of 13 square miles of the public domain to the State of Nevada for the purposes of a State public park, recreational site, and for other public purposes. The other purposes are to give the State access to Lake Mead, Boulder Dam, for the purpose of pumping water.

Three hundred thousand acre-feet of water are allocated to the State of Nevada, and the Las Vegas wash is the only point at which it can be pumped.

In the State of Nevada there are 95,000 square miles of public land. The State, by the joint resolution of its legislature, has asked for 13 square miles of that 95,000 square miles. It is true that the proposed grant was originally opposed by the Secretary of the Interior because, as he wrote to the committee, he was informed through some newspaper reports that there was a conspiracy to use this 13 square miles for gambling and liquor purposes. That statement was never justified, of course, because we have a State park commission, and we have a State park, and the commission has never permitted gambling or the sale of liquor inside the park.

However, to remove any doubt from the mind of the Secretary of the Interior, we placed in the bill a condition of forfeiture; that if the State park commission failed to put in force and effect the laws, rules, and regulations that are put into effect by the Secretary of the Interior in the adjoining area, that is, the recreational area in the Boulder Canyon area—the laws, rules, and regulations with regard to gambling, with regard to the sale of liquor, with regard to sanitation, and with regard to the pollution of water—then the grant would be absolutely forfeited.

In addition to that, the mineral rights are reserved. I think that every objection of the Secretary was met by the forfeiture provisions.

In the first place, when those objections were made the junior Senator from Nevada [Mr. MCCARRAN] stated that the charges made against the State should be cleared up, and a subcommittee was appointed consisting of the junior Senator from Nevada, the senior Senator from Nevada, the Senator from New Mexico [Mr. HATCH] and the Senator from Wyoming [Mr. O'MAHONEY] and evidence was taken before the subcommittee. These amendments were offered by me before the bill went to the subcommittee. The subcommittee thought they met the objections of the Secretary of the Interior and referred the measure to the full committee. The full committee without any objection favorably reported the bill.

Mr. President, the proposed grant of land extends 3½ miles into the Boulder Canyon Reclamation District. There is a narrow gulch or wash such as is to be found in the western region—a dry gulch which extends from Las Vegas down to the Colorado River. The water has been backed up by Boulder Dam into this gulch. That is where the State must pump its water and that is the only place it can do so. Surveys and estimates for the proposed pipe lines have been made. If the bill making the grant is passed, the State will have to build a road of 15 miles, at an expense of $120,000. The State has already agreed to do that. The Park Service, which has charge of the recreational area, has refused to do it. It does not have the money with which to do it. This is not a park. It is a reservation and recreational area created by the Reclamation Act and contains 2,600 square miles. Nevada asks for about 10 square miles in this area of 2,600 square miles so that it may protect the intake for its water district and incidentally so that it may provide a recreational area for the 15,000 people in the southern part of the State.

The Park Service upon allocation by the Secretary of the Interior is now providing three major points of recreation for tourists, one near the dam, one 60 miles north of there, and another 120 miles still farther north. It has no money with which to build these projects except whatever the Congress appropriates. It is using two C. C. C. camps. It will take

the Park Service a long, long time to finish these three major projects.

That is the situation. The legislature unanimously approved the resolution requesting the Government grant, and set out in the resolution every ground for it. The subcommittee believes that the objections of the Secretary with regard to gambling, sanitation, water pollution, and sale of liquor have been met by placing in the bill the forfeiture provision to which I have referred. The subcommittee was unanimous, and the full Committee on Public Lands and Surveys was unanimous.

I thought I had better make the explanation, as some explanation might be requested.

Mr. KING. Mr. President, will the Senator yield?

Mr. PITTMAN. I yield.

Mr. KING. Would the bill in any way interfere with the 7,500,000 acre-feet which, under the Boulder Dam Act, were allocated to the adjoining States?

Mr. PITTMAN. In no way whatever. It would allow us to use our allotment.

Mr. KING. I hope it will be used.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill (S. 2) authorizing the Secretary of the Interior to convey certain land to the State of Nevada to be used for the purposes of a public park and recreational site and other public purposes, which had been reported from the Committee on Public Lands and Surveys with an amendment, to strike out all after the enacting clause and to insert:

That the Secretary of the Interior is authorized and directed to convey to the State of Nevada, upon the conditions and limitations hereinafter expressed, the following-described land of the United States in the State of Nevada, to be held and used by such State for the purposes of a State public park and recreational site and other public purposes:

Mount Diablo meridian: Commencing at the southwest corner of the northwest quarter of section 24, township 21 south, range 63 east, Mount Diablo meridian; thence east twenty-four thousand and twelve and twelve one-hundredths feet; thence north fifteen thousand eight hundred and forty feet; thence west eighteen thousand seven hundred and ninety-two and twelve one-hundredths feet to the intersection with the east line of section 1, township 21 south, range 63 east; thence south along said east line of section 1, to the northeast corner of section 12, township 21 south, range 63 east; thence west along the north line of said section 12, five thousand two hundred and eighty feet to the northwest corner of said section 12; thence south along the west side line of section 12 and the west side line of section 13 to the southwest corner of the northwest quarter of the northwest quarter of section 13, township 21 south, range 63 east; thence east to the southeast corner of the northwest quarter of the northwest quarter of section 13; thence north to the northeast corner of the northwest quarter of the northwest quarter of said section 13; thence east along the north side line of said section 13 to the northwest corner of the northeast quarter of the northeast quarter of said section 13; thence south to the southwest corner of the northeast quarter of the northeast quarter of said section 13; thence west to the northwest corner of the southwest quarter of the northeast quarter of said section 13; thence south to the southwest corner of the southwest quarter of the northeast quarter of said section 13; thence west to the northwest corner of the northwest quarter of the southwest quarter of said section 13; thence south along the west side line of section 13 and said section 24 to the southwest corner of the northwest quarter of section 24; the point of commencement.

In the event the State shall fail to devote such lands to the purposes of a State public park and recreational site within 5 years after the date of enactment of this act, or fail to maintain such land as a public park and recreational site for any period of 5 consecutive years subsequent to its devotion to such use, or devote such lands or any part thereof to other than public use, or shall fail within a reasonable time to authorize and put in effect and practice within said area any laws, rules, and regulations that are put in effect and practice by the Department of the Interior within the Boulder Canyon reclamation area relative to gambling, the sale of intoxicating liquors, water pollution, or sanitation, such land and all improvements thereon shall revert to the United States; and in such event the Secretary of the Interior is hereby authorized and empowered to declare such a forfeiture of the grant, and to assume jurisdiction of such land for national-monument purposes under the act of June 8, 1906 (34 Stat. 225). Any patent issued hereunder shall contain a reservation to the United States of all mineral deposits in the land patented: *Provided*, That such minerals so reserved shall be prospected for, mined, and removed only in accordance with regulations to be prescribed by the Secretary of the Interior: *Provided further*, That no prospecting or mining on any portion of said area shall be permitted without the consent of the State Park Commission of the State of Nevada.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

JOSEPH KENNEY

The bill (S. 912) for the relief of Joseph Kenney was announced as next in order.

Mr. McKELLAR. Mr. President, may we have an explanation of the bill?

Mr. SHEPPARD. Mr. President, this is one of the usual bills relieving a veteran from the effects of a dishonorable discharge. After looking into the circumstances, the committee felt that Kenney should be considered as having been honorably discharged, in view of his services outside the single infraction of the law for which certain forfeitures and confinement were imposed.

Mr. McKELLAR. What was the infraction?

Mr. SHEPPARD. It was an assault on a noncommissioned officer—merely an ordinary altercation in the barracks.

Mr. KING. Mr. President, will the Senator yield?

Mr. SHEPPARD. I yield.

Mr. KING. The Senator is familiar, is he not, with the fact that Secretary Woodring in his report states that the War Department strongly recommends that the bill be not favorably considered?

Mr. SHEPPARD. That is the usual position of the War Department. After surveying the facts, the committee felt that a favorable course should be taken.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, or benefits upon honorably discharged soldiers, Joseph Kenney shall be held and considered to have been honorably discharged from Troop E, Eighth Regiment United States Cavalry, on September 21, 1898: *Provided*, That no back pay, bounty, or allowances shall be deemed to have accrued prior to the passage of this act.

BILLS PASSED OVER

The bill (S. 446) to amend the Packers and Stockyards Act of 1921 was announced as next in order.

Mr. GILLETTE. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 2270) to authorize the Secretary of Agriculture to purchase refuge lands within the State of South Carolina for the perpetuation of the eastern wild turkey and to provide pure-blood brood stock for restocking within its native range, and for other purposes, was announced as next in order.

Mr. KING. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

WALTER BALLHAUS

The Senate proceeded to consider the bill (S. 897) to correct the military record of Walter Ballhaus, which was read, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers Walter Ballhaus, who was a private in the One Hundred and Sixteenth Ammunition Train, United States Cavalry, shall hereafter be held and considered to have been honorably discharged from the military service of the United States as a private of that organization on the 28th day of March 1918: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

Mr. McKELLAR. Mr. President, may we have an explanation of the bill?

Mr. SCHWARTZ. Mr. President, this is a bill to give Walter Ballhaus an honorable discharge. He now has a paper which is a discharge "without honor." In the opinion of the committee there is very decided merit in this particular bill.

It happens that Ballhaus is from Wyoming, but I am not personally acquainted with him. He was recommended to me for this relief by the adjutant general of the American Legion of Wyoming. To my mind, that recommendation in and of itself is a certificate of character in a case of this kind.

Let me relate the history of this young man. In 1914 he was a citizen of Germany between 18 and 19 years of age. A few days before war was declared between Germany and France he emigrated to America. He was on the high seas when war was declared. It appears that his situation in Germany was not a happy one. I do not need to go into detail as to that matter. His people were very poor. He had 8 years' schooling in Germany. As Senators probably know, Germany requires a school child to take at least one foreign language. In the course of his 8 years' schooling he took English, in addition to German. His fluency in using the German language was one of the things used against him in what subsequently happened to him.

He arrived in the United States in 1914, and in 1915 he filed his first papers for American citizenship. That of itself was a declaration that he expected to become an American citizen and was surrendering his German citizenship.

In 1917 he joined the Wyoming National Guard, and served as a private in that organization until 1917, when the Wyoming National Guard was inducted into the Federal service, and he entered the Federal service as a private. A short time after he entered the Federal service as a private, because of his capacity as a drillmaster and the knowledge he had acquired during his service in the National Guard, he was made a corporal.

About 3 or 4 months later, having gone overseas, he was made a sergeant. Because of war conditions a very thorough espionage examination or observation was made of all the boys who had originally come from Germany. One of the things reported against him overseas was that he was an especially competent drillmaster, and that he seemed very anxious all the time to "get along." Also, he spoke German fluently. The Army officers, for reasons of their own, out of an abundance of caution, thought that this young man, who had come from Germany 2 or 3 years before we entered the war, ought to be sent back to the United States. So he was taken into custody. No affirmative charge of any kind was lodged against him and his integrity was not impugned at all. He was brought back to the United States in custody, thrown into jail when the ship landed, and was kept in jail for 11 days, at the expiration of which time he signed the following statement on March 3, 1918:

I, the undersigned, born in Germany, do not wish to serve in the Army of the United States. I am not a citizen of the United States.

Thereupon he was discharged and he went back to the West. He was discharged without honor. Two years later he took out his final papers and became a citizen of the United States. Since that time he has been a citizen of the United States and a reputable man.

The Committee on Military Affairs gave some consideration to the bill and thought an exception might well be made, and that he might be given a certificate of honorable discharge.

I wished to make this brief explanation with regard to this man. The War Department, as usual, has made an adverse report.

Mr. KING. Mr. President, will the Senator yield?

Mr. SCHWARTZ. I yield.

Mr. KING. I read the following statement from the report of the Secretary of War:

The enactment of this bill—

Mr. SCHWARTZ. I was just about to read the report of the War Department.

Mr. KING. I wanted to show that if we pass this bill, we shall have to pass similar bills in a large number of cases.

Mr. SCHWARTZ. I beg the Senator's pardon; we shall not have to pass a large number of similar bills. I still feel, as I have heretofore felt, that when we deal with the rights of men, each man's rights ought to be determined by the merits of his own particular case.

The War Department says:

The enactment of this bill into law would, in effect, constitute a legislative reversal of the considered action of the authorities charged with the execution of the laws enacted for the government and control of the military forces. Moreover, it would single out one individual of a large but undetermined number of former soldiers who were discharged by reason of being enemy aliens and place him on a par with and grant to him the rights, privileges, and benefits which are now or may later be conferred by law upon our own citizens who served long and loyally in the military service during the war and were honorably discharged.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. SCHWARTZ. I yield.

Mr. BARKLEY. For what offense or alleged offense was this young man put in jail upon his return to this country?

Mr. SCHWARTZ. For being an enemy alien, although he had renounced his citizenship and filed an application to become an American citizen, and had served 9 months in the United States military service.

Mr. BARKLEY. Had he volunteered for service in the Army or was he drafted?

Mr. SCHWARTZ. He first volunteered with the National Guard, and later volunteered in the Federal service.

Mr. BARKLEY. Did the Government know he was not a citizen at the time he was accepted for service?

Mr. SCHWARTZ. Yes. It knew that he had filed an application for citizenship 2 years previously.

Mr. BARKLEY. Was he sent abroad as a part of the contingent of which he was a member?

Mr. SCHWARTZ. Yes.

I do not wish to take too much of the time of the Senate. I shall read the whole story, as reported by The Adjutant General:

The records show that Walter Ballhaus enlisted April 28, 1917, in the Wyoming National Guard, at which time he gave his place of birth as Germany and stated that he had made application for citizenship on May 14, 1915, in the United States district court, San Francisco, Calif. He reported for Federal service July 25, 1917, as private, Company E, Third Infantry, Wyoming National Guard, which organization became the Second Caisson Company, One Hundred and Sixteenth Ammunition Train. He was appointed corporal August 16, 1917, sergeant October 19, 1917, and left the United States for overseas service December 12, 1917. A report on undesirable aliens made on January 2, 1918, by the intelligence officer, line of communications, base section No. 1, France, shows regarding Walter Ballhaus that "from general questioning of the man I think it advisable to return him to the United States" and a report by the division intelligence officer, Forty-first Division, dated January 14, 1918, shows "Walter Bellhause, Germany, Second Caisson Company, One Hundred and Sixteenth Ammunition Train. This man is a sergeant; his company commander reports him to be so clever as to excite his suspicion of integrity as a soldier; reported to be a splendid drillmaster; have had him continuously under observation by the company espionage operator; never knew his father; mother lives in Germany, also has a brother in Germany; states had 8 years' schooling in Germany; states his stepfather is a poor organ grinder in Germany; lived in Germany 19 years; war was declared between Germany and France while he was on the high seas, bound for America; speaks English fluently; expresses great desire to stay in the Expenditionary Forces; took first papers only in 1915: It is recommended that this man be returned to the United States as provided in confidential letter, Adjutant General, dated August 3, 1917, paragraph 3 (a) 2." Orders were accordingly issued directing that this soldier be forwarded to St. Nazaire for transportation, under surveillance, to the United States. He arrived at Hoboken, N. J., March 2, 1918, and was placed in confinement at the garrison guardhouse, Fort Jay, N. Y., on March 8, 1918. On March 13, 1918, he signed the following statement: "I, the undersigned, born in Germany, do not wish to serve in the Army of the United States. I am not a citizen of the United States." He was discharged from the military service April 1, 1918, at Fort Jay, N. Y., by reason of being an enemy alien.

This soldier's separation from the military service was not under honorable conditions.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. SCHWARTZ. I yield.

Mr. McKELLAR. Did this young German serve 9 months in the United States Army?

Mr. SCHWARTZ. Yes.

Mr. McKELLAR. And he was promoted to the status of noncommissioned officer?

Mr. SCHWARTZ. He had two promotions.

Mr. McKELLAR. And he has been in this country how long?

Mr. SCHWARTZ. He has been in this country since 1914. He left Germany a few days before war was declared between Germany and France.

Mr. McKELLAR. And he came over here and entered the war against Germany and served in the Army of the United States for 9 months, and then, because he was not a citizen, he was discharged from the Army?

Mr. SCHWARTZ. Yes.

Mr. McKELLAR. I think there is some merit in that kind of a case.

Mr. CHAVEZ. Mr. President, I may say to the Senator from Tennessee the young man not only did that but he did not deny a thing. He told them he was not a citizen but had applied for American citizenship papers at the time he was inducted into the Army.

Mr. McKELLAR. I will say to the Senator that I will not object to the consideration of the bill.

The PRESIDING OFFICER. Is there objection?

Mr. McKELLAR. I withdrew my objection.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

KENNETH B. CLARK

The bill (H. R. 2695) for the relief of Kenneth B. Clark was considered, ordered to a third reading, read the third time, and passed.

BILLS PASSED OVER

The bill (S. 522) to provide pensions to members of the Regular Army, Navy, Marine Corps, and Coast Guard who become disabled by reason of their service therein, equivalent to 90 percent of the compensation payable to war veterans for similar service-connected disabilities, and for other purposes, was announced as next in order.

Mr. KING. Mr. President, the Senator from Wyoming [Mr. SCHWARTZ] and I are awaiting a communication from the War Department regarding the bill. So let it go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 1033) for the relief of Albert P. Dunbar was announced as next in order.

Mr. McKELLAR. Mr. President, may we have an explanation of the bill?

Mr. SHEPPARD. The bill may go over for the present, Mr. President.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 1650) to promote peace and the national defense through a more equal distribution of the burdens of war by drafting the use of money according to ability to lend to the Government, was announced as next in order.

Mr. BARKLEY and Mr. McKELLAR asked that the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

SETTLEMENT OF DISPUTES WITH THE UNITED STATES

The bill (S. 915) to provide for the more expeditious settlement of disputes with the United States, and for other purposes, was announced as next in order.

Mr. BARKLEY. Let the bill go over.

Mr. LOGAN. Mr. President, will the Senator withhold his objection for a moment?

Mr. BARKLEY. I withhold the objection.

Mr. LOGAN. Mr. President, I should like to offer an amendment to the bill and ask that it be adopted, and to explain briefly the purposes of the measure.

The ideas embodied in this bill were contained in a bill that was introduced about 10 years ago. The matter has been before committees almost every year since then. Last year, or year before last, a subcommittee of the Judiciary Committee, consisting of the senior Senator from Nebraska [Mr. NORRIS] the junior Senator from Nebraska [Mr. BURKE], the Senator from Utah [Mr. KING], the Senator from Vermont [Mr. AUSTIN], and myself, was appointed to give consideration to a bill on the same subject which had been introduced by me. Later the American Bar Association became interested in the matter, and it has adopted a resolution approving the bill. Many of the State bar associations have likewise done so. While I am not going to ask that the bill be passed at this time, although I think it ought to pass without objection, I desire to call attention to the real heart of the bill.

There are some regulations of procedure, but the salient point of the bill is found in this language:

> Any decision of any agency or independent agency shall be set aside if it is made to appear to the satisfaction of the court (1) that the findings of fact are clearly erroneous; or (2) that the findings of fact are not supported by substantial evidence; or (3) that the decision is not supported by the findings of fact; or (4) that the decision was issued without due notice and a reasonable opportunity having been afforded the aggrieved party for a full and fair hearing; or (5) that the decision is beyond the jurisdiction of the agency or independent agency, as the case may be; or (6) that the decision infringes the Constitution or statutes of the United States; or (7) that the decision is otherwise contrary to law.

This bill, then, provides simply that when any agency of the Government to which power has been delegated by Congress shall decide any question, after a fair hearing, the court may determine whether it has acted within the authority of the statute and whether it has acted upon sufficient evidence or whether it has afforded the interested parties opportunity to be heard.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. LOGAN. I yield.

Mr. WAGNER. Is it not the law today, established by decisions of the courts, that an order of any quasi-judicial body to which has been delegated authority must be sustained or supported by substantial evidence?

Mr. LOGAN. That is not the law today.

Mr. WAGNER. I think that has been decided over and over again. For instance, take the National Labor Relations Act.

Mr. LOGAN. That is what I have in mind particularly.

Mr. WAGNER. I thought the Senator had that act in mind because of what he has said. The courts have held that before an order may be enforced it must be supported by substantial evidence.

Mr. LOGAN. I do not think the word "substantial" is in the law, although it may be.

Mr. WAGNER. It is not in the law, but it is in the decisions of the courts in interpreting the law.

Mr. LOGAN. Under the law, as I understand it, as interpreted by the courts—and I do not want to take up the time of the Senate except to mention this matter—if a hundred reputable witnesses testify one way and one man, who, perhaps, is not so reputable testifies the other way, and the National Labor Relations Board decides for the one against the hundred the courts can grant no relief at all. It is of that condition I am complaining not only in the N. L. R. B. but in every other agency of the Government. There is being developed, it appears, an idea at least of administrative absolutism. I believe the courts have a right to determine such questions.

Mr. WAGNER. I can show the Senator the cases in which the court has stated on a number of occasions that before they will enforce an order of a quasi-judicial body it must be supported by substantial evidence, and the word "substantial" is used.

Mr. LOGAN. Then it would not do any harm if the bill were passed.

Mr. WAGNER. I think that is the law now, and there is no need for an additional statute.

Mr. BONE. I should like to inquire how far this proposed law would go in the way of judicial review? Would it go so far as to substitute the opinion of the court for the judgment of an administrative body that Congress itself has set up?

Mr. LOGAN. It does not do that. When we delegate authority to an independent body that independent body has no right to go outside the channel which we marked out

for it; it has no right to decide the matter without substantial evidence, without being reversed, and it must be required to give a fair hearing to the parties who are interested. I do not want to discuss the question now and take up the time of the Senate, but the matter is in inextricable confusion at this time, and I am going, at the earliest possible moment, to ask that this bill be taken up for consideration. In the meantime, however, if I may——

Mr. BARKLEY. Mr. President, I was going to make a statement, and I will do so if my colleague will yield.

Mr. LOGAN. I yield.

Mr. BARKLEY. I have spoken to my colleague with reference to this bill. I have a letter from the Attorney General which I have mentioned to him and which I think he has not read, in which the Attorney General calls attention to the fact that the President appointed a commission to look into this very situation; that the commission is now engaged in an investigation with respect to the administrative court for which this bill provides, and he urges that the bill be not acted upon until the commission which has been appointed and which is now acting in that capacity shall make report. For the reason that the Department of Justice, through the Attorney General, has asked that this bill be not now considered, I was hoping that it might go over until we find what recommendations the Department through the Commission will make with respect to this bill.

Mr. LOGAN. I should like to say to the Senator that we want to give every consideration to the suggestion of the Attorney General, but he has had a long time and we are still waiting. We would be very glad to have an early report.

Mr. BARKLEY. Of course the Attorney General's Office has had a long time, but the present Attorney General, who is the only one who has ever mentioned it to me and brought it to my attention, has not had very long in which to look into this bill.

Mr. LOGAN. We will welcome any suggestion he may make, but I may say to the Members of the Senate that there is hardly an agency of the Government that does not insist, in many instances, that the courts shall have nothing to do with controlling their discretion. I am opposed to any such idea becoming current or becoming a part of our national system of laws. I believe the courts must determine whether fair action has been taken.

Mr. HATCH. Mr. President, will the Senator yield?

Mr. BARKLEY. In that connection——

The PRESIDING OFFICER. Does the junior Senator from Kentucky yield; and if so, to whom?

Mr. LOGAN. I yield first to the Senator from New Mexico.

Mr. HATCH. I merely want to ask about the commission which the senior Senator from Kentucky has mentioned. Is it not true that that commission has been set up only for the purpose of recommending a uniform rule?

Mr. LOGAN. That is correct.

Mr. HATCH. It does not cover at all the situation to which the Senator refers.

Mr. BARKLEY. Mr. President, the Attorney General thinks it does, or, at least, that it has something to do with it. I will say to my colleague that I have no desire to discuss the merits of the bill or the merits of whatever may be reported by the more or less unofficial and informal commission to which the Attorney General has called my attention, but, inasmuch as the Department has made the request I have mentioned and inasmuch as the Government has been here a long time and has not had the kind of court proposed by the bill, no great injustice would be done if the bill were postponed a little while until it may be possible for the Department of Justice, the Attorney General, and my colleague to get together on a bill.

Mr. LOGAN. That may be true, but I think the Attorney General and my colleague are under a misapprehension as to what the bill provides. It does not create a court.

Mr. BARKLEY. I am not expressing any opinion as to what the bill seeks to do.

Mr. LOGAN. It does not create any court at all. It simply provides certain rules and regulations for procedure before the departments, and then for an appeal to the courts, so that the courts may determine whether action has been taken within the authority Congress has conferred upon agencies of the Government. The bill does nothing more than that.

Mr. WAGNER. Mr. President, I have not had a chance to study the bill. Is it proposed, where a court determines that an order is not supported by substantial evidence, that the court itself shall substitute its judgment for that of the Board?

Mr. LOGAN. Not at all.

Mr. WAGNER. Or that it shall simply refuse to enforce the order?

Mr. LOGAN. The Senator is talking about enforcing orders. I was talking about the making of orders, although it is the same thing, I might say. Under the provisions of this bill the court simply would hold that the agency had exceeded its authority, or that its findings were not supported by substantial evidence, or that it had not afforded a fair hearing; and the court would reverse the agency's findings, and send the matter back.

Mr. WAGNER. If that is all the bill does, it does not change the law today, so far as I know; but, in connection with my reference to the enforcement of orders, the Senator knows that in the laws creating these quasi-judicial bodies we have provided, I think in every case, that no order is enforceable until it is approved by a circuit court.

Mr. LOGAN. I may say to the Senator that this bill goes much further.

I should like to have every Senator read the report and the bill. The bill is Senate bill 915, and it is calendar No. 475. No more important question than this bill is pending in Congress today, and no more important question will be pending during the present session. I say that after having given 5 or 6 years of study to the bill, and after having had the help of such men as the Senator from Utah [Mr. KING], the Senators from Nebraska [Mr. NORRIS and Mr. BURKE], and the Senator from Vermont [Mr. AUSTIN]. We have worked on the bill for 2 years, and all the lawyers' associations have become interested in it. If I may, I desire to ask for the adoption of an amendment which has been handed to me by the Senator from Montana [Mr. WHEELER]. Certain agencies of the Government are excepted from the provisions of the bill, and I ask unanimous consent to have the Federal Trade Commission inserted among the exceptions.

The PRESIDING OFFICER (Mr. GILLETTE in the chair). Is there objection to the present consideration of the bill for the adoption of this amendment? The Chair hears none. The amendment will be stated.

The CHIEF CLERK. On page 28, line 9, after the word "corporation", it is proposed to insert the words "the Federal Trade Commission."

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

Mr. GEORGE. Mr. President, I desire to say that I am pleased that the author of the bill, the distinguished junior Senator from Kentucky [Mr. LOGAN] has accepted this amendment, because the Federal Trade Commission has a code of practice and procedure which in all respects gives due process of law to every litigant who can be brought before the Commission. During the past 25 years it has succeeded in building up a course of procedure, from notice clear through, which affords ample process of law and protects the rights of the citizen of the United States.

While I am on the floor, Mr. President, I desire to say that in my judgment, the Senator from Kentucky [Mr. LOGAN] has introduced one of the most important measures that the Senate has been called on to consider. Unless the Congress of the United States is willing to provide for the numerous agencies, boards, commissions, and bureaus a procedure and practice which gives to the citizen of the United States due process of law within the American meaning of that term,

there is the gravest danger that the individual citizen will be unable to enforce his ordinary rights under a system of government which is concentrating more and more and more power in Washington.

Today the individual citizen remote from the Capital City must forego many rights because he cannot assert them. He cannot have redress for his wrongs—theoretically, yes; actually and practically, no. Anyone who has given serious thought to the question knows that one of the extreme dangers to which the American citizen is subjected grows out of the constant development of bureaucracy, the progress which it makes and which it must necessarily make whenever we concentrate power day after day in boards, bureaus, and commissions here in Washington.

I hope the Senator from Kentucky will avail himself of the earliest opportunity to move the consideration of this bill, because it will afford to the citizens of the country a protection which they do not now actually have, whatever may be the theory, and whatever may be said about how the rights of citizens have been safeguarded.

I dare say there is no lawyer in this body who has had any wide experience who does not know that what I am saying is actually the truth. Take the case of the General Accounting Office: If a claim is not sufficiently large to justify litigation in the Court of Claims at Washington, if the sum of money involved is not sufficiently large to justify the remote litigant in presenting his case in the Court of Claims, he must simply abandon it.

Literally hundreds of cases which are just and fair have been from year to year abandoned because the Bureau simply establishes a rule by which nobody in the Bureau can be wrong, and follows a rule of procedure which is utterly nonsensical, aimed not at the establishment of justice but at the justification of those who interpret administrative law in this country, and designed to support what they have declared to be the law. The little claims of the citizens are thrown into the discard, if not allowed by the Comptroller General's office, because they cannot come into the Court of Claims. The amount simply does not justify it.

This is no criticism of this administration. It is no criticism of any particular administration. It is a criticism of the system which we are substituting in the place of law, under which men may have a redress of their grievances, under which they may assert their rights.

So, Mr. President, I express the hope that the distinguished Senator who has sponsored the bill will take advantage of the first opportunity to move its consideration.

The PRESIDING OFFICER. The bill will be passed over.

The Chair is asked to admonish the Senate that we are operating under the 5-minute limitation rule.

Mr. MINTON. Mr. President, in connection with the bill which has just been discussed, I ask unanimous consent to have printed in the RECORD an article entitled "The Improvement of Public Administration," by Walter Gellhorn. The article was published in the April 1939 number of the National Lawyers' Guild Quarterly:

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the National Lawyers' Guild Quarterly for April 1939]

THE IMPROVEMENT OF PUBLIC ADMINISTRATION [1]

(By Walter Gellhorn)

It has become increasingly the fashion in legal as well as lay circles to insist that the courts—and the courts alone—are to be trusted with the delicate responsibility for ultimately determining what commands of government may be addressed to us with urgent force. We have experienced a period of constitutional history—I hope that we have passed through the period—in which judges thought it their proper and necessary function to review and revise the judgments of legislators. Today there is a substantial sentiment, somewhat linked with the dogged belief that that government is best which governs least, that almost every act of governmental administration, almost every exercise of judgment, should be conditioned upon judicial acquiescence.

Such a view might be of inconsiderable significance were it not that the complexities of modern life have rendered outmoded many of the traditional instruments of government; indeed, it is a wholly trite observation that more and more we must turn to administrative agencies to perform functions that might earlier have been committed to the judiciary or that might even have been fulfilled by the legislature itself. The frequently emotional and largely uninformed conviction that good government will be fully assured only when judicial control is extensive, runs directly counter to the implications of the truism just stated. To what extent have this country's courts, which should be neither emotional nor uninformed, accepted those implications?

A fair-minded man would almost certainly conclude that the courts have been grudging in their acceptance, when they have accepted at all. The judiciary has by myriad ways sought to foster the illusions that it alone is capable of governing justly and dispassionately, that the entrusting of responsibilities to the administrative is fraught with danger unless their exercise is ultimately subject to judicial supervision, and that the supremacy of law is synonymous with the supremacy of the judges. Have we not all been struck, for example, by the difference in the language used by an appellate court in reversing for procedural mistake the judgments of, respectively, a trial court and an administrative agency? In the one case we discover that:

"The learned judge below erred in his ruling upon the plaintiff's motion and, since failure to grant the motion resulted in prejudice to the plaintiff's case, we are reluctantly compelled to reverse the judgment and to remand for a new trial."

In the other we learn that:

"The Commission's denial of the respondent's proper and timely request was an arbitrary departure from the elementary rules of justice. It resulted in withholding from the respondent the rudimentary principles of fair play which are the very foundation of due process of law. Important proceedings of this character must not be conducted in a capricious manner, dictated by the mere whim of the executive officers to whose judgment the decision has been committed. Since the respondent was deprived of his property without due process of law, we set aside the order here complained of and dismiss the proceedings."

The intemperance of language used in judicial castigation of administrative adjudicators is frequently equaled by the intemperance exhibited in disregarding statutory commands that administrative findings of fact are not to be disturbed unless they find no support in the evidence. The courts have been all too ready to set aside findings of fact because of their belief that the weight of the evidence should conduce to a different conclusion, and in so doing they have set themselves up as the ultimate deciders of issues which, in the judgment of the legislature, were best left to the consideration of other tribunals. This arrogant assumption of power has found doctrinal support in a number of recent decisions of the United States Supreme Court for which a majority of the bench must accept responsibility even though the hand that wrote the opinions and the brain that formulated the propositions belonged more often than not to its Chief Justice—a judge who, with the resourcefulness of a true explorer, has discovered important constitutional principles which ordinary mortals had never known to exist. I refer, for example, to Chief Justice Hughes' disposition of the case of *Crowell* v. *Benson*,[2] in which he stated that as to a mysterious category of issues known as jurisdictional facts the legislature could not validly ascribe finality to the administrative determination, even when amply supported by evidence. I refer also to his revitalizing of the discredited dogma of the Ben Avon case,[3] which was given new vigor by the opinion in the St. Joseph Stockyards case.[4] I refer further to the discovery of the Chief Justice in the Panama Refining case [5] that due process of law was lacking when, in exercising a delegated legislative power, the delegate was not required to accompany his regulation by detailed findings. I refer also to the gyrations of the Chief Justice in the two Morgan cases,[6] which brought into administrative law doctrines which, even if well grounded in policy, are not readily to be discerned in the teachings of the Constitution itself. These and like decisions have gone far to remove from the proper forum the consideration of the procedural methods which should accompany administrative adjudication.

It is not my point that administrative judges in every instance perform their work in unexceptionable fashion; nor is it my thesis that the procedures utilized by every officer exercising administrative power are procedures calculated to preserve both individual and public interests. It is my contention, however, that sporadic, inexpert, and superficial dictation by the courts will never produce methods of administration which are both workable and fair, but that, on the contrary, such dictation serves chiefly to obstruct the development of sound administrative processes. Those processes need the detailed study of persons who are conversant with the problems of government and who are sympathetic not only to private and individual interests but also to the realization of popular aspirations as recorded in laws adopted by representative legislatures.

Lawyers' groups have, on the whole, not been of much assistance in solving the type of problem to which I have alluded. Many lawyers indulge the hypothesis, if I may use Thurman Arnold's

[1] An address delivered at the Third Annual Convention of the National Lawyers' Guild, in Chicago, Ill., on February 10, 1939.

[2] 285 U. S. 22 (1932).

[3] *Ohio Valley Water Co.* v. *Ben Avon Borough*, 253 U. S. 287 (1920).

[4] *St. Joseph Stock Yards Co.* v. *United States*, 298 U. S. 38 (1936).

[5] *Panama Refining Co.* v. *Ryan*, 293 U. S. 388 (1935).

[6] *Morgan* v. *United States*, 298 U. S. 468 (1936); 304 U. S. 1 (1938).

phrase, that while the courts are bound by precedent, administrative agencies are bound only by red tape. Others, as did the chairman of the administrative law committee of one of the State bar associations, assiduously spread the myth that there is no assurance that a litigant before an administrative body "will ever receive fair and impartial justice." Said Mr. Case, of the Missouri Bar Association:

"All tend to regard their particular function one to enforce some paramount law overriding all other laws and all constitutional guaranties. The bureaucratic officials are advocates against him and at the same time judges of his case. They not only prosecute the charges against him but also decide the case. The victim is never before an open-minded court. For the protection of the public and itself, the American Bar Association must foster some legislative program to provide ample court protection against the overweening zeal of Government bureaucrats.[7]

This anguished outcry was published in the Journal of the Missouri State Bar Association; when, a few months later, a distinguished professor of law mildly observed that "such derogatory statements ought not to be made unless the facts to support them are produced"[8]—when he expressed a doubt that it could properly be asserted as a generality that litigants are not ever assured of receiving fair and impartial justice, that administrative bureaus all tend to feel that the law which they enforce overrides all other laws and all constitutional guaranties, that the "victim" is never before an open-minded court, and that it is fair to maintain that Government officials are typically marked by an "overweening zeal"—the editor of that publication prefaced the article by an editorial disclaimer of approval, a disclaimer which had not prefaced the original philippic.

The American Bar Association, as is well known, has approved an administrative law bill imposing in blanket fashion upon all Federal administrative agencies requirements in respect of legislative procedure and intradepartmental review, with but little attention to the niceties of the problems which confront the individual agencies. In New York the State bar association last year gave its support to a constitutional proposal, since rejected by the electorate, to endow the courts with still more power to inquire into the question whether the evidence in the record supported the fact findings of administrative officers.

Proposals of this character, I submit, will not achieve desirable results, first, because they fail to differentiate among agencies, and secondly, because by and large their tendency is toward an expanded judicial authority in the event of litigation rather than toward a correction of shortcomings which may be detected in the methods of individual branches of the administrative.

The National Lawyers Guild, in my judgment, must engage itself actively in demonstrating that there are alternatives between what Dean Pound has called administrative absolutism (if by that is meant arbitrary administrative action) on the one extreme and judicial overlordship on the other. Indeed, I conceive it to be important for us to show that reliance upon the latter will in the vast bulk of cases not lead to an effective abatement of the former. We belong to a profession whose distinguishing mark should be a passion for justice—and by that I mean something more than a passion for justice to those of our clients who are able to pay the expenses of prolonged litigation. We know that if justice is to be obtained only by recourse to the courts after administrative action has become final, justice will be denied to many who are touched by governmental operations. We know, too, as Justice Brandeis has put it, responsibility is the great developer of men; hence we must oppose tendencies which would lead to a transference of power and its attendant responsibility from the administrative to the judiciary. The applicant for unemployment compensation, the lowly holder of a pushcart-peddler's license, the claimant of a workmen's compensation award, the struggling labor union—these and others like them are entitled to a fair and effective consideration of their cases in the first instance, and must not be cheated by an illusory guaranty of justice if they will but take a further step into the courts.

And, in any event, much of the most important and potentially damaging work of administrative agencies is performed without even a possibility of judicial review before the harm is done, if harm there is to be. Illustrative is the power to enact subordinate legislation—giving true content to a generally worded statute which indicates only the bare outlines of a policy. Abusive or inexpert exercise of this power may be dangerous in the extreme; yet it is one that can, in the nature of things, be only slightly susceptible of judicial control. Prof. Ralph Fuchs, in a recent issue of the Harvard Law Review, has pointed out some of the problems in this particular field, and has suggested the variety of the procedures that may more certainly lead to a wise utilization of the legislative authority of administrative officers.[9]

As a further illustration I might mention the power to institute prosecutions, a power whose exercise, as James Landis has recently remarked, may, no matter what may be the outcome of the later adjudication, produce in the mind of the public a conviction that the persons prosecuted have been guilty of serious offenses. The publicity given the initiation of action by the Securities and Exchange Commission, by the Federal Trade Commission, by a labor board, by a licensing authority, frequently, if not customarily, exceeds that given the ultimate determination of the issues raised by the complaint. But the power to make charges and to proceed to hear them is, once again, a power that cannot effectively be subjected to extraadministrative controls.

The conclusions I would draw from what I have said may be simply stated: As lawyers we are properly concerned that the administration and application of law should, while energetic, be just. Insofar as the effectuation of public policies has been committed to the administrative, we must insist upon a wise and fair fulfillment of the administrative responsibility. To the extent that there may be ineptitude or misuse of power we must seek to eliminate the causes or opportunities for such ineptitude or misuse. But that elimination can be realized only by an insistence that reform of administration must be internal. Internal reform will be achieved not by blanket restrictions or prescriptions, but by a careful investigation of particular administrative problems, by a studious exploration of available techniques, and above all by an emphasis on a personnel policy that will make possible a "professionalism in spirit" in the science of government. What we must carefully and constantly eschew, in my opinion, is the belief that the capacity to govern justly lies only beneath the black robes of the judges, and that to them, the wise and good fathers, we must turn hopefully for true guidance through the mazes of the law. That belief, I submit, may do more than merely produce poor government—it may also eventually produce chaos and thus destroy faith in government itself.

[7] Administrative Bureaus and the Lawyers (1938), 9 Mo. Bar J. 21.
[8] Fuchs, Administrative Bureaus and the Lawyers (1938), 9 Mo. Bar J. 93.
[9] Procedure in Administrative Rule-Making (1938) (52 Harv. L. Rev. 259).

DISTRICT JUDGE, EASTERN AND WESTERN DISTRICTS OF WASHINGTON

The PRESIDING OFFICER. The clerk will state the next bill on the calendar.

The Senate proceeded to consider the bill (S. 1554) to provide that the district judge for the western district of Washington, authorized to be appointed under the act of May 31, 1938, shall be a district judge for the eastern and western districts of Washington, which was read, as follows:

Be it enacted, etc., That the district judge, authorized to be appointed for the western district of Washington under the act entitled "An act to provide for the appointment of additional judges for certain United States district courts, circuit courts of appeals, and certain courts of the United States for the District of Columbia," approved May 31, 1938 (Public Act No. 555, 75th Cong., 3d sess.), shall be a district judge for the eastern and western districts of Washington.

Mr. KING. Mr. President, let me ask the Senator from Washington if the bill is satisfactory. There has been some controversy in regard to the measure, and I have been visited by one or two Members of the House with reference to it.

Mr. BONE. Mr. President, I will say that I do not know of any such controversy, if there be one. Certainly as a Senator from the State of Washington I ought to know about it if there is one. This is the first time I have been advised of it.

Mr. KING. I think the bill deals with the question of the residence of the judge. I know that there has been some controversy over the matter.

Mr. BONE. The bill does not deal with the question of the residence of the judge, but it affects the places where he may hold court. The judicial position has already been authorized. I have no objection to the bill.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

WITHDRAWAL OF NATIONAL-FOREST LANDS FOR WATERSHED PROTECTION

The Senate proceeded to consider the bill (S. 229) to authorize the withdrawal of national-forest lands for the protection of watersheds from which water is obtained for municipalities, and for other purposes, which had been reported from the Committee on Agriculture and Forestry with an amendment, on page 3, line 7, after the word "from", to strike out "utilization. Said" and insert "utilization, said", so as to make the bill read:

Be it enacted, etc., That whenever a municipality obtains its water supply from a national forest and has entered into a cooperative agreement with the Secretary of Agriculture for the protection of the watershed within the national forest from which the water is secured, the President of the United States may, and he is hereby, authorized, upon application by said municipality, approved by the Secretary of Agriculture, to reserve and set aside from all forms of location, entry, or appropriation any national-forest lands which are covered by such cooperative agreement, subject, however, to

valid existing rights and claims, and such reservation shall remain in force until revoked by the President or by an act of Congress: *Provided*, That nothing herein shall affect the power of the Secretary of the Interior to withdraw and utilize withdrawn lands under the Federal reclamation laws: *And provided further*, That the President, upon recommendation of the Secretaries of the Interior and Agriculture, may, by Executive order, when in his judgment the public interest would best be served thereby and after reasonable notice has been given through the Department of the Interior, restore any of the lands so withdrawn to appropriation under an applicable public-land law.

SEC. 2. Lands withdrawn under the provisions of this act shall be administered by the Secretary of Agriculture under such agreements for the protection of the watershed as he may make with the municipality concerned, and the Secretary of Agriculture is hereby authorized, in addition to the rules and regulations adopted for the administration of the national forests, to adopt and prescribe such further rules and regulations as he considers necessary to effect the adequate protection of the watershed, including a rule or regulation forbidding persons other than forest officers and representatives of the municipality from going on the lands so reserved or making any use whatever thereof.

SEC. 3. Whenever national-forest lands are withdrawn under this act, and the municipality concerned objects to the utilization of the timber or other resources of lands withdrawn, and the Secretary of Agriculture agrees to withhold such resources from utilization, said municipality shall pay to the Forest Service annually an amount which the Secretary of Agriculture shall determine is necessary to reimburse the United States for the loss of net annual revenues which would be derived from the resources so withheld from disposition.

SEC. 4. Any violation of the regulations issued under this act shall be punished as is provided in section 50 of the act entitled "An act to codify, revise, and amend the penal laws of the United States," approved March 4, 1909 (35 Stat. L. 1098).

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

JOINT RESOLUTION PASSED OVER

The joint resolution (H. J. Res. 188) authorizing the delegation of certain authority within the Department of Agriculture was announced as next in order.

Mr. KING. Let us have an explanation of the joint resolution.

Mr. JOHNSON of California. Let the joint resolution go over.

The PRESIDING OFFICER. The joint resolution will be passed over.

COPYRIGHTS

The Senate proceeded to consider the bill (S. 547) to amend section 23 of the act of March 4, 1909, relating to copyrights, which had been reported from the Committee on Patents with an amendment, on page 1, line 5, to strike out "first *'provided further'*" and insert "second proviso", so as to make the bill read:

Be it enacted, etc., That section 23 of the act of March 4, 1909 (35 Stat. 1080; U. S. C., title 17, sec. 23), is hereby amended by deleting from the second proviso clause thereof the words "when such contribution has been separately registered."

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (S. 162) to protect producers, manufacturers, distributors, and consumers from the unrevealed presence of substitutes and mixtures in spun, woven, knitted, felted, or otherwise manufactured wool products, and for other purposes, was announced as next in order.

Mr. WHITE. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

ROLAND P. WINSTEAD

The bill (H. R. 312) for the relief of Roland P. Winstead was considered, ordered to a third reading, read the third time, and passed.

REIMBURSEMENT OF NAVY AND MARINE CORPS PERSONNEL

The bill (H. R. 4084) to provide for the reimbursement of certain personnel or former personnel of the United States Navy and United States Marine Corps for the value of personal effects destroyed as a result of a fire at the Marine Barracks, Quantico, Va., on October 27, 1938, was considered, ordered to a third reading, read the third time, and passed.

J. S. MELLOAN AND THE BOSTON MILLING CO.

The bill (S. 1037) for the relief of J. S. Melloan and the Boston Milling Co. was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That notwithstanding any statute of limitation the Bureau of Internal Revenue, Treasury Department, is authorized to receive and consider claim filed by J. S. Melloan, owner of Boston Milling Co., Boston, Ky., on November 15, 1937, for a refund of $400 tax paid by him under the Agricultural Adjustment Act on the processing of field corn, which claim was filed under the provisions of section 903 of the Revenue Act of 1936 but was not filed within the time specified within that act.

EPES TRANSPORTATION CORPORATION

The bill (S. 1042) for the relief of Epes Transportation Corporation was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the Epes Transportation Corporation, of Virginia, the sum of $6,537.95, in full satisfaction of all claims of such corporation against the United States, such sum representing taxes (with interest and penalty) paid to the United States by such corporation on account of certain cigarettes and tobacco products which were withdrawn from bonded warehouse in Winston-Salem, N. C., by such corporation for export to foreign consignees, but which were not exported due to the fact that such cigarettes and tobacco products were stolen from the trucks of such corporation en route to the intended exportation point: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

WILLIAM E. COWEN

The bill (S. 1823) for the relief of William E. Cowen was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to William E. Cowen, of Washington, D. C., an employee of the custodian's office, Senate Office Building, the sum of $265, in full settlement of his claim against the United States for medical and hospital expenses incurred as a result of injuries sustained on April 29, 1937, when his left foot was crushed between the loading platform and the subway car: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

MIMBRES RIVER DAM, N. MEX.

The Senate proceeded to consider the bill (S. 1558) to provide for granting to the State of New Mexico an easement with respect to certain lands in New Mexico, which had been reported from the Committee on Public Lands and Surveys with an amendment to strike out all after the enacting clause and insert the following:

That the grant of a perpetual easement to the United States Government and the Works Progress Administration pursuant to an instrument dated November 15, 1935, and recorded on December 22, 1936, for the construction and maintenance of a dam and reservoir in Bear Canyon, on the Mimbres River, in Grant County, N. Mex., located in sections 28 and 29, township 16 south, range 11 west, New Mexico principal meridian, be, and the same hereby is, accepted.

SEC. 2. The Works Progress Administrator is hereby authorized and directed to acquire by purchase, condemnation, or otherwise, such other lands and interests in land as he may deem necessary for use in connection with the maintenance of said dam and reservoir and to carry out the purposes of this act.

SEC. 3. For the purpose of carrying out the provisions of section 2 of this act, the Works Progress Administrator is hereby authorized to use funds heretofore or hereafter appropriated to, or for, the Works Progress Administration.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill to provide for the acceptance of an easement with respect to certain lands in New Mexico, and for other purposes."

AMENDMENT OF TAYLOR GRAZING ACT

The Senate proceeded to consider the bill (S. 2237) to amend the Taylor Grazing Act, which was read, as follows:

Be it enacted, etc., That the act entitled "An act to stop injury to the public grazing lands by preventing overgrazing and soil deterioration, to provide for their orderly use, improvement, and development, to stabilize the livestock industry dependent upon the public range, and for other purposes," approved June 28, 1934, as amended, is amended by adding at the end thereof the following new section:

"SEC. 18. (a) In order that the Secretary of the Interior may have the benefit of the fullest information and advice concerning physical, economic, and other local conditions in the several grazing districts, there shall be an advisory board of local stockmen in each such district, the members of which shall be known as grazing district advisers. Each such board shall consist of not less than 5 nor more than 12 members, exclusive of wildlife representatives, 1 such representative to be appointed by the Secretary, in his discretion, to membership on each such board. Except for such wildlife representatives, the names of the members of each district advisory board shall be recommended to the Secretary by the users of the range in that district through an election conducted under rules and regulations prescribed by the Secretary. No grazing district adviser so recommended, however, shall assume office until he has been appointed by the Secretary and has taken an oath of office. The Secretary may, after due notice, remove any grazing district adviser from office if in his opinion such removal would be for the good of the service.

"(b) Each district advisory board shall meet at least once annually at a time to be fixed by the Director of Grazing, or by such other officer to whom the Secretary may delegate the function of issuing grazing permits, and at such other times as its members may be called by such officer. Each board shall offer advice and make a recommendation on each application for such a grazing permit within its district: *Provided*, That in no case shall any grazing district adviser participate in any advice or recommendation concerning a permit, or an application therefor, in which he is directly or indirectly interested. Each board shall further offer advice or make recommendations concerning rules and regulations for the administration of this act, the establishment of grazing districts and the modification of the boundaries thereof, the seasons of use and carrying capacity of the range, and any other matters affecting the administration of this act within the district. Except in a case where in the judgment of the Secretary an emergency shall exist, the Secretary shall request the advice of the advisory board in advance of the promulgation of any rules and regulations affecting the district."

Mr. BORAH. Mr. President, I should like to have the Senator in charge of the bill explain the proposed amendment of the Taylor Grazing Act.

Mr. McCARRAN. Mr. President, the bill has the approval of the Secretary of the Interior. It merely provides for the enactment into law of that which is now provided by regulation, namely, that the users of any particular range in any particular grazing district may elect the members of their advisory board. When the law was passed it did not make such provision, but a regulation of the Secretary of the Interior now provides that the users of a range in a particular district may elect advisers to consult with the chief grazer of the particular district pertaining to the administration of the range in that district. The bill writes that provision, in general terms, into the law. That is the substance of the bill as it is before the Senate.

Mr. BORAH. The Senator did not favor us by slipping in a clause repealing the act itself, did he? [Laughter.]

Mr. McCARRAN. Oh, no.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

CONVEYANCE OF LANDS TO STATE OF NEVADA

The Senate proceeded to consider the bill (S. 2133) authorizing the conveyance of certain lands to the State of Nevada, which had been reported from the Committee on Public Lands and Surveys with an amendment, on page 1, line 8, after the word "meridian", to insert a comma and the words "in part satisfaction of the grant to the State for university purposes made by the act of July 4, 1866 (14 Stat. 85): *Provided*, That the patent issued to the State for this tract shall contain a reservation to the United States for all oil, gas, and other mineral deposits, together with the right to prospect for, mine, and remove the same under such regulations as the Secretary of the Interior may prescribe", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Interior is authorized and directed to convey to the State of Nevada all right, title, and interest of the United States in the following-described area: The northwest quarter of the northeast quarter of section 11, township 43 north, range 51 east, Mount Diablo base and meridian, in part satisfaction of the grant to the State for university purposes made by the act of July 4, 1866 (14 Stat. 85): *Provided*, That the patent issued to the States for this tract shall contain a reservation to the United States for all oil, gas, and other mineral deposits, together with the right to prospect for, mine, and remove the same under such regulations as the Secretary of the Interior may prescribe.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

THOMAS G. ABBITT

The bill (S. 1474) for the relief of Thomas G. Abbitt was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the limitations of time in sections 15 to 20, both inclusive, of the act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes", approved September 7, 1916, as amended, are hereby waived in favor of Thomas G. Abbitt, of Catawba Sanatorium, Virginia, and the United States Employees' Compensation Commission is authorized, under the remaining provisions of said act, to receive and consider his claim for disability from tuberculosis alleged to have been contracted as a result of his employment by the Corps of Engineers, War Department, in conducting a survey of the Roanoke River during the months of November and December 1930 and January to June, inclusive, 1931: *Provided*, That claim hereunder shall be filed within 6 months from the date of the approval of this act: *Provided further*, That no benefits shall accrue prior to the approval of this act.

C. L. HERREN

The Senate proceeded to consider the bill (S. 2023) for the relief of C. L. Herren, which had been reported from the Committee on Claims with amendments, on page 1, line 3, to strike out "Postmaster General" and insert "Comptroller General of the United States"; on line 5, to strike out "accounts" and insert "postal savings account"; on page 2, after line 2, to insert "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000", so as to make the bill read:

Be it enacted, etc., That the Comptroller General of the United States is authorized and directed to credit the postal-savings account of C. L. Herren, postmaster at Clarinda, Iowa, in the sum of $3,124.98, representing the amount due the United States on account of the embezzlement of postal-savings funds by Clarence P. Brown, formerly a clerk in the Clarinda, Iowa, post office.

SEC. 2. The Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the said C. L. Herren a sum equal to the total sum of any amounts which have been paid by him to the United States in settlement of such amount: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

WISCONSIN MILLING CO. AND WISCONSIN TELEPHONE CO.

The bill (H. R. 2478) for the relief of the Wisconsin Milling Co. and Wisconsin Telephone Co. was considered, ordered to a third reading, read the third time, and passed.

VIRGIL KUEHL

The Senate proceeded to consider the bill (H. R. 2346) for the relief of Virgil Kuehl, a minor, which had been reported from the Committee on Claims with an amendment, on page 1, line 7, to strike out "$5,000" and insert "$3,500", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the legal guardian of Virgil Kuehl, a minor of San Antonio, Tex., the sum of $3,500, in full settlement of all claims against the Government for injuries sustained on December 13, 1935, when a ladder, negligently placed against a school building by employees of the Works Progress Administration, fell upon him at Perry School, Perry, Tex.: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with the claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

GEORGE R. MORRIS

The Senate proceeded to consider the bill (S. 263) for the relief of George R. Morris, which had been reported from the Committee on Claims with amendments, on page 1, line 7, to strike out "and supplemented" and insert "by sundry acts, including the act of February 15, 1934"; on line 10, after "November", to strike out "10" and insert "9"; and on page 2, line 6, after the word "act", to insert a colon and the words "*Provided*, That no benefits shall accrue prior to the approval of this act", so as to make the bill read:

Be it enacted, etc., That in the administration of the act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes," approved September 7, 1916, as amended by sundry acts, including the act of February 15, 1934, any disability of George R. Morris, of Portland, Oreg., resulting from his having been crushed between two automobiles on November 9, 1936, shall be held and considered to be directly attributable to traumatic injury received by him in the performance of his duty as an employee of the Works Progress Administration; and the United States Employees' Compensation Commission is authorized and directed to consider and act upon any claim filed by him under the provisions of such act, as amended and supplemented, within 1 year from the date of enactment of this act: *Provided*, That no benefits shall accrue prior to the approval of this act.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

FLOYD M. DUNSCOMB

The Senate proceeded to consider the bill (S. 2275) for the relief of Floyd M. Dunscomb, which had been reported from the Committee on Claims with amendments, on page 1, line 6, to strike out "$382.21. Such sum represents" and insert "$175, in full settlement of all claims against the United States for", and to insert a proviso at the end of the bill, so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Floyd M. Dunscomb, Norvell, Mich., the sum of $175, in full settlement of all claims against the United States for the value of personal property owned by Floyd M. Dunscomb and destroyed by fire at Camp Bewabic, Crystal Falls, Mich., on February 13, 1937, while said Floyd M. Dunscomb was an employee of the Civilian Conservation Corps: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

R. G. SCHRECK LUMBER CO.

The Senate proceeded to consider the bill (S. 2276) for the relief of the R. G. Schreck Lumber Co., which had been reported from the Committee on Claims with an amendment, on page 2, line 1, after the word *"Provided"*, to strike out "That no part of the amounts appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of service rendered in connection with such claims. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amounts appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with such claims, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000" and to insert "That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the R. G. Schreck Lumber Co., of East Tawas, Mich., the sum of $337.85, in full satisfaction of its claims for the remission of liquidated damages deducted from amounts otherwise due it for lumber and building materials furnished the United States Forest Service, Department of Agriculture, pursuant to purchase order No. 427, dated May 29, 1936, purchase order No. 477, dated June 9, 1936, and purchase order No. 483, dated June 10, 1936: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

GEORGE HOUSTON

The bill (H. R. 1363) for the relief of George Houston was considered, ordered to a third reading, read the third time, and passed.

A. W. EVANS

The Senate proceeded to consider the bill (H. R. 2583) for the relief of A. W. Evans, which had been reported from the Committee on Claims with an amendment, on page 1, line 6, to strike out "$5,000" and insert "$3,000", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to A. W. Evans, of Mount Olive, Miss., the sum of $3,000, in full and final settlement of any and all claims against the United States for injuries received when he was struck by a Forest Service truck, in Mount Olive, Miss., on August 18, 1936: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

Mr. BILBO. Mr. President, I ask Senators to reject the committee amendment. I know Mr. Evans personally, and while passing through the town where the accident referred to in this bill happened, I took occasion to investigate the conditions at the place where Mr. Evans was injured, and I know his present condition.

When the House committee had this bill under consideration they unanimously recommended that Mr. Evans be paid $7,500 for the injuries sustained. On the floor of the House

someone objected, and the amount was reduced to $5,000. The Senate committee has reduced it further to $3,000.

Mr. President, I have discussed this matter with the Senator from Kentucky [Mr. LOGAN], the chairman of the Committee on Claims, and he says he has no objection to the Senate rejecting the committee amendment and restoring the figure to the amount fixed by the House.

The records show that Mr. Evans, who is a reputable citizen of Mount Olive, Miss., was standing on what was known as neutral ground, near an automobile, when there came along a C. C. C. truck whose driver was scuffling with a companion over a package of cigarettes. Notwithstanding the fact that they had 24 feet in which to pass, on the main highway, they permitted their truck to cross the highway and go onto the neutral ground, and Mr. Evans was caught between a standing car and the truck of the C. C. C.

I have just had a report from Representative COLMER, of the House of Representatives, and I find that Mr. Evans is now in the hospital as a result of the accident. He has been suffering for nearly 3 years; it will be 3 years on the 18th of August. Mr. Evans has been in two or three hospitals and has been under treatment by doctors as a result of the severe injuries he received. The complications following the injury compelled him to quit business a year ago, and he has not even been permitted to attend to church business under the advice of physicians.

There was no negligence on Mr. Evans' part, and the evidence shows that the accident was the result of the negligence of the boys driving the Government truck. I therefore feel sure that I am not asking too much in requesting Senators to let the $5,000 stand as the bill passed the House. I ask the Senate to reject the Senate committee amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee.

The amendment was rejected.

The bill was ordered to a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (S. 28) to provide for the erection of a public historical museum in the Custer Battlefield National Cemetery, Mont., was announced as next in order.

Mr. KING. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

USE OF WATER FOR FIRE FIGHTING

The bill (S. 903) to authorize the Chief of Engineers of the Army to enter into agreements with local governments adjacent to the District of Columbia for the use of water for the purposes of fire fighting only was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Chief of Engineers of the Army is hereby authorized to formulate regulations and enter into agreements with county or other local governments in communities adjacent to the District of Columbia for the use of unfiltered water from the supply conduits along Conduit Road between the Dalecarlia Reservoir and Great Falls for emergency purposes in fire fighting only.

MAUDE ISABEL RATHBURN MINER

The bill (S. 1238) for the relief of Maude Isabel Rathburn Miner was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of the pension laws or any laws conferring rights, privileges, or benefits upon persons honorably discharged from the United States Army Maude Isabel Rathburn Miner, who served as a contract nurse in the Army Nurse Corps at Division Hospital, Seventh Army Corps, Camp Cuba Libre, Jacksonville, Fla., from September 21, 1898, to November 7, 1898, and who was honorably discharged on November 7, 1898, shall be held and considered to have been discharged on account of physical disability incurred during said service: *Provided*, That no back pay, compensation, benefit, or allowance shall be held to have accrued by reason of this act prior to its passage.

CLAIMS AGAINST MEXICO

The bill (H. R. 3065) to amend Public Law No. 370, Seventy-fourth Congress, approved August 27, 1935 (49 Stat. 906), was considered, ordered to a third reading, read the third time, and passed.

FRANCES VIRGINIA M'CLOUD

The bill (H. R. 5933) for the relief of Frances Virginia McCloud was considered, ordered to a third reading, read the third time, and passed.

W. ELIZABETH BERTZ

The bill (H. R. 5934) for the relief of W. Elizabeth Bertz was considered, ordered to a third reading, read the third time, and passed.

CHARLOTTE J. GILBERT

The bill (H. R. 5935) for the relief of Charlotte J. Gilbert was considered, ordered to a third reading, read the third time, and passed.

INTERNATIONAL EXHIBITION OF POLAR EXPLORATION

The joint resolution (S. J. Res. 137) authorizing and requesting the President to accept the invitation of the Government of Norway to the Government of the United States to participate in an International Exhibition of Polar Exploration, which will be held at Bergen, Norway, in 1940, and authorizing an appropriation to cover the expenses of such participation, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Resolved, etc., That the President is hereby authorized and requested to accept the invitation extended by the Government of Norway to the Government of the United States to participate in an International Exhibition of Polar Exploration, which is to be held at Bergen, Norway, in 1940.

SEC. 2. The President is authorized to appoint a commissioner to represent the United States at the exhibition, who will serve in this capacity without compensation; or the President is authorized to designate, upon the nomination of the Secretary of State, a permanent Government official as commissioner to represent the United States at the exhibition, who will serve in this capacity without additional compensation. The expenses of the commissioner and such staff as he may need to assist him will be met out of funds provided for the purposes of Government participation in the exhibition. The duties of the commissioner and his assistants shall be prescribed by the Secretary of State. The other departments of the Government are authorized and directed to cooperate with the Secretary of State or his authorized representatives in preparing the exhibit.

SEC. 3. The Secretary of State is authorized to employ such assistants as may be deemed necessary to carry out the provisions of this resolution, and to fix their reasonable compensation without regard to the civil-service laws and regulations and the Classification Act of 1923, as amended; to purchase such materials, contract for such labor and other services as may be necessary, without regard to the provisions of section 3709 of the Revised Statutes (U. S. C., title 41, sec. 5). The Secretary of State may delegate to the commissioner or other officer any of the powers vested in him by this resolution as may be deemed advisable.

SEC. 4. In order to defray the expenses of representation of the United States at the exhibition, including personal services in the District of Columbia or elsewhere; transportation of things; traveling and subsistence expenses; rent and heating, lighting and maintenance services; printing and binding; selection, purchase, assembling, preparation, transportation, arrangement, safekeeping, demonstration, removing, repairing, and altering of an exhibit or exhibits, including the preparation of an exhibit plan; official cards; entertainment; hire, maintenance, and operation of motor-propelled passenger-carrying vehicles; communication service; purchase or rental of furniture and equipment; stationery and supplies, books of reference, and periodicals, newspapers and other appropriate publications, maps, reports, documents, plans, specifications, and manuscripts; and ice and drinking water for office use: *Provided*, That arrangements for telephone services, rents, and subscriptions to newspapers and periodicals may be made in advance; and such other expenses as may be necessary in the opinion of the Secretary of State to carry out the purposes of this resolution; the sum of $35,500, or so much thereof as may be necessary, is authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, to remain available until expended for the purposes of this joint resolution, and any unexpended balances shall be covered into the Treasury of the United States. All expenditures shall be subject to the approval of the Secretary of State and payable upon his certification: *Provided further*, That he is authorized in his discretion to delegate this authority to the commissioner or such other officer as he may deem advisable. Such expenditures shall not be subject to the provisions of any law regulating or limiting expenditure of public money other than this resolution, but this provision shall not be construed to waive the submission of accounts and vouchers to the General Accounting Office for audit, or permit any indebtedness to be incurred in excess of the amount authorized to be appropriated.

SEC. 5. The heads of the various executive departments and independent offices and establishments of the Government are authorized and directed to assist the Secretary of State, or such other officers of the Government as may be designated or appointed by the Secretary of State, to assemble the exhibit, in the procurement,

installation, and display of an exhibit, or exhibits; to lend such materials, articles, manuscripts, documents, papers, specimens, and exhibits as the Secretary of State shall deem to be in the interest of the United States in carrying out the purposes of this resolution; and to contract for such labor or other services as may be requested by the Secretary of State, without regard to section 3709 of the Revised Statutes (U. S. C., title 41, sec. 5).

SEC. 6. The commissioner or officer in charge of the preparation of the exhibit, with the approval of the Secretary of State, may receive from any source contributions of material to aid in carrying out the general purposes of this resolution, and at the close of the exhibition or when the connection of the Government of the United States therewith ceases shall, under the direction of the Secretary of State, return the articles so contributed to the source from which they came, or dispose of them, or such portion thereof as may be unused, and account therefor.

SEC. 7. Any expenses incident to the restoration of any of the property assembled under the provisions of this resolution, to such a condition which will permit its use at subsequent exhibitions or celebrations, and for the continued employment of personnel necessary to close out the fiscal and other records and to prepare the reports, may be paid from the appropriation authorized herein.

SEC. 8. It shall be the duty of the Secretary of State to transmit to the Congress within 6 months after the close of the exhibition a detailed statement of all expenditures, together with such other reports as may be deemed proper, which reports shall be prepared and arranged with a view to concise statement and convenient reference.

SEVENTH INTERNATIONAL CONGRESS FOR THE RHEUMATIC DISEASES

The joint resolution (H. J. Res. 180) to provide that the United States extend to foreign governments invitations to participate in the Seventh International Congress for the Rheumatic Diseases to be held in the United States during the calendar year 1940 and to authorize an appropriation to assist in meeting the expenses of the session was considered, ordered to a third reading, read the third time, and passed.

MIDDLETOWN AIR DEPOT MILITARY RESERVATION, PA.

The bill (S. 1667) to provide a right-of-way to the Keystone Pipe Line Co. was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of War be, and he is hereby, authorized and empowered, under such terms and conditions as are deemed advisable by him, to grant to Keystone Pipe Line Co., its successors and/or assigns, an easement for a right-of-way for oil pipe lines over, across, in, and upon the Middletown Air Depot Military Reservation, in the State of Pennsylvania: *Provided*, That such right-of-way shall be granted only upon a finding by the Secretary of War that the same will be in the public interest and will not substantially injure the interest of the United States in the property affected thereby: *Provided further*, That all or any part of such right-of-way may be annulled and forfeited by the Secretary of War if the property is needed for governmental purposes or for failure to comply with the terms or conditions of any grant hereunder, or for nonuse or for abandonment of rights granted under authority hereof.

The title was amended so as to read: "A bill to provide a right-of-way across the Middletown Air Depot Military Reservation, Pa."

Mr. McNARY. Mr. President, in the absence of the Senator from Pennsylvania [Mr. DAVIS] I ask unanimous consent that the report on this bill, which is brief, be printed in the RECORD at this point.

There being no objection, the report (No. 525) was ordered to be printed in the RECORD, as follows:

The Committee on Military Affairs, to whom was referred the bill (S. 1667) to provide a right-of-way, having considered the same, report favorably thereon with a recommendation that it do pass, the title amended so as to read: "A bill to provide a right-of-way across the Middletown Air Depot Military Reservation, Pa."

The purpose of this bill is to authorize the Secretary of War to grant an easement to the Keystone Pipe Line Co. for a right-of-way for oil pipe lines across the Middletown Air Depot Military Reservation, Pa.

The bill also provides that the right-of-way shall be granted only upon the finding of the Secretary of War that it will be in the public interest and will not substantially injure the interest of the United States in the property affected; that all or any part of such right-of-way may be annulled and forfeited by the Secretary of War if the property is needed for governmental purposes or for failure to comply with the terms of the grant or for nonuse.

The Secretary of War has no authority to grant easements of this character. However, the Attorney General has held that a revocable license could be granted, with the stipulation that the licensee subsequently obtain authority of Congress for a continuation of the grant. Accordingly, a revocable license dated July 15, 1936, was granted to this company to install, operate, and maintain the oil pipe lines referred to for a period not to exceed 5 years. This license specifically provides that extension or renewal of the grant will not be made unless the licensee has meanwhile obtained the authority of Congress to continue the operation and maintenance of the pipe lines.

Report from the War Department on S. 1667, under date of April 26, 1939, follows:

Hon. MORRIS SHEPPARD,
Chairman, Committee on Military Affairs,
United States Senate.

DEAR SENATOR SHEPPARD: Careful consideration has been given to the bill (S. 1667) to provide a right-of-way.

The legal effect of the bill would be to authorize the Secretary of War to grant an easement to the Keystone Pipe Line Co. for a right-of-way for oil pipe lines across the Middletown Air Depot Military Reservation, Pa. The measure provides that—

The right-of-way shall be granted only upon a finding by the Secretary of War that it will be in the public interest and will not substantially injure the interest of the United States in the property affected.

The grant will be subject to such terms and conditions as are deemed advisable by the Secretary of War.

All or any part of such right-of-way may be annulled and forfeited by the Secretary of War if the property is needed for governmental purposes, or for failure to comply with the terms of the grant or for nonuse.

There is no existing law authorizing the Secretary of War to grant easements for rights-of-way for oil pipe lines across military reservations.

While the Secretary of War has no authority to grant easements of this character, the Attorney General has held that a revocable license could be granted, with the stipulation that the licensee subsequently obtain authority of Congress for a continuation of the grant.

A revocable license dated July 15, 1936, was accordingly granted to the Keystone Pipe Line Co. to install, operate, and maintain the oil pipe lines referred to in the above bill, for a period not to exceed 5 years. This license specifically provides that extension or renewal of the grant will not be made unless the licensee has meanwhile obtained the authority of Congress to continue the operation and maintenance of the pipe lines.

In view of the foregoing the War Department has no objection to the enactment of S. 1667 into law.

This proposed legislation was submitted to the Bureau of the Budget, which advises that there would be no objection to the submission of the above report to the committee.

Sincerely yours,

HARRY H. WOODRING,
Secretary of War.

CASIMER BOROWIAK

The bill (S. 1594) for the relief of Casimer Borowiak, was announced as next in order.

Mr. KING. I ask that the bill be passed over.

Mr. MINTON. Mr. President, will the Senator withhold his objection?

Mr. KING. Yes.

Mr. MINTON. I wish to make an explanation of the bill. This soldier, Casimer Borowiak, enlisted and went overseas, and served with great credit during the World War. He was honorably discharged and returned to the United States. Thereafter he had three reenlistments, as I recollect, from each of which he received an honorable discharge. During his last service he created a disturbance in, I believe, Buffalo, N. Y., and was arrested and taken in charge by the civil authorities. He was discharged with a blue slip, which meant neither honorable discharge nor dishonorable discharge.

Mr. President, I think a soldier who had so splendid a record of service overseas, who had three or four honorable discharges from reenlistments, but who became involved in a disturbance, the nature of which I do not know, ought not to be turned out of the Army with a blot upon his military record, and I ask that the bill be considered and passed.

Mr. KING. I agree with the Senator from Indiana.

Mr. MEAD. Mr. President, I wish to verify the statement made by the Senator from Indiana.

Mr. KING. Then there are three Senators in favor of the bill.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of the compensation laws and laws conferring rights and privileges upon honorably discharged soldiers, sailors, marines, etc., their widows and dependent relatives, Casimer Borowiak shall hereafter be held and considered to have been honorably discharged from Company F,

Twenty-eighth Regiment United States Infantry, May 10, 1933: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

THOMAS SALLENG

The bill (S. 40) for the relief of Thomas Salleng was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers Thomas Salleng, who was a member of Company D, Ninth Regiment United States Infantry, shall hereafter be held and considered to have been honorably discharged from the military service of the United States on the 11th day of September 1905: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

WILLIAM T. DICKSON

The bill (S. 1547) to correct the military record of William T. Dickson was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of War is authorized and directed (1) to amend the records of the War Department to show that William T. Dickson (Army serial No. 1057878) was honorably discharged as a private, Forty-third Balloon Company, United States Army, on June 9, 1934, and (2) to issue to the said William T. Dickson a certificate of honorable discharge as a private, Forty-third Balloon Company, United States Army, under date of June 9, 1934.

PRIZE-FIGHT FILMS

The bill (S. 2047) to divest prize-fight films of their character as subjects of interstate or foreign commerce, and for other purposes, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That every film or other pictorial representation of any prize fight or encounter of pugilists, under whatever name, transported into any State, Territory, or possession, for use, sale, storage, exhibition, or other disposition therein is hereby divested of its character as a subject of interstate or foreign commerce to the extent that it shall upon crossing the boundary of such State, Territory, or possession, be subject to the operation and effect of the laws of such State, Territory, or possession enacted in the exercise of its police power.

SEC. 2. The act entitled "An act to prohibit the importation and the interstate transportation of films or other pictorial representations of prize fights, and for other purposes," approved July 31, 1912 (U. S. C., title 18, secs. 405–407), is hereby repealed.

BILL PASSED OVER

The bill (S. 457) to amend the World War Adjusted Compensation Act was announced as next in order.

Mr. KING. Mr. President, let us have an explanation of the bill.

The PRESIDING OFFICER. The Senator from Utah requests an explanation of the bill. The chairman of the Committee on Military Affairs is not present at the moment.

Mr. KING. I ask that the bill be passed over.

The PRESIDING OFFICER. The bill will be passed over.

BLOCK BOOKING AND BLIND SELLING

The bill (S. 280) to prohibit and to prevent the trade practices known as compulsory block booking and blind selling in the leasing of motion-picture films in interstate and foreign commerce, was announced as next in order.

Mr. NEELY. Mr. President, the limitations of the existing order of business impel me to announce that I shall refrain from attempting to bring this bill before the Senate today. But I now respectfully give notice to all concerned that at the earliest appropriate hour after the Senate convenes on Wednesday, the 21st day of June, I shall move that the Senate proceed to the consideration of this important measure.

The PRESIDING OFFICER. The bill will be passed over.

DISCRIMINATION AGAINST GRADUATES OF CERTAIN SCHOOLS

The bill (S. 1610) to prevent discrimination against graduates of certain schools, and those acquiring their legal education in law offices, in the making of appointments to Government positions the qualifications for which include legal training or legal experience, was announced as next in order.

Mr. BROWN. Mr. President, on behalf of the junior Senator from Rhode Island [Mr. GREEN] I ask that Senate bill 1610 go over.

The PRESIDING OFFICER. The bill will be passed over.

Mr. SHEPPARD subsequently said: Mr. President, what happened when Senate bill S. 1610 was reached on the calendar?

The PRESIDING OFFICER. On objection, the bill was passed over.

Mr. SHEPPARD. I was unavoidably out of the Chamber when the bill was called, and I ask unanimous consent to recur to Senate bill 1610.

The PRESIDING OFFICER. The Chair will state to the Senator from Texas that the Senator from Michigan [Mr. BROWN] requested that the bill go over. He did so at the request of the junior Senator from Rhode Island [Mr. GREEN]. Neither Senator is present at this time.

Mr. SHEPPARD. Very well.

Mr. McNARY. Mr. President, I wish to make the statement that I favor the passage of the bill, but on behalf of the absent Senator from Rhode Island [Mr. GREEN] request was made that the bill go over.

SAN DIEGO-CABRILLO QUADRICENTENNIAL CELEBRATION

The joint resolution (S. J. Res. 124) authorizing the President to invite foreign countries to participate in the San Diego-Cabrillo Quadricentennial Celebration, to be held in 1942, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Resolved, etc., That the President is authorized to invite by proclamation, or in such other manner as he may deem proper, foreign countries to send naval (or merchant) vessels to San Diego, Calif., to participate in the San Diego-Cabrillo Quadricentennial Celebration, to be held in 1942, in commemoration of the discovery of California and the west coast of the United States by Juan Rodriguez Cabrillo, a native of Portugal, who, while in the service of the King of Spain, entered San Diego Harbor on September 28, 1542.

EXTENSION OF JURISDICTION OF UNITED STATES DISTRICT COURT, HAWAII

The Senate proceeded to consider the bill (S. 1114) to extend the jurisdiction of the United States District Court, Territory of Hawaii, over the Midway Islands, Wake Island, Johnston Island, Sand Island, Kingman Reef, Kure Island, Baker Island, Howland Island, Jarvis Island, Canton Island, Enderbury Island, and for other purposes, which had been reported from the Committee on the Judiciary with amendments, on page 1, line 8, after "Jarvis Island", to strike out "Canton Island, Enderbury Island"; and on page 2, line 1, after the word "thereto", to insert "and that, having regard to the special status of Canton and Enderbury Islands in which the Governments of the United States and of the United Kingdom have agreed to set up a regime for their use in common, the said jurisdiction be, and the same is hereby, extended to all civil and criminal cases arising on or within Canton Island, Enderbury Island, and the waters adjacent thereto", so as to make the bill read:

Be it enacted, etc., That the jurisdiction of the United States District Court, Territory of Hawaii, be, and the same is hereby, extended to all civil and criminal cases arising on or within the Midway Islands, Wake Island, Johnston Island, Sand Island, Kingman Reef, Kure Island, Baker Island, Howland Island, Jarvis Island, and the waters adjacent thereto, and that, having regard to the special status of Canton and Enderbury Islands in which the Governments of the United States and of the United Kingdom have agreed to set up a regime for their use in common, the said jurisdiction be, and the same is hereby, extended to all civil and criminal cases arising on or within Canton Island, Enderbury Island, and the waters adjacent thereto. All civil acts and deeds consummated and taking place on any of these islands or in the waters adjacent thereto, and all offenses and crimes committed thereon, or on or in the waters adjacent thereto, shall be deemed to have been consummated or committed on the high seas on board a merchant vessel or other vessel belonging to the United States and shall be adjudicated and determined or adjudged and punished according to the laws of the United States relating to such civil acts or offenses on such ships or vessels on the high seas, which laws for the purpose aforesaid are extended over such islands, rocks, and keys.

The situs for the trial of such civil and criminal cases shall be the situs of the United States District Court, Territory of Hawaii.

Appeals in such cases from said district court shall be had and allowed to the Circuit Court of Appeals for the Ninth Judicial Circuit in the same manner as appeals are allowed from district courts to courts of appeal of the United States as provided by law; and the laws of the United States relating to juries and jury trials shall be applicable to the trial of such cases before said district court.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

RULES OF PROCEDURE IN DISTRICT COURT OF HAWAII

The bill (H. R. 162) to make effective in the district court for the Territory of Hawaii rules promulgated by the Supreme Court of the United States governing pleading, practice, and procedure in the district courts of the United States was considered, ordered to a third reading, read the third time, and passed.

PAYMENTS DUE UNDER AGRICULTURAL PROGRAMS

The Senate proceeded to consider the bill (S. 478) to provide for more expeditious payment of amounts due to farmers under agricultural programs, which had been reported from the Committee on Agriculture and Forestry with an amendment to strike out all after the enacting clause and to insert in lieu thereof the following:

That the Secretary of Agriculture is authorized and directed to make, at the earliest possible date, without regard to any audit or examination by any agency of the Government, all payments which may be due any persons under the agricultural adjustment and soil conservation programs for the year 1938. Payments for the year 1938 and subsequent years shall be made without reference to claimed refunds, alleged indebtedness, overpayments, mistakes in compliance, or other errors for the year 1937.

Mr. KING. Mr. President, may I take the liberty of inquiring of the distinguished Senator who now occupies the chair whether that measure in any way modifies the present law?

The PRESIDING OFFICER (Mr. HATCH in the chair). The measure does not modify the present law. It merely requires the Secretary of Agriculture to make the 1938 payments without regard to certain technical errors and claims for refunds that have been made for 1937.

Mr. KING. Did the committee consider it?

The PRESIDING OFFICER. Yes; the committee considered it, and the present occupant of the chair discussed it some days ago on the floor of the Senate.

Mr. KING. I have no objection.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

COL. ERNEST GRAVES

The bill (S. 681) for the relief of Col. Ernest Graves was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That Col. Ernest Graves, United States Army, retired, now on active duty, shall, after being returned to a retired status, receive the retired pay corresponding to his rank and length of service at the time of said return to said retired status.

The title was amended so as to read: "A bill to give proper recognition to the distinguished services of Col. Ernest Graves."

Mr. SHEPPARD. Mr. President, I ask that the report which I prepared in connection with Senate bill 681 be printed in the RECORD immediately following the passage of the bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

The report (No. 538) submitted by Mr. SHEPPARD on June 6, 1939, is as follows:

The Committee on Military Affairs, to whom was referred the bill (S. 681) to give proper recognition to the distinguished services of Col. Ernest Graves, having considered same, report favorably thereon with a recommendation that it do pass, with amendment of the title to read as follows:

"A bill to give proper recognition to the distinguished services of Col. Ernest Graves."

This measure provides that Col. Ernest Graves retired, now on active duty, shall, after being returned to retired status, receive the retired pay corresponding to his rank and length of service at the time of said return to said retired status. The purpose of this proposed action is to give proper recognition to the distinguished service of Col. Ernest Graves, United States Army, retired, now on active duty, by providing that, when returned to the retired status, he shall receive the retired pay corresponding to his rank (colonel) and length of service at the time of such return to retired status.

The War Department states that Colonel Graves' present retired pay is $328.12 per month, and, if this bill should be enacted, his retired pay of colonel with over 30 years' service would be $375, a difference of $46.88.

The War Department states that while it cannot recommend the enactment of this measure, the Department will not oppose favorable action by this committee. The report indicates that the proposed legislation is meritorious and that the existing status is unfortunate with respect to Colonel Graves. It sets forth his military record as given by the Chief of Engineers as follows:

"4. Colonel Graves first served as a commissioned officer at West Point, N. Y.; at Fort Leavenworth, Kans.; and at Fort Riley, Kans. Then he went to Cuba in 1907 with the Army of Cuban Pacification, where, in addition to military duty, he served a detail with the Department of Public Works of Cuba. After returning to the United States and serving a tour of duty at the Engineer School at Washington Barracks, he went to the Philippine Islands in December 1908. There, as a first lieutenant, he was in charge of fortification construction on Corregidor Island until the spring of 1911. After returning to the United States he served on river-improvement work in Texas and in the Mississippi Valley. Then he served with troops at Texas City and at San Antonio, Tex.

"5. In the spring of 1916 Colonel Graves, then a captain, Corps of Engineers, marched into Mexico with the punitive expedition. On the strenuous expedition where energy, determination, and ability were in demand, Captain Graves attracted the attention of General Pershing, and in the spring of 1917 after coming out of Mexico, he sailed for France on the *Baltic*, which carried General Pershing and a limited number of selected officers who were the nucleus upon which the American Expeditionary Force was built. During the World War Colonel Graves served in a number of different localities in the theater of operations, and the conspicuously meritorious character of his services with the American Expeditionary Force is indicated by the following citation upon which he was awarded (before his return to the United States) the Distinguished Service Medal.

" 'He was charged with the construction of the Gievres storage depot and later was appointed engineer officer of the intermediate section, Service of Supply, where he was placed in charge of all construction projects west of Bourges. As engineer officer of Base Section No. 2 and of the Advance Section, Services of Supply, he performed the duties with which he was intrusted in a conspicuously meritorious manner. In the many responsible capacities in which he was employed the performance of his duty was characterized by sound judgment and untiring zeal.'

"6. After his return to the United States, Colonel Graves wrote a book entitled 'Construction in War,' which was then, and still is, the most thorough if not the only publication containing essential expert information on this subject.

"7. The retirement of Colonel Graves in March 1921 may or may not have been caused directly by his strenuous, nerve-racking activities continuing through the Mexican and World War campaigns. However, a physical disability, of deafness, in line of duty, caused him to ask for this retirement.

"8. Colonel Graves was recalled to active duty in April 1927 and has served continuously since on active duty in the office of the Chief of Engineers. In 1928 he was selected, appointed, and confirmed by the Senate as a member of the Mississippi River Commission and he is still a member of that Commission. He has served on the Board of Engineers for Rivers and Harbors and he was chairman of the Interoceanic Canal Board when that Board submitted its final report. He has been retained on active service by four different Chiefs of Engineers. The especial work of Colonel Graves is on the Mississippi River but his exceptional talents are needed and used frequently on various other matters, including flood control and river and harbor projects everywhere in the United States, interoceanic canals, and some military subjects. When I became Chief of Engineers, my predecessor took pains to indicate to me that he considered the services of Colonel Graves to be extraordinarily meritorious, and my experience has led me to the same conclusion."

The status of Colonel Graves is unlike that of any category of officers either small or large in number. Irrespective of the superior character of his service, he is the only officer who has ever been recalled from retirement and retained on active duty connected with river, harbor, and flood-control works for 12 years. During this time military appropriations have not paid his active or retired pay.

There is ample precedent for properly recognizing the service to the country of Colonel Graves. After services on the Panama Canal Colonels Hodges, Siebert, and Goethals were elevated to the rank of general officer. Major General Jadwin was elevated to the rank of lieutenant general because of his service in Panama. A law was passed granting to Colonel Keller, of the Medical Corps (after his retirement), full active pay and allowances for the rest of his life. And recently a law authorized the promotion of General Pershing's secretary from the rank of captain to colonel just prior to his retirement. The conspicuous service of Colonel Graves makes his case above ordinary procedure.

As a result of an unfortunate combination of circumstances the retired pay of Colonel Graves is not even as much as that of his contemporaries. The circumstances and conditions are unusual and a similar case is not likely again to present itself. It is to the best interests of the Government to recognize the distinguished

service of Colonel Graves by an adjustment of his retired pay so that it will correspond to his rank and to the length and character of his service.

Report from the War Department under date of June 1, 1939, follows:

WAR DEPARTMENT,
Washington, June 1, 1939.

Hon. MORRIS SHEPPARD,
Chairman, Committee on Military Affairs,
United States Senate.

DEAR SENATOR SHEPPARD: Careful consideration has been given to S. 681, for the relief of Col. Ernest Graves, which you transmitted to the War Department under date of January 24, 1939, with request for information on the views of the War Department relative thereto.

The proposed measure would not affect any existing law, but it would provide special benefits for Colonel Graves which are now denied officers on the retired list because of the two following provisions of law:

The act of April 21, 1930, states, in part, as follows:

"That all commissioned officers who served in the Army * * * during the World War, and who have been or may be hereafter retired according to law, shall, on the date of the approval of this act or upon retirement in the case of those now on the active list of the Army * * * be advanced in rank on the retired list to the highest grade held by them during the World War: *Provided,* * * * *Provided further,* That no increase of active or retired pay or allowances shall result from the provisions of this section (46 Stat. 793)."

The act of June 10, 1922, states in part:

"Active duty performed after June 30, 1922, by an officer on the retired list or its equivalent shall not entitle such officer to promotion (42 Stat. 632)."

Colonel Graves' military career as set forth in a communication from the Chief of Engineers has been as follows:

"3. Col. Ernest Graves was born March 27, 1880. He entered the military service of the United States on June 11, 1901, when he became a cadet at the Military Academy. He was commissioned as a second lieutenant in the Corps of Engineers of the Army on June 13, 1905; promoted to be first lieutenant March 2, 1907; captain March 2, 1912; and major May 15, 1917. He held the temporary rank of lieutenant colonel from August 5, 1917, to May 13, 1918, and the temporary rank of colonel from May 14, 1918, to June 30, 1920. On March 1, 1921, as a major, Corps of Engineers, he was retired for physical disability in the line of duty. He was commissioned as colonel, United States Army, retired, on June 21, 1930.

"4. Colonel Graves first served as a commissioned officer at West Point, N. Y., at Fort Leavenworth, Kans., and at Fort Riley, Kans. Then he went to Cuba in 1907 with the Army of Cuban Pacification, where, in addition to military duty, he served a detail with the Department of Public Works of Cuba. After returning to the United States and serving a tour of duty at the Engineer School at Washington Barracks, he went to the Philippine Islands in December 1908. There, as a first lieutenant, he was in charge of fortification construction on Corregidor Island until the spring of 1911. After returning to the United States he served on river-improvement work in Texas and in the Mississippi Valley. Then he served with troops at Texas City and at San Antonio, Tex.

"5. In the spring of 1916 Colonel Graves, then a captain, Corps of Engineers, marched into Mexico with the punitive expedition. On this strenuous expedition, where energy, determination, and ability were in demand, Captain Graves attracted the attention of General Pershing, and in the spring of 1917, after coming out of Mexico, he sailed for France on the *Baltic,* which carried General Pershing and a limited number of selected officers who were the nucleus upon which the American Expeditionary Force was built. During the World War, Colonel Graves served in a number of different localities in the theater of operations, and the conspicuously meritorious character of his services with the American Expeditionary Force is indicated by the following citation upon which he was awarded (before his return to the United States) the Distinguished Service Medal:

" 'He was charged with the construction of the Gievres storage depot and later was appointed engineer officer of the intermediate section, Services of Supply, where he was placed in charge of all construction projects west of Bourges. As engineer officer of base section No. 2 and of the advance section, Services of Supply, he performed the duties with which he was entrusted in a conspicuously meritorious manner. In the many responsible capacities in which he was employed the performance of his duty was characterized by sound judgment and untiring zeal.'

"6. After his return to the United States Colonel Graves wrote a book entitled 'Construction in War,' which was then, and still is, the most thorough if not the only publication containing essential expert information on this subject.

"7. The retirement of Colonel Graves in March 1921 may or may not have been caused directly by his strenuous, nerve-racking activities continuing through the Mexican and World War campaigns. However, a physical disability, of deafness, in line of duty, caused him to ask for this retirement.

"8. Colonel Graves was recalled to active duty in April 1927 and has served continuously since on active duty in the office of the Chief of Engineers. In 1928 he was selected, appointed, and confirmed by the Senate as a member of the Mississippi River Commission and he is still a member of that Commission. He has served on the Board of Engineers for Rivers and Harbors and he was chairman of the Interoceanic Canal Board when that Board submitted its final report. He has been retained on active service by four different Chiefs of Engineers. The especial work of Colonel Graves is on the Mississippi River, but his exceptional talents are needed and used frequently on various other matters, including flood-control and river and harbor projects everywhere in the United States, interoceanic canals, and some military subjects. When I became Chief of Engineers my predecessor took pains to indicate to me that he considered the services of Colonel Graves to be extraordinarily meritorious, and my experience has led me to the same conclusion."

Although Colonel Graves was retired in the grade of major, he now holds the grade of colonel on the retired list because of the act of April 21, 1930, quoted above. Under the present law Colonel Graves will return to the retired list with the grade of colonel but with the retired pay of a major of over 30 years' service, or $328.12 per month. If the proposed measure is enacted into law, he would return to the retired list in the grade of colonel and with the retired pay of a colonel of over 30 years' service, or $375 per month.

Unfortunately, no matter how meritorious in some instances legislation of this character appears to be, each such case of individual legislation if enacted into law constitutes a precedent, and unless other apparently worthy cases are accorded the same treatment, discrimination results. Individual legislation has for its purpose preferential treatment, and it is for this reason that the War Department has almost without exception opposed the enactment of this class of legislation, except in those few cases where actual injustice has been done.

The proposed measure, if enacted into law, would increase Colonel Graves' retired pay by the amount of $562.56 per year.

For the above reasons the War Department cannot recommend the enactment of this measure. However, the War Department will not oppose favorable action by your committee.

Sincerely yours,

HARRY H. WOODRING,
Secretary of War.

LADIES OF THE GRAND ARMY OF THE REPUBLIC NATIONAL SHRINE COMMISSION

The joint resolution (S. J. Res. 61) establishing the Ladies of the Grand Army of the Republic National Shrine Commission to formulate plans for the construction of a permanent memorial building to the memory of the veterans of the Civil War, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Resolved, etc., That there is hereby established a commission, to be known as the Ladies of the Grand Army of the Republic National Shrine Commission, to be composed of nine persons, three members of said organization to be appointed by the President of the United States; the President of the Senate; the Speaker of the House; ALBEN W. BARKLEY, Senator from Kentucky; JOSEPH C. O'MAHONEY, Senator from Wyoming; CLARENCE CANNON, Representative from Missouri; and JOHN W. MCCORMACK, Representative from Massachusetts. The commission shall serve without compensation.

SEC. 2. It shall be the duty of the commission to procure and determine upon the location, plan, and design of a memorial building to be located in the city of Washington, D. C., and to avail itself of the services and advice of the Fine Arts and the National Capital Park and Planning Commissions.

SEC. 3. (a) Without regard to civil-service laws or the Classification Act of 1923, as amended, the commission is authorized to appoint and prescribe the duties and fix the compensation of a director and such other employees as are necessary in the execution of its functions.

(b) The commission may make such expenditures as are necessary to carry out the intent and purposes of this resolution, including all necessary traveling and subsistence expenses incurred by the commissioners.

SEC. 4. There is hereby authorized to be appropriated the sum of $50,000 to carry out the necessary expenses of the commission herein established.

SEC. 5. The authority granted under this joint resolution shall expire upon completion of the duties herein authorized.

The preamble was agreed to.

AMENDMENT OF RAILROAD UNEMPLOYMENT INSURANCE ACT

The Senate proceeded to consider the bill (H. R. 5474) to amend the Railroad Unemployment Insurance Act, approved June 25, 1938.

Mr. McNARY. Mr. President, earlier during the calling of the calendar I asked an explanation of Calendar No. 348, Senate bill 2017, a bill identical with the House bill now pending. I have read the reports on the two bills. I am satisfied with the bill before us, and I do not desire an explanation of it. So far as I am concerned, it may be passed.

Mr. KING. Mr. President, what bill is under discussion?

Mr. BARKLEY. A bill amending the Railroad Unemployment Insurance Act. These amendments are technical.

They have been submitted by the Retirement Board. The law goes into effect July 1. These amendments are necessary in order that they may go into effect along with the rest of the law. The bill ought to be passed.

Mr. KING. Mr. President, did the chairman of the Committee on Interstate Commerce, the Senator from Montana [Mr. WHEELER], introduce the bill?

Mr. BARKLEY. He introduced the bill. It is his bill.

Mr. KING. I have no objection.

The PRESIDING OFFICER. The question is on the third reading of the bill.

The bill was ordered to a third reading, read the third time, and passed.

The PRESIDING OFFICER. Without objection, Senate bill 2017, Calendar No. 348, will be indefinitely postponed.

ROY CHANDLER

The bill (S. 666) for the relief of Roy Chandler was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers, Roy Chandler, late private, Company G, Thirty-ninth Regiment United States Infantry, shall be held and considered to have been honorably discharged from the military service of the United States as a member of said organization on August 17, 1918: *Provided*, That no back pay, pension, bounty, or other emolument shall accrue prior to the passage of this act.

HARRY HUME AINSWORTH

The Senate proceeded to consider the bill (S. 576) for the relief of Harry Hume Ainsworth, which had been reported from the Committee on Military Affairs with an amendment, on page 1, line 8, after the word "*Provided*", to strike out "That such recognition of military service rendered to the United States shall not entitle said Harry Hume Ainsworth to any pay or allowances for said period of service beyond that which he may already have received, but that he shall enjoy for himself and his dependents all other rights, privileges, and benefits the same as though he had been regularly enlisted in said Company H, Twentieth Regiment Kansas Volunteer Infantry" and to insert in lieu thereof "That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act", so as to make the bill read:

Be it enacted, etc., That the Secretary of War be, and he is hereby, authorized and directed to record the name of Harry Hume Ainsworth as having performed honorable military service in Company H, Twentieth Regiment Kansas Volunteer Infantry, between the dates of March 20, 1899, and October 28, 1899, both inclusive: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

MATO, MILJENKO, BOZO, AND AUGUSTIN CIBILIC, OR ZIBILICH

The bill (S. 796) for the relief of Mato, Miljenko, Bozo, and Augustin Cibilic, or Zibilich, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of the immigration and naturalization laws the Secretary of Labor is hereby authorized and directed to cancel the warrant of arrest and the order of deportation against Mato, Miljenko, Bozo, and Augustin Cibilic, or Zibilich, heretofore issued on the ground that admission to the United States has been fraudulently gained and that they shall hereafter be deemed to have been lawfully admitted to the United States for permanent residence at New Orleans, La.

MOUKBIL KEMAL TASH

The bill (S. 1534) for the relief of Moukbil Kemal Tash was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of Labor is hereby authorized and directed to cancel deportation proceedings in the case of Moukbil Kemal Tash, any provision of existing law to the contrary notwithstanding. From and after the date of the approval of this act, the said alien shall not again be subject to deportation by reason of the same facts upon which the outstanding proceding rests, and he shall be deemed to have been lawfully admitted at New York, N. Y., on July 25, 1924, as an immigrant for permanent residence.

KONSTANTINOS DIONYSIOU ANTIOHOS (OR GUS PAPPAS)

The bill (S. 1538) for the relief of Konstantinos Dionysiou Antiohos (or Gus Pappas), was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of the immigration and naturalization laws, the Secretary of Labor is hereby authorized and directed to cancel the warrant of arrest and the order of deportation against Konstantinos Dionysiou Antiohos (or Gus Pappas) and that from and after the approval of this act he shall be deemed to have been lawfully admitted to the United States for permanent residence.

JOANNES JOSEPHUS CITRON

The bill (S. 1954) for the relief of Joannes Josephus Citron was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of the immigration and naturalization laws Joannes Josephus Citron shall be deemed to have been lawfully admitted to the United States for permanent residence on or about November 23, 1925, at the port of Eastport, Idaho.

EUGENE KRAMER

The bill (S. 1224) for the relief of Eugene Kramer was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of the immigration and naturalization laws Eugene Kramer shall be held and considered to have been legally admitted to the United States for permanent residence on May 5, 1924.

MRS. PACIOS PIJNAN

The bill (S. 1654) for the relief of Mrs. Pacios Pijnan was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of the immigration and naturalization laws the Secretary of Labor is hereby authorized and directed to cancel the warrant of arrest and the order of deportation against Mrs. Pacios Pijnan heretofore issued on the grounds that admission to the United States had been fraudulently gained and that she shall hereafter be deemed to have been lawfully admitted to the United States for permanent residence.

Mr. PEPPER subsequently said: Mr. President, I ask that the vote by which Senate bill 1654, Calendar No. 590, was passed be reconsidered. I do so for the purpose of correcting the spelling of the name of the beneficiary.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Florida that the votes by which Senate bill 1654 was ordered to be engrossed for a third reading, read the third time, and passed be reconsidered? The Chair hears none, and it is so ordered.

Mr. PEPPER. Mr. President, I move to amend the bill by correcting the name of the beneficiary of the relief so as to read "Pijuan" instead of "Pijnan" as it appears in the bill.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

EVELYN MARY LOCKE

The bill (S. 1815) for the relief of Evelyn Mary Locke, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of the immigration and naturalization laws the Secretary of Labor is hereby authorized and directed to cancel the warrant of deportation heretofore issued against Evelyn Mary Locke. Hereafter, such alien shall be deemed to have been lawfully admitted to the United States for permanent residence on October 12, 1937, at the port of Blaine, Wash.

DAUMIT TANNAUS SALEAH (DAVE THOMAS)

The bill (S. 1911) for the relief of Daumit Tannaus Saleah (Dave Thomas), was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of Labor is directed to cancel forthwith any outstanding warrant of arrest, order of deportation, warrant of deportation, and bond, if any, in the case of alien Daumit Tannaus Saleah, and is directed not to issue any further warrants or orders in the case of such alien, insofar as

such future warrants or orders are based on the unlawful entry of such alien into the United States prior to the enactment of this act, or on perjury or false statements in connection with such entry into the United States, or with any application heretofore made for a reentry permit or extension thereof. The said alien in April of 1928 secured the admission of his two children, Evelina Saleah, aged 16 years, and Solomon Saleah, aged 13 years, who are now residing with the alien's father at New Kensington, Pa., where they are attending the public schools. Deportation warrants were never issued in this case inasmuch as the Department of Labor has regarded this as a so-called hardship case. Hereafter, for the purpose of the immigration and naturalization laws, said alien shall be considered to have been, at New York, N. Y., on November 25, 1933, lawfully admitted to the United States for permanent residence.

Mr. DAVIS. Mr. President, in connection with Senate bill 1911, I ask to have the report of the committee on the bill printed in the RECORD at this point.

The PRESIDING OFFICER. Without objection, it is so ordered.

The report (No. 549) submitted by Mr. MALONEY on June 6, 1939, is as follows:

The Committee on Immigration, to whom was referred the bill (S. 1911) for the relief of Daumit Tannaus Saleah (Dave Thomas), having considered the same, report it back to the Senate without amendment and recommend that the bill do pass.

PURPOSE OF THE BILL

That the Secretary of Labor is directed to cancel forthwith any outstanding warrant of arrest, order of deportation, warrant of deportation, and bond, if any, in the case of alien Daumit Tannaus Saleah, and is directed not to issue any further warrants or orders in the case of such alien, insofar as such future warrants or orders are based on the unlawful entry of such alien into the United States prior to the enactment of this act, or on perjury or false statements in connection with such entry into the United States, or with any application heretofore made for a reentry permit or extension thereof. The said alien in April 1928 secured the admission of his two children, Evelina Saleah, aged 16 years, and Solomon Saleah, aged 13 years, who are now residing with the alien's father at New Kensington, Pa., where they are attending the public schools. Hereafter for the purpose of the immigration and naturalization laws, said alien shall be considered to have been, at New York, N. Y., on November 25, 1933, lawfully admitted to the United States for permanent residence.

The record shows that the alien, a 45-year-old native and citizen of Syria, subject of France, arrived at New York on or about November 25, 1933, on an unknown vessel.

At the time of his hearing Saleah testified that he first came to the United States on November 2, 1910, and that he departed during the month of September 1921. In 1923 he left Europe and proceeded to Cuba, in which country he remained until 1933. During the year of 1927 his wife died in Cuba. Two children were born of this union in Habana, Cuba, and these two children are residents of the United States, having come here during the year of 1928 as nonquota immigrants.

Saleah further testified that while in Cuba he contacted an individual, to whom he paid a sum of money for documents purporting to establish citizenship in the United States. He later appeared before a notary public, who executed a further document, and upon arrival he presented the said document. He entered this country under the name of John Farhatt, representing himself to be that person and further representing himself to be a citizen of the United States.

The evidence of record establishes that at the time of his last entry this man was an immigrant within the meaning of the law and required an unexpired consular immigration visa. There evidence further establishes that he was not in possession of such document, having entered this country as a citizen of the United States. He is therefore subject to deportation.

However, in considering his case under date of December 15, 1937, the Department of Labor directed that, because of the lawful presence of his children and his father, and the further fact that he was the means of support of these relatives and the attendant family separation involved in the event he were deported, he should be given an opportunity to have his case receive further consideration after pending remedial legislation had been considered by the Congress, the alien to be given an opportunity to leave the United States voluntarily in the interim if he so desired. There are a number of affidavits in the record attesting to the alien's good character and the fact that he is the only means of support of his children and aged father.

When such remedial legislation failed of passage and this case was further considered by the Department on August 19, 1938, it was directed that, although deportable, Saleah be required to depart from the United States without the entry of an order of deportation to any country of his choice within 90 days after notification to him of the decision. The alien was also granted the privilege of a preexamination. The time within which he might depart later was extended to May 15, 1939. However, when the Department learned that a bill had been introduced in the Congress for his relief, directed that the matter be held in abeyance pending the outcome of the bill during this session of the Congress.

In addition to being the sole support of his two children, the oldest of whom is but 16 years of age, this man is also the sole support of his aged father, who has been a resident of the United States since 1898. Furthermore, the Syrian quota is oversubscribed. The Department of Labor interposes no objections to passage of the bill.

Your committee, after carefully considering the facts and evidence in this case, recommend that the bill be favorably reported to the Senate and that the same do pass.

EXTENSION OF TIME FOR NATURALIZATION OF ALIEN VETERANS OF WORLD WAR

The bill (S. 1327) to extend further time for naturalization to alien veterans of the World War under the act approved May 25, 1932 (47 Stat. 165), to extend the same privileges to certain veterans of countries allied with the United States during the World War, and for other purposes, was announced as next in order.

The PRESIDING OFFICER. Calendar No. 594, House bill 805, is identical with Senate bill 1327. Is there objection to the present consideration of the House bill?

There being no objection, the bill (H. R. 805) to extend further time for naturalization to alien veterans of the World War under the act approved May 25, 1932 (47 Stat. 165), to extend the same privileges to certain veterans of countries allied with the United States during the World War, and for other purposes, was considered, ordered to a third reading, read the third time, and passed.

The PRESIDING OFFICER. Without objection, Senate bill 1327 is indefinitely postponed.

EGON KARL FREIHERR VON MAUCHENHEIM AND MARGARETE VON MAUCHENHEIM

The Senate proceeded to consider the bill (S. 1384) for the relief of Egon Karl Freiherr von Mauchenheim and Margarete von Mauchenheim, which had been reported from the Committee on Immigration with an amendment to add a new paragraph at the end of the bill, so as to make the bill read:

Be it enacted, etc., That in the administration of the immigration and naturalization laws the Secretary of Labor is hereby authorized and directed to cancel the warrant of arrest and the order of deportation against Egon Karl Freiherr von Mauchenheim and Margarete von Mauchenheim, his wife, heretofore issued on the ground that admission to the United States had been fraudulently gained, and that they shall hereafter be deemed to have been lawfully admitted to the United States for permanent residence as of May 19, 1936.

Upon the enactment of this act the Secretary of State shall instruct the proper quota-conrol officer to deduct two numbers from the nonpreference category of the quota during the current year.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

KURT G. STERN

The bill (S. 1533) for the relief of Kurt G. Stern was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That from and after the approval of this act Kurt G. Stern shall be deemed to have been lawfully admitted to the United States at Buffalo, N. Y., on February 10, 1936, as an immigrant for permanent residence, and shall not, by reason of his having been convicted by the German Court of Assizes on February 12, 1927, for the crime of manslaughter, be subject to deportation as a person convicted of, or who admits the commission of, a crime involving moral turpitude.

OATH OF RENUNCIATION OF FOREIGN ALLEGIANCE

The bill (S. 546) to dispense with particular allegations as to renunciation of allegiance in petitions for naturalization and in the oath of renunciation of foreign allegiance, by omitting the name of "the prince, potenate, state, or sovereignty" of which the petitioner for naturalization is a subject or citizen was announced as next in order.

Mr. SCHWELLENBACH. Mr. President, I call attention to the fact that the calendar number immediately following, No. 598, House bill 2200, is a bill identical with the Senate bill under consideration. The Senate bill was introduced by the Senator from Massachusetts [Mr. LODGE].

The PRESIDING OFFICER. Is there objection to the present consideration of the House bill?

There being no objection, the Senate proceeded to consider the bill (H. R. 2200) to dispense with particular allegations as to renunciation of allegiance in petitions for naturalization and in the oath of renunciation of foreign allegiance, by omit-

ting the name of "the prince, potentate, state, or sovereignty" of which the petitioner for naturalization is a subject or citizen, which was ordered to a third reading, read the third time, and passed.

The PRESIDING OFFICER. Without objection, Senate bill 546 is indefinitely postponed.

DETERMINATION OF ASSESSMENT BASE OF BANKS

The Senate proceeded to consider the bill (S. 1318) relating to the exclusion of certain deposits in determining the assessment base of banks insured by the Federal Deposit Insurance Corporation, which had been reported from the Committee on Banking and Currency with an amendment, on page 1, line 9, after the word "another", to insert "insured", so as to make the bill read:

Be it enacted, etc., That, effective July 1, 1937, the first sentence of section 12B (h) (1) of the Federal Reserve Act, as amended, is amended by striking out the period at the end thereof and inserting in lieu thereof a colon and the following: *"Provided further*, That in determining the assessment base of any insured bank for the purposes of this subsection, the liability of such insured bank for deposits made by another insured bank (other than deposits of trust funds made by another insured bank) shall be excluded from consideration."

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

ACQUISITION OF CERTAIN FOREST LANDS

The Senate proceeded to consider the bill (S. 231) to authorize the acquisition of forest lands adjacent to and over which highways, roads, or trails are constructed or to be constructed wholly or partially with Federal funds in order to preserve or restore their natural beauty, and for other purposes, which had been reported from the Committee on Agriculture and Forestry with an amendment to add a new section at the end of the bill, so as to make the bill read:

Be it enacted, etc., That for the purpose of preserving, restoring, improving, and protecting the natural beauty along highways, roads, and trails constructed or to be constructed wholly or partially with Federal funds the Secretary of Agriculture is hereby authorized to expend annually not to exceed 5 percent of the moneys appropriated by Congress for carrying out the provisions of law relating to the Federal-aid highway system, in acquiring forest lands, or interest therein, by purchase, gift, devise, or condemnation, adjacent to said highways, roads, and trails now constructed or over which they are hereafter to be constructed: *Provided*, That no land which extends more than one-quarter mile from the exterior boundary of the right-of-way shall be acquired under the provisions of this act except by gift or devise. Lands, or interests therein, acquired pursuant to this act which are situated within or near the exterior boundary of any Federal reservation, withdrawal, or land-utilization project, shall become a part of such reservation, withdrawal, or land-utilization project and be subject to all laws and regulations relating thereto and be administered by the agency having jurisdiction thereof. All other lands, or interests therein, acquired under authority of this act shall be conveyed by the Secretary of Agriculture to the State in which the lands are situated subject to such covenants as he deems necessary in effectuating the purposes of this act: *Provided further*, That each deed of conveyance shall provide that title to the land, or interest therein, shall revert to the United States if during the period fixed therein the State fails to comply with said covenants, or if the land or interest is later included within the boundary of a Federal reservation, withdrawal, or land-utilization project. Lands, or interests therein, which revert to the United States shall thereafter be administered as the Secretary of Agriculture shall direct. The Secretary of Agriculture is further authorized to pay out of said 5 percent all costs incident to the acquisition of said lands including the cost of recording deeds and the examination and acceptance of title to lands, or interests therein, acquired hereunder, and, with respect to lands acquired by gift or devise, to pay all or an equitable proportion of any accrued taxes.

SEC. 2. It shall be optional with the highway department of each State as to whether, and the extent to which, this act shall be in force and effect therein, and any expenditures by the Secretary of Agriculture for the purposes of this act in any State in any fiscal year shall not exceed 5 percent of the Federal-aid road funds apportioned to such State for such fiscal year and shall be matched by State funds on the same pro rata basis as is required by the Federal Highway Act, as amended and supplemented, for Federal-aid road projects.

Mr. KING. Mr. President, may we have a brief explanation for the RECORD so we may understand the bill?

Mr. McNARY. I think that is a very proper request, Mr. President. The bill has been urged upon me by the Department of Agriculture and the various State highway commissions and organizations interested in the beautification of roads. The bill simply provides that of the money allocated to the States, 5 percent may be used for the acquisition of forest lands and other areas along the highways, provided the amount is matched by an equal amount provided by the States. The matter lies in the discretion of the highway department of the State. It can, if it wishes, supply the 5 percent for the preservation and beautification of the areas along the roads. It is entirely subject to the will and pleasure of the highway commissions of the States. The bill will take no additional money out of the Federal Treasury but will give the highway commissions a wider discretion in the use of the money.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

FIFTEENTH AND SUBSEQUENT DECENNIAL CENSUSES

The Senate proceeded to consider the bill (S. 2505) to amend an act to provide for the fifteenth and subsequent decennial censuses and to provide for apportionment of Representatives in Congress, approved June 18, 1929, so as to change the date of subsequent apportionments, which was read, as follows:

Be it enacted, etc., That an act to provide for the fifteenth and subsequent decennial censuses and to provide for apportionment of Representatives in Congress, approved June 18, 1929, is hereby amended in the first sentence of section 22 (a) by striking out the words "second regular session of the Seventy-first Congress" and substituting the following words: "first regular session of the Seventy-seventh Congress."

Mr. VANDENBERG. Mr. President, I wish to make a brief explanation regarding the bill. I introduced it because I am one of the coauthors of the original 1929 act, under which the census will be taken.

A timetable was provided in that act as to when the enumeration should start and when the President should report. The timetable was related to the date of the opening of Congress. Unfortunately, or fortunately, the twentieth amendment has since intervened and has changed the date when Congress meets. The sole purpose of the bill is to readjust the timetable so that the same net result that was originally contemplated will be accomplished.

Mr. KING. I have no objection.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

TRAVEL ALLOWANCES FOR MILITARY PERSONNEL AND CONGRESSIONAL SECRETARIES

The bill (S. 506) to provide for a more efficient and economical mileage table of distances and routes to apply for the payments of travel performed for the United States Government by the military personnel, Coast Guard, Coast and Geodetic Survey, and the Public Health Service was announced as next in order.

Mr. AUSTIN. Mr. President, I should like to interrogate the Senator from Texas [Mr. SHEPPARD] with regard to the bill.

Mr. SHEPPARD. Mr. President, the bill was very carefully studied and reported by the Senator from Oklahoma [Mr. LEE]. Perhaps the Senator's questions should be directed to him.

Mr. AUSTIN. I shall be very glad to make inquiry of the Senator from Oklahoma.

Since the Committee on Military Affairs considered the bill, has there been any change in the number of secretaries of Senators and Representatives provided for in the bill?

Mr. LEE. No; I will say to the Senator that there have been no changes from the form in which we considered the bill.

Mr. AUSTIN. Is it true that the specific objective of the bill is to change the existing situation so that, in addition

to the compensation now received by secretaries of Senators and Representatives, they shall also receive mileage?

Mr. LEE. The bill is intended to provide mileage for one secretary from the office of a Representative and two secretaries from the office of a Senator on the same basis as that allowed for officers of the Army.

Mr. AUSTIN. According to the provisions of the bill, two secretaries of each Senator will receive mileage in traveling between their homes and their offices in Washington, will they not?

Mr. LEE. That is correct, provided they make the trip.

Mr. AUSTIN. Under the pay table which is referred to in the bill, what mileage allowance will be made to such secretaries?

Mr. LEE. Under the schedule provided for the Army, it will be 8 cents a mile. The bill provides that the mileage shall be on the same basis as the schedule provided for the Army.

Mr. AUSTIN. In effect, the bill increases the compensation of clerks and secretaries of Senators and Representatives; does it not?

Mr. LEE. That is a question that has never been decided. We might take the reverse of the matter, and say that requiring the secretary to make a trip to and from his home and pay for it out of his own pocket is a diminution of his pay.

Mr. AUSTIN. Does the bill make any change in the pay table for the pay of the military department?

Mr. LEE. I did not understand all the Senator's question.

Mr. AUSTIN. I call attention to the title of the bill:

A bill to provide for a more efficient and economical mileage table of distances and routes to apply for the payments of travel performed for the United States Government by the military personnel, Coast Guard, Coast and Geodetic Survey, and the Public Health Service.

I note that the title of the bill does not reveal the purpose of changing the compensation—as I claim, increasing the compensation—of clerks and secretaries of Senators and Representatives; but that, on the contrary, the title of the bill refers to the pay of military personnel and others than the secretaries of Senators and Representatives. Is there anything in the bill which effects a change in the compensation of military personnel, or the personnel of the Coast Guard, the Coast and Geodetic Survey, and the Public Health Service?

Mr. LEE. If I understand the Senator's question, I do not think there is.

Mr. AUSTIN. I thank the Senator.

Mr. KING. Mr. President, 2 or 3 days ago I received an inquiry in regard to the bill. I have not had time to examine the question. It is claimed by the person who communicated with me that there is some discrimination. I ask that the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

Mr. LEE subsequently said: Mr. President, I ask unanimous consent that the report on Senate bill 506 be printed in the RECORD immediately following the last question asked me by the Senator from Vermont [Mr. AUSTIN]. I did not understand the import of the question, and I fear that I answered it incorrectly.

The bill to which the Senator referred provides for a more efficient and economical mileage table of distances and routes to apply for the payments of travel performed for the United States Government by the military personnel, Coast Guard, Coast and Geodetic Survey, and the Public Health Service. I ask permission that the report, which is not long, be printed in the RECORD immediately following that discussion.

Mr. AUSTIN. Mr. President, will the Senator from Oklahoma yield for a question?

Mr. LEE. Yes.

Mr. AUSTIN. Can the Senator conveniently state, briefly, the changes which are effected in the status of the military personnel and others mentioned by him?

Mr. LEE. I cannot answer that question, because my task on the committee did not concern itself with that part of the bill. The only part that was assigned to me was the amendment pertaining to the travel of congressional secretaries. They are the only officials of the Government who are required to pay their own traveling expenses; and the purpose of the amendment which was attached to the bill was to allow the payment of traveling expenses of congressional secretaries. Senators who live a long way from Washington require their secretaries to go home when Congress adjourns. We need them there. The purpose of the amendment is simply to allow payment of traveling expenses of the congressional secretaries so as to put them on the same basis with other Government officials.

Mr. AUSTIN. Mr. President, may I ask the Senator from Texas [Mr. SHEPPARD] a question at that point?

Mr. LEE. While the Senator is getting the attention of the Senator from Texas, let me say that the report includes a full explanation of the bill, and I am sure will answer the questions the Senator has in mind.

Mr. AUSTIN. Perhaps the Senator from Texas can tell us in a word what the change is.

Mr. SHEPPARD. Mr. President, the report will show the new tables; but I will give the Senator the information as soon as I can find the report. However, the Senator from Oklahoma [Mr. LEE] has asked that the report be placed in the RECORD, and I trust that will be sufficient.

Mr. AUSTIN. If the Senator has to read the report, I do not ask him to do that.

The PRESIDING OFFICER. Without objection, the request of the Senator from Oklahoma is granted.

The report (No. 557) submitted by Mr. LEE on June 7, 1939, is as follows:

The Committee on Military Affairs, to whom was referred the bill (S. 506) relating to mileage tables and reimbursement for travel performed for the Government, having considered the same, report favorably thereon with a recommendation that it do pass, amended as hereafter indicated.

This bill has for its purpose the correction of certain errors and faults prevailing in present laws concerning the mileages and reimbursements to be made to the military and other personnel for travel performed for the Government, and provision for mileage reimbursement for the travel of secretaries of Members of the United States Senate and the United States House of Representatives.

The subject of mileages was before the Senate Committee on Military Affairs in S. 3219 in the first session of the Seventy-fourth Congress and, in considering the matter at that time, attention was drawn to the fact that the finance officer of the War Department was practically ignoring the application of such mileages for travel over the highways of the country; and that, in numerous instances where highways were the only traveled routes, mileages were still computed over long and impractical rail routes. For example, the distance between Miami and Superior, Ariz., is 21 miles, with excellent bus and highway service available. It was found, however, that military personnel were being reimbursed for a distance of 390 miles, as though the travel had been performed by rail. This situation has been partly modified insofar as the War Department is concerned, but such modifications are not binding upon the other Government personnel concerned.

The present law is not giving the Government the benefits to which it is justly entitled in connection with travel performed between points where land-grant railroads are involved. Practically all the railroads have entered into an agreement with the War Department to transport all military (Army, Navy, and Marine Corps) personnel at the same net cost to the Government as though such travel were actually made over the land-grant railroads. However, in setting up the mileage tables of distances for reimbursement to such personnel, the finance officer is ignoring the application of such agreements of the non-land-grant lines. For example, the shortest usually traveled route between Kansas City and Los Angeles is shown to be over the Rock Island and Southern Pacific lines, and over this route only 247 miles are shown to be deductible for land grant; whereas, as a matter of fact, these lines have agreed with the War Department to make a deduction of 1,154 miles on account of land grant on all military personnel travel, just as though the travel had been performed over the Santa Fe lines.

The proposed measure provides that the mileages are to be computed on the same basis as that on which commercial fares are computed. That method will greatly simplify and facilitate the determination of the correct mileage to apply between two points and will, at the same time, give reimbursement to the traveler on exactly the same basis as that upon which he has been required to pay for such transportation. For example, the fare from Washington to Chicago is $23.15, applicable over some 25 or 30 different routes. Twenty-three dollars and fifteen cents divided by the regular fare of 3 cents a mile gives a mileage of 772, whereas the finance officer of the War Department places it at 786 miles, or an overplus of 14 miles more than the railroads charge.

Your committee recommend that the bill be amended by deleting the word "Government" in line 6, page 1.

Your committee recommend that the bill be further amended by adding at the end of the bill a new section, to be designated section 2, as follows:

"SEC. 2. (a) Beginning with the first session of the Seventy-sixth Congress, two persons employed in the office of each Senator and one person employed in the office of each Member of the House of Representatives, to be designated by the Senator or Member in whose office they are employed, shall be entitled to receive a mileage allowance for going to and returning from each session of the Congress. The allowance for each mile traveled shall be the same as for travel authorized for officers of the Army and other services in the act of June 10, 1922 (U. S. Code 37:20), and the mileage shall be computed in accordance with the tables provided for in the first section of this act, between Washington, D. C., and the place of residence of such Senator or Representative in the State in which he is chosen. Such allowance shall be paid only if the travel between such points is actually performed. Such allowance shall be paid to the Secretary of the Senate or the Clerk of the House of Representatives, as the case may be, upon a sworn statement by the person entitled thereto that the travel has been performed; and the determination of such officers with respect to the making of such payments, and the amount thereof, shall be final and conclusive upon all other officers and employees of the Government.

"(b) For the purposes of this section persons employed by a committee of the Senate or House of Representatives shall be deemed to be employed in the office of the Senator or Member of the House of Representatives who is chairman of such committee.

"(c) As used in this section, the term 'Member of the House of Representatives' includes the Delegate from Alaska, the Delegate from Hawaii, and the Resident Commissioner from Puerto Rico.

"(d) The appropriation of such sums as may be necessary to carry out the provisions of this section is hereby authorized."

Informal polls of the Senate have indicated that an overwhelming majority of the Senators favor some provision to defray travel expense of their secretaries to and from their offices of the State which they represent when such travel is official and necessary.

The secretaries to Senators and Congressmen are the only Government employees who are required to travel on official business at their own expense.

The amendment to S. 506 is so drawn as to limit mileage allowance drawn by a secretary of other member of the Senator's staff to official and necessary travel.

Provisions for mileage of this character have previously been passed by the Senate but failed to secure the approval of the House.

In view of the fact that the House of Representatives has recently passed a bill providing additional clerical help to be used as each Member sees fit, which bill is now before the Senate, it is believed that the House of Representatives will agree to this amendment providing travel pay for clerks and secretaries.

The current Senate Appropriations Committee has hesitated to include the item on an appropriation bill, presumably because it seems to be a matter for which they do not wish to appropriate without separate legislative authority.

It is believed that the amendment may be appropriately passed as a part of S. 506, which deals with the computation of travel pay by Government personnel.

PERMANENT INSTRUCTION STAFF, UNITED STATES COAST GUARD ACADEMY

The bill (S. 2503) to amend an act entitled "An act to authorize the establishment of a permanent instruction staff at the United States Coast Guard Academy," approved April 16, 1937, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That section 7 of the act of April 16, 1937 (50 Stat. 67; U. S. C., 1934 edition, Supp. IV, title 14, sec. 15h), is hereby amended by striking out the first paragraph and inserting in lieu thereof the following:

"In addition to the Advisory Board, there shall be appointed in January of each year a Board of Visitors to the Coast Guard Academy, which shall consist of two Senators and three Members of the House of Representatives, appointed by the chairmen of the committees of the Senate and the House of Representatives, respectively, having cognizance of legislation pertaining to the Coast Guard Academy, the chairmen of said committees being ex officio members of the Board, and of one Senator and two Members of the House of Representatives appointed by the President of the Senate and the Speaker of the House of Representatives, respectively: *Provided*, That whenever a member or an ex officio member is unable to attend the annual meeting as provided in paragraph (b) of this section another member may be appointed in his stead in the manner as herein provided but without restriction as to month of appointment."

JESSIE DENNING VAN EIMEREN AND OTHERS

The bill (H. R. 2058) for the relief of Jessie Denning Van Eimeren, A. C. Van Eimeren, and Clara Adolph was considered, ordered to a third reading, read the third time, and passed.

EVELYN GURLEY-KANE

The Senate proceeded to consider the bill (H. R. 5722) for the relief of Evelyn Gurley-Kane, which had been reported from the Committee on Claims with an amendment, on page 1, line 10, after the words "World War" to insert a proviso, so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Evelyn Gurley-Kane the sum of $116, in full and final satisfaction of her claim against the United States for reimbursement of travel and miscellaneous expenses incurred under authority of the Veterans' Administration in the care of her son, Cecil Gurley-Kane, a veteran of the World War: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

RUSSELL ANDEREGG AND GEORGE W. ANDEREGG

The bill (H. R. 2251) for the relief of Russell Anderegg, a minor, and George W. Anderegg, was considered, ordered to a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (S. 2500) authorizing the Comptroller General of the United States to settle and adjust the claims of Mary Pierce and John K. Quackenbush was announced as next in order.

Mr. KING. Mr. President, it seems that the bill has some merit. However, I am wondering if the General Accounting Office has not authority to make settlement without a special act of Congress. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

ADAM CASPER

The bill (H. R. 3077) for the relief of Adam Casper was considered, ordered to a third reading, read the third time, and passed.

RESTRICTION OF EXPORTATION OF CERTAIN FIR AND CEDAR LOGS

The bill (S. 1108) to restrict the exportation of certain Douglas fir peeler logs and Port Orford cedar logs, and for other purposes, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That Douglas fir peeler logs shall not be exported from the United States, or any Territory or possession thereof, except with the approval of the President on the joint recommendation of the Secretary of War, the Secretary of the Navy, the Secretary of Commerce, and the Secretary of Agriculture, after an application made to the Secretary of Commerce.

SEC. 2. For the purposes of this act, a "peeler log" shall mean a log (a) having a diameter of 24 or more inches at either end; (b) suitable for rotary veneer cutting and capable of producing not less than 20 percent of clear veneer, based upon the scale content of the log; (c) having not less than eight annual rings per inch at the smaller end; and (d) not containing such defects as shatter, excessive splits, loose annual rings, loose or soft heart decay, or any other defect which makes such a log unsuitable for rotary veneer cutting. Any defect apparent at both ends of a log shall be considered to exist throughout a log.

SEC. 3. For the purposes of this act, Port Orford cedar logs shall not be exported from the United States irrespective of size or quality.

SEC. 4. Any person who knowingly exports or causes to be exported any such logs without the approval of the President, as provided in this act, shall be guilty of a misdemeanor and, upon conviction in any district court of the United States, shall be punished by a fine of not more than $5,000 or by imprisonment for not more than 1 year, or by both such fine and imprisonment.

Mr. KING subsequently said: Mr. President, recurring to Senate bill 1108, I ask the Senator from Washington [Mr. SCHWELLENBACH] whether or not the bill is an interference with the right of the owner of property, preventing him from exporting a log without the consent of a Government official. I have not had time to read the report. We are going so rapidly that it is impossible to keep up with the record.

Mr. SCHWELLENBACH. Mr. President, the bill was introduced by the junior Senator from Oregon [Mr. HOLMAN] and myself. It restricts the exportation of what are known as peeler logs. These logs are taken from the forests of the States of Oregon and Washington. Each year a very large shipment is made to Japan, where the logs are used for the purpose of being changed in character so that they may be used for plywood, which is then brought back to this country and sold in competition with the plywood which we produce.

The bill has an economic and commercial basis, because of the fact that our plywood industry is experiencing competition from the Japanese plywood industry. Because of their lower manufacturing costs, the Japanese are able to take our logs to Japan, manufacture them into plywood, export the plywood to the United States, and sell it cheaper than we can sell our plywood.

The second basis is that of conservation. We are sending our logs to foreign countries and having them converted abroad, and our forests are actually being depleted. In a comparatively short time in the life of the Nation all our forests will be completely destroyed.

Mr. KING. Mr. President, we are exporting our cotton and our wool to Japan and other countries, where the cotton and wool are manufactured into commodities which are shipped back to the United States. The bill seems to me to be an interdiction upon the right of a person to handle or sell his own property. It is a prohibition against exports. There may be justification for making an exception, but it seems to me that this bill might be an entering wedge into a very dangerous practice.

Mr. SCHWELLENBACH. Any successful effort at conservation must necessarily place some limitations upon the rights of owners of property. There is a distinction between this particular question and the question involved in connection with cotton, in that a very definite element of conservation is involved in this particular question which is not involved in the question of cotton.

Mr. KING. Mr. President, if the question of conservation is the primary consideration, it may be that the State itself or the Federal Government might enact legislation to preserve the timber. The point I have in mind is that under the guise of conservation we are interfering with exports. After a while, by reason of this precedent, we may be confronted with very serious conditions with respect to exports in other lines of activity and commerce.

I ask that the bill go over.

The PRESIDING OFFICER. The Chair had announced the passage of the bill.

Mr. KING. I ask unanimous consent that the vote by which the bill was passed be reconsidered.

The PRESIDING OFFICER. Without objection, the vote by which the bill was passed will be reconsidered and, on objection of the Senator from Utah, the bill will be passed over.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Calloway, one of its reading clerks, announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 6392) making appropriations for the Departments of State and Justice, and for the judiciary, and for the Department of Commerce, for the fiscal year ending June 30, 1940, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. THOMAS S. MCMILLAN, Mr. MCANDREWS, Mr. RABAUT, Mr. CALDWELL, Mr. KERR, Mr. CARTER, and Mr. STEFAN were appointed managers on the part of the House at the conference.

The message also announced that the House had agreed to the following concurrent resolution (H. Con. Res. 28), in which it requested the concurrence of the Senate:

Resolved by the House of Representatives (the Senate concurring), That, in accordance with paragraph 3 of section 2 of the Printing Act approved March 1, 1907, the Committee on Appropriations of the House of Representatives is hereby authorized and empowered to have printed, with illustrations, for its use 2,000 additional copies of each part of the hearings held before a subcommittee of said committee, during the current session, pursuant to the resolution (H. Res. 130) directing the Committee on Appropriations to make an investigation and study of the Works Progress Administration as a basis for legislation.

LOANS UNDER AGRICULTURAL MARKETING ACT

The bill (H. R. 2179) to ratify and confirm certain interest rates on loans made from the revolving fund authorized by section 6 of the Agricultural Marketing Act approved June 15, 1929 (46 Stat. 11), and for other purposes, was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That interest rates in excess of the rates set forth in notes or other obligations taken by the Federal Farm Board or the Farm Credit Administration for loans made from the revolving fund authorized by section 6 of the Agricultural Marketing Act, approved June 15, 1929 (46 Stat. 11), shall not be charged or collected on any of said loans, whether such loans have been heretofore or are hereafter paid in whole or in part, except that in those cases where a borrower by specific contract has agreed to pay a higher rate of interest, the contract rate shall be charged for the period agreed upon; and the amount of any interest collected in excess of the rates thus set forth or contracted for shall be refunded out of said fund or credited on the borrower's indebtedness.

REVIEW OF FACTS AND FINDINGS IN DEPARTMENT OF AGRICULTURE

The bill (S. 1955) to authorize the Secretary of Agriculture to delegate certain regulatory functions and to create the position of Second Assistant Secretary of Agriculture was announced as next in order.

Mr. KING. Mr. President, may we have an explanation of the bill?

Mr. SCHWELLENBACH. Mr. President, the bill came to the Senate as a result of the decision of the Supreme Court last year in the St. Joseph Stockyards case. The Senator is familiar with the situation which arose. The Supreme Court rather definitely criticized the Secretary of Agriculture for taking the opinion of some subordinate who had reviewed the findings in that case.

The fact is that if the Secretary of Agriculture himself personally should read the record, and personally review the findings in each case, it would take all his time; there would be no other work done by him except that one task.

Representatives of the Department of Agriculture who came to me and asked me to introduce the bill had prepared a bill which has been introduced in the House of Representatives, I understand, by the Representative from Texas, Mr. MARVIN JONES, chairman of the House Committee on Agriculture, which gives to the Secretary the right to delegate to anyone in his Department the power to review facts and findings. I could not agree with such a suggestion. It seemed to me that would be giving too much power to the Secretary of Agriculture. So I suggested, so long as it was a job for one man all the time, that a particular job be created and that one man, who would be selected for that purpose, do that work. I myself drew up this bill as a substitute for the suggestion of the Department of Agriculture. The Secretary has said that he would accept this bill as a substitute for his own suggestion.

Mr. KING. What salary is to be paid the new official?

Mr. SCHWELLENBACH. The amendment which I put in provides that his salary shall not exceed the salary of the Assistant Secretaries. The salaries of Assistant Secretaries are on a civil-service basis and run between $8,000 and $9,000 a year, so that the salary to be paid to this man would not exceed $9,000 a year.

Mr. KING. It seems to me, Mr. President, that with the large staff that is in the Department of Agriculture, and, for that matter, in every other department of the Government, with the number of lawyers who are attached to the staff of the Department of the Secretary of Agriculture, he could find one out of that number—and I know several of the lawyers there—who would be entirely competent to discharge the duties indicated by the bill, duties which really belong to a lawyer, to one who is competent to weigh testimony. I do not see any necessity for creating a new office.

Mr. SCHWELLENBACH. Mr. President, if we are going to follow the suggestion of the Department of Agriculture, we will have to designate a certain individual. I think the Senator from Utah will agree that I was right when I said I did

not think Congress should let the Secretary delegate this work to anybody in the Department.

The Congress has delegated to the Department of Agriculture certain regulatory powers, certain quasi judicial powers. It is an important work, and it is important to make certain that the man who is substituting for the Secretary of Agriculture is a man of ability and experience. He must have, in my opinion, legal training, but, in addition to that, he must have some knowledge of the situation that exists in the various branches of the Department of Agriculture that handle regulatory work. I think that for such a man a salary of $9,000 a year or between $8,000 and $9,000 is not an excessive amount. It is true we might get somebody for $6,000 or $7,000, or some such salary as that, but the difference between getting a man at such a salary and getting a man at $9,000 would not, in my opinion, compensate for the difference in the qualifications and the ability of the kind of man who should be secured for the work.

In the final analysis, while we are talking about $8,000 or $9,000, we are actually talking about two or three thousand dollars a year. The Congress has given these powers to the Secretary, and when these laws were passed it was contemplated that the Secretary himself would do the work. Now we are proposing to substitute for the Secretary somebody who will occupy a very important position. I see nothing unreasonable about paying the salary suggested for that character of very important work. The rights of people who are brought before the regulatory sections of the Department of Agriculture are very important, and they should be able to have the findings reviewed by someone of experience and ability.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. SCHWELLENBACH. I yield.

Mr. TAFT. It seems to me that this bill is delegation run riot. It provides that any regulatory order, an order which has the force and effect of law, may be adopted on the approval of the Second Assistant Secretary of Agriculture.

It seems to me that there is confusion. There are some kinds of orders that have one effect, and other kinds that really are tantamount to laws just as if the Congress had passed them as laws. When we delegate the power of making laws to the Second Assistant Secretary of Agriculture, I think we go far beyond our constitutional right.

I think in some cases the action taken is practically merely a decision in a particular case, and that such power may be delegated, but this bill goes much further than that. It grants the Secretary of Agriculture the power to make laws, and now we are proposing to give him authority to delegate such power to a Second Assistant Secretary of Agriculture. I think the bill establishes a constitutional principle most important to consider. I, therefore, object to its present consideration.

Mr. SCHWELLENBACH. I should like the Senator, if he will, to withhold his objection for a moment.

Mr. TAFT. Certainly.

Mr. SCHWELLENBACH. All the powers which have gone from the Congress to the Department of Agriculture, so far as regulatory orders are concerned, have already been given by the Congress to the Department of Agriculture. So we are not adding anything to any power that Congress has given it or any power the Department of Agriculture has acquired. In the first instance Congress, though I do not know which was the first instance—the Congress said that it could not pass upon these questions; that they would have to be passed upon by the Department of Agriculture. By passing various bills we have gradually added so many of these powers that, as a practical matter, the Secretary of Agriculture himself cannot perform the duties which are imposed upon him and do anything else as Secretary of Agriculture. The result has been that, in the past, some subordinate in the Department has held hearings and made findings, and passing upon them was what might almost be called a mere ministerial function, so far as the Secretary was concerned.

I do not know whether the Senator was present when I started to explain the bill. The Supreme Court last year very definitely criticized the Secretary for accepting findings without personally making a careful review of them. So we are not adding any new power; we are simply substituting for the Secretary an official who will make a business of reviewing these orders. While it is very well to say that a Second Assistant Secretary of Agriculture will have power delegated to him, the practical effect is that the rights of those who are involved will receive greater protection from this sort of an arrangement than by simply having various officials in various branches of the Department holding hearings and make findings and having them go to the Secretary to be signed by him after a cursory examination.

Mr. TAFT. Mr. President, will the Senator yield further?

Mr. SCHWELLENBACH. I yield.

Mr. TAFT. Does it not go further in this particular case? Does the bill not provide that in a case where we have given the Secretary of Agriculture power to make a rule or regulation, the violation of which may put somebody in jail, the Secretary may delegate to the Second Assistant Secretary of Agriculture the power to make general rules and regulations? Does not the Senator think there ought to be an entirely different practice as to general rules and regulations than that which may obtain in some particular administrative case? If we are going to delegate power to make laws under which people can be sent to jail, it seems to me—I doubt our power to delegate the authority to the Secretary of Agriculture—we might set up a board of some kind that can act in a legislative way, if we care to do that, rather than simply turn it over to a Second Assistant Secretary of Agriculture.

Mr. SCHWELLENBACH. The point I make is that these powers have already been given. This bill does not add any new power. It simply proposes to place a certain function in the hands of a man who will make it his business, and will be employed for that purpose and presumably will be employed because of qualifications along that line, to review the findings and orders, instead of having them come to the Secretary, as we know they must have in the past—and as the record in the St. Joe Stockyards case shows they have—and having the Secretary signing them in almost a mere ministerial way.

Mr. TAFT. It seems to me the Senator makes it worse rather than better. I would not object in administrative cases to some second assistant having the authority to pass on the matter; but when it comes to making general rules and regulations for every farmer in the United States, which is what the Agricultural Act permits to be done, and for a violation of which he may have to go to jail, I do not think that the Second Assistant Secretary of Agriculture ought to be able to make them. So I object at this time to the consideration of the bill.

Mr. SCHWELLENBACH. If the Senator objects, I do not desire to take any more time.

The PRESIDING OFFICER (Mr. MINTON in the chair). The bill will be passed over.

SEWER RIGHT-OF-WAY, FORT NIAGARA MILITARY RESERVATION, N. Y.

The bill (H. R. 5436) to authorize the grant of a sewer right-of-way and operation of a sewage-treatment plant on the Fort Niagara Military Reservation, N. Y., by the village of Youngstown, N. Y., was considered, ordered to a third reading, read the third time, and passed.

FRANK T. HINES

The bill (S. 2327) to authorize the President to appoint Frank T. Hines a brigadier general in the Army of the United States was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the President is hereby authorized to appoint Frank T. Hines a brigadier general in the Army of the United States, and immediately thereafter place him on the retired list of the Army with the rank, pay, and allowances of that grade: *Provided*, That during the period that he is occupying civil office under the Federal Government as Administrator of Veterans' Affairs, or otherwise, he shall not be entitled to other pay or compensation than the salary attached to such civil office.

FRANK I. OTIS, DECEASED

The bill (S. 650) relating to the military record of Frank I. Otis, deceased, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, or benefits upon honorably discharged soldiers Frank I. Otis, deceased, who was a first lieutenant, Fourth Regiment United States Cavalry, shall hereafter be held and considered to have been honorably discharged from the United States Army as of January 3, 1906: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

The title was amended so as to read: "A bill for the relief of Margaret McCandlass Otis."

FURNISHING OF STEAM TO DISTRICT OF COLUMBIA

The Senate proceeded to consider the bill (H. R. 4940), to authorize the furnishing of steam from the Central Heating Plant to the District of Columbia.

Mr. McKELLAR. Mr. President, will the Senator from Utah explain the purpose of the bill?

Mr. KING. Mr. President, the committee considered this measure upon the recommendation of the Commissioners. There is in the District a steam plant owned by the Government and it is desired to connect some of the District buildings with that plant in which the steam is generated, the District to pay for the steam so furnished. It is agreeable to the District Commissioners and to the Government.

The PRESIDING OFFICER. The question is on the third reading and passage of the bill.

The bill was ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Interior, through the National Park Service, be, and he is hereby, authorized to furnish steam from the Central Heating Plant to such buildings as may be erected by the District of Columbia on the property in the District of Columbia bounded by C Street, Third Street, Indiana Avenue, D Street, and John Marshall Place NW., and known as square 533; on the property bounded by C Street, John Marshall Place, Louisiana Avenue, and Sixth Street NW., and known as square 490; on the property bounded by Pennsylvania Avenue, John Marshall Place, C Street, and Sixth Street NW., and known as square 491; and on the property bounded by Pennsylvania Avenue, Third Street, C Street, and John Marshall Place NW., and known as reservation 10: *Provided*, That the District of Columbia agrees to pay for the steam furnished at reasonable rates, not less than cost, as may be determined by the Secretary of the Interior: *And provided further*, That the District of Columbia agrees to provide all necessary connections with the Government mains at its own expense, and in a manner satisfactory to the Secretary of the Interior.

BENEFIT ASSESSMENTS FROM CONDEMNATION PROCEEDINGS IN THE DISTRICT

The bill (H. R. 4745) relating to benefit assessments from condemnation proceedings for the opening, extension, widening, or straightening of alleys or minor streets was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in all condemnation proceedings instituted by the Commissioners of the District of Columbia in accordance with the provisions of sections 1608 to 1610 of the Code of Law for the District of Columbia for the acquisition of land for the opening, extension, widening, or straightening of alleys or minor streets, all, or any part of the entire amount found to be due and awarded by the jury in said proceedings as damages for, and in respect of, the land condemned, plus all or any part of the costs and expenses of said proceedings, may be assessed by the jury as benefits: *Provided, however*, That if the total amount of damages awarded by the jury in any such proceedings, plus the costs and expenses of said proceedings, be in excess of the total amount of benefits, it shall be optional with the Commissioners of the District of Columbia to abide by the verdict of the jury, or, at any time before the final ratification and confirmation of the verdict, to enter a voluntary dismissal of the cause: *Provided further*, That if the total amount of damages awarded by the jury in any such proceedings, plus the costs and expenses of said proceedings, be in excess of the total amount of the assessment for benefits, any such excess in any verdict for the acquisition of land for minor streets or alleys, shall be paid out of the appropriation available for the payment of damages awarded and costs incurred under said verdict.

LICENSING OF REAL-ESTATE BROKERS IN THE DISTRICT

The bill (S. 2147) to amend the act of Congress entitled "An act to define, regulate, and license real-estate brokers, business-chance brokers, and real-estate salesmen; to create a Real Estate Commission in the District of Columbia; to protect the public against fraud in real-estate transactions; and for other purposes", apppoved August 25, 1937, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the title of the act entitled "An act to define, regulate, and license real-estate brokers, business-chance brokers, and real-estate salesmen; to create a Real Estate Commission in the District of Columbia; to protect the public against fraud in real-estate transactions; and for other purposes", approved August 25, 1937 (Public, No. 356, 75th Cong.), is amended so as to read as follows: "An act to define, regulate, and license real-estate brokers, real-estate salesmen, business-chance brokers, and business-chance salesmen; to create a Real Estate Commission in the District of Columbia; to protect the public against fraud in real-estate transactions and in real-estate promotions and in business-chance transactions; and for other purposes."

SEC. 2. Section 1 of said act is hereby amended to read as follows:

"SECTION 1. That on and after 90 days from the date of enactment of this act it shall be unlawful in the District of Columbia for any person, firm, partnership, copartnership, association, or corporation (foreign or domestic) to act as a real-estate broker, real-estate salesman, business-chance broker, or business-chance salesman, or to advertise or assume to act as such, without a license issued by the Real Estate Commission of the District of Columbia."

SEC. 3. Section 2 of said act is hereby amended to read as follows:

"SEC. 2. Whenever used in this act 'real-estate broker' means any person, firm, association, partnership, or corporation (foreign or domestic) who, for another and for a fee, commission, or other valuable consideration, or who, with the intention or in the expectation or upon the promise of receiving or collecting a fee, commission, or other valuable consideration, lists for sale, sells, exchanges, purchases, rents, or leases or offers, or attempts or agrees to negotiate a sale, exchange, purchase, lease, or rental of an estate or interest in real estate, or collects or offers or attempts or agrees to collect rent or income for the use of real estate, or negotiates or offers or attempts or agrees to negotiate, a loan secured or to be secured by a mortgage, deed or trust, or other encumbrance upon or transfer of real estate, or who, as owner or otherwise and as a whole or partial vocation, sells, or through solicitation, advertising, or otherwise offers or attempts to sell or to negotiate the sale of any lot, plot, or site in any tract of land used or proposed to be used for burial purposes, or any interest or right therein, either as an investment or for use thereof for burial purposes, or who is engaged in the business of erecting houses or causing the erection of houses for sale on his, their, or its land and who sells, offers, or attempts to sell such houses, or who, as owner or otherwise and as a whole or partial vocation, sells, or through solicitation, advertising, or otherwise, offers or attempts to sell or to negotiate the sale of any lot or lots in any subdivision of land comprising 10 lots or more: *Provided, however*, That this definition shall not apply to the sale of space for advertising of real estate in any newspaper, magazine, or other publication. A 'business-chance broker' within the meaning of this act is any person, firm, partnership, association, copartnership, or corporation who for a compensation or valuable consideration sells or offers for sale, buys or offers to buy, leases or offers to lease, or negotiates the purchase or sale or exchange of a business, business opportunity, or the goodwill of a business for others.

"'Real-estate salesman' means a person employed by a licensed real-estate broker to list for sale, sell, or offer for sale, to buy or offer to buy, or to negotiate the purchase or sale, or exchange of real estate, or to negotiate a loan on real estate, or to lease or rent or offer to lease, rent, or place for rent, any real estate, or collect or offer or attempt to collect rent or income for the use of real estate, or to sell or offer or attempt to sell any lot, plot, or site in any tract of land used or proposed to be used for burial purposes, or any interest or right therein either as an investment or for use thereof for burial purposes, for or in behalf of such real-estate broker.

"'Business-chance salesman' means any person employed by a licensed business-chance broker to list for sale, sell, or offer for sale, to buy or offer to buy, to lease or offer to lease, or to negotiate the purchase or sale or exchange of a business, business opportunity, or goodwill of an existing business for or in behalf of such business-chance broker.

"Persons employed by a licensed broker in a clerical capacity or in subordinate positions who receive a fixed compensation and who receive no additional commission or compensation for specific acts of renting or leasing real estate and who do not sell or exchange, or offer or attempt to sell or exchange real estate or a business, business opportunity, or the goodwill of a business shall not be required to obtain licenses.

"One act for a compensation or valuable consideration of buying or selling real estate for or of another, or offering for another to buy, sell, or exchange real estate, or leasing, renting, or offering to lease or rent real estate, or negotiating or offering to negotiate a loan secured by a mortgage, deed of trust, or other encumbrance upon or transfer of real estate, except as herein specifically excepted, shall constitute a person, firm, partnership, copartnership, association, or corporation performing, or offering, or attempting to perform any of the acts enumerated herein, a real-estate broker, unless

such act shall be performed or offered or attempted to be performed by a person for and in behalf of a real-estate broker, in which event such act shall constitute such person a real-estate salesman.

"One act for a compensation or valuable consideration of buying, selling, or leasing, or exchanging a business, business opportunity, or the goodwill of a business for or of another, or offering for another to buy, sell, exchange, or lease a business, business opportunity, or the goodwill of a business, except as herein specifically excepted, shall constitute the person, firm, partnership, copartnership, association, or corporation performing or offering or attempting to perform any of the acts enumerated herein, a business-chance broker unless such act shall be performed or offered or attempted to be performed by a person for or on behalf of a business-chance broker, in which event such act shall constitute such person a business-chance salesman.

"The provisions of this act shall not apply to receivers, referees, administrators, executors, guardians, trustees, or other persons appointed or acting under the judgment or order of any court; or public officers while performing their official duty, or attorneys at law in the ordinary practice of their profession; nor to any person, copartnership, association, or corporation who, as owner or lessor shall perform any of the acts aforesaid with reference to property owned or leased by them, or to the regular officers and employees thereof, with respect to the property so owned or leased, where such acts are performed in the regular course of, or as an incident to, the management of such property and the investments therein, except as otherwise provided in this act.

"Every provision of this act applying specifically to an applicant or application for a license as a real-estate broker or a real-estate salesman, and to a real-estate license, and to a licensee licensed as a real-estate broker or a real-estate salesman, and to anyone acting in the capacity of a real-estate broker or a real-estate salesman without a license, shall likewise apply in a similar manner, respectively, to every applicant and application for a license as a business-chance broker or a business-chance salesman, and to every business-chance license, and to every licensee licensed as a business-chance broker or a business-chance salesman, and to anyone acting in the capacity of a business-chance broker or a business-chance salesman without a license."

SEC. 4. The seventh paragraph of section 3 is amended to read as follows:

"The compensation of members of the Commission, except the ex officio member, shall be $10 each for personal attendance at each meeting, but shall not exceed for any member $1,500 per annum."

SEC. 5. Section 4 of said act is amended to read as follows:

"SEC. 4. No license under the provisions of this act shall be issued to any person who has not attained the age of 21 years, nor to any person who cannot read, write, and understand the English language; nor until the Commission has received satisfactory proof that the applicant is trustworthy and competent to transact the business of a real-estate broker or real-estate salesman or business-chance broker or business-chance salesman in such a manner as to safeguard the interests of the public: *Provided, however,* That a salesman shall have 6 months from the date of the issuance of his original license to prove his competency, and failure to prove his competency to the satisfaction of the Commission within that period will automatically cancel his original license or any renewal thereof.

"In determining competency the Commission shall require proof that every applicant for a license has a general and fair understanding of the obligations between principal and agent as well as of the provisions of this act; and that an applicant for a license as a real-estate broker has a fair understanding of the general purposes and effect of deeds, mortgages, and contracts for the sale or leasing of real estate, and of elementary real-estate practices; and that an applicant for a license as a business-chance broker has a fair understanding of the general purposes and effect of bills of sale, chattel mortgages, and trusts, and the provisions of the law governing sales in bulk.

"No license shall be issued to any person, firm, partnership, copartnership, association, or corporation whose application has been rejected in the District of Columbia or any State within 3 months prior to date of application, or whose real-estate license has been revoked in the District of Columbia or any State within 1 year prior to date of application."

SEC. 6. (a) The eighth paragraph of section 5 of said act is amended by striking out the words, "executed by two good and sufficient sureties, to be approved by the Commission, or."

(b) Section 5 of said act is further amended by inserting at the end of the tenth paragraph thereof the following:

"In the event the surety becomes insolvent or a bankrupt, or ceases to do business or ceases to be authorized to do business in the District of Columbia, the principal shall within 10 days after notice thereof, given by the Commission, duly file a new bond in like amount and conditioned as the original and if the principal shall fail so to do the license of such principal shall terminate."

SEC. 7. (a) The third paragraph of section 7 of said act is amended to read as follows:

"The fee for an original broker's license and every renewal thereof shall be $30: *Provided, however,* That the fee for an original broker's license and every renewal thereof for individual members, partners, and officers of firms, partnerships, and corporations shall be $30 for the first member, partner, or officer to be designated by the firm, partnership, or corporation and $10 for each additional member, partner, or officer of such firm, partnership, or corporation."

(b) The fifth paragraph of said section 7 of said act is amended by striking out the words "real estate."

(c) Section 7 of said act is further amended by inserting a new paragraph between the fifth and sixth paragraphs of said section 7 to read as follows:

"The fees provided herein for any original license shall be reduced by one-half in all cases where the application for such original license is filed between January 1 and July 1 of any year."

(d) The seventh paragraph of section 7 of said act is hereby amended to read as follows:

"The Commission shall cause to be issued a new license for each ensuing year, in the absence of any reason or condition which might warrant the refusal of the granting of a license, upon receipt of the written request of the applicant and the annual fee therefor, as herein required: *Provided, however,* That an applicant who, on or before July 1, fails to file said written request and pay the annual fee must comply with all the provisions of this act applicable to an original applicant except that the Commission may waive the requirement of furnishing proof of competency. The revocation of a broker's license shall automatically suspend every salesman's license granted to any person by virtue of his employment by the broker whose license has been revoked, pending a change of employer and the issuance of a new license. Such new license shall be issued without charge if granted during the same license year in which the original license is granted."

(e) The eighth paragraph of section 7 of said act is amended to read as follows:

"No person, firm, partnership, copartnership, association, or corporation engaged in the business or acting in the capacity of a real-estate broker or a real-estate salesman, or a business-chance broker or a business-chance salesman, within the District of Columbia shall bring or maintain any action in the courts of the District of Columbia for the collection of compensation for any services performed as a real-estate broker or a real-estate salesman or a business-chance broker or business-chance salesman, or enforcement of any contract relating to real estate without alleging and proving that such person, firm, partnership, copartnership, association, or corporation was a duly licensed real-estate broker or real-estate salesman, or business-chance broker or business-chance salesman, at the time the alleged cause of action arose."

(f) The ninth paragraph of said section 7 of said act is amended to read as follows:

"Every broker licensed hereunder shall maintain a place of business in the District of Columbia. If a broker maintains more than one place of business within the District of Columbia, a duplicate license shall be issued to such broker for each branch office maintained; and there shall be no fee charged for any such duplicate license."

(g) The tenth paragraph of said section 7 of said act is amended to read as follows:

"When a broker changes the location of his principal place of business he must immediately notify the Commission in writing and return to the Commission his license together with the licenses of all salesmen in his employ, and the Commission shall issue a new license to the broker and to each of the salesmen without charge. Failure to notify the Commission and to return his license when the location of his principal place of business is changed will automatically cancel the broker's license and the licenses of all salesmen in his employ. However, new licenses for the unexpired term may be issued by the Commission without the payment of any additional fee, provided a written request therefor, accompanied by a new bond, is filed."

(h) The eleventh paragraph of said section 7 of said act is amended by striking out the last sentence thereof and inserting in lieu thereof the following:

"When a salesman shall be discharged or shall terminate his employment with the broker by whom he is employed, it shall be the duty of such salesman to immediately notify the Commission, and it shall be unlawful for him to perform any of the acts contemplated by this act either directly or indirectly from and after such termination of employment until such time as he has been employed by another licensed broker and a license has been reissued him by the Commission."

(i) Section 7 of said act is further amended by adding at the end thereof two new paragraphs to read as follows:

"A license issued to an individual cannot be transferred to another individual. However, an individual licensed as a broker may, upon written request to the Commission, change his status to that of an individual broker or to that of a partner of a partnership, or to that of an officer of a corporation, for any unexpired term of his license, without the payment of any additional fee, and such change shall not work a revocation or require a renewal of the bond of any such broker. This provision shall not be applicable to any real-estate broker in respect to a change of license to that of a business-chance broker or vice versa.

"No license shall be issued to any firm, partnership, association, or corporation unless every individual member, partner, or officer of such firm, partnership, association, or corporation, who actively participates in the brokerage business thereof, is licensed as a broker."

SEC. 8. Section 8 of said act is amended to read as follows:

"SEC. 8. The Commission may, upon its own motion, and shall, upon the verified complaint in writing of any person, provided such complaint or such complaint together with evidence, documentary or otherwise, presented in connection therewith, makes out a prima facie case, investigate the conduct of any real-estate broker or real-estate salesman, or business-chance broker or business-chance salesman, and shall have the power to suspend or to revoke any license issued under the provisions of this act, at any

time where the licensee has by false or fraudulent representation obtained a license; or where the licensee, in performing or attempting to perform any of the acts mentioned herein, has—

"(a) Made any substantial misrepresentation;

"(b) Made any false promises of a character likely to influence, persuade, or induce;

"(c) Pursued a continued and flagrant course of misrepresentation, or making of false promises through agents or salesmen, or advertising or otherwise;

"(d) Acted for more than one party in a transaction without the knowledge of all parties for whom he acts;

"(e) Accepted a commission or valuable consideration as a real-estate salesman or as a business-chance salesman for the performance of any of the acts specified in this act from any person, except the broker under whom he is licensed;

"(f) Represented or attempted to represent a real-estate broker or a business-chance broker other than the employer, without the express knowledge and consent of the employer;

"(g) Failed, within a reasonable time, to account for or to remit any money, valuable documents, or other property coming into his possession which belong to others;

"(h) Demonstrated such unworthiness or incompetency to act as a real-estate broker or real-estate salesman or a business-chance broker or a business-chance salesman as to endanger the interests of the public;

"(i) While acting or attempting to act as agent or broker, purchased or attempted to purchase any property or interest therein for himself, either in his own name or by use of a straw party, without disclosing such fact to the party he represents;

"(j) Been guilty of any other conduct, whether of the same or a different character from that hereinbefore specified, which constitutes fraudulent or dishonest dealing;

"(k) Used any trade name or insignia of membership in any real-estate organization of which the licensee is not a member;

"(l) Disregarded or violated any provisions of this act;

"(m) Guaranteed or authorized or permitted any broker or salesman to guarantee future profits which may result from the resale of real property, or a business, business opportunity, or the goodwill of any existing business;

"(n) Placed a sign on any property offering it for sale or for rent or offering it for sale or rent without the written consent of the owner or his authorized agent;

"(o) Accepted a compensation from more than one party to a transaction without the knowledge of all the parties to the transaction; or

"(p) Failed to restore the bond to its original amount after a recovery on the bond as provided in section 5."

SEC. 9. Section 10 of said act is amended by striking out the period at the end of the first paragraph thereof and inserting in lieu thereof a comma, and by adding after such comma the following: "and with the further exception that a nonresident of the District of Columbia need not maintain a place of business within the District of Columbia if he is licensed in and maintains a place of business in the State in which he resides."

SEC. 10. Section 12 of said act is amended by adding at the end thereof the following:

"The exemption contained in this section shall not apply to any bank, trust company, building and loan association, insurance company, or any land-mortgage or farm-loan association, which for another and for a compensation, performs any of the acts defined herein as the acts of a real-estate broker or business-chance broker in connection with any property, wherein such bank, trust company, building and loan association, insurance company, land-mortgage or farm-loan association has no fiduciary interest such as receiver, referee, administrator, executor, guardian, or trustee."

SEC. 11. Section 14 of said act is amended by adding at the end thereof the following:

"It shall be unlawful within the District of Columbia for any person, firm, partnership, association, or corporation, foreign or domestic, either as owner or otherwise, to offer, give, award, or promise, or to use any method, scheme, or plan offering, giving, awarding, or promising free lots in connection with the sale or the offering for sale or an attempt to sell or negotiate the sale of any real estate or interest therein, wherever situated, for the purpose of attracting, inducing, persuading, or influencing a purchaser, or a prospective purchaser; or to offer, promise, or give prizes of any name or nature for attendance at or participation in any sale of real estate by auction or otherwise.

"It shall be unlawful for any person, firm, partnership, association, or corporation knowingly to pay a fee, commission, or compensation to anyone for the performance within the District of Columbia of any service or act defined in this act as the act of a real-estate broker, real-estate salesman, business-chance broker, or business-chance salesman, who was not duly licensed as such at the time such service or act was performed: *Provided*, That this paragraph shall not apply to the division of commission by a broker licensed hereunder with a nonresident cooperating broker."

SEC. 12. No license heretofore issued under the authority of said act of Congress approved March 25, 1937, where the application therefor was accompanied by a bond which does not conform with the requirements of said act as amended hereby, shall be reissued or renewed unless the application for such reissuance or renewal shall be accompanied by a bond in accordance with said act as amended by this act.

WIDENING OF WISCONSIN AVENUE IN THE DISTRICT

The bill (H. R. 5488) to provide for the widening of Wisconsin Avenue in the District of Columbia, and for other purposes, was announced as next in order.

Mr. McKELLAR. I notice a number of bills have been reported by my friend the Senator from Utah [Mr. KING]. Is the Senator firmly convinced that these bills should be passed?

Mr. KING. I am not only "firmly convinced" that they should be passed but am certain of it.

Mr. McKELLAR. The Senator is "certain"?

Mr. KING. The bills are heartily approved and recommended by the District Commissioners, and, to be frank, some of them have already passed the House of Representatives, and so they have the seal of approval.

The VICE PRESIDENT. Is there objection to the consideration of House bill 5488?

There being no objection, the bill was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Commissioners of the District of Columbia be, and they are hereby, authorized to institute in the District Court of the United States for the District of Columbia under subchapter 1 of chapter XV of the Code of Laws for the District of Columbia, and amendments thereto, such proceedings in rem as may be necessary to condemn the land necessary for the widening of Wisconsin Avenue, in the District of Columbia, from R Street to approximately the southerly line of the Mount Alto Hospital property, the condemnation proceedings for the acquisition of the land necessary for said widening to be instituted on such lines and to be acquired to such width or widths as the said Commissioners of the District of Columbia shall deem expedient: *Provided*, That the width of said Wisconsin Avenue at any point south of the south line of Calvert Street shall not be increased by reason of the condemnation proceedings authorized herein to a greater width than 78 feet.

SEC. 2. All laws now in force and effect for the condemnation of streets as laid down on the plan of the permanent system of highways for the District of Columbia shall be applicable to the condemnation of land for the widening of Wisconsin Avenue as authorized in this act: *Provided*, That there is hereby authorized to be appropriated out of the special fund entitled "Highway fund, gasoline tax, and motor-vehicle fees, District of Columbia," such amount or amounts as may be necessary to pay the costs and expenses of the condemnation proceedings taken pursuant hereto and for the payment of the amounts awarded as damages, and the jury or juries under said condemnation proceedings shall award such damages as may be found to be due, and levy assessments upon such land as they may find benefited by reason of the acquisition of said land for the widening of Wisconsin Avenue as provided herein, all in accordance with subchapter 1 of chapter XV of the Code of Laws for the District of Columbia and amendments thereto, and the amounts collected as benefits shall be covered into the Treasury of the United States to the credit of the special fund entitled "Highway fund, gasoline tax, and motor-vehicle fees, District of Columbia."

OPERATION OF GOVERNMENT-OWNED MOTOR VEHICLES

The bill (H. R. 5987) to amend the District of Columbia Traffic Act of 1925 (43 Stat. 1119) was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That subdivision (e) of section 7 of the District of Columbia Traffic Act, approved March 3, 1925 (43 Stat. 1119), is amended by changing the period to a colon after the words "under the provisions of this act" and adding the following: "*Provided*, That operators of Federal Government-owned vehicles stationed outside of the District of Columbia shall not be required to have or obtain the operators' permits referred to above while operating such vehicles within the limits of the District of Columbia on transient or temporary official business of the Federal Government."

MOUNT OLIVET ROAD NE., IN THE DISTRICT

The bill (S. 2010) to authorize the board of directors of the Columbia Institution for the Deaf to dedicate a portion of Mount Olivet Road NE., and to exchange certain lands with the Secretary of the Interior, to dispose of other lands, and for other purposes, was announced as next in order.

The PRESIDING OFFICER. The Chair is informed that there is on the calendar a similar House bill, which, without objection, will be substituted for the Senate bill and considered at this time.

There being no objection, the Senate proceeded to consider the bill (H. R. 5144) to authorize the board of directors of the Columbia Institution for the Deaf to dedicate a portion of

Mount Olivet Road NE., and to exchange certain lands with the Secretary of the Interior, to dispose of other lands, and for other purposes.

Mr. KING. Mr. President, there are certain amendments reported to the Senate bill which I ask be incorporated in the House bill now under consideration.

The PRESIDING OFFICER. The amendments will be stated.

The amendments were, on page 2, section 2, at the beginning of line 7, to insert the word "exchange"; in line 15, after the word "park", to insert "and playground"; in section 3, after line 21, to insert "now owned by the Columbia Institution for the Deaf or acquired by exchange under section 2 of this act", so as to make the bill read:

Be it enacted, etc., That in order to provide a suitable approach to the Ninth Street NE. overpass across the tracks of the Baltimore & Ohio and Pennsylvania Railroads and furnish better access to a part of the property of the Columbia Institution for the Deaf, described in the records of the office of the assessor for the District of Columbia as parcel 141/4, the board of directors of the Columbia Institution for the Deaf are hereby authorized to dedicate to the District of Columbia a strip of land 90 feet wide traversing the north part of said property approximately as shown and designated on the revised highway plan of the District of Columbia as Mount Olivet Road NE.

SEC. 2. That in order to readjust the boundaries and exchange properties of the Columbia Institution for the Deaf, parcel 141/4, and Brentwood Park, United States Reservation No. 495, the board of directors of the Columbia Institution for the Deaf and the Secretary of the Interior are hereby authorized to convey fee-simple title by deeds, each to the other, to such parts of the property of the Columbia Institution for the Deaf and Brentwood Park (United States Reservation No. 495) as in their judgment is to the mutual advantage of both the institution and the park and playground system of the District of Columbia, provided such exchange of properties shall be approved by the National Capital Park and Planning Commission.

SEC. 3. The board of directors of the Columbia Institution for the Deaf are further authorized to sell and to convey fee-simple title by deed that portion of its real estate now owned by the Columbia Institution for the Deaf or acquired by exchange under section 2 of this act which will lie north of the proposed location of Mount Olivet Road extended after a definite survey of such road is established, such sale to be subject to the approval of the Secretary of the Interior. Funds received by the sale of this portion of real property of the institution shall be considered a part of the capital structure of the corporation, which may be invested in securities, buildings, or other real property by the board of directors. If invested in securities, only the income from such investment shall be used for current expenses of the institution.

The amendments were agreed to.

The amendments were ordered to be engrossed, and the bill to be read a third time, the bill was read the third time, and passed.

The PRESIDING OFFICER. Without objection, Senate bill 2010 will be indefinitely postponed.

REGULATION OF PROCEEDINGS IN ADOPTION IN THE DISTRICT

The bill (H. R. 5066) to amend the act entitled "An act to regulate proceedings in adoption in the District of Columbia," approved August 25, 1937, was considered, ordered to a third reading, read the third time, and passed.

ESTABLISHMENT OF LIEN FOR MONEYS DUE HOSPITALS

The Senate proceeded to consider the bill (S. 1805) to establish a lien for moneys due hospitals for services rendered in cases caused by negligence or fault of others and providing for the recording and enforcing of such liens, which was read, as follows:

Be it enacted, etc., That every association, corporation, or other institution maintaining a hospital in the District of Columbia, which shall furnish medical or other service to any patient injured by reason of an accident causing injuries not covered by the Employees' Compensation Act or the Workmen's Compensation Act, shall, if such injured party shall assert or maintain a claim against another for damages on account of such injuries, have a lien upon that part going or belonging to such patient, of any recovery or sum had or collected or to be collected by such patient, or by his heirs or personal representatives in the case of his death, whether by judgment or by settlement or compromise to the amount of the reasonable and necessary charges of such hospital for the treatment, care, and maintenance of such patient in such hospital up to the date of payment of such damages: *Provided*, That the lien herein set forth shall not be applied or considered valid against anyone suffering injuries coming under the Employees' Compensation Act or the Workmen's Compensation Act in this District.

SEC. 2. No such lien shall be effective, however, unless a written notice containing the name and address of the injured person, the date of the accident, the name and location of the hospital, and the name of the person or persons, firm or firms, corporation or corporations alleged to be liable to the injured party for the injuries received, shall be filed in the office of the clerk of the District Court of the United States for the District of Columbia in a docket provided for such liens, prior to the payment of any moneys to such injured person, his attorneys, or legal representatives as compensation for such injuries; nor unless the hospital shall also mail, postage prepaid, a copy of such notice with a statement of the date of filing thereof to the person or persons, firm or firms, corporation or corporations alleged to be liable to the injured party for the injuries sustained prior to the payment of any moneys to such injured person, his attorneys, or legal representatives as compensation for such injuries. Such hospital shall mail a copy of such notice to any insurance carrier which has insured such person, firm, or corporation against such liability, where the name of such insurance carrier is ascertained.

SEC. 3. Any person or persons, firm or firms, corporation or corporations, including an insurance carrier, making any payment to such patient or to his attorneys or heirs or legal representatives as compensation for the injury sustained, after the filing and mailing of such notice without paying to such hospital the amount of its lien or so much thereof as can be satisfied out of the moneys due under any final judgment or compromise or settlement agreement after paying the amount of any prior liens, shall for a period of one year from the date of payment to such patient or his heirs, attorneys, or legal representatives, as aforesaid, be and remain liable to such hospital for the amount which such hospital was entitled to receive as aforesaid; and any such association, corporation, or other institution maintaining such hospital may, within such period, enforce its lien by a suit at law against such person or persons, firm or firms, corporation or corporations making any such payment.

SEC. 4. Any person or persons, firm or firms, corporation or corporations legally liable for such lien or against whom a claim shall be asserted for compensation for such injuries, shall be permitted to examine the ledger entries and similar records of any such association, corporation, or other institution or body maintaining such hospital for the purpose of ascertaining the basis for such lien.

SEC. 5. The clerk of the District Court of the United States for the District of Columbia shall provide a suitable bound book to be called the hospital lien docket, in which, upon the filing of any lien claim under the provisions of this act, he shall enter the name of the injured person, the name of the person, firm, or corporation alleged to be liable for the injuries, the date of the accident, and the name of the hospital or other institution making the claim. Said clerk shall make a proper index of the same in the name of the injured person and the clerk shall charge such reasonable fees, not to exceed the sum of $1, as the court may by rule fix for the recording, indexing, and the releasing of the lien so filed.

Mr. AUSTIN. Mr. President, I wish to make a brief statement about this particular bill.

This is a bill for the benefit of the hospitals of the District of Columbia to which are taken persons injured in accidents. Usually in such cases there is insurance in some form to indemnify the patients for injuries suffered in the accident; but under existing law there is nothing whatever to protect the hospitals for expenditures made by them for the benefit of the patients in the way of medicines, supplies, medical services, housing, and all the overhead of maintenance of accommodations for persons suddenly brought to hospitals.

Experience has shown that in many cases the patients recover, either from an insurance company or from a liable tort feasor, damages adequate to indemnify them completely for the expenses in the hospitals, but never pay them, leaving the hospitals high and dry. Therefore, this change in the law is proposed in order that hospitals may have an opportunity to file liens on claims of this character, in court or out of court, to attempt to indemnify and protect themselves against this type of wrongful injury.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

PHILADELPHIA, BALTIMORE & WASHINGTON RAILROAD CO.

The bill (H. R. 5680) to amend section 1 of the act entitled "An act to authorize the Philadelphia, Baltimore & Washington Railroad Co. to extend its present track connection with the United States navy yard so as to provide adequate railroad facilities in connection with the development of Buzzards Point as an industrial area in the District of Columbia, and for other purposes," approved June 18, 1932

(Public, No. 187, 72d Cong.), was considered, ordered to a third reading, read the third time, and passed.

DOCTORS' HOSPITAL, INC.

The bill (H. R. 5801) to grant permission for the construction, maintenance, and use of a certain underground conduit for electrical lines in the District of Columbia was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Commissioners of the District of Columbia are hereby authorized and directed to grant permission to the Doctors' Hospital, Inc., its successors and assigns, to lay down, construct, maintain, and use an underground conduit for electrical lines in the city of Washington, in the District of Columbia from the building located at and known as 1815 Eye Street NW. directly south to the building located at and known as 1816 Eye Street NW.

SEC. 2. That all the construction and use provided for herein shall be under such regulations and rentals as the Commissioners of the District of Columbia may make and establish in connection therewith and all plans and specifications for such construction shall be subject to their approval. The Commissioners of the District of Columbia shall have full authority to designate the location and to cause such repairs or relocation of such conduit as the public necessity may require, any such repairs or relocation to be at the expense of the Doctors' Hospital, Inc., its successors or assigns.

BILLS PASSED OVER

The bill (S. 2119) to provide for the training of civil aircraft pilots, and for other purposes, was announced as next in order.

Mr. KING. Mr. President, I should like an explanation of the bill.

Mr. BARKLEY. Mr. President, this bill and the one following it, House bill 5619, are identical. I presume the Senator from Nevada [Mr. MCCARRAN], who introduced the bill in the Senate, wants to take up the House bill.

Mr. MCCARRAN. Mr. President, I thought the entire matter might go over until some date which the able leader would assign for the consideration of the subject.

Mr. BARKLEY. I shall be glad to confer with the Senator from Nevada.

The PRESIDING OFFICER. Senate bill 2119 and House bill 5619 will be passed over.

ANNUAL REGISTRATION OF MOTOR VEHICLES IN THE DISTRICT OF COLUMBIA

The Senate proceeded to consider the bill (S. 1575) to provide that the annual registration of motor vehicles in the District of Columbia shall be for the period from April 1 in each year to March 31 in the succeeding year, which had been reported from the Committee on the District of Columbia, with an amendment.

Mr. KING. Mr. President, in lieu of the amendment reported by the committee, I offer, on behalf of the committee, the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. In lieu of the amendment striking out the language proposed to be stricken out by the committee amendment, it is proposed to strike out the words in parentheses on lines 3 and 4 of page 2 and to strike out the sentence beginning on page 2, in line 5, and ending in line 8.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That paragraph (c) of section 2 of title IV of the District of Columbia Revenue Act of 1937, as amended, is amended to read as follows:

"(c) Every registration made under this title shall expire at midnight on the last day of the registration year for which the registration was made, unless the time be extended by the Commissioners. Any such registration may be renewed for the ensuing registration year upon application made by the owner during the months of February and March, and upon payment of the fees required by law. During the month of March it shall be lawful to operate a motor vehicle registered for the ensuing registration year. For the purposes of this title, a registration year shall be deemed to begin on April 1 and end on March 31: *Provided*, That motor vehicles that may have been registered for the period ending February 29, 1940, shall be deemed to be registered for the registration year ending March 31, 1940."

SEC. 2. Paragraph (c) of section 3 of such title, as amended, is amended by striking out "September" and inserting in lieu thereof "October."

COAST GUARD RESERVE

The Senate proceeded to consider the bill (H. R. 5966) to establish a Coast Guard Reserve to be composed of owners of motorboats and yachts.

Mr. MCKELLAR. Mr. President, may we have an explanation of the bill? If not, let it go over.

Mr. PEPPER. Mr. President, I am chairman of the Coast Guard subcommittee of the Commerce Committee. The bill was carefully considered by the Commerce Committee after public hearings, and after Admiral Waesche, of the Coast Guard, recommended it favorably to the Congress.

What the bill does is to make it possible for the Coast Guard to organize the owners of small craft, yachts, and motorboats into a sort of voluntary organization, whose members would study navigation and other things which would be of advantage to the Coast Guard.

Mr. MCKELLAR. How much would it cost?

Mr. PEPPER. There is no expense at all. No appropriation is carried in the bill.

Mr. MCKELLAR. I know; but does it authorize an appropriation?

Mr. PEPPER. The only thing that is done is to allow the craft that qualify to fly pennants approved by the Coast Guard. It seems to the Commerce Committee that it was very desirable to encourage owners of private yachts and other craft to learn navigation, and learn the other things that would be taught by voluntary collaboration with the Coast Guard.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. PEPPER. I yield.

Mr. CONNALLY. Under the bill, will members of the Reserve draw reserve pay?

Mr. PEPPER. None whatever.

Mr. CONNALLY. What will they do that they do not now do? They will not get any pay. There is no compulsion on them. What privileges will they get under the bill?

Mr. PEPPER. The chief privilege they will have is that of receiving instruction from the Coast Guard if they present themselves to the Coast Guard for instruction and comply with the Coast Guard requirements. They also will have the privilege of flying pennants on their vessels to indicate that they are members of a voluntary organization which is taking instruction from and cooperating with the United States Coast Guard.

Mr. MCKELLAR. Mr. President, will the Senator yield?

Mr. PEPPER. I yield.

Mr. MCKELLAR. Will the bill require an additional appropriation to the Coast Guard to look after this particular activity?

Mr. PEPPER. Not at all. No appropriation at all was requested.

Mr. MCKELLAR. And none is contemplated?

Mr. PEPPER. And none is contemplated. So I hope the objection may be withdrawn, if one was made, and the bill may be passed.

The PRESIDING OFFICER. The question is on the third reading and passage of the bill.

The bill was ordered to a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (S. 1852) to promote the free flow of domestically produced fishery products in commerce, and for other purposes, was announced as next in order.

Mr. MCKELLAR. Mr. President, may we have an explanation of this bill?

Mr. PEPPER. Mr. President, Senators will recall that year before last, I believe, we passed a bill——

Mr. KING. Mr. President, will the Senator yield?

Mr. PEPPER. Yes.

Mr. KING. It seems to me that this measure affects the tariff. It is not recommended by the Department, as I understand, and I think the bill ought to go over. I make that suggestion.

Mr. PEPPER. Would not the Senator be satisfied with an explanation of it?

Mr. KING. I am always glad to have an explanation from the Senator from Florida; but in view of the fact that the bill affects the tariff, I think it had better have further consideration.

Mr. PEPPER. Very well, if the Senator makes that request.

The PRESIDING OFFICER. Objection being made, the bill will be passed over.

DISPOSAL OF CEMETERY LOTS

The bill (H. R. 3132) to authorize the disposal of cemetery lots was considered, ordered to a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (S. 1850) to aid the States and Territories in making provisions for the retirement of employees of the land-grant colleges was announced as next in order.

Mr. KING. I should like to have an explanation of this bill. Let it go over.

The PRESIDING OFFICER. The bill will be passed over.

MEDICAL-SCHOOL BUILDING AT CARLISLE BARRACKS, PA.

The Senate proceeded to consider the bill (S. 2353) to authorize appropriations for the construction of a medical-school building at Carlisle Barracks, Pa., which was read, as follows:

Be it enacted, etc., That there is hereby authorized to be appropriated not to exceed $375,000 to be expended for the construction, rehabilitation, and installation at Carlisle Barracks, Pa., of a medical field service school, and such utilities and appurtenances thereto as may be necessary.

Mr. McKELLAR. Mr. President, I should like to have an explanation of the bill.

Mr. SCHWARTZ. Mr. President, this bill authorizes an appropriation for the construction of a medical-school building at Carlisle Barracks, Pa. The bill was submitted to the Committee on Military Affairs by the War Department. Annually the War Department prepares a schedule of the construction which they conceive to be most needed throughout the United States. They have not this year prepared any such schedule, but they have advised us that this is need No. 1.

The building at Carlisle Barracks intended to be used as a medical school is to take the place of a building there now which was first condemned in 1932 by Mr. Frick, a civil construction engineer in the War Department. Notwithstanding the fact that it was condemned in 1932, because of the actual necessity of using the building for some purposes, it was used in part. But in 1938 it was again examined by the civil construction engineer and condemned as wholly unsafe.

Pursuant to direction of the chairman of the Committee on Military Affairs, I made personal inspection of the Medical Field Service School at Carlisle Barracks, Pa.

The present building was originally composed of three buildings. Probably 150 years ago two brick building storerooms were erected at Fort Carlisle. After the fort had been turned over to the Office of Indian Affairs and at some time in the 1880's the Indian Office, or Department of the Interior, erected a brick building for auditorium and classroom purposes which connected with the two older buildings. The construction, and especially the faulty construction, of the building erected by the Interior Department for the use of the Indian school is set forth in some detail in the 1932 report by Mr. Frick.

At the time of my inspection of the building, about 10 days ago, it had been vacated except for a small portion of the first floor of one of the older wings which was being used as a storeroom for medical supplies. The outer walls of the building in many places are badly cracked. Some of these cracks ru from second-story stone window sills down to the caps on the window openings on the first floor. In other places the walls are at least 2 inches out of plumb and at some points bow out to that extent and at other points they lean in. The floors have badly settled, and this is true throughout the building except on the second floor. Some of the floor joists are about 30 feet long and rest on interior brick walls and are not tied. A record kept by an engineer located at the school shows that in places the floors are slowly but gradually drawing away from the walls.

The mortar used in the brickwork is evidently ordinary lime and sand, which has greatly deteriorated. In several places I was able to release some of this mortar and crush it with my fingers. While I have no personal knowledge of building construction, a bare inspection of the building demonstrated to me that it is in an unsafe condition and should be removed.

Mr. McKELLAR. The bill is recommended by the War Department?

Mr. SCHWARTZ. Yes.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

INTERLOCKING BANK DIRECTORATES

The Senate proceeded to consider the bill (S. 2150) a bill to amend section 8 of the act entitled "An act to supplement laws against unlawful restraints and monopolies, and for other purposes" particularly with reference to interlocking bank directorates, known as the Clayton Act, which was read, as follows:

Be it enacted, etc., That section 8 of the act entitled "An act to supplement existing laws against unlawful restraints and monopolies, and for other purposes" (38 Stat. 730), approved October 15, 1914, as amended, is further amended by substituting the words "February 1, 1944" for the words "February 1, 1939" in the second paragraph thereof.

Mr. BORAH. Mr. President, I note that the senior Senator from Virginia [Mr. GLASS], the author of the bill, is not in the Chamber at the moment.

Mr. WAGNER. Is the Senator inquiring about Senate bill 2150?

Mr. BORAH. About the trust and monopoly bill.

Mr. WAGNER. Mr. President, the law originally provided against interlocking directorates, and the provision expired February 1, 1939. This does not apply to very many banks. It might involve some difficulty if the service of the directors affected were terminated at this time. This simply extends the time.

Mr. AUSTIN. Mr. President, I make the suggestion that all this bill does is extend an exception. The particular bill now pending would extend until 1944 the exception granted to a certain class of interlocking directors, and that class is in the favored condition of being in the Reconstruction Finance Corporation, is it not?

Mr. McKELLAR. Why should we extend to a certain class an exemption from the operation of this law? The law applies to various other classes, and they are complying with the law. Why should we favor this particular class?

Mr. BARKLEY. Mr. President, this exception was made in the original law. The exception expires this year, and this bill extends it for 5 years more, I believe. The exception has been in the law from the beginning, in the Clayton Antitrust Act, as I recall.

Mr. AUSTIN. I see I was in error as to the class. The description of the class is "director, officer, or employee of a member bank of the Federal Reserve System," instead of the Reconstruction Finance Corporation. Anyone who falls in that class was excepted from the prohibition contained in the Clayton Act.

Mr. WAGNER. Only until 1939.

Mr. AUSTIN. Yes.

Mr. WAGNER. The time is extended to 1944.

Mr. TAFT. And applies only if they were serving in August 1935.

Mr. WAGNER. Yes; if they were serving on August 23, 1935. It applies to a very limited class, and I am informed that the Treasury Department and the R. F. C. are in favor of the exception being extended because of certain inconveniences which would otherwise ensue. That is about as much as I can say to the Senator from Idaho.

Mr. BORAH. Mr. President, is the Senator from Virginia the author of the bill?

Mr. WAGNER. The senior Senator from Virginia [Mr. GLASS] introduced the bill.

Mr. BORAH. I was curious to know why an exception of this nature should be continued so long. It has already been in existence for a considerable period; but if it has met the approval of the entire committee——

Mr. WAGNER. It did meet the approval of the committee, and also of the departments which are informed on the subject, such as the Treasury Department, the Comptroller of the Currency. I have been informed that it applies to a very limited number of directors who are still serving.

Mr. McKELLAR. Mr. President, I have the greatest confidence in the Senator from Virginia, and anything he says about such matters is generally right, but what strikes me with a good deal of force is that we passed a law with reference to these directors, and now we are asked to extend the time to 1944, a period of 5 years. We are applying the law to everyone, with the exception of a very limited class. I do not think the law ought to make such exceptions. The fact that it is a very limited class I think makes the matter worse.

Mr. WAGNER. I do not know the history of the legislation, save that the exception has already been made by the Congress of the United States.

Mr. McKELLAR. When was it made?

Mr. WAGNER. It was made in 1935, and the directors were permitted to serve until February 1, 1939.

Mr. BARKLEY. This exception was made in the Clayton Act originally, more than 20 years ago, and the pending measure merely provides that this class, who were excepted under section 8 of the Clayton Act, which expires this year, may continue for 5 years more. That is the substance of it.

Mr. McKELLAR. My recollection is that the Clayton Act was passed about 1914 or 1915, and if we have granted an exception to that particular class of people ever since 1915, a period of twenty-odd years, I think we have done pretty well by them. It seems to me they might have so adjusted their affairs as to be in a position to obey the law, which we apply to others.

Mr. WAGNER. The only information I can give to the Senator is that these directors are very limited in number, and since it is only a period of 5 years more the exception is to continue, I do not see any very great and serious objection to the proposed legislation.

Mr. O'MAHONEY. Mr. President, will the Senator from New York yield?

Mr. WAGNER. I yield.

Mr. O'MAHONEY. It would appear from the report of the committee that when the amendatory act was passed, in August 1935, an exception of less than 4 years was granted. Now, it is proposed to grant an exception of 5 years. Apparently the theory of the original bill was that within a certain definite period in the future this exception should cease to apply, and that the officials who were affected by it would have to make their arrangements to divorce their interests within 4 years.

Mr. WAGNER. Yes.

Mr. O'MAHONEY. Did the committee find any reason why they were unable to make the arrangements, and comply with the provisions of the original law?

Mr. WAGNER. Such evidence was before the committee. I do not recall very definitely just what the explanations were. It was originally before the subcommittee of which the Senator from Virginia [Mr. GLASS] was chairman. An explanation was made which was satisfactory to all members of the committee.

Mr. O'MAHONEY. There is no explanation at all in the report.

Mr. WAGNER. If the Senator feels that the exception should not be for a longer period than that in the original law, namely, 4 years, I am sure the Senator from Virginia would have no objection if the bill were amended to make the date February 1, 1944.

Mr. O'MAHONEY. Is there any reason why the exception should not be cut down to 1 year?

Mr. WAGNER. I have been assured there is a very limited number of directors who are still involved, and for that reason I do not think the proposed legislation, which has not a very extended application, is objectionable.

Mr. O'MAHONEY. It is quite apparent on the face of the record that the purpose of the law was to cut off this sort of double service.

Mr. WAGNER. It ought to be cut off.

Mr. O'MAHONEY. An extension of 4 years has heretofore been granted. Perhaps there were many extensions before that. There is nothing at all in the report and no explanation has been made to indicate why an additional 5-year extension should be granted. It seems to me the report of the committee ought to be more specific than it is.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. O'MAHONEY. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

EXTENSION OF BENEFITS OF UNITED STATES EMPLOYEES' COMPENSATION ACT

The Senate proceeded to consider the bill (S. 1021) to extend the benefits of the United States Employees' Compensation Act to members of the Officers' Reserve Corps and of the Enlisted Reserve Corps of the Army who are physically injured in line of duty while performing active duty or engaged in authorized training, and for other purposes, which had been reported from the Committee on Military Affairs with an amendment, on page 2, line 22, after the word "*further*", to insert "That Reserve officers entitled to the benefits of the last proviso of section 5 of the act of April 3, 1939 (Public, No. 18, 76th Cong.), shall not be entitled to the benefits of this act: *And provided further*", so as to make the bill read:

Be it enacted, etc., That if in time of peace any member of the Officers' Reserve Corps or of the Enlisted Reserve Corps of the Army is physically injured in line of duty (1) while on active duty, or (2) when engaged in authorized travel to and from such duty, or (3) when engaged in authorized training without pay, or dies as the result of such physical injury, he or his beneficiary shall be entitled to all the benefits prescribed by law for civil employees of the United States who are physically injured in line of duty or who die as a result thereof, and the United States Employees' Compensation Commission shall have jurisdiction in such cases and shall perform the same duties with reference thereto as in the cases of civil employees of the United States so injured: *Provided*, That in no case shall sickness or disease be regarded as an injury within the meaning of this act relating to members of the Officers' Reserve Corps and of the Enlisted Reserve Corps of the Army: *Provided further*, That employees' compensation under this act shall not be paid concurrently with active-duty pay or pension based upon military service, and in the event a person becomes eligible for the benefits of the United States Employees' Compensation Act and is also eligible for, or is in receipt of, a pension based upon military service, he shall elect which benefit to receive: *Provided further*, That authorized training without pay is defined as inactive-status training under written authorization by competent military authority covering a specific training assignment and prescribing a time limit: *Provided further*, That Reserve officers entitled to the benefits of the last proviso of section 5 of the act of April 3, 1939 (Public, No. 18, 76th Cong.), shall not be entitled to the benefits of this act: *And provided further*, That nothing herein shall be construed to authorize compensation benefits for any period prior to the approval of this act.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

PROBATIONARY APPOINTMENTS OF OFFICERS IN THE REGULAR ARMY

The Senate proceeded to consider the bill (S. 1155) to provide for probationary appointments of officers in the Regular Army, which had been reported from the Committee on Military Affairs with an amendment to add a proviso at the end of the bill, so as to make the bill read:

Be it enacted, etc., That section 23 of the National Defense Act, as amended by the act of June 4, 1920 (41 Stat. 771), be, and the same is hereby, amended to read as follows:

SEC. 23. Original appointments to be probationary: The Secretary of War, under such regulations as he may prescribe, may hereafter revoke the commission of any officer on the active list, initially commissioned after the date of this act, who, at the date of said revocation, has had less than 3 years of continuous service as a

commissioned officer of the Army, and each officer whose commission is so revoked shall be discharged from the Army: *Provided, however,* That marriage shall not constitute cause for revocation of a commission under this act.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

LEIF ERIKSON DAY

The joint resolution (S. J. Res. 43) requesting the President to proclaim October 9 as Leif Erikson Day was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Resolved, etc., That the President of the United States is hereby authorized and requested to issue a proclamation designating October 9 of each year as Leif Erikson Day and calling upon officials of the Government to display the flag of the United States on all Government buildings on said date and inviting the people of the United States to observe the day in schools and churches, or other suitable places, with appropriate ceremonies.

EXPENSES OF JOINT COMMITTEE ON ARRANGEMENTS AND RECEPTION OF THE KING AND QUEEN OF GREAT BRITAIN

The concurrent resolution (S. Con. Res. 20) to pay the expenses incident to the reception of the King and Queen of Great Britain at the Capitol on June 9, 1939, was considered, and agreed to, as follows:

Resolved, etc., That the expenses incurred by the joint committee appointed pursuant to Senate Concurrent Resolution 17, Seventy-sixth Congress, to arrange for the reception of Their Majesties the King and Queen of Great Britain in the rotunda of the Capitol on June 9, 1939, shall be paid one-half from the contingent fund of the Senate and one-half from the contingent fund of the House of Representatives upon vouchers approved by the chairman of the joint committee.

APPOINTMENT OF RETIRED ARMY OFFICERS IN DIPLOMATIC SERVICE

Mr. BARKLEY. Mr. President, from the Committee on Foreign Relations I report back favorably without amendment Senate bill 2539, to amend section 1223 of the Revised Statutes of the United States, and I ask for its immediate consideration.

The PRESIDING OFFICER. The bill will be read.

The bill was read, as follows:

Be it enacted, etc., That section 1223 of the Revised Statutes of the United States be amended by adding at the end thereof the following proviso: "*Provided, however,* That the foregoing provision shall not apply to any officer of the Army on the retired list."

Mr. KING. Mr. President, may we have an explanation of the bill?

Mr. BARKLEY. The bill proposes to amend a certain law passed during the Grant administration, which prohibited the President from appointing any Army officer to a position in the Diplomatic Service. Since then Congress has amended the law so as to make it inapplicable to retired naval officers. This bill makes it inapplicable to retired Army officers. It puts retired Army officers on the same basis as retired naval officers.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to be engrossed for a third reading, read the third time, and passed.

RECOGNITION OF SERVICES OF CIVILIAN OFFICIALS AND EMPLOYEES ENGAGED IN CONSTRUCTION OF THE PANAMA CANAL

Mr. PEPPER. Mr. President, I ask leave to bring up for consideration Senate bill 1162, being Calendar No. 157. I wish to state that the bill gives recognition to the services of the civilian employees of the Government on the Panama Canal during the progress of the construction of that work. I ask for the present consideration of the bill.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the bill (S. 1162) to provide for the recognition of the services of the civilian officials and employees, citizens of the United States, engaged in and about the construction of the Panama Canal, which was read, as follows:

Be it enacted, etc., That in recognition of the distinguished services rendered in and about the construction, maintenance, operation, sanitation, and government of the Panama Canal, and the Canal Zone, during the construction period of the Panama Canal, from May 4, 1904, to March 31, 1914, inclusive, by civilian officials and employees, citizens of the United States, the thanks of Congress are hereby extended to all and each of them so engaged or employed, who were not included in the recognition and benefits accorded by the act of March 4, 1915 (38 Stat. 1190).

SEC. 2. That in further recognition of the exceptional character of the services described in section 1, each civilian official and each civilian employee entitled to receive the thanks of Congress agreeably to the provisions of section 1, who has not been heretofore specially rewarded by gratuity, annuity, or other benefit under any provision of law; and who was engaged with, or employed by, the Isthmian Canal Commission or the Panama Railroad Co. on the Isthmus of Panama during the aforesaid construction period of the Panama Canal for 3 years or more; and who, during such service, was a citizen of the United States; and who, on the date whereon this act becomes effective, shall be living, shall be entitled to receive, and there shall be paid to him by the Government of the United States, for and during the remainder of his life, an annuity, based on the salary, pay, or compensation received by, and paid to him, for his aforesaid service, as follows:

Forty percent of his average annual basic salary, pay, or compensation if such service was for as much as 3 years and not more than 4 years;

Fifty percent of his average annual basic salary, pay, or compensation if such service was for more than 4 years and not exceeding 6 years; and

Sixty percent of his average annual basic salary, pay, or compensation if such service was for more than 6 years.

The term "basic salary, pay, or compensation," as used in this act, shall be so construed as to exclude from the operation of the act all bonuses, allowances, overtime pay, or salary, pay, or compensation given in addition to the base pay of the position as fixed by law or regulations.

SEC. 3. Annuities granted under the provisions of this act shall be due and payable in monthly installments on the first business day of the month following the month or other period for which the annuity shall have accrued; and payment of all annuities and allowances granted hereunder shall be made by checks drawn by the disbursing clerk for the payment of pensions, in such form and manner, and with such safeguards as shall be prescribed by the Civil Service Commission, in accordance with the laws, rules, and regulations governing accounting that may be found applicable to such payments; and the administration of this act shall be under the Civil Service Commission.

Each application for annuity hereunder shall be in such form as the Civil Service Commission may prescribe and shall be supported by such certificate from the head of the department, branch, or independent office of the Government, or the Panama Canal, or the Panama Railroad Co., which may have in possession the record of any service described or referred to in this act, as may be necessary to determine the rights of the applicant. Upon receipt of satisfactory evidence, the Civil Service Commission shall forthwith adjudicate the claim of the applicant, and, if title to annuity be established, a proper certificate shall be issued to the annuitant under the seal of the Civil Service Commission.

SEC. 4. Annuities granted under the provisions of this act shall commence from the date whereon the act takes effect and shall continue during the life of the annuitant: *Provided, however,* That in such case as where a deceased person, had he been alive on the date whereon the act takes effect, would have been entitled to receive an annuity hereunder, and shall have been survived by one who was his wife during any portion of his service, as aforesaid, on the Isthmus of Panama, such survivor shall be entitled to receive such annuity from the effective date of the act until her death: *And provided further,* That in any case where an annuitant hereunder shall die after he has received any annuity payment, or payments hereunder, and shall leave surviving him one who was his wife during any portion of his service as aforesaid, on the Isthmus of Panama, such survivor shall be entitled to receive the annuity from the date to which same was paid to such deceased annuitant until her death.

Any surviving person as described in this section shall become an annuitant hereunder and shall be subject to all the provisions of this act regarding applications for, and payment of, annuities, and she shall furnish such proof of her marriage and marital relationships to establish her right to become such annuitant as may be required by the Civil Service Commission.

SEC. 5. If, after becoming an annuitant under the provisions of this act, any person, on account of any service rendered by him as hereinbefore indicated, or rendered by him as an official or employee of the permanent organization of the Panama Canal, or of the Panama Railroad Co., subsequent to March 31, 1914, shall elect to receive, and shall receive, any special reward or annuity, under any provision of law other than that provided for by this act, then and in that event all his further right to receive the annuity hereunder authorized shall thenceforth cease.

In any case where, at the time of the effective date of this act, a citizen of the United States is receiving an annuity under provisions of law providing therefor as to retirement of civilian officials and employees of the permanent organization of the Panama Canal or of the Panama Railroad Co., and had 3 years or more of service on the Isthmus of Panama of the character described in section 2, he may elect to have that annuity canceled, and thenceforth to become and be an annuitant under the provisions of this act. The annuity which may thus be paid to him under this act shall begin with the date whereon his other annuity, hereinbefore referred to, shall cease because of his election to cancel same; and the substituted annuity,

thus to be paid him, under the provisions of this act, shall thenceforth continue until his death. As an annuitant under this act, all its provisions shall be applicable to him.

SEC. 6. For the purposes of administration, the Civil Service Commission is hereby authorized and directed to perform, or cause to be performed, any and all acts, and to make such rules and regulations as may be necessary and proper for carrying into full force and effect the provisions of this act.

An appeal to the Civil Service Commissioners shall lie from the action or order affecting the rights or interests of any person, or of the United States, under this act; the procedure to be as prescribed by the Civil Service Commission.

The Civil Service Commission shall make a detailed comparative report annually, showing all the receipts and disbursements on account of annuities paid under this act, together with the total number of persons receiving such annuities and the total amounts paid them.

SEC. 7. None of the annuities or moneys mentioned in this act shall be assignable, either in law or equity, or be subject to execution, levy, lien, attachment, garnishment, or other legal process.

SEC. 8. The Civil Service Commission shall submit annually to the Bureau of the Budget estimates of the appropriations necessary to pay the annuities hereunder authorized.

SEC. 9. There are hereby authorized to be appropriated annually such sums as may be necessary to pay such annuities and to carry out the provisions of this act.

Mr. BARKLEY. Mr. President, is this bill limited to those who were employed in the Canal Zone at the time the Canal was constructed? Its provisions do not apply to the present employees, do they?

Mr. PEPPER. They do not. The bill applies only to those employees who worked as much as 3 years actually upon the Isthmus of Panama during the construction of the Canal, with the addition that it also applies to the widows of those who worked as much as 3 years, provided the widow was for as long as a year the wife of the employee in actual residence upon the Isthmus during the construction of the Canal.

Mr. McKELLAR. Mr. President, has the Senator obtained an estimate of what the cost of the measure will be?

Mr. PEPPER. It is estimated it will cost between one million and one and a half million dollars a year.

Mr. McKELLAR. That much per year?

Mr. PEPPER. Yes.

Mr. CLARK of Missouri. It will be a constantly diminishing figure. It will be less every year after the second year. Mr. President, I will say to the Senator from Florida that at the time of the passage of the Panama Canal reorganization bill, as it was called, Congress treated the Army officers who had been assigned to duty with the Panama Canal during the construction days—and the pending bill applies only to the construction period—on a very different footing from the way it treated anybody else. For instance, any Army officer was permitted to retire if he chose with three steps in grade. One particularly eminent character, and I mention him because he had rendered very distinguished service in the construction of the Panama Canal, who was very much in favor of this bill, was General Wood, who became one of the outstanding American business leaders by reason of the fact that he was permitted to retire and take three steps in grade and go into business.

The bill simply does justice to the civilians who were also engaged in the construction of the Panama Canal. We recently passed a bill in the Senate, which passed the House last week, I believe, taking care in a very minor way of the people who were engaged during the actual construction of the Canal, and who have remained in the employ of the Panama Canal. They are taken care of in that bill already passed, provided the President sees fit to sign the bill; but the pending bill is designed to take care of other persons who are entitled to as much consideration as the Army officers who were permitted to retire, but who have not had any provision made for them whatever. The measure would to some extent equalize that situation.

Mr. PEPPER. Mr. President, I want to thank the chairman of the Interoceanic Canals Committee, before which this measure came, and by which it was favorably reported to the Senate.

Mr. AUSTIN. Mr. President, will the Senator yield?

Mr. PEPPER. I yield.

Mr. AUSTIN. I should like to ask the Senator from Florida if these civilian employees continued to serve the Government after the 3 years' service on the Panama Canal.

Mr. PEPPER. Some of them did, and some of them did not.

Mr. AUSTIN. Are they now serving the United States for compensation?

Mr. PEPPER. Some of them are and some of them are not, but the bill provides that those who are now in the Federal service and are eligible for other retirement systems of course shall not get the benefit of the provisions of this bill, unless they elect to choose to come under them.

Mr. AUSTIN. Why did the Senator pick out this particular group of civilian employees of the Government for this purpose?

Mr. PEPPER. For the obvious reasons that these people were actually in residence upon the Isthmus of Panama, working on the construction of the Panama Canal at a time when everybody knows that to do so involved a tremendous health hazard. Yellow fever existed, although it was in process of study and control. They were living in a climate much different from their natural habitat. They were daily exposed to risks and hazards which the ordinary employee would not be subjected to. They were contributing very tremendously to their country's defense by the construction of the Panama Canal.

Mr. McKELLAR. Mr. President, I wish to ask the Senator a question. Let us suppose a man worked for a month on this construction.

Mr. PEPPER. I am glad the Senator brought up that question.

Mr. McKELLAR. What is the time limit?

Mr. PEPPER. No one would get anything unless he worked in residence upon the Isthmus of Panama, engaging in this construction project, for as much as 3 years, and he must have been there during the construction of the Panama Canal.

Mr. McKELLAR. What about the wife or the widow, express or implied, as it seems, to be by this language?

Mr. PEPPER. That subject is mentioned. I am not sure that the Senator has the latest bill.

Mr. McKELLAR. The bill I have before me says——

Mr. PEPPER. I will answer the Senator's question by saying the widow must have lived with her husband in actual residence upon the construction project or in that vicinity upon the Isthmus of Panama for at least a year.

Mr. McKELLAR. For at least a year?

Mr. PEPPER. Yes; before she would be eligible at all.

Mr. McKELLAR. That is a very vague and indefinite proposition. As I recall the situation with respect to some of the workers on the Panama Canal, I think there would be untold instances of deception in obtaining these pensions or these annuities——

Mr. PEPPER. Mr. President, the bill, of course, contemplates only those who were bona fide in residence there as the wives of workingmen engaged on the job.

Mr. McKELLAR. The Senator says the wives. If a man without marriage lived together with a woman, would that kind of a "wife" receive this annuity? I believe she would under the wording of this measure.

Mr. PEPPER. Mr. President, the bill certainly contemplates that she must meet the standard of being a lawfully wedded wife.

Mr. McKELLAR. But the bill does not say that. Quite the contrary, the bill leaves the impression, as it was left on my mind, that anyone who acted as a man's wife down there for a period of a year would receive the pension or the annuity.

I hope the Senator will let the bill go over until we can look into it a little further. I think the bill ought to go over and ought not to be passed today.

Mr. PEPPER. The bill has been on the calendar for quite a long time. As a matter of fact it was before us during the previous session. It is difficult to obtain con-

sideration for such a bill. We have been rather indulgent about it; but I do not want to take advantage of the Senator from Tennessee if he wants to examine the measure further.

Mr. McKELLAR. It seems to me that in connection with civil pensions of this kind to a class of persons who have been working on the Panama Canal for nearly 40 years the vague, indefinite, and indeterminate language used in the bill about the employees and their wives would put the Government to a great deal more expense than we ever dreamed of. I think the bill probably could be amended so as to do justice to those to whom justice is due, but the language ought not to be of such a general character as to leave the door open for all kinds of fraud.

Mr. PEPPER. Mr. President, I am perfectly willing to accede to the request of the Senator from Tennessee. However, there are only a few thousands of these employees. In 1915 the Congress made provision for those in the military service and in the Public Health Service who were engaged in the construction of the Panama Canal; and during all these years we have failed to consider the civilian employees, many of them living in penury and others dying in poverty, without any recognition at all of the valorous service which they rendered to their country. Would it be agreeable to the Senator from Tennessee if the bill were taken up at an early date?

Mr. McKELLAR. Yes.

Mr. BARKLEY. Mr. President, inasmuch as under the present situation the bill remains the unfinished business, I suggest that the motion to consider it, which would make it the unfinished business, be reconsidered, so that when we meet again on Thursday it will not automatically remain the unfinished business. It is all right with me, except that we cannot tell exactly what will be before us on Thursday. The Senator may move at any time to take up the bill, unless he wants it to go over as the unfinished business.

Mr. PEPPER. I will accede to the suggestion of the Senator from Kentucky.

The PRESIDING OFFICER. Without objection, the motion is reconsidered.

POSTPONEMENT OF OPERATION OF CERTAIN PROVISIONS OF FOOD, DRUG, AND COSMETIC ACT—CONFERENCE REPORT

Mr. CLARK of Missouri submitted a report, which was ordered to lie on the table, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5762) to provide for temporary postponement of the operations of certain provisions of the Federal Food, Drug, and Cosmetic Act, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1 and agree to the same with an amendment, as follows: In lieu of subdivision (b) of the engrossed bill (beginning on line 9 of page 1, and extending down to and including line 16 on page 2) and the Senate amendment numbered 1, insert the following:

"(b) The Secretary of Agriculture shall promulgate regulations further postponing to July 1, 1940, the effective date of the provisions of sections 403 (e) (1); 403 (g), (h), (i), (j), and (k); 502 (b), (d), (e), (f), (g), and (h); and 602 (b) of such act with respect to lithographed labeling which was manufactured prior to February 1, 1939, and to containers bearing labeling which, prior to February 1, 1939, was lithographed, etched, stamped, pressed, printed, fused, or blown on or in such containers, where compliance with such provisions would be unduly burdensome by reason of causing the loss of valuable stocks of such labeling or containers, and where such postponement would not prevent the public interest being adequately served: *Provided*, That in no case shall such regulations apply to labeling which would not have complied with the requirements of the Food and Drug Act of June 30, 1906, as amended."

And the Senate agree to the same.

BENNETT CHAMP CLARK,
CLAUDE PEPPER,
CHAS. L. MCNARY,
Managers on the part of the Senate.

CLARENCE F. LEA,
VIRGIL CHAPMAN,
CARL E. MAPES,
Managers on the part of the House.

ADDITIONAL COPIES OF HEARINGS BEFORE HOUSE COMMITTEE ON APPROPRIATIONS

Mr. HAYDEN. Mr. President, I ask that House Concurrent Resolution 28 be laid before the Senate.

The PRESIDING OFFICER. The Chair lays before the Senate a concurrent resolution from the House of Representatives, which will be read.

The concurrent resolution (H. Con. Res. 28) was read, as follows:

Resolved by the House of Representatives (the Senate concurring), That, in accordance with paragraph 3 of section 2 of the Printing Act approved March 1, 1907, the Committee on Appropriations of the House of Representatives is hereby authorized and empowered to have printed, with illustrations, for its use 2,000 additional copies of each part of the hearings held before a subcommittee of said committee, during the current session, pursuant to the resolution (H. Res. 130) directing the Committee on Appropriations to make an investigation and study of the Works Progress Administration as a basis for legislation.

Mr. HAYDEN. Mr. President, the concurrent resolution covers a very important hearing before the House Committee on Appropriations relating to the Works Progress Administration. I ask unanimous consent that the Senate consider and agree to the concurrent resolution.

The PRESIDING OFFICER. Is there objection to the present consideration of the concurrent resolution?

There being no objection, the concurrent resolution was considered and agreed to.

NIAGARA RIVER BRIDGE, NIAGARA FALLS, N. Y.

Mr. MEAD. Mr. President, from the Committee on Commerce I report back favorably, without amendment, House bill 6109, and ask unanimous consent for its present consideration.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the bill (H. R. 6109) to extend the times for commencing and completing the construction of a bridge across the Niagara River at or near the city of Niagara Falls, N. Y., which was ordered to a third reading, read the third time, and passed.

DISCRIMINATION AGAINST GRADUATES OF CERTAIN SCHOOLS

Mr. SHEPPARD. Mr. President, I give notice that I shall take advantage of every opportunity hereafter to bring about the consideration of Senate bill 1610, to prevent discrimination against graduates of certain schools, and so forth.

LEGISLATIVE PROGRAM

Mr. BARKLEY. Mr. President, I wish to make a brief statement with respect to the program for the immediate future, so far as I can foresee it.

It is my purpose to move to adjourn until Thursday. I do not see very much legislation on the calendar for consideration on that day or for the remainder of this week, and I contemplate moving on Thursday an adjournment until Monday.

On Monday it is intended to take up the stabilization fund and devaluation bill reported from the Committee on Banking and Currency. I wish to say also that it seems likely that the House of Representatives will pass the relief bill during the present week. That bill will be referred, of course, to the Committee on Appropriations, and will undoubtedly be given prompt consideration. Very likely the House next week will pass the tax bill, which will then be in the Senate for consideration. It will be referred to the Committee on Finance, and will receive prompt consideration from that committee.

It is important that the relief bill and the tax bill be passed and signed by the President by the 1st day of July, because the relief appropriations must be available on that day. Otherwise, no funds will be available for work relief.

On the 30th of June certain taxes expire; and, unless they are renewed, the Government will lose large sums of revenue until those taxes are extended. So it is important that the tax bill and the relief bill be enacted into law by the 1st day of July. I have no doubt that that can be done.

So far as we now know, that leaves the other questions which will arise between now and the time of final adjournment to be considered in the meantime, or subsequent to

July 1. I thought the Senate would be interested in knowing the program for the next 2 or 3 weeks so far as we can now see it.

AUTHORIZATION TO REPORT AND SIGN BILLS, ETC., DURING ADJOURNMENT

Mr. BARKLEY. Mr. President, I ask unanimous consent that during the adjournment of the Senate following today's session all committees may be permitted to report bills, resolutions, and nominations; that the Vice President may be authorized to sign any bills that may become ready for his signature; and that the Secretary of the Senate may be authorized to receive messages from the House of Representatives.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE REPORTS OF COMMITTEES

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

He also, from the same committee, reported adversely the nomination of Howard F. Bradway to be postmaster at Somers Point, N. J., in place of W. L. Stretch, removed.

The PRESIDING OFFICER (Mr. MINTON in the chair). The reports will be placed on the Executive Calendar.

If there be no further reports of committees, the clerk will proceed to state the nominations on the calendar.

GOVERNOR OF PUERTO RICO

The Chief Clerk read the nomination of Admiral William D. Leahy to be Governor of Puerto Rico.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

TREASURY DEPARTMENT

The Chief Clerk read the nomination of Herbert E. Gaston to be Assistant Secretary of the Treasury.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of John L. Sullivan to be Assistant to the Commissioner of Internal Revenue.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of William P. Bowers to be collector of internal revenue for the district of South Carolina.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Martin R. Bradley to be collector of customs for customs collection district No. 38, with headquarters at Detroit, Mich.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Bernice Pyke to the collector of customs for customs collection district no. 41, with headquarters at Cleveland, Ohio.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

UNITED STATES PUBLIC HEALTH SERVICE

The Chief Clerk proceeded to read sundry nominations in the United States Public Health Service.

Mr. BARKLEY. I ask that the nominations in the Public Health Service be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations in the Public Health Service are confirmed en bloc.

POSTMASTERS

The Chief Clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask that the nominations of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations of postmasters are confirmed en bloc.

IN THE NAVY AND MARINE CORPS

The Chief Clerk proceeded to read sundry nominations in the Navy and Marine Corps.

The PRESIDING OFFICER. Without objection, the nominations in the Navy and in the Marine Corps are confirmed en bloc.

That completes the calendar.

ADJOURNMENT TO THURSDAY

Mr. BARKLEY. As in legislative session, I move that the Senate adjourn until Thursday next.

The motion was agreed to; and (at 2 o'clock and 55 minutes p. m.) the Senate adjourned until Thursday, June 15, 1939, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate June 13, 1939

GOVERNOR OF PUERTO RICO

Admiral William D. Leahy to be Governor of Puerto Rico.

ASSISTANT SECRETARY OF THE TREASURY

Herbert E. Gaston to be Assistant Secretary of the Treasury.

ASSISTANT COMMISSIONER OF INTERNAL REVENUE

John L. Sullivan to be assistant to the Commissioner of Internal Revenue.

COLLECTOR OF INTERNAL REVENUE

William P. Bowers to be collector of internal revenue for the district of South Carolina.

COLLECTORS OF CUSTOMS

Martin R. Bradley to be collector of customs for customs collection district No. 38, with headquarters at Detroit, Mich.

Bernice Pyke to be collector of customs for customs collection district No. 41, with headquarters at Cleveland, Ohio.

UNITED STATES PUBLIC HEALTH SERVICE

TO BE SURGEONS

Hiram J. Bush	Edgar W. Norris
Samuel J. Hall	Richard B. Holt

TO BE ASSISTANT SURGEONS

James John Griffitts	Lester Lawrence Smith
John Beldon Vander	Leo David O'Kane
Albert Lyon Chapman	Harlan Elrod Wilson
George Kemp Massengill, Jr.	Joseph Carroll Sturgell
Michael Boris Sh'mkin	John Richard Marron
Lloyd Smith Rolufs	Harold Jennings Stoen
Lloyd Raymond Hershberger	Robert Andred Hingson
Daniel Duncan Chiles	Thomas Earl Williams
Dorland Jones Davis.	Ralph Burk Dawson
James Raymond Shaw	Robert Leland Griffith
Horace Dreher Warden	Kenneth William Chapman

PROMOTIONS IN THE NAVY

To be commanders

John J. Bartholdi	Robert L. Mitten
Stanley M. Haight	Robert R. Ferguson
Arthur Gavin	Allan P. Flagg
William C. Vose	Vaughn Bailey
Bayard H. Colyear	Herbert R. Sobel
James D. Lowry, Jr.	Harold A. Turner
John B. Griggs, Jr.	Paul E. Kuter
Marshall R. Greer	Harry J. Hansen
Robert M. Smith, Jr.	Newcomb L. Damon
James L. Holloway, Jr.	Clyde Lovelace
Ralph E. Jennings	Edmund D. Duckett
Adolph O. Gieselmann	Harold F. Fultz
David H. Clark	Benjamin W. Cloud
Jeffrey C. Metzel	Mallery K. Aiken
Edmund J. Kidder	Clyde C. Laws
Edward D. Walbridge	Learned L. Dean
Smith D. A. Cobb	Merwin W. Arps
John W. Rogers	Marion C. Erwin
Lloyd E. Clifford	Lester M. Harvey

John F. Warris
Henry T. Stanley
Harold J. Brow
Charles A. Nicholson, 2d
Ralph S. Barnaby
Rossmore D. Lyon
David Rittenhouse
Harry R. Hayes
Cyril T. Simard
Thomas A. Gray
Byron J. Connell
Andrew Crinkley
George L. Compo
Orie H. Small
Elmer B. Robinson
Arthur L. Karns
Ratcliffe C. Welles
James M. Connally
Arthur E. Bartlett
Alfred J. Byrholdt
Charles A. Goebel
Edward H. Smith
Henry C. Flannagan
John P. Dix
James D. Barner
Allen D. Brown
John W. Roper
James B. Sykes
Cuthbert A. Griffiths
Ernest H. von Heimburg
John O. Huse
Gerald L. Schetky
Charles E. Coney
John J. Patterson 3d
William E. G. Erskine
William S. Holloway

To be lieutenant commanders

Clifford A. Fines
Joseph H. Garvin
Virginius R. Roane
Walter C. Holt
Louis N. Miller
Daniel N. Cone, Jr.
Donald E. Wilcox
Clyde W. Smith
Rodger W. Simpson
John R. Johannesen
Marshall M. Dana
Kenneth P. Hartman
Kenneth D. Ringle
Stanley Leith
William D. Wright, Jr.
Homer Ambrose
Ralph W. D. Woods
William A. Graham
Robert S. Hatcher
Edward W. Clexton
Irving T. Duke
Truman J. Hedding
Chester C. Wood
Edward L. Woodyard
Clarence E. Ekstrom
Rufus E. Rose
Orville F. Gregor
Lee R. Herring
Charles W. Wilkins
Eugene C. Rook
Robert L. Campbell, Jr.
George C. Towner
William A. Hickey
Thomas U. Sisson
Ralph E. Wilson
Merle A. Sawyer
Leo A. Bachman

To be lieutenants

Richard R. Hay
Archie D. Fraser

To be lieutenants (junior grade)

Joseph E. Rice
Joseph H. Barker, Jr.
Joseph A. Crook
Otto F. Kolb, Jr.
Alexander K. Tyree
Frank G. Springer
Edmund J. Hoffman
Fred G. Bennett
Johns H. Janney
John M. Alford
Walter V. Combs, Jr.
Charles R. Eisenbach
Arthur L. Gustafson
John J. Daub, Jr.
Ovid McM. Butler
John D. Hewitt, 3d
Willard E. Neve
William T. Groner
Harry B. Stark
Philip E. Shetenhelm
James L. Semmes
Robert L. Neyman
David S. Brown
Robert A. Bonin
Achibald E. Teall
William Blenman
Frank M. Robinson
Richard R. Bradley, Jr.
Warfield C. Bennett, Jr.
James R. Hansen
John N. Boland
John V. Noel, Jr.
Frank G. Law
Paul E. Summers
Gilven M. Slonim
William A. Ellis
Joseph B. Icenhower
Ed R. King
James B. Rutter, Jr.
David S. Seaman, Jr.
John H. Carmichael
Phillip G. Wild, Jr.
William H. Shea, Jr.
Walter W. Boyd
Edwin L. Kyte
Jasper N. McDonald
John J. Kircher
Ray S. Thompson, Jr.
Ralph R. Humes
Fred G. Leith

To be medical inspector

Gilbert H. Larson

To be surgeons

Charles F. Flower
Harold V. Packard
Leon D. Carson
Gerald W. Smith
Thomas M. Arrasmith, Jr.
Walter F. James
Arthur W. Loy
Albert T. Walker
Glenn S. Campbell
Herman M. Maveety
Charles R. Wilcox
French R. Moore
Joseph W. Kimbrough
Raymond W. Hege
Theophilus F. Weinert

To be dental surgeons

Herman P. Riebe
Eric B. Hoag
Rae D. Pitton
Clifford T. Logan
Alvin F. Miller
James L. Purcell
Ralph W. Malone
Frank K. Sullivan
Arthur Siegel
Hector J. A. MacInnis
Alfred Dinsmore
Edward H. Delaney

To be pay inspectors

Alfred B. Clark
Arthur G. King

To be a civil engineer

Ralph Whitman

MARINE CORPS

To be colonels

Raymond R. Wright
Pedro A. del Valle

To be lieutenant colonels

John M. Tildsley
Dudley S. Brown
Robert H. Pepper

To be majors

John E. Curry
Richard M. Cutts
Merlin F. Schneider
George F. Good, Jr.

To be captains

William K. Enright
Harvey C. Tschirgi
Marion A. Fawcett
Robert O. Bisson

To be first lieutenants

Paul R. Tyler
Jean W. Moreau
George B. Bell
Andrew B. Galatian, Jr.
Frederick R. Dowsett
Richard W. Wallace
Wilfrid H. Stiles
John H. Masters
William K. Davenport, Jr.
Robert B. Moore
Donald C. Merker
Harrison Brent, Jr.
James W. Ferguson
Louis B. Robertshaw
William D. Robertson
Ralph Haas
Ben F. Prewitt
Maynard M. Nohrden
Ted E. Pulos

POSTMASTERS

ALABAMA

Sidney B. Hooper, Albertville.
Velma P. Mickam, Bridgeport.
James B. White, Jr., Centerville.
Nora M. Wallace, Clayton.
Edmon R. Todd, Courtland.
Mary L. Malone, Dothan.
Floyd L. Avery, Fort Payne.
Leila P. Adair, Geneva.
Daisy Buice, Good Water.
Lelia C. Williamson, Gurley.
George W. Burkart, Hanceville.
Mary F. Ward, Hartford.
Tom Dorroh, Kennedy.
Walter A. Blount, Slocomb.
James Donald Merchant, Thorsby.
Paul E. Bradford, Trussville.
Edgar A. Tatum, Valley Head.
Richard T. McGraw, Vincent.
Alma Cardwell, Vredenburgh.

NORTH CAROLINA

Laucy E. Johnson, Angier.
Jackson S. Collie, Bailey.
Jesse T. Morgan, Benson.
Pat D. Gray, Cary.
Estelle I. Baldwin, Chadbourn.
Russell A. Crowell, Enka.
George Carroll Sales, Fletcher.

Marvin T. George, Four Oaks.
Thomas W. Porter, Franklin.
Ernest W. Ewbank, Hendersonville.
Wayne A. Mitchell, Kinston.
Euna B. McBride, Marshville.
Gillam Craig, Monroe.
Raymond R. Eagle, New Bern.
Robert N. Stansill, Rockingham.
Elias Carr Speight, Rocky Mount.
William J. Butler, St. Pauls.
P. Frank Buchan, Southern Pines.
John A. Davis, Waxhaw.

PENNSYLVANIA

Arthur Rabb, Bloomsburg.
Joseph W. Manon, Charleroi.
Charles G. Melcher, Conneautville.
Laura M. Clark, Connellsville.
Warren Hoffman, Denver.
Henry C. Schultz, Easton.
Clara B. Dunmire, Foxburg.
Claude O. Meckley, Hanover.
Clarence R. Baker, Hollsopple.
Marjorie L. Samson, Lake Ariel.
Paul Q. Barclay, Punxsutawney.
James W. Wagaman, Quincy.
W. DeLancey Rinehardt, York.

VIRGINIA

Mabel C. Crockett, Bishop.
Cornelia L. Patton, Clinchco.

HOUSE OF REPRESENTATIVES

TUESDAY, JUNE 13, 1939

The House met at 12 o'clock noon.

The Rev. Walter M. Michael, D. D., pastor of the Eldbrooke Methodist Church, of Washington, D. C., offered the following prayer:

We are very humble, our Father, as we wait before Thee, for we are always conscious of our infirmities and mindful that we are created from the dust of the earth.

But Thou art the Eternal One of Israel, and Thou art our Father and our God. May Thy reviving breath of eternity be breathed upon us anew this day as we declare our allegiance to Thee.

Temper our thoughts with justice, our impulses with love and good will, and may the beauty of the Lord our God be upon us, and establish Thou the work of our hands upon us. Yea, the work of our hands, our hearts, and our minds, establish Thou it.

In our Redeemer's name we ask it. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate had passed with amendments, in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 6392. An act making appropriations for the Departments of State and Justice, and for the judiciary, and for the Department of Commerce, for the fiscal year ending June 30, 1940, and for other purposes.

The message also announced that the Senate insists upon its amendments to the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. MCKELLAR, Mr. RUSSELL, Mr. MCCARRAN, Mr. BANKHEAD, Mr. PITTMAN, Mr. LODGE, and Mr. BRIDGES to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 4218) entitled "An act making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1940, and for other purposes."

The message also announced that the Senate agrees to the amendments of the House to a bill of the Senate of the following title:

S. 2154. An act to modify the provisions of section 14 of the act of June 30, 1834, and section 10 of the act of June 22, 1874, relating to the Indians.

The message also announced that the Senate had passed without amendment a bill of the House of the following title:

H. R. 6109. An act to extend the times for commencing and completing the construction of a bridge across the Niagara River at or near the city of Niagara Falls, N. Y.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5427) entitled "An act making appropriations for the Labor Department for the fiscal year ending June 30, 1940, and for other purposes."

The message also announced that the Senate disagrees to the amendment of the House to the bill (S. 1886) entitled "An act to extend to June 16, 1942, the period within which certain loans to executive officers of member banks of the Federal Reserve System may be renewed or extended," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. GLASS, Mr. BYRNES, and Mr. TOWNSEND to be the conferees on the part of the Senate.

CERTIFICATE OF ELECTION OF HON. DAVID J. WARD

The SPEAKER laid before the House the following communication from the Clerk of the House of Representatives:

JUNE 13, 1939.

The SPEAKER,
House of Representatives, Washington, D. C.

DEAR SIR: The certificate of election, in due form of law, of Hon. DAVID J. WARD as a Representative-elect to the Seventy-sixth Congress from the First Congressional District of the State of Maryland, to fill the vacancy caused by the resignation of Hon. T. Alan Goldsborough, is on file in this office.

Very truly yours,

SOUTH TRIMBLE,
Clerk of the House of Representatives.

The SPEAKER. The Member-elect will present himself to the bar of the House.

Mr. WARD appeared at the bar of the House and took the oath of office.

APPROPRIATION BILL FOR DEPARTMENTS OF STATE AND JUSTICE AND FOR THE JUDICIARY AND FOR THE DEPARTMENT OF COMMERCE—1940

Mr. THOMAS S. MCMILLAN. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 6392) making appropriations for the Departments of State and Justice and for the judiciary, and for the Department of Commerce for the fiscal year ending June 30, 1940, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference requested by the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina [Mr. THOMAS S. MCMILLAN]?

There was no objection; and the Chair appointed the following conferees: Mr. THOMAS S. MCMILLAN, Mr. MCANDREWS, Mr. RABAUT, Mr. CALDWELL, Mr. KERR, Mr. CARTER, and Mr. STEFAN.

EXTENSION OF REMARKS

Mr. CROWE. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a report of the General Anthony Wayne Memorial Commission, which met in Washington, D. C., on May 17, 1939. Having been elected chairman of that commission, I desire to have this made a matter of record.

The SPEAKER. Is there objection to the request of the gentleman from Indiana [Mr. CROWE]?

There was no objection.

APPROPRIATION FOR FARM SECURITY ADMINISTRATION

Mr. LEAVY. Mr. Speaker, I ask unanimous consent to proceed for 1 minute and to revise and extend my own remarks in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Washington [Mr. LEAVY]?

There was no objection.

Mr. LEAVY. Mr. Speaker, we will soon be called upon to vote on an appropriation for the Farm Security Administration for the coming fiscal year. For that reason, I would like to direct the attention of the House for a few minutes to the importance of the work of that agency, not only to my State, but to the Nation.

Many of you gentlemen from other parts of the country perhaps have not recognized the problem which faces the Nation—and I say the Nation advisedly—in the migration of good American farm families from the Great Plains and Southern States to the west coast and the Northwest.

PEOPLE STILL HEAD WESTWARD

In the past few years, hundreds of thousands of Americans who belonged to more or less typical farm families have been uprooted from their midwestern or southern farms by drought or growing mechanization of agriculture. Following the historic American tradition, they have headed west.

Hundreds of thousands of these people are now roving the highways of the west coast States in search of a new chance to make a living. Many of them are living in roadside camps under unbelievable conditions, without decent shelter, sanitation, or other minimum essentials for a decent existence.

Most of them are entirely dependent upon occasional work in the seasonal agricultural industries of the west coast States, but for every job there are usually many applicants. Recent studies have indicated these families exist on average yearly incomes ranging downward from $400, out of which they must buy gasoline and repairs for their junk heap automobiles, which constitute their only means of transportation to that work which is available.

SPLENDID WORK BY FARM SECURITY ADMINISTRATION

This problem is merely the outgrowth of Nation-wide and world-wide conditions. Our farm land is crowded. City unemployment has stopped the normal flow of the surplus farm population to industrial centers.

Those migrants on the west coast have already been shoved off the land. Thousands of other farm families are on the verge of joining them.

The Roosevelt administration has attempted to meet this broad problem in many ways. But the agency most directly concerned—the agency which is tackling this problem both at its roots, and at the scene of the outcroppings on the west coast—is the Farm Security Administration.

It has invested millions of dollars in a broad, intelligent program to provide these marginal farmers with a new start in their own States, to keep them from joining the hopeless and desperate migrants already crowding into the far West. Hundreds of thousands of families, most of which would be dependent upon relief in one form or another, are being successfully rehabilitated in this way.

WISE USE OF FEDERAL FUNDS

To my mind, this is one of the most humane, as well as financially sound, purposes for which Federal money has been used in recent years.

The rehabilitation program is Nation-wide. In my State, it has operated to help 3,846 farmers since the beginning of the program in 1935. A survey, covering almost 2,400 of these families, last December, showed that they had increased their net worth—over and above all debts—by $828,000, or almost $350 per family.

One of the most striking things about the program in all parts of the country is the way in which it has operated to make farmers more self-sufficient and less dependent upon their cash income. As an example, the F. S. A. borrowers in my State have increased their annual production of home-canned food by 262 quarts per family. They are producing for home consumption almost a million gallons of milk a year more than before they obtained loans.

The Farm Security Administration's field workers reported they knew of almost 3,000 additional families in need of similar help, and eligible for it, who had been unable to get loans because of lack of funds. I would like to see the funds made available.

That is how the Farm Security Administration is attacking the problem at its source, before the families are forced on to the road. Now a word about how it is handling the problem of those migrants who are already on the road.

BUILDING ON SOUND BASIS

The first and most urgent need is decent shelter with at least a minimum of sanitary facilities. The F. S. A. is providing this shelter in the areas where it is most needed by putting up inexpensive camps, where these wandering families can get some of the essentials of life, instead of camping alongside drainage ditches.

The next step is the provision of small homes, with little plots of ground, where a few of the families can locate more or less permanently, growing their own food to supplement their income from seasonal work in the area.

But the F. S. A. also is shaping its general rehabilitation program to provide a new start, on permanent and sound lines, for some of these families. Its activities in this direction, however, are limited by the money available and the land available.

HELPED 2,500 FAMILIES IN NORTHWEST

Despite these handicaps, the F. S. A. has helped about 2,500 of these families from the drought States to get started again on new farms in the three Northwest States. A thousand of these families have been helped to settle in my State of Washington. Almost 900 were helped to begin farming again in Oregon, while 550 found new homes in Idaho.

Here is a place where idle men and idle money can be combined to the advantage of the families involved, the States involved, and the entire Nation. Any other method of handling the problem will cost the Treasury more money in the long run; and I know of no other sound solution which has been advanced for the problem. [Applause.]

EXTENSION OF REMARKS

Mr. ENGEL. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Appendix of the RECORD and to include a short item by the International News Service.

The SPEAKER. Is there objection to the request of the gentleman from Michigan [Mr. ENGEL]?

There was no objection.

Mr. McDOWELL. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include a statement by the Governor of Pennsylvania on Flag Day. May I advise the House that Flag Day is tomorrow, the one hundred and sixty-second anniversary of the birth of the flag, and I shall speak under permission already granted.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania [Mr. McDOWELL]?

There was no objection.

Mr. DIRKSEN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an editorial.

The SPEAKER. Is there objection to the request of the gentleman from Illinois [Mr. DIRKSEN]?

There was no objection.

Mr. DOUGLAS. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an article from the New York Herald Tribune by Charles Morris Mills.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. DOUGLAS]?

There was no objection.

Mr. KUNKEL. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include parts of a speech I made at the dedication of the Palmyra post office on May 27.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania [Mr. KUNKEL]?

There was no objection.

Mr. MAPES. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an editorial by Raymond Moley in the Newsweek of June 12.

The SPEAKER. Is there objection to the request of the gentleman from Michigan [Mr. MAPES]?

There was no objection.

AMENDMENT OF THE WAGNER ACT

Mr. RICH. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. RICH. Mr. Speaker, I ask unanimous consent to insert in the RECORD an article from Social Justice of June 12.

Mr. RANKIN. Reserving the right to object, Mr. Speaker, who publishes Social Justice?

Mr. RICH. I presume that paper is published by Father Coughlin.

Mr. RANKIN. That is on the Townsend plan?

Mr. RICH. It does not refer to the Townsend plan, but I shall tell you what it does refer to.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. RICH. Mr. Speaker, I call attention to the fact that the Pennsylvania Legislature has passed a bill prohibiting union violence and the article to which I have referred will be placed in the RECORD.

If you want to get this country on its feet you will have to change the Wagner Act and the National Labor Relations Board. This Congress should not adjourn by any means until the law is changed so that the employer and the employee have the same rights in industry. When you do that you will help the employers and the employees of this country. [Applause.]

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. HOFFMAN. Mr. Speaker, I desire to call the attention of the House to the fact that the National Labor Relations Board is very successfully conducting a filibuster before the House Labor Committee, and it is quite evident that unless the House takes some action we will get no opportunity to amend the Wagner Act at this session.

EXTENSION OF REMARKS

Mr. HILL. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein an article from Life entitled "America's Future."

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

AMENDMENT OF THE WAGNER ACT

Mr. VOORHIS of California. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. VOORHIS of California. Mr. Speaker, I just want to say that if everybody could be sure that all the people who talk about amending the Wagner Act were really sincere in wanting to make that act work in a perfect way and really give protection to labor, it would be a much simpler matter; but the difficulty is that some of us have a horrible suspicion that some of those who talk about amending the act really mean that they want to destroy it.

Mr. HOFFMAN and Mr. RICH rose.

Mr. VOORHIS of California. I yield to the gentleman from Michigan.

Mr. HOFFMAN. Why does not the gentleman go to some of the hearings where we are proposing our amendments?

Mr. VOORHIS of California. I have been to some of them.

Mr. HOFFMAN. And judge the amendments by what is contained in them.

Mr. VOORHIS of California. I may say to the gentleman that I am not necessarily opposed to amending the act, providing it is not weakened or wrecked.

Mr. RICH. If the gentleman will yield, I wish to say I am just as sincere about desiring to amend the act as is the gentleman or anybody else.

TENNESSEE VALLEY AUTHORITY

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks in the RECORD and to insert therein a brief résumé of explanation of the proposed amendments to the Tennessee Valley Authority bill.

Mr. SHAFER of Michigan. Mr. Speaker, I object. It was stated at the time the agreement was made the other day that there would be no permission granted to extend 1-minute speeches.

Mr. RAYBURN. They may be extended in the Appendix of the RECORD.

Mr. SHAFER of Michigan. Is this to go in the Appendix of the RECORD?

Mr. RAYBURN. Certainly.

Mr. RANKIN. I will put the entire speech in the Appendix of the RECORD, and I ask, Mr. Speaker, that it may appear in the Appendix of the RECORD.

Mr. SHAFER of Michigan. If it is to go in the Appendix of the RECORD, I have no objection.

The SPEAKER. The Chair hears no objection.

All these 1-minute speeches will go in the Appendix of the RECORD under the agreement if permission to extend them is granted by the House, unless they relate to pending legislation.

AMENDMENT OF THE TENNESSEE VALLEY AUTHORITY ACT

Mr. SABATH. Mr. Speaker, I call up House Resolution 219 for immediate consideration.

The Clerk read as follows:

House Resolution 219

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of S. 1796, an act to amend the Tennessee Valley Authority Act of 1933, and all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill and continued not to exceed 4 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Military Affairs, the bill shall be read for amendment under the 5-minute rule. It shall be in order to consider without the intervention of any point of order the substitute committee amendment recommended by the Committee on Military Affairs now in the bill, and such substitute for the purpose of amendment shall be considered under the 5-minute rule as an original bill. At the conclusion of such consideration the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any of the amendments adopted in the Committee of the Whole to the bill or committee substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

Mr. RANKIN. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. RANKIN. As I understand the situation now, the entire Senate bill has been stricken out and the House bill inserted as an amendment, so at the completion of the consideration under the 5-minute rule the vote will come on adopting the House bill as an amendment. If that is voted down, then the Senate bill will be before the House for a vote.

The SPEAKER. As the Chair understands the parliamentary situation, under the rule the House substitute amendment for the Senate bill will be considered by sections as an original bill, open to germane amendment. At the conclusion of the reading for amendment the question will be put on agreeing to the substitute, or the substitute as amended, for the Senate bill.

Mr. RANKIN. If that is voted down, as I understand it, the original Senate bill will be before the House.

The SPEAKER. If the committee substitute amendment is voted down, that will leave the Senate bill before the Committee of the Whole for consideration.

Mr. SABATH. May I ask the gentlemen on the other side if they desire any time on the rule?

Mr. TAYLOR of Tennessee. Yes; we desire all of our time on the rule.

Mr. SABATH. Then, Mr. Speaker, I yield the gentleman 30 minutes.

Mr. Speaker, this resolution makes in order the T. V. A. bill, as has been stated, and provides for 4 hours of general debate. It is a broad and liberal rule. After 4 hours of general debate the bill will be taken up under the 5-minute rule and the House substitute for the Senate bill considered.

I do not believe there should be any opposition to immediate action on this legislation. Some of the Members on my left will charge hasty action on the part of the Rules Committee, but it should be remembered that this bill has been before the Committee on Military Affairs for many, many weeks, and has received studied consideration. The fact is that if the intent of Congress is to be carried out, and the properties of the various power companies acquired, we must act today, as the agreements provide that such acquisitions must be concluded by June 20. Consequently, expeditious action is necessary. Still, there is provided 4 hours for general debate, during which time any Member who has not familiarized himself with the bill and the report will have ample opportunity to have it explained to him.

There is no opposition to the principle of acquiring these properties, except that which is confined to a few Members such as the chairman of the Committee on Military Affairs [Mr. MAY], who admits his active opposition to the entire T. V. A. project on the grounds that it represents Government competition with private industry. A question now raised is with regard to the issuance of bonds, it being contended that authority for issuance of $100,000,000 worth of bonds should not be given. In that connection we should remember that in 1935 Congress authorized issuance of bonds in that amount and, notwithstanding such authorization, the T. V. A., being exceptionally efficient and careful in its administration, has not utilized the power granted it and has not expended any of this sum of money. I know we can have the same faith in those who govern T. V. A. policies now as we had in them before. I have never had the pleasure of meeting Mr. Lilienthal or any of the other T. V. A. commissioners, but I have followed their work, and my opinion of them is that they have rendered excellent service to the Government and the people. We need not worry that they will engage in wanton issuance of bonds and expenditures of money now. I am satisfied that only the money absolutely essential for the purchase of the properties in question will be raised through issuance of bonds, and I am certain that, if $65,000,000 will suffice, no larger amount will be expended.

There is no question about the Government getting the best of the deal in acquiring the properties. That is indeed unusual, as we all know the Government generally gets the worst of a deal. I might even feel sorry for Mr. Willkie, president of the Commonwealth & Southern, were it not that he is known as a shrewd and resourceful businessman. It just works out that both sides are satisfied.

The T. V. A. is a splendid monument to this administration. It has efficiently and honestly made possible cheaper power and electricity to large and small users, and is a living lie to the charge that Government cannot successfully operate paying enterprises.

How anyone can oppose the principles of the T. V. A. is beyond me, especially after the lessons we learned from Insull and Hopson. I believe the country is indebted to President Roosevelt, Senator Norris, and Congressman Rankin for the splendid public service they are rendering in fighting to make T. V. A. a success.

Mr. RANKIN, Mr. CHANDLER, and Mr. SPARKMAN, and many others as well, can and will explain this measure to you in detail, and point out that the restrictive provision in the House bill would hamstring the T. V. A.

As I stated, there will be 4 hours of general debate, so I will not take up longer of your time. In concluding let me say that there should be no opposition to the rule or the legislation. If we have any differences with respect to the bill itself, they can be thrashed out in the House when the bill is considered under the 5-minute rule. I hope that we may conclude consideration of the bill and pass it today. [Applause.]

Mr. Speaker, I reserve the balance of my time.

Mr. TAYLOR of Tennessee. Mr. Speaker, I yield 10 minutes to the gentleman from Michigan [Mr. MAPES].

Mr. MAPES. Mr. Speaker, I shall not oppose this rule, although I voted against it in committee. I accept, as far as I am concerned, the apology of the distinguished chairman of the committee for the action of the committee in reporting it.

Everyone recognizes the importance of this legislation. The decks have been cleared by the powers that be for the consideration of it today, but in order to make the record complete I wish to call attention to some of the facts relative to it which were brought out at the hearings of the Rules Committee yesterday afternoon before reporting out this rule.

The committee voted to report the rule at about 5:30 or a little after that time yesterday afternoon. At that time the committee substitute had not been printed; as a matter of fact, the members of the Committee on Military Affairs had not seen a completed draft of the committee substitute. Every member of the Committee on Military Affairs who appeared before the Rules Committee said frankly to the committee that he did not know what was in the committee substitute in its entirety. I am not sure, but from what took place I think I am correct in saying that the stenographic draft of the committee substitute was handed to the chairman of the Committee on Military Affairs for the first time during his appearance before the Committee on Rules some time between the hours of 3:30 and 5:30 p. m. It was stated to the Committee on Rules that the Committee on Military Affairs started consideration of this bill early in May, that the hearings are not yet printed, that they were not available even to the members of the Committee on Military Affairs. The House yesterday gave permission to the Committee on Military Affairs to file its report at any time before 12 o'clock last night, and the same permission was given to the Committee on Rules to file a rule making the legislation in order. The distinguished chairman of the Committee on Military Affairs stated in open hearings before the Committee on Rules, so that I am not revealing any information that was not public, and I quote from the memorandum that I made at the time:

I do not know that I can get the bill or report ready before tomorrow.

Mr. SABATH. Mr. Speaker, will the gentleman yield?

Mr. MAPES. I yield to my distinguished chairman.

Mr. SABATH. The gentleman states that unanimous consent was given for the filing of the report as well as the rule itself before 12 o'clock midnight. Inasmuch as it was the unanimous consent of the House, which shows that the House unanimously agreed to it, I really do not see why the gentleman at this time should find fault with or object to the unanimous consent.

Mr. MAPES. Mr. Speaker, I may say to the distinguished chairman of the committee that I am not finding any fault about that. I am merely stating the facts. I may say to the gentleman from Illinois, however, that that unanimous consent was granted when he and I were not present but

when we were in the Committee on Rules. I may say also that I do not know that I would have objected if I had been present, because I realize the importance of this legislation, and of an early consideration of it, but it is a shame that the Members of this House should not have an opportunity to consider it deliberately, to study the committee substitute, to examine the hearings and the report of the committee, so as to be able to form an intelligent judgment on its merits.

Mr. MAY. Mr. Speaker, will the gentleman yield?

Mr. MAPES. I have said all that I care to say. I yield to the gentleman from Kentucky.

Mr. MAY. Mr. Speaker, the House Military Affairs Committee appreciates very much the consideration given by the Committee on Rules and by the House in granting permission until midnight to file a report. The entire office force of the Committee on Military Affairs worked until late at night and the report came in printed at 12 o'clock today, too late to bring it to the House floor. The hearings are not yet printed and I apologize to the gentleman and to the House for not having those available. We have done the best we could. Many of the manuscripts sent out to the T. V. A. witnesses were not returned until 12 o'clock yesterday.

Mr. MAPES. Mr. Speaker, I think I owe it to the chairman of the Committee on Military Affairs to say that from such examination as I have been able to make of the report, I think he did a wonderful job in the short time he had to prepare the report and get it filed in time to be printed before calling up the legislation this afternoon.

The SPEAKER. The time of the gentleman from Michigan has expired.

Mr. TAYLOR of Tennessee. Mr. Speaker, I yield myself 10 minutes. I find myself in a rather anomalous position on this occasion. As a member of the Committee on Rules, I voted to report out this bill, but as a member of the House of Representatives I shall vote against the bill as it has been amended by the Military Affairs Committee. During my entire membership in this body I have been supporting some phase of legislation for the development of the Tennessee River. With the exception of the distinguished gentleman from Mississippi [Mr. RANKIN] I doubt if any other Member of this body has made as many speeches on the subject of Muscle Shoals and the T. V. A. as I have made. Of course we all know that the gentleman from Mississippi [JOHN RANKIN] eats kilowatts, drinks kilowatts, and sleeps with kilowatts. I am opposed to this bill for various reasons. I am opposed to that provision of the bill which undertakes to circumscribe the activities of the T. V. A., and instead of using the word "circumscribe" I might with propriety use the word "circumvent."

Mr. SABATH. Mr. Speaker, will the gentleman yield?

Mr. TAYLOR of Tennessee. Yes.

Mr. SABATH. When the gentleman states that he is opposed to the bill, I take it that he is not opposed to considering this needed legislation today?

Mr. TAYLOR of Tennessee. Certainly not. I mean I am opposed to the committee amendment of the Senate bill as reported by the Committee on Military Affairs.

Mr. SABATH. But not to the rule making it in order?

Mr. TAYLOR of Tennessee. I am not opposed to the rule. I voted to report it out, as the gentleman should know as chairman of the Rules Committee.

Mr. PEARSON. Mr. Speaker, will the gentleman yield?

Mr. TAYLOR of Tennessee. Yes.

Mr. PEARSON. In the event that the House in its wisdom should vote down the amendment offered to this bill in the Committee on Military Affairs, would not the bill then be acceptable to the gentleman?

Mr. TAYLOR of Tennessee. Yes. That is the parliamentary situation. It would be satisfactory to me. As I stated a moment ago, I am opposed to the provision which undertakes to circumscribe the activities of the T. V. A. I would not oppose the provision except that it seems to me to be entirely too arbitrary.

I am also opposed to the provision which requires the T. V. A. to issue these bonds on their own credit and responsibility, because that is an innovation. In all similar legislation which we have passed we provided that such bonds as this be underwritten and guaranteed by the Government, because such a provision naturally gives the bonds a decided advantage on the bond market.

I am not so much opposed to the sinking-fund provision of the bill, because I think that is a very good suggestion—that there be set up a sinking fund to retire these bonds at their maturity.

The thing about the bill to which I am most violently opposed is section 3, which undertakes to inhibit the Tennessee Valley Authority from the payment of any taxes by way of appeasement or replacement to the counties, municipalities, and the State of Tennessee. Of course, the only way the T. V. A. could reimburse those communities would be by an act of Congress, because otherwise the property owned by the Government, as is the T. V. A., is exempt from taxation.

I introduced a bill in the Seventy-fourth Congress which provided that the counties in Tennessee which have lost tax values as the result of the construction of various dams, and particularly the Norris Dam, because the Norris Dam happens to be in my congressional district, shall be reimbursed to the extent of their outstanding bonding and floating indebtedness. I was never able to get any action on that bill, but I think every Member of this body will concede that there is merit in such a proposition as that. I take the position that any property or any activity operated by the Government in competition with private enterprise, any property that is employed commercially by the Government, ought to be subject to taxation. I take the position that it is manifestly unfair to private enterprise to allow the Government to engage in competition with them free from taxation.

If this bill passes in its present form the State of Tennessee and the counties and municipalities in Tennessee will lose in tax values approximately $3,500,000. The gentleman from Kentucky [Mr. MAY] proposed a tax amendment to this bill which would have required the Tennessee Valley Authority to pay taxes to municipalities, counties, and to the State on the properties which they have acquired in this proposed purchase, and also on real estate that has been inundated by the various dams that have been constructed in Tennessee. In my opinion, Mr. MAY's proposal possessed a great deal of merit, but it was voted down.

I understand the directors of the Tennessee Valley Authority have been making a study to work out some sort of tax formula that will be satisfactory to the counties, the municipalities, and the State of Tennessee. Of course, under the terms of this bill, by section 3, they are absolutely barred and inhibited from making any "appeasements," as they say over in Europe, to those counties, to those municipalities, and to the State.

My friends, we have counties in Tennessee which, as a result of the erection of dams, have lost all the way from 15 to 60 percent of their tax values. Meigs County, for instance, due to the construction of the Chickamauga Dam, has been inundated to the extent that it lost more than 60 percent of its tax value.

Mr. MAY. Mr. Speaker, will the gentleman yield?

Mr. TAYLOR of Tennessee. I yield.

Mr. MAY. How many counties in the gentleman's district have been practically inundated; that is, the valuable land?

Mr. TAYLOR of Tennessee. None of the counties have been entirely inundated. For instance, Campbell County, in which I live, I think we have lost tax values to the extent of about 15 percent. Anderson County has lost about 20 percent. Union County, the county in which I first saw the light of day, has lost 45 percent, as I understand it. Claiborne County has lost something like 15 percent.

Mr. SABATH. Mr. Speaker, will the gentleman yield?

Mr. TAYLOR of Tennessee. I yield.

Mr. SABATH. Is it not a fact that this will eliminate overflow and damage that has existed from year to year, to more than offset the tax value lost?

Mr. TAYLOR of Tennessee. Oh, to a certain extent it will contribute to that end, but not commensurate with the loss values resulting from this proposed purchase and from the inundation of land.

Mr. MOTT. Mr. Speaker, will the gentleman yield?

Mr. TAYLOR of Tennessee. I yield.

Mr. MOTT. I am very much interested in what the gentleman has said in regard to tax-loss reimbursements by the Government. Would the gentleman be in favor of making his proposal a general one, so that whenever the Government took away property in any State, took it off the tax rolls, the Government should be obligated to reimburse the county or State or community for the tax loss so sustained?

Mr. TAYLOR of Tennessee. I do not think that principle would hold good in cases of Federal buildings, public parks, and forest reserves, because they are not used in competition with private enterprise.

Mr. MOTT. May I give the gentleman a brief example of what I have in mind: During the World War the Federal Government purchased a sawmill in Lincoln County, Oreg., one of the largest mills in the State. With that mill it also purchased an amount of valuable standing timber in that county—in fact, most of it. They took it all off the tax rolls and for a number of years operated the sawmill. Then the Government sold it to a private operator with the condition that that should be tax exempt forever. Does the gentleman think that in that kind of case the Government should reimburse the State?

Mr. TAYLOR of Tennessee. I do not see how the Government could sell property to a private individual and make it tax exempt. I think that is an injustice if the gentleman is accurate in his statement.

Mr. MOTT. When we presented that to the War Department they turned it down flat.

Mr. TAYLOR of Tennessee. In conclusion, Mr. Speaker, while I do not wish to impute bad faith to anyone, however, it does seem to me that this amendment to the Senate bill has the appearance of being designed to hamstring and hogtie the T. V. A. There is a human side to this proposition, Mr. Speaker. If this bill is not passed, it means the early collapse and liquidation of the Tennessee Electric Power Co., with the attendant loss of millions to thousands of innocent stockholders in that corporation, many of whom are widows. I think this feature should have an appeal to the hearts and consciences of the membership of this great body. [Applause.]

The SPEAKER. The time of the gentleman from Tennessee [Mr. TAYLOR] has expired. [Applause.]

Mr. TAYLOR of Tennessee. Mr. Speaker, I yield 10 minutes to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Speaker, let me demonstrate by documented proof that the gentleman from Mississippi is wrong and that there is something more to this than the acquisition of the Willkie properties down in the Tennessee Valley area.

We had a bill before this House reported by the Ways and Means Committee to raise the long-term debt limit. It went to the Senate on the 1st of June. They added in the Senate what is known as the Norris amendment, and from the Norris amendment I read the following language:

> To obtain funds for the construction or acquisition of dams with appurtenant facilities, generating plants, transmission lines, rural distribution lines, and other electric facility properties as authorized by this act, including the purchase of electric utility properties of the Tennessee Electric Power Co., and for the purpose of carrying out the provisions of section 12 (a) of this act.

It does not stop there, however; it goes infinitely further. Let me prove by the Senator who introduced it that it goes further. He was asked, on page 6485 of the CONGRESSIONAL RECORD:

> Is the pending amendment confined to an authorization for the one contract, or does it go beyond that?
>
> It goes beyond that.
>
> Is the one contract the extent of the emergency?
>
> Yes.
>
> Would the Senator object to confining his amendment to the emergency?
>
> I should not want to do that because we should have to do the same thing over again.

Oh, yes; there is more here than meets the eye. Now, let us get the factual picture before us. Here is the audit of the Tennessee Valley Authority, which is the last audit of Lybrand, Ross Bros., and Montgomery, certified public accountants, showing that we have invested there now $278,000,000, including the appropriation for the fiscal year 1940. When we get all through, the over-all expense will be in excess of $505,000,000. When generating power you have got to have transmission lines. If you cannot buy lines you can probably go in and threaten the owners of existing lines and finally beat down the price and get them at your own price, and that shows to you what was done.

We have up to June 30, 1928, $21,268,000 T. V. A. funds invested in transmission lines. We gave them another $6,300,000 in 1939. We gave them another $6,964,000 for 1940; so we have about $50,000,000 in authorized transmission lines not counting what is provided for in this bill.

The money appropriated by the committee is ample for the purpose in mind, but, as the Senator said, they want to go further and expand their activity everywhere.

We are up against a matter of policy as to whether or not we should go ahead and permit that expansion without the T. V. A. coming back and getting the sanction of the Congress. First of all, let me say that power rates go down regardless of the T. V. A. They are not the only ones that provide cheap power.

On page 1776 of the hearings held in connection with the independent offices bill for 1940, Mr. Krug, engineer for the T. V. A., made this answer in response to a question asked by the gentleman from Kansas [Mr. HOUSTON]:

> There have been general reductions in electric rates for a period of years, going back before the Tennessee Valley Authority, but the rate reductions were accelerated beginning in 1933. The factors involved are numerous. The Tennessee Valley Authority, I am sure, is one of them, and just how important it was at the moment is a matter of conjecture.

Mr. Speaker, power rates have been going down, and it is not due to the Tennessee Valley Authority, as their own engineer testified. I am rather opposed to giving the T. V. A. any authority. I think it ought to be limited as it has been limited in the House bill, for if we give them unlimited authority I do not know what the end will be. But in connection with that let us see whether we are up against a matter of public policy. On the 15th of May Mr. Paul Mallon, in his syndicated column published in the Washington Herald, spoke about an Associated Press dispatch that mentions the idea of getting $600,000,000 from Congress for starting to duplicate existing power facilities in industrial areas as a national-defense measure. He stated also that the War Department cooled off on the idea. He ascribes the original thought to Messrs. Corcoran and Cohen. But the idea is still down at the other end of the Avenue, and if you approve the Senate proposal now pending on the Speaker's desk waiting to go to conference if nobody objects, and there has been objection, we will open the door for a broad national policy that will mean the expenditure of hundreds of millions of dollars ultimately, in my judgment, in acquiring these lines and in projecting the Government into the power business.

Mr. SABATH. Will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Illinois.

Mr. SABATH. Is it not a fact that the Congress authorized the issuance of $100,000,000 of bonds in the act of 1933?

Mr. DIRKSEN. Oh, yes.

Mr. SABATH. But none of those bonds have been issued as yet?

Mr. DIRKSEN. No.

Mr. SABATH. And those were for these properties?

Mr. DIRKSEN. That is right. But we have a very specific purpose before us today that we did not have in 1933.

When we go into the power business let us look at the taxation item that was mentioned by the gentleman from Tennessee. Here is a clipping from the Knoxville Journal that came to my desk sometime ago. The county judge and the

when we were in the Committee on Rules. I may say also that I do not know that I would have objected if I had been present, because I realize the importance of this legislation, and of an early consideration of it, but it is a shame that the Members of this House should not have an opportunity to consider it deliberately, to study the committee substitute, to examine the hearings and the report of the committee, so as to be able to form an intelligent judgment on its merits.

Mr. MAY. Mr. Speaker, will the gentleman yield?

Mr. MAPES. I have said all that I care to say. I yield to the gentleman from Kentucky.

Mr. MAY. Mr. Speaker, the House Military Affairs Committee appreciates very much the consideration given by the Committee on Rules and by the House in granting permission until midnight to file a report. The entire office force of the Committee on Military Affairs worked until late at night and the report came in printed at 12 o'clock today, too late to bring it to the House floor. The hearings are not yet printed and I apologize to the gentleman and to the House for not having those available. We have done the best we could. Many of the manuscripts sent out to the T. V. A. witnesses were not returned until 12 o'clock yesterday.

Mr. MAPES. Mr. Speaker, I think I owe it to the chairman of the Committee on Military Affairs to say that from such examination as I have been able to make of the report, I think he did a wonderful job in the short time he had to prepare the report and get it filed in time to be printed before calling up the legislation this afternoon.

The SPEAKER. The time of the gentleman from Michigan has expired.

Mr. TAYLOR of Tennessee. Mr. Speaker, I yield myself 10 minutes. I find myself in a rather anomalous position on this occasion. As a member of the Committee on Rules, I voted to report out this bill, but as a member of the House of Representatives I shall vote against the bill as it has been amended by the Military Affairs Committee. During my entire membership in this body I have been supporting some phase of legislation for the development of the Tennessee River. With the exception of the distinguished gentleman from Mississippi [Mr. RANKIN] I doubt if any other Member of this body has made as many speeches on the subject of Muscle Shoals and the T. V. A. as I have made. Of course we all know that the gentleman from Mississippi [JOHN RANKIN] eats kilowatts, drinks kilowatts, and sleeps with kilowatts. I am opposed to this bill for various reasons. I am opposed to that provision of the bill which undertakes to circumscribe the activities of the T. V. A., and instead of using the word "circumscribe" I might with propriety use the word "circumvent."

Mr. SABATH. Mr. Speaker, will the gentleman yield?

Mr. TAYLOR of Tennessee. Yes.

Mr. SABATH. When the gentleman states that he is opposed to the bill, I take it that he is not opposed to considering this needed legislation today?

Mr. TAYLOR of Tennessee. Certainly not. I mean I am opposed to the committee amendment of the Senate bill as reported by the Committee on Military Affairs.

Mr. SABATH. But not to the rule making it in order?

Mr. TAYLOR of Tennessee. I am not opposed to the rule. I voted to report it out, as the gentleman should know as chairman of the Rules Committee.

Mr. PEARSON. Mr. Speaker, will the gentleman yield?

Mr. TAYLOR of Tennessee. Yes.

Mr. PEARSON. In the event that the House in its wisdom should vote down the amendment offered to this bill in the Committee on Military Affairs, would not the bill then be acceptable to the gentleman?

Mr. TAYLOR of Tennessee. Yes. That is the parliamentary situation. It would be satisfactory to me. As I stated a moment ago, I am opposed to the provision which undertakes to circumscribe the activities of the T. V. A. I would not oppose the provision except that it seems to me to be entirely too arbitrary.

I am also opposed to the provision which requires the T. V. A. to issue these bonds on their own credit and responsibility, because that is an innovation. In all similar legislation which we have passed we provided that such bonds as this be underwritten and guaranteed by the Government, because such a provision naturally gives the bonds a decided advantage on the bond market.

I am not so much opposed to the sinking-fund provision of the bill, because I think that is a very good suggestion—that there be set up a sinking fund to retire these bonds at their maturity.

The thing about the bill to which I am most violently opposed is section 3, which undertakes to inhibit the Tennessee Valley Authority from the payment of any taxes by way of appeasement or replacement to the counties, municipalities, and the State of Tennessee. Of course, the only way the T. V. A. could reimburse those communities would be by an act of Congress, because otherwise the property owned by the Government, as is the T. V. A., is exempt from taxation.

I introduced a bill in the Seventy-fourth Congress which provided that the counties in Tennessee which have lost tax values as the result of the construction of various dams, and particularly the Norris Dam, because the Norris Dam happens to be in my congressional district, shall be reimbursed to the extent of their outstanding bonding and floating indebtedness. I was never able to get any action on that bill, but I think every Member of this body will concede that there is merit in such a proposition as that. I take the position that any property or any activity operated by the Government in competition with private enterprise, any property that is employed commercially by the Government, ought to be subject to taxation. I take the position that it is manifestly unfair to private enterprise to allow the Government to engage in competition with them free from taxation.

If this bill passes in its present form the State of Tennessee and the counties and municipalities in Tennessee will lose in tax values approximately $3,500,000. The gentleman from Kentucky [Mr. MAY] proposed a tax amendment to this bill which would have required the Tennessee Valley Authority to pay taxes to municipalities, counties, and to the State on the properties which they have acquired in this proposed purchase, and also on real estate that has been inundated by the various dams that have been constructed in Tennessee. In my opinion, Mr. MAY's proposal possessed a great deal of merit, but it was voted down.

I understand the directors of the Tennessee Valley Authority have been making a study to work out some sort of tax formula that will be satisfactory to the counties, the municipalities, and the State of Tennessee. Of course, under the terms of this bill, by section 3, they are absolutely barred and inhibited from making any "appeasements," as they say over in Europe, to those counties, to those municipalities, and to the State.

My friends, we have counties in Tennessee which, as a result of the erection of dams, have lost all the way from 15 to 60 percent of their tax values. Meigs County, for instance, due to the construction of the Chickamauga Dam, has been inundated to the extent that it lost more than 60 percent of its tax value.

Mr. MAY. Mr. Speaker, will the gentleman yield?

Mr. TAYLOR of Tennessee. I yield.

Mr. MAY. How many counties in the gentleman's district have been practically inundated; that is, the valuable land?

Mr. TAYLOR of Tennessee. None of the counties have been entirely inundated. For instance, Campbell County, in which I live, I think we have lost tax values to the extent of about 15 percent. Anderson County has lost about 20 percent. Union County, the county in which I first saw the light of day, has lost 45 percent, as I understand it. Claiborne County has lost something like 15 percent.

Mr. SABATH. Mr. Speaker, will the gentleman yield?

Mr. TAYLOR of Tennessee. I yield.

Mr. SABATH. Is it not a fact that this will eliminate overflow and damage that has existed from year to year, to more than offset the tax value lost?

Mr. TAYLOR of Tennessee. Oh, to a certain extent it will contribute to that end, but not commensurate with the loss values resulting from this proposed purchase and from the inundation of land.

Mr. MOTT. Mr. Speaker, will the gentleman yield?

Mr. TAYLOR of Tennessee. I yield.

Mr. MOTT. I am very much interested in what the gentleman has said in regard to tax-loss reimbursements by the Government. Would the gentleman be in favor of making his proposal a general one, so that whenever the Government took away property in any State, took it off the tax rolls, the Government should be obligated to reimburse the county or State or community for the tax loss so sustained?

Mr. TAYLOR of Tennessee. I do not think that principle would hold good in cases of Federal buildings, public parks, and forest reserves, because they are not used in competition with private enterprise.

Mr. MOTT. May I give the gentleman a brief example of what I have in mind: During the World War the Federal Government purchased a sawmill in Lincoln County, Oreg., one of the largest mills in the State. With that mill it also purchased an amount of valuable standing timber in that county—in fact, most of it. They took it all off the tax rolls and for a number of years operated the sawmill. Then the Government sold it to a private operator with the condition that that should be tax exempt forever. Does the gentleman think that in that kind of case the Government should reimburse the State?

Mr. TAYLOR of Tennessee. I do not see how the Government could sell property to a private individual and make it tax exempt. I think that is an injustice if the gentleman is accurate in his statement.

Mr. MOTT. When we presented that to the War Department they turned it down flat.

Mr. TAYLOR of Tennessee. In conclusion, Mr. Speaker, while I do not wish to impute bad faith to anyone, however, it does seem to me that this amendment to the Senate bill has the appearance of being designed to hamstring and hogtie the T. V. A. There is a human side to this proposition, Mr. Speaker. If this bill is not passed, it means the early collapse and liquidation of the Tennessee Electric Power Co., with the attendant loss of millions to thousands of innocent stockholders in that corporation, many of whom are widows. I think this feature should have an appeal to the hearts and consciences of the membership of this great body. [Applause.]

The SPEAKER. The time of the gentleman from Tennessee [Mr. TAYLOR] has expired. [Applause.]

Mr. TAYLOR of Tennessee. Mr. Speaker, I yield 10 minutes to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Speaker, let me demonstrate by documented proof that the gentleman from Mississippi is wrong and that there is something more to this than the acquisition of the Willkie properties down in the Tennessee Valley area.

We had a bill before this House reported by the Ways and Means Committee to raise the long-term debt limit. It went to the Senate on the 1st of June. They added in the Senate what is known as the Norris amendment, and from the Norris amendment I read the following language:

> To obtain funds for the construction or acquisition of dams with appurtenant facilities, generating plants, transmission lines, rural distribution lines, and other electric facility properties as authorized by this act, including the purchase of electric utility properties of the Tennessee Electric Power Co., and for the purpose of carrying out the provisions of section 12 (a) of this act.

It does not stop there, however; it goes infinitely further. Let me prove by the Senator who introduced it that it goes further. He was asked, on page 6485 of the CONGRESSIONAL RECORD:

> Is the pending amendment confined to an authorization for the one contract, or does it go beyond that?
>
> It goes beyond that.
>
> Is the one contract the extent of the emergency?
>
> Yes.
>
> Would the Senator object to confining his amendment to the emergency?
>
> I should not want to do that because we should have to do the same thing over again.

Oh, yes; there is more here than meets the eye. Now, let us get the factual picture before us. Here is the audit of the Tennessee Valley Authority, which is the last audit of Lybrand, Ross Bros., and Montgomery, certified public accountants, showing that we have invested there now $278,000,000, including the appropriation for the fiscal year 1940. When we get all through, the over-all expense will be in excess of $505,000,000. When generating power you have got to have transmission lines. If you cannot buy lines you can probably go in and threaten the owners of existing lines and finally beat down the price and get them at your own price, and that shows to you what was done.

We have up to June 30, 1928, $21,268,000 T. V. A. funds invested in transmission lines. We gave them another $6,300,000 in 1939. We gave them another $6,964,000 for 1940; so we have about $50,000,000 in authorized transmission lines not counting what is provided for in this bill.

The money appropriated by the committee is ample for the purpose in mind, but, as the Senator said, they want to go further and expand their activity everywhere.

We are up against a matter of policy as to whether or not we should go ahead and permit that expansion without the T. V. A. coming back and getting the sanction of the Congress. First of all, let me say that power rates go down regardless of the T. V. A. They are not the only ones that provide cheap power.

On page 1776 of the hearings held in connection with the independent offices bill for 1940, Mr. Krug, engineer for the T. V. A., made this answer in response to a question asked by the gentleman from Kansas [Mr. HOUSTON]:

> There have been general reductions in electric rates for a period of years, going back before the Tennessee Valley Authority, but the rate reductions were accelerated beginning in 1933. The factors involved are numerous. The Tennessee Valley Authority, I am sure, is one of them, and just how important it was at the moment is a matter of conjecture.

Mr. Speaker, power rates have been going down, and it is not due to the Tennessee Valley Authority, as their own engineer testified. I am rather opposed to giving the T. V. A. any authority. I think it ought to be limited as it has been limited in the House bill, for if we give them unlimited authority I do not know what the end will be. But in connection with that let us see whether we are up against a matter of public policy. On the 15th of May Mr. Paul Mallon, in his syndicated column published in the Washington Herald, spoke about an Associated Press dispatch that mentions the idea of getting $600,000,000 from Congress for starting to duplicate existing power facilities in industrial areas as a national-defense measure. He stated also that the War Department cooled off on the idea. He ascribes the original thought to Messrs. Corcoran and Cohen. But the idea is still down at the other end of the Avenue, and if you approve the Senate proposal now pending on the Speaker's desk waiting to go to conference if nobody objects, and there has been objection, we will open the door for a broad national policy that will mean the expenditure of hundreds of millions of dollars ultimately, in my judgment, in acquiring these lines and in projecting the Government into the power business.

Mr. SABATH. Will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Illinois.

Mr. SABATH. Is it not a fact that the Congress authorized the issuance of $100,000,000 of bonds in the act of 1933?

Mr. DIRKSEN. Oh, yes.

Mr. SABATH. But none of those bonds have been issued as yet?

Mr. DIRKSEN. No.

Mr. SABATH. And those were for these properties?

Mr. DIRKSEN. That is right. But we have a very specific purpose before us today that we did not have in 1933.

When we go into the power business let us look at the taxation item that was mentioned by the gentleman from Tennessee. Here is a clipping from the Knoxville Journal that came to my desk sometime ago. The county judge and the

trustees of every county in Tennessee have asked that provision be made whereby the taxpayers of Tennessee may be reimbursed to the extent of three and one-half million dollars because of displacement by the Tennessee Valley Authority.

The same thing is contained in a statement that has been gotten out by the Tennessee Taxpayers' Association. They believe that Uncle Sam ought to pay. They believe that after putting $505,000,000 or thereabouts into that area by 1942 the rest of the States and the rest of the taxpayers should now come along and bail them out because the Tennessee Valley Authority has acquired certain property and three and one-half million dollars of annual revenues to the cities, counties, and the State of Tennessee will go over the dam. If there is anyone from the other States who is willing to shoulder this burden, well and good, but I believe it is inequitable and unfair to ask the taxpayers of the other States to pay for the tax loss after we have made such an investment in those States down there.

Mr. DONDERO. Will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Michigan.

Mr. DONDERO. That one item alone is a part of the basis for the deceptive yardstick that has been held up to the American public as to why they can generate power cheaper when they use Government money?

Mr. DIRKSEN. When the Governor of Tennessee appeared before the Deficiency Committee and testified in connection with the W. P. A., I sat there when they asked him the question whether there was a loss. He said there was a loss of one million dollars to the State and two and a half million dollars to the local political subdivisions thereof, a total of three and one-half million dollars. Now we should reach into the Treasury and reimburse them after the beneficence and generosity of the Government in installing that plant.

Mr. PEARSON. Will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Tennessee.

Mr. PEARSON. May I call the gentleman's attention to the fact that if the amendment to the act as reported by the House Committee on Military Affairs is not agreed to, the Tennessee Valley Authority will then have the power, by virtue of the rates which it charges for the power, to adjust the tax problem. The consumers of the power themselves will pay the load and Uncle Sam will not be charged with the responsibility of reimbursing them by paying one dollar of the lost taxes.

Mr. DIRKSEN. The consumers ought to carry the load in all equity and conscience.

Mr. PEARSON. If the gentleman will go along with us and strike out that amendment, then the consumers of the power can pay the tax loss.

Mr. DIRKSEN. I am afraid my friend and I do not see eye to eye on that matter. I am not very much enamored over this whole problem anyway. Just to show you how this will work out, may I say that it is just about 30 years ago, in 1910, that the so-called Canadian Hydro in the Province of Ontario was only serving seven municipalities. Since that time it has grown until now it is providing 85 percent of the power. Now, you would think that is a great thing for the consumers and everybody else, but if you will bother to look at some of the figures in connection with Canadian Hydro, you will find they are running a loss which aggregated $2,000,000 in 1932, four and two-tenths million dollars, as I remember, in 1934, and they have quite a considerable debt load up there after 30 years of operation and 85 percent of the field in which to work.

Are you willing to shunt Uncle Sam into the power business without any limitation or restriction so that he will go into other States and finally the load will come back upon the taxpayers in the other States of the Union? I am not willing to do so, and I hope the bill brought in by the committee will be passed. [Applause.]

Mr. SABATH. Mr. Speaker, I yield 7 minutes to the gentleman from Alabama [Mr. SPARKMAN].

Mr. SPARKMAN. Mr. Speaker, I have frequently heard the gentleman from Illinois, who has just preceded me, say that the devil could quote Scripture to prove his own case. That is exactly what the gentleman has done in referring to the debates in the Senate and quoting Senator NORRIS. Had he simply turned the page, he would have seen that Senator NORRIS explained what he meant by saying that it went beyond that one contract, that there were negotiations pending at the present time for the purchase of certain properties in northern Alabama and northern Mississippi, and that is all that was mentioned as to the extent to which this provision would be extended.

I want to read to you right in the beginning of my short statement the recommendation of the minority members of the joint committee investigating the T. V. A. This is the recommendation they made:

> We are of the opinion that if and when the Federal Government considers it advisable to establish publicly owned power facilities in localities already served by private companies, the Federal Government, in order to avoid duplication of such service, should purchase the properties involved at a fair price, determined either by negotiation, arbitration, or condemnation.

What is proposed to be done by this so-called Norris amendment is exactly carrying out that recommendation. It is to purchase the properties of the Tennessee Electric Power Co. Not one dime of additional bond-issuing authority was sought to be given to the T. V. A. The T. V. A. now under authorization of Congress has the power to issue a total of $100,000,000 in bonds. It was felt that it was necessary to obtain some additional legislation in order to make it possible to buy certain generating plants and to buy one over on a tributary of the Cumberland River, which is not a tributary of the Tennessee River. Had it not been for that deficiency in the present law, this deal could have gone through without any additional legislation.

I wish to say here that as far as the purchase of the properties in northern Alabama and northern Mississippi is concerned, that can go through under the authorization in the act at the present time, and no additional authorization is required.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. SPARKMAN. I yield to the gentleman from Mississippi.

Mr. RANKIN. And they are the only additional purchases to which the gentleman from Illinois referred.

Mr. SPARKMAN. And to which Senator NORRIS referred in his complete answer, which the gentleman from Illinois did not include in his statement.

Mr. RANKIN. They can go through whether or not this bill or any other bill passes the Congress.

Mr. THOMAS F. FORD. Mr. Speaker, will the gentleman yield?

Mr. SPARKMAN. I yield to the gentleman from California.

Mr. THOMAS F. FORD. Are not these amendments just merely the building up of a wrecking crew's attempt to wreck the T. V. A.?

Mr. SPARKMAN. It was not my intention in speaking on the rule to discuss the House bill. Of course, I am opposed to the House bill as it came from our committee. I fought it every step of the way and intend to fight it today. I believe it is a vicious thing that absolutely tears the heart out of the T. V. A., and, as stated by the gentleman from Mississippi, will never become law. If the purpose of this House is to defeat the consummation of the deal that was recommended by the minority of the joint committee, the best way to do it is to support the House bill. It will absolutely defeat the deal and continue the so-called ruinous or destructive competition.

I am for the consummation of the deal because it brings peace to the Tennessee Valley and gives stability to the respective sections in which it is to operate and in which the utilities are to operate. As a matter of fact, the testimony before our committee was to the effect that if this deal went through and the property in northern Alabama and northern Mississippi were purchased, all the power the T. V. A. could generate with its presently installed or authorized generating systems would be consumed, and no other power would be available for sale until Gilbertsville Dam could be completed

and power facilities there installed, if the Congress authorized such, and that even then only a small portion of western Kentucky would be available for the sale of power from Gilbertsville Dam.

All the parties interested in this deal have urged the enactment of the bill. Mr. Willkie, representing the Commonwealth & Southern came before us twice and said unqualifiedly that he was for the enactment of this measure just as soon as possible, and that if there was anything he could say to convince us more strongly that he was in favor of it, he wanted to be considered as having said it.

Mr. STARNES of Alabama. Mr. Speaker, will the gentleman yield?

Mr. SPARKMAN. I yield to the gentleman from Alabama.

Mr. STARNES of Alabama. When the gentleman says "this measure," he means the Senate bill, not the House bill as reported?

Mr. SPARKMAN. I will say a measure authorizing the consummation of that deal, and I have already said that the House bill will never become law.

Mr. SHAFER of Michigan. Mr. Speaker, will the gentleman yield?

Mr. SPARKMAN. I yield to the gentleman from Michigan.

Mr. SHAFER of Michigan. The gentleman is in favor of the Senate bill; is that not true?

Mr. SPARKMAN. I surely am.

Mr. SHAFER of Michigan. That bill as it is presented calls for the authorization of $100,000,000 for the purchase of these properties?

Mr. SPARKMAN. The gentleman is correct.

Mr. SHAFER of Michigan. In the hearings before the committee it was shown that approximately $65,000,000 would be sufficient to carry through this deal.

Mr. SPARKMAN. I do not agree with the gentleman in that statement; but let me say—and I do not have much more time—I will go along with the gentleman on a reasonable reduction of the amount authorized. I believe I have stated that in the committee, and I state it on the floor here today. I am not quarreling about that particular point, but there are other points in the bill that absolutely tear the heart out of T. V. A., and those are the things to which I am opposed.

[Here the gavel fell.]

Mr. SABATH. Mr. Speaker, I yield 3 additional minutes to the gentleman from Alabama.

Mr. SPARKMAN. I had simply started out to say that all parties concerned have urged this legislation—Mr. Willkie, representing the Commonwealth & Southern, which is the holding company of these properties, and the representatives of T. V. A. And I also want to call your attention, in urging the adoption of this rule, to the necessity of immediate action. It is not simply a contract between the T. V. A. and the Commonwealth & Southern, but included as parties to the contract are some 37 different municipalities and rural cooperatives in the State of Tennessee. They have urged immediate action. The Governor of Tennessee urged immediate action. The delegation from Tennessee has urged immediate action. The date upon which these properties are to be delivered is June 20, with an option of one extension to June 30. It is necessary that it become law as soon as possible in order that these various municipalities may make arrangements to dispose of their bond issues at the best possible advantage.

Mr. LEAVY. Mr. Speaker, will the gentleman yield for a question?

Mr. SPARKMAN. I yield.

Mr. LEAVY. Is it not also necessary, irrespective of the amount of the bonds, that they be without strings tied to them, so these deals can be closed.

Mr. SPARKMAN. Of course, if the House wants the Tennessee Valley Authority, a governmental agency, to have to pay a much higher rate of interest on the bonds, which, in the long run, will be coming out of the Treasury of the United States, they can tie the strings to it that they propose to do in the House; but if they want it unrestricted and placed in exactly the same class as every other governmental agency having the authority to issue bonds, then the strings should certainly be taken off.

Mr. BOLLES. Mr. Speaker, will the gentleman yield?

Mr. SPARKMAN. I yield to the gentleman.

Mr. BOLLES. What would be the situation in reference to taxes?

Mr. SPARKMAN. With reference to taxes, my position has been clear in the committee that we have not had sufficient testimony before our committee to justify our taking action, and it ought to come up in later legislation, because this is for one purpose, and one purpose only, and that is to authorize the consummation of this one purchase.

[Here the gavel fell.]

Mr. SABATH. Mr. Speaker, I yield the gentleman from Alabama 2 additional minutes.

Mr. HARNESS. Mr. Speaker, will the gentleman yield?

Mr. SPARKMAN. I yield.

Mr. HARNESS. I understood the gentleman to say that the interest would eventually come out of the Treasury. Is it not a fact that this bill provides that the interest should be paid from the income of T. V. A. put into a sinking fund?

Mr. SPARKMAN. The income goes into the Treasury, and if you take it out of the income you are, after all, taking this money from the Treasury.

Mr. HARNESS. But the bill puts the T. V. A. on a business basis by requiring them to take out of the earnings sufficient to pay the interest and the principal on the bonds.

Mr. SPARKMAN. Granting that to be true, at the present time the earnings go into the Treasury, so if you take it out of the earnings you are taking it out of the Treasury.

Mr. SABATH. Mr. Speaker, will the gentleman yield?

Mr. SPARKMAN. I yield.

Mr. SABATH. There is no opposition on the part of the States or the municipalities interested as to taxes, and they do not object to this.

Mr. SPARKMAN. The Governor of Tennessee appeared before our committee, the Governor of Georgia wired us, and the Governor of Alabama wired us, and various others, expressing the desire to have this legislation without any tax amendment.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. SPARKMAN. I yield.

Mr. RANKIN. And these distribution systems will be bought by the municipalities.

Mr. SPARKMAN. Yes; and may I say there that the Governor of Tennessee said that regardless of what we do, the cities of Tennessee are determined to own their own distribution systems.

Mr. RANKIN. Of course, and the States can tax them if they want to do so.

Mr. SPARKMAN. Absolutely.

Mr. HAWKS. Mr. Speaker, will the gentleman yield?

Mr. SPARKMAN. I yield.

Mr. HAWKS. Where did the money for the original investment come from if not from the Treasury of the United States?

Mr. RANKIN. And the Alcorn County Association, containing the city of Corinth, has already paid for its distribution system in 5 years, while you men have been fighting the T. V. A. and leaving your people at the mercy of the Power Trust, paying exorbitant rates for power and light.

[Here the gavel fell.]

Mr. SABATH. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

W. P. A. INVESTIGATION

Mr. JARMAN. Mr. Speaker, from the Committee on Printing I report (Rept. No. 827) back favorably a privileged resolution (H. Con. Res. 28) and ask for its immediate consideration.

The Clerk read as follows:

House Concurrent Resolution 28

Resolved by the House of Representatives (the Senate concurring), That, in accordance with paragraph 3, of section 2, of the Printing Act approved March 1, 1907, the Committee on Appropriations of the House of Representatives is hereby authorized and empowered to have printed, with illustrations, for its use 2,000

additional copies of each part of the hearings held before a subcommittee of said committee, during the current session, pursuant to the resolution (H. Res. 130) directing the Committee on Appropriations to make an investigation and study of the Works Progress Administration as a basis for legislation.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

A motion to reconsider the vote by which the resolution was agreed to was laid on the table.

EXTENSION OF REMARKS

Mr. CANNON of Missouri. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a statement by Colonel Harrington, Administrator of the W. P. A., delivered before the committee this morning.

The SPEAKER. Is there objection?

There was no objection.

TENNESSEE VALLEY AUTHORITY

Mr. MAY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (S. 1796) to amend the Tennessee Valley Authority Act of 1933.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill S. 1796, with Mr. CLARK in the chair.

The Clerk reported the title of the bill.

The CHAIRMAN. Without objection, the first reading of the bill will be dispensed with.

There was no objection.

Mr. MAY. Mr. Chairman, I yield myself such time as I may desire.

I hope very much that the membership of the House will remain on the floor until this debate has been completed, because this is a very important matter. I shall not go into the particular details in explaining the effects of this bill except as it relates to three or four of the major propositions, but if I can I shall give to the Members of the House some very cogent and forceful reasons why the committee amendment to the Senate bill should be adopted by a substantial vote.

The Tennessee Valley Authority, as everyone knows, was organized as an instrument of national defense under the war powers of the Congress, and no one who voted for the original bill ever dreamed it would ever do what it has done, and may I say to my colleagues, using a rather old expression, that from the beginning I grew up with the Tennessee Valley Authority. I was on the committee that created it, and I have been on that committee from that time until now. I do not object to any member of my committee taking any position he wants to take on any matter of legislation. That is his right. But I do say to the House that the House Military Affairs Committee, after very careful consideration, has brought to you the right kind of a measure. In another body the matter was disposed of summarily without hearings on a report of the Norris amendment. When the bill came to the House I felt, as chairman of the House Military Affairs Committee, that it was a matter of such importance that the Congress ought to know something about it. The bill does not, as was stated by some of the gentlemen who have spoken on the rule, emasculate or destroy the Tennessee Valley Authority. The only thing it does is to put a rather weak halter on it. It has been a monster turned loose down in Tennessee for 6 years, and in order that gentlemen may know that I have been thinking about the thing from the beginning, let me say, and I say it marking my words, that the record of the hearings of the House Military Affairs Committee of 1933, when the bill was first presented, the record of the hearings on the 1935 amendments, and the debates in the House on the 1935 amendments will disclose the fact that I then predicted that it was the purpose of the Tennessee Valley Authority to confiscate and destroy investments of the shareholders of the Commonwealth & Southern and its subsidiaries in the Tennessee Valley, and here they are today at the bar of justice on trial for that very thing, and they came before your committee and told us in words, and in effect, that unless we passed this legislation they would complete the job of destroying the holdings of the Tennessee Electric Power Co. With that kind of statement on the part of an official of a Federal bureau, is it right and is it proper that your committee should have gone into the thing and have hearings and found out what is the matter?

That is not all. I am here to tell you today that we are not stopping them for the want of money. The evidence is conclusive before our committee that they need only $60,500,000 to carry into execution the deal. We have allowed them $65,000,000, allowing four and a half million dollars of that to take up some other outside interests that they want to buy. All we have required as to future acquisitions of utilities or utility territory is that they shall come back to the Congress for approval.

Some remarks were made here by the gentleman from Alabama [Mr. SPARKMAN] about the acquisition of properties in northern Mississippi and northern Alabama, it being the intent and purpose of the corporation, and we think it is what they had in mind, cited by the gentleman from Illinois [Mr. DIRKSEN] in reference to the Senate amendment, and the fact is that the bill gives them the right to buy out the subsidiaries of the Alabama Power Co. in 27 counties in northern Mississippi and Alabama, and it is so stated in the bill itself.

So we have neither limited them in the amount of funds, nor have we limited them in the area that they may cover in the consummation of this transaction. As a matter of fact, the 27 counties in Mississippi and Alabama are in addition to the contract that they asked the Congress to confirm. Then what have you? According to the testimony of Mr. Willkie and according to the testimony of Mr. Krug, there are $48,000,000 of bonds of the Tennessee Electric Power Co. to be acquired under the contract. There are $24,000,000 of preferred stock to be bought by local municipalities under the contract, and that makes a total of only $72,000,000. Mr. Willkie told the committee that $48,000,000 was the only amount necessary to actually complete the transaction, because the Tennessee Valley Authority is not buying the distribution systems in the towns and cities that are to be embraced in the transaction, but they are a tentative proposed purchase to be acquired hereafter.

Now, in view of that situation that we have given them all the money they need, we not only limited the amount to $65,000,000, that which they said they would need, but we have provided in the bill that the bonds shall be the obligations of the Tennessee Valley Authority and not the obligations of the taxpayers of this country, for the reason they showed that the income, when they take over these properties, together with that which they already have, will be around $7,000,000 annually. If they have $7,000,000 income, that is 3½ percent on a $200,000,000 bond issue. Consequently they will be able to carry their own obligation, and we have required them to set up a sinking fund to provide for the interest and to meet the principal at the maturity of the bonds.

But there have been some remarks made here and a statement made by my splendid colleague from Tennessee, the gentleman who was in charge of the time on the rule, Mr. TAYLOR. The gentleman said, in speaking of my friend RANKIN, from Mississippi, that RANKIN eats kilowatts, that he sleeps with kilowatts, that he drinks kilowatts. I would like to ask him if he thinks the coal miners in his congressional district, who load coal to be consumed in the steam plants in the Tennessee Valley area, that are to be put out of business by the hydro dams, can drink kilowatts and eat kilowatts and sleep with kilowatts. I will yield to him in a moment to answer the question when I say to him I am sure that those kilowatts that are being developed by these hydro dams will keep his miners sleepless instead of letting them sleep.

Mr. TAYLOR of Tennessee. Will the gentleman yield?

Mr. MAY. I yield to the gentleman from Tennessee.

Mr. TAYLOR of Tennessee. I do not know that the miners eat and sleep kilowatts, but I do know this, that at the meeting of the United Mine Workers in convention in Knoxville about a year ago the president of the United Mine Workers, Mr. Turnflayer, made a speech in which they endorsed the T. V. A. program and said that the United Mine Workers were not going to stand in the way of progress.

Mr. MAY. If the gentleman knew that when he was before our committee, why did he not tell us about it, and why did he not wait and listen to the president of the Alabama Mine Workers and hear him tell this committee that the abolition of one steam plant of the Alabama Power Co. in northern Alabama had destroyed the business of two coal mines in Alabama where they were at work?

Mr. SPARKMAN. Mr. Chairman, will the gentleman yield?

Mr. MAY. No; I cannot yield just now. I will yield later.

Mr. SPARKMAN. I would like to answer that coal statement.

Mr. MAY. I will give you time to answer that later when I yield time. I do not yield further now, Mr. Chairman.

Now, I am just trying to give you step by step what the committee has done. We have done not only what we have told you in fixing the amount of money they should spend, and require them to pay their own bonds and provide a sinking fund to take care of them, but we have put them back under the Comptroller General for an accounting of their business. I will tell you why we did that. I am not going to ask you to take my word for it. I am not going to ask you to take anybody's word for it except the word of the Comptroller General of the United States.

Now, let us see whether or not this monster is the kind of thing that ought to be turned loose without any strings on it. Let us see whether it ought to be given $100,000,000 in bonds to sell and spend when it only needs $65,000,000. Let us see whether it is a safe institution to be trusted with the disbursement and spending of the taxpayers' money. That may be determined by reference to the report of the Comptroller General in 1937, covering the years 1936 and 1937, at page 68, from which I read:

> During the fiscal years of 1936 and 1937 exceptions were made, and the Authority regularly notified, on a total of 7,964 transactions involving $15,542,459.70. Of such number and amount there were released after proper explanation or recovery a total of 3,077 exceptions amounting to $4,814,950, leaving 4,887 still pending in the amount of $10,727,509.70.

That amount of money is still unsettled in the Comptroller General's office. I not only called the Comptroller General and had it verified by his office, but I got a copy of the yet unpublished audit and yet unpublished report of the Comptroller. What did it say? Here is the bullet hole in the whole transaction.

After quoting the act as it now stands, which we propose to broaden to give the Accounting Office more power to deal with them, the Comptroller General says this, after talking about the economy that he had been able to bring about by having the records sent to Washington for audit instead of sending a force out in the field. I quote:

> By reason of the economy and greater efficiency attained in conducting the audit to the fullest extent possible in Washington, the corporation—

Meaning the T. V. A.—

> has been consistently urged to forward to this office the complete accounts of its treasurer.

Now, listen, and do not forget this:

> Despite the benefits accruing to the Government by reason of such action, it has repeatedly refused to comply with such requests insofar as they related to collection data and paid checks.

In other words, this Bureau of the Government, with unlimited funds, says to the Comptroller General: "We refuse to furnish our checks to show our disbursements." And there is today $10,000,000 and more unaccounted for because they refuse to have their account audited. Your committee has provided for it in this bill; we have put them back under the Comptroller General to be audited.

Mr. COCHRAN. Mr. Chairman, will the gentleman yield?

Mr. MAY. I yield.

Mr. COCHRAN. I think the last statement made by the gentleman in part answers the question I had in mind. Are they now subject to the Budget and Accounting Act of 1921, or was there a provision in the law to which the gentleman refers that took them out of the control of the Budget and Accounting Act of 1921?

Mr. MAY. They were taken out by the 1935 amendment.

Mr. COCHRAN. Then, blame the Congress of the United States for taking them out, and not the T. V. A. It was the Congress that took them out. If we had not taken them out, they would be subject to the Budget and Accounting Act of 1921. Time and time again I have stood on the floor of this House and said that under no consideration should we take any agency, private corporation or otherwise, of this Government from under the control of the Budget and Accounting Act of 1921.

Mr. MAY. The gentleman knows, then, that the reason we set up the Comptroller General's Office in the beginning was because of the large expenditures made by the Government during the World War, and of course his views are in exact accord with my views, and that is why I wrote the provision in the pending bill, and I am now asking the Congress to correct its former serious mistake.

Mr. COCHRAN. Yes; but why take bureaus and agencies from under the control of the act? If necessary to make some concessions, that can be done, but a final audit should be made of all spending agencies by the representative of Congress—the Comptroller General.

Mr. MAY. If we are now spending billions of dollars, why is it not equally important that these governmental agencies be required to account? Does the gentleman from Missouri undertake to justify the Tennessee Valley Authority in refusing to submit its accounts to the Comptroller General?

Mr. COCHRAN. I do not; but I do say that if the Congress of the United States took the T. V. A. from under the Budget and Accounting Act of 1921, then do not blame the T. V. A.; put the blame where it belongs, on Congress. It is our fault. If we had not done it, they would have been compelled to submit their papers to the Comptroller General. As chairman of the committee that has such disputes under consideration from time to time, I have stood here on numerous occasions on agricultural bills and others and said that we make a mistake when we take away from the Comptroller General the power to audit expenditures. No spending agency of this Government should ever be permitted to make the final audit of its own expenditures. [Applause.]

Mr. MAY. The gentleman does believe, then, that the committee is right in requiring this agency to be audited by the Comptroller General?

Mr. COCHRAN. I will stand by any committee of the Congress at any time for adhering to the Budget and Accounting Act of 1921; but what I am trying to drive home now is, if we take an agency from under the Budget and Accounting Act of 1921, blame ourselves for doing it; do not blame those we permit to defy the Comptroller General.

Mr. MAY. I am not blaming anybody, but I certainly agree with my eminent colleague from Missouri that the Congress made the mistake in the first instance, and T. V. A. has taken advantage of that mistake from the start.

Mr. COCHRAN. We should blame ourselves when we are at fault.

Mr. MAY. I am trying to emphasize the importance of putting a large spending agency that is spending millions and hundreds of millions of dollars every year, and is demanding another $100,000,000 to spend, under the control of our disbursing officer and our Accounting Office; and that is exactly what the committee did in this instance, and that is the kind of measure we bring to the House of Representatives. We now give the Congress an opportunity to correct its mistake and urge it to do so.

I should like to ask any Member, representing the taxpayers of his district, how he is going to justify a vote against this bill which requires them to account to the Comptroller General and to the Budget Office when he goes back to his

constituents and tells them that he voted to defeat a bill and turn them loose with an extra $40,000,000 to spend at their own discretion where they please and when they please? That is the question that must be answered by gentlemen on the floor of this House to their constituents when they report on their action.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. MAY. I yield.

Mr. CRAWFORD. I agree with the gentleman's observation that I could not justify such a vote; neither can I justify a vote to permit them to pay 3½-percent interest on these bonds that are to be issued. We know that every force of Government has been used and will continue to be used to float Government-guaranteed and direct obligations at not to exceed 1 to 1½ percent next year. Why do we provide for the payment of 3½-percent interest on these bonds?

Mr. SPARKMAN. Mr. Chairman, will the gentleman yield?

Mr. MAY. I yield.

Mr. SPARKMAN. I call the gentleman's attention to the fact that this bill gives them the right to pay up to 3½ percent; they may pay up to 3½ percent but not exceed it.

Mr. CRAWFORD. Why, then, do we not fix it so that they cannot float it at 3½ percent?

Mr. SPARKMAN. The rate of 1 percent and 1½ percent is for direct or guaranteed Government bonds, a guaranty that makes them the liability of the Federal Government.

Mr. MAY. Mr. Chairman, I did not yield for a round-table discussion on the floor.

Mr. CRAWFORD. Then I understand that these bonds issued at not to exceed 3½ percent are not to be guaranteed by the Federal Government.

Mr. MAY. That is exactly right. I call the gentleman's attention to the fact that the T. V. A. has an income of $1,500,000 which is available from contracts they have already entered into with large corporations, and from their general transmission lines. They have another $5,000,000 of the Tennessee Electric Power Co. as net earnings. So they will have almost $7,000,000, which would be 3½ percent on $200,000,000, and they ought at least to be able to float $65,000,000 of bonds on that amount.

Mr. CRAWFORD. I shall be glad to go along with the gentleman on not-guaranteed bonds.

Mr. MAY. That is what we have done by the pending bill, and I am very strongly convinced of the wisdom of such provision.

Mr. CRAWFORD. In that case the interest rate may have to be as high as 3½ percent.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. MAY. I yield.

Mr. DONDERO. The policy followed by the Government in the T. V. A. has caused a drop from $711,000,000 to $49,000,000 a year in money ordinarily invested in the utility industry. That is what the effect of it has been.

Mr. MAY. I do not know how much the money invested in utilities generally has dropped, but I know they have practically quit making expansions, and who blames them when the Government's power policy constitutes a punitive expedition against them with taxes they pay.

Mr. Chairman, I think I ought to refer to a remark made by my colleague on the committee, the gentleman from Alabama, and by the gentleman from Mississippi, who are very anxious about the Tennessee Valley Authority. Both of them say they want peace in the Tennessee Valley and that by buying out the competitor—that is, the private utility—and turning the whole thing over to the Government as a monopoly, we will then have peace.

I want to ask the Members of the House what became of the peace that was in the Tennessee Valley prior to the time the T. V. A. went down there? I want to ask who made the first declaration of war? I want to ask who it was that brought about this condition that is referred to, not as peace? I will tell you. It was the Tennessee Valley Authority that sent down there a board of directors who set a campaign under way to destroy every competitor they had.

They started out from the very beginning to issuing press releases. They put under way a campaign to influence people of every municipality in the Tennessee Valley to believe they were going to get electrictly given to them, and they have almost convinced the people that it is being given to them. It is practically being given away, and at a price far below cost of production. Lilienthal and others set themselves up as ambassadors of glad tidings of great things, and the people believed it.

They come back here and cry, "Peace! Peace!" They come back to the committee and say, "Unless you give us this authority to buy them out we will destroy them by competition with taxpayers' money that you have approved." We are undertaking to put a halter on that and to stop them, to limit them to the area that was originally intended by the act they should be limited to. They protest and say, "It is against public policy to limit us in any sense," and they are opposed to paying a dime's worth of taxes to anybody. I do not know but what they are right about that, because if you once set a precedent of requiring the Federal Government to go into the States and pay taxes to the local communities where they have their own property, then you are setting a dangerous example. Furthermore, it is of doubtful constitutionality.

I undertook to have inserted in this bill a provision that would require them to pay taxes, just as other people pay taxes in the communities in which they own property of like kind and character. I did that for the reason that the proof before our committee disclosed that people 10 years ago who had invested in Tennesese Electric Power Co.'s preferred stock at 98 were being driven by this competition of the T. V. A., a Federal agency, to the point where they were disposing of their stock at 30 to 40, although the Tennessee Electric Power Co. was paying promptly 6 percent annual dividends.

There was an instance related by the county judge of Rowan County where a widow had been left a large sum of money in the form of insurance payments by her deceased husband. She invested this money in Tennessee Electric Power preferred stock, buying it at 98, bearing 6-percent interest. She sold it at 40. This took 60 percent of the widow's mite away. She went to the county judge and asked what she should do with what she had left after losing 60 percent of her investment in order to be safe. He said, "Invest it in Rowan County 6-percent bonds"—bonds of the great county of Rowan, Tenn. She followed his advice, and along came the T. V. A., which built a high dam at the lower end of that county, submerging practically every foot of valuable farm land along that river. It resulted in putting out of taxation 45 percent of the entire assessed valuation of that county. Now they propose to go out and take up every dollar's worth of taxable property that the Tennessee Power Co. has left. When they do that, the county judge told your committee that Rowan County would not only default on its bonds, but would also default on the payment of interest on those bonds. Then the entire remainder of the widow's mite is gone. Such a cruel government! Such outrage! Yet men on the floor of this House cry out for cheap electricity and a yardstick that is a liar at one end, a thief at the other, and rubber in the middle.

I will tell you why it is a liar. It goes out and represents to the public that they are producing electricity and giving it to the people at a profit and that it is not being sold .below cost. Then they go back to the taxpayers and tell them, with their hands down in the taxpayers' pockets, "We are doing thus and so." Then in the middle of the transaction down there in the valley they go out into the hills and plant trees and bushes and practice soil-erosion prevention. They say they want to improve navigation in the Tennessee River, and when it comes to the question of taxation they say that they are going to offset every taxable value the people have by a soil-erosion prevention program which will pay all the loss of taxes when the sheriff comes around.

But they are not doing that. They are going to destroy every taxable value, and then they will say, "We have improved the living standards of the people in Tennessee."

They must account for their living standards. They say they are going to set up a system of navigation. They say, "We have reduced freight rates for you. You must pay taxes for that." They say, "We are going to set up a system of flood control, and you must count those benefits against the taxes."

But that will not satisfy the sheriff when he comes around. He has got to have Uncle Sam's legal tender or Uncle Sam's currency or he is going to levy; he is going to tack on the front of every house a notice of sale and the auctioneers' hammers are going to clink in front of the courthouse doors all over the State of Tennessee where they have taken out of taxation these values. That is the first step in the Karl Marx program. That is the opening door to Edward Bellamy's new state socialism, but the widow and the thousands of others who have been robbed by their Government will remain the forgotten people.

There are 43 counties along that river, large portions of which are being submerged and will be submerged by the 10 dams which they call a unified system for the control of the flood waters of the Tennessee River. Yet they say to you, "You must not pass this bill. You must turn them loose and give them $100,000,000 with which to exploit that country." They want an extra $40,000,000 to go out yonder and pick up another bunch of utilities and take their property out of taxation in some other counties outside the area of the Tennessee Valley. Oh, they have their eyes on Louisville. They have their eyes on Cincinnati. They have their eyes on St. Louis. They have their eyes on Indianapolis and they have their hands in the pockets of every taxpayer in America. What a glorious appeasement of business and industry.

When we come here and undertake to restrain their extravagance, when we tell you they have more than $10,000,000 down here in the Comptroller General's office unreconciled, and when we tell you they have declined and refused to answer requests of the Comptroller General to furnish their checks to show what they paid out, they stand up—and perhaps they are in the gallery now—and expect the Members of the House of Representatives, who represent 47 other States of the Union, to legalize that kind of conduct. A system of vicious and inexcusable extravagance by a bureaucracy entrenched by the power of unlimited sums of money and more dangerous to democracy than all the dictators and powerful armies of the Old World. I plead earnestly with my Democratic colleagues of the South to rise up and stop this invasion and crushing of the sovereignty of seven great Southern States. Oh, yes; if you will turn them loose unrestrained, if you will release the halter, if you will give them carte blanche authority under the Norris amendment, then "King David" Lilienthal's empire will expand like a mushroom until it has absorbed and controlled the people of seven great Southern States, where men ought to be Democrats whether they are or not. But they say now they have done this, and I refer you to the acts of the Legislatures of Alabama and Tennessee. They not only said, "Go on, boys, and do as you please," but they have literally taken the hands of the public-service commissions of those two States off of their necks, and while they were releasing them from State control they were tightening their grip and their grasp upon the private taxpaying utilities of those States.

Where can you find a more glaring, where can you find a more vicious invasion of the doctrine of State sovereignty than when a Federal agency walks into a State and says, "We will control and dominate and dictate just what you shall do about this and about that and about the other." Yes, dominate and control the lives and activities of all the people. I would to God that the unconquered spirit of the immortal Andrew Jackson, of Tennessee, could rise from the tomb to smite these invaders of his great State.

What else do they do? They are not only putting out of commission and saying they will keep for stand-by use seven great steam plants, but ultimately they will put them all out of commission, when the very evidence before our committee discloses beyond the peradventure of a doubt that 1.8 pounds of coal will produce a kilowatt of electricity, whereas the same kilowatt of electricity produced by hydro investment costs just twice as much.

What else? When a coal miner in any one of 37 States of this Union loads 1 ton of coal, he produces more than a thousand kilowatts of electricity with that coal and he gets his $5.20 a day up in my district, and not a one of them yet has been able to eat my friend BILL TAYLOR's kilowatts or sleep with them or drink them, and they are not going to. What you are doing here is putting out of business the market of a labor-employing and a labor-producing industry, that of coal, and you are investing the taxpayers' money in a nonproducing, non-labor-employing industry, as illustrated by the fact that when we put $33,000,000 in the great Norris Dam we not only submerged large portions of counties in the districts of my friend TAYLOR and others, but we spent $38,000,000, and today that dam employs less than 20 men in its operation. The same $38,000,000 invested in 38 coal plants worth a million dollars each would employ and provide homes, on accurate estimates, for more than 20,000 men, and those 20,000 men would roll into the pay envelopes, at $5.20 a day, a total of $110,000 a day to take care of their wives and children. Yet they come to you and ask you to expand their authority and to enlarge their jurisdiction and their area.

That is the whole issue here. If you pass this House bill, it not only means a saving to the taxpayers, it not only means economy for the Government, but it means that hereafter we will keep this monster within an area where it can sell every ounce of electricity it has to sell, according to their own testimony. But they told us in 1933, when we considered the original bill, that it was national defense and flood control and rehabilitation of the nitrate plants at Muscle Shoals, Ala. We required them to keep their principal office at Muscle Shoals, and provided in the act that the directors should live in a house free of rent at Florence, Ala. Yet they went to Knoxville, Tenn., and rented five of the biggest office buildings in Knoxville and have more than 5,000 office employees in the Tennessee Valley riding automobiles at 5 cents a mile and running up expense accounts three times in excess of the railroad fare from Knoxville to Muscle Shoals. That is the economy you have. They are now proposing to set up a system of water transportation on the Tennessee River to strangle the railroads of that area and also the jobs of thousands of railroad employees.

Mr. SPARKMAN. Mr. Chairman, will the gentleman yield?

Mr. MAY. Have you been riding one of their cars, John? Yes; I yield.

Mr. SPARKMAN. I have not; but I should like to say that I find myself in accord with the gentleman from Kentucky in one respect, and that is the location of the principal offices. I do believe they ought to be in the immediate vicinity of Muscle Shoals, Ala.

Mr. MAY. I agree with the gentleman; but he misunderstood my meaning, because I am just using that as an illustration to show their utter disobedience of the mandate of Congress. That is why I mentioned it. I do not care where they keep their office, except they ought to be made to obey the law, but as far as I am concerned I should like to have their accounts audited by the Comptroller General.

Mr. JENKINS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. MAY. I yield to the gentleman from Ohio.

Mr. JENKINS of Ohio. Is this a fair summation of what this bill does? In the first place the Norris bill asks us to appropriate $100,000,000, and the gentleman's committee finds of that amount $60,000,000 or $65,000,000 is enough.

Mr. MAY. It is; but $3,500,000 of bonds have already been issued and the $65,000,000 includes that.

Mr. JENKINS of Ohio. Will that purchase all these properties in Alabama, Tennessee, and Mississippi?

Mr. MAY. It purchases the entire holdings of the Tennessee Electric Power Co. and the holdings of the Alabama Power Co. and the Southern Tennessee Power Co. in Tennessee and in 27 counties in northern Alabama and northern Mississippi, and that is all they have asked to purchase; and these 27 counties are not even embraced in this contract. We are letting them go that much further.

Mr. JENKINS of Ohio. If you are providing sufficient money to buy all the power that is salable or all that they want to sell or could sell, why are they asking for the difference between $65,000,000 and $100,000,000?

Mr. MAY. I do not know why, but I will tell you why I believe they are. They want to have an extra $35,000,000 to do with just as they please. They have enough money already in the other sum to take up some bonds they have already issued and provide loans to the two municipalities that are in such a hurry. They want to lend money to every municipality in Tennessee, 35 or 37 of them. Who in Congress ever dreamed of making the T. V. A. a lending agency? I am in favor of letting them lend that $4,000 bull they bought with tax money.

Mr. JENKINS of Ohio. That is the way they have been doing all along.

Mr. MAY. Yes.

Mr. JENKINS of Ohio. There is another provision in the bill that restricts their territory and prevents them from coming north of the Ohio River; they are restricted to the Tennessee Valley.

Mr. MAY. Within the watershed of the Tennessee River and the Cumberland River, as far as is affected by this deal, which includes the Nashville plant and several counties around it.

Mr. JENKINS of Ohio. Another thing the gentleman provides in his bill is that this $65,000,000 must be amortized and paid back out of this wonderful profit that this great yardstick is going to produce.

Mr. MAY. That is right, and it will be amortized if economy is practiced.

Let me now make this last appeal to you.

Mr. WHITE of Idaho. Mr. Chairman, will the gentleman yield?

Mr. MAY. I am sorry I cannot yield now.

Mr. WHITE of Idaho. The gentleman will recall that I have asked him to yield before.

Mr. MAY. I am sorry I cannot yield.

The appeal is made, "Let us have peace in the Tennessee Valley." I agree with my colleague from Alabama—let us have peace, and let us have some business appeasement throughout this country.

Here we are with the Ways and Means Committee sitting and laboring day and night and bringing out here social-security legislation, putting additional burdens upon the States for the purpose of appeasing industry. With the right hand we say, "Come on and be appeased," and with the left hand we spend hundreds of millions of dollars to destroy legitimate investments under the law. With the left hand we appropriate hundreds of millions of dollars to the Public Works Administration and say to the Public Works Administrator, "Go out and give somebody 45 percent of their requirements and lend them the other 55 percent at a low rate of interest, or with no interest at all, in order to destroy fixed investments." That is Democracy appeasement of business and industry in this country, and as long as you keep it up you need not look for any recovery of business.

Mr. BATES of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. MAY. I yield.

Mr. BATES of Massachusetts. In addition to the 45 percent which the Government grants through P. W. A., what percentage of the capital investment is charged off in the Tennessee Valley to flood control or to navigation?

Mr. MAY. The testimony in the record is unvarnished, unquestioned, and is unhesitatingly and undoubtedly clear that they charge off 50 percent of the valuation on these dams to flood control and navigation and allocate 50 percent to power cost.

Mr. BATES of Massachusetts. So in addition to the 45 percent the Government is granting through P. W. A. grants, we are also assuming through Federal money 50 percent of the cost of the dam.

Mr. MAY. Oh, yes; and in addition to that they spent millions of dollars down there through P. W. A. and W. P. A. labor and nobody has ever known how much it amounted to and never will, unless we compel them to submit to audit by the General Accounting Office.

Mr. BOLLES. Mr. Chairman, will the gentleman yield?

Mr. MAY. My time is up, but I yield to the gentleman.

Mr. BOLLES. I just wanted to ask the gentleman if there was any testimony showing the amount of actual navigation.

Mr. MAY. No; they do not pretend to give us amounts on navigation or flood control. They just allocate half of the cost of the dam after they mark them down 25 percent, and then they allocate half of the remainder to electricity.

Mr. Chairman, I shall now conclude my remarks here, and I hope the membership of the House will think this matter over when they come to voting on this bill. Let us pass it as the committee has reported it and that disposes of the Norris amendment, which would turn them loose without limit. [Applause.]

Mr. SHORT. Mr. Chairman, I yield 15 minutes to the gentleman from Massachusetts [Mr. CLASON].

Mr. CLASON. Mr. Chairman, I think the reason we have this bill here at all today is due to the fact that when the T. V. A. Act was originally passed it was apparently thought by Congress that the T. V. A. would not purchase any existing utility companies, that there would not be any conflict of interest with private utilities, and so no provision was made whereby they could expand at the expense of established industry.

They now find themselves in this position. They are authorized to issue $100,000,000 in bonds, but there is a limit on this issue. First of all, only $50,000,000 can be issued for the purpose of building up new generating plants, dams, and other facilities. The other $50,000,000 can only be used for extending credit to municipalities which wish to tie into the T. V. A. system. So they find themselves in this position at this time. They need more than $50,000,000 in the first instance to carry out their present transaction to buy out properties of four different subsidiaries of the Commonwealth & Southern. They also, under the present law, have no right to acquire such properties by purchase. So when they come in here and tell us they are not asking for any more than they already have in amount, that is not in fact true, because they are limited to exactly $50,000,000 for purposes of expanding their electric facilities.

They are now asking for $100,000,000 under the Norris bill in order to do this very thing. We find even their best proponents here on the floor stating today that they do not need $100,000,000 for the purposes which they have set out before the committee in asking for funds; but, in fact, I think the hearings definitely show that $61,500,000 is in excess of the amount needed for the purpose of buying out the properties of these four companies, rehabilitating to any extent necessary, tying them in, or for any other purpose.

In addition, they are allowed under the committee bill to issue $2,200,000 as a loan to the city of Memphis under a contract already entered into. The T. V. A. has already issued $3,500,000 in bonds, which will remain outstanding. This bill would have granted $65,000,000 if we had not subtracted that $3,500,000 of outstanding bonds and reduced it from $65,000,000 to $61,500,000.

Something has been said here on the floor to the effect that Mr. Willkie is very anxious to have the Norris bill go through. I do not think that is a fair statement of what Mr. Willkie testified. I think that those who heard Mr. Willkie testify will bear me out when I say that he said that his position today is the same as it has always been; that the T. V. A. ought never to have been authorized; it ought never to have been given the power to fight with his companies.

With his companies forced to the wall, he stated, and he was asked questions along this line, that he must, as a trustee of the stockholders of his company, try to get through some sort of legislation which would permit of the purchase of his properties by the T. V. A. He further stated that he really believed that he preferred the committee bill or the amendments included in the committee bill to the Norris

bill. In other words, like the majority of the committee, he favored a limitation being placed upon the area in which the T. V. A. should operate.

Mr. JENKINS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. CLASON. Yes.

Mr. JENKINS of Ohio. That would be in effect practically the only difference so far as he is concerned. He would not care how many millions were voted for the T. V. A. as long as he got enough to satisfy his demands. When he got that with the restrictions, he would perhaps prefer to have the committee bill.

Mr. CLASON. That is true. Why do we want restrictions on the T. V. A. operation? I think we have had newspaper talk enough, emanating from high officials, to show that the Government has indicated a desire to tell the public utilities now operating in the United States that they are not further to be interfered with by the T. V. A. operations. By limiting the area in which the T. V. A. shall operate, and by this bill we are giving that assurance to those public utilities and companies. If there is any truth in their statement that they are ready to put billions of dollars into increasing their facilities, at the present time, if they are given that assurance, then this bill will go a long way toward helping to decrease unemployment in the United States.

On the area proposition the T. V. A. bill—that is, the original bill—allows them to operate in the basin of the Tennessee River. By this bill we allow them to go into the valley of the Cumberland and to occupy a certain area now served by one of the subsidiaries of the Commonwealth & Southern, which is being bought out. To that extent we give the T. V. A. a further area in which to operate. In addition we not only provide funds for the purchase of the properties of those two subsidiaries now operating in the basin of the Tennessee River, the Tennessee Electric Power Co. and the Southern Tennessee Power Co., but also we are giving them authorization for additional sums of money to buy out the properties of two other subsidiaries of the Commonwealth & Southern, with which there is no contract at the present time.

Mr. SPARKMAN. Mr. Chairman, will the gentleman yield?

Mr. CLASON. Let me explain first, and the gentleman can go ahead later. Those companies operate in northern Alabama, in Mississippi, and perhaps in other places. Under this bill the T. V. A. is going to have authority to take over the properties of those two subsidiaries, in addition to those in the present contract, and they are going to have this much larger area in which to operate.

Mr. SPARKMAN. Mr. Chairman, will the gentleman yield for a question?

Mr. CLASON. Yes; for a question.

Mr. SPARKMAN. The gentleman will admit, will he not, that under the law as it stands at the present time the T. V. A. could purchase those properties without any act of Congress?

Mr. CLASON. They could not acquire any generating plants. But, at any rate, under this bill they are getting just what they want and what they have asked for through every witness who appeared before our committee.

In regard to this area, the question may arise as to whether or not the T. V. A. needed any more area in which to carry on its business. We find in a dispatch emanating from the train in which President Roosevelt was going to Key West on February 18, 1939, the following:

> When told there were "fears" on the part of some in the utility field, the President remarked that was just one example of how generalities are destroyed when viewed in the light of specific facts.
>
> He said for a year and a half about 95 percent of the utility people had known and accepted as fact that the Government was not going in for any further power development * * *.
>
> As for Commonwealth & Southern, he said it was only concerned about its operations in the Tennessee area, and that was all settled now, evidently referring to sale of its Tennessee properties to T. V. A.

The head man with the T. V. A., sent down as a witness, was Mr. Krug. He states in his testimony before the investigating committee, on page 12608:

> I would just like to add at this point that the acquisition of the Commonwealth & Southern properties I have mentioned and the acquisition of the Memphis property would complete our marketing plans for the entire 10-dam system.

Later in the hearings before the Senate subcommittee, on February 15 of this year, on page 65, Mr. Krug said:

> With the basis of agreement reached for acquisition of existing facilities of the Tennessee Electric Power Co. and the Memphis Power & Light Co. by the T. V. A. and local public agencies, competition between distributors of the Authority's surplus power and private utilities has been practically eliminated. With the acquisition of certain small electric systems in northern Mississippi and northern Alabama, the adjustment between the Authority and private utilities will be completed in an area sufficient to absorb substantially all of the surplus power from the Authority's present and proposed dams.

Those being the facts as stated by the President and as stated by the T. V. A., there is absolutely no reason why this area of restriction should not be marked out, and I believe that the committee has done wisely in so marking it out.

Mr. WHITE of Idaho. Will the gentleman yield?

Mr. CLASON. I yield.

Mr. WHITE of Idaho. Why do you want to deny the benefits of the T. V. A. to the outlying districts?

Mr. CLASON. We are not denying them to any outlying districts. This would simply require, on the basis of what the T. V. A. has stated in its own testimony, that if they wish to expand further, in view of the fact that they have a market for power from every one of the dams which have been built or proposed, that they would come before the Congress for further authorization, and I think that is only fair.

Mr. WHITE of Idaho. The gentleman advocates restriction——

Mr. CLASON. I decline to yield further.

Now, the next proposition, the area having been considered, was the question of taxes.

The tax question in connection with this is a mighty important one. I have noticed that the proponents of the bill do not care to have the tax proposition brought up at this time, and there is a real reason for that. Every Member of Congress who represents a district outside the area served by the Tennessee Valley Authority should be mighty well interested in this proposition, because the people back in the Tennessee Valley within this area are coming to Congress and demanding that Congress, out of its funds in the General Treasury, shall pay all of the taxes lost in that area, due to the fact that the Government has taken over these facilities. Now, is that fair or unfair?

These taxes are paid today and they are paid today by the ultimate consumer. When the Commonwealth & Southern makes up its rates it has to add into the total to be charged the amount of these taxes. Those rates are ultimately paid by the consumer who uses the electricity, and all this bill requires is that the taxes shall be added to the cost to the ultimate consumer, and that he pay this bill. If we do not do it, what is going to happen?

I was interested in H. R. 4094, introduced by the gentleman from Georgia [Mr. WHELCHEL], who comes from a district served by the T. V. A. Under section 25a of his bill he provides that the Tennessee Valley Authority be authorized and empowered to ascertain what county or counties in the United States will be affected by reason of withdrawal of taxes heretofore paid to them by the Tennessee Electric Power Co., and so forth. Then he goes on and adds:

> The Tennessee Valley Authority is authorized and empowered to reimburse such county, or counties, for such loss, by the payment in cash to them annually such amounts as they receive from the Tennessee Electric Power Co. annually for taxes.

Our position in the committee is that the tax question should be determined in this bill. Mr. WHELCHEL himself appeared before the committee and told us that in his opinion the tax question ought to be settled at the same time this bill of Mr. NORRIS was considered. We have taken him at his word, and he is certainly as much interested as anybody else, and we have written in this provision which will see to it that the cost of the lost taxes shall be supplied by the beneficiaries of the T. V. A., the ultimate consumers.

Mr. REECE of Tennesese. Mr. Chairman, will the gentleman yield?

Mr. CLASON. I yield.

Mr. REECE of Tennessee. As I understand your views and the views expressed by section 3 of the bill which it proposes, it is that the Authority which regulates utility rates shall impose such rates as will enable a revenue sufficient to reimburse for taxes which may have been lost by reason of the acquisition of these utility properties. There is only one agency that has the authority, as I understand it, to fix utility rates, and that is the State authority.

[Here the gavel fell.]

Mr. SHORT. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. CLASON. In the first place, I would like to state at this point I do not think the gentleman understands the position of the committee. The position of the committee is that neither the Government nor the Tennessee Valley Authority should collect any money which it should distribute back to anybody in Tennessee.

What we are saying is this: The T. V. A. sells this power to the municipalities. At that point our concern ends. We say it is a problem for Tennessee and these other States as to how reimbursements shall be made for lost taxes, that the taxing authorities of those States have a perfect right to require a payment of taxes from Chattanooga, or elsewhere from municipalities, and they should collect those taxes. The result will be that Chattanooga would have to add a little to the amount it is charging electric consumers and turn it back to the State which would distribute it to the counties which will lose some of their taxes.

Mr. REECE of Tennessee. I so understand, but there are various political units that assess taxes, the State, the municipalities, the counties, and drainage districts. All of these units are vitally affected by the tax provisions, yet they have nothing whatever to do with the fixing of rates, and have no right to participate in the revenue derived from the sale of power. How are these other units going to participate?

Mr. CLASON. I have but 5 minutes, and there are two other problems to which I must address myself. These governmental subdivisions of which the gentleman speaks are integral parts of the State of Tennessee. The problem is strictly a local one to be worked out in Tennessee. If the people of Tennessee feel they would prefer to let the citizens of Chattanooga and other large cities have cheaper electricity, the counties outside losing their tax revenues, that is a matter to be decided by the majority of the people of Tennessee. There is no reason why they should not decide to charge the people of Chattanooga and other cities a little more for electricity.

Mr. HEALEY. Mr. Chairman, will the gentleman yield?

Mr. CLASON. I yield.

Mr. HEALEY. The gentleman is discussing a very interesting matter and one on which he should have some very good information. When the gentleman refers to lost taxes does he mean the taxes which the State or subdivision of the State loses as a result of the acquisition of this property by the Government?

Mr. CLASON. That is true.

Mr. HEALEY. Does not the gentleman think that the benefits offered by the Government to the people in the area offset the loss of taxes they suffer?

Mr. CLASON. This situation arises, however: The Government will have a large dam of great value in a particular county which has a very small number of inhabitants. They have no way of collecting money except from taxes at the present time on the property of the Tennessee Electric Power Co. When the Government takes it over they will not be able to collect any money on that dam. The result is that the tax money will have to be collected from users of the electricity in Chattanooga and elsewhere. As I said before, it is a matter for the people of the State to decide whether they prefer to have cheaper electricity and less tax revenues or whether they will make the sale of electricity bear sufficient additional cost to make up the loss of the tax revenues.

They tell us that the citizens of the State do not want this property to be taken over at the present time, but if you will look at the Knoxville Journal—this is very important—you will see this:

Tennesseans should urge Governors, Senators, and Congressmen to act now.

The first paragraph on the editorial page of the Knoxville Journal of May 14, last, reads as follows:

What shall it profit the people of the Tennessee Valley if they gain a saving on their electric bills of $4,000,000 and at the same time have approximately that amount added to their tax bill?

Three million five hundred and twelve thousand dollars is the tax bill. What they want is to have the rates reduced from $16,000,000 to $12,000,000 to the ultimate consumers and thereby get that $4,000,000; and then they want the people of New England, the Far West, and elsewhere to pay the $3,512,000 or some part of it directly back to the people of Tennessee and these losing communities. [Applause.]

[Here the gavel fell.]

Mr. MAY. Mr. Chairman, I yield 15 minutes to the gentleman from Alabama [Mr. SPARKMAN].

Mr. SPARKMAN. Mr. Chairman, I have already discussed this matter to some extent under the rule. There are some things in regard to this bill, however, to which I should like to call attention. First let me correct a statement made by the gentleman from Kentucky, the chairman of the committee. I am sure he did not intend to give misinformation, but he referred to the fact that a man from Alabama testified before our committee regarding the shut-down of a steam plant in Alabama. As a matter of fact, the steam plant about which he testified was the Gorgas steam plant, and the testimony was to the effect that that steam plant was consuming now 300,000 tons of coal a year, but that prior to 1935 it was shut down. That steam plant is owned and operated by the Alabama Power Co., and, as a matter of fact, the territory in which that steam plant is located is not involved in this bill or in the bill that is contemplated for the Alabama properties.

Let me emphasize another thing just as strongly as I can, because various Members have referred to the fact that under the original Norris amendment $100,000,000 was to be given outright to the T. V. A. As a matter of fact, under the 1933 act, the act creating the T. V. A., authority was given the Board of Directors to issue $50,000,000 in bonds to be used for the purposes set out in the act. In 1935 the act was amended and the Authority was given the additional right to issue $50,000,000 in bonds with which to assist cities, towns, municipalities, and rural cooperatives in the purchase or construction of their particular distribution plants. The Norris amendment, therefore, does not give one dime of additional bond-issuing authority to the T. V. A.; nor does it extend the territory of the T. V. A., or the power or authority of the T. V. A. except in one instance only, and that is the purchase of the Tennessee Electric Power Co. properties. The only reason it was necessary, as I stated earlier today, was because there were certain generating plants that were not covered in the original act nor under the amendment. The gentleman from Illinois earlier in the day read some of the language from the Norris amendment, but he did not take the trouble to tell you that that exact wording is in the act as it stands today, and the T. V. A. is not given any additional authority except to buy this one piece of property.

Mr. JENKINS of Ohio. Will the gentleman yield?

Mr. SPARKMAN. I yield to the gentleman from Ohio.

Mr. JENKINS of Ohio. It is true, however, that the T. V. A. Act does not limit the extension nor the territorial expansion of the T. V. A.?

Mr. SPARKMAN. Yes, it does; because they are authorized to build transmission lines only within economic transmission distance.

Mr. JENKINS of Ohio. Oh, yes; that is absolutely true; but when Gilbertsville Dam is finished, the economic transmission distance would carry it clear to Indianapolis and Cincinnati.

Mr. SPARKMAN. Some mention has been made here that the T. V. A. would extend to those areas. Mr. Krug, testifying before our committee, said that as a matter of fact if every kilowatt-hour of Gilbertsville Dam should be utilized there would not be a sufficient amount of current to supply the city of Louisville, which was the smallest consuming unit of all those mentioned.

Mr. JENKINS of Ohio. The gentleman must remember there is a proposition involved here that is deeper and more comprehensive than that. There is no limitation put on them when the Gilbertsville Dam is built. Why cannot the T. V. A. build another dam? It can extend any time it wants to.

Mr. SPARKMAN. The gentleman is bound to know that the T. V. A. cannot build a dam unless the Congress expressly authorizes them to do so; and, furthermore, under the direction of Congress a unified program has been submitted which calls for a 10-dam system.

Mr. JENKINS of Ohio. Nowhere in the T. V. A. Act does it appear that their territorial boundary has been defined. Of course, the T. V. A. commissioners say that they expect to go only so far. But there is absolutely no limitation and there is nothing in the law today that will prevent them from selling power to St. Louis because it is within the 250-mile limit. They can sell it to St. Louis and Indianapolis. They can pass up Louisville if they want to. They do not have to sell to Louisville because it is in Kentucky. They can sell any place they can take the power.

Mr. SPARKMAN. May I say to the gentleman that when Congress passed the T. V. A. Act in 1933 it gave a specific job to the directors of the T. V. A. to do and that job was to build a 9-foot navigable channel from the mouth of the Tennessee River approximately 650 miles to the city of Knoxville, Tenn. The directors started that job and in the building of the dams there was power generated that the Supreme Court said they had a right, and I believe we in the Congress of the United States will say a duty, to dispose of. I think it is absolutely foolish and certainly contrary to public policy for us to say that the T. V. A. shall not dispose of that power which is generated in those dams. I feel certain the gentleman from Ohio will agree with that statement.

If that is true, is it not likewise economic folly to say that they shall dispose of it in a territory that does not fit economically into the picture? Let me say further that under the amendment that is contained in the pending bill, within 2 miles of one of the dams the T. V. A. could not sell power. The T. V. A. has a line running right by the city of Dyersburg, Tenn., which owns and operates its own plant; yet under the provisions of this limiting amendment the city of Dyersburg cannot supplement its power supply through purchase from the T. V. A.

Furthermore, there are the cities of Asheville, N. C., Kingsport, Tenn., and Bristol, Va.—all of these lie within the Tennessee drainage basin and yet are not within the economic area for the sale of power. By this amendment you are forcing the T. V. A. in its effort to dispose of power to try to sell it to those areas that are not logical areas within which to sell that power. It is illogical, it is ill-conceived, and it is placed in the bill without any basis of testimony before our committee and without any study by any organization set up by the Congress of the United States.

Mr. MAY. Will the gentleman yield?

Mr. SPARKMAN. I yield to the gentleman from Kentucky.

Mr. MAY. The gentleman has very correctly stated that the law prohibits the Tennessee Valley Authority from building a dam without the consent of the Congress. Its dams do not pay taxes as a utility does. This bill requires them to come back to the Congress before they buy any more utilities. Does the gentleman object to that?

Mr. SPARKMAN. I do, and I would like to tell the gentleman something about the folly of that particular amendment.

Mr. MAY. In other words, the gentleman wants to preclude them from buying utilities without the consent of Congress?

Mr. SPARKMAN. Let me finish my statement. Under this limiting amendment, and if you will read it, you will find that what I am about to state is true, if a steel tower blows down along one of the lines of the T. V. A., or if a transformer burns out or a fuse blows out, the T. V. A. cannot replace that without coming back and getting a specific authorization from the Congress of the United States. I do not believe that anybody who sits in this Congress will advocate any such policy as that and yet under the amendment that very thing is done.

Mr. HARNESS. Will the gentleman yield?

Mr. SPARKMAN. I yield to the gentleman from Indiana.

Mr. HARNESS. Does not the gentleman recognize that if the T. V. A. is not limited, as proposed in this measure, next year it will be back here asking the Congress for additional authorization to buy the Alabama Power Co., and the next year it will be back here asking us to authorize the purchase of the Mississippi Power Co.? Was that not in the testimony before our subcommittee?

Mr. SPARKMAN. No. I am sorry to differ from my colleague on the committee. As a matter of fact, Mr. Krug stated that if these properties were obtained in north Alabama and north Mississippi, they had no idea of obtaining any more properties until and unless the Congress authorized power generation at Gilbertsville, in which event they would seek to sell the output from Gilbertsville in the rural counties in western Kentucky. That is the testimony.

Mr. HARNESS. Is this not the way it happened in committee: Did not Mr. Willkie testify it would be inevitable, if this deal was consummated without any limitation, that the T. V. A. would encroach upon other properties, and put their backs to the wall the same as it did in the case of the Tennessee Power?

Mr. SPARKMAN. I do not remember any such testimony. He urged our committee just as strongly as language would allow him to authorize the purchase of the Tennessee Electric Power Co., and to provide enough money for the purchase of the north Alabama and north Mississippi properties. I do know he testified to that effect. I wish I had time to express myself with reference to all the amendments that have been written in here. But may I say that the amendments that have been written into the bill are so utterly destructive of the Tennessee Valley Authority that no man who sits in this House can hope that it will ever become law.

Now, it boils itself down to one question, and particularly do I address myself to the gentlemen of the minority. Do you believe in the recommendation by your members on the joint committee investigating the T. V. A. to the effect that the purchase should be made of these private utility properties? That is all in the world the Norris amendment sought to do. If you believe in that, you will help us strip these amendments from this bill and let it go back in its simple form so it can become law. A vote otherwise will simply be saying, "We do not want to back up our minority members and we do not want to see utility peace in the Tennessee Valley."

Mr. ZIMMERMAN. Mr. Chairman, will the gentleman yield?

Mr. SPARKMAN. I yield to the gentleman from Missouri.

Mr. ZIMMERMAN. May I ask my colleague, who is a member of the committee, if he understands the amendment to preclude the people of southeast Missouri, for example, from availing themselves of the benefit of the electric power generated by T. V. A.?

Mr. SPARKMAN. That is absolutely correct.

Mr. ZIMMERMAN. Let me make this observation: The T. V. A. comes to Dyersburg, in the State of Tennessee, the home of my friend, Mr. COOPER.

Mr. SPARKMAN. It cannot come there under this bill.

Mr. ZIMMERMAN. We hope it will come there. Southeast Missouri, where I reside, is within the service range of the T. V. A. We have been trying to get that power across the river. I understand it is across at West Memphis at this time. I believe the gentleman will find that is true.

Mr. SPARKMAN. Yes; it is sold to the Arkansas Light & Power Co.

Mr. ZIMMERMAN. We have literally hundreds if not thousands of farmers who are availing themselves of the benefits of rural electrification; in fact, they have covered southeast Missouri. Our farmers are praying for cheap power. We want to get the benefits of T. V. A. over in Missouri. As I understand, if this bill passes we will shut the door against the farmers of southeast Missouri—it will do that all over the country—from ever getting the benefit of this cheap power.

Mr. SPARKMAN. The gentleman has stated it exactly.

Let me make this statement, as my time is about up.

[Here the gavel fell.]

Mr. MAY. Mr. Chairman, I yield 1 additional minute to the gentleman from Alabama.

Mr. SPARKMAN. Let me say in this 1 minute that the Governor of Tennessee certainly stated a principle none of us can deny. The T. V. A. is not the one that is going out and encouraging the cities to set up separate plants. There are movements within the cities themselves. They are going to set up those plants and they are determined to buy electricity and to distribute it themselves. Why should we, the Congress of the United States, say to the T. V. A., an agency of the United States, "You cannot sell that power if a city comes to you asking for it." We are absolutely reversing ourselves. It will never become law. If you believe in bringing about peace between the utilities and the Government power operations in the Tennessee Valley, the only thing to do is to strip the amendment from this bill and let the Norris bill stand, which allows the consummation of this one deal. [Applause.]

[Here the gavel fell.]

Mr. SHORT. Mr. Chairman, I yield 10 minutes to the gentleman from Michigan [Mr. SHAFER].

Mr. SHAFER of Michigan. Mr. Chairman, in reply to the statements of my friend and colleague, the gentleman from Alabama, I desire to say that in my mind it is as equally important for this Congress to bring peace and confidence to the private utilities of the Nation as to the utilities of the Tennessee Valley. Adoption of the committee amendments, I am convinced, will go a long way in restoring public confidence in the future of the electric utility industry. The amendments, at the same time, will permit the Tennessee Valley Authority to continue to engage in the activities that it is now undertaking and to carry out additional activities that are now contemplated.

As a member of the T. V. A. subcommittee of the Military Affairs Committee it has been my honor to assist in writing the amendments now before the House. I have attended practically all sessions of the subcommittee during which lengthy testimony was taken. The amendments offered here are predicated on the information obtained during these hearings.

I am convinced that the time has come for this Congress to take action that will convince the Nation that it is greater than the Tennessee Valley Authority. For that reason I believe it is necessary to restrict the future activities of the T. V. A., so far as they are related to the transmission and distribution of electric power, to the area in which those activities are now being carried on, or under contract to be carried on.

I am convinced that accounts and disbursements of T. V. A. should be subject to the procedure of the General Accounting Office, as are all other Government agencies; at the same time the T. V. A. should come under the scrutiny and procedure of the Comptroller General. I am heartily in favor of the amendment to require the Authority to set up out of its revenue a sinking fund to be used to retire all bonds before maturity.

It is to be regretted that Members of Congress have not been given the opportunity to read the printed testimony taken during the hearings of the subcommittee. I deplore the manner in which this legislation has been rushed to the floor of the House. We are called upon to act upon this important legislation even before printed hearings are off the presses. From the beginning we have been—using the words of our distinguished chairman—beseeched, beset, bedogged, and bedamned to get this legislation to the floor of the House in order that it might be passed and made law before June 20, the date set for the consummation of the contract between the T. V. A. and the Tennessee Electric Power Co. There has been some criticism as to the length of the hearings on this legislation, but for my part I believe we should have had still further hearings. I believe that if the parties to this contract are as agreed as we have been led to believe by proponents of the purchase of the Tennessee Power Co., they could well agree to extend the time limit for the consummation of their transaction and thus enable this Congress to more thoroughly consider the needed legislation.

Much has been said during this debate concerning the testimony of Mr. Wendell Willkie before our subcommittee. I happen to possess one of the very few printed proofs of that able gentleman's testimony. Because of statements made here concerning this testimony, and in regard to Mr. Willkie's attitude, I believe it would be well for me to read some of his statements before the committee.

Mr. Willkie's opening statement was:

> I find myself in quite a difficult position, having sat and listened to this presentation of testimony that has just preceded me. I shall not answer it. But I want to say that statements have been made that have been hopelessly and recklessly inaccurate.

Mr. Willkie's statement in urging the committee to recommend the authorization requested by the T. V. A. was as follows:

> I am trustee for the security holders who have invested their money in my property. This is not my money. I had to make a choice as to selling this property at the best price I could get or taking my people's money and gambling with it in a long, competitive struggle, and I have made that choice. I think I made a wise choice; and I know, of all people, that I have no persuasive influence with Congress, but insofar as I have any persuasive influence, in the interest of the security holders, for whom I am trustee, I want to use every ounce of it to urge you men to do such things as will make it possible for me to preserve the property of these security holders.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. SHAFER of Michigan. I yield to my chairman, the gentleman from Kentucky.

Mr. MAY. I call the gentleman's attention to a statement made in Mr. Willkie's testimony on the question of the amount of money necessary to do just what he asked be done there. He says:

> On May 12, 1939, we entered into a contract to sell to T. V. A. and associated municipalities the electric property of the Tennessee Electric Power Co. for $78,600,000, of which the T. V. A. is to pay approximately $45,000,000.

Now, they want $100,000,000 to pay that $45,000,000.

Mr. SHAFER of Michigan. That is correct.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. SHAFER of Michigan. I yield to the gentleman from Michigan.

Mr. DONDERO. Was the agreement entered into on the same basis as a willing buyer and a willing seller would enter into it, or was there coercion?

Mr. SHAFER of Michigan. I will answer your question by quoting Mr. Willkie's own words before our committee. Mr. Willkie said, in effect:

> This deal has made a realist of me. In other words, I am the trustee of the money invested by people in my utilities. They have my back up against the wall. The only thing I can do now is to sell.

I asked Mr. Willkie this question:

> Do you believe it is possible for any private utility company to compete with the United States Government?

Mr. Willkie replied:

> Can I just state it this way, without going into the reasons, one way or another? The T. V. A. allocates one-half of its investment to flood control and navigation. Now, on our dams we have to maintain all of the costs. Under the present set-up, when we go into competition—that is, when the Federal Government gives 45 percent of the distribution cost. Now, we are good, but we are not that good.

I then asked Mr. Willkie:

> So the substance of it all is that you are asking us now to confirm your surrender to the United States Government?

He replied:

I still like to put it on the basis of realism, sir. All I want you to confirm is this discharge of what I look upon as my trusteeship. I want you to confirm a situation that, if it is not confirmed, is disturbing to the market, at a time when the market should not be further disturbed. I want you to confirm a contract concluded.

I can see no possible benefits of this wasteful competition going on. I may say, by the same token, that I doubt that we would have to compete with the remnants of our system. I do not think, under that competition, the municipalities, either, could concede. I think, too, there would be property destruction on both sides.

I know not a man—that is, a man of any thought, whether he believed in the public operation of power or in the private operation of power—but who does not also believe that it should be noncompetitive.

Something has been said here of monopolies. Now, note the distinction between public monopoly and private monopoly, or their respective deleterious effects on the public; but I do know, as any student of utility business knows, there is a natural monopoly, and should be such, whether in public or in private hands; and the man who represents the public agency here today sits and pleads for it to be a public monopoly, and in that he is right.

In other words, Mr. Willkie was forced to come before our committee and urge us with all the argument at his command to authorize the completion of the purchase by T. V. A. of the Tennessee Electric Power Co., because he had his back against the wall.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. SHAFER of Michigan. I am sorry. I have but a moment remaining in which to complete my statement.

In conclusion I wish to say that I am for the committee amendments in their entirety. They are necessary, as I said in the beginning, to bring about the restoration of public confidence in the future of the electric utility industry in America. These amendments are equally necessary to insure the utility industry against the ever-threatening specter of Government competition. I urge the adoption of the committee amendments. [Applause.]

[Here the gavel fell.]

Mr. MAY. Mr. Chairman, I yield 15 minutes to the gentleman from West Virginia [Mr. EDMISTON].

Mr. EDMISTON. Mr. Chairman, you have been urged by the friends of the T. V. A. here to reject the bill as presented by your committee of the House and accept the Norris amendment as presented by the passage of the bill at the other end of the Capitol and then tagging it on to another measure in that body and sending it over here.

Your committee in the House has contributed a good many hours of work in an honest effort to solve this T. V. A. problem. The Senate held no hearings, they gave the bill no consideration, they accepted it in toto the way Mr. NORRIS wanted it.

Your House committee has worked upon it and through its efforts has brought you this bill. Now, it does curtail the activities of the T. V. A. and I think any sound-thinking man who will look over those activities will certainly want them curtailed. The T. V. A. has operated and now has spent some $350,000,000 to $500,000,000 of the people's money. It is a governmental agency that has become bigger than the Government that created it. It has operated arrogantly and ruthlessly, doing just as it pleases, with no regard to fair play, and if this is going to be continued, with no restraint whatever, if the T. V. A. is going to be permitted to expand and build new dams and purchase new power plants, and buy out private utilities, and then with each new site be permitted transmission distances for further expansion, this Congress then can get ready for nothing but one program. We are going to keep going step by step, and will buy out every privately owned utility in the United States. I feel sorry for the investors in the Tennessee Power & Electric Co., but a great many of us in 1933 when we passed the original act told the Congress at that time that this would be the inevitable result. Private industry cannot compete with the Treasury of the United States. The gentleman from Alabama [Mr. SPARKMAN] talks about these amendments to this bill. In the report printed, and which most of you have, those amendments are explained, the seven of them, numbered for you, and it seems to me those explanations are very clear. There is nothing confusing in these amendments, and why should the T. V. A. object to being under the General Accounting Office; why should it object to having to account for these hundreds of millions of dollars that they are spending of the taxpayers' money? It was true when they were under the Accounting Office before, the General Accounting Office in their own report stated they could not get the T. V. A. to turn over their checks for an accounting of these funds to the General Accounting Office, although they were repeatedly asked for. Are we going to allow any governmental agency to refuse to submit to an audit by the General Accounting Office? If we are, then we are on very dangerous ground.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. EDMISTON. Yes.

Mr. CRAWFORD. In reading the Norris bill I find that this $100,000,000 to be issued in the form of bonds is to be guaranteed as to principal and interest by the Government of the United States.

Mr. EDMISTON. Yes.

Mr. CRAWFORD. And in reading the House bill I find that the T. V. A. shall fully and unconditionally guarantee the bonds both as to interest and principal.

Mr. EDMISTON. Yes.

Mr. CRAWFORD. Then on page 9 of the bill there is a further provision that—

Prior to each interest date, [the T. V. A. shall] deposit the same in such agency as may be designated from time to time by the Secretary of the Treasury.

Suppose the T. V. A. is unable to meet the interest requirements and the sinking-fund provisions as set out in the bond, then who shall make the guaranty; who stands good?

Mr. EDMISTON. The T. V. A.

Mr. CRAWFORD. Does all of the property of the T. V. A. become collateral for these bonds?

Mr. EDMISTON. I am not a lawyer and I do not know the legal situation, but I presume it would.

Mr. CRAWFORD. I have been trying to get a chance to ask these questions for some time.

Mr. EDMISTON. The committee felt that these should not be United States Treasury bonds.

Mr. CRAWFORD. I agree with the gentleman on that.

Mr. EDMISTON. And the testimony before the committee was that the earnings of the T. V. A. plus the additional earnings when they secured these properties of the Tennessee Power & Electric Co. would amount to $7,000,000 per year. If they have $7,000,000 income, there certainly should be no difficulty in disposing of the bonds at 3 or 3½ percent, and with $7,000,000 income they should have ample to meet the interest and the sinking fund.

Mr. CRAWFORD. The gentleman cannot answer the technical question?

Mr. EDMISTON. If they do default, whether the Treasury will be responsible for the debt? My opinion is that it would not; but I am not a lawyer and I cannot give the gentleman the legal situation.

Mr. CRAWFORD. On page 10 of the bill there is provision that the Corporation shall give the Secretary of the Treasury a bond or bonds. Do I understand that that bond is to be in an amount sufficient to cover 50 percent of the cost of all these improvements and acquisitions?

Mr. EDMISTON. That is my understanding. That question as to the legal attitude was worked out by the legal adviser of the committee, and that is his idea of how to do this. That is the legislative counsel's idea of how legally to make the T. V. A. responsible, and not the Treasury.

Mr. CRAWFORD. It seems to me this goes to the heart of this matter—as to whether you can sell the bonds at 3½ percent interest or less. In other words, what is the security back of the bonds?

Mr. EDMISTON. As I understand it, the security is the Tennessee Valley Authority, which is a corporation.

It was our endeavor to put them, in a measure at least, on a par with other privately owned corporations.

The principle of this whole thing is simply this: If you believe in a socialized state you just continue this T. V. A.

and you will have socialism in America. If you believe in American ideas and ideals that have developed this country to its present state, you will vote to do anything to the T. V. A. to stop socialism advancing in this country. [Applause.]

There is a great deal of talk currently all over the country and some of the advocates of this T. V. A. measure will talk of Americanism at the present time and look at Europe, saying, "We want nothing to do with either this or that sort of 'ism,'" and then we come here with this measure, and if the Tennessee Valley Authority is not socialism to the *n*th degree, I do not know where you will find it.

Mr. GEYER of California. Will the gentleman yield?

Mr. EDMISTON. I yield.

Mr. GEYER of California. Would you classify the post office as socialism?

Mr. EDMISTON. I would not; but that always has been a Government function and always will be in this country. It has not been a governmental function until recent years to drive privately owned corporations out of business with Federal funds.

Mr. SPARKMAN. Mr. Chairman, will the gentleman yield?

Mr. EDMISTON. I yield.

Mr. SPARKMAN. Does the gentleman believe that the T. V. A. ought to be authorized to dispose of the surplus power that is generated incidental to its work in connection with flood control and navigation?

Mr. EDMISTON. Oh, I have been a member of this committee since 1933, and I say that is all bunk about flood control and navigation. There is no water traffic on the Tennessee River. That is a lot of baloney—this flood control and navigation. [Applause.]

Mr. SPARKMAN. Will the gentleman yield again?

Mr. EDMISTON. I yield.

Mr. SPARKMAN. I do not know whether the gentleman was present or not when the assistant to the vice president of the Louisville & Nashville Railroad testified before our subcommittee to the effect that the increased traffic on the Tennessee River, hauling gasoline, had very seriously reduced the traffic of the Louisville & Nashville Railroad.

Mr. EDMISTON. I am glad the gentleman brought that point up because any of you who are interested in the production of coal or traffic on any of the railroads in this country will be against this hocus-pocus idea. [Applause and laughter.]

Mr. VAN ZANDT. Will the gentleman yield?

Mr. EDMISTON. I yield.

Mr. VAN ZANDT. It is interesting to note that the Louisville & Nashville is about bankrupt.

Mr. EDMISTON. If you keep up this system of government, the whole country will be bankrupt. [Applause.] But do not let them kid you with this talk about navigation and flood control and fertilizer for the farmers. That is a lot of bunk. That is simply a smoke screen to develop power and put American industry out of business. If all the fertilizer they had was given free to the farmers, it would not fertilize as much land as they have flooded down in Tennessee to get dams to make the fertilizer with. [Laughter and applause.]

Another point I want to call to the attention of the House is that under the Senate bill you are giving them $100,000,000 to do a job that they themselves admit only costs sixty-one and one-half millions. In other words, you are giving them thirty-eight and one-half million dollars more than they themselves say they need. Of course, by looking over their past record, they can spend money pretty fast. They do their spending pretty well and they do not account for it. They just do as they please and keep going. Apparently the body at the other end of the Capitol does not care about it, but if this body does not curtail this business I do not know where we will end.

They denied it in the testimony before the subcommittee, and I have no way to prove it, but my information is that they have been making surveys up and down the Ohio River. Now, they are coming too close to West Virginia to suit me when they get up to the Ohio River. We do not want any of them up in our country. [Laughter.] The rest of you gentlemen out through the Middle West will find them right in the middle of you if you give them enough money to let them go.

Mr. MAY. Will the gentleman yield?

Mr. EDMISTON. I yield.

Mr. MAY. The gentleman from Missouri in his questioning of the gentleman who was addressing the House a moment ago was much distressed because they had not gotten across the Ohio River already. They wanted to have them get across into Indianapolis and St. Louis and all those places.

Mr. EDMISTON. I think the gentleman from Missouri did say he would like to have it.

Mr. PATRICK. Mr. Chairman, will the gentleman yield?

Mr. EDMISTON. I yield.

Mr. PATRICK. Does the gentleman say they do not allow surveyors in West Virginia?

Mr. EDMISTON. No; I did not say that; but we do not want the T. V. A. up there surveying us and taking us over, I will tell you that.

Mr. PATRICK. You are objecting to the T. V. A. surveys?

Mr. EDMISTON. Yes, sir.

Mr. PATRICK. You do not mind married surveyors going through there, do you? [Laughter.]

Mr. GEYER of California. Does the gentleman believe that the people who live in the T. V. A. area are opposed to the T. V. A., judging by the votes of the Representatives who come from that district?

Mr. EDMISTON. Oh, no. I think their attitude will change very rapidly when this tax bill which they are taking out of the revenue is dumped back in their laps and they have to pay it. I think their attitude will change in the future, and I hope it does. [Applause.]

The CHAIRMAN. The time of the gentleman from West Virginia has expired.

Mr. SHORT. Mr. Chairman, I yield 15 minutes to myself.

Mr. Chairman, in 1932, at its national convention in Chicago, the Democratic Party wrote and adopted one of the best platforms ever written and adopted by any political party in the history of our Nation. [Applause.] One of the splendid planks in that excellent platform was:

> We pledge immediately to take the Government out of competition with private enterprise.

The Governor of New York, flying in dramatic fashion to accept the nomination of his party, accepted and embraced wholeheartedly without crossing a "t" or dotting an "i" that platform including that splendid plank. What a tragedy that this promise and pledge which Candidate Roosevelt said was a covenant to be faithfully kept by the party when entrusted with power has not been kept but totally ignored or entirely forgotten. Instead of taking the Government out of competition with private enterprise this administration has thrust the Federal Government into competition with all kinds of private business. Today Uncle Sam is in the loan and real-estate business, he is in the contracting and the housing business, and now he is in the power business up to his ears. We have heard a lot of condemnation on this floor of the Power Trust. What the Power Trust is, I do not know exactly, but no doubt the gentleman from Mississippi will describe it in infinite and immaculate detail during the afternoon, but I pause to remind you that the utilities in this country are owned by the American people—4,000,000 of our citizens not economic royalists or princes of privilege in Wall Street, 4,000,000 Americans, widows, and even orphans who have estates left in trust, have their own private capital to the extent of $12,000,000,000 invested in the private utilities of this country. These private utilities employ over 250,000 men and women who make an honorable living at a decent wage. These private utilities pay into the Federal Treasury $250,000,000 in taxes every year.

What happened in 1933? Immediately after the inauguration of the New Deal we saw this administration going down into the Tennessee Valley, and in order to rescue the nitrate plants built 20 years ago, during the World War, at Muscle Shoals, which the T. V. A. took over at a cost of $20,000,000 to $30,000,000, they have spent $500,000,000, or are going to spend that, to rescue the $20,0000,000 or $30,000,000 that we had invested in the nitrate plant at Muscle Shoals. That is spending good money in the vain and futile attempt to save bad.

Mr. VOORHIS of California. Mr. Chairman, will the gentleman yield?

Mr. SHORT. I cannot yield at this point. For the benefit, though, and the edification of my friend from California, I want to remind him—I am sure he is aware of the fact—that in the 6-year period from 1922 to 1928 the private utilities in this country spent from $800,000,000 to $1,000,000,000 annually in expanding their facilities and in giving men employment; but in the past 6-year period from 1933 to 1939 these utilities that once spent $1,000,000,000 a year and employed hundreds of thousands of people have cut their expenditures to the minimum, to approximately $240,000,000 a year, the minimum to keep them up instead of expanding their facilities, because of this destructive force of Government subsidies from the taxpayers' pockets. Mr. Willkie testified before our committee that in this fiscal year the private utilities would have spent one and a half billion dollars if it had not been for the threat of Government competition. Already the Congress of the United States has appropriated or authorized to be expended $570,000,000 in constructing this series of dams down in the Tennessee Valley. Before we are through with the T. V. A. program I am confident it will cost the taxpayers of this Nation more than a billion dollars.

Why did we pass the Authorization Act in 1933? Because of a hysterical frame of mind this Congress forgot all about States' rights, forgot all about local responsibility of Government. After the election of 1932 the President-elect was led by a distinguished Senator upon the mountain top and shown the Promised Land; he went down into the Tennessee Valley, a country that is sparsely settled, with soil badly eroded, and he started to build dams in the name and under the guise of national defense, navigation, and flood control. Anyone who is familiar with the facts knows there is very little or none of any, but that the primary purpose from the very beginning has always been, is now, and shall continue to be the generation, distribution, and sale of hydroelectric power.

Because of this Government subsidy, because the people, the taxpayers in New England, in New York, New Jersey, Pennsylvania, Ohio, Illinois, and Michigan who pay most of the taxes into the Federal Treasury have had to cough up and shell out to these boys, naturally they went through with the program. They sell that power cheaply, even below the cost of production, in order to invite industries from these northern taxpaying States down into the Tennessee Valley.

I am not going to speak of what the T. V. A. has done to the coal industry—the number of miners it has thrown out of work. I am not going to speak of the loss of revenue to the railroads and the number of railroaders unemployed. I am not going to speak of the haughty, insolent, and arrogant manner in which the T. V. A. has administered this act and gone out of their way to assume unusual authority, stubbornly refusing to recognize existing statutes or regulations as to Government expenditures. I shall not discuss these unpleasant things, but I do stand here today to raise my voice, if I have to raise it alone, to warn you that if you continue this activity much longer you are going to have State socialism in America. [Applause.] If my Government taxes my own private capital invested in utilities, if my Government taxes me to own and regulate a private enterprise and then collects money from taxpayers all over the Nation and comes down and sets up a similar enterprise across the street from me in order to destroy me and dry up the very source of taxation by which the Government itself is supported, when it does that I say this will no longer be a free country, liberty will take wings and fly, State lines and boundaries and rights and responsibilities will be destroyed and you will have a centralized, autocratic, bureaucracy established in Washington that will hold a club of coercion, of threat, and of intimidation over the heads of its citizens that will bamboozle, bulldoze, and beat them into submission to follow the orders of these little, theoretical, political, professional nincompoops.

Mr. Chairman, this is part of the President's appeasement program for business. It really sounds the death knell for private business. I think we will have to agree that one of the chief causes of this depression and one of the greatest deterrents to economic recovery and return to prosperity is this Government subsidized competition with private business.

Mr. VOORHIS of California. Will the gentleman yield?

Mr. SHORT. I yield to the gentleman from California.

Mr. VOORHIS of California. I would like to ask the gentleman, when did the depression begin?

Mr. SHORT. We inherited the $26,000,000,000 war debt that you Democrats gave us to keep us out of war in 1916. That is the chief cause. [Applause.] There are other innumerable causes which I cannot enumerate at this time.

Mr. BRADLEY of Pennsylvania. Will the gentleman yield?

Mr. SHORT. With pleasure to my good friend.

Mr. BRADLEY of Pennsylvania. Will the gentleman elucidate upon the many other things that the utility companies and those who controlled them did to the American people in the 6-year period in which the gentleman said they spent so much money? Will he tell what Mr. Doherty did with respect to exploiting and defrauding the American public through the sale of securities at $67 a share, then using those proceeds to throw a million-dollar debutante party for his daughter and that the gentleman's party did nothing to stop that exploitation?

Mr. SHORT. I understand Mr. Doherty is the one who is the chief and in charge of the President's birthday balls. I do not know. I guess it is Henry L. Doherty the gentleman refers to. [Laughter and applause.]

Mr. BRADLEY of Pennsylvania. Mr. Hoover permitted him to defraud the American public and did nothing about it. Will he also tell about write-ups in valuation of the utilities?

Mr. SCHAFER of Wisconsin. Will the gentleman yield?

Mr. SHORT. I yield to the gentleman from Wisconsin.

Mr. SCHAFER of Wisconsin. The Pecora stock-market hearing record indicates that Mr. Healy, counsel for the Federal Trade Commission, a 100-percent New Dealer, testified that the rottenest job of robbing and exploiting the American people, so far as fake securities were concerned, was in the case of Cities Service, and that the American people were robbed of more than $1,400,000,000. Mr. Doherty, the "big shot" in Cities Service, made many millions. Mr. Doherty, since the New Deal has had control of the citadel government in Washington, has slept in one of the twin beds in the White House, and he is President Roosevelt's right-hand man. He has been glorified as head of the birthday ball rackets of Roosevelt.

Mr. BRADLEY of Pennsylvania. That does not answer the question.

Mr. SHORT. I will have to confess that in 1931, under Herbert Hoover, when all of us wanted to get rich quick and take a short cut to success and get something for nothing, I personally bought some Cities Service stock when it was $20, hoping it would go up to $40, but it dropped to $2. But I do not blame Hoover for my own colossal folly and monumental ignorance. [Laughter and applause.] And do not forget, Franklin D. Roosevelt was Governor of New York all this time and did nothing to correct the situation. I do not think the pot should call the kettle black. That has nothing to do with this bill. Besides, I am surprised that my good Irish friend from Philadelphia, MIKE BRADLEY, would even mention or suggest Teapot Dome or any Doherty under any

administration after the experience we have had with the W. P. A.

Mr. BRADLEY of Pennsylvania. We have had a very good experience.

Mr. RICH. Will the gentleman yield?

Mr. SHORT. I yield to the gentleman from Pennsylvania.

Mr. RICH. We not only find that the Government is in business so far as the T. V. A. is concerned, but cannot the gentleman give us some light on the corporations that, through the T. V. A., have been selling all kinds of electrical equipment, that have gone into all kinds of business, and the new corporations that have been set up under the guise of helping the T. V. A.?

Mr. SHORT. All federally incorporated under charters issued by the State of Delaware.

Mr. Chairman, I would like to say something about this bill now.

Mr. PATRICK. Will the gentleman answer the question?

Mr. SHORT. I am going to talk to the gentleman from Alabama.

I am not speaking for Wendell Willkie. Anyone who has met that gentleman or heard him when he appeared before our committee knows he is able to take care of himself with anybody and at any gathering. I do not think he would make a bad President of the United States, but, of course, he carries the stigma of being a successful businessman until the New Deal cut his throat by Government subsidized competition.

Mr. Willkie, president of the Commonwealth & Southern, has been forced to agree with the Tennessee Valley Authority in order to protect the investors and holders of stock in the Tennessee Electric Power Co., the Southern Tennessee Power Co., and other subsidiaries of the Commonwealth & Southern. Mr. Willkie has been forced, he has been coerced, into making a contract and agreement to sell these holding-company properties to the T. V. A. That will take care of not only the companies I mentioned but the 12 counties in Northern Mississippi and the 15 counties in northern Alabama.

[Here the gavel fell.]

Mr. SHORT. Mr. Chairman, I yield myself 5 additional minutes.

Mr. Chairman, let us really see what is in the House bill that the Committee on Military Affairs has brought in here. It provides for five specific, definite things. The first thing it does is to limit the bond authorization to $61,500,000. Both Mr. Willkie and the T. V. A. agreed, and no member of the committee will deny, that that sum is sufficient to carry out the terms of the contract in which the two parties have entered. So that should be settled. There is no excuse for the $100,000,000 being tacked on in another bill over in the other body, except that they want to take the extra $35,000,000 or $40,000,000 to go into new fields and to spread out further, to buy more privately owned utilities, thereby denying the Federal Government the revenue and the taxes that we now collect.

If we keep on buying everything, I do not know who is really going to pay the taxes to support all this Government activity.

The second thing this House bill does is that the bonds are guaranteed by the T. V. A. and not by the Federal Government.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. SHORT. I yield to the gentleman from Michigan.

Mr. CRAWFORD. What is the security back of the bonds? In other words, is this a general mortgage bond or a plain debenture, or just what is the security back of these bonds?

Mr. SHORT. A sinking fund is set up for these bonds and it is supposed that the interest will be paid and the principal will eventually be retired by the profits the proponents of the T. V. A. claim will be made. They claim they now have a $2,000,000 income, and that the profits derived from the acquisition of these private utilities will add another $5,000,000, which will make an annual income to the T. V. A. of $7,000,000. Any business or enterprise that can earn $7,000,000 a year can certainly have a sinking fund large enough to retire a $61,500,000 debt.

Mr. CRAWFORD. What I want to clear up in my mind is, Are they straight income bonds or are they mortgage bonds? That question has not been answered here today.

Mr. SHORT. No; and I doubt if anyone can tell the gentleman that.

Mr. CRAWFORD. We are entitled to know that.

Mr. SHORT. Of course we are entitled to know it, but how can you predict the unpredictable, unknown quantity of a T. V. A. that arrogates unto itself powers mightier than the Federal Government itself?

Mr. CRAWFORD. Why does not the Congress specify what type of bond shall be issued?

Mr. SHORT. Offer such an amendment, and I will vote for it.

Mr. SPARKMAN. Mr. Chairman, will the gentleman yield?

Mr. SHORT. I yield to the gentleman from Alabama.

Mr. SPARKMAN. I believe the gentleman will agree with me that as a matter of fact the bonds provided for in this particular bill are simply revenue bonds. When the gentleman says that no one knows, I believe he ought to remember that as a matter of fact that particular amendment was put in the bill on the motion of a Member on the minority side, and very largely with the support of the minority members of the committee.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. SHORT. I yield to the gentleman from Kentucky.

Mr. MAY. Speaking of Mr. Willkie's having been coerced into entering into this deal, the gentleman will recall that I asked him if he had not been coerced, and he said:

> I dislike very much to use that word, but when I saw them duplicating my distribution systems along the other side of the street I became a realist.

Mr. SHORT. Why, of course.

Mr. CRAWFORD. Mr. Chairman, will the gentleman bear with me for one more question?

Mr. SHORT. I yield.

Mr. CRAWFORD. The bill also provides that the T. V. A. shall give the Secretary of the Treasury a bond, and as I read the bill I understand that bond is to cover 50 percent of the cost of all these improvements and acquisitions we have made down there.

Mr. SHORT. That is correct, as I understand it.

Mr. MAY. I did not fully understand the gentleman's question, but I can explain what the bond provision is. It is that they will issue their own bonds in terms prescribed by the Treasury, and, of course, they will execute a trust indenture to secure those bonds and then allocate, according to the provisions of this bill, enough of their revenue to discharge them and carry them.

Mr. CRAWFORD. Will this bond that runs to the Secretary of the Treasury also be a trust indenture?

Mr. MAY. Yes.

Mr. CRAWFORD. Then who will have first claim on the revenue of the Corporation; the public, who hold $61,500,000 of bonds, or the Treasury?

Mr. MAY. The bondholders will have the part that is set apart to them as a sinking fund, and the remainder of the revenue, which will be a very large revenue, according to their own statements, will be open for the Government to put into the Treasury.

[Here the gavel fell.]

Mr. SHORT. Mr. Chairman, I yield myself 5 additional minutes.

Mr. RICH. Mr. Chairman, will the gentleman yield that I may ask a question of the gentleman from Kentucky?

Mr. SHORT. I yield.

Mr. RICH. Will the interest on these bonds come in ahead of the 5 percent that is to be paid to the State of Alabama and to the State of Tennessee because of the fact that the Government spent the money down there?

Mr. MAY. There is a special provision in the bill that provides that those two items shall not be interfered with.

Mr. SHORT. If gentlemen will desist for a moment, I would like to conclude my statement.

Mr. RICH. May I ask the gentleman from Missouri if he does not believe that the 5 percent that is paid to the State of Alabama and to the State of Tennessee is a very high tribute to be paid for the Federal Government's spending this great sum of money in that territory?

Mr. SHORT. Of course, in Tennessee they want us to come down and build high dams that cost millions of dollars to generate cheap electric power, and then they want Uncle Sam to pay them for covering up and inundating their most fertile farm land. They want us to help them and then make us pay for the damage done.

Mr. RICH. In other words, they catch us coming and going.

Mr. SHORT. Oh, yes; they have the cake and eat it, too.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. SHORT. I yield to the gentleman from Michigan.

Mr. DONDERO. If my understanding is correct of the explanation of the bond issue made by the gentleman from Kentucky, this bond issue really becomes a first mortgage on the T. V. A. property, but then what becomes of the interest of the Government of the United States?

Mr. MAY. It becomes a first mortgage only to the extent of the amount of money that is set aside in a sinking fund to take care of it. Of course, under the proof before us it will not take $2,000,000 a year to carry the sinking fund.

Mr. DONDERO. And not on the physical properties of the Government?

Mr. MAY. No.

Mr. SHORT. Mr. Chairman, I cannot yield further.

I wish to say this in conclusion: The statement has been repeatedly made here that a deliberate attempt is being made by certain Members of the House on both sides of the aisle to knock in the head or cut the throat or tear the heart out of T. V. A.

This House bill does not do that. I think any Member here will realize that in view of the fact the Government has invested so much money down there, we should not allow it all to go to waste, but we do say that the activities of the T. V. A. should be confined to the watershed of the Tennessee Valley, and that is what the House bill does. It provides that you can go as far as you can, but we are not going to let you go any further, and we are going to confine the activities to the drainage area of the Tennessee River, a portion of the drainage area of the Cumberland River, and to the 27 counties enumerated in the bill that are located in northern Alabama and northern Mississippi.

Mr. PATRICK. Mr. Chairman, will the gentleman yield just 1 minute?

Mr. SHORT. I yield.

Mr. PATRICK. The gentleman confesses or at least states that he is entirely unfriendly to the development of T. V. A. I suppose the speech he has made this afternoon has not been complimentary to T. V. A., has it, and he is supporting this bill.

Mr. SHORT. I cannot yield any further. If the gentleman wants to know what I think of the T. V. A., I think it is a God awful mess that we should never have entered into, and if we continue this State socialism it is absolutely going to bankrupt this country financially and it will destroy us morally and politically. That is what it will do.

Now, I refuse to yield further.

Mr. PATRICK. Let me finish the question.

Mr. SHORT. I refuse to yield further. The gentleman wanted to know what I thought of T. V. A., and I have told him. I try to make it so clear that even a wayfaring man with a thimbleful of brains should understand my position when I say that when the Government has invested hundreds of millions of dollars in the Tennessee Valley it would be folly for us to try to wreck the whole program. We are not trying to wreck it, but we are trying to limit the area of its activity and to prevent further huge expenditures out of the Federal Treasury.

Mr. PATRICK. Well, you are trying——

Mr. SHORT. Sit down.

Mr. PATRICK. I thank the gentleman for his extreme courtesy.

Mr. SHORT. I shall not discuss the courtesy the gentleman has shown by his constant and unwelcome interruptions.

Mr. PATRICK. I am sorry if I hurt my friend's feelings. I will write him a letter of apology.

Mr. MARTIN of Massachusetts. Mr. Chairman, I demand the regular order.

Mr. SHORT. This bill does seven things:

It limits the bond authorization to $61,500,000.

These bonds are guaranteed by the T. V. A. and not by the Federal Government.

The bond proceeds cannot be used in any contract until approved by the Federal Treasury.

Expenditures are to be accounted for through the Comptroller General, just as other expenditures of Government agencies are required to be accounted for.

A sinking fund is set up for the bonds.

The area of operations under the act is limited to the Tennessee watershed and immediate adjacent territory.

The provision stating it is the intention of Congress that any tax loss must be recovered by the States in such manner as each may see fit, from the persons benefited by the use of electric power generated by the Corporation, and in all fairness, why should not the recipients of the benefits of this cheap power be required to foot the bill? [Applause.]

This is honest, this is fair, and it is American.

Mr. Chairman, this is an important measure. Its momentous consequences are far-reaching and this House this afternoon is going to decide whether or not we shall continue America under a system of private enterprise and individual initiative, or whether we shall set up a paternalistic, bureaucratic, centralized government in Washington that in the end will rob the American people of their liberties. [Applause.]

[Here the gavel fell.]

Mr. MAY. Mr. Chairman, I yield 10 minutes to the gentleman from Texas [Mr. THOMASON].

Mr. THOMASON. Mr. Chairman, I am sure we all enjoyed our delightful friend who has just preceded me, the gentleman from Missouri [Mr. SHORT]. Of course, he is always temperate in all his remarks. He would not think of injecting any politics or partisanship into any kind of issue, and he is always very kind and gentle about anything that the present administration may have sponsored. In these days, however, of cheap electricity, it seems to me a little unfortunate that we cannot have a little more light and a little less heat on this important question, because it is very evident to me that this is rapidly becoming another partisan issue, when there is but one issue on earth involved in this bit of legislation. I shall try to appeal to your intelligence and judgment if I may during the few minutes the chairman has allotted to me. I am not one of those who claims that the T. V. A. is perfect. I live about 2,000 miles from the T. V. A. and it is nothing to me except I believe in the principles and policies back of it, and I have not forgotten the vote that was cast here in 1933 when almost every Democrat voted for it as well as a good many Republicans, and I recall again in 1935 when the act was amended that this Congress by an overwhelming majority said that we believe in the principles and policies of the T. V. A., and those who criticize its directors today are the very ones who gave them the authority under which they are now acting.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. THOMASON. Yes.

Mr. RICH. Does the gentleman mean to say that all of the Members of Congress who were here in 1933 gave their consent to set the Government up in business?

Mr. THOMASON. I say that practically every Democrat and a great many Republicans who are here today and who were here in 1933 gave the T. V. A. their unqualified endorsement.

Mr. RICH. And I say to the gentleman as a Republican that I have always been against it and I have made up my mind that the wise thing to do would be to give the T. V. A. to the States of Alabama and Tennessee, and let them wind

it up, but no, they come back here and want the United States Government to continue it.

Mr. THOMASON. I do not yield further. The gentleman and I just disagree on the policies involved; but I say this, that in spite of the few mistakes that have been made, and of the nearly $500,000,000 that they have spent, I undertake to say, and the people of the States affected will agree with me, that it is one of the most constructive enterprises ever undertaken by any government.

Mr. RICH rose.

Mr. THOMASON. I do not yield, because the Chairman has given me only 10 minutes, and I am one of those who belong to this school of thought; namely, that the rivers and navigable streams of this country belong to the people of the Nation. [Applause.] In view of the glorious history of the Tennessee Valley, and its business and towns, when this Congress, as spokesman of the American people, said that we want flood control and navigation in that country; also, that if we are going to build dams we will generate the power and we will use that power and generate electricity to bless the people of that section and help to bring about prosperity and new hope in life. I actively supported the T. V. A. Act, because electricity in this modern age, next to food and water itself, is the greatest necessity of modern-day life; and this very T. V. A. has brought happiness and contentment to untold thousands of people in that valley. I went all through that valley last summer, as a member of the joint investigation committee, and I see my good friends back there on the minority side, the gentleman from New Jersey [Mr. WOLVERTON] and the gentleman from Ohio [Mr. JENKINS] who rendered constructive service because they were not actuated by hate or unfairness. I am sorry that a few in this debate have injected into it the spirit of animosity.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. THOMASON. Yes.

Mr. RANKIN. And the Tennessee Valley Authority has been influential in lowering the rates of electric light and power in every State of the Union.

Mr. THOMASON. I know that, and so does every other fair-minded person. Some of the gentlemen who have preceded me have talked about the situation 6 or 8 years ago. Oh, yes; I remember the Insull days, the days of the old holding companies, and I am one of those who is glad that cheap electricity is now coming to be within the reach of every human being, where he can have light for his home and power for his barn, and also can have a radio and some of the modern conveniences of life. Cheap electricity is making country life attractive. I want to help bring electricity to every home in America. My time is brief, but nevertheless here is the question involved, Do you want to see this bill consummated along the lines that the gentleman from Ohio [Mr. JENKINS] and the gentleman from New Jersey [Mr. WOLVERTON] recommended in the minority report of the joint investigating committee?

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. THOMASON. Yes.

Mr. MAY. I wish to extend the gentleman's time for 5 minutes lest he may feel that I have not treated him properly. I make the time 15 minutes.

Mr. SHORT. Mr. Chairman, and I would like to yield the gentleman some time also.

Mr. THOMASON. Thank you very much and I am glad to take the time, but I do not want to take it at the expense of someone else who may want to use the time, and to whom it has been promised.

Mr. HALLECK. Will the gentleman yield?

Mr. THOMASON. I yield.

Mr. HALLECK. Do I understand that the gentleman favors the duplication of T. V. A.'s all over the country, wherever there may be water power?

Mr. THOMASON. No; but I say that when the Government dams up streams that belong to the people, for flood control and navigation, and in that process power is generated the people of this country are entitled to the benefits of electricity at a proper, reasonable, and just price. [Applause.]

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. THOMASON. I yield.

Mr. RICH. Does the gentleman feel that the Federal Government should go in and take over seven power districts as recommended by the President of the United States and set up T. V. A.'s all over the United States?

Mr. THOMASON. I am a good deal like the gentleman from Missouri [Mr. SHORT] when a river and harbor bill comes up, or like the gentleman from Massachusetts [Mr. CLASON] when he wants a dam up in New England. I just think that whenever the Government sees fit to build a dam across one of its great rivers and as a result of that development, for the benefit of navigation, flood control, national defense, the manufacture of fertilizer, power is generated as a byproduct, it ought to be put to benefit for humankind.

Now, there is but one issue left in this bill. Of course, I say this without any criticism, because it is not in my nature to accuse anybody of improper motives, but, as my young and very able friend from Alabama [Mr. SPARKMAN] said:

> If you pass this bill as it has come out of the committee, it is nothing but a wrecking bill, with no hope in this world of passage—

When there is but one thing left to it; that is, do you want this trade consummated between the Commonwealth & Southern and the T. V. A., which I undertake to say is favored by everybody in every affected State—by every Governor; by the Taxpayers League, that somebody quoted from this morning; by the county judges of every county; by rural cooperatives in every community; by an overwhelming majority of the United States Senate; by the able Mr. Willkie himself, and do not forget that he is able to take care of himself under any conditions.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. THOMASON. I yield.

Mr. MAY. The gentleman is not willing to tell the House of Representatives, under the testimony in this record, that they cannot close this deal at $65,000,000, is he?

Mr. THOMASON. Well, I say this about that: It seems to me when Mr. Willkie comes before our committee and says that he, the officers, stockholders, and bondholders of his company will get absolutely dollar for dollar if the Senate bill is passed, when if it does not pass they may not get 10 cents on the dollar, that even my friend like the gentleman from Missouri [Mr. SHORT] would say, "Let these innocent bondholders and stockholders get their money and let us stop this fight." Let us not permit our prejudice to run away with us when everybody affected wants this deal to go through.

Mr. SHORT. Mr. Chairman, will the gentleman yield?

Mr. THOMASON. I yield.

Mr. SHORT. Did Mr. Willkie endorse either the House bill or the Senate bill? Did he?

Mr. THOMASON. Yes; he said he wanted the Senate bill, or in substance that.

Mr. SHORT. No; he did not say that.

Mr. THOMASON. Of course, he said he wanted this kind of a bill passed.

Mr. SHORT. Someone is badly mistaken, and a lot of us are under the impression that he did not endorse any bill; but he wanted legislation that would enable him to carry out the contract, and he said this sum of money would do it.

Mr. THOMASON. I do not know whether he called the bill by the name of the author, but I know that we were considering the Senate bill at that time, and he said he wanted that passed, because there had been an agreement between all the parties; there had been a meeting of the minds: that time was of the essence of this contract and it had to be closed by June 20th, and he begged and plead with the committee to let this trade go through.

Mr. SHORT. And we are going to give it to him in our bill.

Mr. THOMASON. You are not if you start your wrecking crew putting on every conceivable kind of amendment.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. THOMASON. I yield.

Mr. MAY. Will the gentleman pardon me if I call attention to a quotation from Mr. Willkie?

Mr. THOMASON. If it is not too long.

Mr. MAY. "On May 12, 1939, we entered into a contract to sell to T. V. A. and associated municipalities the electric properties of the Tennessee Electric Power for $78,600,000, of which the T. V. A. is to pay approximately $45,000,000."

Mr. THOMASON. Of course, it is a terrible effort for my friend from Kentucky [Mr. MAY] and my friend from Missouri [Mr. SHORT] to be fair toward T. V. A., because of their bitter feeling against it; but nevertheless whenever Mr. Willkie comes here and says, "the directors of the T. V. A. and I and my company have reached a fair agreement, where everybody is satisfied," I do not know why you want to drag this thing through all this process just because of your hatred of T. V. A. If you want the Commonwealth & Southern stockholders to get their money, if you want all the parties at interest, including those cities and towns and rural communities to be satisfied with the whole deal, then you ought to pass the Senate bill.

Mr. RAYBURN. Mr. Chairman, will the gentleman yield?

Mr. THOMASON. I yield.

Mr. RAYBURN. All of this issue about whether or not there should be T. V. A. is not involved in this question, is it?

Mr. THOMASON. As Mr. Willkie so well said—and he is an able man, do not be fooled about that—he said:

> I am a realist. The T. V. A. is here. The American people and the American Congress have spoken.

The important aim and effort has been to consummate a fair deal and that is all there is to the present proposition.

Mr. RAYBURN. Is not the issue this, that Mr. Willkie and the T. V. A. have come to an understanding, have made as near a contract as they could make, and that this bill asks the Congress to confirm that agreement?

Mr. THOMASON. The Senate bill has but one objective and only one, and that is to consummate this trade by authorizing the T. V. A. to buy the generating plants along with the distribution lines. That is all there is in the bill. It ought to pass exactly that way. [Applause.]

Mr. SCHAFER of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. THOMASON. I yield.

Mr. SCHAFER of Wisconsin. I want to ask a question for information, for I have not as yet reached a decision as to how I shall vote on the bill.

Mr. THOMASON. I can instruct the gentleman on that, but will have to do it when I have more time.

Mr. SCHAFER of Wisconsin. The gentleman indicated a relationship between power dams and flood-control dams. I was under the impression that they were directly opposed to each other, that you needed high dams full of water for hydroelectric power but that you needed low dams with empty basins behind them for flood control.

Mr. THOMASON. The gentleman is not going to get me off on such a detour as that at this time.

Mr. HARNESS. Mr. Chairman, will the gentleman yield?

Mr. THOMASON. I yield.

Mr. HARNESS. The gentleman from Alabama made the statement that if this bill were enacted, it would take the heart out of T. V. A. and destroy it. Neither he nor the gentleman from Texas has yet told us why.

Mr. THOMASON. Because you are going to load it down with amendments and leave it to a conference to get any legislation on the subject, which means that this trade will not be consummated and that competition will go on to the ruination of both.

Mr. HARNESS. Is it not true that the bill we reported, if passed, will carry cut this very thing?

Mr. THOMASON. There is but one question involved. Let us forget our feelings about the T. V. A., even though you are as bitter against it as my friend from Missouri and my friend from Kentucky; in the interest of all concerned, including innocent stockholders and bondholders, in the interest of the utilities themselves, why not let this trade be consummated and then fight out the question of these amendments?

Mr. HARNESS. That is what I say; this bill would do it.

Mr. WOLVERTON of New Jersey. Mr. Chairman, will the gentleman yield?

Mr. THOMASON. I yield.

Mr. WOLVERTON of New Jersey. As the gentleman knows, it was my privilege to serve with the distinguished gentleman from Texas on the T. V. A. Investigating Committee.

Mr. THOMASON. Yes; and I had a great deal of pleasure out of that association, because the gentleman was fair, and I place a high value on his friendship.

Mr. WOLVERTON of New Jersey. I thank the gentleman. To confirm the thought that the minority sought to have the entire investigation conducted from the standpoint that T. V. A. was in existence, and with a desire upon our part to see that it was administered properly——

Mr. THOMASON. I must ask my colleague to make his question brief.

Mr. WOLVERTON of New Jersey. I want to read a small excerpt from the minority report.

Mr. THOMASON. I cannot yield for that, for I understand my time has about expired.

Mr. WOLVERTON of New Jersey. I will see that the gentleman gets additional time.

Mr. THOMASON. If the gentleman does that, I yield.

Mr. WOLVERTON of New Jersey. To substantiate the thought you have expressed that this bill is carrying out a principle that was advocated by the minority of the T. V. A. Investigating Committee——

Mr. THOMASON. That is absolutely right.

Mr. WOLVERTON of New Jersey. I wish to read that portion of the minority report, and I take pride in doing so, because it seems to me that this subsequent action of purchase by the T. V. A. is in direct support of what the minority recommended in this respect. I read from the minority report, as follows:

> We are of the opinion that if and when the Federal Government considers it advisable to establish publicly owned power facilities in localities already served by private companies, the Federal Government, in order to avoid duplication of such service, should purchase the property involved at a price determined either by negotiation, arbitration, or by condemnation, in the latter case provision being made to preclude unnecessary delay incident to legal action.

Mr. THOMASON. I thank the gentleman, and will answer by asking a question, and that question is whether that is not just exactly what the Senate bill undertakes to accomplish.

Mr. WOLVERTON of New Jersey. I am of that opinion. [Applause.]

Mr. THOMASON. I thank the gentleman.

Mr. WOLVERTON of New Jersey. May I read the remaining portion of the minority recommendation?

[Here the gavel fell.]

Mr. SHORT. Mr. Chairman, I yield 2 additional minutes to the gentleman from Texas.

Mr. THOMASON. I thank the gentleman, but think I will not need all of the 2 minutes. I thank the gentleman from New Jersey for having read that excerpt from the minority report. The conditions that the minority wanted fulfilled have been met exactly in the bill passed by the Senate. In the interest of fairness to all concerned and to clarify the situation, we should pass the Senate bill, and I have every confidence that this bill will pass by a big majority. [Applause.]

Mr. MAY. Mr. Chairman, I yield myself 2 minutes for the purpose of asking the gentleman from New Jersey [Mr. WOLVERTON] a question.

The gentleman from New Jersey has stated that this bill will carry out the policy enunciated by the committee which investigated the Tennesssee Valley Authority. Does the gentleman mean to say that the House bill reported by the Military Affairs Committee does not permit the carrying out of that idea?

Mr. WOLVERTON of New Jersey. I had no such thought in my mind. In fact, the contrary is what I did have in mind. I do not wish to convey the thought that the House bill does not carry out the principle for which the minority stands. I think it carries it out to the fullest degree. When the House bill fixes $65,000,000 instead of $100,000,000 it certainly is not deviating from the principle that was set forth in the minority report.

I was emphasizing to the gentleman from Texas the fact that the minority Members were of the opinion that before the Federal Government should go into any business, particularly that which we had under investigation, it should first endeavor by negotiation, or arbitration or condemnation, to take over existing utilities that were already serving the locality instead of going into competition with them. I am strongly of the opinion that when the people desire to operate any utility they have the inherent right to do so, but, it should not be done until existing facilities and the investors in such have been properly compensated for their property. This is nothing more or less than a recognition of fair play and honesty in government.

May I finish quoting from the report? It reads as follows:

By the adoption of such a national policy, all public interest could be served without doing an injustice to individuals who have invested their money in a private enterprise at a time when private initiative was the prevailing policy of government.

[Here the gavel fell.]

Mr. MAY. Mr. Chairman, I yield myself 1 additional minute.

The gentleman from New Jersey, no doubt, recalls the fact that he was a member of the House Military Affairs Committee at the time the original Tennessee Valley Authority Act was under consideration, or shortly thereafter?

Mr. WOLVERTON of New Jersey. Yes.

Mr. MAY. He recalls, of course, that at that time I took the position that the very thing that has occurred would occur under that administration, that they would jeopardize and destroy private investment and go into direct competition with private interests.

Mr. WOLVERTON of New Jersey. I want no misunderstanding as to what my position is in this matter. I will vote for the House bill, first because it does recognize the principle that I have referred to as a part of the minority report. It seems from all who have spoken that $65,000,000 is sufficient to effect the purposes of the bill. In the second place, as I understand it, this bill limits or defines the area in which the T. V. A. shall operate. I think there is nothing more disturbing than to have a situation of uncertainty exist as to what shall be the area in which the T. V. A. shall operate.

[Here the gavel fell.]

Mr. SHORT. Mr. Chairman, I yield the gentleman 6 additional minutes.

Mr. WOLVERTON of New Jersey. So that when this bill by its terms fixes the area in which the T. V. A. is to operate, I think it has established a principle that will be most worth while in that whole locality, and certainly will do no harm to those who have received benefits from the T. V. A. operation.

A third reason that would prompt me to vote for this bill is the fact that in unmistakable language it brings the T. V. A. within the jurisdiction of the Comptroller General to examine its accounts and determine whether its expenditures are within the law. This is no different than now applies to all other governmental agencies.

There was nothing more disturbing to us in the conduct of the investigation than to have presented to us the fact that the T. V. A. officials denied the right of the Comptroller General's Office to investigate its affairs. The necessity for that is plainly set forth in the minority report. The present comptroller of the T. V. A., who has held that office now for about a year, appeared before our committee and in his own words, voluntarily given, not in answer to questions, but as an expression entirely of his own thought in the matter, stated that when he went to the T. V. A. offices at Knoxville for the purpose of examining their books of account, he said, "I was appalled at the condition."

He said further:

I was unable to strike a balance on the basis of those books.

He further stated:

I do not want to be asked to explain the conflicting statements that were made in reports to Congress.

That is no conclusion of a minority Member. I have in brief stated to you the opinion and conclusions of the present comptroller of the T. V. A. I do not believe there is any agency of Government that should be above the Government itself, as expressed in the statutes of Congress, yet that is what it would seem to me has been the attitude of T. V. A. with reference to its accounting set-up and its refusal to recognize the Comptroller General as the agent of Congress to examine its books of account.

May I go further? If the gentlemen of the House will read the report submitted by the Federal Power Commission, a New Deal agency, as to the difficulties it has had in getting a proper statement or report from the T. V. A. with reference to its operating cost, expenditures, revenues, and so forth, as required by the rules and regulations of the Federal Power Commission then you will very readily understand why I am emphasizing this point. I am not doing it because of any unfriendly attitude toward the T. V. A. I have voted for every dollar that has been expended down there.

As a matter of fact, our minority report said that if an experiment of this kind is to be carried on there is no place where it can be done to better advantage than in the Tennessee Valley. Of course, those facts showing the fair and impartial attitude taken by the minority Members are never brought to the attention of the House by those who speak against the minority.

The fact is that the minority report justifies itself today when the committee brings before the House this bill that carries out the most fundamental recommendation that we made in our report, namely, that Federal funds should not be used in competition with a private industry that has established itself as a result of a policy of private initiative recognized by law.

Mr. MAY. Will the gentleman yield?

Mr. WOLVERTON of New Jersey. I yield to the gentleman from Kentucky.

Mr. MAY. Then I take it that the gentleman thinks it was wise on the part of the Military Affairs Committee to place in this legislation a requirement that they be audited by the Comptroller General?

Mr. WOLVERTON of New Jersey. There is no other conclusion I could come to from the experience I had as a member of the investigating committee.

There were approximately $20,000,000 of expenditures to which the General Accounting Office had taken exception. Of that amount $14,000,000 has been explained in one way or another, leaving $6,000,000 at the present time that has never been explained in any way whatsoever. I could point out, if I had the opportunity and the time, circumstances by the score that the General Accounting Office has pointed to as not having come within its idea of the law as fixed by Congress.

Mr. SHORT. Will the gentleman yield?

Mr. WOLVERTON of New Jersey. I yield to the gentleman from Missouri.

Mr. SHORT. Yet these untouchable holier-than-thous say that anyone who stands up and dares oppose this Tennessee Valley Authority is a bitter partisan, if not even intimating we are downright dishonest.

Mr. THOMAS F. FORD. Mr. Chairman, will the gentleman yield at that point?

Mr. WOLVERTON of New Jersey. I have just a thought I wish to express in conclusion, and it is this: I believe I am well enough known in this House that the Members know I have been independent in my thought and in my action, probably sometimes to my own detriment if viewed from a strictly partisan viewpoint. However, I have never yet done anything other than what I thought was the right thing to be done when casting my votes in this House. I went into the investigation of the T. V. A. not as an enemy of T. V. A., for I had supported it, I had voted for its appropriations, and had never done anything other than to be friendly from the standpoint of its being a great experiment.

Mr. BARDEN. Mr. Chairman, will the gentleman yield?

Mr. WOLVERTON of New Jersey. When I went into that investigation, it was with only one thought—not of wrecking the T. V. A. because the dams were there and the powerhouses were there, and they were not to be pulled down—and the one thought that dominated me was that if this great experiment on the part of our Government is to be worth while, then it should and must be conducted in a way that will create confidence in it, or at least have the truth known with respect to it.

[Here the gavel fell.]

Mr. SHORT. Mr. Chairman, I yield 2 additional minutes to the gentleman from New Jersey.

Mr. THOMAS F. FORD. Will the gentleman just answer one question?

Mr. WOLVERTON of New Jersey. I went into that investigation with only one thought in mind, to determine whether the will of Congress as expressed in the act of 1933 was being carried out as Congress intended it should be. There was not the least spirit of rancor or partisanship in my attitude in the investigation. I sought to be judicial. I never made a speech, although I had many, many opportunities to do so, broadcasting and otherwise, while I served on that committee. I never spoke on the subject until after the committee had made its report. I endeavored to treat the investigation as judicially as it was possible for me to do.

Mr. BARDEN and Mr. THOMAS F. FORD rose.

Mr. WOLVERTON of New Jersey. I yield first to my friend the gentleman from North Carolina, who served with me on the committee to which I have referred.

Mr. BARDEN. I was about to ask the gentleman if he is the same gentleman who was so bitter toward T. V. A. on the committee, after hearing the gentleman express his attitude at this time.

Mr. WOLVERTON of New Jersey. Is that the only question the gentleman has to ask? I will answer it.

Mr. BARDEN. Yes.

Mr. WOLVERTON of New Jersey. Just let me answer that question first.

Mr. BARDEN. All right; answer that one.

Mr. WOLVERTON of New Jersey. The gentleman from North Carolina, for whom I have the highest regard, unfortunately was not able to differentiate between partisanship and the fulfillment of an obligation that had been placed upon me by this House. [Applause.]

Mr. BARDEN. May I ask what it was that was prompting the gentleman?

Mr. WOLVERTON of New Jersey. I never sought to do anything other than to come back to this House and give it the information it sought. Not an investigator was given to the minority to carry out this purpose. All we could do was to ask questions, and we did it to the best of our ability, and made a report of which we are proud. [Applause.]

[Here the gavel fell.]

Mr. MAY. Mr. Chairman, I yield 5 minutes to the gentleman from Tennessee [Mr. PEARSON].

Mr. PEARSON. Mr. Chairman, I presume what I have to say to the Committee at this moment is possibly out of place, but I would like to have the attention of the distinguished gentleman from Missouri while I say it. I hardly think that anything a man may say on this floor at this time, with the House in its present temper, could convince anyone of anything, but I am somewhat of a sentimentalist, and I have sat on the floor this afternoon and listened to the distinguished gentlemen from Missouri and other distinguished gentlemen say things somewhat derogatory, if not in derision, of my State. I would feel untrue to my obligation if I did not undertake to answer in part what these gentlemen have had to say.

I wish to say to the gentleman from Missouri that, despite his conviction as to what the people in Tennessee may want, we are not asking this Congress to give the State of Tennessee anything that in sound judgment and good legislation it does not deserve and merit; we are not pleading; we are not begging. The Tennessee Valley Authority is the creature of Congress and was given to the great State of Tennessee under the leadership of a great party that has done a good part by the State of Tennessee. We may be the stepchild of the party for whom the gentleman from Missouri speaks, but, thank God, we are the child and heir of the party we know as the great democracy of this country, that is striving to do something material for the upbuilding of a State that is none the less great because it happens to sit by the side of the great State of Missouri. The rivers of Tennessee belong to the people of this Nation, not exclusively to Tennessee; and since Congress has determined that this great natural resource should be, and has in part been developed, the people of the State approve what has been done and want to see the program consummated.

We are not asking Congress to give us the Tennessee Valley Authority with its consequent benefits and following with a request that you pay the taxes on the property it has taken off our tax rolls; not at all. No member of the Tennessee delegation has made any such request at the present time. It is a problem which must and will be considered; and if the T. V. A. and the States and counties cannot solve it, then Congress may be called upon to take appropriate action. We say to the Congress of the United States, if the Tennessee Valley Authority, which has been created in the wisdom of this legislative body, is worth its salt, if it is worth the money which you have put into it, then why in good judgment should we sit here this afternoon and commit the foolish act of utterly destroying the things which the Tennessee Valley Authority is trying to do? If we adopt the bill which has been reported out of the House Committee on Military Affairs, the activities and the benefits consequent to those activities of the Tennessee Valley Authority will be brought to a close.

Ever since it has been in existence my Republican friends on this side of the aisle have complained of the Tennessee Valley Authority because, they said, it was unfair competition in that it was robbing investors of money which they had put into public utilities, yet this afternoon we have the strange spectacle of the same gentlemen who have fought for that principle standing on this floor and appealing to this House to defeat the only piece of legislation which has ever been presented which would make it possible for the Authority to deal fairly with those for whom you purported to speak.

[Here the gavel fell.]

Mr. MAY. Mr. Chairman, I yield the gentleman 1 additional minute.

Mr. Chairman, will the gentleman yield?

Mr. PEARSON. I yield to the gentleman from Kentucky.

Mr. MAY. The gentleman has said that the bill in effect wrecks the Tennessee Valley Authority. Has the gentleman read the bill?

Mr. PEARSON. I certainly have read it or I would not have made any such statement.

Mr. MAY. I did not know whether the gentleman had had an opportunity to do that or not. I have not had time to read all the reports about it myself.

Mr. PEARSON. I would like to say to the gentleman that I am not in the habit of expressing my opinion about legislation without having read it. [Applause.] Not only have I read it, but I was present in the Committee on Military Affairs and heard the testimony, and none of the testimony I have heard justified a single amendment which has been offered by the Committee on Military Affairs to this House. [Applause.]

Mr. MAY. Would the gentleman say that the $65,000,000 provided in the amendment would not carry out the contract?

[Here the gavel fell.]

Mr. PEARSON. I would be glad to answer that, Mr. Chairman, if the gentleman would give me another minute.

Mr. SHORT. Mr. Chairman, I yield 10 minutes to the gentleman from Wisconsin [Mr. BOLLES].

Mr. BOLLES. Mr. Chairman, I am a seeker after truth. I am an investigator of legislation. I have been saddened by the spectacle here this afternoon of those who pretend that if this bill should be passed it will destroy the T. V. A. I had supposed that the T. V. A. was so solidly anchored that no act of legislation, except one that would completely destroy it by removing it from the picture, could do anything of the kind.

Mr. THOMAS F. FORD. Mr. Chairman, will the gentleman yield?

Mr. BOLLES. Yes.

Mr. THOMAS F. FORD. Then you have not had much experience in legislation.

Mr. BOLLES. I have had a lot of it.

Mr. THOMAS F. FORD. No; you have not, because these amendments, every one of them, were prepared by a wrecking crew and will wreck the thing absolutely.

Mr. BOLLES. So you say [laughter], and your opinion, you know, Mr. FORD, I may say is no better than mine, because when I was a reporter on the Toledo Blade you were selling book-binding stuff for a printing office. [Laughter.]

Mr. THOMAS F. FORD. I could tell a story about your reporting too, but I will not do it.

Mr. BOLLES. All right, I will see you tomorrow.

I spent 42 days down in the Tennessee Valley. I went from the head of the Tennessee Valley way up in Virginia, in Tazewell County, to Paducah, Ky., and do you know I tried to get a steamboat ride from Paducah up the Tennessee River and there was not any and I offered $25 and advertised it in the Chattanooga News to anybody who would send me a photograph of a steamboat on the Tennessee River, and nobody got the $25 because nobody claimed it. I wrote these 16 columns I have here about the Tennessee Valley. I wondered at that because I had lived in a little town called Graysville, Tenn., for over a year and was interested in a coal mine there, where I lost more money than I ever got as a year's salary in Congress. [Laughter.]

I tried to find navigation there and I have challenged the distinguished gentleman from Mississippi [Mr. RANKIN] over here to show me some navigation on the Tennessee River. He has never been able to do it. I have a chart which I had prepared the other day——

Mr. RANKIN and Mr. SPARKMAN rose.

Mr. BOLLES. I am talking about the gentleman from Mississippi [Mr. RANKIN] and yield to him.

Mr. RANKIN. If the gentleman from Wisconsin went from the mouth of the Tennessee to its head and did not see any sign of navigation, of course, I cannot show him any.

Mr. BOLLES. I have gone from one end to the other of that river. You could not start from Knoxville and take a rowboat up that river.

Mr. RANKIN. If that is all the gentleman learned from going down there and looking over what has been done, it is not necessary to argue with the gentleman about it.

Mr. THOMAS F. FORD. That is characteristic of a newspaper reporter.

Mr. RANKIN. If the gentleman went from one end of the Tennessee River to the other and saw no signs of navigation, of course, I cannot show him any.

Mr. BOLLES. I just want to say that every time I hear about the Tennessee Valley and T. V. A., I am confronted with the fact or with the statement that a part of the price paid for electricity is subtracted by reason of navigation.

I challenge anybody from Tennessee or the valley or anywhere else to show that there is any profitable or usable navigation in the whole area.

Mr. PEARSON. Mr. Chairman, will the gentleman yield to me?

Mr. BOLLES. Yes.

Mr. PEARSON. I accept the gentleman's challenge and refer him to the last report issued by the Tennessee Valley Authority.

Mr. BOLLES. I have it right here.

Mr. PEARSON. If the gentleman will take the time to read it, he will find to his own satisfaction that the navigation on the Tennessee River has increased manyfold as a result of the work done there.

Mr. BOLLES. I agree with the gentleman, and does the gentleman know why? It is because they are carrying the stuff from one end of the river to the other in order to make the dams and when the dams are done there will not be anything to carry. There is the chart. The gentleman never saw this chart?

Mr. PEARSON. Will the gentleman yield to me?

Mr. BOLLES. No; I will not yield. I am going to tell my story. There are the forest products which you see on the chart.

Mr. GORE. Mr. Chairman, will the gentleman yield to me—another gentleman from Tennessee?

Mr. BOLLES. No; I refuse to yield. I have not much time. I would like to deliver a lecture of about 2 hours on this, so that you would get some information. On the report of the Tennessee Valley there is $1,376,666.85 charged up for the entire period of charges against navigation, and you have not enough tonnage on that river to amount to anything. I have a list of the tonnage right here, telling about it in the record. The tonnage has been of a character which has only served the dams on the river. I went to St. Louis and I wanted to get my automobile on a steamboat and go on a trip. I had not any interest particularly in legislation about this matter, but I wanted to ride up there and look the place over, and go up to Shiloh, and all those other places. I could not get a steamboat. They say they have one in the last few weeks or months by which you can go up there on an excursion trip, but the fact is that the lying part of this thing on the proposition of an electric rate for current—the yardstick—why, I am the author of this 18-inch yardstick story, and the first time it was ever printed was right there in the top line of my paper, and I figured it out, and you took 14 inches off for navigation which you have not got, and the rest of it you took off for flood control which you have not got except in a measure, and then you let the rest go on your electric current rate. It is false.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. BOLLES. Yes.

Mr. CRAWFORD. I read this from the House bill:

> The Corporation shall also issue to the Secretary of the Treasury one or more bonds in such denominations and with such maturities not exceeding 50 years as the Secretary of the Treasury may designate, in an amount equal to the total cost allocated to the development of power.

Can the gentleman give us any light as to how that will be? It bears directly on the point that he is discussing, and it seems to me that the committee should have given us some information on this or should have let us have access to the hearings. So far I have been unable to get anybody to answer the question, and I would like the gentleman to tell us something about it, provided he is on the committee.

Mr. BOLLES. I am not on the committee.

Mr. CRAWFORD. Then I should not submit this to the gentleman.

Mr. BOLLES. I am a spectator seeking the truth, searching where I can to find where the price of electricity should be lessened by reason of the nonexistence of navigation. There was once a colored man down around Graysville, and that is up near Dayton, where Mr. Bryan died, and he dreamed three times that he was called to preach. He went out to the stable one morning, and on the door he saw the letters "G. P. C.," and he immediately translated into "Go preach Christ." He grabbed his Bible, took farewell of his family, and went off, wandered away, and by and by, ragged and footsore, and without any money, he returned. A planter nearby said, "Where have you been?" Then the Negro told him about this dream, and the planter said, "You darn fool; don't you know that G. P. C. doesn't mean 'Go preach Christ'? It meant 'Go plant corn.'" Mr. Chairman, what I am trying to find out is whether I am going to preach Christ or plant corn with this T. V. A. I am going to vote for this bill. [Applause.]

Mr. MAY. Mr. Chairman, I yield 2 minutes to the gentleman from North Carolina [Mr. BARDEN].

Mr. BARDEN. Mr. Chairman, I would not have asked for even these 2 minutes, had it not been for the discussion which started on the floor a few moments ago. I am sorry that my friend from New Jersey [Mr. WOLVERTON] has left the floor, and if some one will remind him to come in he might be interested. The gentleman made a remark with reference to my inability to distinguish between a duty and a partisan question. I say this, that my interpretation of my duty as well as my interpretation of a partisan question never led me so far afield that it would cause me to attempt to introduce into a record anonymous letters which were so vile and untrue against the T. V. A. that the author of them would not sign the letters.

I would like to say I served on the T. V. A. Investigating Committee. It was no pleasant duty to serve in that capacity. If the gentleman will permit me one small crumb of honor which he so liberally heaped upon himself, I, too, tried as best I could to get at the real facts underlying the controversy which arose over the T. V. A. In the final analysis what did we find? We found that the General Accounting Office did make some accusations about several million dollars of claims, which proved to be frivolous indeed.

The CHAIRMAN. The time of the gentleman from North Carolina [Mr. BARDEN] has expired.

Mr. SHORT. Mr. Chairman, I yield the gentleman 1 additional minute.

Mr. MAY. Mr. Chairman, I yield the gentleman 1 additional minute.

Mr. BARDEN. I thank the gentlemen.

I want to say that Mr. Tulloss, of the General Accounting Office, finally made this bold admission, which is a part of that record, that not one single item could he trace in these records that bore the earmark of corruption or fraud; not one transaction in all the millions that were handled.

Now, the gentleman who addressed himself to me at length a few moments ago made quite a to-do over a shovel controversy. He would ask a question and make two speeches. He accused at great length that they had been unfair in letting this bid; and, lo and behold, directly I asked the question, "Well, what kind of shovel was involved?" it turns out that the low bid was for a second-hand steam shovel, while the high bid was for a new, first-class steam shovel. Yet there was an attempt to put the brand of fraud upon the administrators of that organization because they did the wise thing of accepting a new shovel.

It is very difficult in 2 minutes to talk about a matter where you have served on a committee for months and months and day after day, but I want to say this as one who has gone into the transactions of the T. V. A., we brought out everything that could be brought out. We included everything that happened, and in the final analysis, was there any attack made on it by the minority? Not the slightest. There was no attack by Mr. Tullos.

The CHAIRMAN. The time of the gentleman has again expired.

Mr. BARDEN. I thank you. [Applause.]

Mr. SHORT. Mr. Chairman, I yield 5 minutes to the gentleman from Indiana [Mr. HALLECK].

Mr. HALLECK. Mr. Chairman, my colleague from New Jersey [Mr. WOLVERTON] is well able to take care of himself, and I dislike seeing any controversy between him and any other Member of the House, but in just a word I cannot refrain from calling attention to the fact that when some of the Members on the majority side misunderstood a statement he made a moment ago, he was greeted with loud applause and was acclaimed as one of the great, fair, able, and effective Members of the House. If he was fair and able and effective then, he still is. I think he was fair and able and effective when he worked on that investigating committee. I think the record will bear it out. And his record on the floor of this House will bear out a similar standing. [Applause.]

There have been many peculiar things developed in debate. I never dreamed that the friends of T. V. A. would be coming in here and quoting Wendell Willkie as their authority for the passage of any legislation. Now, the record speaks for itself, but I would hazard a guess that while likely at the moment he feels that this deal that was consummated by him with the T. V. A. should be carried out as a matter of equal justice and fairness, it cannot be stated that he wanted any suggestion or any implication to the T. V. A. or anything like the T. V. A. that it should continue in operations of the sort that have been presented to us here today.

I remember in my study of the law that there was something in the Constitution about private property not being taken for public use except just compensation be paid for it. That is known as the right of eminent domain—one of the greatest guaranties of the Constitution. I do not say that the situation here today is exactly similar to eminent domain. I do not say that eminent domain could be invoked by the private owners of these utility systems, but I do say that this action approximates the exercise of the right of eminent domain. What has happened? This agency of the Government has gone into that territory and either destroyed or threatened to destroy the property of private investors, private owners in this land of ours. Is that not what is happening?

I heard it said by the gentleman from Texas only a moment ago that if this bill did not pass, these innocent stockholders would be forced to take 10 cents on the dollar. In heaven's name, if that is true, what have we come to in this country? It is no wonder Mr. Willkie wants $61,000,000 to carry out the deal made. He is representing his stockholders and has done so from beginning to end; the people who, as the gentleman from New Jersey said, invested their money in these enterprises at a time when they were encouraged to do it; when they were told that they were bringing to the people of America the blessings of electricity. Are we now to take from them the value of their property, with a gun at their heads, and not pay them for it?

As a matter of principle, I am frank to confess I had some difficulty in bringing myself to vote for any of these amounts to carry out this agreement, but when I thought of it in connection with the application of the right of eminent domain, when I heard the statements made by the gentleman from Texas and others urging the passage of this bill and the necessity for the availability of the money in order to save the innocent investors, then I say I am ready to vote for the House bill and will vote for it.

Now, what is the other issue presented?

I have understood all the way along that the T. V. A. on acquisition of the properties here contemplated and contracted for would have an outlet for all of the power it could produce. I well recall that when the agreement was made for this sale it was greeted with almost universal acclaim by all people on all sides of the controversy.

[Here the gavel fell.]

Mr. SHORT. Mr. Chairman, I yield 2 additional minutes to the gentleman from Indiana.

Mr. HALLECK. I say it was greeted with acclaim. Why? Because it was to bring peace to that valley, because the rights of investors were to be protected; and I recall press statements from the President himself indicating that when this bill was carried out nothing further of like character was contemplated. It would assure all of the people in the private operation of the utility systems that this was the end. If that be true, if you want to reestablish confidence in the utility industry and in other industries, if you want to get the wheels of recovery moving—and some of you people better be thinking about that—why not write into this bill the provisions contained in the House bill, give them the money to clean up the mess that has been created, restrict them, limit them, say to them that there shall be no recurrence of this unfair situation except it be done by direct authorization of the Congress? What is unfair about that? What is wrong about that?

It is said we are a wrecking crew trying to wreck the T. V. A. If the provisions of the House bill will wreck the T. V. A., then I am inclined to believe that it ought to be

wrecked. What is the basis for the argument that it will be wrecked? T. V. A. is getting the money to buy the properties which will enable them to sell all the current they can produce.

Mr. SHORT. Mr. Chairman, will the gentleman yield?

Mr. HALLECK. I yield.

Mr. SHORT. The chief reason the Committee on Military Affairs put in this limitation on the area of activity, I may say, was due partly to a bill that has been pending in the Rivers and Harbors Committee, particularly in the Seventy-fifth Congress, whereby seven regional T. V. A.'s would be set up over the United States. It is to prevent just that thing that we put in this clause.

[Here the gavel fell.]

Mr. SHORT. Mr. Chairman, I yield 5 minutes to the gentleman from Ohio [Mr. BENDER].

Mr. BENDER. Mr. Chairman, I believe I am just as partisan as any Member of this House, and I believe that almost every Member of this House is partisan. We are either Republicans or Democrats, or, if not, we should be. I believe, however, there are issues that transcend all partisanship, and I believe this is one such issue.

Granting for the sake of argument that the Tennessee Valley Authority acted within its strict legal authority in agreeing to purchase private utility holdings in the Tennessee Valley, and granting still further that the price fixed was fair to both the purchaser and the seller, the people of this Nation are faced with a serious problem of policy—what next? Is this initial step the beginning of a process in which the Federal Government, acting through corporation devices, gradually forces private utility enterprises out of business? Are we entering a new era of governmental competition with private ownership which may lead to a completely uncharted land of state ownership?

These are serious issues. Implied within them is a whole philosophy of government. It is the responsibility of the Nation to examine what has been occurring with a sharp eye. What is the technique which T. V. A. has employed in its invasion of the valley? There is no possible doubt of the facts. When Congress originally inaugurated the Tennessee Valley Authority, it was moved by forces which were demanding the creation of a satisfactory "yardstick" by which to measure the proper costs of electric-power distribution. Incidentally, the ingenious masquerade of flood control was donned to wheedle the Federal courts into a friendly frame of mind. As matters developed, the costume proved unnecessary, for the Supreme Court's complexion was so radically changed by the time T. V. A.'s constitutionality was at stake that no one doubted the outcome. But, costume party or not, T. V. A. was devised by Congress only to check up on fair rates for utility enterprises. It was not intended as a competitive device. It was not presented to Congress as a technique for putting the National Government into the business of supplying subsidized electricity at the expense of stockholders, bond owners, private-utility employees, and the overburdened taxpayers of the land.

What has happened to T. V. A. is a splendid illustration of the New Deal at work. The Valley Authority was seized by a group of men utterly out of sympathy with the real purposes of Congress. For them, it was a rich opportunity to institute a social experiment, with the Nation providing the capital completely unwittingly. They visualized the Tennessee Valley as a gigantic laboratory; and they regarded the private utility companies already engaged in the business of power distribution as obstacles in their path. With the daring typical of so many left wingers, they determined to "liquidate" the subsidiaries of the great Commonwealth & Southern Electric Co. To accomplish this purpose, they bent their energies with such zeal that they forced Dr. Arthur Morgan from his position as chairman of the Board of the T. V. A. Their influence with the President was such that Dr. Morgan knew long in advance that he could never obtain a fair hearing at the White House. But more than this, the directorate of T. V. A. was rapidly pushing every private utility company in the valley on the defensive.

They cut rates far below the charges possible to any company faced with the burden of meeting fixed interest charges on its bonds, earning a profit for its stockholders. They pooh-poohed every sane argument, pointing out that these rates were possible only because T. V. A. was publicly financed, free from the claims of bondholders, stock owners, huge taxes. What they wanted they have won. Private companies are either being forced to the wall in the face of this elastic "yardstick" competition, or must sell out.

Not many years ago in this country, the Nation was up in arms over the unfair practices of some of our huge monopolies. To achieve their purposes, they would go into territory served by some small outfit, cut prices ruinously, and then force the competitor to sell out. This is precisely what the Federal Government has done in the Tennessee Valley. It is no less ruthless than the very practices so bitterly denounced by the same "liberals" who now point to the T. V. A. as a shining example of light and goodness under governmental guidance. If it was vicious, unfair, intolerable exploitation for private enterprises to destroy competition, it is no less vicious, unfair, and intolerable for our Government to do the same.

But there is even more to this problem than the question of basic public morality. There is a simple exercise in economics which must unfailingly present itself to everyone who seeks to analyze the T. V. A. deal. Precisely what is happening to our national economy when we set up a huge governmental power system, manufacturing electricity and distributing it in a vast area? T. V. A. was financed entirely from tax-raised funds. But these same taxes were collected from you and you and the utilities, too.

In fact, one of the most lucrative sources of public taxation is the private utility. Ask any legislator, and if he is honest with you, he will confide that the first suggestion that rushes to the average lawmaker's mind when he is confronted with a deficit in public funds is "soak the utilities." Taxes on the private electric light company, the private gas company, the telephone company, are always popular. You can get yourself a fine reputation upon this rock, "Soak the utilities."

But T. V. A. is killing the goose that laid the golden eggs. Put the private utilities out of existence and you cut off the very tax revenues which made T. V. A. possible. You destroy one of the principal sources of income for local, State, and National purposes. You begin a program which, carried to its logical conclusion, would result in serious consequences. It is precisely as if a patient visiting the family surgeon were urged to chop off his legs, and subsequently discovered to his chagrin that he could not walk. Dry up the stream of public taxation, and the Nation will soon thirst.

These are matters which demand congressional attention. Have we moved so far in the direction of bureaucracy that decisions of the utmost importance for the future policy of our Government are to be made by appointive officials, who are in no way responsible to the people of the Nation? Is this new departure in public affairs to be accepted with indifference and without serious examination as to its probable consequences?

Every man, woman, and child in this Nation is a taxpayer, contributing directly or indirectly to the treasuries of every governmental unit. It is your money which is being spent in the Tennessee Valley. This is your decision to make.

T. V. A. was hailed by Norman Thomas, the recognized leader of the Socialist Party in America, as an experiment in "pure socialism" a few years ago. The developments of the past months more than confirm Mr. Thomas' description. Congressmen, citizens, administrators, "socialism" is not the answer of America to the problem before us!

A step in the right direction has been made by the House Military Affairs Committee in that they substituted the bill which we are now discussing for the measure sent over here by the Senate without proper consideration. The amendments contained in the bill which we hope every Member of this House will vote favorably on are as follows:

First. To limit the bond authorization in the proposed amendments to $61,500,000.

Second. That these bonds be guaranteed by the T. V. A. and not by the Federal Government.

Third. That bond proceeds be not used in any contract until approved by the Treasury.

Fourth. Expenditures to be accounted for through the Comptroller General.

Fifth. That a sinking fund be set up for the bonds.

Sixth. That the area of operation under the act be limited to the Tennessee watershed and immediately adjacent territory as specified.

Seventh. The provision stating that it is the intention of Congress that any tax loss must be recovered by the States in such manner as each may see fit, from the persons benefited by the use of electric power generated by the corporation.

I have no quarrel with my friends in the South; in fact, practically all of my relatives of whom I am extremely fond live in the South and have lived there all their lives. I come from Ohio and, as an Ohioan, I love my State just as much as the gentleman from Tennessee loves the State of Tennessee. When I think of this measure, however, I think not only of the people of his State, but I think of the people of my own State as well. When flood legislation was before the House for consideration, and when the matter of making appropriation for rivers and harbors came up, I voted for both bills. Should floods threaten the people of Mississippi, Alabama, or Washington, I would vote for flood-control appropriations. The same is true as to the improvement of rivers and harbors. But here comes this T. V. A. issue that is fundamental and obviously threatens all principles of American procedure. When such an issue as this comes along it is essential that we stop, look, and listen, and take inventory; it is essential that we think of our own constituencies.

If the Senate proposal is good for the section that T. V. A. covers, it is good for the entire country; and if it is not good for any other part of the country then I say it is not good for that part of the country except as it is restricted by the provisions of the House bill. I believe the day will come when even the people of Tennessee will rise up to call the Committee on Military Affairs blessed, because the committee is saving them from themselves. This business of voting for an appropriation for your people when you know that it is getting you nowhere, when you know that it is competitive with private industry, when you know that it is not only not necessary but fundamentally wrong—I say to you that such action is wicked. Our people here in Congress should take cognizance of the fact that this country is getting nowhere in the matter of solving the problems of this depression, and we are getting nowhere in solving the problem in this area served by the Tennessee Valley Authority.

What will this Tennessee Valley Authority mean to the people of our State? I ask the gentleman from Ohio, Congressman HARTER, I ask the gentleman from Ohio, Congressman KIRWAN, I ask the gentleman from Ohio, Congressman HUNTER, I ask my Democratic colleagues from Ohio to tell me how Ohio will be served by this measure unless we restrict the activities of this Authority? I ask the people of my State, I ask the people of Illinois, I ask every one of you coming from every other part of the country that you take notice of what this will mean to your States. This is not a flood-control project. No question of national defense is involved here. Originally they told you that T. V. A. provided for national defense, provided for flood control. All of that has been eliminated. Now we see the thing in its true light. It is a measure against private industry particularly in that area; and I say that every one of the districts we represent is concerned about this kind of legislation. We should not permit such legislation to go through this House without amendment; we should not permit Congress to act on it without considering the welfare of our own constituents. Vote for the amendments contained in the substitute bill as offered by the Military Affairs Committee. [Applause.]

[Here the gavel fell.]

Mr. SHORT. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan [Mr. CRAWFORD].

Mr. CRAWFORD. Mr. Chairman, I desire to ask some questions of the chairman of the Committee on Military Affairs. If I understand the Senate bill correctly, it provides for the issuance of $100,000,000 of bonds to be guaranteed by the Government of the United States as to principal and interest, and in the event the corporation, the T. V. A., fails to meet the interest requirements when due, the Treasury of the United States will step in and meet those obligations?

Mr. MAY. That is correct.

Mr. CRAWFORD. May I say to the chairman of the Committee on Military Affairs if that is to be the procedure, as set forth in the Senate bill, then there would be no necessity for a trust indenture or any kind of a mortgage agreement to be entered into; would there?

Mr. MAY. None in the world. It would be a Treasury obligation and the taxpayers of the United States would be responsible.

Mr. CRAWFORD. The Senate bill also provides that the Secretary of the Treasury may make such transactions public-debt obligations under the Liberty Loan Acts. Now, going to the House bill, which in a way follows the wording of the Senate bill, in my opinion there is a distinct difference and I think this may prove fatal in conference or somewhere else unless we do something about it. The House provides for sixty-one and one-half million dollars to be issued, but does not make any provision as to how default in interest is to be met, should it occur. It does leave it up to the corporation and the Secretary of the Treasury to issue these bonds under such terms and conditions as the corporation and the Secretary may decide upon. What is there in that language to prevent the Secretary of the Treasury and the T. V. A. from placing an absolute first mortgage on the entire equipment, facilities, and assets of the T. V. A.?

Mr. MAY. The section read in connection with the provision which sets up a sinking fund makes it very clear under the committee bill that the T. V. A. must set aside enough out of its earnings to take care of interest and principal of these bonds; but, of course, the gentleman knows that just like any other agency other than the Government itself if the T. V. A. does not do that and it does not retire the bonds by the sinking fund, then the taxpayers of the United States will be responsible because it is a governmental agency.

Mr. CRAWFORD. Can the Secretary of the Treasury, with the T. V. A., operating under the House bill, place a general mortgage on the assets of the T. V. A.?

Mr. MAY. I think it could. The Board could, but not the Secretary of the Treasury.

Mr. CRAWFORD. The T. V. A. Board?

Mr. MAY. The T. V. A. Board could execute a trust agreement or mortgage to secure these bonds, but they would not be a first lien upon the installations, such as dams, transmission lines, and things of that kind. They would simply be a first lien on the income of the corporation.

Mr. CRAWFORD. May I ask the chairman of the Committee on Military Affairs this further question? What do the hearings disclose will be the amount of bonds provided to be issued to the Secretary by the T. V. A.? What will that amount be?

Mr. MAY. That amount will be $31,500,000.

Mr. CRAWFORD. The gentleman does not understand the question. The House bill provides that the corporation shall issue to the Secretary a bond or bonds in an amount equal to the total cost allocated to the development of power. What does that amount to? In other words, if we enact the House bill, what will be the approximate face value of the bonds issued by the T. V. A. to the Secretary of the Treasury?

Mr. MAY. That means the T. V. A. will issue the bonds, then retire them as the revenue comes in from an allocation of 5 mills per kilowatt-hour.

Mr. CRAWFORD. The gentleman does not understand my question. I suggest he look at the bottom of page 9

and the top of page 10, because I am not referring to the sixty-one and one-half million dollars.

Mr. SMITH of Connecticut. Will the gentleman yield?

Mr. CRAWFORD. I yield to the gentleman from Connecticut.

Mr. SMITH of Connecticut. I believe that figure today would be about $170,000,000. It is half of the amount that has already been spent.

Mr. CRAWFORD. Mr. Chairman, I desire to congratulate the committee for bringing to us a bill carrying provisions which call for the issuance of bonds not guaranteed by the Treasurer or Government of the United States. If the T. V. A. is the profitable operating unit that it has claimed to be, and which its proponents claim, then it should be able to command a fair support of the public for its obligations for which it is to be responsible. We all know that the direct Federal debt now exceeds more than $40,000,000,000. We know that the guaranteed obligations of the agencies of government exceed $5,000,000,000. We also know there are deficits that will still have to be financed by the issuance of other obligations in the form of bonds or notes and that as a matter of fact, based upon the actions already taken by the Congress, that the direct and guaranteed debt now approaches $50,000,000,000 when all obligations which have already been created are funded.

WHO HOLDS THE GOVERNMENT OBLIGATIONS?

This vast sum of obligations is held by the Federal Reserve banks, the Federal Deposit Corporation, Federal corporate agencies, Federal trust funds, Federal Savings & Loan Association, Postal Savings trustees, our national banks, our State banks, our building and loan associations, our insurance companies, banks that are members of the F. D. I. C., and banks that are not members of the F. D. I. C., the fire insurance companies, our investment trusts, our large corporations, and several billions of dollars' worth are held by individuals and other corporations, associations, and organizations not here listed. But mind you, Mr. Chairman, the debt ownership is now very largely concentrated in the hands of our banking corporations and insurance companies and financial agencies. It is reasonable to say, Mr. Chairman, that the holdings of Government obligations by the banks are now so great that the banks dare not fail to support and uphold the policies and program of the Federal Treasury—this the banks must do in order to protect their holdings of direct and Government guaranteed obligations. When the Treasury makes offer of a given issue, of course the banks subscribe and in most all cases the banks greatly oversubscribe. The Federal Reserve Board and the Treasury coddles, doctors, and supports the Government bond market prior to the release of the issue and the banks and lending institutions follow suit to the end the "issue will not fail" of being sold. Failure to successfully market a given issue would bring down the financial house of all holders of Government bonds. The issue must not only be sold, but following its sale at par it must, in due course, be worth more than the day sold.

Mr. Chairman, this is one effective way for Federal control of all banks, lending institutions, and other corporations whose principal assets consist of Government obligations. So long as we have a vast reservoir in the form of excess reserves of member banks; so long as gold continues to flow into the United States and is handled by the Treasurer in a manner that it creates excess reserves; so long as commercial loans at banks continue to decline; so long as the Board of Governors of the Federal Reserve Bank System maintains cheap money rates or a low-interest program; so long as the President can issue $3,000,000,000 of currency; so long as the President and the Treasurer can enter into an agreement with the Reserve banks to provide an additional $3,000,000,000 of buying power; so long as the President has the power to further play and fiddle with the gold content of the dollar; and so long, Mr. Chairman, as the Treasurer can play with the $1,800,000,000 now held in the exchange stabilization fund and all of this power is used to promote and support and protect the market value of Government obligations, we have reasonable assurance there will be money in subscribing for and holding and selling Government obligations. Sagacious men are aware of these factors and of the vast profits that have been made by money changers since the President began the spending and gold-importing operations of the Government. Of course, as we continue the spending operations and the building of a greater debt structure, we provide more and more opportunities for profit for those who participate in the program.

Therefore, Mr. Chairman, I shall support the committee amendment. I think it is high time we discontinue creating these obligations. Let the gold begin to flow away from this country; let the excess reserves begin to decline as a result of the outbound flow of gold; let something go wrong with one single and important Treasury issue; let us face again a situation such as has prevailed within the last 2½ years when the Government had to come to the rescue of its obligations in order to prevent a great break in price—when some of these factors develop we will more clearly see the damage that can come to us as a result of an unmanageable debt and the concentration of such vast sums of Federal obligations in our banking system. By no means is the program foolproof. And, for some of these reasons and others, I have made inquiries here today with reference to the bond issue for which this bill provides. If the bonds are to be guaranteed as to principle and interest by the Government, then certainly they should not carry a 3½- or even a 2½-percent rate but, instead, they should be sold along with other obligations at not to exceed a rate of 1½ percent on, say, a 5-year basis. With a program of maintained cheap money, high excess reserves, and greater gold imports we have reason to demand and expect these Government obligations to be sold at or on a very, very low interest rate basis.

Mr. SHORT. Mr. Chairman, I yield 2 minutes to the gentleman from Alabama [Mr. PATRICK].

Mr. PATRICK. Mr. Chairman, it is not important to tell where I was born and raised, but I was born in JOHN SPARKMAN'S district, within a few miles of the tumbling waters of Muscle Shoals. We children were raised by the light of an oil lamp. Now it is by their own words that we label the promoters of this bill as enemies of the T. V. A., and by their actions have they described themselves in supporting this bill. Anyone who has observed history and behavior of the energetic and capable chairman of the Committee on Military Affairs knows that he strikes T. V. A. a blow every opportunity he has gotten during his legislative career here.

The only issue truly involved in this struggle today is whether or not it is necessary to move forward in this country so that the Government of the United States shall assist in the development of power so that it may reach all the Nation and all the people of the Nation as nearly as possible, and whether it was being properly developed by individual enterprise.

So long as individual enterprise will do its full share and appropriate part in developing and handing down the blessings of a nation to mankind, it should not be disturbed. But this is the battle to determine whether or not the power, the life, the strength, and energy that flows in our rivers are the blessing and the property of the whole people of the Nation or whether they are to be tied up by powers that will hold them back and keep in darkness those within earshot of the blessed waters of power. [Applause.]

[Here the gavel fell.]

Mr. SHORT. Mr. Chairman, I yield 1 minute to the gentleman from Ohio [Mr. ROUTZOHN].

Mr. ROUTZOHN. Mr. Chairman, I wish to ask a question of the chairman of the committee pertaining to the $10,000,000 of items that have not been accounted for by the T. V. A. up to the present time. My question is whether we cannot put into this bill a provision requiring the T. V. A. to submit to audit the items that are now in question.

Mr. MAY. I may say to the gentleman that the measure as reported by the committee requires them to do that, but if the gentleman can find any way by which they can be

made to obey the law, either the original law or the law we bring in here, I shall be obliged to him.

Mr. ROUTZOHN. Would the gentleman consider an amendment to the bill along that line, compelling them to submit to an audit the questionable items which aggregate $10,000,000?

Mr. MAY. We use the expression "they shall be subject to an audit by the Comptroller General," and "shall" is the strongest we can make it. The gentleman understands, of course, that they have steadfastly refused to file their checks or to furnish a complete audit with their treasurer's report to the Comptroller General. In 1937 and in 1938 they were out of balance more than $10,000,000.

[Here the gavel fell.]

Mr. SHORT. Mr. Chairman, I yield 8 minutes to the gentleman from Pennsylvania [Mr. VAN ZANDT].

Mr. VAN ZANDT. Mr. Chairman, once more it becomes necessary for me to remind this House that I represent a district in which the principal industries are coal and railroads. Once more it becomes necessary for me to raise my voice in vigorous protest against this new proposal to extend and expand the scope and operation of the Tennessee Valley Authority. Once more I must remonstrate against a policy and a program which are the chief factors in destroying two great industries, coal and railroads, not only in my district but the country over, and converting once self-reliant citizens, who are dependent upon those industries, into relief clients.

Mr. Chairman, I do not stand here to make a selfish protest on the part of the people of the Twenty-third District of Pennsylvania. I do not ask that the people of any other section of this country should be denied any advantage to which they are entitled so that the people of my district should prosper. I do not ask that we halt the march of progress. We can no more do that than King Chanute could sweep back the tides of the sea with a broom.

Mr. Chairman, I bear no ill will against the people of any State in this Union, the people of any section of this country. I wish prosperity and happiness to them all. I realize that without prosperity in all States and all sections, the people of other States and other sections are apt to suffer.

We are geared to a national economy in the United States. When a major crop of one section fails, or a major industry in another section is depressed, that failure and that depression is felt throughout the Nation.

Maine, of course, is not visited with the same disastrous results that befall Georgia when the cotton crop fails as a consequence of drought or a drop in price. By the same token, Georgia does not feel the fall in potato prices like they do in Maine. The same thing is true of the textile mills of New England and the peach growers of California. Southern textile competition is not reflected as directly or as speedily in California as it is in Rhode Island. Nor do the peach growers of Georgia experience anything but a thrill of temporary satisfaction when the news reaches them of a huge carry-over of peaches in California.

But sooner or later the cotton planters in Georgia, the potato growers in Maine, the textile manufacturers in Rhode Island, and the peach orchardists of Georgia and California are due to feel the effect of any depression in any industry in any other State or section. The economic ripples fade the farther away they roll from the seat of the depression, just as the circle of ripples flatten the farther they widen from a stone cast in a placid millpond. But they are felt, and acutely felt, just the same.

Our economy in this country has become too closely knit to have an entirely prosperous North with a depressed South. The wheat farmers of the Northwest cannot realize a profit from their bumper crop unless the cattlemen of Texas can sell steers for a substantial profit. And so it goes, all up and down the line.

This economic law of compensation holds true in the case of the coal and railroad industries, which are having their markets and their business destroyed year by year, by constantly increasing competition from other fuels, other generators of power, and other modes of transportation. But the most destructive competitor, the most ruinous factor with which both industries must contend is the United States Government itself. By direct competition and subsidy, the Federal Government has done more to destroy the market for coal and rob the railroads of customers than all the private competitors combined.

I venture to say that both the coal and the railroad industries might be in fairly prosperous condition today, if the competing factors still remained in private hands. Inroads might have been made on the coal markets, the railroads might have lost some business, if private enterprise had been left to develop the competing mediums. But the ruinous, cutthroat competition that has crippled both these industries never could have developed at the rapid pace without Government subsidies and direct competition from Government operation.

The Tennessee Valley Authority is the shining example of all the Government subsidized and Government operated industries, which are destroying the coal and the railroad industries. The money paid into the Public Treasury by the taxpaying railroaders of Altoona, DuBois, and Tyrone, Pa., is being used to buy, build, and operate hydropower plants in Tennessee and Alabama. And the hydropower plants in Alabama and Tennessee are destroying the very livelihood of the taxpayers of Pennsylvania. The taxes paid by the coal miners of Clearfield, Osceola Mills, and Houtzdale, Pa., are being used to purchase power plants to impoverish those same miners.

One committee of this House—the Interstate Commerce Committee—has been laboring for months on a measure designed to relieve and rehabilitate the railroads of this country. At the same time, other committees of the House and Senate have been busily engaged in brewing a witches broth—further extension and expansion of the Tennessee Valley Authority—which is rank poison to the railroads.

This entire program of cross-purposes has been a puzzle to me for years. Since coming to Congress I have done my best to study the problems and arrive at a sound conclusion. But any way I look at it it is cockeyed. Any way I add it up the answer comes out screwy. And I defy any man on the floor of this House to justify taking the bread and butter out of the mouths of coal miners and railroaders and their families in Pennsylvania and putting it in the mouths of the people of any other State or any other section. I say to you, Mr. Chairman, it cannot be done in common sense and justice.

When this measure went to committee, it called for blanket authority to write a blank check for $100,000,000 with which the Tennessee Valley Authority may buy private power companies and transfer them to Government ownership and operation, add them to the existing T. V. A. power set-up, and increase the already ruinous factors that are driving the coal and railroad industries to destruction and the workers in both industries to destruction and swelling the relief rolls.

To be sure, the promoters of this economic folly must go through the formality of floating bonds before they get the cash in hand. That is a new dodge on the part of the T. V. A. And, faint as it may be, I am inclined to hope it is a good sign. I believe it is a sign that the taxpayers are tired of having their money used by the T. V. A. to destroy long-existing and prosperous industries to foster a subsidized project. It is the most hopeful element I am able to find in the entire situation.

It is likewise hopeful that the committee cut the amount of this blank check from $100,000,000 to $61,500,000. Somewhere, somehow, reasons and logic must have prevailed, in part at least. It is somewhat comforting to know that the Tennessee Valley Authority, after completing the "deal" with the private companies to acquire three steam-generating plants—at Hales Bar, Nashville, and Parksville, Tenn.—for a reputed price of $44,000,000, will not have a balance of $56,000,000 with which to destroy just that much more market for coal and that much more freight revenue for

the railroads. The balance left on the blank check will be only seventeen and a half million dollars. T. V. A. can do exactly thirty-one and a half million dollars' less damage to the coal and railroad industries. But that is mighty cold comfort for the jobless miners and railroaders in the twenty-third district of Pennsylvania.

Perhaps, I was a bit hasty in saying it was an encouraging sign that T. V. A. had adopted a new method of raising money to wreck the railroad and coal industries, because the taxpayers were sick and tired of direct levies upon them for this purpose.

Despite the fact that they are indications of revolt against dipping into the pockets of the people of Pennsylvania for the direct benefit of the people of Tennessee, this new dodge is distinctly discouraging—if Congress permits T. V. A. to get away with it. The danger in this departure lies in the new method of obtaining funds to finance the destruction of the coal and the railroad industries. Let Congress adopt this policy now, set this precedent and T. V. A. and other power projects will be back in a short time with other measures for the same destructive purpose. There is no telling where it will stop, unless we put a stop to it now.

Some of the gentlemen whose districts and whose sections will benefit directly from this extension of T. V. A., and some gentlemen who have no coal in their districts, ask us from the coal and railroad districts how and why T. V. A. is so injurious to the industries in such districts as mine.

I have used this illustration before, but I will use it again because I know of no better concrete example to drive home the false economy of T. V. A. This illustration has been reduced to a matter of jobs and wages—the loss in jobs and wages as a consequence of T. V. A. It requires 1.42 pounds of bituminous coal to generate 1 kilowatt-hour of electricity, or 710 tons to generate 1,000,000 kilowatt-hours of electricity. In the last 6 months of 1938, T. V. A. reported that it sold 806,000,000 kilowatt-hours of electric energy. When T. V. A. finishes what it calls its 10-dam system, it is estimated in T. V. A.'s annual report that the output will be 8,100,000,000 kilowatt-hours of electric energy. When you multiply 8,100,000,000 by 710, you get the result 5,751,000 tons of coal to be displaced by T. V. A. power.

On the other hand, it is estimated that 1 ton of bituminous coal represents 1 day's work and one man's wages by the time it reaches its final destination. Compute T. V. A.'s prospective output of electric energy at that rate and the answer is 5,751,000 man-days of employment destroyed annually.

Stated another way—in dollars—5,751,000 tons of bituminous coal represents $11,000,000 to the producers. Sixty percent of coal costs go to labor. Railroad freight revenues run almost $13,000,000 and 44 percent of that amount goes to labor. In round figures, labor on the railroads and in the mines are confronted with a potential direct-wage loss of $12,000,000 annually.

The three coal-burning steam plants involved in the present "deal" would displace a quarter of a million tons of bituminous coal annually, at a minimum, as a result of their shutdown. But that amount is only a small part of the entire displacement of coal, the destruction of coal outlets, the loss in freight revenues to the railroads and the loss in wages to miners and railroaders.

The questions that I keep asking myself, the questions that are uppermost in the minds of the railroaders and the coal miners, who are the victims of this fantastic economic policy represented by T. V. A., is: Where is this thing going to end? How much further is Congress going to allow T. V. A. to extend and expand its hydro-power facilities? Will this policy be pursued until the coal markets have been utterly destroyed and the already inadequate freight revenue reduced to a point which makes operation of the railroads impossible on a profitable basis? What is to become of the coal miners and the railroaders who are put out of work permanently? What is to become of their wives and children? How many more recruits will we have in the army of the unemployed a year from now, 5 years from now, 10 years and 20 years hence, if we continue to add to the 10,000,000 now jobless and continue to destroy jobs at the present rate?

The next measure on the legislative program is the relief bill. We will be asked to appropriate around two billions for the next fiscal year to care for the jobless and needy. While gentlemen of the House are considering this T. V. A. bill, let them think of the relief bill as well. Let them contemplate what the relief bill next year and the year after that will be if we continue to pursue this sort of policy. Let the advocates of this measure contemplate the price this Nation will pay for their folly. Are we to resign ourselves to a permanent relief policy in America, with relief rolls mounting, mounting by millions and billions of dollars every year, as we continue to destroy industries and destroy jobs? Where will this thing end?

The President has a faculty for turning pretty phrases. Not so long ago he told the country that America "has a rendezvous with destiny." Another gentleman rang the changes on that phrase and declared "we have a rendezvous with debt." I have another change to offer, but God knows it is a terrible picture to contemplate. We have a rendezvous with national bankruptcy.

That is where we are headed—hell-bent for national bankruptcy under these New Deal policies of destroying jobs and mounting relief rolls. Our national debt now amounts to about $41,000,000,000. We will add a few billion more to it before this session of Congress adjourns. We will add more billions next year. Yet the President and his White House "yes men" complacently tell the country there is no danger in this spending policy. Some screwball economist reached into thin air and came down with a theory that the United States is in no danger of bankruptcy until the national debt reaches $80,000,000,000; and the new dealers have been parroting that unfounded, crackpot theory every since.

Apparently there is no end to the folly the New Deal will pursue. Contrary to all established economic laws, the New Deal is determined to continue destroying jobs and piling up Treasury deficits until the people of this country put an end to the entire ill-starred venture. Despite the New Deal the law of gravitation is still intact. What goes up must come down. The New Deal has reached the height of folly and I venture the prediction that the voters of this country next year, acting as aides to the law of gravitation, will see to it that the New Deal comes down with such a crash that Humpty Dumpty would appear intact by comparison. [Laughter and applause.]

Mr. MAY. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. HARTER].

Mr. HARTER of Ohio. Mr. Chairman, I do not feel that anything I might say at this particular time would change any votes in this chamber. We have had an opportunity in this discussion, which has been spirited at times, to hear from some Members of the House who have made real contributions to the debate this afternoon. I refer particularly to the gentleman from Texas and the gentleman from New Jersey, who were members of the joint committee to investigate the T. V. A.

I do wish, however, to point out to the House that I believe there have been raised here today issues which are entirely outside the scope of the question with which we are confronted. If you will examine the Senate bill, you will find that it was introduced and its language adopted for the purpose of implementing the T. V. A. so that it might carry into effect the agreement reached with Commonwealth & Southern for the purchase of the properties of the private utility in the Tennessee Valley. While I do not believe that bill is perfect, it was designed to carry into effect that agreement which was reached about the conference table, and which will result in the publicly owned utility taking over the property of the private utility.

The situation today is that not only is T. V. A. interested in this legislation, but so are some 30 or 40 municipalities and rural cooperatives, some of which already own their own distributing systems and others of which are about to construct their own distributing systems so that they will be in actual competition with the private utility. It we do

not pass legislation authorizing T. V. A. and these municipalities to purchase the facilities of the private utility, the most ruthless and uneconomic competition will result.

Mr. JOHNSON of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. HARTER of Ohio. I yield to the gentleman from Oklahoma.

Mr. JOHNSON of Oklahoma. Has the gentleman read the provisos on page 5 of the House bill that would prevent the sale of power to any firm, person, corporation, or municipality outside the drainage area of the Tennessee River, which the gentleman knows is a rather narrow area in that section? For example, it would forbid the sale of power to the city of Paducah, Ky., 20 miles away, because it is not in the drainage area of the Tennessee River. Is that not true?

Mr. HARTER of Ohio. Yes; I am familiar with that provision, but I wish to say to the gentleman from Oklahoma that it is my sincere opinion that the Senate bill could have been amended in such a way as to have received the support of this House, and reasonable amendments would have been accepted by the Senate. As a matter of fact, I happen to have been the author of the amendment which reduced the amount from $100,000,000 to $61,500,000. At present there is outstanding $3,500,000 in bonds of the original authorized issue of $100,000,000, so if this reduction to $61,500,000 is adopted there will be outstanding $65,000,000, and that will give the Authority ample funds to complete the purchase of the properties of the Tennessee Electric Power Co. and to carry thrcugh the contemplated deal for the acquisition of additional properties of private utilities in northern Alabama and northern Mississippi, and provide funds for the integration and rehabilitation of those properties.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. HARTER of Ohio. I yield to the chairman.

Mr. MAY. I am pleased that the gentleman made it clear that the $3,500,000 that is outstanding of the bonds issued under section 15 (a) of the original act is included in the $65,000,000, and that the holders of those bonds are not injured or hurt in any way by this provision.

Mr. HARTER of Ohio. That is true. The money that will be available—$61,500,000—will be ample to carry out what has been expressed to us by representatives of T. V. A. as the only aims they have in mind as to the acquisition of additional property. They have testified no additional purchases of private utility property other than 1 have enumerated is contemplated.

An effort has been made to go into this entire matter of the desirability of the T. V. A., about which there is a wide difference of opinion. Of course, many who have spoken this afternoon do not realize that the T. V. A. is an existing fact—that we have it, that it is with us, and that whether we like it or not we have to make the best of it. We are not creating T. V. A. today; we have it. We ought to take that into consideration and be practical in the solution of this problem.

Not only in the discussion here but by many of the amendments that have been added to the House bill, we have attempted to rewrite the T. V. A. legislation. When the committee started to hold hearings on the Senate bill and on this legislation it was with the idea of bringing out a bill that would authorize the carrying out of the agreement reached by T. V. A. and Commonwealth & Southern. The hearings were not held for the purpose of rewriting the Tennessee Valley legislation. If we are going to go into the question of a complete revision of the law and of the authority and power granted to T. V. A. that ought to be done on a different occasion, and there ought to be more time spent in writing legislation which is of such great import.

Mr. WHITE of Ohio. Mr. Chairman, will the gentleman yield?

Mr. HARTER of Ohio. I yield to the gentleman from Ohio.

Mr. WHITE of Ohio. The statement has been made here repeatedly today that if the House bill is adopted it will wreck the T. V. A. I have not yet heard anybody explain why or how that would come about or point to the specific features of the House bill which would accomplish that objective. Does the gentleman think that is true?

Mr. JOHNSON of Oklahoma. Mr. Chairman, will the gentleman yield to me?

Mr. HARTER of Ohio. I yield to the gentleman.

Mr. JOHNSON of Oklahoma. If the gentleman will turn to page 5 of the House amendment, he will find that the "wrecking crew" has at least attempted to do a very good job of wrecking, provided, of course, the pending bill should actually become law. May I call the attention, especially of the gentleman from Ohio, to the language in line 3 of that page, as follows:

> And the Corporation shall not construct or acquire or extend credit for the construction or acquisition of any transmission lines or other facilities outside the territory drained by the Tennessee River.

Of course, such a provision is absurd and unexplainable except for the purpose of wrecking the T. V. A. and its program. But the worst is yet to come. A little further down on the same page I call attention of Members to the following provision in the same section. It reads:

> And the Corporation shall not sell or deliver power to any person, firm or corporation, municipality, or other agency for use outside the territory drained by the Tennessee River.

A few minutes ago I called attention to the fact that only 20 miles away in Paducah, Ky., they would not be permitted under the provisions of this bill to buy cheap power through the T. V. A., merely because Paducah is not on the same drainage area as is the T. V. A. It is reasonable to assume that the gentleman from Kentucky, the distinguished chairman of the committee handling this bill, is familiar with this fact and knows full well the effect of such a drastice provision.

Mr. HARTER of Ohio. I thank the gentleman for his contribution.

Mr. MAY. The gentleman from Oklahoma is mistaken. The gentleman ought to learn something about the geography of that territory.

Mr. HARTER of Ohio. Let me say to the gentleman from Ohio [Mr. WHITE] while I do not think this House bill will wreck T. V. A., I do not believe this measure can be enacted into law in view of the attitude of the other Chamber.

It is not a matter of general revision of T. V. A. or T. V. A. legislation; it is a question of whether we are going to approve and make possible the consummation of this deal that has been entered into in good faith by representatives of T. V. A. and a private utility.

Mr. WHITE of Ohio. In other words, the gentleman contends that this is simply a question of completion of a contract and is not in any way, shape, or form a question of altering the already established procedure of T. V. A. Is that correct?

Mr. HARTER of Ohio. No; I do say this legislation was introduced to make possible the completion of a contract, and it has developed into a general revision of the T. V. A. Act without the full consideration such a study merits. [Applause.]

Mr. SHORT. Mr. Chairman, I yield one-half minute to the gentleman from California [Mr. THOMAS F. FORD].

Mr. THOMAS F. FORD. Mr. Chairman, first, let me say, and I say it without qualification, that the amendments proposed by a majority of the subcommittee of the military affairs committee of the House, if adopted by the House, will beyond peradventure destroy the T. V. A. for all practical purposes.

In making this statement I do so with a full knowledge of the gravity of the charge implied.

I will go so far as to admit that the individual members of the majority of that subcommittee, may be sincere in what they seek to accomplish, but regardless of that, the result they would obtain is the same, total destruction of the operating efficiency of an agency that the Congress has

set up and approved. An agency upon which it has authorized the expenditure of hundreds of millions of dollars.

Let us just for a moment look at the situation: The principal objection to the operations of the T. V. A. has been that it is a competitor of the private power companies operating in the T. V. A. area.

Why is it a competitor? Why was it set up? It was set up for the sole purpose of establishing a "yard stick" for prices charged for electric power. It has been demonstrated that private power companies cannot, or will not, deliver electrical energy at prices that the average home owner, commercial house, or manufacturing industry can afford to pay, therefore, the Congress, in its wisdom, after due deliberation, decided that if private industry could not, or would not, supply electrical energy at a proper price, or a price consonant with cost of production plus a reasonable profit, then it was and is a proper exercise of governmental authority to enter the power field and demonstrate beyond question, that electrical energy can be produced at a price that the average citizen can and will pay.

In furtherance of this decision, the Congress has appropriated vast sums of money for T. V. A., Boulder Dam, Bonneville Dam, the Grand Coulee, and other projects of lesser magnitude.

All these projects are now completed, operating, or under way. If the Federal Treasury is to be ultimately reimbursed, these projects must be permitted to go into production and every facility essential to their financial success must be afforded by the Congress.

As to the present bill, let me say this: Regardless of the good intentions of the amendments offered, their adoption by the House would have but one effect, total and complete destruction of the T. V. A.

Why do I say that and what warrant is there for such a statement?

The T. V. A. has entered into a contract with the Commonwealth & Southern Corporation to purchase its properties in the T. V. A. area.

The contract for purchase expires June 30, 1939. It was necessary to agree to this expiration date because:

First. The municipalities with P. W. A. loans and grants for constructing competitive systems must know by July 1 if they are to be forced to proceed with the construction of new power systems. Any later date would virtually preclude the possibility of such a major city as Chattanooga completing its construction program within the time limitation specified in its P. W. A. loan and grant.

Second. A substantial amount of additional taxes, approximately $400,000, becomes due in advance and payable by the power company on July 1. This would reduce the net consideration received by the power company to such an extent that the power company has been unwilling to extend the contract unless the purchasers agree to pay an additional amount for the properties to reimburse the company for these additional taxes.

Third. In order to meet the closing date specified in the contract, the municipalities have spent thousands of dollars on engineering studies and attorneys' fees, have printed prospectuses, and have set dates for the acceptance of bids on their respective revenue bond issues. The first of these sales is set for Friday, June 16, and the sales will follow at an average of three a day for a period of over a week. If this amendment is not passed at the time of these sales, it is certain to affect the degree of participation by bond purchasers and adversely affect the prices received for the bonds.

Fourth. The power company requires approximately 15 days to complete the liquidation procedures required to deliver the properties on the closing date.

We are all in favor of the T. V. A. purchasing these facilities, as against going ahead and duplicating them and thus destroying the value of the Commonwealth's properties.

The T. V. A. has the power to duplicate, but unfortunately, not the power to purchase.

All that S. 1796 in its original form seeks to do is to authorize this purchase.

But, my friends, if the amendments proposed by the subcommittee of the Military Affairs Committee are adopted, here is what happens:

These amendments go far afield and raise serious and fundamental questions concerning the Tennessee Valley Authority administration which are in no way connected with the particular transaction the approval of which is sought.

(1) The amendment of section 4 (j) would prevent T. V. A. from operating an electrical system.

On page 4 of the committee print, line 15, it is proposed to amend section 4 (j), as amended, of the Tennessee Valley Authority Act of 1933 by the addition of the provision that—

> No dams, appurtenant facilities, generating plants, transmission lines, rural distribution lines, or other electric-utility properties * * * shall be constructed or acquired unless the construction or acquisition of the same shall first have been submitted to and approved by the Congress of the United States.

This amendment, if adopted, would destroy the possibility of operation of the T. V. A. system. You ask, "Why?" and I reply: If a transformer supplying a city should burn out, its immediate replacement is essential; if a storm destroys a transmission tower, it must be replaced in a few hours. An amendment which requires T. V. A. to come to Congress for approval of such routine construction, as this amendment does, can have no other purpose than to prevent T. V. A. from rendering service of a reliable kind.

Every Member of Congress is aware that Budget estimates are prepared almost a year in advance of the time of expenditure. Obviously, the Authority cannot know a year in advance every minor repair, replacement, extension which will be necessary and a part of normal operations.

Under present law all major projects are submitted for the approval of the Congress when the annual appropriation bills for the Authority are before it. To require that no minor extensions, not even routine replacements, should be undertaken without an act of Congress can only be intended to prevent the Authority from successfully carrying forward the electricity operations already approved by the Congress and reviewed each year.

The remainder of section 1 is devoted to language restricting the Authority from serving outside the drainage basin of the Tennessee River, excepting only the facilities involved in the pending purchase contract with the Commonwealth & Southern Corporation. This amendment creating a Chinese wall around the Tennessee Valley Basin is advocated by its proponents as a method of securing stabilization of the conflict in interest between the public and private power sources of the area. It is not only unnecessary and absurd, it reveals on its face the objections sought by its sponsors.

First, the Congress is asked to discriminate by statute in favor of communities and citizens within the drainage basin. The size and shape of the Tennessee River Basin have no relation to the engineering or economic factors the T. V. A. Board is directed to consider in marketing the power available at its dams. An examination of the map outlining the basin will show the absurdity of this proposal. Included are many communities which have shown no interest in securing T. V. A. power and which could not be economically served by the Authority. Excluded may be communities desiring and needing service, and who might be served easily and with profit.

Stabilization between the Authority and private companies in the area should come in one way only; that is by marketing all the energy available at T. V. A. dams to communities desiring it in an integrated and economic area. That stabilization will be provided if S. 1796 is adopted without amendment. Then power which will be available from all T. V. A. dams constructed or proposed will be allocated equitably and economically. No power above estimated requirements will be available until Gilbertsville Dam is completed. If, then, the T. V. A. recommends and Congress approves the installation of generating facilities in that dam—a question upon which Congress must and will pass in the

appropriation measure—a relatively small amount of power would be available for distribution in western Kentucky. There are areas near Gilbertsville Dam which are not now served by private companies. Groups of farmers and villages could hope to be supplied with electricity if generating facilities were installed in that dam and power made available to them from that source. But with the exception of two counties, all of western Kentucky, including the cities of Paducah and Mayfield—less than 25 miles from Gilbertsville—lie outside the drainage basin.

Neither the T. V. A. nor Congress can now promise these villages and farmers that power will be available for their use. The answer to that question should depend upon an examination of the situation wherever it rises, with consideration of engineering and economic factors. This Congress should not act today to discriminate against those citizens and to favor the citizens of North Carolina, Virginia, east Tennessee, and other States, by guaranteeing to them that all remaining power generated at T. V. A. dams must be marketed in their communities.

Neither should Congress vote today to discriminate between power companies and to give immunity to the Commonwealth & Southern Corporation and the Kentucky-Tennessee Light & Power Co., assuring them that their monopoly is secure, while serving notice on Electric Bond & Share and Cities Service, whose companies operate in the drainage basin, that if competition with the Government comes at any time in the future its problems will be limited to the area their companies serve.

(3) Section 2: Amending section 9 (b), as amended, T. V. A. Act of 1933, giving the Comptroller General power of settlement, is one of the most absurd of the amendments offered. It is just plain sabotage.

A construction program and the day-to-day operation of an electric system cannot be carried forward unless the Government agency has some of the flexibility which business corporations enjoy. No private business could operate effectively nor can any public agency having functions of the kind entrusted to T. V. A. operate effectively under the proposed amendments. These facts were brought out at length in hearings before the Military Affairs Committee in 1933.

This proposed amendment is in direct conflict with the purpose which the Congress had in mind in establishing the authority in corporate form. That purpose was well explained in the report of the House conference committee recommending the acceptance of the conference report. That committee said:

> We intend that the corporation shall have much of the essential freedom and elasticity of a private business corporation.

Such freedom and elasticity would be destroyed by this proposal. Under this bill every transaction of the Authority, every claim by or against it, could be held up for weeks and months while the Comptroller's auditors, accustomed to auditing the operations of ordinary Government departments, sought to judge transactions involving wholly unfamiliar business and engineering problems. The construction program of the Authority is scheduled for a period of 2 years or more in advance. Any substantial delay in carrying out this schedule will result in increasing the expense by hundreds of thousands of dollars. Such delays would inevitably result from the methods of control provided in this proposed amendment.

The authority has operated now for 6 years under the type of audit control provided for in section 9 (b) of the statute. There has been no showing before this committee of any improprieties or irregularities that would justify imposing this rigid control upon transactions of the business of the corporation. In fact, the evidence presented to the investigating committee shows conclusively that no such irregularities exist.

(4) Section 3. Tax amendment: This amendment again reveals the total insincerity of the opponents.

The committee amendment proposes to settle the complicated tax problem by the simple device of preventing the Authority from making any alterations in the present law. There is a tax problem and it should be solved. Witnesses before the committee have described the problem and have reported that the T. V. A. and State and local agencies involved are now engaged in conferences, and study in an effort to arrive at an equitable solution. The Governors of the States concerned have communicated with the committee, urging that the tax problem be not included in this legislation. It is true that much of the problem can be settled within the States themselves, with the assistance of the Authority, but it is certain that some decisions must be referred to the Congress. Those decisions should be made after careful consideration of all factors. When reports are made as a result of the conferences now being held in the South, the committee and the Congress will be in a position to judge and report then whatever measure appears adequate and desirable.

This amendment, endeavoring to settle a complicated question without study and in haste, should be defeated.

(5) Section 4: Amount of bonds requested.

This amendment is directed to reducing the amount of bonds authorized to be issued. The T. V. A. Act, as amended, contained a provision in sections 15 and 15 (a) for a total authorization of $100,000,000 in bonds. This was the sum mentioned in S. 1796. The committee amendment would reduce that to $61,500,000. T. V. A. witnesses before the committee have described in detail the purposes for which the proceeds of these bonds were to be used. To reduce the amount to $61,500,000 is to provide bonds only for certain specific T. V. A. expenditures necessary in the purchase of these properties of the Commonwealth & Southern Corporation. It provides no balance for any contingencies which might be expected to arise. Most important of all it eliminates the T. V. A.'s authority and the funds necessary for loans to cooperatives and municipalities participating in this purchase. Under the existing act, T. V. A. was authorized to make loans for this purpose, and under the pending contract itself, the Authority has specifically undertaken the obligation to finance such public agencies as are unable to obtain financing from other sources. The delay in consideration of S. 1796 has increased the difficulty of these municipalities in securing private financing. At this last moment to nullify the provision in the contract and in the existing law is to expose the Government to an unnecessary hazard and to gain no advantage. It might even prevent the consummation of the deal which S. 1796 was introduced to permit.

(6) Section 15 (d): Interest and amortization of T. V. A. bonds.

If the amendment in section 15 (d) applied solely to the bonds authorized for the purchase of the Tennessee Electric Power Co. its objectives would not be unreasonable, but the amendment goes far beyond that. Its provisions, if effective, would bankrupt any organization, public or private, created to carry out on partly revenue-producing and partly non-revenue-producing operations.

The dams constructed by the T. V. A. were not built on a schedule in which power returns were the controlling consideration. The schedule of their construction was determined by their need for navigation, flood control, and unemployment relief. These are non-revenue-producing purposes. The proposal now advanced by the committee is to fasten fixed charges and amortization upon these structures from the very moment of their completion. During its developmental period T. V. A. cannot be expected to finance its operations on a long-term basis with fixed charges predicated on full market development. When it is a going concern with full utilization of its facilities, its earnings will be sufficient to carry all proper charges and will amortize the Nation's investment. To urge this far-reaching amendment now, without adequate study or consideration of all factors, is only one further attempt to strangle and misrepresent T. V. A. operations.

Mr. SHORT. Mr. Chairman, I yield the remainder of my time, thirteen and a half minutes, to the gentleman from Ohio [Mr. JENKINS].

Mr. JENKINS of Ohio. Mr. Chairman, there is one phase of this bill that has had no consideration whatever this afternoon; at least, I have not heard it mentioned and I think I have been here nearly all the time. This is a proposition that should appeal to every Member of the Congress

because he is a Member of the Congress and regardless of party affiliation.

You know there has been something sinister about the means by which this bill has been propelled into the Congress today and brought up for consideration. I do not charge any improper motives to any Member of the House, but I refer to the undue influence from other sources. This bill, for instance, was only voted out by the committee on yesterday and this report was not available until this morning and the printed bill, as I understand, was not available until this morning. Why all this hurry? Let us consider for a moment just what caused this situation. A very unusual thing has occurred. I believe it is more unusual in its genesis and effect than anything I have observed since I have been a Member of Congress.

I happened to be over in the legislative body at the other end of the Capitol the other day, and I heard the debate that was running there on the question of tacking this Norris T. V. A. bill onto the debt-limitation bill, which is a bill of entirely different import. I was terribly shocked at this unusual and unmannerly procedure. I dare say that any Member of Congress, Democrat or Republican, from whatever State he might have come, would have felt resentful at this procedure. What was the situation? If you will follow me I shall briefly outline it for you so that you may judge for yourself.

This T. V. A. bill that we are considering here today was passed in the Senate about a month ago providing for the issuance of $100,000,000 in bonds with which to purchase the competing privately owned generating lines. It was passed in the Senate with very little opposition. Nobody said much about it. Why this lack of interest I do not know. The orderly parliamentary procedure then would have been for the bill to come to the House and be referred to the Military Affairs Committee of the House. The Military Affairs Committee of the House of Representatives should then have had the right to consider the bill in the regular way. This was a very important bill which should have had the complete consideration of the Senate and the full and complete consideration of the House committee.

The Military Affairs Committee of the House is one of its great committees. It has a great history of fidelity to duty. This committee as at present constituted maintains in fidelity and ability the high standard set for it by its predecessors. Its chairman is an able, conscientious Member and a statesman of the highest order. He handles with ability and tact the matters coming within the jurisdiction of his committee.

After that bill had been passed once in the Senate and it was over here in the committee under legal procedure, and under proper parliamentary procedure, and the committee was industriously considering the bill and had held extensive hearings and had called in witnesses from all over the United States, and had treated the matter with the importance that it demanded, a gentleman rose in the other body and by motion attempted to attach the same bill that had already passed the Senate to the debt-limitation bill which had passed the House and which was then under consideration in the Senate. The Members will recall that a short while ago we passed a bill providing for the increase in the debt limitation from $30,000,000,000 to $45,000,000,000. That was the bill that was up in the Senate for consideration at the time to which I refer. As I said then, they were attempting to attach it as a rider to a bill which was not germane but on the contrary was in no sense appropriate. That was not a justified procedure. That was simply a usurpation of the rights of the House by the Senate. The Senate did adopt the motion and this bill was added to the other bill and passed by the Senate. This is a case of the Senate twice passing a measure before giving the House a chance to act on it. If you vote down this bill which comes from your own committee, you are repudiating your own committee and approving the conduct of the Senate in the course of usurpation of your own rights and liberties. If this bill fails, then the chairman of the Ways and Means Committee may call up this debt-limitation bill with this rider on it and ask the Congress to appoint conferees. In that way the Senate will have voted on a bill twice while the House has not voted at all. It will be a case of the Senate making monkeys out of us. We should resent this procedure and show our resentment by demanding our rights.

We ought to have some dignity and we ought to show it by demanding our rights. We ought to stand on our own feet as Congressmen and say to that body that we do not propose that they shall dominate this House. We control this body ourselves, we are Congressmen duly elected, and we owe it to ourselves and our predecessors and our successors to maintain our constitutional prerogatives.

Mr. SHORT. Mr. Chairman, will the gentleman yield?

Mr. JENKINS of Ohio. Yes; I gladly yield to my eloquent friend from Missouri.

Mr. SHORT. I think every fair-minded Member of the House will have to admit that the Senate amendment to the debt bill was brought in here in a highly improper way, and that it is an affront to the dignity and integrity of this body.

Mr. JENKINS of Ohio. It is little short of an insult.

Mr. SHORT. I think it was an underhanded attempt to take this legislation away from the Committee on Military Affairs and give it to the Committee on Ways and Means.

Mr. JENKINS of Ohio. And that ought to be a sufficient reason in itself for any Member to vote for this committee amendment, especially when I think of what is coming before us if it should fail, and will be here probably tomorrow. The chairman of the Committee on Ways and Means will rise and ask to take up this conference report, and they will bring that back to the House with this T. V. A. amendment to it. That is not a way to legislate; that bill will then be rammed down our throats. Today we have a chance to vote as free Congressmen. And if we do not embrace our opportunity, the next time we vote on this matter we may vote as parliamentary slaves.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. JENKINS of Ohio. Yes; I am glad to yield to my friend, the distinguished chairman.

Mr. MAY. The gentleman understands, of course, that this amendment of the House Military Affairs Committee permits a full and complete confirmation of this contract agreement.

Mr. JENKINS of Ohio. I was coming to that. Let us take the merits of the bill. What does the Senate bill do? What does it purport to do? It is intended to furnish money with which to buy all the competing lines. Very well. If you agree to that on the Democratic side and we agree to it then it is established that the primary purpose of the Norris bill is to furnish money with which to buy these competing lines. We should provide the amount that was necessary and no more. The minority members of your investigating committee realize that all of this money had been spent down there in beautiful dams and lakes, and we know that those should not be demolished. We have to make the best of that situation as we now find it. We recommended that the agricultural features of the T. V. A. activities be put under the Agricultural Department of the Government where they belong. And that the navigation, if you can find any down there, should be put over under the War Department where it logically belongs, and that flood control should be put under the War Department, where it naturally belongs.

And then we recommend that in order to prevent ruthless and destructive competition between the T. V. A. and competing power companies that the Government, through the T. V. A., or in some other sensible way purchase or condemn the power companies and pay them a fair price for the property that the Government threatens to confiscate. How much will it take? Has any Member speaking this afternoon told us that it is going to require $100,000,000? I repeat has anyone stood on this floor and said that it is going to require $100,000,000? Not a single individual. If I were arguing to a jury, I think that would be sufficient proof to establish my case. Not a single individual says that $100,000,000 is necessary. Everybody says $65,000,000 is enough, and if $65,000,000 is enough, what is the use of

shoveling out $35,000,000 more—more than anybody asks for, when nobody says that it is necessary. Of course, if you give it to them, they will spend it in some way, they will spend it for fly swatters, or strawberry boats, or some other foolishness.

Mr. SHORT. Oh, probably it should be given to them because of the splendid condition of the United States Treasury.

Mr. JENKINS of Ohio. Yes; that may be an inducement also. They have had absolutely no regard for expenses, they paid one company $500,000 profit on a tract of land that it had purchased a short time previously. They stalk through the land with an omnipotent tread as they defy State sovereignties and the private rights of the people.

Now, let us proceed a little further. The gentleman from Michigan [Mr. CRAWFORD] raised a very vital point about the bonds which are proposed to be issued for this $61,500,000. If the language providing for the issuance of those bonds is not sufficient, it is just too bad. If you will refer to section 15 of the original T. V. A. Act, where the Congress allows the T. V. A. to issue $50,000,000 of bonds whenever certain emergencies arise—I do not have time to go through all of this language, but the first five or six lines of your bill are very similar to the first five or six lines of that section. In that act Congress gives the right to the Treasury Department to issue these bonds. That is what it does in this act.

So that if $65,000,000 is enough, and if the bonds are sufficiently well prepared from a legal standpoint, I ask you, what is there left? That is the issue. It is clear and unmistakable. Are you going to say it is a partisan issue and that as a member of the majority party you are bound to vote against this amendment? We cannot in good conscience do that. If anybody should stand against this as a partisan proposition it is the Republicans for we have quite generally voted against the T. V. A.

Most of us have voted against it quite consistently. Today we, as Republicans, are accepting the fact of the great T. V. A. expenditures for dams, and so forth. We might in the name of consistency refuse to support any proposition of any kind. However, now that these great, expensive dams and other public works have been constructed, no reasonable person would want to tear it down and destroy it. We must go ahead with it. Now, we Republicans say, "Yes, we want you to have enough money to buy these lines. We want you to redeem these bonds yourself. We think you get these benefits and you should help pay for them. We do not want to pay your taxes for you—you should do that yourselves. You have had a lot of trouble with your taxes down there, because you have taken so much property out of taxation. We told you that that would happen, but you laughed at us. Now, we provide that you pay your own taxes, just as we do in Ohio, New York, Massachusetts, and all of the other States of the Union. We pay for our own; and you should pay for your own. [Applause.]

That is fair, is it not? Yes. You inundated the best land in the States and you are going to take these properties out of taxation. Let us be fair. Uncle Sam should not be made the goat of every transaction. The people in the Tennessee Valley have been showered with millions and now they must get along and apply themselves to paying their own way as all the other sections do.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. MAY. Mr. Chairman, I yield the gentleman from Ohio 1 additional minute in order that I may ask him a question.

The gentleman understands that the original T. V. A. Act was passed under what was thought to be the war powers of Congress, as a matter of national defense. When the vote was practically unanimous, as stated by the gentleman from Texas, it was on the idea that we were setting up a national-defense proposition at Muscle Shoals for the manufacture of nitrates.

Mr. JENKINS of Ohio. Yes. The whole T. V. A. program has been established under false pretenses. They claim that it is primarily a navigation and flood-control project and that power is an incident to these other two activities. It is an insult to the intelligence of one who knows the facts to make such claims. This whole program is a power program under the cloak of something else. Neither the Constitution nor the courts sustain power activities by the Government except as an incident to some constitutional activity such as navigation. The Government has no business in the power business except to dispose of power that is a natural incident to some other activity. The T. V. A. is a wolf in sheep's clothing; already it is being found out. This whole day's business and the passage of this bill is nothing except an effort to do something that is directly the result of the deceit of those who are responsible for the establishment and operation of this gigantic, illegitimate agency. They now find that they sowed to the wind and now they are reaping the whirlwind. They are demanding another $100,000,000 to spend and demanding that Uncle Sam pay their taxes, which is unprecedented even in these days when the Government seems to be doing everything that anybody asks. How long can Uncle Sam and Santa Claus be one and the same? Hasten the day when we may again realize that thrift is a virtue nationally as well as personally! [Applause.]

The CHAIRMAN. The time of the gentleman from Ohio has again expired.

Mr. MAY. Mr. Chairman, I yield 5 minutes to the gentleman from Connecticut [Mr. SMITH], a member of the committee.

Mr. SMITH of Connecticut. Mr. Chairman, I do not want to take a great deal of time, but I believe I should state my attitude, which I think reflects that of a great many Members of the House on the proposed legislation.

This bill was brought before the full committee yesterday, as has been stated, and most of the members of the full committee had never seen the hearings, had no opportunity to know exactly what was in them. There are some things under the T. V. A. that have been irritating to a great many Members at different times. There are some things we think that should be changed. But here we are faced with the situation of this contract expiring, and the legislation was brought in originally in an effort to implement that contract. I think we should stick to that in this legislation and not try to rewrite the Tennessee Valley Authority Act. As I say, the legislation was brought in for that purpose. I think the amount is too great and I believe we will be able to amend that. If we defeat the committee amendment to the bill, then the so-called Norris bill will be open to amendment, and we can amend it and make it $65,000,000, which I think is the figure that has been justified. I think that is the course we should take and pass the bill in that form, providing merely for the $65,000,000 and not attempt today to rewrite the Tennessee Valley Act.

Mr. MAY. Will the gentleman yield?

Mr. SMITH of Connecticut. I yield.

Mr. MAY. The gentleman then is willing to surrender the prerogatives of his own committee of the House of Representatives to the United States Senate in order to get peace with them; is that the gentleman's idea?

Mr. SMITH of Connecticut. I will say to the chairman of our committee that I am not willing to surrender any prerogatives, and I am not willing to write legislation in a hasty manner such as we are forced to do under the circumstances here. It is no fault of the chairman, but the situation that arose, with this contract running out next week, has forced this hasty action. I would rather have the committee spend time and go over the Tennessee Valley Authority Act and amend it if we are to rewrite that fundamental act, which governs an activity which has cost us so much money and in which we will have so great an investment by the time it is finished. I believe that at this time we should legislate to meet the situation which is more or less of an emergency, to be fair to the people who are investors in the utilities in the area served by the T. V. A., and do it properly and not try to go further at this time. [Applause.]

[Here the gavel fell.]

Mr. MAY. Mr. Chairman, I yield to the gentleman from Georgia [Mr. WHELCHEL] 5 minutes.

Mr. WHELCHEL. Mr. Chairman, it is not my purpose to try to discuss the merits of this measure, but there is a certain phase of it that I am vitally interested in. I feel very keenly the position that I take with reference to this. It has to do with the tax situation.

Representing a portion of Georgia that is affected by this, I feel constrained that for you to understand this I must submit to you certain evidence that would bear out my case. Being a lawyer, I only know one way; that is, that my probata should at least conform to the allegata.

In that connection, on May 14 I introduced a bill in the House having for its purpose the following:

This bill of mine has for its purpose to amend an act known as the Tennessee Valley Authority Act of 1933, so as to provide reimbursement to certain communities for loss of taxable values, and so forth. Primarily, Mr. Chairman, there is one county in my district, a small one, which is very greatly affected, and it is to this county that I wish to address myself particularly. It will sustain a tax loss, if this bill goes into effect, of $60,000. This does not sound like a great deal of money here in a body where we deal in millions, but I submit to you that to a small municipality or a small county, the loss is so great that it means they will be wiped out, so to speak. In this particular county the Tennesseee Electric Power Co. paid taxes in the approximate sum of $60,000; $30,000 was paid to the county of Fannin—that is the county to which I refer—$30,000 for general tax purposes, and $10,000 was paid to the county covering five new levies for schools, and $10,000 for the Blue Ridge district school, and so forth. Thus I feel that an injustice is being done—of course, not intentionally—by this committee if they do let this legislation pass without a corrective amendment; and I will tell you why: The bonds that have been floated for the county could not be met, and the school situation would be deplorable; in fact, this one county in particular would be absolutely submerged and would have to be taken over by a larger county. I am certain that this committee, and the Congress as a whole, do not have as their intention or purpose a desire to do an injury to a helpless county.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. WHELCHEL. I yield.

Mr. MAY. The gentleman understands, of course, that the Norris bill makes no provision for setting up any kind of tax system, while the House bill does provide that the taxes should be assessed against the local distribution communities based on the kilowatt charge made for electricity. The House bill is more favorable to the gentleman's constituents than the Senate bill.

Mr. WHELCHEL. I think that is correct. As I remember it the Senate bill does not make any provision for taxation; but as I stated before I think some measure ought to be passed, or amendment adopted at this time to correct this situation. At the proper time I shall offer such an amendment and I earnestly solicit your support and help in carrying it through. The condition in Fannin County is not a single and sole example of what the effects of this bill will be, for there are many other counties in Tennessee and other States that will be similarly affected.

Mr. SPARKMAN. Mr. Chairman, will the gentleman yield?

Mr. WHELCHEL. I yield.

Mr. SPARKMAN. Did not the gentleman intend to state that the bill as reported from the committee was more favorable with regard to taxes than the Norris bill? The Norris bill does not mention taxes whereas the bill reported from the committee says absolutely that there shall be no tax redress, and states it as a policy of Congress that never shall the T. V. A. or the United States Government pay any tax losses.

Mr. WHELCHEL. That is the situation, and it works a very great hardship on many of these counties. Again, I solicit support for this amendment because I think it is meritorious and equitable. [Applause.]

[Here the gavel fell.]

Mr. MAY. Mr. Chairman, I shall take about half a minute to make a final statement on this measure.

Mr. Chairman, your committee has labored hard, and has acted conscientiously in an effort to conserve the resources of the taxpayers of this country. We have made no attempt whatever to cripple the Tennessee Valley Authority. We have simply approached the matter as a business proposition with a desire to see to it that the interests of all the taxpayers of this country are not sacrificed. We have felt, however, that when another body passes any sort of measure and sends it over to the House and it is referred to a committee of the House, that the House committee has the authority and the right to make any amendments it wishes. Any other position would mean that the House of Representatives proposed to surrender its prerogatives and be dominated by another body regardless of whether there were any hearings or not, as was the case in this instance.

[Here the gavel fell.]

The CHAIRMAN. All time has expired. The Clerk will read.

The Clerk read as follows:

Committee amendment: Strike out all after the enacting clause and insert:

"That section 4 (j), as amended, of the Tennessee Valley Authority Act of 1933 is amended by adding at the end thereof the following: 'Notwithstanding any of the foregoing provisions of this subdivision or any other provision of this act, after the date of enactment of section 15b no dams, appurtenant facilities, generating plants, transmission lines, rural distribution lines, or other electric-utility properties, except properties of the Tennessee Electric Power Co. and Southern Tennessee Power Co. and exempt properties of the Mississippi Power Co. and the Alabama Power Co. in the counties in northern Mississippi and northern Alabama hereinafter named, shall be constructed or acquired unless the construction or acquisition of the same shall first have been submitted to and approved by the Congress of the United States; and the Corporation shall not construct or acquire or extend credit for the construction or acquisition of any transmission lines or other facilities outside the territory drained by the Tennessee River and that portion of the drainage area of the Cumberland River in which the property embraced in the contract between the Tennessee Valley Authority and the Commonwealth & Southern Corporation and others, dated as of May 12, 1939, is located; and the Corporation shall not sell or deliver power to any person, firm, corporation, municipality, or other agency for use outside (1) the territory drained by the Tennessee River, (2) that portion of the drainage area of the Cumberland River in which the property embraced in such contract is located, (3) those portions of counties on such date of enactment being supplied with electric power or on such date of enactment under contract to be supplied with electric power by the Corporation, and (4) the following counties in northern Alabama and northern Mississippi: The counties of Jackson, Madison, Limestone, Lauderdale, Colbert, Lawrence, Morgan, Marshall, DeKalb, Cherokee, Cullman, Winston, Franklin, Marion, and Lamar in northern Alabama, and the counties of Calhoun, Chickasaw, Monroe, Clay, Lowndes, Oktibbeha, Choctaw, Webster, Noxubee, Winston, Neshoba, and Kemper in northern Mississippi.'

"SEC. 2. The second paragraph of section 9 (b), as amended, of the Tennessee Valley Authority Act of 1933 is amended to read as follows:

" 'All moneys heretofore or hereafter made available for expenditure in carrying out the purposes of this act shall be withdrawn from the Treasury only pursuant to accountable warrants for advances to the credit of an adequately bonded disbursing officer, as determined by the Comptroller General of the United States, or certificates of settlement issued by the General Accounting Office: *Provided*, That the Comptroller General is authorized, in his discretion, to allow credit for payments from moneys under the control of the Corporation, not otherwise allowable, when shown to be reasonably necessary to the accomplishment of the work authorized by law to be done by the Corporation.' "

"SEC. 3. Section 13 of the Tennessee Valley Authority Act of 1933 is amended by adding before the period at the end thereof the following: "; and no change in said percentages shall be made to reflect any loss in tax revenue to any State, or any political subdivision thereof, by reason of the ownership or use by the Corporation of, or income derived by the Corporation from, any property for or connected with the generation or transmission of electric power, and no payments, except as may otherwise be authorized in this section, shall be made by the Corporation or by the United States for, or on account of, or in lieu of, any such loss in tax revenue, it being the intention of Congress that any such loss in revenue be recovered by the several States involved in such manner as each may see fit from the persons benefited by the use of electric power generated by the Corporation".

"SEC. 4. The Tennessee Valley Authority Act of 1933, as amended, is amended by adding after section 15a the following new sections:

" 'SEC. 15b. No bonds shall be issued by the Corporation after the date of enactment of this section under section 15 or section 15a except pursuant to a contract under section 12a between the Corporation and the city of Memphis, Tenn., entered into prior to June 12, 1939.

" 'SEC. 15c. With the approval of the Secretary of the Treasury the Corporation is authorized, after the date of enactment of this section, to issue bonds not to exceed in the aggregate $61,500,000 outstanding at any one time, which bonds may be sold by the Corporation to obtain funds, $7,000,000 of which may be used solely for the purchase, integration, and rehabilitation of electric utility properties of the Mississippi Power Co. and Alabama Power Co. in the counties in northern Mississippi and northern Alabama named in section 4 (j), and to carry out the provisions of sections 12a in such States in connection therewith, and the remainder of which may be used solely for the purchase, integration, and rehabilitation of the electric utility properties of The Tennessee Electric Power Co. and Southern Tennessee Power Co., as contemplated in the contract between the Corporation and the Commonwealth and Southern Corporation and others, dated as of May 12, 1939, and to carry out the provisions of section 12a in Tennessee in connection therewith. Such bonds shall be in such forms and denominations, shall mature within such periods not more than 50 years from the date of their issue, may be redeemable at the option of the Corporation before maturity in such manner as may be stipulated therein, shall bear such rates of interest not exceeding 3½ percent per annum, shall be subject to such terms and conditions, shall be issued in such manner and amount, and sold at such prices, as may be prescribed by the Corporation with the approval of the Secretary of the Treasury: *Provided*, That such bonds shall not be sold at such prices or on such terms as to afford an investment yield to the holders in excess of 3½ percent per annum. Such bonds shall be fully and unconditionally guaranteed both as to interest and principal by the Corporation and not by the United States. With the approval of the Secretary of the Treasury, the Corporation shall have power to purchase such bonds in the open market at any time and at any price. None of the proceeds of the bonds shall be used in the performance of any proposed contract negotiated by the Corporation under the authority of section 12a of this act until the proposed contract shall have been submitted to and approved by the Federal Power Commission. When any such proposed contract shall have been submitted to the said Commission, the matter shall be given precedence and shall be in every way expedited and the Commission's determination of the matter shall be final. The authority of the Corporation to issue bonds hereunder shall expire January 1, 1941, except that such bonds may be issued at any time after the expiration of said period for refunding purposes or to provide bonds or funds found necessary for the performance of any contract entered into by the Corporation, prior to the expiration of said period, under the authority of section 12a of this act.

" 'SEC. 15d. The Corporation shall provide from the earnings of the electric properties of the United States controlled and managed by the Corporation pursuant to this act interest on its outstanding bonds issued under sections 15, 15a, and 15c, and shall, prior to each interest date, deposit the same in such agency as may be designated from time to time by the Secretary of the Treasury, and such funds, so deposited, shall be used to pay the interest on such bonds when and as such interest becomes due. The Corporation shall also issue to the Secretary of the Treasury one or more bonds, in such denominations and with such maturities not exceeding 50 years as the Secretary of the Treasury may designate, in an amount equal to the total cost allocated to the development of power and the total cost of the other properties controlled and managed by the Corporation and devoted to the transmission or distribution of electric power for sale; and the Corporation shall provide from the earnings of such electric properties interest on such bond or bonds, and shall deposit such interest when and as such interest becomes due in the Treasury of the United States. Such obligations shall bear interest at a rate equal to the average rate of interest payable by the United States on its obligations having a maturity of 10 or more years after the dates thereof, issued during the last preceding fiscal year in which such obligations were issued. The Corporation shall also provide from the earnings of such electric properties an annual sinking fund in such amount as will be sufficient to pay at maturity the entire principal of the bonds issued pursuant to this act, which sinking fund shall be deposited in an agency to be designated by the Secretary of the Treasury, and shall be used to retire said bonds as they mature. Such payments to the sinking fund shall be uniform in amount and shall be so distributed as to time that each year will bear its proportionate share of the total. It is the declared purpose and intent hereof that the principal and the interest on all such bonds shall be paid in full at or before maturity by the Corporation from the earnings of such electric properties.' "

Mr. SPARKMAN and Mr. RANKIN rose.

The CHAIRMAN. The Chair recognizes the gentleman from Alabama, a member of the committee.

Mr. SPARKMAN. Mr. Chairman, my purpose in rising at this time after the close of a long and arduous general debate is simply to state a few things with reference to the bill. During general debate I stated to you in good faith that this measure destroys T. V. A. It does that very thing. It limits the territory in which T. V. A. can serve. It makes it impossible for T. V. A. to sell current—the current that is generated as a result of the work done by the T. V. A., following the instructions of Congress. It forbids the sale of that current in the place that it should be sold, logically and economically.

The bill can never become law. I believe I know that so firmly that I can state it to you unhesitatingly.

Mr. HOBBS. Mr. Chairman, will the gentleman yield?

Mr. SPARKMAN. I yield.

Mr. HOBBS. And if it were to become law in its present form the purchase contemplated could never be consummated.

Mr. SPARKMAN. The gentleman is absolutely right.

The provision limiting the operation of the T. V. A. is absolutely unworkable, as I pointed out in my general statement. These amendments, as the gentleman from Connecticut has so well said, have been put into this bill absolutely without any evidence before our committee justifying them. No one was called to testify to the effect of removing the Federal guaranty off the bonds. The gentleman from Michigan has propounded some thought-provoking questions here. The chairman of the Committee on Military Affairs stated in answer to one of those questions that the board of directors would be authorized under this act to give a mortgage on property belonging to the United States Government. I do not believe that any agency of the United States Government can mortgage United States Government property unless it is specifically authorized to do so.

My purpose in getting up here is to state that I had intended to offer an amendment to the first section of the bill and various other sections of the bill. Amendments also were to have been offered by various members of our committee and others. After consulting with some of the members of the committee we reached the conclusion that if the committee amendment should be voted down, then the Norris bill would be before us for amendment. In this event should the amendment be voted down, I shall offer an amendment reducing the amount of the bond authorization to $65,000,000. It is not a sufficient amount, but we can squeeze through on that and that seems to be the greatest contention here this afternoon. Mr. Chairman, I want to implore the members of the committee to vote down the committee amendment, which then would bring the Norris bill before us and would open it for amendment. It is my assurance that I will offer an amendment to reduce the amount of the bond authorization to that which the opponents say will be sufficient, namely, $65,000,000.

Mr. RICH. Will the gentleman yield?

Mr. SPARKMAN. I yield to the gentleman from Pennsylvania.

Mr. RICH. The gentleman made a statement that this bill cannot become law. What does he mean?

Mr. SPARKMAN. Well, I believe the gentleman has had sufficient practical experience to know what I mean. First of all it certainly would not be acceptable to the other body, but even if it should be, if the gentleman will go back and refer to the various statements that the President has made with reference to these matters, he will know that he could not sign the bill unless he departed from some of those policies.

[Here the gavel fell.]

Mr. MAY. Mr. Chairman, I move to strike out the last two words.

Mr. SHORT. Will the gentleman yield for a brief question?

Mr. MAY. I yield to the gentleman from Missouri.

Mr. SHORT. Are we to swallow this obnoxious thing simply because the President of the United States and the Senate insists upon it?

Mr. MAY. Mr. Chairman, I am not asking the House of Representatives to swallow anything. I am asking them to recognize the hard work of their own committee. When the gentleman from Alabama who has just addressed the House said he would offer an amendment to strike out a

provision of the Norris bill in the event you beat the committee bill, to substitute $65,000,000 for $100,000,000, he made an open admission on the floor of the House in the presence of the members of his own committee that he prefers taking a cold piece of hash, a rough rider on a stray horse, that is sent over from another body and he admits that $65,000,000 is all they need. Now, if that is all the money the Tennessee Valley Authority needs to buy out these utilities, who on this floor is going to be able to justify a vote for $100,000,000?

When you go back to your constituents, when they talk to you about your economy program, when we Democrats talk about our 1932 platform, when we talk about relief and funds for this and funds for that and our constituents look us straight in the face and ask us, "Can you explain how it is you deliberately voted for the Tennessee Valley Authority that has demonstrated its extravagance and its unthriftiness an extra $35,000,000 to turn it loose down in the South to exploit a few more taxpaying industries?" How are you going to answer that? The only way you can explain it is that you want to make this a partisan measure in order that it may be passed by the partisan majority we have in the House of Representatives.

Mr. Chairman, I have never considered this a partisan measure, and I do not consider it a partisan measure now. It is merely a matter of cold-blooded business for the constituents which we represent who must go down in their pockets, and for the railroad men who are to lose their jobs, and the coal diggers who are to lose their jobs by the competition of a laborless industry. Those are the people I am going to be able to answer and tell them: "I made the gamest fight I could make. I did my best to save your money." Then my colleagues on this side of the House will have to answer for themselves. My hands are clean. My skirts are clear, and I have no apology to make for my position.

Mr. RANKIN. Mr. Chairman, I want to call the attention of the House to the fact that the Tennessee Valley Authority already has the power to issue $100,000,000 of bonds. This change is merely made in order that they may meet the provisions of this contract and buy out the generating plant belonging to the Commonwealth & Southern in that area. This is done, not to accommodate the Tennessee Valley Authority but to accommodate the power companies that you Republicans have been telling us we were mistreating by taking their property for nothing.

I hope you will vote down the House bill. That will bring the Senate bill before us for consideration. If the House bill is agreed to, you might as well not vote at all because it kills the entire legislation. It kills the contract.

It will not kill the T. V. A. It will not destroy the T. V. A. The T. V. A. will be here when we are all dead, gone, and forgotten and will still be serving the American people. However, it will kill the contract and shut off the hopes of those men, including Mr. Willkie, head of the Commonwealth & Southern, who have been trying to get this measure through so that an amicable settlement of this matter could be had.

I hope the House bill will be voted down and that the Senate bill will then be taken up and passed. [Applause.]

Mr. THOMASON. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I rise to say that I feel confident that the committee bill, which we have been debating here all afternoon, will be voted down; at least, I express that hope. In that event the vote would recur on the Senate bill, S. 1796, as it came to us. I should like to inform the House at this time that in the event the bill the committee reported is voted down and the vote recurs on the Senate bill, I propose to offer an amendment reducing the amount from $100,000,000 to $65,000,000 in line with the good faith which I am sure has been suggested by my distinguished chairman.

Mr. CREAL. Mr. Chairman, I move to strike out the last four words.

Mr. Chairman, I wish to address my remarks particularly to one little vein of thought that has run through all the opposition. Nearly every speaker, to some extent, lamented the Government's entering business and prophesied state socialism. Let us think for just a minute. Once upon a time the carrying of a message or a letter was done by a man for hire, until we established a post-office system, and nobody wants to go back to the private delivery of mail. How long has it been since the States and the Federal Government have been in the great road-building business? Prior to that time all over the country were ferries and toll bridges and toll roads built by private capital. They had to pass on their way and serve the good of the greater number, but it was not socialism to do that.

Once upon a time there were a lot of school teachers getting high salaries for tutoring wealthy pupils, but the State entered the educational system and appropriated money so that just anybody could go to school, and that knocked their jobs into a cocked hat. But who would say that our educational system is socialism? And so on and on I might go to enumerate numbers and numbers of other things we have done that might at one time or another have been called at the time they were instituted steps toward interfering with somebody's private business.

I am told by one of the speakers that there are 4,000,000 stockholders in private utility. Not all these stockholders by any means are opposed to the T. V. A. or to its allied interest, the rural-electrification program, not by any means, because a lot of the stockholders are dealers who sell electrical equipment along the extensions made by the T. V. A. A lot of the stockholders are retired farmers scattered all around through the villages, and their big problem now is hunting rural electrification and cheap rates. They are giving away what little interest they might have had in the form of small dividends for the greater public, common good.

One thing is wrong with this bill and you will have to agree with me that it is wrong and it is because of this one fact: It seeks to handcuff and quarantine the activities of the T. V. A. That is wrong. Either the T. V. A. ought to be abolished if it is doing the wrong thing—there ought to be a bill in here taking away all its authority—or, if it is doing good, it ought to be extended. Can you come along here and say "We are going to let you keep on doing a certain amount of public wrong but we are going to place a limitation on your activities"? For that reason, I say the bill is dead wrong and it is bound to be wrong one way or the other. There either ought to be a bill to repeal in toto all the activities of the T. V. A. or there ought to be a bill to extend it, one way or the other. Any effort made merely to quarantine it or handcuff it or freeze it in its present position is absolutely wrong.

I am opposed to the Government's making neckties and watches and plow handles, but there are a few things concerning which you have to make an exception. Is it socialism for all the cities of the country, or nearly all of them, even the crossroads villages, to own their water systems? Is it socialism for them to own their own lighting plants? If not, it is not socialistic to be against this measure. [Applause.] There is no more reason for a monopoly on electricity than water, fresh air, or sunshine.

[Here the gavel fell.]

Mr. WHELCHEL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WHELCHEL: Page 11, after line 3, insert a new paragraph, No. 15e, which reads as follows:

"That the T. V. A. shall, and is hereby required to, pay into the treasury of each State, county, municipality, school, or other taxing district in which it has acquired or may hereafter acquire and own any franchises or property, real, personal, or mixed, a sum of money equal to the sum or sums of money now or hereafter levied or assessed against all such property for purposes of taxation by the local taxing agencies of such States, counties, municipalities, or local taxing districts, all such amounts to be from time to time ascertained and fixed by such State and local taxing authorities as now exist or may hereafter be created or authorized by law in all States, counties, municipalities, and taxing districts in which said T. V. A. may now or hereafter own property: *Provided, however,* That the sums of money so paid by it shall not be greater than the sums required to be paid by other persons and corporations owning property of like character and value in the same communities, States, counties, and local taxing districts."

The CHAIRMAN. Does the gentleman from Georgia ask for recognition on the amendment?

Mr. WHELCHEL. No, Mr. Chairman.

Mr. CLASON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I believe this amendment brings out the very point we have in mind, whether the taxes are to be paid through the charging of an extra sum in the rate paid by the consumer, or they are to come out of the general fund in the Treasury of the United States. The T. V. A. at the present time is under contract with various municipalities as to the amount of money the T. V. A. shall receive from the municipalities for its electricity. This being so, there is no further sum coming into the T. V. A. after this bill is passed with which to reimburse these communities, and this would mean that the money would have to come from the taxpayers of the whole country and not from those who are at present paying those taxes, because the companies which are furnishing the electricity at the present time and own these properties secure the money for the taxes from the rate they charge the ultimate consumer.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. CLASON. I yield to the gentleman from Mississippi.

Mr. RANKIN. Let me say to the gentleman from Massachusetts and the gentleman from Georgia that this amendment ought to be defeated by all means. A bill is now pending before the Senate in which they are attempting to work out a provision that will take care of the situation at which the gentleman from Georgia is striking, but I believe the gentleman from Massachusetts is entirely right that this tax ought to be imposed, even though it might affect my State.

Mr. CLASON. I should like to say, however, that this tax question ought to be settled here today, and that is what the people down in the Tennessee Valley ask.

They say now, "Every citizen who recognizes the seriousness of the tax situation which will face the States and counties when the private utilities of the valley become part of a governmental system ought to get in touch with Governor Cooper and the Tennessee Senators and Congressmen and see to it that the tax question is settled at the same time this bill passes the House."

This is what the committee bill provides.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. CLASON. I yield.

Mr. MAY. The gentleman will recall that this is the amendment which I offered in the whole committee and which was defeated by the committee, and I said at the time that when you took out of the hands of local governments and local communities the power to levy and collect revenue, you destroyed local government, and that was the ground on which I urged the amendment, but as chairman of the committee that is sponsoring this bill, on behalf of my committee, I am opposed to the amendment offered on the floor of the House.

[Here the gavel fell.]

Mr. RANKIN. Mr. Chairman, we are about to vote on a bill which proposes to amend the Tennessee Valley Authority Act. The House Military Affairs Committee is offering a destructive amendment as a substitute for the Norris bill, which passed the Senate a month ago. Its object is not to aid but to injure the T. V. A.

If this House bill or amendment should be substituted for the Senate bill, and the measure should become a law, it would simply paralyze the T. V. A. and shut the door of hope in the faces of millions of consumers of electric light and power who are crying out for relief from the exorbitant rates they are now compelled to pay.

If this amendment is voted down, the Norris bill will be before the House; then, if it should pass and the measure become a law, the contracts now pending between the T. V. A. and the Commonwealth & Southern would be consummated, and the controversy between them would be ended so far as the particular areas involved are concerned.

If this House bill should be adopted as a substitute for the Senate bill, it never would become a law. The Senate would not accept it, and if it did, the President would not sign it.

Time will not permit me to discuss all the obnoxious provisions of the proposed substitute, but I want to take up the two most vicious ones and point out what they really mean. I want to show that every Member who votes for this substitute with these provisions in it will be voting against the interests of the people he represents, and that every man from the States of North Carolina, South Carolina, Georgia, Alabama, Tennessee, Mississippi, Louisiana, Arkansas, Missouri, Illinois, Indiana, Ohio, Kentucky, West Virginia, or Virginia who votes for these House provisions will simply be voting to rivet the chains of the Power Trust about the necks of the people of his own State.

Now let us see what those provisions are and what effect they would have if written into law.

On page 4, line 14, you will note it is proposed to amend section 4 (j) of the Tennessee Valley Authority Act of 1933, as amended, by the addition of the provision that—

> No dams, appurtenant facilities, generating plants transmission lines, rural distribution lines, or other electric utility properties * * * shall be constructed or acquired unless the construction or acquisition of the same shall first have been submitted to and approved by the Congress of the United States.

This amendment, if adopted, would destroy the possibility of operation of the T. V. A. system. If a transformer supplying a city should burn out, its immediate replacement is essential; if a storm destroys a transmission tower, it must be replaced in a few hours. An amendment which requires the T. V. A. to come to Congress for approval of such routine construction, as this amendment does, can have no other purpose than to prevent the T. V. A. from rendering any service at all of a reliable kind. Some Power Trust lawyer evidently wrote that provision.

Every Member of Congress is aware that Budget estimates are prepared almost a year in advance of the time of expenditure. Obviously the Authority cannot know a year in advance every minor repair, replacement, or extension, which would be a necessary part of normal operations.

Under the present law, all major projects are submitted for the approval of the Congress when the annual appropriation bills for the Authority are before it. To require that no minor extensions, not even routine replacements, not even a rural power line, should be undertaken without an act of Congress can only be intended to prevent the Authority from successfully carrying forward the electricity operations already approved by the Congress and reviewed each year.

The Power Trust would give a hundred million dollars to see these provisions adopted—and the people you are supposed to represent would pay it in overcharges the first year.

The remainder of this section would restrict the Authority and prevent it from serving anyone outside the drainage basin of the Tennessee River, excepting only the facilities involved in pending purchase contracts with the Commonwealth & Southern Corporation. This amendment would create a Chinese Wall around the Tennessee Valley Basin. It is simply vicious and absurd. Let me show you what it would do to the people in the States I have just mentioned.

Let me say here that it would not affect the people I represent. I have succeeded in getting T. V. A. power at T. V. A. rates into every county of my district and have a rural-electrification project in every county under which the farmers get power at T. V. A. rates. It has been a long, bitter fight, but I have won out at last. Not only that but not a county that touches the district I represent would be precluded from securing T. V. A. power under the provisions of the House bill.

If I were disposed to play the part of the "dog in the manger," as some Members of the House seem to be, I could gracefully retire—or I probably should say disgracefully retire—from this fight and let the Power Trust continue to rob the people you represent of approximately $1,000,000,000 a year in overcharges for electric lights and power.

But this is a national issue, one that involves the welfare of all the American people now and for generations to come; and I expect to carry on the fight as long as I am in public life or until we bring justice to all the electric consumers of the

Nation and electrify every farmhouse in America at rates the farmers can afford to pay.

What they are after in this legislation is to destroy the T. V. A. yardstick, the greatest weapon ever devised for the protection of the ultimate consumers of electric lights and power. This yardstick shows what electricity is worth, what the ultimate consumers should pay. If all the people in the country got their electricity at the T. V. A. rates, they would save approximately a billion dollars a year.

Now, remember that we have already reduced light and power rates to the ultimate consumers by $625,000,000 a year since the T. V. A. yardstick was promulgated; and yet the people of this country are still overcharged approximately $1,000,000,000 a year. That is a supertax the power interests levy on the unprotected light and power consumers.

Here are the overcharges by States: Last year the people of Alabama were overcharged $8,317,500 for electricity; Arizona $5,130,200, Arkansas $6,470,500, California $32,623,100, Colorado $8,013,600, Connecticut $18,661,700, Delaware $2,080,700, District of Columbia $2,980,300, Florida $17,130,200, Georgia $12,084,000, Idaho $3,858,400, Illinois $72,975,900, Indiana $21,487,000, Iowa $15,074,100, Kansas $8,937,900, Kentucky $9,208,600, Louisiana $11,629,000, Maine $6,831,000, Maryland $13,280,800, Massachusetts $44,537,200, Michigan $39,793,400, Minnesota $18,903,200, Mississippi $5,396,800, Missouri $24,649,400, Montana $4,206,100, Nebraska $7,865,800, Nevada $1,342,200, New Hampshire $4,589,800, New Jersey $49,352,200, New Mexico $2,182,000, New York $142,284,900, North Carolina $12,456,500, North Dakota $3,079,300, Ohio $53,839,300, Oklahoma $11,770,600, Oregon $6,717,300, Pennsylvania $88,425,200, Rhode Island $7,693,300, South Carolina $6,795,300, South Dakota $3,200,600, Tennessee $11,429,300, Texas $32,627,300, Utah $5,520,800, Vermont $2,999,300, Virginia $11,862,000, Washington $9,686,400, West Virginia $10,143,400, Wisconsin $21,935,300, Wyoming $1,910,000.

By building this Chinese Wall around the T. V. A. and thereby relieving the power companies of any threat of honest competition, leaving the people who pay the bills, and who are begging and praying for reductions in electric light and power rates at their mercy, you Members who support this measure would fasten upon the people you represent the chains of slavery to the Power Trust for all time to come.

Remember that the Army engineers said in their report in 1930 that the transmission distance for electricity from the Wilson Dam on the Tennessee River was 350 miles, and that after computing all costs of constructing the dam and building the transmission line, and then adding 20 percent to the price "in order to be on the safe side," the cost of prime power to the purchaser, at a distance of 350 miles, would be 4.531 mills a kilowatt-hour. That, of course, is the wholesale price, and is less than the wholesale price charged by the T. V. A. to the cities, towns, and communities to which it sells wholesale power throughout the T. V. A. area.

This distance of 350 miles from any one of the dams on the Tennessee River would cover practically all of the States I have mentioned, including the cities of Birmingham, Montgomery, and Mobile, in Alabama; Atlanta, Ga.; New Orleans, La.; Little Rock, Ark.; St. Louis, Mo.; Springfield and Chicago, Ill.; Columbus and Canton, Ohio; and all the other cities and towns within this radius.

I do not say that the T. V. A. will extend its lines to reach all these areas, but I do say that the very possibility of it is forcing the power companies throughout these States to gradually reduce their rates toward the T. V. A. levels; and, as I said, these reductions are now saving the light and power consumers of this country $625,000,000 a year. They are still overcharged approximately $1,000,000,000 a year, as I have pointed out. The figures I have given show how much of that amount the people of your State have to pay. It is a tax the Power Trust is levying upon your people. They have to pay it every month, every time they pay a light bill. This huge octopus known as the Power Trust, which you men who support this amendment will be serving, has arrogated to itself the prerogatives of a supergovernment and is demanding that it be given a complete monopoly, not in a private business but in a public business, that controls the electricity of the Nation, which has now become a necessity of life, and that it be permitted to continue to levy a tax in the form of overcharges amounting to approximately $1,000,000,000 a year.

The gentleman from Kentucky [Mr. MAY], referring to me, uses this language:

> My friend from Mississippi [Mr. RANKIN] eats kilowatts, sleeps with kilowatts, and drinks kilowatts. I would like to ask him if he thinks the coal miners in his congressional district, who load coal to be consumed in the steam plants in the Tennessee Valley area, that are to be put out of business by the hydrodams, can drink kilowatts and eat kilowatts and sleep with kilowatts. I will yield to him a moment to answer the question when I say to him I am sure that those kilowatts that are being developed by these hydrodams will keep his miners sleepless instead of letting them sleep.

That statement just shows the extent of absurdity to which the enemies of the T. V. A. have gone. If the gentleman from Kentucky [Mr. MAY] knows anything at all about the United States, he ought to know that there is not a pound of coal produced in the entire State of Mississippi, and therefore none in my district. As one Member expressed it, he seems to have so much coal dust in his eyes that he cannot see clearly on this proposition.

But I will tell him what he is doing with this amendment. He is shutting out practically the entire State of Kentucky from the benefits of the T. V. A. Even Paducah and Louisville would be denied the use of any T. V. A. power at all under this amendment.

Last year the people of Kentucky used 978,131,000 kilowatt-hours of electricity, for which they paid $23,501,200. Under the T. V. A. rates, they would have paid $14,292,600, or $9,208,600 less. In other words, the people of Kentucky are taxed, or overcharged, more than $9,000,000 a year for electric lights and power, and the gentleman from Kentucky [Mr. MAY] would forever shut them out so far as future reductions are concerned, and deny to them the benefits of cheap electricity and the use of those electrical appliances necessary to relieve the drudgery of the homes and business establishments throughout Kentucky.

This would only gratify the cupidity of the Power Trust and the coal barons who are in collusion to hold these rates up in order to rob and plunder the American people of a billion dollars in overcharges every year that rolls around. He is doing this under the flimsy pretext that he is helping the coal miners, when, as a matter of fact, he is doing the coal miners an irreparable injury. Power can be produced with coal and distributed at the T. V. A. rates. That would not only give relief to the people in his home district, who are now overcharged for electric lights and power from 60 to 300 percent but it would increase the use of coal and stimulate production of coal, thereby putting more miners to work. But under the flimsy pretext of protecting the coal miners, he is trying to destroy the T. V. A. yardstick and deny to the people of Kentucky, including the people of his own district, the great benefits which cheap electricity would bring them.

He says I eat kilowatts, because of the fight I have waged here for the last 8 or 10 years for justice for the ultimate consumers of electric lights and power throughout the country. If his people ever wake up and realize what he is trying to do to them, they will feel like making him climb a light pole and eat a transformer.

I was amazed, or I should say amused, at the speech of the gentleman from Illinois [Mr. DIRKSEN] in favor of this vicious substitute. He would bring back the "good old days" of Insullism and rivet the chains of the Power Trust permanently about the necks of the people of Illinois, practically all of whom are within the distribution radius of the T. V. A., or will be when Gilbertsville Dam is finished, and easily within the radius of the salutary influences of the T. V. A. yardstick, and practically all of whom are overcharged 100 percent for their electricity.

Last year the people of Illinois used 7,307,560,000 kilowatt-hours of electricity, for which they paid $167,164,900. Under the T. V. A. rates, the cost would have been $94,189,000, or $72,975,900 less. In other words, the people of Illinois are

paying an overcharge of $72,975,000 a year, according to the T. V. A. rates, almost as much as the entire amount involved in this contract. And yet, in order to prevent these cheap rates from spreading into Illinois, and other surrounding territory, and relieving the people of that State of these tremendous burdens, the gentleman from Illinois [Mr. DIRKSEN] joins the enemies of the T. V. A. in their efforts to destroy this yardstick, which, as I have said, is the greatest instrument ever devised for the protection of the power consumers of this Nation and especially of his own State. And strange to say, some of his colleagues from Illinois are joining him in thus crucifying the power consumers they are supposed to represent.

The gentleman from Illinois [Mr. DIRKSEN] spoke about the so-called losses of the Ontario Hydro Electric Power System. He did not correctly state the facts. The Ontario system did encounter a loss during a short period because of faulty contracts with the private power companies of Quebec. This has been corrected. Over its entire history the Ontario system has made large profits with low rates, about one-third of the rates charged by private power companies in the United States. It is a cooperative combination of the generating and transmission agency and the distributing municipalities. The composite Ontario system sets up reserves of 44 percent of its actual cost compared with about 8 percent for the private power companies in the United States. The distributing agencies have today a debt of only 25 percent of these assets, 75 percent has been paid for out of earnings, and the people of Ontario enjoy the lowest electric rates in America.

This 7,307,560,000 kilowatt-hours, which cost the people of Illinois $167,164,900 last year, would have cost them $75,787,600 under the Ontario rates, or $91,377,300 less.

I wonder—yes, I wonder—why the gentleman from Illinois [Mr. DIRKSEN] attacks the Ontario Power System.

Then comes the gentleman from Indiana [Mr. HARNESS] and the gentleman from Indiana [Mr. HALLECK] and their colleagues, and join in this unholy attempt to destroy the T. V. A. yardstick in the face of the fact that the people of Indiana are paying an overcharge of more than $21,000,000 a year for electric lights and power.

Practically every inch of the State of Indiana is within the distribution radius of the T. V. A. If they all received power at the T. V. A. yardstick rates, even with the present consumption, the annual savings would be $21,487,000. If these rates were reduced to the T. V. A. yardstick levels, the consumption would double, as it has done throughout the T. V. A. area, and instead of the savings amounting to $21,000,000 a year, they would probably rise to $40,000,000 a year in a short time. The people of Indiana, and especially the farmers of that State, are begging and pleading for cheap electricity. This administration has built more than 7,000 miles of rural power lines in Indiana in its attempts to bring the blessings of modern civilization to the people in the rural areas, but all of them are compelled to pay an overcharge of at least 100 percent for their electricity, as compared with what they would pay under the T. V. A. rates.

And yet we find these gentlemen joining the enemies of the T. V. A., shutting out their own State from the possibilities of receiving T. V. A. power, and helping to rivet the chains of slavery about the necks of the power consumers of the State of Indiana. There is no escaping this conclusion. There are only two sides to this question. Members who vote "aye" on this House amendment as a substitute for the Norris bill, are voting for the Power Trust, and against the ultimate consumers of electricity in their own States.

Now, let us turn to the State of Ohio. The gentleman from Ohio [Mr. JENKINS], who has bitterly fought the T. V. A. from the beginning, says that he was over in the Senate the other day when Senator NORRIS was offering his bill as an amendment to the debt limitation bill. He says, "I was terribly shocked at this unusual and unmannerly procedure."

Oh, how offensive it must seem to the gentleman from Ohio to hear a representative of the people in the Senate of the United States pleading for the power consumers of this Nation. I feel sorry for the gentleman from Ohio. It must have been terribly humiliating to him to hear a man in another body trying to protect the power consumers of his own State of Ohio from the exorbitant overcharges they are now paying for electric energy.

Last year the people of Ohio used 6,945,292,000 kilowatt-hours of electricity, for which they paid $156,110,800. Under the T. V. A. rates the cost would have been $102,271,500, or $53,839,300 less. Now, remember that practically every foot of the State of Ohio is within the distribution radius of the T. V. A. and her people are entitled to the benefits of the T. V. A. yardstick rates.

Every foot of the district represented by the gentleman from Ohio [Mr. JENKINS] is within the distribution radius of Norris Dam, and yet the people he represents are required to pay exorbitant overcharges for electric energy, and as a result use the very minimum, and be denied the benefits of those electrical appliances that go to contribute to their comforts and conveniences and relieve the drudgery in their homes, or add to the profits, comforts, and conveniences of the average business establishment. As I pointed out a moment ago, the coal barons of the State of Ohio and other coal-producing States have joined hands with the Power Trust to try to destroy the T. V. A. yardstick rather than reduce their rates, which reductions would increase the sale of electricity and employ more men who mine coal. At the same time it would supply these miners with electric energy at rates they could afford to pay, and add to their humble homes comforts and conveniences they have never enjoyed before and never will enjoy if these selfish interests have their way.

This administration has built in Ohio alone more than 7,000 miles of rural power lines, now serving more than 18,000 farmers, a large number of them in the gentleman's own district.

Unfortunately those Ohio farmers are compelled to pay an overcharge of at least 100 percent for electricity, as compared with what they would pay if we extended T. V. A. power lines into the State of Ohio and served them with T. V. A. power, to which they are entitled. But instead of helping us to do that, the gentleman from Ohio [Mr. JENKINS] has bent every effort he possibly could to destroy the T. V. A. and to prevent the spread of its yardstick rates throughout the State of Ohio, when it would have relieved the people of that State of an overcharge of more than $50,000,000 a year on the present load.

After listening to the gentleman from Missouri [Mr. SHORT] in his attacks on the T. V. A., I am at a loss to know whether he was attempting to be funny or profound. In either case I am sure the people of Missouri will not laugh with him, although they may laugh at him—if they laugh at all—when they realize that they are overcharged $24,649,000 a year for their electric lights and power, compared with what they would pay under the T. V. A. rates.

Practically every human being in the State of Missouri who turns an electric switch is overcharged 100 percent, or more, for his electric lights and power; and there is no district in the State where the people are worse overcharged than the one from which Mr. SHORT comes. Almost the entire State of Missouri falls within 350 miles of one of these T. V. A. dams, which the Army engineers said was a reasonable distance.

Other Members of the House from that State have worked diligently to try to secure for the people of Missouri the cheap rates which the T. V. A. provides, but the gentleman from Missouri [Mr. SHORT], who is a member of the Committee on Military Affairs, has stood like Horatio at the gate and in effect has said to the T. V. A. yardstick, and incidentally to the yardstick influence, "You shall not pass. You shall not bring cheap electric light and power rates to the people of Missouri. They are slaves of the Power Trust and are going to remain in Power Trust bondage."

But, Mr. Speaker, I must not overlook perhaps the greatest hero of them all, the gentleman from Michigan [Mr. DONDERO]. He is the Moses in reverse, standing upon the heights of Mount Nebo at his home in Royal Oaks, Mich., glancing across into the promised land of cheap electricity, Ontario, Canada, and then attempting to lead his people in the

opposite direction. Royal Oaks is just across the border from Windsor, Canada, which is in the Province of Ontario. If the people of Michigan received their light and power at the Ontario rates they would save an average of $51,982,200 a year. Even under the T. V. A. rates they would save $39,798,400 a year.

Practically every human being in Michigan is overcharged 100 percent for every kilowatt-hour of electricity he uses. Yet the gentleman from Michigan [Mr. DONDERO] and the gentleman from Michigan [Mr. SHAFER] never lose an opportunity to attack and try to destroy the T. V. A. and the influence of its yardstick rates that have already forced reductions of light and power rates to the people of Michigan by more than $16,000,000 a year.

Instead of trying to help the people of Michigan get relief from these exorbitant overcharges they come here and attack the greatest agency this Government has ever devised for their relief and protection. This Administration has built more than 5,000 miles of rural power lines in the State of Michigan, lighting up thousands of farm homes that had never before received any electric power at all. But they are all compelled to pay twice what electricity is worth because of the exorbitant rates prevailing in Michigan.

It has been shown that power can be produced with coal at rates that would justify its distribution all over the State of Michigan at the T. V. A. yardstick rates. You can put Diesel engines in every city and every town of any size in Michigan and generate and distribute electricity at the T. V. A. yardstick rates, save the people of Michigan $40,000,000 a year on the present load, and pay for the entire investment in a few years. But instead of helping us to reduce those rates, every time the question arises in the House we are met with the opposition of the gentlemen from Michigan [Mr. DONDERO] and his colleague [Mr. SHAFER] and others who support them on that side of the House.

But one of the most unusual performances was the gentleman from Wisconsin [Mr. BOLES], who spoke in favor of this vicious amendment. He said he went "from one end of the Tennessee River to the other" and was unable to find any navigation at all. The gentleman from Wisconsin evidently missed the Tennessee River and wandered up Dry Creek. If any man who is so blind that he can go from one end of the Tennessee River to the other and not see any more than the gentleman from Wisconsin says he saw, it would be useless to try to convince him, especially in view of the fact that he says he lost more than his year's salary of $10,000 in a coal-mine investment in that area. No wonder that statement brought laughter from the Members of the House.

Wisconsin also adjoins Ontario, Canada, where, as I said, they have the cheapest light and power rates in America. If the people of Wisconsin received their electricity at the T. V. A. rates, they would save $21,935,000 a year; if they enjoyed the Ontario rates, they would save $27,489,000 a year. Instead of helping us to spread the influence of this yardstick and get rate reductions to the people of his own State, the gentleman from Wisconsin [Mr. BOLLES] does not seem to be able to forget the more than $10,000 he says he lost in a coal-mine deal in Tennessee and joins the opposition to try to destroy this yardstick, and his colleagues on that side of the House go with him, while the people of Wisconsin pay the bill in the form of overcharges for light and power amounting to $21,000,000 a year.

I want to remind him that this Administration has built more than 6,000 miles of rural power lines in the State of Wisconsin, electrifying thousands of farm homes that had never before received any electricity at all and probably would not have done so during the life of this generation if it had not been for the power policies of this Administration which he is now trying to destroy.

We are still striving to extend this rural electrification to reach everyone in that entire State and in every other State, and to bring their rates down to the T. V. A. yardstick eliminative levels. We realize that practically every human being in Wisconsin who turns an electric switch is paying an overcharge of 100 percent or more for his electric lights and power; and yet the gentleman from Wisconsin [Mr. BOLLES] joins the opposition in their flagrant attempt to block our progress and to destroy the T. V. A. yardstick which, as I said, is the greatest weapon ever devised for the protection of the overburdened light and power consumers throughout every section of the United States.

Mr. Chairman, everyone who votes for this House substitute will be voting against the interest of the power consumers of his own States as well as of the whole Nation. Everyone who votes against this House substitute and for the Senate bill will be voting for the protection of the consumers of electric energy in every State in this Union, and against the iniquitous attempts of the Power Trust to hamper the T. V. A. and to destroy its yardstick, which has done so much to reduce their light and power bills, and will do a great deal more, if undisturbed, in the years to come.

I hope the House will vote down the committee substitute and then pass the Norris bill just as it came from the Senate. [Applause.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Georgia [Mr. WHELCHEL].

The question was taken, and the amendment was rejected.

The CHAIRMAN. The question is on agreeing to the committee amendment to the Senate bill.

The question was taken; and on a division (demanded by Mr. SPARKMAN) there were—ayes 141, noes 98.

So the committee amendment was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. CLARK, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (S. 1796) to amend the Tennessee Valley Authority Act of 1933, pursuant to House Resolution 219, he reported the same back to the House with an amendment agreed to in Committee.

The SPEAKER. Under the rule, the previous question is ordered. The question is on agreeing to the committee amendment.

The question was taken; and on a division (demanded by Mr. MERRITT) there were—ayes 141, noes 135.

Mr. RANKIN. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 192, nays 167, answered "present" 2, not voting 70, as follows:

[Roll No. 93]

YEAS—192

Alexander	Crowther	Hope	May
Allen, Ill.	Culkin	Horton	Michener
Andersen, H. Carl	Curtis	Houston	Miller
Anderson, Calif.	Darden	Jarrett	Monkiewicz
Angell	Darrow	Jeffries	Moser
Arends	Dempsey	Jenkins, Ohio	Mott
Arnold	Dondero	Jenks, N. H.	Mundt
Ashbrook	Douglas	Jensen	Murray
Austin	Dowell	Johns	O'Brien
Ball	Drewry	Johnson, Ill.	O'Neal
Barnes	Durham	Johnson, Ind.	Osmers
Barton	Dworshak	Johnson, W. Va.	Parsons
Bates, Mass.	Eaton, Calif.	Jones, Ohio	Patton
Bell	Eaton, N. J.	Kean	Peterson, Ga.
Bender	Edmiston	Kee	Pittenger
Blackney	Engel	Keefe	Polk
Bland	Englebright	Kennedy, Md.	Powers
Boehne	Fenton	Kilday	Reed, Ill.
Bolles	Ferguson	Kinzer	Reed, N. Y.
Bolton	Ford, Leland M.	Kleberg	Rees, Kans.
Bradley, Mich.	Gamble	Kocialkowski	Rich
Brown, Ohio	Gerlach	Kunkel	Robertson
Bulwinkle	Gifford	Lambertson	Robsion, Ky.
Carlson	Gilchrist	Landis	Rockefeller
Carter	Gillie	Lanham	Rodgers, Pa.
Case, S. Dak.	Graham	LeCompte	Rogers, Mass.
Chiperfield	Griswold	Lewis, Ohio	Routzohn
Church	Gross	Luce	Rutherford
Clark	Gwynne	McAndrews	Ryan
Clason	Hall	McDowell	Sandager
Claypool	Halleck	McLaughlin	Satterfield
Clevenger	Hancock	McLean	Schaefer, Ill.
Cluett	Harness	McLeod	Schafer, Wis.
Coffee, Nebr.	Harter, N. Y.	McMillan, Thos. S.	Schiffler
Cole, Md.	Hawks	Mapes	Schuetz
Cole, N. Y.	Heinke	Marshall	Seccombe
Corbett	Hess	Martin, Ill.	Seger
Costello	Hinshaw	Martin, Iowa	Shafer, Mich.
Cox	Hoffman	Martin, Mass.	Short
Crawford	Holmes	Mason	Simpson

Smith, Maine	Taber	Vorys, Ohio	Williams, Del.
Smith, Ohio	Talle	Vreeland	Winter
Smith, Va.	Thill	Wadsworth	Wolcott
Springer	Thomas, N. J.	West	Wolfenden, Pa.
Stearns, N. H.	Thorkelson	Wheat	Wolverton, N. J.
Stefan	Tibbott	Whelchel	Woodruff, Mich.
Sumner, Ill.	Tinkham	White, Ohio	Woodrum, Va.
Sutphin	Van Zandt	Wigglesworth	Youngdahl

NAYS—167

Allen, La.	Elliott	Kennedy, Michael	Poage
Barden	Ellis	Kerr	Rabaut
Barry	Evans	Kirwan	Ramspeck
Bates, Ky.	Fay	Kitchens	Rankin
Beckworth	Fernandez	Kramer	Rayburn
Bloom	Flaherty	Larrabee	Reece, Tenn.
Boland	Flannagan	Lea	Richards
Boren	Flannery	Leavy	Rogers, Okla.
Bradley, Pa.	Folger	Lemke	Romjue
Brooks	Ford, Miss.	Lewis, Colo.	Sabath
Brown, Ga.	Ford, Thomas F.	Ludlow	Sacks
Bryson	Fries	McCormack	Sasscer
Buckler, Minn.	Garrett	McGehee	Schulte
Burgin	Gathings	McGranery	Schwert
Byrne, N. Y.	Gearhart	McKeough	Secrest
Byrns, Tenn.	Gehrmann	McMillan, John L.	Sheppard
Byron	Geyer, Calif.	Magnuson	Smith, Conn.
Cannon, Fla.	Gibbs	Maloney	South
Cannon, Mo.	Gore	Marcantonio	Sparkman
Cartwright	Gossett	Martin, Colo.	Spence
Celler	Grant, Ala.	Massingale	Starnes, Ala.
Chandler	Green	Merritt	Steagall
Chapman	Gregory	Mills, Ark.	Tarver
Cochran	Griffith	Mills, La.	Taylor, Tenn.
Coffee, Wash.	Hare	Mouton	Tenerowicz
Collins	Harrington	Murdock, Ariz.	Terry
Colmer	Hart	Murdock, Utah	Thomas, Tex.
Cooper	Harter, Ohio	Nelson	Thomason
Courtney	Havenner	Nichols	Vincent, Ky.
Creal	Healey	Norrell	Vinson, Ga.
Crosser	Hill	Norton	Voorhis, Calif.
Crowe	Hobbs	O'Connor	Wallgren
Cullen	Hook	O'Day	Walter
Cummings	Hull	O'Leary	Ward
D'Alesandro	Hunter	O'Toole	Warren
Dickstein	Izac	Owen	Weaver
Dingell	Jacobsen	Pace	Welch
Disney	Jarman	Patman	Whittington
Doughton	Johnson, Luther A.	Patrick	Williams, Mo.
Doxey	Johnson, Lyndon	Pearson	Wood
Duncan	Johnson, Okla.	Peterson, Fla.	Zimmerman
Dunn	Jones, Tex.	Pierce, Oreg.	

ANSWERED "PRESENT"—2

Burdick	Oliver

NOT VOTING—70

Allen, Pa.	Dirksen	Keogh	Scrugham
Anderson, Mo.	Ditter	Knutson	Shanley
Andresen, A. H.	Eberharter	Lesinski	Shannon
Andrews	Elston	McArdle	Sirovich
Beam	Faddis	McReynolds	Smith, Ill.
Boykin	Fish	Maas	Smith, Wash.
Brewster	Fitzpatrick	Maciejewski	Smith, W. Va.
Buck	Fulmer	Mahon	Snyder
Buckley, N. Y.	Gartner	Mansfield	Somers, N. Y.
Burch	Gavagan	Mitchell	Sullivan
Caldwell	Grant, Ind.	Monroney	Sumners, Tex.
Casey, Mass.	Guyer, Kans.	Myers	Sweeney
Connery	Hartley	Pfeifer	Taylor, Colo.
Cooley	Hendricks	Pierce, N. Y.	Tolan
Curley	Hennings	Plumley	Treadway
Delaney	Keller	Randolph	White, Idaho
DeRouen	Kelly	Risk	
Dies	Kennedy, Martin	Robinson, Utah	

So the committee amendment was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Dirksen (for) with Mr. Smith of Washington (against).
Mr. Pierce of New York (for) with Mr. Cooley (against).
Mr. Fish (for) with Mr. McReynolds (against).
Mr. Elston (for) with Mr. Mahon (against).
Mr. Andrews (for) with Mr. Fitzpatrick (against).
Mr. Ditter (for) with Mr. Burdick (against).
Mr. Hartley (for) with Mr. Keogh (against).
Mr. Treadway (for) with Mr. Oliver (against).
Mr. Gartner (for) with Mr. Martin J. Kennedy (against).
Mr. Knutson (for) with Mr. Pfeifer (against).
Mr. August H. Andresen (for) with Mr. Gavagan (against).
Mr. Grant of Indiana (for) with Mr. Delaney (against).
Mr. Guyer of Kansas (for) with Mr. Somers of New York (against).
Mr. Maas (for) with Mr. Sullivan (against).
Mr. Boykin (for) with Mr. Curley (against).

General pairs until further notice.

Mr. Mansfield with Mr. Brewster.
Mr. Fulmer with Mr. Plumley.
Mr. Caldwell with Mr. Risk.
Mr. Shanley with Mr. Faddis.
Mr. Keller with Mr. Randolph.
Mr. Myers with Mr. Snyder.
Mr. Eberharter with Mr. Scrugham.
Mr. Anderson of Missouri with Mr. Smith of Illinois.
Mr. Hennings with Mr. Mitchell.
Mr. Smith of West Virginia with Mr. McArdle.
Mr. Allen of Pennsylvania with Mr. Shannon.
Mr. Dies with Mr. Tolan.
Mr. Hendricks with Mr. Monroney.
Mr. Sumners of Texas with Mr. Casey of Massachusetts.
Mr. Beam with Mr. Connery.
Mr. Kelly with Mr. Sweeney.
Mr. Buckley of New York with Mr. Maciejewski.
Mr. DeRouen with Mr. Robinson of Utah.
Mr. Taylor of Colorado with Mr. Sirovich.
Mr. Lesinski with Mr. Buck.

Mr. BURDICK. Mr. Speaker, I voted "no" on this roll call. I have a pair with the gentleman from Pennsylvania, Mr. DITTER. Therefore I withdraw my vote of "no" and answer "present."

Mr. OLIVER. Mr. Speaker, I have a live pair with the gentleman from Massachusetts, Mr. TREADWAY, who is unavoidably detained at this time. I voted "no." Had Mr. TREADWAY been here he would have voted "yea." I withdraw my vote of "no" and answer "present."

The result of the vote was announced as above recorded.

The SPEAKER. The question now is on the third reading of the Senate bill.

The Senate bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate had passed without amendment a concurrent resolution of the House of the following title:

H. Con. Res. 28. Concurrent resolution authorizing the Committee on Appropriations of the House to have printed, with illustrations, 2,000 additional copies of the hearings held before a subcommittee of said committee, pursuant to the resolution (H. Res. 130) directing an investigation and study of the Works Progress Administration as a basis for legislation.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill H. R. 6260, entitled "An act making appropriations for the fiscal year ending June 30, 1940, for civil functions administered by the War Department, and for other purposes."

The message also announced that the Senate had passed a concurrent resolution of the following title, in which the concurrence of the House is requested:

S. Con. Res. 20. Concurrent resolution to pay the expenses incident to the reception of the King and Queen of Great Britain at the Capitol on June 9, 1939.

LOANS TO OFFICERS OF MEMBER BANKS

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill S. 1886, to extend to June 16, 1942, the period within which certain loans to executive officers of member banks of the Federal Reserve System may be renewed or extended, with Senate amendments thereto, disagree to the Senate amendments and agree to the conference asked by the Senate.

The SPEAKER. The gentleman from Alabama asks unanimous consent to take from the Speaker's table the bill S. 1886, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate. Is there objection?

There was no objection.

The Chair appointed the following conferees on the part of the House: Mr. STEAGALL, Mr. WILLIAMS of Missouri, Mr. SPENCE, Mr. WOLCOTT, and Mr. GIFFORD.

EXPENSES INCIDENT TO RECEPTION OF KING AND QUEEN OF GREAT BRITAIN

Mr. WARREN. Mr. Speaker, I ask unanimous consent for the immediate consideration of Senate Concurrent Resolution 20.

The Clerk read as follows:

Senate Concurrent Resolution 20

Resolved by the Senate (the House of Representatives concurring), That the expenses incurred by the joint committee appointed pursuant to Senate Concurrent Resolution 17, Seventy-sixth Congress, to arrange for the reception of Their Majesties the King and Queen of Great Britain in the rotunda of the Capitol on June 9, 1939, shall be paid one-half from the contingent fund of the Senate and one-half from the contingent fund of the House of Representatives upon vouchers approved by the chairman of the joint committee.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The Senate concurrent resolution was agreed to.

EXTENSION OF REMARKS

Mr. BOREN. Mr. Speaker, I ask unanimous consent to extend my own remarks and include an editorial from the Tulsa World.

The SPEAKER. Is there objection?

There was no objection.

GENERAL LEAVE TO EXTEND

Mr. MAY. Mr. Speaker, I ask unanimous consent that all Members of the House may have 5 legislative days in which to extend their own remarks on the bill (S. 1796) to amend the Tennessee Valley Authority Act of 1933.

The SPEAKER. Is there objection?

There was no objection.

FEDERAL FOOD, DRUG, AND COSMETIC ACT

Mr. LEA, from the Committee on Interstate and Foreign Commerce, submitted a conference report and statement on the bill (H. R. 5762) to provide for temporary postponement of the operations of certain provisions of the Federal Food, Drug, and Cosmetic Act, for printing under the rule.

EXTENSION OF REMARKS

Mr. THOMASON. Mr. Speaker, I ask unanimous consent to revise and extend my remarks.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. BOEHNE. Mr. Speaker, I ask unanimous consent to extend my own remarks and include excerpts from the CONGRESSIONAL RECORD.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. COLLINS. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on the editorial endorsement of the National Youth Administration.

The SPEAKER. Is there objection?

There was no objection.

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

FARM SECURITY PROGRAM MUST BE CONTINUED

Mr. JOHNSON of Oklahoma. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. JOHNSON of Oklahoma. Mr. Speaker, I arise at this late hour to call attention to an article appearing in the Washington Post for last Friday, June 9. This article states that it is reported that the appropriations subcommittee handling the emergency relief appropriation bill was considering a reduction of $40,000,000 in funds to be made available for the Farm Security Administration for the coming fiscal year. Since that time it has been rumored that a drastic and unreasonable reduction has actually been recommended by the subcommittee on appropriations. Just the exact amount of the proposed cut appears to be a deep, dark secret and will not be definitely known until tomorrow. But I feel from reports I have that a proposal of a drastic and uncalled-for slash may be on its way.

This reported action has caused me deep concern, because the sum recommended for the Farm Security Administration already has been cut by the Budget Bureau by about one-third below its appropriation for the current fiscal year, and a further drastic reduction would virtually wipe out its rehabilitation program.

It seems to me that this House could hardly make a more serious mistake, or practice a more disastrous kind of false economy. The Farm Security Administration is the only agency to which needy and destitute farm people can turn for help. It performs the same service for them which W. P. A. offers to the urban unemployed. No program of the Government has been more free from criticism of any kind, and I think that there can be no argument that the Farm Security Administration has been one of the most outstandingly successful achievements of the New Deal.

Members of Congress know that the Farm Security Administration has been seriously criticized. I might add that in my judgment much of the criticism has not been and cannot be justified. It is easy to criticize. Anyone can do that. It seems to be common practice, a popular pastime, of some Members to arise on this floor, and castigate and ridicule certain departments of Government. That was done when the farm tenant bill was before this body for consideration recently. Undoubtedly it will be done in the future. But it is one thing to criticize and ridicule, and it is another to do a constructive job. That is what the Farm Security is now doing. I make no apology for supporting the continuation of the great humane program of the Farm Security Administration. [Applause.]

This agency has set a record for economy and effectiveness which has not been surpassed by any organization in the Government.

It deserves the support of every man in this House who is interested in saving the taxpayer's money, because it is at least one agency of Government that is getting people off relief and back on their own feet. It is giving many distressed farmers, some of whom have faced actual want and starvation, a new lease on life. The Farm Security Administration has helped more than 750,000 families to escape from the relief rolls—and it has done it at an annual net cost of less than $75 per family, including all losses and administrative costs. This is far cheaper than any other kind of aid that has yet been devised by any agency, State or Federal.

This low cost of this great program has been possible because the Farm Security Administration's program is largely self-liquidating. Instead of carrying destitute families indefinitely on relief, F. S. A. makes them small loans, to buy the seed and tools and livestock they need to make themselves self-supporting on the land. Bear in mind, too, that these loans are available only to families which are such poor credit risks that they cannot borrow money on reasonable terms from any other source, public or private. About the only assets that most of these people had aside from several ill-clad and undernourished children, were character and honesty. Nevertheless, the Farm Security Administration has shown an amazingly high rate of repayments on its loans. It has advanced about $320,000,000, most of which will not fall due for 4 or 5 years. I am advised, however, that already $83,000,000 has been paid back into the Federal Treasury. Here is another statement that may surprise you. There is every prospect, so I am told, that at least 80 percent of all F. S. A. loans will be repaid, and most of the losses are the direct result of natural disasters, such as flood and drought. This, I submit, is a mighty fine record.

Another reason for the Farm Security Administration's excellent financial record is its consistent effort to cut administrative costs to an absolute minimum. During the last 3 years it has made a drastic reduction in its Washington pay roll, cutting it from a peak of 3,700 to about 800 persons engaged on the emergency program at the present time. This is a record that other departments, boards, and bureaus might well emulate. Its county supervisors constitute one of the poorest-paid groups in the entire Federal service, and I do not know of any group which has worked more energetically, enthusiastically, or efficiently.

Undoubtedly the best evidence of their success is the rapid and steady progress which has been made by F. S. A. bor-

rowers. These needy farm people have profited not only from their loans, but possibly more from the advice and guidance they have received in sound farming practices. Members may be surprised to know that on the average, these families have increased their net worth—over and above all debts—by more than 37 percent since they came on the F. S. A. program, adding millions of dollars of purchasing power to the wealth of their communities. They have tripled their production of food for home consumption, and a majority of such families have made a marked improvement in diet and living standards. Most important of all, they are becoming productive, self-supporting citizens.

In the Sixth Congressional District of Oklahoma, which I have the honor to represent, 2,838 needy and low-income families have received aid from the Farm Security Administration in the last 4 years. Loans averaging about $440 each have been all these people needed to put them back on the road to independence; and already they have paid back more than $334,000 of the money they borrowed, although a large share of it has not yet fallen due. At this time the southwestern section of Oklahoma is in the throes of a terrible drought. In certain sections small grain crops will not be cut or harvested. A serious and drastic cut in this far-reaching program would be a tragedy so far as thousands of needy farm families are concerned. Moreover, with the help of F. S. A. farm specialists, the average borrower in the district I represent has more than doubled his net worth, increasing his unencumbered assets by more than $400, or nearly as much as his total loan. That means that considerably more than $500,000 of new wealth has been created in my part of Oklahoma by people who were hanging on the borderline of relief just a few years ago.

In addition to its rehabilitation loans, the Farm Security Administration has helped nearly 500 debt-burdened farmers in my district to work out friendly, voluntary adjustments of their obligations with their creditors. As a result, their debts have been scaled down by about $350,000, or 21 percent, and many families have been rescued from bankruptcy at little or no cost to the Government. Moreover, a total of $43,741 in back taxes has been paid to our local governmental agencies as a direct result of this debt-adjustment work.

In Oklahoma alone more than 6,000 farm families which were eligible and in urgent need of F. S. A. loans had to be turned away last year because the agency simply did not have the money to help them. In the Nation as a whole, I understand that there are nearly 400,000 such cases.

If we continue to refuse help to these people, most of them will be forced to drift into the cities in search of some kind of relief. It seems obvious to me that the sensible, practical, and economic thing would be to help these folks get a new foothold on the land, where they can become self-supporting, rather than to add them to the already overwhelming burden on the relief rolls. We know it can be done—and at very small cost to the Government—because the rehabilitation program has proved its success over a 4-year period.

In conclusion, Mr. Speaker, let me remind Members that the money which the President has requested for the rehabilitation program is not an outright expenditure, like most relief funds, but an investment, since most of it will be repaid into the Federal Treasury. Moreover, it is one of the most profitable investments this country could possibly make, because it relieves the pressure on W. P. A. and the other relief agencies. May I express the hope that the Congress will not make the serious mistake of reducing this appropriation below the sum requested by the President.

EXTENSION OF REMARKS

Mr. MASON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a statement by Howard A. Seitz before the Committee on Immigration and Naturalization.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. CANNON of Missouri. Mr. Speaker, I ask unanimous consent to extend my own remarks and include a statement by Colonel Harrington, of the P. W. A., made before the committee this morning, and include two extra pages.

The SPEAKER. Is there objection?

There was no objection.

Mr. MURRAY. Mr. Speaker, I ask unanimous consent to extend my own remarks and include therein a letter and resolution of the International Brotherhood of Paper Makers.

The SPEAKER. Is there objection?

There was no objection.

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include my remarks made before a Senate committee.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. Under special order of the House heretofore made, the gentleman from Michigan [Mr. HOFFMAN] is recognized for 30 minutes.

THE FILIBUSTER BY THE NATIONAL LABOR RELATIONS BOARD

Mr. HOFFMAN. Mr. Speaker, one of the neatest and most effective filibusters ever put on at the Nation's Capital is now being conducted by members of the National Labor Relations Board, appearing before the committees which have under consideration the amendment of the National Labor Relations Act.

Although more than 70 percent of the people have declared and are demanding that Congress should amend this law, which is so unjust that it has added greatly to our unemployment problem, Congress pusillanimously—and I use that word advisedly because recently the Speaker ruled that it was proper language to describe the action of one of the great committees of the House—sits here day after day, week after week, and refuses to yield to the people's demands.

The position of the Board is readily understood, for it is quite evident that, if the act be amended, the jobs of at least some of those now employed in administering the act will come to an end, and the longer the Board and its members can delay the amendment of the law, the more assured are they of their present positions.

Again, the result of the filibuster is in the interests of John L. Lewis and his C. I. O., and it is gradually but very effectively injuring the A. F. of L.

As long as this law can be retained in its present form, the C. I. O. and its affiliates can continue their organizing drives, assured that by delay and by the interpretations given the act by the Board, their efforts have greater prospect of success. In fact, this act as administered has enabled the C. I. O. and its affiliates to force into its ranks thousands upon thousands of dues-paying members who have, by the action of the C. I. O. and unhindered by the Board, been deprived of their civil liberties.

The committees considering the amendment of the Wagner Act meet but 3 or 4 days each week. They are not to be criticized for this, for their duties are arduous. But it is very evident to one who has watched the activities of the Board and of the committees that there is little, if any, prospect that the House will be permitted to consider the amendment of this act.

The remaining time of this session of Congress is very short. They have heard a few witnesses, chiefly Members of Congress who have offered amendments. Many other witnesses have been present and ready to testify. There have been among them employers, labor groups who have thought themselves victims of injustices, and representatives of farm groups who fear an upset of their labor situations in addition to the difficulties they are already facing.

But most of these witnesses have had no opportunity to testify. The reason for this is the fact that the committees had hardly got going when Chairman Madden, of the Labor Board, presented himself and asked to be heard. Mr. Madden wanted to take up in detail every amendment that had been proposed. He did this with vast deliberation. He allowed himself to drift far afield in his dissertations. He presented two briefs, each of some 60 pages. He insisted on reading these in detail and encouraged discussions whenever possible. He occupied the time of the committees day after day, week after week.

No sooner had Mr. Madden finished than Mr. Fahy, chief counsel of the Board, appeared. He, too, had a brief that

he wanted to present. It was more than 100 pages in length. It went over the same ground that had been covered by Mr. Madden. He read from it day after day. He encouraged questions and discussion. He proceeded with the utmost deliberation. In the House committee, Madam Chairman NORTON called Mr. Fahy's attention to the passing of time, emphasized the fact that the session was drawing toward a close, suggested that the counsel file the remainder of his brief and assured him that the members of the committee would give it the utmost consideration. She got nowhere with Mr. Fahy. He begged to be given more time, gave assurance of hurrying along and promised to skip certain portions of his brief. But days passed and he continued to read and indulge in long-winded digressions. When, finally, he closed, he asked permission to answer every future witness produced.

Very little of the important evidence that should be heard by these committees is finding a way into the record. There is little chance that it will. The public will not be given the facts upon which to base judgment. A compact, well-organized and skillful filibuster on the part of the Labor Board is making this impossible.

And this filibuster is being conducted by Board members on Government time. Further, these are the same Board members who have delayed decisions in some cases for 1 or 2 years or more, on the theory that they are so burdened with work that they cannot get it done.

What they fail to realize is that their filibustering tactics are apparent to all Members of Congress. A back-to-work movement for Board members is badly needed. [Applause.]

ENROLLED JOINT RESOLUTION SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a joint resolution of the House of the following title, which was thereupon signed by the Speaker:

H. J. Res. 322. Joint resolution making an additional appropriation for the control of outbreaks of insect pests.

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 2154. An act to modify the provisions of section 14 of the act of June 30, 1834, and section 10 of the act of June 22, 1874, relating to the Indians.

JOINT RESOLUTION PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, a joint resolution of the House of the following title:

H. J. Res. 322. Joint resolution making an additional appropriation for the control of outbreaks of insect pests.

ADJOURNMENT

Mr. RAYBURN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 26 minutes p. m.) the House adjourned until tomorrow, Wednesday, June 14, 1939, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON THE JUDICIARY

On Wednesday, June 14, 1939, beginning at 10 a. m., there will be continued a public hearing before the Committee on the Judiciary on the bill (H. R. 6369) to amend the act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory thereof and supplemental thereto; to create a Railroad Reorganization Court; and for other purposes.

There will be continued a public hearing before Subcommittee No. 3 of the Committee on the Judiciary on Wednesday, June 21, 1939, at 10 a. m., on the bill (H. R. 2318) to divorce the business of production, refining, and transporting of petroleum products from that of marketing petroleum products. Room 346, House Office Building.

COMMITTEE ON MERCHANT MARINE AND FISHERIES

The Committee on Merchant Marine and Fisheries will hold public hearings in room 219, House Office Building, at 10 a. m., on the bills and dates listed below:

On Thursday, June 15, 1939, on House Joint Resolution 194, investigate conditions pertaining to lascar seaman (SIROVICH).

On Friday, June 16, 1939, on H. R. 5611, district commanders' bill (U. S. Coast Guard).

On Tuesday, June 20, 1939, on H. R. 4307 (committee print), to extend the provisions of the Shipping Act, 1916, and the Intercoastal Shipping Act, 1933, to all common carriers by water in interstate commerce, and for other purposes.

COMMITTEE ON IMMIGRATION AND NATURALIZATION

There will be a meeting of the Committee on Immigration and Naturalization in room 445, House Office Building, at 10:30 a. m. Wednesday, June 14, 1939, for the consideration of H. R. 5838 (KRAMER) and unfinished business.

COMMITTEE ON IRRIGATION AND RECLAMATION

There will be a meeting of the Committee on Irrigation and Reclamation, at 10 a. m. Thursday, June 15, 1939, for the consideration of H. R. 6773.

COMMITTEE ON FOREIGN AFFAIRS

There will be a meeting of the Committee on Foreign Affairs, in the committee rooms, the Capitol, at 10 a. m. Thursday, June 15, 1939, for the consideration of H. R. 5690, "Explorations of Francisco Vasquez de Coronado"; House Joint Resolution 291, "International Exhibition of Polar Exploration"; House Joint Resolution 315, "Claims of American nationals against the Government of the Union of Soviet Socialist Republics"; and House Joint Resolution 320, "International Statistical Institute."

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

845. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated June 3, 1939, submitting a report, together with accompanying papers and an illustration, on reexamination of Silver Lake Harbor, N. C., requested by resolution of the Committee on Rivers and Harbors, House of Representatives, adopted March 17, 1939 (H. Doc. No. 325); to the Committee on Rivers and Harbors and ordered to be printed, with an illustration.

846. A letter from the secretary, General Anthony Wayne Memorial Commission, transmitting a report of the reorganization meeting of the General Anthony Wayne Commission held Wednesday, May 17, 1939; to the Committee on the Library.

847. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated May 25, 1939, submitting a report, together with accompanying papers and an illustration, on reexamination of Back Bay of Biloxi and Bayou Bernard, up to the town of Handsboro, Miss., requested by resolution of the Committee on Rivers and Harbors, House of Representatives, adopted December 8, 1937 (H. Doc. No. 326); to the Committee on Rivers and Harbors and ordered to be printed, with an illustration.

848. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated May 25, 1939, submitting a report, together with accompanying papers and an illustration, on reexamination of Intracoastal Waterway from Cape Fear River, N. C., to St. Johns River, Fla., with a view to constructing an anchorage basin at or near Myrtle Beach, requested by resolution of the Committee on Rivers and Harbors, House of Representatives, adopted April 12, 1938 (H. Doc. No. 327); to the Committee on Rivers and Harbors and ordered to be printed, with an illustration.

849. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated May 25, 1939, submitting a report, together with accompanying papers and an illustration, on reexamination of Sandusky Harbor, Ohio, requested by resolution of the Committee on Rivers and Harbors, House of Representatives, adopted January 24, 1939 (H. Doc. No. 328); to the Committee on Rivers and Harbors and ordered to be printed, with an illustration.

850. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated May 25, 1939, submitting a report, together with accompanying papers and illustrations, on a preliminary examination and survey of Keehi Lagoon, Honolulu, for a seaplane harbor, authorized by the River and Harbor Act approved August 26, 1937 (H. Doc. No. 329); to the Committee on Rivers and Harbors and ordered to be printed, with two illustrations.

851. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated May 25, 1939, submitting a report, together with accompanying papers and illustrations, on a preliminary examination and survey of Indian River, Del., authorized by the River and Harbor Act approved June 20, 1938 (H. Doc. No. 330); to the Committee on Rivers and Harbors and ordered to be printed, with two illustrations.

852. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated May 25, 1939, submitting a report, together with accompanying papers and an illustration, on reexamination of Sitka Harbor, Alaska, requested by resolution of the Committee on Rivers and Harbors, House of Representatives, adopted September 26, 1938 (H. Doc. No. 331); to the Committee on Rivers and Harbors and ordered to be printed, with an illustration.

853. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated May 25, 1939, submitting a report, together with accompanying papers and an illustration, on reexamination of Kodiak Harbor, Alaska, requested by resolution of the Committee on Rivers and Harbors, House of Representatives, adopted January 24, 1939 (H. Doc. No. 332); to the Committee on Rivers and Harbors and ordered to be printed, with an illustration.

854. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated May 25, 1939, submitting a report, together with accompanying papers and an illustration, on reexamination of Dauphin Island Bay and Channel connecting Dauphin Island Bay with Mobile Bay, requested by resolution of the Committee on Rivers and Harbors, House of Representatives, adopted November 23, 1937 (H. Doc. No. 333); to the Committee on Rivers and Harbors and ordered to be printed, with an illustration.

855. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated May 25, 1939, submitting a report, together with accompanying papers and an illustration, on reexamination of Beaufort Harbor, N. C., requested by resolution of the Committee on Rivers and Harbors, House of Representatives, adopted March 16, 1939 (H. Doc. No. 334); to the Committee on Rivers and Harbors and ordered to be printed, with an illustration.

856. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated May 25, 1939, submitting a report, together with accompanying papers and an illustration, on reexamination of Brazos Island Harbor, Tex., requested by resolution of the Committee on Rivers and Harbors, House of Representatives, adopted January 24, 1939 (H. Doc. No. 335); to the Committee on Rivers and Harbors and ordered to be printed, with an illustration.

857. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated May 25, 1939, submitting a report, together with accompanying papers and an illustration, on a preliminary examination and survey of channel from main channel of the Intracoastal Waterway to the mainland at Sebastian, Fla., authorized by the River and Harbor Act approved August 26, 1937 (H. Doc. No. 336); to the Committee on Rivers and Harbors and ordered to be printed, with an illustration.

858. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated May 25, 1939, submitting a report, together with accompanying papers and illustrations, on reexamination of Chocolate Bayou, Bastrop Bayou, and Oyster Creek, Tex., requested by resolutions of the Committee on Rivers and Harbors, House of Representatives, adopted March 2, 1939 (H. Doc. No. 337); to the Committee on Rivers and Harbors and ordered to be printed, with three illustrations.

859. A letter from the Acting Secretary of the Interior, transmitting the draft of a proposed resolution to approve the action of the Secretary of the Interior in deferring the collection of certain irrigation charges against lands under the Blackfeet Indian irrigation project; to the Committee on Indian Affairs.

860. A letter from the president of the Board of Commissioners, District of Columbia, transmitting the draft of proposed legislation authorizing the Commissioners of the District of Columbia to settle claims and suits of the District of Columbia; to the Committee on the District of Columbia.

861. A letter from the Comptroller General of the United States, transmitting a report and recommendation to the Congress concerning the claim of Edith Easton and Alma E. Gates against the United States; to the Committee on Claims.

862. A letter from the Acting Secretary of the Treasury, transmitting the draft of a bill to authorize the construction of new buildings for the Navy Department in the District of Columbia; to the Committee on Public Buildings and Grounds.

863. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the Department of the Interior for the fiscal year 1939 in the amount of $2,000, together with drafts of proposed provisions pertaining to existing appropriations (H. Doc. No. 338); to the Committee on Appropriations and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. JARMAN: Committee on Printing. House Concurrent Resolution 28. Concurrent resolution authorizing the Committee on Appropriations of the House to have printed, with illustrations, 2,000 additional copies of the hearings held before a subcommittee of said committee, pursuant to the resolution (H. Res. 130) directing an investigation and study of the Works Progress Administration as a basis for legislation (Rept. No. 827). Ordered to be printed.

Mr. BLAND: Committee on Merchant Marine and Fisheries. H. R. 6039. A bill to amend laws for preventing collisions of vessels, to regulate equipment of certain motorboats on the navigable waters of the United States, and for other purposes; with amendment (Rept. No. 828). Referred to the Committee of the Whole House on the state of the Union.

Mr. POAGE: Committee on Immigration and Naturalization. H. R. 6724. A bill to provide for the prompt deportation of aliens engaging in espionage or sabotage, alien criminals, and other undesirable aliens; without amendment (Rept. No. 829). Referred to the Committee of the Whole House on the state of the Union.

Mr. KRAMER: Committee on Immigration and Naturalization. H. R. 6381. A bill for the admission to citizenship of aliens who came into this country prior to February 5, 1917; without amendment (Rept. No. 830). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. CROWE:

H. R. 6809. A bill to authorize waiver by the President of local cooperation as to 50 percent of costs of lands, easements, and rights-of-way for any levee or floodwall project; to the Committee on Flood Control.

By Mr. VINSON of Georgia:

H. R. 6810. A bill prescribing procedure to be followed in case the Secretary of the Navy receives but one proposal for the construction of a ship or ships; to the Committee on Naval Affairs.

By Mr. DINGELL:

H. R. 6811. A bill providing for the promotion of employees in the Customs field service; to the Committee on Ways and Means.

By Mr. KITCHENS:

H. R. 6812. A bill to prevent fraudulent insurance schemes, contracts, and practices, and use of mails in furtherance thereof and violation of State insurance laws; to the Committee on the Post Office and Post Roads.

By Mr. WEAVER:

H. R. 6813. A bill to accept the cession by the States of North Carolina and Tennessee of exclusive jurisdiction over the lands embraced within the Great Smoky Mountains National Park, and for other purposes; to the Committee on the Public Lands.

By Mr. AUSTIN:

H. R. 6814. A bill to amend section 186 of the Criminal Code, as amended; to the Committee on the Post Office and Post Roads.

By Mr. SMITH of Washington:

H. J. Res. 325. Joint resolution to provide for negotiations with the Government of Canada to arrange a modification of the trade agreement entered into November 17, 1938; to the Committee on Ways and Means.

By Mr. TAYLOR of Colorado:

H. J. Res. 326. Joint resolution making appropriations for work relief, relief, and to increase employment by providing loans and grants for public-works projects, for the fiscal year ending June 30, 1940; to the Committee on Appropriations.

By Mr. LEMKE:

H. Res. 221. Resolution to make House Joint Resolution 137, a joint resolution to provide for staying foreclosure by Government and Government-controlled institutions holding mortgages on farms and homes for a period of 2 years, a special order of business; to the Committee on Rules.

H. Res. 222. Resolution to make H. R. 3370, a bill to provide for liquidating and refinancing of existing mortgages on homes in cities and towns, a special order of business; to the Committee on Rules.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the Territory of Hawaii, memorializing the President and the Congress of the United States to consider their Act 214, in its regular session of 1939, with reference to granting franchise for the manufacture, maintenance, distribution, and supply of electric current for light and power; to the Committee on the Territories.

Also, memorial of the Legislature of the State of California, memorializing the President and the Congress of the United States to consider their Senate Joint Resolutions Nos. 19 and 23, with reference to constructing a breakwater and port of refuge at Pillar Point, San Mateo County, and for the control of the mud flow of Mount Shasta; to the Committee on Rivers and Harbors.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BARRY:

H. R. 6815. A bill for the relief of Mary R. Condit; to the Committee on Claims.

By Mr. GORE:

H. R. 6816. A bill granting a pension to Lettie N. Cooper; to the Committee on Invalid Pensions.

By Mr. HEALEY:

H. R. 6817. A bill for the relief of Elesseos Antonion; to the Committee on Military Affairs.

By Mr. KENNEDY of Maryland:

H. R. 6818. A bill for the relief of Mary Pierce and John K. Quackenbush; to the Committee on Claims.

H. R. 6819. A bill for the payment of claims of the Fidelity Trust Co. of Baltimore, Md., and others; to the Committee on Claims.

By Mr. KING:

H. R. 6820. A bill for the relief of Mrs. Hama Torii Emerson; to the Committee on Immigration and Naturalization.

By Mr. LEAVY:

H. R. 6821. A bill for the relief of Mary Boyd; to the Committee on Claims.

By Mr. McGEHEE:

H. R. 6822. A bill for the relief of Eliza Warren; to the Committee on Claims.

By Mr. RUTHERFORD:

H. R. 6823. A bill for the relief of Wilson A. Kramer; to the Committee on Military Affairs.

By Mr. SECREST:

H. R. 6824. A bill granting a pension to Laura McBride; to the Committee on Invalid Pensions.

By Mr. SEGER:

H. R. 6825. A bill for the relief of Mary Nouhan; to the Committee on Immigration and Naturalization.

By Mr. SPRINGER:

H. R. 6826. A bill granting a pension to Bessie Thorpe; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3703. By Mr. ASHBROOK: Petition of B. F. Koons, of Columbus, Ohio, and 30 others, endorsing House bill 5620, the General Welfare Act; to the Committee on Ways and Means.

3704. Also, petition of Elmer Foster, of Pleasant Valley, Ohio, and 30 others, endorsing House bill 5620, the General Welfare Act; to the Committee on Ways and Means.

3705. Also, petition of Eleanor A. Atha, of Newark, Ohio, and 30 others, endorsing House bill 5620, the General Welfare Act; to the Committee on Ways and Means.

3706. By Mr. BOLTON: Ten petitions of citizens of Ohio, urging favorable action on House bill 5620, the General Welfare Act; to the Committee on Ways and Means.

3707. By Mr. CURLEY: Petition of the New York County Lawyers Association, New York City, recommending the approval of House bill 4988, in relation to the liability of common carriers by railroads to their employees in certain cases; to the Committee on Interstate and Foreign Commerce.

3708. Also, petition of the New York County Lawyers Association, New York City, recommending approval of Senate bill 2245 and House bill 6051, which seek to prohibit the use of the mails for the solicitation of the procurement of divorces in foreign countries; to the Committee on the Judiciary.

3709. By Mr. HARRINGTON: Petition of the Methodist Ladies Society of Spencer, Iowa, signed by various citizens of Spencer, Iowa; also by citizens of Odebolt, Iowa, favoring support of such legislation as will intelligently and deliberately withold our economic resources and war materials from

Japan's aggression in China, and other aggressor nations; to the Committee on Foreign Affairs.

3710. Also, petitions of Clara Scherner, John A. Schultz, Mrs. John H. Kemp, and Ole Finseth Woodbury and home, of Sioux City; also J. L. Larson, of Ute, all of the State of Iowa, favoring enactment of the improved General Welfare Act, thus relieving the suffering of our needy citizens over 60 years of age and providing prosperity for America and security for all at 60; to the Committee on Ways and Means.

3711. By Mr. HART: Petition of Local No. 16 of the Industrial Union of Marine and Shipbuilding Workers of America, urging an amendment to the Sherman Act to exclude labor organizations from any penalties included therein; to the Committee on the Judiciary.

3712. Also, petition of the Grand Lodge of the State of New Jersey, Order Sons of Italy in America, Newark, N. J., respecting neutrality legislation; to the Committee on Foreign Affairs.

3713. By Mr. HEALEY: Memorial of the General Court of Massachusetts, memorializing Congress in favor of the continuation of Works Progress Administration projects; to the Committee on Appropriations.

3714. By Mr. HINSHAW: Petition of Christine Little, of Pasadena, Calif., and 30 other residents of that city, urging the enactment of House bill 5620, the General Welfare Act; to the Committee on Ways and Means.

3715. By Mr. MARTIN J. KENNEDY: Petition of the New York Pharmaceutical Council, New York City, urging support of House bill 3838, the fair-trade bill for the District of Columbia; to the Committee on the District of Columbia.

3716. Also, petition of the United Federal Workers of America, Local No. 90, New York City, urging support of House bill 960, the Ramspeck bill; to the Committee on the Civil Service.

3717. By Mr. MICHAEL J. KENNEDY: Memorial of the Furriers Joint Council of New York, Locals 101, 105, 110, and 115, urging passage of the Casey bill; to the Committee on Appropriations.

3718. Also, memorial of W. P. A. Teachers Union, Local 453, of the American Federation of Teachers, protesting against the curtailment of adult education by the closing of various W. P. A. educational centers in New York City; to the Committee on Ways and Means.

3719. By Mr. KEOGH: Petition of the National League of District Postmasters of the United States, Washington, D. C., endorsing House bill 2209; to the Committee on the Post Office and Post Roads.

3720. Also, petition of the American Forestry Association, Washington, D. C., opposing the amended bill (H. R. 3794), for the establishment of the Kings Canyon Wilderness National Park; to the Committee on the Public Lands.

3721. Also, petition of the Newtown Creek Towing Co., New York City, opposing the Lea bill to regulate water transportation; to the Committee on Interstate and Foreign Commerce.

3722. Also, petition of the Atlantic States Shippers Advisory Board, New York City, opposing House bills 4862, 2531, 4307, and 9635 and ratification of the St. Lawrence Waterway treaty; to the Committee on Interstate and Foreign Commerce.

3723. Also, petition of the National Parks Association, Washington, D. C., concerning the Kings Canyon Wilderness National Park and dams and reservoirs; to the Committee on the Public Lands.

3724. Also, petition of Sika, Inc., New York City, concerning the Starnes bill for continuance of Public Works Administration; to the Committee on Appropriations.

3725. Also, petition of the Merchants' Association of New York, concerning Federal tax laws; to the Committee on Ways and Means.

3726. By Mr. McLAUGHLIN: Memorial of the Legislature of Nebraska, fifty-third session, legislative resolution No. 39, memorializing the Honorable F. F. Hill, Governor of the Farm Credit Administration, to defer payments on principal and interest on defaulted Federal land bank and land bank commissioner loans as to deserving farmers of the State of Nebraska; to the Committee on Agriculture.

3727. By Mr. PFEIFER: Petition of the Merchants' Association of New York, concerning revision of the Federal tax laws; to the Committee on Ways and Means.

3728. Also, petition of the National Parks Association, Washington, D. C., opposing House bill 3794, the amended Kings Canyon National Park bill; to the Committee on the Public Lands.

3729. Also, petition of the American Forestry Association, Washington, D. C., opposing House bill 3794, the amended Kings Canyon Wilderness National Park bill; to the Committee on the Public Lands.

3730. Also, petition of the Newtown Creek Towing Co., New York City, opposing the Lea bill to regulate water transportation; to the Committee on Interstate and Foreign Commerce.

3731. Also, petition of Sika, Inc., New York City, urging support and passage of the Starnes bill for the continuance of Works Progress Administration; to the Committee on Appropriations.

3732. Also, petition of the National League of District Postmasters in the United States, Washington, D. C., favoring consideration and passage of House bill 2209; to the Committee on the Post Office and Post Roads.

3733. By Mr. ROUTZOHN: Petition of 160 residents of the Third Congressional District of Ohio, requesting the Seventy-sixth Congress to enact the General Welfare Act (H. R. 5620, amended H. R. 11); to the Committee on Ways and Means.

3734. By Mr. SECCOMBE: Petition circulated by Mr. and Mrs. John Maschkevitz, Charles L. Walker, C. E. Taylor, William Shontz, Clara E. Roush, B. C. Sharrack, John B. Mulr, Mrs. Charles E. Oberle, Maude M. Gribble, Joseph M. Griffin, Mrs. F. R. Hall, C. W. Farger, J. E. Bailey, Carrie Clark, Sarah Culler, and Howard Downs, all of Canton, Ohio, and signed by approximately 5,000 residents of Canton, urging the enactment by Congress of the General Welfare Act (H. R. 5620, formerly H. R. 11); to the Committee on Ways and Means.

3735. By Mr. TINKHAM: Resolutions memorializing Congress in favor of the granting of full United States citizenship to aliens who served in the Military or Naval Establishments of the United States during the World War and were honorably discharged from such service; to the Committee on Immigration and Naturalization.

3736. By the SPEAKER: Petition of the Hamakua Civic Club, Honokaa, Hawaii, petitioning consideration of their resolution with reference to a bill which provides for the reapportionment of the membership of the House of Representatives of the Legislature of Hawaii, introduced in the Congress of the United States by Hon. SAMUEL WILDER KING; to the Committee on the Territories.

3737. Also, petition of the Workers' Alliance, Local W. 483, San Francisco, Calif., petitioning consideration of their resolution with reference to Works Progress Administration Deficiency Act, a clause barring noncitizens from Works Progress Administration employment; to the Committee on Ways and Means.

3738. Also, petition of Charles Bruggman, of San Francisco, Calif., petitioning consideration of their resolution with reference to House Joint Resolution 266, the Works Progress Administration appropriation; to the Committee on Appropriations.

3739. Also, petition of the General Federation of Women's Clubs, Nevada City, Calif., petitioning consideration of their resolution with reference to national parks; to the Committee on the Public Lands.

HOUSE OF REPRESENTATIVES

WEDNESDAY, JUNE 14, 1939

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

We are devoutly grateful, our blessed Heavenly Father, that the eternal God is our dwelling place and that we cannot fall out of the everlasting arms. We rejoice that in a universe of change Thy love abides even when the daylight trembles into shade. O God of the nations, we are reminded today of our national ensign. It speaks of lofty sentiments, of high emotions, and of patriotic devotion. It gathers up in its glorious folds the wealth and the fullness of a nation's life. We pray that no peril may ever shadow it as it floats over land and sea. All that is true and dear to the American heart is symbolized in this memorable emblem. With its stars of light, with its bars of white, and with the red of our Nation's sacrifice may it wave on and on over a happy, prosperous, and God-fearing people. Unto Thee be eternal praise. Through Jesus Christ our Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Frazier, its legislative clerk, announced that the Senate had passed without amendment bills and a joint resolution of the House of the following titles:

H. R. 162. An act to make effective in the district court for the Territory of Hawaii rules promulgated by the Supreme Court of the United States governing pleading, practice, and procedure in the district courts of the United States;

H. R. 312. An act for the relief of Roland P. Winstead;

H. R. 805. An act to extend further time for naturalization to alien veterans of the World War under the act approved May 25, 1932 (47 Stat. 165), to extend the same privileges to certain veterans of countries allied with the United States during the World War, and for other purposes;

H. R. 1363. An act for the relief of George Houston;

H. R. 2058. An act for the relief of Jessie Denning Van Eimeren, A. C. Van Eimeren, and Clara Adolph;

H. R. 2179. An act to ratify and confirm certain interest rates on loans made from the revolving fund authorized by section 6 of the Agricultural Marketing Act, approved June 15, 1929 (46 Stat. 11), and for other purposes;

H. R. 2200. An act to dispense with particular allegations as to renunciation of allegiance in petitions for naturalization and in the oath of renunciation of foreign allegiance, by omitting the name of "the prince, potentate, state, or sovereignty" of which the petitioner for naturalization is a subject or citizen;

H. R. 2251. An act for the relief of Russell Anderegg, a minor, and George W. Anderegg;

H. R. 2478. An act for the relief of the Wisconsin Milling Co. and Wisconsin Telephone Co.;

H. R. 2583. An act for the relief of A. W. Evans;

H. R. 2695. An act for the relief of Kenneth B. Clark;

H. R. 3065. An act to amend Public Law No. 370, Seventy-fourth Congress, approved August 27, 1935 (49 Stat. 906);

H. R. 3077. An act for the relief of Adam Casper;

H. R. 3132. An act to authorize the disposal of cemetery lots;

H. R. 3367. An act to define the status of certain lands purchased for the Choctaw Indians, Mississippi;

H. R. 4084. An act to provide for the reimbursement of certain personnel or former personnel of the United States Navy and United States Marine Corps for the value of personal effects destroyed as a result of a fire at the Marine Barracks, Quantico, Va., on October 27, 1938;

H. R. 4745. An act relating to benefit assessments from condemnation proceedings for the opening, extension, widening, or straightening of alleys or minor streets;

H. R. 4940. An act to authorize the furnishing of steam from the central heating plant to the District of Columbia;

H. R. 5066. An act to amend the act entitled "An act to regulate proceedings in adoption in the District of Columbia," approved August 25, 1937;

H. R. 5436. An act to authorize the grant of a sewer right-of-way and operation of sewage-treatment plant on the Fort Niagara Military Reservation, N. Y., by the village of Youngstown, N. Y.;

H. R. 5474. An act to amend the Railroad Unemployment Insurance Act, approved June 25, 1938;

H. R. 5488. An act to provide for the widening of Wisconsin Avenue in the District of Columbia, and for other purposes;

H. R. 5680. An act to amend section 1 of the act entitled "An act to authorize the Philadelphia, Baltimore & Washington Railroad Co. to extend its present track connection with the United States navy yard so as to provide adequate railroad facilities in connection with the development of Buzzards Point as an industrial area in the District of Columbia, and for other purposes," approved June 18, 1932 (Public, No. 187, 72d Cong.);

H. R. 5801. An act to grant permission for the construction, maintenance, and use of a certain underground conduit for electrical lines in the District of Columbia;

H. R. 5933. An act for the relief of Frances Virginia McCloud;

H. R. 5934. An act for the relief of W. Elisabeth Beitz;

H. R. 5935. An act for the relief of Charlotte J. Gilbert;

H. R. 5966. An act to establish a Coast Guard Reserve to be composed of owners of motorboats and yachts;

H. R. 5987. An act to amend the District of Columbia Traffic Act of 1925 (43 Stat. 1119); and

H. J. Res. 180. Joint resolution to provide that the United States extend to foreign governments invitations to participate in the Seventh International Congress for the Rheumatic Diseases to be held in the United States during the calendar year 1940, and to authorize an appropriation to assist in meeting the expenses of the session.

The message also announced that the Senate had passed, with amendments, in which the concurrence of the House is requested, bills of the House of the following titles:

H. R. 2346. An act for the relief of Virgil Kuehl, a minor;

H. R. 5144. An act to authorize the board of directors of the Columbia Institution for the Deaf to dedicate a portion of Mount Olivet Road NE., and to exchange certain lands with the Secretary of the Interior, to dispose of other lands, and for other purposes; and

H. R. 5722. An act for the relief of Evelyn Gurley-Kane.

The message also announced that the Senate had passed bills and joint resolutions of the following titles, in which the concurrence of the House is requested:

S. 2. An act authorizing the Secretary of the Interior to convey certain land to the State of Nevada to be used for the purposes of a public park and recreational site and other public purposes;

S. 40. An act for the relief of Thomas Salleng;

S. 229. An act to authorize the withdrawal of national-forest lands for the protection of watersheds from which water is obtained for municipalities, and for other purposes;

S. 231. An act to authorize the acquisition of forest lands adjacent to and over which highways, roads, or trails are constructed or to be constructed wholly or partially with Federal funds in order to preserve or restore their natural beauty, and for other purposes;

S. 263. An act for the relief of George R. Morris;

S. 478. An act to provide for more expeditious payment of amounts due to farmers under agricultural programs;

S. 547. An act to amend section 23 of the act of March 4, 1909, relating to copyrights;

S. 576. An act for the relief of Harry Hume Ainsworth;

S. 650. An act for the relief of Margaret McCandlass Otis;

S. 666. An act for the relief of Roy Chandler;

S. 681. An act to give proper recognition to the distinguished services of Col. Ernest Graves;

S. 796. An act for the relief of Mato, Miljenko, Bozo, and Augustin Cibilic, or Zibilich;

S. 897. An act to correct the military record of Walter Ballhaus;

S. 903. An act to authorize the Chief of Engineers of the Army to enter into agreements with local governments adjacent to the District of Columbia for the use of water for purposes of fire fighting only;

S. 912. An act for the relief of Joseph Kenney;

S. 1021. An act to extend the benefits of the United States Employees' Compensation Act to members of the Officers' Reserve Corps and of the Enlisted Reserve Corps of the Army who are physically injured in line of duty while performing active duty or engaged in authorized training, and for other purposes;

S. 1042. An act for the relief of the Epes Transportation Corporation;

S. 1114. An act to extend the jurisdiction of the United States District Court, Territory of Hawaii, over the Midway Islands, Wake Island, Johnston Island, Sand Island, Kingman Reef, Kure Island, Baker Island, Howland Island, Jarvis Island, Canton Island, Enderbury Island, and for other purposes;

S. 1155. An act to provide for probationary appointments of officers in the Regular Army;

S. 1224. An act for the relief of Eugene Kramer;

S. 1238. An act for the relief of Maude Isabel Rathburn Miner;

S. 1318. An act relating to the exclusion of certain deposits in determining the assessment base of banks insured by the Federal Deposit Insurance Corporation;

S. 1384. An act for the relief of Egon Karl Freiherr von Mauchenheim and Margarete von Mauchenheim;

S. 1474. An act for the relief of Thomas G. Abbitt;

S. 1533. An act for the relief of Kurt G. Stern;

S. 1534. An act for the relief of Moukbil Kemal Tash;

S. 1538. An act for the relief of Konstantinos Dionysiou Antichos (or Gus Pappas);

S. 1547. An act to correct the military record of William T. Dickson;

S. 1554. An act to provide that the district judge for the western district of Washington, authorized to be appointed under the act of May 31, 1938, shall be a district judge for the eastern and western districts of Washington;

S. 1558. An act to provide for the acceptance of an easement with respect to certain lands in New Mexico, and for other purposes;

S. 1575. An act to provide that the annual registration of motor vehicles in the District of Columbia shall be for the period from April 1 in each year to March 31 in the succeeding year;

S. 1594. An act for the relief of Casimir Borowiak;

S. 1654. An act for the relief of Mrs. Pacios Pijuan;

S. 1667. An act to provide a right-of-way across the Middletown Air Depot Military Reservation, Pa.;

S. 1805. An act to establish a lien for moneys due hospitals for services rendered in cases caused by negligence or fault of others and providing for the recording and enforcing of such liens;

S. 1815. An act for the relief of Evelyn Mary Locke;

S. 1823. An act for the relief of William E. Cowen;

S. 1854. An act to increase the number of midshipmen allowed at the United States Naval Academy from the District of Columbia;

S. 1911. An act for the relief of Daumit Tannaus Saleah (Dave Thomas);

S. 1954. An act for the relief of Joannes Josephus Citron;

S. 1987. An act for the relief of J. S. Mellcan and the Boston Milling Co.;

S. 2023. An act for the relief of C. L. Herren;

S. 2047. An act to divest prize-fight films of their character as subjects of interstate or foreign commerce, and for other purposes;

S. 2133. An act authorizing the conveyance of certain lands to the State of Nevada;

S. 2147. An act to amend the act of Congress entitled "An act to define, regulate, and license real-estate brokers, business-chance brokers, and real-estate salesmen; to create a Real Estate Commission in the District of Columbia; to protect the public against fraud in real-estate transactions; and for other purposes," approved August 25, 1937;

S. 2237. An act to amend the Taylor Grazing Act;

S. 2275. An act for the relief of Floyd M. Dunscomb;

S. 2276. An act for the relief of the R. G. Schreck Lumber Co.;

S. 2327. An act to authorize the President to appoint Frank T. Hines a brigadier general in the Army of the United States;

S. 2353. An act to authorize appropriation for the construction of a medical school building at Carlisle Barracks, Pa.;

S. 2503. An act to amend an act entitled "An act to authorize the establishment of a permanent instruction staff at the United States Coast Guard Academy," approved April 16, 1937;

S. 2505. An act to amend an act to provide for the fifteenth and subsequent decennial censuses and to provide for apportionment of Representatives in Congress, approved June 18, 1929, so as to change the date of subsequent apportionments;

S. 2539. An act to amend section 1223 of the Revised Statutes of the United States;

S. J. Res. 43. Joint resolution requesting the President to proclaim October 9 as Leif Erikson Day;

S. J. Res. 61. Joint resolution establishing the Ladies of the Grand Army of the Republic National Shrine Commission to formulate plans for the construction of a permanent memorial building to the memory of the veterans of the Civil War;

S. J. Res. 124. Joint resolution authorizing the President to invite foreign countries to participate in the San Diego-Cabrillo Quadricentennial Celebration to be held in 1942; and

S. J. Res. 137. Joint resolution authorizing and requesting the President to accept the invitation of the Government of Norway to the Government of the United States to participate in an International Exhibition of Polar Exploration, which will be held at Bergen, Norway, in 1940; and authorizing an appropriation to cover the expenses of such participation.

CIVIL FUNCTIONS, WAR DEPARTMENT APPROPRIATION BILL, 1940

Mr. SNYDER submitted a conference report and statement on the bill (H. R. 6260) making appropriations for the fiscal year ending June 30, 1940, for civil functions administered by the War Department, and for other purposes, for printing in the RECORD.

THE LATE JOE BROWN

Mr. TAYLOR of Tennessee. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee [Mr. TAYLOR]?

There was no objection.

Mr. TAYLOR of Tennessee. Mr. Speaker, it is with a sense of very profound sadness that I announce to the House this morning the sudden and untimely death on yesterday of a distinguished Tennessean, Hon. Joe Brown, a former Member of this body. The summons came to Mr. Brown in a local hotel in his home city, Chattanooga, in the early afternoon of a useful and brilliant career.

Joe Brown was born in Jasper, Marion County, Tenn., on February 11, 1880. He was elected to the Sixty-seventh Congress from the Third Tennessee District but only served one term, declining to run for reelection. In this he emulated the example of his distinguished father, the late Foster V. Brown, who was elected to represent the same district in the Fifty-fourth Congress and refused to stand for reelection.

Mr. Speaker, the glamour of public office had no appeal for Joe Brown. The patronizing and kowtowing which the average man in public life feels is necessary to political success were distasteful and repugnant to his fine sensibilities.

Joe Brown had been active in Republican politics in Tennessee for more than a quarter of a century, having served

his party as chairman of the State executive committee and being a member of this committee at the time of his death.

I first met Joe Brown in 1901, when we were classmates in the law department of Cumberland University. We formed an intimate friendship then which has continued unimpaired ever since. Joe Brown enjoyed the confidence and respect of everyone who knew him, irrespective of politics, as was evidenced by the fact that he was overwhelmingly elected to Congress from a normally Democratic district, and he doubtless could have succeeded himself indefinitely.

Mr. Speaker, I have never known a more universally popular man than Joe Brown. He possessed a wonderful personality and was absolutely free from cant, guile, or ostentation. There was no alloy in his mechanism, and he never demanded more than he was willing to give.

In the passing of Joe Brown, Mr. Speaker, the State of Tennessee has lost a brilliant and distinguished citizen, the Republican Party has lost a vigorous advocate and ally, and personally I have lost one of my most loyal and devoted friends.

THE LATE JOSEPH A. LYONS, PRIME MINISTER OF AUSTRALIA

Mr. DONDERO. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Michigan [Mr. DONDERO]?

There was no objection.

[Mr. DONDERO addressed the House. His remarks appear in the Appendix.]

EXTENSION OF REMARKS

Mr. RICH. Mr. Speaker, I ask unanimous consent to insert in the RECORD a speech delivered by the Honorable A. T. Lamneck at Columbus, Ohio, over WHKC on the subject of The Constitution Has Stood the Test.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania [Mr. RICH]?

There was no objection.

PRESERVATION OF INDIANA'S FOREST RESOURCES

Mr. CROWE. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Indiana [Mr. CROWE]?

There was no objection.

[Mr. CROWE addressed the House. His remarks appear in the Appendix.]

EXTENSION OF REMARKS

Mr. VOORHIS of California. Mr. Speaker, several days ago I asked unanimous consent to extend my remarks in the RECORD and to include a statement by the Honorable A. A. Berle, Assistant Secretary of State, before the Temporary National Economic Committee. I have a report from the printer to the effect this statement will occupy 6 pages of the RECORD. On account of the great importance of this material, I ask unanimous consent that this may be included in the RECORD, notwithstanding the estimate of the printer.

The SPEAKER. Is there objection to the request of the gentleman from California [Mr. VOORHIS]?

There was no objection.

Mr. GWYNNE. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include a resolution adopted by the National Conference on Interstate Trade Barriers.

The SPEAKER. Is there objection to the request of the gentleman from Iowa [Mr. GWYNNE]?

There was no objection.

Mr. SPRINGER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an article appearing in the Cincinnati Enquirer by Damon Runyon on the 3d of June 1939.

The SPEAKER. Is there objection to the request of the gentleman from Indiana [Mr. SPRINGER]?

There was no objection.

COMMITTEE ON THE JUDICIARY

Mr. SPRINGER. Mr. Speaker, I ask unanimous consent that permission may be granted the Committee on the Judiciary to sit today during the session of the House in order to continue its hearings on the railroad reorganization bill.

The SPEAKER. Is there objection to the request of the gentleman from Indiana [Mr. SPRINGER]?

There was no objection.

EXTENSION OF REMARKS

Mr. STEARNS of New Hampshire. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include excerpts from an address by President Compton, of the Massachusetts Institute of Technology.

The SPEAKER. Is there objection to the request of the gentleman from New Hampshire [Mr. STEARNS]?

There was no objection.

Mr. THOMAS of New Jersey. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a short newspaper article.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey [Mr. THOMAS]?

There was no objection.

Mr. McDOWELL. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include an article from the Pittsburgh Post-Gazette in connection with the conviction of a Democratic State senator on W. P. A. labor misuse.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania [Mr. McDOWELL]?

There was no objection.

Mr. SHAFER of Michigan. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include a report made by the Sergeant at Arms, Hon. Kenneth Romney, to the Speaker of the House of Representatives relative to an investigation of the use of dictographs on Capitol Hill.

The SPEAKER. Is there objection to the request of the gentleman from Michigan [Mr. SHAFER]?

There was no objection.

Mr. SHAFER of Michigan. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a letter from Mr. Francis C. Spence, executive director of the Michigan division of the National Small Business Men's Association, urging the Congress to remain in session until a constructive tax-revision program is enacted.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. DWORSHAK. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a speech delivered over the Columbia Broadcasting System on June 13.

The SPEAKER. Is there objection to the request of the gentleman from Idaho?

There was no objection.

Mr. BENDER asked and was given permission to extend his own remarks in the RECORD.

AMENDMENT OF THE WAGNER ACT

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. HOFFMAN. Mr. Speaker, while we here in the House are being asked to appropriate a few billions to put men to work throughout the country at large, John Lewis and his C. I. O., under the National Labor Relations Act and with the aid of the Labor Board, are preventing hundreds of thousands of men from working at jobs where they would receive fair wages and would work under conditions as to hours and wages with which they are satisfied, until those men desiring to work pay his organization a tribute by way of either a membership fee or dues. Yesterday Lewis charged this Congress with being a do-nothing Congress. My suggestion is

that we get busy and trim him down to man-size, prick that inflated ego from which he is suffering, and amend the Wagner law. [Applause.]

[Here the gavel fell.]

AMENDMENT OF THE AGRICULTURAL ADJUSTMENT ACT OF 1938

Mr. JONES of Texas submitted a conference report and statement on the bill (S. 1569) to amend the Agricultural Adjustment Act of 1938, as amended.

WORK RELIEF AND PUBLIC WORKS APPROPRIATION BILL, 1939

Mr. TABER. Mr. Speaker, I ask unanimous consent that the minority may have a right to file minority views on the joint resolution (H. J. Res. 326) making appropriations for work relief, relief, and to increase employment by providing loans and grants for public-works projects for the fiscal year ending June 30, 1940, and that these minority views may be printed with the majority report.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

RURAL ELECTRIFICATION

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. RANKIN. Mr. Speaker, a great many Members have come to me and asked whether or not we were going to ask for additional funds for rural electrification in the bill that is to be taken up in the House today.

Last year we secured an amendment providing for an appropriation for $100,000,000, in addition to the $40,000,000 that has already been provided for. The Rural Electrification Administration informs me that under present conditions they can make out until the first of the year. For that reason, while they are going through this readjustment under the bill passed recently by the House and Senate, we, friends of the R. E. A., have decided to postpone any demand for additional funds unless something shows up in the course of the consideration of this legislation that would justify a different course.

I make this statement so that the Members of the House who are interested may understand the situation.

PERMISSION TO ADDRESS THE HOUSE

Mr. CHURCH. Mr. Speaker, I ask unanimous consent that on Monday next, after the reading of the Journal and disposition of matters on the Speaker's table, and following the legislative program of the day, I may be permitted to address the House for 40 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

WORK RELIEF AND PUBLIC WORKS APPROPRIATION BILL, 1939

Mr. WOODRUM of Virginia. Mr. Speaker, I call up House Joint Resolution 326.

The Clerk read the title of the joint resolution.

Mr. WOODRUM of Virginia. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the joint resolution (H. J. Res. 326) making appropriations for work relief, relief, and to increase employment by providing loans and grants for public-works projects, for the fiscal year ending June 30, 1940.

Under unanimous consent previously granted, general debate is to run through today and tomorrow, the time to be equally divided and controlled by the gentleman from New York [Mr. TABER] and myself, and before the Committee rises tomorrow we will read the first section of the joint resolution.

Mr. TABER. Also, general debate is confined to the bill.

Mr. WOODRUM of Virginia. Yes; general debate is confined to the bill.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of House Joint Resolution 326, with Mr. MCCORMACK in the chair.

The Clerk read the title of the joint resolution.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. WOODRUM of Virginia. Mr. Chairman, I yield to the gentleman from Colorado [Mr. TAYLOR] such time as he may desire.

Mr. TAYLOR of Colorado. Mr. Chairman, this House Joint Resolution 326 before us, making appropriations aggregating $1,477,000,000 for relief and loans, and to increase employment, has been very earnestly considered and, in fact, carefully studied almost constantly by the deficiency subcommittee during nearly all the time of this entire session of Congress.

The problem of relief has been before us in some form or other practically all the time. We have been conscientiously trying for 5 months to bring about legislation to handle the problems involved in this resolution in the best possible way for the welfare of our country.

At the outset of this debate I want to pay tribute to the deficiency subcommittee of the House. That applies just as much to the minority members as it does to the majority of the 12 members of that committee. As you probably know, those men are, practically speaking, the chairmen and the ranking minority members of the 11 subcommittees of the Appropriations Committee. They are men who feel the responsibilities of their positions. They have spent long hours during many days and weeks and weeks of time studying the tremendous problems that are involved in this resolution and the policies that will be pursued under this legislation during the next fiscal year. I feel that the House and the country ought to know the debt of gratitude they owe this subcommittee for this long, patient, conscientious, and nonpartisan consideration of these highly controversial matters. We have been guided solely by the welfare of our country in trying to bring out a bill that we feel will come as nearly meeting the serious problems before us as is possible at this time under the existing conditions of our country.

I want to express my gratitude and pay a special tribute to the ranking majority member of the subcommittee, the gentleman from Virginia [Mr. WOODRUM]. He is entitled to a very large percentage of the credit for all the detail work involved in the preparation of this bill. [Applause.] While I am the chairman of that subcommittee, and this resolution and the report bear my name, he is entitled to the greater part of the credit for the construction of this legislation.

I want to also expressly mention the ranking minority member of the subcommittee, Mr. TABER, of New York. He has given an enormous amount of time and work in studying these matters and has been of great help. While we all know he is a strong partisan, we also know that he has placed patriotism above partisanship in the consideration of this bill. I hope the entire House may do the same in the consideration of this measure.

One of the saddest recollections that I have in thinking back over the past 30 years is the remembrance of the distinguished, able, in fact, brilliant and splendid, men who have been chairmen of the Appropriations Committee of the House and who for years went down into the Well of the House and heroically fought the battles of this committee until each one of them undermined his health and by reason of that patriotic struggle prematurely passed to the great beyond. Many of you will remember Good, of Iowa; Madden, of Illinois; Anthony, of Kansas; Wood, of Indiana; Byrns, of Tennessee; and Buchanan, of Texas. No finer men or loyal sons of our country ever graced this Chamber. They not only shortened but practically sacrificed their lives fighting the battles of the Appropriations Committee.

I felt then, as I have felt ever since, that with all of the brilliant and exceptionally capable members of that committee the chairman ought not to be required or expected to

carry that much of a burden, but to pass it on and divide it up among the membership. Frankly, that is what I have been endeavoring to do. I am proud to acknowledge that the members of the committee have always responded willingly and have treated me splendidly, in every way relieving me very largely of the enormous amount of details there is in connection with the handling of the 12 or 15 large appropriation bills.

I want to also pay a very earnest and grateful tribute to the clerks of our committee. No committee in the history of our Government has ever had a finer or more capable set of clerks than the Appropriations Committee has at this time.

Gentlemen of the House, the thought that is uppermost in my mind in connection with this legislation is the future welfare of our country and the problem of where we are drifting at the present time. We have some very serious and tragic problems confronting us. I feel that the House of Representatives has never in the history of our country been confronted with a more serious situation than we have today. It is not a problem of Republicanism or Democracy, or of New Deal or Old Deal, or any other kind of a "deal." It is a question as to how wisely we may handle the conditions with which we are confronted. I hope and believe that our actions may be governed solely by patriotism.

I am making this brief preliminary statement to express my admiration and to pay this tribute to the members of the subcommittee and also of the main committee on both sides of the House who have been engaged in this serious work. [Applause.]

Mr. WOODRUM of Virginia. Mr. Chairman, I yield myself 30 minutes.

Mr. Chairman, the joint resolution which we have under consideration provides the annual fiscal-year appropriation for the Works Projects Administration, the National Youth Administration, the Farm Security Administration, the Puerto Rican Reconstruction Administration, the National Resources Committee, and the National Emergency Council. The amount carried in the measure is for the full fiscal year or for the 12 months' period.

For the Works Projects Administration the amount recommended in the joint resolution is the full amount of the Budget estimate of $1,477,000,000, with the exception of the item of $125,000,000 earmarked for the Public Works Administration.

With respect to the National Youth Administration the amount recommended in the bill is $81,000,000, which is $3,000,000 more than the program for the current year and $42,000,000 less than the Budget estimate. For the Puerto Rican Reconstruction Administration the amount recommended in the current resolution is $7,000,000, which is a $3,000,000 reduction under the Budget.

The National Resources Committee and the National Emergency Council, which have heretofore been allocated funds out of relief funds, are made direct appropriations of the amount appropriated for them for the current fiscal year.

With reference to W. P. A., let me say that the amount recommended by the President of $1,477,000,000 is $773,000,000 less than the amount appropriated for W. P. A. during the current fiscal year. The present W. P. A. program calls for an average W. P. A. employment of about 3,000,000 workers. The program contemplated in the next fiscal year calls for an average W. P. A. employment of about 2,000,000 workers, or a reduction of 33⅓ percent. The committee felt that this was a reasonable and a substantial reduction in that program, and there was no effort or no sentiment to reduce the W. P. A. program below the estimated figure.

The committee was, however, greatly concerned, as it believes the House and the country to be concerned, with trying to dress up or clean up the work-relief program.

We have endeavored in the joint resolution which we bring you to write in restrictions, limitations, and changes of policy and procedure which we feel confident will greatly improve the works program. This is the first attempt that the Congress has made to really write into the law matters of W. P. A. policy. Under this measure which we bring you today I am perfectly confident that there will be more jobs for the project workers than there would have been under the estimate and under the draft of the bill sent to us. If you are interested in jobs for project workers, then we think you will be interested in some of the restrictions and limitations which we have written. Why do I say it will give more jobs? In the first place, we give the full amount. We make no reduction in that. In the second place, we provide for a rotation in employment on W. P. A. work. The statistics show that in the country at large 17 percent of the people working on W. P. A. have been there for more than 3 years. That is not such a shocking percentage for the country at large, but in some areas, for instance, in the city of New York, which has been perhaps the most favored of any community or locality in the United States insofar as this works program is concerned, 44 percent of the people on W. P. A. today have been there for more than 3 years. The same is true of some of the other large metropolitan areas. On Federal Project No. 1, which is the writers', theater, and such projects, 33 percent of the people employed have been there over 3 years.

This joint resolution contains restrictions that would strike a body blow at the relief racketeer. [Applause.] There are some organizations that flourish today—perhaps I should not say "flourish"; perhaps "exist" would be a better word—because they hold it up to the W. P. A. worker that by affiliating with them they will be able to perpetuate his job, as it is called, with the Federal Government. Please be not under the illusion that the project worker is a racketeer. I do not mean to suggest that. Hundreds of thousands of able-bodied American citizens have been able to secure employment because of this humanitarian program who, except for its provisions and its security, would undoubtedly have endured great sorrow and suffering and distress.

Scattered all over the land are millions who, because of this opportunity for employment, have been able to live and exist in these troublesome times. It is hard to conceive what would have happened in this country had not the Federal Government stepped into the situation and realized its responsibility and treated unemployment as a national program and operated its program for relief of deserving able-bodied unemployed Americans. Not only that but there are many things that might be multiplied over and over in this program to which those in charge of it may look with credit, and for which they may take credit and acclaim. On the other hand, there have crept in and grown up, as we might well expect it to happen, certain abuses, certain misuses of funds, misconceptions of policy, that have brought, in many instances, disrepute upon the whole effort. The object of the committee in bringing in this measure today is to try to clean it up. So I do not mean any reflection on the W. P. A. project worker when I speak of relief racketeers, although there are relief racketeers on projects. They are not hard to find—you know how to locate them—and not only on projects but there are some communities and some States that perhaps to call them "racketeers" would be too rough, but who have certainly not hesitated to embrace the opportunity to saddle onto the shoulders of the Federal Government many of the legitimate obligations and undertakings of their own that they should in good conscience and decent economy be shouldering themselves. A distinguished Governor of a great Southern State came before the committee, 100 percent for W. P. A. He waxed eloquent and elaborated on its accomplishments and achievements. He spread himself in saying what would have happened if it had not been for the W. P. A. A committee member asked him the question: "Governor, what does your State do about relief?" The Governor said, "We have a sales tax for relief," and that sales tax is put on a quarterly or monthly or some periodical time—I have forgotten the period—and he continued:

> We figure how much the sales tax has brought in, and then we allocate it for relief; but we get the money first, and then we put it out for relief.

Then some unkind committee member said:

> Governor, had you thought of issuing bonds or borrowing some of this money to help the poor destitute people?

He drew up in horror. He said:

Why, no. My State has a balanced budget. I would not borrow any money for relief. I would not borrow any money to do this kind of thing.

Then another member of the committee asked him the impertinent question:

What is the difference between having the Federal Government go into debt year after year for this thing when you as a State are not willing to do it?

Now, that happened time and time again. Mayors, Governors have come waxing eloquent about the Federal relief program and bragging in the next breath about their balanced budgets in their own communities. This bill undertakes to fasten responsibility on some of those localities and compel them to carry their part of the burden.

The types of projects which the Works Progress Administration may carry on are practically the same as under the current program. In one or two instances there have been changes. In the first place, we have eliminated all Federal projects. That means projects where the Works Progress Administration may allocate money to one of the bureaus or departments, and go ahead with projects never passed upon by the Congress. [Applause.]

We found so many instances where there had been types of projects, and in some instances they had been definitely turned down by committees in Congress, and yet the first thing we know they pop up here as Federal projects. The project has been set up and then it is up to the Federal Government to maintain it for the rest of the time. We felt it was best not to have any Federal projects. That might pinch a little in some places. It may be there will have to be some qualifying language, but as a general proposition that provision was aimed at the abuses of having so many expansions in governmental activities that had never received the sanction of Congress.

In addition to that, we provided for a new type of project. Provision is made for projects sponsored by conservation districts and other bodies authorized by State law for soil erosion and conservation. We found that was the type of project peculiarly adapted to the Works Progress Administration, where a large percentage of labor might be used and a small percentage of material. It is the type of project that fits into the rural sections where there is need for worthwhile Works Progress Administration projects.

In addition to that, the committee desires to lay special emphasis upon a type of project which heretofore has received rather scant attention; that is, the project for the training of domestic help. There has been a small project of that kind in W. P. A., where domestic help was gathered together and trained for service. We were told by employment agencies that even in the height of the depression there never was a time when trained domestic help could not easily find employment. So there is a type of that sort, and the committee in its report has paid special attention to it and asked that it be emphasized.

Simultaneously with the consideration of this appropriation item the committee had to consider this W. P. A. investigation. I am not going to comment on that any more than is necessary in the consideration of the resolution. I do want to express my gratitude for the fine cooperation of the subcommittee. I have been acting as chairman at the request of our distinguished chairman, the gentleman from Colorado [Mr. TAYLOR]. I want to express my appreciation to Mr. Roberts, counsel for the committee, and the usual fine cooperation of Marcellus Sheild, our clerk. We have tried to get at the facts. We have had a short time in which to operate. The hearings are just now available. A few copies have come up, but by tomorrow they will be available at the committee room for the Members of the House, if you wish to consult them.

We found in that investigation many things for which Works Progress Administration may be proud; but we found, contrary to the opinion of some of the administrators of Works Progress Administration, that it was not a 100-percent perfect program. Now they reluctantly admit that.

Yesterday Colonel Harrington appeared before our committee, and he made this statement—I want to quote him:

There are certain general comments upon this investigation, insofar as it has developed up to the present time, which I would like to make at this point.

The first is that so far as I have been able to determine no official of the Works Progress Administration, occupying an important and responsible position, has been revealed as having been engaged in any wrongdoing, either ethical or financial. Human nature being what it is, it is not possible to hope that in an organization comprising approximately 3,000,000 individuals there would not have been abuses, but on the whole I believe the record of the Works Progress Administration, as revealed in this investigation, is one of remarkable integrity, especially in view of the complex problem with which it had to deal and the very large sums of money which had to be handled.

I can agree with that statement of Colonel Harrington. So far as the honesty and integrity of the administration of Works Progress Administration is concerned, our investigation has not revealed anything to the contrary. [Applause.]

On the other hand, there are many abuses of this great power given to them in the conduct of their program; many points where a stronger, a more alert, and a more vigorous administration of this works program would have brought a greater degree of relief to the people whom the Congress intended to relieve. It has been disappointing to me that it has taken a W. P. A. investigating committee to drive those gentlemen to realize some of these weak points in their program.

Many of their projects are indefensible; we have found that. We undertook to correct that. In some there has been discrimination between sections and even within sections. Let me elaborate on that for a moment. I said awhile ago that New York had perhaps been the most favored. I like my friends from New York in the House on both sides of the aisle; they are splendid gentlemen, alert, vigorous, active, always ready to get all they can for their districts—as are most of the rest of us. This fine group of Congressmen coming from a pivotal State with an alert and active mayor of its largest city have certainly gotten their part, at least for New York. I will give you a few instances of that. My conception of this works program is that the Federal Government benefits ought to be equitably distributed to the unemployed, whether they live in the backwoods or my district or near Broadway in New York City, and it should not require the intercession of a Congressman or a Senator here in Washington to fight for this equitable distribution of benefits. Remember, if you please, because it must be remembered for any intelligent approach to this problem, we have never in this work-relief program undertaken to give a job to every unemployed worker; that has never been the objective; no administration has ever sent any estimate here which contemplated a job for every unemployed eligible worker. All we have undertaken to do was to take up a portion of the slack, at the greatest peak of it; about 3,000,000 jobs. Where, therefore, there have been 3,000,000 people working on W. P. A., there have been from 1,000,000 to 2,000,000 more just as eligible, just as deserving by every rule of the game, and in many instances much more deserving than the people on the rolls who could not get there. Under these circumstances I think there is a great responsibility upon the Government and upon the administration of this works-relief program to see that it is equitably divided and distributed between localities as well as between individuals.

What do we find? We find a big park project initiated in New York City. The project comes down to the central office and is O. K.'d as a $9,000,000 park-improvement project. Nothing is said in it about any World's Fair building, but when it finally comes out of the hopper it turns out that a W. P. A. exhibition building at the New York World's Fair is a unit of the project, supposed to cost about $250,000. They wind up by spending over $600,000 on it, and engineers from the Procurement Division of the Treasury tell us it could have been built for $250,000. I know how some gentleman will answer; he will say: "Well, that afforded work to relief workers; what is the trouble with it? You put up the building, you wanted to give people W. P. A. jobs; that gave people W. P. A. Jobs, so what is wrong with it?" That

is just what it did not do, because when we came to investigate it we found that 83 percent of the people working on this W. P. A. exhibition building at the time of investigation were not taken from the relief rolls. Only 17 percent of the people working on this building came from the relief rolls. What is going to happen to the building? It is going to be given to the park system of the city of New York. Have you had any fine buildings given to the parks down in your home towns? I have not.

Mr. MARCANTONIO. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I would like to finish my statement. I will yield a little later.

Not only that, but we find that on that exhibition building and on the North Beach Airport project in New York where 17,000 W. P. A. workers were employed and 5,000 nonrelief people—22,000 people in all—about a $40,000,000 project of which the Federal Government furnishes some $25,000,000—we find that on these two projects W. P. A. had waived the limitation of security wages. Down in your district, if you do not come from New York, when your carpenter or your mechanic works enough hours in the month so that he earns the security wage—which in New York City is $85—he is told to go home until next month. Not so on these projects in New York; they worked 130 hours a month, drawing from $175 to $250 a month—W. P. A. workers—while around the corner was a line of people in the same city, in your same congressional districts, I will say to my colleagues from New York, who could not get a job, who were asking you to vote for more money for W. P. A. so they could get a job. Now, we do not like that.

Up in New York they had Camp LaGuardia. The only connection it has with our distinguished former colleague and the distinguished mayor of New York City is that it bears his name. I mean no insinuation upon him whatever, but that was a very unusual project, a most unusual project. It was a camp started by the Board of Public Welfare of New York City to take destitute men. When W. P. A. came in they unloaded the burden on W. P. A. W. P. A. took it over. The W. P. A. men were required to sign a blanket order when they went to work so that instead of their W. P. A. checks being turned over to them they were delivered to the person in charge of the project—$30.50 a month they received, or were supposed to receive. They never saw the check. They signed a blanket authority for the man in charge to endorse their checks, which is in direct violation of the law. Those checks were taken by the man in charge of the project, who gave them $15 in money and credited them with $15.50 on their board and keep on the project—and they worked there. When W. P. A. took charge the project had a $7,500 deficit. They operated along for a while, and finally, when they came to close their books, they had a $50,000 profit that the project had made off of the charge it had levied on the unemployed who were working on it.

Mr. MERRITT. Will the gentleman yield?

Mr. WOODRUM of Virginia. I yield to the gentleman from New York.

Mr. MERRITT. I would like to make the statement I am sure the gentleman feels none of the Congressmen, especially the Democratic Congressmen from New York City, had anything to do with these things he is mentioning at this time?

Mr. WOODRUM of Virginia. I am sure no Congressman had anything to do with it. I want to absolve all Members of Congress immediately.

Mr. MARCANTONIO. Will the gentleman yield?

Mr. WOODRUM of Virginia. I yield to the gentleman from New York.

Mr. MARCANTONIO. With regard to Camp LaGuardia, just referred to, that is a rehabilitation project for the purpose of rehabilitating derelicts; is that right?

Mr. WOODRUM of Virginia. That is what I have been informed.

Mr. MARCANTONIO. So that the money that was to be paid to these people in this camp had to be paid under a sort of guardianship which had to be established for these men. That is why the money was handled by the camp on behalf of the men. I do not see anything wrong in that kind of procedure. Does the gentleman see anything wrong in that?

Mr. WOODRUM of Virginia. Yes. When they deduct $50,000 for food and clothing from these men more than was required to keep them, it is unconscionable.

Mr. MARCANTONIO. No. That $50,000 was used for the purpose of rehabilitating these derelicts.

Mr. WOODRUM of Virginia. I do not think they have a right to take part of a W. P. A. worker's check or deduct part of the check to help rehabilitate somebody else.

Mr. MARCANTONIO. It was used to rehabilitate themselves.

Mr. WOODRUM of Virginia. They took that money out of these men's board and keep. The General Accounting Office found that. We got that information not from a W. P. A. subcommittee investigator but from the chief of the investigating staff of the General Accounting Office who was operating in New York.

Mr. Chairman, New York does not occupy all of the honors in this thing. The great city of Chicago is not to be overlooked.

They had there one of the most unique projects you can conceive, a project for the demolition of buildings. Here is a letter that was sent around by the City of Chicago Public Works:

DEAR SIR: Records which we have compiled indicate that you are one of the owners of the above-captioned premises.

Information which we have indicates that the building located on the above-captioned premises is a subject for demolition at this time.

We wish to call your attention to the fact that this is the year for the quadrennial real-estate tax assessment, which means that during this year each parcel of real estate in Cook County will be revalued for taxing purposes. In each case of revaluation for taxing purposes, the lot and building are each given a separate valuation. It will probably be a benefit to you to have said building wrecked before it is revalued for taxing purposes, because after said building is wrecked, you would have only a vacant lot to be revalued for tax-assessment purposes.

The city of Chicago department of public works, an authorized wrecking agency, sponsoring and now operating a city-wide Works Progress Administration demolition project, is in position to offer free wrecking services for a limited time where there are special funds available to permit us to carry on the project.

Trusting that we will hear from you at your earliest convenience, we remain,

Yours very truly,

_____.

The department of public works was soliciting the demolition of buildings so that the department of taxation could not put a tax on them, which knocked the city out of taxes and enabled them to have a wonderful demolition program.

The Federal Government put up $1,440,162 over a given period of time for this purpose. Of course, there had to be a sponsorship by the city of Chicago. So that their books showed a sponsorship of $53,431.48. When we investigated we found out that sponsorship consisted of the fact that they gave the material which was torn down as their sponsorship contribution for tearing down the building. [Laughter.]

Mr. BEAM. Will the gentleman yield?

Mr. WOODRUM of Virginia. I yield to the gentleman from Illinois.

Mr. BEAM. Under whose auspices was that letter written?

Mr. WOODRUM of Virginia. I do not know what name was signed to it, but it was from the city of Chicago department of public works.

Mr. BEAM. The gentleman merely has some document, and he cannot state to the membership of the House its author or whether it is a valid document.

[Here the gavel fell.]

Mr. WOODRUM of Virginia. I yield myself an additional 15 minutes.

Mr. BEAM. It is utterly anonymous as far as the gentleman is concerned?

Mr. WOODRUM of Virginia. It is not anonymous.

Mr. BEAM. The gentleman has no information whether or not it is legitimate.

Mr. WOODRUM of Virginia. Yes; the gentleman will find in the hearings on page 827 a report of the W. P. A. investigator who went to Chicago and looked at the official records and who has photostatic copies and sworn affidavits from the people involved.

Mr. BEAM. But the gentleman has no information as to the authenticity of the letter or document which he has quoted and placed in the RECORD.

Mr. WOODRUM of Virginia. Whoever is in charge of the public works in the city of Chicago.

Mr. BEAM. There are three and a half million people in Chicago. Unless the gentleman can be specific, I think he ought to withdraw the statement.

Mr. WOODRUM of Virginia. Mr. L. M. Bolger, engineer of demolition of the city of Chicago. Does the gentleman know him? He must be a Republican.

Mr. SABATH. Will the gentleman yield?

Mr. WOODRUM of Virginia. I yield to the gentleman from Illinois.

Mr. SABATH. For information and enlightenment I desire to say that the commissioner of public works in the city of Chicago for the last 5 or 6 years is a gentleman that formerly was connected with the Chicago Tribune, a Republican newspaper, by the name of Oscar Hewitt, but notwithstanding the fact he has been employed by that newspaper he is a very capable and good man. I believe he will not tolerate anything that is dishonorable or dishonest. In view of the extraordinary conditions in the city of Chicago, may I say there have been about $250,000,000 of taxes that have not been collected and it has saved some of these poor unfortunate people at least their lots, not alone their homes.

They thought that this policy would save at least their lot, so that in the future they could erect a cheap home on it where they could live.

Mr. McKEOUGH. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. Very briefly.

Mr. McKEOUGH. In the investigation of W. P. A. at Chicago is this the only crying, horrible example you are able to discover in connection with the administration of the appropriation?

Mr. WOODRUM of Virginia. I will refer my friend to the hearings, and we have not finished yet.

Mr. McKEOUGH. I take it that this instance is at least offered by the distinguished gentleman from Virginia as the horrible exemple.

Mr. WOODRUM of Virginia. Not as a horrible example, but it attests the ingenuity and the business sagacity of these localities to have the Federal Government carry the whole load.

Mr. McKEOUGH. Assuming for the purpose of the record that it was a mistake, maliciously made, to which I do not subscribe, in the sum total of the moneys expended in Chicago by the W. P. A. I submit that this particular expenditure was an infinitesimal one and was only a very small percentage of the total money outlay.

Mr. WOODRUM of Virginia. A small amount, yes; but when you go down into my country and about 400 other districts where W. P. A. has projects you will find the locality has to put up a sponsorship, it has to put up some of the money. I maintain that that rule should prevail everywhere. It should not be just on paper, it should be everywhere. There should be an equality of these benefits and opportunities. [Applause.]

Mr. McKEOUGH. May I say to the gentleman from Virginia that I have no quarrel with that. I presume that if the record were thoroughly searched the gentleman might find somewhere in Virginia such a situation as the gentleman describes here.

Mr. WOODRUM of Virginia. Oh, not in Virginia; no. If we had everywhere in the United States an administration of W. P. A. such as we have in Virginia, we would not have to have an investigation committee. [Applause.]

Mr. O'NEAL. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield to the gentleman from Kentucky.

Mr. O'NEAL. I was going to say I did not believe the gentlemen from New York or Chicago should feel so very badly, because almost every place where the investigators went they found that the communities and even the States were trying to get all they could out of the Federal Government and W. P. A. and were trying to make their sponsors' contribution appear as generous as possible. It was not only just in Chicago and New York that this occurred, it was a universal practice in the cases investigated.

Mr. WOODRUM of Virginia. That is quite right.

I must ask now that I be permitted to proceed, and I shall be pleased to yield later.

We have a provision in this bill that requires that no one shall be upon W. P. A. employment unless they have been regularly certified by public-welfare agencies. The necessity for this arises from the fact that in many places we found people upon W. P. A. employment who had never gone through the routine of being certified by the regular certifying agencies. Unfortunately, I have to go back to New York. It being a great, wonderful city, I like to travel there. We find that recently there was set up a sewing project in New York at the instance of a Mr. Dubinsky, who was head of the International Ladies' Garment Workers' Union. We have in the hearings correspondence asking that this project be set up. Strange as it may seem, all the correspondence turns the project down, but it finally turns up in full bloom and operation. It is a sewing project in New York on which the Federal Government spent something like $2,521,000 over a period of about 11 months; a $2,500,000 sewing project. They did not take the people from the relief rolls. The people were sent to them on a referable card from the International Ladies' Garment Workers' Union and were put on that W. P. A. sewing project at once and then referred to the relief agency. The welfare board then investigated the need of these people. Out of 1,212 persons so certified, 497 were found not to be entitled to be on W. P. A. employment and were taken off the rolls; but in the meantime the Federal Government had paid them $81,566.63. We provide in this bill that no one may be on W. P. A. employment unless they are regularly certified.

Mr. MILLER. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. Just briefly.

Mr. MILLER. Have you changed the percentage of administrative pay rolls?

Mr. WOODRUM of Virginia. We have not changed that.

There are certain other changes made in the bill. One is that we have taken the construction of buildings to cost over $25,000 away from W. P. A. and given it to P. W. A. We feel that that is a wholesome provision. It provides that in addition to the $125,000,000 we take off of W. P. A. and allocate to P. W. A. there will be spent the local contribution of 55 percent, and this will make a total of $289,000,000 that will be spent under P. W. A. We believe this construction can much better be done by the Public Works Administration than by W. P. A., so we make that provision.

Mr. CASEY of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield.

Mr. CASEY of Massachusetts. Will the gentleman inform the House who asked for that appropriation for P. W. A.?

Mr. WOODRUM of Virginia. That was a committee action.

Mr. CASEY of Massachusetts. Unsolicited by P. W. A.?

Mr. WOODRUM of Virginia. No; not solicited by P. W. A.

Mr. VOORHIS of California. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield.

Mr. VOORHIS of California. As compared to last year, however, the provision for the so-called heavy construction will be very much smaller, because last year a considerable sum was appropriated for P. W. A., several times as much as is provided this year; and with the limitation on W. P. A. it appears to me there is a possibility that projects of any scope will be tremendously limited.

Mr. WOODRUM of Virginia. Of course, the committee did not undertake to enter into a public-works construction program. We merely took out of the appropriation for W. P. A. the amount that W. P. A. would ordinarily use for construction of buildings and gave it to P. W. A. If the Congress in its wisdom wishes to go into a public-works construction program, that is different. We merely shifted the fund from W. P. A. to P. W. A. and provided for the heavy construction.

Mr. NICHOLS. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield.

Mr. NICHOLS. I wonder if the gentleman would give us some idea of how far "heavy construction" goes. I am thinking of country schoolhouses.

Mr. WOODRUM of Virginia. A building costing over $25,000.

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield to the gentleman.

Mr. O'CONNOR. Will this amount that has been set aside for P. W. A. include any new projects that have not been heretofore authorized?

Mr. WOODRUM of Virginia. They may consider new projects.

Mr. WHITE of Ohio. Mr. Chairman, will the gentleman yield briefly?

Mr. WOODRUM of Virginia. I yield.

Mr. WHITE of Ohio. Mr. William R. Green, president of the American Federation of Labor, authorizes the statement that the American Federation of Labor approved of the $25,000 limitation on construction of buildings.

Mr. WOODRUM of Virginia. I have understood that the construction-labor organizations are very much in favor of having that because they feel it would help the construction trades.

Now, we deal in this measure with Federal Project No. 1. Federal Project No. 1 is that project which embraces the theaters, music, arts, writers, and historical projects. It is entirely sponsored and paid for by the Federal Government. There is no local sponsorship of it. As a part of this project there is a Federal theater project, and we provide in this bill that no funds shall be used for the Federal theater project—in other words, we stop that. [Applause.]

In stating this I wish to say that the committee is not unmindful that there may be many unemployed, deserving actors and actresses, and undoubtedly some way can be found to afford proper relief to those people if they need relief, but the committee did not feel that under the record we have that it was justified in having the Federal Government continue in the theatrical business, which has been a costly project for the small number of people involved. It has presented nothing of any merit so far as national productions are concerned, and practically the only outstanding theatrical success was the Swing Mikado production that was organized in Chicago and carried to Broadway and finally sold to private producers. One of the current attractions, Sing for Your Supper, now running in New York, was in rehearsal for 15 or 16 months before they could produce it. Every theatrical critic of any note has expressed his disapproval of projects of this type. Thousands and thousands of dollars were spent for the rental of theaters during the time these things were in rehearsal, and if you will simply read the hearings, I do not think there will be much difference of opinion on this question. The committee hopes that the W. P. A. will be able to find some type of project where appropriate relief can be afforded to these people who need it. They have had certain box-office receipts, and it is interesting to note that some of these receipts have come by the sale of large blocks of tickets, three or four or five hundred tickets, sold to organizations at 30 percent or 40 percent discount on the admission charge. The organization, in turn, sells the tickets to its membership. This serves a dual purpose. It gets an audience for the production, the organization makes a profit on the tickets, and the organization gets its membership under the influence of the theatrical production. You can appreciate this more when you see some of the productions and what they look like. I have here the manuscript of Sing for Your Supper. If there is a line in it or a passage in it that contributes to the cultural or educational benefit or uplift of America, I will eat the whole manuscript, and I am not particularly fond of that kind of diet. [Laughter.] It is small, trashy kind of stuff. It has been a complete flop and it cost over $300,000 to produce. So we are going out of the theatrical business.

Mr. MARCANTONIO. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. Not now.

We provide with reference to the other projects—the writers project and the music project and the other projects—that if they are to be undertaken they must be sponsored locally. We did not put a direct inhibition against them, but we provided that if localities wanted them they would have to locally sponsor them, feeling if we could put some measure of responsibility upon the locality, the locality would try to clean it up.

I want to comment, before I leave this matter, upon the Workers Alliance, and I do this because of the amount of publicity which has been given to the committee's inquiry with respect to the Workers Alliance.

Let me say that I yield to no man in my belief in tolerance, freedom of speech, the right to organize, and the right to freely express your opinions. I have no trouble about that and no feeling about it. I have no objection to the Workers Alliance organizing and I have no objection to their having a so-called Right to Work Congress in Washington.

[Here the gavel fell.]

Mr. WOODRUM of Virginia. Mr. Chairman, I yield myself 10 additional minutes.

I do not even have any objection to their passing a resolution that they are going to get me in the next congressional election. I shall try to be there when they do the getting. [Laughter.] I have no objection to that, and that is all right; but the charge had been made many times that the Workers Alliance had peculiar influence in the manipulation of this work-relief program and that it was under communistic leadership. Therefore, the committee inquired into that.

From some of the hullabaloo that has been raised about the action of the committee you would think that the suggestion that the Workers Alliance is communistic was never heard of by anybody until this terrible investigating committee was started.

I have here an enlarged photostat of an article that appeared in the Saturday Evening Post, a well-known magazine, under date of December 10, 1938, months before any investigating committee of the House. This article is written by a well-known American commentator. It shows a picture on the front page, and there are three pictures. Two are pictures of a sit-down and walk-out strike in lower New York. The lower is a picture of a prominent Communist, Sam Wiseman, leader of the Workers Alliance in New York City. I read the first paragraph:

> The Workers Alliance of America is the one big union of the unemployed. Its 1,500 locals cover 45 States. Its members are only a minority of the unemployed. But they are a disciplined, militant, and radical minority to whom, increasingly, unemployment is an institution and jobless career. The Workers Alliance serves them as grievance committee, bargaining agency, and political machine. Its political front is the New Deal. But its tactics are Communist, and so, in the main, is its leadership. Most of the organizations of the extreme left thrive on trouble. But few can scent it from a greater distance than the Workers Alliance or make a little of it go further. No one in the relief business, from the local supervisor, whom it intimidates, to the New Deal executives, whom it has frequently served, can safely ignore it.

In this article appearing in the Saturday Evening Post last December there are pictures. Here is a picture of a W. P. A. administrator in conference with the Workers Alliance, and here are the names of the leaders of the Workers Alliance, who, incidentally, are the leaders in the Communist movement. All of that happened long before this House created an investigating committee. The investigating committee looked into it, and you will find it fully covered in our hearings.

Mr. MASON. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I would like to go ahead.

Mr. MASON. You will find the same thing covered in the hearings of the Dies committee last August—the same testimony.

Mr. WOODRUM of Virginia. As to whether there is any connection between the Workers Alliance and the Communists, I have here a reproduced page from the Daily Worker of New York, which is the daily Communist newspaper in New York City. The date of it is July 28, 1937. Every article on that page is about the Workers Alliance and the Federal program. The three leading articles I call to your attention. The first of these, Alliance in Battle Against Reaction, Lasser Declares, is by David Lasser, who is president of the Workers Alliance. The middle article, Job March to Push Fight for Ill-Housed, Ill-Fed, and Ill-Clothed Nation, is by Herbert Benjamin, who is secretary of the Workers Alliance, and who before our committee admitted that he is an active leader in the Communist Party. The other article is by Sam Wiseman, who is a prominent New York Communist, Schwellenbach-Allen Resolution on W. P. A. Jobs Must Be Passed. Mr. Benjamin, as I say, is secretary of the Workers Alliance, and may I read to you just a little bit of what he said about this:

> In the national job march and in the campaign for the Schwellenbach-Allen resolution, which is intended to put a stop to the reactionary effort to liquidate the Federal relief program, the Communists will again distinguish themselves as the most tireless, persistent, and capable fighters within the ranks of the working class. The Communists must make sure that every detail of the Workers Alliance plan for this campaign is systematically and effectively carried out. They must provide an example of the kind of devoted effort and sacrifice which is needed in order to assure the success of this important campaign.

This article is signed by Herbert Benjamin, secretary of the Workers Alliance, speaking in the Communist newspaper of Fellow Travelers of the Communist Party. You will find in these hearings unmistakable, irrefutable evidence that an overwhelming majority of the Workers Alliance are well-known Communists. We show that by the statement of witnesses. We produced one witness, a very intelligent colored man, who is now employed on the writers' project, who was an officer of the Communist Party, who was sent to Moscow, who saw Mr. Benjamin there, who was in a college of Communists and trained in sharp shooting and street fighting, and who came back and helped to organize the hunger march, the bonus army march which came to Washington, and who stayed in the Communist Party, he says, until he found out that they were trying to exploit the colored people and then got out of it. He gives you names, and identifies them, and no intelligent person can read that testimony and not know that the Communist Party in New York and the Workers Alliance, certainly so far as that city is concerned, are one and the same, and the amazing thing to me is that the W. P. A. officials in Washington do not seem to know it. [Applause.]

Mr. MARCANTONIO. Mr. Chairman, will the gentleman yield for a question right there?

Mr. WOODRUM of Virginia. Not right there; no.

There are some officials who know it. I might show you, in passing, a man by the name of Edwin Banta, who was a writer on the writers' project. He was a Communist at that time. He was presented a book, The People's Front, by Mr. Earl Browder. So beloved was he then that his fellow travelers autographed the book. Here are the signatures:

> Presented to Comrade Edwin Banta by members of Federal Writers' Unit 363, Communist Party of the United States, in recognition of his devotion and untiring efforts in behalf of our party and communism. March 2, 1938.

Many of the names of persons autographing that copy are of persons presently employed by the Federal writers' project.

Mr. SCHAFER of Wisconsin. Will the gentleman put those names in the RECORD?

Mr. WOODRUM of Virginia. They are already there.

Now, I am not emotional or excited about it, but I want to see an administration of this relief program that will stand up and throw down the gage of battle to these subversive elements that are trying to dominate it. [Applause.]

Just a few days ago, since this investigating committee has been under way, some people have begun to see the light and hear the sound of the trampings. A few days ago the Teachers' Union in New York, which has been expelled from the central body of the American Federation of Labor, threw down an ultimatum to W. P. A. supervisors that they should give an excellent rating to everybody on the teachers' projects, so that if there was a reduction in personnel, none of them would lose his job.

About that time Colonel Somervell, an Army officer in charge of that program in New York, had ordered guards on the sewing project to keep an eye out for stolen property. The guards were snooping around a little. Mr. Moe Howard, chairman of the Workers Alliance grievance committee in New York City, identified as a leading Communist, sent a telephone message to that man's office—an insulting message, using profane language—telling him that if they did not keep their guards out of their sewing project he would send some of the guards home to him and they would not be in good condition when they got home.

Colonel Somervell wrote in reply:

> Hereafter we will not recognize any communications from Mr. Moe Howard.

And the New York Times carried that article.

I sent Colonel Somervell a telegram congratulating him. I said:

> I congratulate you for your courageous action in throwing down the gage of battle to any kind of organization, Workers Alliance, Communist, Democrat, or Republican, that seeks to exploit and trample down and use and employ the unemployed people of this country. I want you to know that the Congress is behind you, and, in my estimation, the country at large.

[Applause.]

The CHAIRMAN. The time of the gentleman from Virginia has again expired.

Mr. NICHOLS. Will not the gentleman use some more time? [Applause.]

Mr. WOODRUM of Virginia. Mr. Chairman, I yield myself 10 additional minutes, but I take it for the purpose of replying to questions. I feel I have done too much talking already, and I should try to answer some questions.

Mr. MOSER. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield.

Mr. MOSER. In connection with the gentleman's statement with reference to Dubinsky and his affiliation with the I. O. G. U., was there not some scandal over a large salary to somebody whose presence could not be located—some phantom salaried man?

Mr. WOODRUM of Virginia. I will say to the gentleman that I have tried to refrain from going into speculation. Our committee has only had a few months to look into this thing. Many of the complaints filed with the committee have turned out to be visionary. Others look as though they should be followed up. At the proper time I hope the House will—while I would like to find some other committee that would do the job—I hope the House will have some committee to keep its eye on this program and keep in touch with it, not so much to harass the steps of those who administer it, but to help them with it and to back them up and to encourage them and try to deliver this thing.

We provide here in this bill for a three-man board for Work Projects Administration; a three-man nonpartisan board. We believe it is too big for any one man to handle.

Mr. SCHAFER of Wisconsin. Will the gentleman yield?

Mr. WOODRUM of Virginia. I yield.

Mr. SCHAFER of Wisconsin. Has not the House created a committee to watch expenditures of all of its departments, the Committee on Expenditures in the Executive Departments, which seems to have been sleeping peacefully during the past few years? [Laughter.]

Mr. NICHOLS. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield to the gentleman from Oklahoma.

Mr. NICHOLS. Perhaps I arrived so late that the gentleman has already covered it and I did not hear it, but I wonder if the gentleman could give us some little explanation of this formula laid down here, about this 45 percent. I cannot quite understand it.

Mr. WOODRUM of Virginia. That is the recommendation of the Works Progress Administration. Of course, the problem has been a difficult one to provide work projects at the exact time and place where there was unemployment. It so often happened that projects would be granted where there was perhaps less need for it, or perhaps there were places where there was greater need and no project there, and they worked out a formula that the projects are to be awarded by States instead of on the basis of money, on the basis of jobs, and in the formula 45 percent is on the basis of population, 45 percent on the basis of unemployment, which makes 90 percent, with a 10-percent discretionary power in the W. P. A.

They feel that that sort of formula will enable them to work out a program that will have some flexibility and enable them better to place projects where there is great unemployment.

Mr. NICHOLS. That means, then, that the test of priority as to projects is the number of people to be employed on W. P. A. instead of the priority of projects?

Mr. MARCANTONIO. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield.

Mr. MARCANTONIO. Certainly no one even remotely questions the patriotism or the Americanism of Colonel Harrington. Colonel Harrington appeared before the gentleman's committee on yesterday and made a statement with reference to the activities of the Workers Alliance. Colonel Harrington is in a position to know what he is talking about, because he is administering the works progress program. In all fairness, will not the gentleman quote, if he has it before him, the statement that Colonel Harrington made yesterday before the committee?

Mr. WOODRUM of Virginia. I will do so if the gentleman wishes. Does the gentleman mean the whole statement?

Mr. MARCANTONIO. No; not the whole statement, but just what Colonel Harrington said with reference to the Workers Alliance, so that we may have it at this point of the debate.

Mr. WOODRUM of Virginia. The statement is already in the Appendix to the RECORD, page 2568.

Mr. COCHRAN. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield.

Mr. COCHRAN. I think the gentleman from Missouri [Mr. CANNON] yesterday received permission to insert that statement in the RECORD and that it appears in this morning's RECORD.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield.

Mr. MAY. I have not had time yet to read either the bill or the report. I wonder if the gentleman will give us some information as to just what the committee has done with respect to requiring States, cities, and local municipalities to participate in the sponsorship of projects; whether or not there is a very vital change, or any change at all, between this bill and what we have had in the past?

Mr. WOODRUM of Virginia. The committee could find no suitable formula for a minimum sponsorship contribution, although we tried very hard to find something of that nature. We found that in many instances W. P. A. has been aided by very substantial contributions and in other instances where the relief need was probably the greatest they were unable to put up sponsorship contributions.

Mr. MAY. Is there anything in the bill that increases the responsibility of local communities?

Mr. WOODRUM of Virginia. We have tried to make such provision in the bill.

Mr. LANHAM. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield.

Mr. LANHAM. Can the gentleman state to what extent overhead administrative expenses have been reduced in order that a greater proportion of the money we appropriate may be paid to those actually doing the work?

Mr. WOODRUM of Virginia. We have made a very drastic limitation in the administrative expenses which we think will enable W. P. A. to carry on, but which will release at least $25,000,000 for jobs instead of administrative expenses.

Mr. LANHAM. May I ask the gentleman one further question?

Mr. WOODRUM of Virginia. Certainly.

Mr. LANHAM. Does the gentleman think that the provisions of the pending bill are sufficient to assure the giving of work relief to American citizens only?

Mr. WOODRUM of Virginia. I think it is.

Mr. COLMER. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield.

Mr. COLMER. Was it called to the gentleman's attention and to the attention of the committee that these organizations such as the Workers Alliance have been charging membership dues to the W. P. A. workers with the idea that they would get them work? I wonder if the committee could by appropriate amendment make some provision prohibiting such preying upon these W. P. A. workers.

Mr. WOODRUM of Virginia. I do not believe we would be able to write a provision of that kind. I think that could be handled by strong administrative action here, and we hope that will be done.

Mr. HOUSTON. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield.

Mr. HOUSTON. Is it not a fact that the way this bill is written administrative expenses of the W. P. A. cannot go over 3.3 percent without their being a violation of the law?

Mr. WOODRUM of Virginia. The gentleman is correct.

Mr. HARE. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield.

Mr. HARE. Under the formula 45-45-10, I wonder whether or not the chairman contemplates any material reduction in personnel in other brackets?

Mr. WOODRUM of Virginia. In administrative personnel?

Mr. HARE. Yes.

Mr. WOODRUM of Virginia. It is not so intended.

Mr. BRADLEY of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield.

Mr. BRADLEY of Pennsylvania. Can the gentleman tell us how many people he believes will be furnished employment under the program provided for by the pending bill?

Mr. WOODRUM of Virginia. The program is gaged to employ an average of 2,000,000 people for the year.

Mr. BRADLEY of Pennsylvania. It is a reduction from the administrative program, from the administration's figures. It will employ only 2,000,000. This is a reduction of 1,000,000 jobs.

Mr. WOODRUM of Virginia. The program is estimated to take care of 2,000,000 unemployed.

Mr. BRADLEY of Pennsylvania. Does the gentleman know how many that would require to be dropped from the rolls as of this time?

Mr. WOODRUM of Virginia. Under the President's estimate, the message that the President sent, it requires a reduction from an average of 3,000,000 employed during the current fiscal year to an average of 2,000,000 during the next fiscal year.

Mr. BRADLEY of Pennsylvania. That means that 1,000,000 people, unless business improves, will be thrown off the W. P. A. rolls in this administration?

Mr. WOODRUM of Virginia. There is, of course, a turnover, and the question of need comes in.

Mr. BRADLEY of Pennsylvania. It requires that 1,000,000 people be dropped as compared to the number that have been employed.

Mr. WOODRUM of Virginia. That is correct, yes.

Mr. BENDER. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield.

Mr. BENDER. I notice in the table on page 4 of the report that in addition to the amount recommended by the committee and the Bureau of the Budget it says: "Plus unexpended balances of previous years." How much remains in the fund?

Mr. WOODRUM of Virginia. Is that for W. P. A.?

Mr. BENDER. Yes.

Mr. WOODRUM of Virginia. As I recall, about $25,000,000 or $30,000,000. They always have that much turn-over. They cannot run right up to the end of the year right on the dot, they must always have a cushion.

Mr. BENDER. The chairman of the committee says there is $25,000,000 or $30,000,000 now in this fund. Are the wholesale lay-offs made in some of these large centers justified in the light of this money remaining in the fund?

Mr. WOODRUM of Virginia. The sum of money that remains is the cushion at the end of the year. They cannot figure their program just on the dot. There must be a cushion at the end of the year to take care of bills that come in after the first of the year.

Mr. WHITE of Ohio. Will the gentleman yield?

Mr. WOODRUM of Virginia. I yield to the gentleman from Ohio.

Mr. WHITE of Ohio. Would the distinguished gentleman from Virginia be willing, and can he find words in the English language that are fit to print in the CONGRESSIONAL RECORD, to describe the book he has laying on the table entitled "American Stuff" that was issued under the writers project?

Mr. WOODRUM of Virginia. That was not issued under the writers project.

Mr. WHITE of Ohio. It was written under that project.

Mr. WOODRUM of Virginia. It was written by project writers in off time, but it bears the endorsement of Mr. Henry Alsberg, a Government employee, who is Director of the Federal writers project, and to all intents and purposes has the endorsement of the writers project.

Mr. WHITE of Ohio. It is positively vile?

Mr. WOODRUM of Virginia. I think it is; yes.

[Here the gavel fell.]

Mr. WOODRUM of Virginia. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

The SPEAKER. Is there objection to the request of the gentleman from Virginia [Mr. WOODRUM]?

There was no objection.

Mr. MARTIN of Colorado. Will the gentleman yield?

Mr. WOODRUM of Virginia. I yield to the gentleman from Colorado.

Mr. MARTIN of Colorado. I did not hear the gentleman mention the National Youth Administration, in which a great many Members are interested, and which sustained a cut of $42,000,000.

Mr. WOODRUM of Virginia. I will be glad to mention that.

Mr. Chairman, the gentleman from Colorado [Mr. MARTIN] calls my attention to the fact I did not say anything about the National Youth Administration and I appreciate his calling my attention to it because that is a matter in which the House is interested. We are all interested in it.

The estimate sent to us for the W. P. A., which is the agency supposed to furnish the jobs for unemployed workers to support their families, was cut by the administration 33⅓ percent. The Farm Security Administration is also reduced in the next year 33⅓ percent. Yet the Budget estimate for the National Youth Administration was increased 66⅔ percent. Our committee could not find any justification for cutting down jobs for unemployed heads of families who had to pay rent and buy food and at the same time increase the program for college students and college graduates. We could not find any justification for that. We have favored the National Youth Administration, however, because we give them for the next year $3,000,000 more than their program for the current fiscal year carriers.

No one can say under the program outlined by this committee that we have not dealt liberally and sympathetically with the National Youth Administration. We have permitted them and are permitting them to go forward with their program, just as they have always, but we have felt that we could not cut off men who had to support families and on the other hand raise the benefits to be given to young college students.

Mr. ROBERTSON. Will the gentleman yield?

Mr. WOODRUM of Virginia. I yield to the gentleman from Virginia.

Mr. ROBERTSON. The gentleman's committee has brought out a program by which in the next fiscal year we can operate relief for $825,000,000 less than for the past fiscal year, provided it is a year's program and not just a part of a year's program. Will the gentleman tell us whether or not he knows of any secret reservations on the part of the committee whether this is actually to be a year's program or just the start of a year's program?

Mr. WOODRUM of Virginia. So far as I know, this is to be a year's program. Not only that, but this program will give a better regulated program and more real relief to people to whom Congress wants to afford relief than any program we have yet had on relief.

Mr. VOORHIS of California. Will the gentleman yield?

Mr. WOODRUM of Virginia. I yield to the gentleman from California.

Mr. VOORHIS of California. The gentleman said, as I understand it, that he believes that people who are working on this program have a right to join an organization, but what he objects to is when an organization, certainly the Communist Party or any similar group, tries to decide who is to be employed and who is not to be employed. May I say first that I am in full agreement with him in that position. But I wonder whether the gentleman has not given an exaggerated view to the House of the extent to which that is happening on W. P. A.? We have had a tremendous program all over the country.

I have sincerely tried to find where anything of that kind existed wherever I have known the program, and I have been pretty close to it. Has the gentleman not given the House the impression that that kind of situation where Communists, for example, are able to exert influence—which I am against as much as he is—is more widespread than is actually the case, in view of the tremendous job we have had and the great scope of the W. P. A. program?

Mr. WOODRUM of Virginia. I think it is largely centered in the metropolitan centers, with 85 percent of the activity in New York City, unquestionably.

Mr. SABATH. Will the gentleman yield?

Mr. WOODRUM of Virginia. I yield to the gentleman from Illinois.

Mr. SABATH. I think the gentleman left the impression that many men have been assigned work on the W. P. A. who were not on the relief rolls.

Mr. WOODRUM of Virginia. I did.

Mr. SABATH. There is no doubt but what that has occurred, and for the following reasons: Up to 1933 many of these people had their small deposits in banks and building and loan associations, but when the banks and the building and loan associations failed these people could not withdraw their money to live on. Though they were entitled to relief, they were too proud to ask for relief. They became desperate in 1934 and 1935 and were obliged to seek and obtain employment on the W. P. A.

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I yield myself 30 minutes.

Mr. Chairman, this Congress has been in session now for more than 5 months. In all that time only one measure has been considered and passed by the House which might in any way help the business situation or encourage the employment of our people. That was the so-called Social Security Act amendment passed last Saturday; and while that bill carried a tax reduction, it also carried increases in expenditures which will to a very large degree offset the benefits derived.

Let me say to the House and the country that the thing this country needs is a drastic revision or outright repeal of the Wagner Labor Act [applause], a revision or repeal of the Wage-Hour Act, and an outright repeal of the law providing for the reciprocal-trade agreements, in order to encourage the employment of our people. [Applause.]

Rid of those terrible encumbrances, and rid of the destructive and reactionary tactics of the Roosevelt administration, which seemingly tries to do everything to keep our people unemployed, and we would not be considering a relief bill here today.

For the majority on the committee I wish to say this: They have gone as far as they could go in a legislative way, deprived of the personnel of first-class administration, to make W. P. A. a relief project. I believe, and I say, that they have tried as far as they could to improve the administrative set-up and method of operation of W. P. A. If, added to that effort on the part of the majority of the committee, there could be an assurance that the executive heads of the W. P. A. would treat that organization as a relief agency and try to take care of the people in accordance with their relative need in the same way that they are required by the provisions of this bill that is submitted today, and if we could have competent administrators in the localities, we could look for an improvement.

But what is the current picture and the current history of the Roosevelt administration and the W. P. A. with reference to their responsibilities? On the 19th of March—a little less than 3 months ago—at a time when consideration was being given to a reduction in the W. P. A. personnel, Colonel Harrington said in his message to his State administrators:

Relative need will not be considered in making reduction.

This was following up the policy that had been followed ever since the beginning by the W. P. A. It was looked upon by the officials as a work project and not a relief project. It was used for political purposes. It was used to promote the interest of individuals rather than the public good.

Mr. VOORHIS of California. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from California for a question.

Mr. VOORHIS of California. My question is, Would not the gentleman and other people complain if W. P. A. engaged in projects that had no worth to them, and therefore, can the gentleman blame the Administration for trying to keep workers on the job who are efficient and able to carry the projects through?

Mr. TABER. I blame the Administration for avoiding its responsibility and its duty to those who need relief, and employing those who are not in need of relief. [Applause.] That is the trouble. The gentleman has no conception of what the situation is that we are facing. We must not permit relief funds to be used longer for other than relief purposes.

Mr. VOORHIS of California. I am in full agreement with the gentleman that we should use these funds for people who are in need of them, as the gentleman well knows, but what I am saying is that when you have to cut people off a project, many times in order to carry that project through as it is supposed to be carried through it is not possible to take off all those people, if you begin at the very bottom of the scale. You have to use some judgment.

Mr. TABER. The gentleman has been absorbing propaganda from Colonel Harrington, but he has failed to realize—and these are the facts—that there are very few persons required on these projects in the way of supervisory personnel and instructors. Those who do the bulk of the work should be relief customers. This rule has not been followed, and it must be followed if this activity is going to be a success.

Mr. COX. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Georgia.

Mr. COX. Of course, everybody who is willing to be frank and honest about this question knows that criminal waste has run throughout this whole movement. The chairman of the gentleman's committee made the statement that we might have better administration through rigid administration. I should like to ask the gentleman if there is in the bill any promise of restraint on the Workers Alliance, which has largely dominated the whole Works Progress Administration. I saw in a report made by Colonel Harrington that he defended the right of Government workers to organize and in this particular instance to organize against the Government. He sought to offer a defense of the Workers Alliance, which he admitted to be largely dominated by Communists. Is there anything in the bill that affords hope of a change of attitude on the part of the Administrator, particularly as regards the operations of the Workers Alliance, who have at times insisted upon being the sole bargaining agency of the W. P. A. workers?

Mr. TABER. There is nothing whatever in the bill which prevents Colonel Harrington from dealing with them or recognizing them, I am sorry to say.

Mr. BENDER. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Ohio.

Mr. BENDER. Does not the bill provide for three administrators instead of one?

Mr. TABER. The bill provides for three administrators. The majority of the committee felt, and I frankly agree with them, that there was more of a possibility of procuring competent administration if a board of three administrators instead of one was required, no more than two of whom could be members of any one party. The greatest safeguard of all is the provision that the appointments of these three gentlemen must be confirmed by the Senate of the United States. [Applause.]

Mr. BRADLEY of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Pennsylvania.

Mr. BRADLEY of Pennsylvania. Would the gentleman mind stating his thought as to what the minimum amount is on which a worker and his family can exist in decency in America?

Mr. TABER. It depends on the locality entirely. I have places in my locality where single men without dependents can get along very comfortably on $20 to $25.

Mr. BRADLEY of Pennsylvania. A what?

Mr. TABER. A month. I have places in my district where a man with four or five youngsters on his hands would find it exceedingly difficult to get along on $60 or $70. But let me say to the gentleman that one of the great causes of the terrible expense of the operation of the W. P. A. has been the entire failure on the part of the Works Progress Administration to consider the question of relative need in everything connected with the proposition. Let me get this across to the gentleman so that he may see something of the problem with which the Congress is faced.

The committee has provided in one section that the Administrator may with reference to employees without dependents provide that they shall work a less number of hours and receive a proportionately smaller amount of pay than those who are obliged to take care of dependents. In my opinion, this will save a very large sum of money if it is properly administered.

Mr. BRADLEY of Pennsylvania. What I was referring to——

Mr. TABER. I want to get the gentleman to understand the answer to his question; it takes a little bit.

This is the situation. In this country today we are facing the problem of trying the best we can to carry along the poor people who are in need without breaking down the structure in such a way that next year or the year after we will not be able to do anything for them. If we go too far we will get into just that situation and will not be able to do anything for them. I believe the rates of wages that have been set up by the Administrator go just as far as the Government can go in handing out relief employment in the different localities.

I do not believe that more money than that can be spent under any circumstances with the financial condition of the Government considered. These rates vary. They vary according to the Administrator's opinion of the wage schedules in different territories, and they vary according to the living costs in the different territories. I do not believe we can go further than that, and this is my answer to the gentleman.

Mr. BRADLEY of Pennsylvania. Mr. Chairman, will the gentleman yield to me to follow that question a little further?

Mr. TABER. I cannot yield further to the gentleman just now.

Mr. SCHAFER of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. TABER. Yes.

Mr. SCHAFER of Wisconsin. Is it not true that at the peak there were only about 3,000,000 people on the W. P. A. pay rolls?

Mr. TABER. Maybe 3,300,000.

Mr. SCHAFER of Wisconsin. There are about 12,000,000 who cannot find a job. So there are about 9,000,000 people out of work who are not able to get on the W. P. A. rolls.

Mr. TABER. That is true.

Mr. SCHAFER of Wisconsin. In view of that fact and in view of the further fact that these W. P. A. projects are relief projects, why should we continue to pay single skilled mechanics without dependents $90 a month for 10 days' work, as the W. P. A. has been doing, and pay married laborers who have many dependents $60 a month? Would it not be better if the amounts received as W. P. A. wages were based on the number of dependents and the cost of living in the community where the W. P. A. worker resides?

Mr. TABER. Absolutely, and I wish to say this in connection with the W. P. A. Large numbers of persons having dependents were released when appropriations for the W. P. A. were pending before the Congress last January, and then following the $100,000,000 appropriation in April, and in my own district there were large lay-offs of those with dependents, while those without dependents were kept on the rolls. In one little town I have a record of 15 with dependents who were laid off, when many on the projects doing the same type of work were kept on, although they were without dependents, and at the same time in that little community one lady was given a $4,000 a year job—almost enough to take care of the yearly wages of those who were thrown off and who had dependents.

Mr. CASEY of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. TABER. Not at this time.

People were released with a large number of dependents at a time when appropriations for W. P. A. were pending before the Congress, as witness last January's operations and last April's operations, and the reductions that were put in effect by Colonel Harrington following the passage of the $100,000,000 appropriation in April.

In my own district, where lay-offs were made, they were almost invariably made by discharging those with several dependents and keeping those without dependents, or with a few dependents. It was manifest that this method of operation was designed for the purpose of bringing pressure to bear upon Congress. That it was heartless, that it caused intense suffering, made no difference to that great humanitarian in the White House, who cares only for the promotion of his own selfish ends.

In one case in one small community in my own district 15 men with dependents were discharged and many retained who had no dependents. But most glorious of all was the addition, at the same time, of a woman from this very same community to the administrative roll at $4,000 a year—almost enough to pay the salaries of those needy unfortunates who were dropped—dropped because of "insufficient funds," yet they had enough money to warrant such increases in the administrative forces! Maybe that is caring for relief, but it is not the way I was brought up to do it.

Fancy jobs for the faithful—nothing but grief and pink slips for the poor and needy.

I have in my possession letters and affidavits, and I have had communications from countless communities in this country where the same situation applies.

But this is not all! In the great State of Missouri, where the President's Attorney General is claiming that he is trying to wreck and clean up the Pendergast machine, Matthew S. Murray, the right bower of that machine in Kansas City and the welfare officer of Kansas City, is still the W. P. A. administrator in Missouri. He is on the pay roll of the W. P. A. for $6,500, and as welfare officer of Kansas City he also draws the munificent sum of $8,000. This is certainly relief! And it is catering to one of the worst political machines in the world.

Mr. CASE of South Dakota. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman.

Mr. CASE of South Dakota. Was any evidence brought before the committee to the effect that the Pendergast machine was collecting a rake-off from workers and employees on the Works Progress Administration?

Mr. TABER. No; we did not get into Missouri in our investigation.

Mr. CASE of South Dakota. I may say that such evidence has been given to me and I will be glad to hand it to the gentleman.

Mr. TABER. I am glad to have the gentleman's contribution.

Mr. JENKINS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Ohio.

Mr. JENKINS of Ohio. I have been very much interested in what the gentleman has had to say with reference to these jobs, particularly where the gentleman stated that a woman received $4,000 a year in a small community and this man in Missouri gets two salaries. If the gentleman were to concentrate responsibility for that on one or two heads, where would it be?

Mr. TABER. You mean in the States?

Mr. JENKINS of Ohio. Yes; whether it would be in the States or in the Federal Government.

Mr. TABER. I think we ought to turn this thing back to the States, so that the people back there will know that the job is being done right, and I think we ought to require enough of a contribution from the people in the States so that the local people will insist upon its being done right.

Mr. JENKINS of Ohio. Is it not true that the dominating influence beyond any question is right here in Washington?

Mr. TABER. Absolutely.

But that is only one end of the State of Missouri. At the other end, $6,750,000 was allocated in 1935 by the President for the notorious Jefferson Memorial. This allocation was made in spite of an opinion by Attorney General Cummings on the 18th of November 1935 that such allocation was illegal. Perhaps it was an honest opinion or two like this that finally caused Mr. Cummings to leave the Cabinet.

In St. Louis there is a notorious machine—just as notorious as the Pendergast machine—and it is headed by a gentleman named Bernard F. Dickmann, honorary chairman of the Jefferson Memorial Commission. Not one dollar of the $6,750,000 of relief money allocated in 1935 was spent down to the 1st of May of this year; but evidently to please the Dickmann machine and to satisfy the greed for cash on the part of the "faithful" an attempt has recently been made to buy with this $6,750,000 of relief money 37 city blocks. Already checks have been cashed by the clerks of the courts in St. Louis totaling over $1,800,000 to hand out to the owners of the 37 city blocks. Truly, Missouri is a highfalutin State. This sort of thing, carried on all over the United States, has made those of us who think and who want to see relief money spent for relief purposes feel that Federal administration of relief and relief employment is impossible.

Enormous numbers of people have been given employment without any certification from a public authority that they are needy. One thousand two hundred and twelve people were placed at work on a sewing project on the certification of the International Ladies' Garment Workers' Union, headed by Mr. Dubinsky. Five thousand nonrelief mechanics were placed upon the W. P. A. roll in New York City in April 1938 on the certification of their union. In October 1938 a union card was required for W. P. A. employment to dig ditches. Relief workers were thrown off under the direction of Aubrey Williams because a union threatened to strike. Everywhere

the picture has been the same. Even if the management in Washington were competent, it would be too far away from the actual employment of the workers to control the situation.

With the situation as it is, with a lack of courage and a lack of sense of responsibility on the part of the Administrator and his force to see that those in greatest need be taken care of, it is absolutely essential that we do away with this cumbersome Washington management and appropriate money to be allocated to the States and localities on a fixed formula so that we can have a solution of the relief program.

Mr. ANDERSON of Missouri. Mr. Chairman, will the gentleman yield?

Mr. TABER. Yes.

Mr. ANDERSON of Missouri. The gentleman has been talking about machines in St. Louis. I do not live in the city of St. Louis, but did the gentleman ever hear of that famous Republican machine in Missouri called the Victor Miller machine, that sold everything but the city hall?

Mr. TABER. That was a good many years ago.

Mr. ANDERSON of Missouri. Six or seven years ago.

Mr. COCHRAN. Mr. Chairman, will the gentleman yield? I just came into the Chamber, being called to the door when the gentleman made his statement, and did not hear all he said.

Mr. TABER. Yes.

Mr. COCHRAN. The gentleman, I understand, was talking of relief money as applied to the Jefferson Memorial. The money was allocated to assist to buy ground and make a park after St. Louis advanced one-third of the necessary amount. It is my understanding about $2,750,000 must be spent for W. P. A. workers to tear down buildings and make a park, the balance to buy the land.

Mr. TABER. The gentleman evidently is not familiar with the situation.

Mr. COCHRAN. I understood the Government contribution other than the $2,750,000 came out of a P. W. A. appropriation.

Mr. TABER. Let me tell the gentleman what the situation is and then he may see. This is money that was allocated in 1935, and it is in the hands of the park outfit, and they can spend it for land. If it was money carried in the current act, it could not be spent except for labor, but the gentleman is mistaken on the question of this money. It would revert to the relief fund and could be used for real relief if the President would revoke that allotment of $6,750,000. That is a matter for which the President and the administration is subject to criticism, and that is why they are using funds which have been appropriated by Congress and which should be used for relief but are being spent in a way that never was intended by the Congress. That is the situation.

Mr. COCHRAN. I thought part of the money came out of P. W. A. appropriations and part from W. P. A. Of course, P. W. A. money was allocated in the general relief bill.

Mr. TABER. The gentleman is entirely mistaken.

Mr. COCHRAN. If it did not, then under the broad power granted the President he must have transferred or allocated it to the Department of the Interior from the money carried in the relief act.

Mr. TABER. The allotment came out of the 1935 relief act, and there was no segregation of P. W. A. money in that act. It was all in the hands of the President. He could allot it as he pleased. That is the situation, and if the gentleman will look it up he will see that it is.

Mr. COCHRAN. I will look it up. I admit no matter where it came from two-thirds is Government money.

Mr. ANDERSON of Missouri. Mr. Chairman, the gentleman from Missouri [Mr. COCHRAN] is absolutely right, and if the gentleman's speech is based on such information——

Mr. TABER. I have given the correct information in reference to this, and the gentleman will find it out, if he will investigate it.

Mr. ANDERSON of Missouri. Where did the gentleman get the information?

Mr. TABER. I know where I got it—out of records. An enormous number of people have been given employment without certification. You have heard the gentleman from Virginia [Mr. WOODRUM] discuss the twelve hundred-odd people who were put on at the request of Mr. Dubinsky. In New York, on the demand of a union, 5,000 nonrelief mechanics were placed on the W. P. A. rolls on the certification of their union without any relief status whatever. In October 1938 a union card was required of those who were employed to dig ditches. Relief workers were thrown off under the direction of Aubrey Williams, because the union threatened to strike. Everywhere the picture has been the same. Even if the management in Washington were competent it would be too far away from the actual employment of workers to control the situation. In New York City they charged the W. P. A. for 500 pounds of dynamite when they delivered 100. That is the way they kept their books, and the way they keep track of things. This situation presents a lack of courage, a lack of sense and responsibility on the part of the Administrator and his force to see that those in the greatest need should be taken care of. It is absolutely essential that we do away with this cumbersome Washington management and appropriate the money to be allocated to the States and localities upon a fixed formula so that we can have a solution of the relief problem.

Mr. Chairman, I feel that the majority of the committee has imposed a great many restrictions on the use of these funds which will result in an improvement in W. P. A. and its operations. I propose to support the majority of the committee in keeping those restrictions in the bill, and I believe that the House, if it will carefully consider those restrictions, will follow the lead of the committee.

Mr. CANNON of Missouri. Mr. Chairman, will the gentleman yield?

Mr. TABER. Yes.

Mr. CANNON of Missouri. Does the gentleman approve of the appropriation of the amount carried by the bill for the purpose given in the bill? Does he think the Government ought to appropriate that money?

Mr. TABER. I think that more money is being carried in the bill for the purpose of relief than would be required to handle the relief situation if the Administrator would properly handle it. I feel that it would not probably be possible for the type of management that we have been having in the past to take care of it on a great deal less.

Mr. CANNON of Missouri. Does the gentleman think any money at all ought to be appropriated for this purpose at this time?

Mr. TABER. I feel that money should be appropriated by Congress for relief, but I have never regarded the W. P. A. program as a relief program.

Mr. CANNON of Missouri. If the gentleman will permit me to interrupt, does the gentleman favor the appropriation of money for this program, as indicated in the bill?

Mr. TABER. I do not favor the appropriation of money for the purposes indicated in the bill, because I believe they are entirely demoralizing and that they do not constitute a relief program.

Mr. DARDEN. Will the gentleman yield?

Mr. TABER. I yield.

Mr. DARDEN. Would the gentleman mind giving us a little additional information on section 12, having to do with the $25,000 limitation on buildings?

Mr. TABER. Yes. That limitation has been put on because very generally the W. P. A. has been rather extravagant in its costs. Costs for building construction have run anywhere from 40 to 200 percent more under W. P. A. than they have under other methods of construction. It was the method of employing people which, according to the investigation of the engineers who were sent out by representatives of the committee, which provided less efficiency and less proportionate good results, requiring most of other employment than relief employment.

Mr. DARDEN. Did the committee feel it would be possible to take out of it the waste or excessive cost and yet maintain the right to have larger construction?

Mr. TABER. No; they did not. There is this situation also: I am not speaking for myself now, because I do not believe in this activity of the Public Works Administrtion myself, but the majority of the committee felt that the $125,000,000 which they allocated to P. W. A., with a limitation to prevent its being allocated to tremendous large projects where little relief would be accomplished, would take care of the small building projects of a community with a 45-percent Federal contribution, and that most of the buildings which localities need to have would be properly taken care of, and probably with less cost to the local community than through W. P. A.

Mr. DARDEN. Is the $125,000,000 restricted to relief labor in any way?

Mr. TABER. No.

Mr. DARDEN. Or is it simply granted to public works?

Mr. TABER. It is simply a grant.

Mr. GEYER of California. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mr. GEYER of California. I am very much concerned about the Federal theaters project, because I realize that those people are trained to do that one thing. Does not the gentleman believe the committee might have worked out some plan whereby they could correct these evils which they claim to exist, rather than cut off the head entirely?

Mr. TABER. The situation with reference to that is something like this: The theater project employment group is not a very large percent trained actors. That was the development. There were a large number who were put on that project without certificates as to being in need and there were a large number who were not competent actors at all and had no theater experience.

Mr. GEYER of California. Where does the gentleman get that information?

Mr. TABER. Oh, we got that in the investigation and from the different activities of the membership of the committee. We also found, as near as I can estimate it from the figures I have, that it was costing somewhere around $2,000 a year for every person who really was entitled to relief, to be carried on the theater project. Those figures are tremendously high in all of project No. 1. There must be some sense exhibited in anything of this kind. There has been almost none in the management of this project. That is the trouble with it.

I now yield to the gentleman from Kentucky.

Mr. O'NEAL. I just want to remind the gentleman in answer to that question that the money it cost to take care of one person on the theater project would take care of four or five other people on other jobs or projects.

Mr. TABER. That is correct. Most of these people are not trained.

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mr. O'CONNOR. I note that the National Youth Administration appropriation has been cut $42,000,000.

Mr. TABER. Oh, it has been raised $6,000,000 above the current year, and the expenditure in the current year is going to run considerably below the appropriation.

Mr. O'CONNOR. The $42,000,000 is below the estimate?

Mr. TABER. It is below the Budget estimate, but it is $6,000,000 above the current year expenditure. This current year they did not use their entire appropriation. The things that they propose to increase were a lot of projects which are entirely duplications of the W. P. A. These things ought to be given consideration and we ought not have that kind of duplication.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. TABER. Mr. Chairman, I yield myself 3 additional minutes.

Mr. MARCANTONIO. Will the gentleman yield?

Mr. TABER. I yield.

Mr. MARCANTONIO. Apparently the objectives of W. P. A. appropriations are to give work to as many people as possible; is that not correct?

Mr. TABER. I do not know what the primary purpose of the W. P. A. is, but I should say that it ought to be to take care of relief and to spread it out so that those who were in need only were taken care of as far as possible.

Mr. MARCANTONIO. Then, by earmarking $125,000,000 for heavy construction work, the gentleman is undoubtedly familiar with the fact that heavy construction work employs the least number of people?

Mr. TABER. Now, there are some people who dispute that, but right on the site that is true.

Perhaps it is not true in other places; I do not know. It costs $4,600 on the average to put one man to work on W. P. A.; that is true.

Mr. WARREN. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mr. WARREN. The gentleman will note that the bill seeks to eliminate all Federal projects.

Mr. TABER. That is correct.

Mr. WARREN. What would happen in a situation of this kind, because the gentleman was a member of the committee that considered it and, so far as I know, was very helpful in aiding me to secure this Coast Guard air base which was authorized to be built at Elizabeth City, N. C. That appropriation has been made and construction is now going on. In the second deficiency bill $334,000 was appropriated for materials, but the bill specifically says that no labor is provided for in that item, and the hearings show that that was to be a Federal project whereby Congress appropriated for all of the material. We have no appropriation for labor. Under the provisions of the pending bill would that work be stopped?

Mr. TABER. My understanding is—and I would like to have the gentleman from Virginia correct me if my understanding is incorrect—that a Federal project already under way can be carried along.

Mr. WOODRUM of Virginia. That applies to building-construction projects.

Mr. TABER. Only building-construction projects?

Mr. WOODRUM of Virginia. I think, however, that is not what the gentleman from North Carolina was talking about.

Mr. WARREN. The second deficiency bill appropriated $334,000 for materials for the Coast Guard air base at Elizabeth City, N. C., and the item shows that no labor was provided for. It was stated in the hearings that no appropriation was made for labor because the labor was to be secured through a W. P. A. project. Would the inhibition against Federal projects carried in the pending bill do away with that?

Mr. TABER. I think I can answer the gentleman's question now. I did not have in front of me when he first asked his question section 11, which is the section involved. Has there been any allotment for this air base?

Mr. WOODRUM of Virginia. I am inclined to think they could not make an allotment under the bill as it stands now. I do not know what the gentleman from New York thinks about it.

Mr. TABER. I am inclined to think they could not make a new allotment, but I will tell the gentleman what could be done and what we had in mind should be done in the case of projects under way, in the case of real, legitimate Federal activities. The proper procedure would be to submit a deficiency estimate to the committee. One of the main reasons for cutting out these Federal projects was that so many allotments have been made for Federal projects, construction, and activity which the House and the Senate never would have approved and which would never have been started except for the W. P. A. The gentleman's project is one that has been authorized by the Congress. I think that is a situation that could readily be taken care of.

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I yield myself 4 additional minutes.

Mr. WOODRUM of Virginia. What would the gentleman from New York have to say of qualifying language to the effect that where a specific project had been authorized by

Congress and work upon it had been started on the basis of W. P. A. assistance, that it might be completed within the original limits of cost?

Mr. TABER. I would have no objection to that, but I am very leery of getting into a situation where money can be allocated as it has been for things that Congress never would do.

Mr. WARREN. I hope the suggestion just made by the gentleman from Virginia will appeal to the gentleman from New York.

Mr. WHITE of Ohio. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mr. WHITE of Ohio. A few moments ago the gentleman from New York was discussing the dismissal of relief clients with families ahead of those who have no dependents. I did not hear all of the gentleman's remarks. Is there anything in this bill which seeks to prevent in any way, shape, or form such unwarranted discrimination?

Mr. TABER. There is. The bill carries a provision with reference to employment to the effect that the Administrator may fix a shorter number of hours which those without dependents may be permitted to work and reduce their wage accordingly; and we hope that this will result in correcting this injustice that has been going on.

Mr. WHITE of Ohio. That is a very necessary correction.

Mr. TABER. I think it is.

Mr. O'BRIEN. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mr. O'BRIEN. As I understand it, heavy construction was taken away from W. P. A. and turned over to P. W. A. because of the fact that on numerous heavy-construction jobs where W. P. A. unskilled workers were employed it impaired the efficiency of the program to such an extent that it caused unusual and unwarranted expenditure beyond the original estimate, or a reasonable cost, and thus caused distress in that particular program.

Mr. TABER. The gentleman is correct; and I assume that this kind of project is put under P. W. A. so that the skilled mechanics and tradesmen can be employed to carry it on in a much more efficient manner. That is true.

Mr. MICHENER. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mr. MICHENER. I have received a number of letters with reference to subversive activities in the National Youth Administration. Was there anything in the hearings to indicate whether or not Communist influences were working within the Youth Administration?

Mr. TABER. There was nothing in the hearings. I have heard of those things in the past, and I have had evidence of such things. I was told, however, that the camp of which I knew had been abolished.

Mr. O'BRIEN. Mr. Chairman, will the gentleman yield further?

Mr. TABER. I yield.

Mr. O'BRIEN. Such activity has come to the gentleman's ears, however, without being incorporated in the hearings?

Mr. TABER. It came to my ears.

Mr. Chairman, I yield myself 1 additional minute.

Mr. SMITH of Ohio. Will the gentleman yield?

Mr. TABER. I yield to the gentleman from Ohio.

Mr. SMITH of Ohio. I am curious to know why the change in name?

Mr. TABER. Oh, that comes about through the reorganization bill and reorganization plan No. I. The name followed in the bill is the name carried in reorganization plan No. I.

Mr. CURTIS. Will the gentleman yield?

Mr. TABER. I yield to the gentleman from Nebraska.

Mr. CURTIS. Is there anything in the bill that spreads this money out over the whole 12 months?

Mr. TABER. Yes; there is.

Mr. CURTIS. And prevents them from spending it in the first 6 or 8 months?

Mr. TABER. Yes.

Mr. CURTIS. What is it?

Mr. TABER. A provision that it shall be apportioned so that it will carry through the whole fiscal year 1940.

[Here the gavel fell.]

Mr. WOODRUM of Virginia. Mr. Chairman, I yield 10 minutes to the gentleman from Georgia [Mr. TARVER].

Mr. TARVER. Mr. Chairman, it will be recalled that when the W. P. A. deficiency appropriation bill came before the House last January an effort was made to correct the very wide and unjust differentials in wages paid the same types of workers in the various sections of the United States. The House, after consideration of the matter, adopted an amendment offered by myself which would have limited these differentials as between the same types of workers to not more than 25 percent. This provision was afterward eliminated in the Senate. At the time the insistence was made by those in charge of the bill that the matter of a correction of this sort ought to be deferred until consideration of this bill for the next fiscal year. I confidently anticipated that the members of the subcommittee in the preparation and reporting of this bill to the House would undertake to do something which would correct at least in part the unfair differentials which now exist and which range in some types of labor to as much as 500 or 600 percent and in other types to as much as between 800 and 900 percent.

In confirmation of that statement I cite you to figures furnished me by the Works Progress Administration and inserted in the RECORD of January 10, 1939. I suggest that an examination of those statistics appearing on the first page of that day's RECORD will confirm all I have said. It appears that the subcommittee did not go into this question thoroughly, notwithstanding its contention last January that its consideration should be deferred until the present bill should come up, although the Works Progress Administrator did make some brief or passing reference to it in connection with the delivery of his testimony.

This morning in the Committee on Appropriations an amendment was offered which I now propose to read to you for the RECORD and which I intend to offer when the bill is read in the Committee of the Whole for amendment. I may say, without violating any confidence, because it seems to be a matter of general knowledge, that the division in the Appropriations Committee on this amendment was 18 to 19. In other words, a change of one vote would have assured the adoption of the amendment in the committee instead of its defeat.

I shall propose to amend section 15 by striking the period at the end of line 18, page 16, inserting a comma and the following words:

> And which shall not be varied for workers of the same type in different geographical areas to any greater extent than may be justified by available statistics relating to differences in the cost of living.

This would insure that in the fixing of wages as between workers of the same type doing identically the same character of work, the Works Progress Administration should not establish greater differentials than in the judgment of the Works Progress Administrator, who is allowed, as you will observe by the terms of the amendment, some discretion in the matter, might be justified because of differences in the cost of living. If there is anything unfair, if there is anything remotely resembling injustice in the language of this amendment, I have been unable to conceive of it.

I respectfully urge the Members of the House to give the matter consideration with the view to adopting either this amendment or some other amendment which in their wisdom may be sufficient to correct discriminations which now exist. Last year we passed a wage-hour bill in which we said that no section of this country was entitled to a lower minimum wage in private industry than might be established in other sections of the country because of differences in the cost of living or for any other reason.

This amendment does not go as far as the provisions of the wage and hour bill which you approved, but it does go far enough to say that in the disbursement of these public funds there shall not be greater discrimination than may be

justified by differences in the cost of living. Why should not a man working in one section of the country on a public project, doing identically the same character of work that may be done by a man working in some distant portion of the country, receive for his labor substantially the same wage, at least a wage which is not distinguished from that of the other workingman except by a consideration of differences in the cost of living?

Mr. Chairman, I feel that an extended discussion of this matter, which was pretty thoroughly discussed in the House in January, is not necessary, especially at this stage of consideration of the bill; but I ask that the Members read the amendment in the RECORD tomorrow and that they take into consideration the facts as they appeared in the statistics to which I have made reference, published in the RECORD of January 10, 1939, then determine whether or not, no matter what section of the country they may represent, they will feel justified in voting to continue discriminations which cannot be logically defended upon any reasonable basis.

Mr. SHEPPARD. Will the gentleman yield?

Mr. TARVER. I yield to the gentleman from California.

Mr. SHEPPARD. Am I to understand that the gentleman's proposed amendment will help straighten out the inequalities in salaries that have heretofore existed by and between counties in close proximity to each other?

Mr. TARVER. It will cover discriminations between any geographic areas; not only between States but within States. In other words, the Works Progress Administration would not be allowed to set up in the State of California as between different areas differentials in the payment of W. P. A. workers which could not be justified by the difference in the cost of living, if these workers are of identical types and doing the same kind of work.

Mr. SHEPPARD. I thank the gentleman. I think it is a very splendid contribution to the bill.

Mr. WIGGLESWORTH. Mr. Chairman, I yield myself 20 minutes.

Mr. Chairman, in a eulogy of the W. P. A. recently the Deputy Administrator emphasized the fact that at one time or another about 20 percent of the population of this country have been dependent for their support on the W. P. A. To my mind, Mr. Chairman, that is a most terrible indictment of the policies we have been pursuing in recent years under the present administration—policies which, in my judgment, have served to deprive millions of men and women now unemployed in this country of real employment at decent wages under decent working conditions.

Fifty-five billion dollars has been appropriated in the past 6 years, $6,500,000,000 going to W. P. A. in the last 4 years. With the addition of the $1,500,000,000 carried in this bill, the total for W. P. A. for 5 years will rise to $8,000,000,000; yet we find today 11,000,000 people in this country out of employment, with 4,300,000 on the W. P. A. or on the general relief rolls, and a continuing situation which has placed 20 percent of our population on those rolls at one time or another.

Mr. Chairman, as long as we adhere to the policies to which I refer, I frankly do not believe we will ever bring about fundamental recovery and put American citizens back to work. The apparent insistence by the administration on adhering to these policies explains why so often we hear the question today, "Do those close to the administration really desire business recovery?"

Existing conditions, of course, are not the fault of those unfortunates who are dependent upon W. P. A. for their existence. The problem which relief presents is, to my mind, the major problem in America today. I consider that the right solution of this problem is imperative not only in the national interest but in the interest of the needy themselves, for, to my mind, it is unthinkable that we should continue unchanged a system of administering relief which serves to take from those in need millions upon millions of dollars for the purpose of politics, gross waste, petty graft, and corruption, and for the payment of dues to this or that organization under Communist leadership in the belief that membership in that organization will gain for those on relief what they are entitled to in any event under appropriations by Congress.

The present bill recommends a total for W. P. A. of about $1,500,000,000. In the fiscal year 1936, a nonelection year, the amount expended was about $1,200,000,000. In the fiscal year 1937, an election year, the amount rose to $1,800,000,000. In the fiscal year 1938, a nonelection year, it fell to $1,400,000,000. In the fiscal year 1939, an election year, it rose to about $2,000,000,000. For the fiscal year 1940, a nonelection year, the recommendation again falls to $1,500,000,000. In other words, the amount recommended for the fiscal year 1940, a nonelection year, is not far from the amount as was expended in the fiscal year 1938, a nonelection year, and about $300,000,000 more than was expended in the fiscal year 1936, the previous nonelection year.

I believe the restrictions and limitations recommended in this bill should go a long way toward eliminating abuses which have existed heretofore, and I am glad to pay my tribute to the majority members of this committee for the work they have done in this connection and to express my appreciation of their consideration.

I do not believe, however, that the recommendations will serve to place the administration of relief on the basis on which it must ulimately rest. I believe today, as I have long believed, that ultimately the present system must be revamped and that we must decentralize with proper responsibility in the several States. Only in this way, in my judgment, can we put the administration of relief on a really humane and efficient basis. Only in this way, in my judgment, can we eliminate any basis for such Nation-wide pressure groups as we see developing under the present system.

Mr. MARCANTONIO. Mr. Chairman, will the gentleman yield?

Mr. WIGGLESWORTH. I yield to the geneleman from New York.

Mr. MARCANTONIO. Does not the gentleman believe the unemployed have a right to organize to protect their interests just as much as the businessmen have a right to organize in chambers of commerce and employed workers have a right to organize in A. F. of L. labor federations and C. I. O.'s, and so forth?

Mr. WIGGLESWORTH. The observation I made went to the matter of Nation-wide pressure groups under the present system, where there is no local or personal administration of relief. I believe if relief were turned back to the States, as I think it should be, you would have a personal and efficient administration of relief and have no necessity for any Nation-wide organization.

I call the attention of the Members of the House to a letter which I inserted in the Appendix to the CONGRESSIONAL RECORD and you will find it on page 2164. It is a letter from Gov. Raymond E. Baldwin, of Connecticut, in which, in the light of actual experience in Connecticut, he makes what, in my judgment, is a powerful appeal for the return of the administration of relief to the several States. I urge every Member of the House to read this letter. I shall not take time to read it now, but shall simply quote from its closing paragraphs. I quote:

> Put relief where it belongs—back into the hands of the States. And, through the States, into the hands of the local communities where relief needs are really known—but, more than that, where reemployment needs are known and can most effectively be developed.
>
> By doing this you make every relief agency a reemployment agency, for our local authorities will not have a man on relief if they can find him employment. And you make the Works Progress Administration the reservoir from which, locally, men and women may be drawn back into private industry as local conditions permit.
>
> Then let the Federal Government and the governments of the States cooperate with industry and business. Government's job is to cooperate with industry and business. "There is no substitute for a good job—a good job in private industry"—and government's job is to do all in its power to bring about conditions that make such good jobs possible.
>
> We in Connecticut want to see relief and the W. P. A. continued as long as there is necessity.
>
> We look, however, for results, not merely for relief indefinitely prolonged but for the restoration of jobs. And to that end we are hopeful that emphasis now will be placed, not upon relief merely, but upon relief as a means to an end—to put our citizens locally back to work.

Mr. THOMAS F. FORD. Mr. Chairman, will the gentleman yield?

Mr. WIGGLESWORTH. I yield to the gentleman from California.

Mr. THOMAS F. FORD. The gentleman wants to turn relief back to the States. What has been the experience where old-age assistance has been turned back to the States, leaving them to match Federal contributions? Has it not been very unfortunate?

Mr. WIGGLESWORTH. I do not believe any of the new activities upon which we have been embarking have to date functioned 100 percent efficiently, but I believe the plan you refer to will function far more efficiently than if you put it on any such basis as we are trying to operate W. P. A. on at this time.

Mr. THOMAS F. FORD. Still we find that the States, with the exception of a very few, are able only to match a very small amount and if we turn the whole relief question back to them and ask them to match Federal funds, where would we be?

Mr. WIGGLESWORTH. I am not suggesting that the States finance the entire relief problem.

Mr. THOMAS F. FORD. You want the Government to give the States all the money.

Mr. WIGGLESWORTH. Of course, I expect the Federal Government to do its fair share of the job and my suggestion goes only to the question of administration.

Mr. HOFFMAN. Mr. Chairman, will the gentleman yield?

Mr. WIGGLESWORTH. I yield to the gentleman.

Mr. HOFFMAN. But if we do turn it back to the States, is it not evident that the States know more about what their people need than these fellows here in Washington?

Mr. WIGGLESWORTH. I think the States know more about it than Federal officials, and I think local people know more than the State officials.

Now, Mr. Chairman, I want to say something about the investigation. We are all familiar with the charges made throughout the Nation against the present system of administering relief. There is no better evidence of this than the overwhelming vote by which the resolution of investigation was passed in this House, only 27 votes being cast in the negative. That investigation, of course, has only scratched the surface. We could not do more with only $25,000 and a few days of public hearings. With additional time and additional money, I am confident the committee will be able to go to the heart of things and to make further recommendations to this House for putting the relief system on a proper basis.

We have only scratched the surface, but the investigation has developed many things which call, in my judgment, for the thoroughgoing consideration of this House.

The investigation has developed, for instance, the dangers of the enormous discretion which we have heretofore placed in the hands of Federal officials. It has developed the woeful lack of adequate audit and supervision resulting in the loss of millions of dollars. It has developed the possibility of unfairness in the allocation of funds between the different parts of this country. It has increased our information in respect to the use of relief funds for political purposes. It has shown excessive waste. It has uncovered graft. It has indicated also the infiltration of subversive influences uncurbed by those in authority.

Other members on this side of the aisle will deal with different phases of the evidence developed through the investigation. I shall speak briefly and only briefly on the evidence developed in reference to communism under the W. P. A., and the apparent encouragement of this communism under the Roosevelt administration.

The distinguished and able gentleman from Virginia [Mr. WOODRUM] referred this morning to an article appearing in a December number of the Saturday Evening Post. That article was written by Stanley High, a former White House confidant. It is entitled "Who Organized the Unemployed?"

I commend it to the consideration of any who have not already read it. In opening the article Stanley High states:

> The Workers Alliance of America is the one big union of the unemployed. Its 1,500 locals cover 45 States. Its members are only a minority of the unemployed. But they are a disciplined, militant, and radical minority to whom, increasingly, unemployment is an institution and joblessness a career. The Workers Alliance serves them as a grievance committee, bargaining agency, and political machine. Its political front is the New Deal. But its tactics are Communist, and so, in the main, is its leadership.

Generally speaking, it may be said that the requirements for admission to the Workers Alliance are employment or need of employment on a Government works project or eligibility for relief. Initiation dues, monthly dues, and occasional assessments are placed upon the members, which, of course, come out of the funds made available for relief purposes.

Who was responsible for the organization of the Workers Alliance? I call as a witness Mr. Earl Browder, secretary of the Communist Party, as he appears in the article by Stanley High to which I have referred, and from which I quote as follows:

> It was the Communists who raised the slogan of national unification, fought for it constantly, and finally brought about the merger of all into the Workers Alliance.

I also call as a witness Mr. Herbert Benjamin, for some 18 years a member of the Communist Party by his own admission, and secretary-treasurer of the national organization of the Workers Alliance. In a report written by Mr. Benjamin appearing in the record is the following statement:

> On April 7 to 19, 1936, nearly 700 delegates, representing all the major unemployment organizations in the United States, met in joint convention in Washington and merged their forces into a single unified organization. The merger represented the successful culmination of a campaign conducted for nearly 4 years by the Communist Party of the United States of America and by the national unemployment councils which were organized also by the Communist Party since the time of the crisis late in 1929.

The committee had before it a very intelligent witness, Mr. Charles H. White, a Negro from New York, who had formerly been a member of the Workers Alliance and unemployment councils and for 6 years a member of the Communist Party. He told of his being sent to Russia some years ago by the Communist Party for an 18 months' course, which included military tactics and street fighting. He told of seeing Mr. Benjamin in Russia at the time and of a conference attended by Mr. Benjamin with the American sector of the Communist Internationale, and of plans made in Russia for the hunger march on Washington. He told of the general program of the Communist Party in Russia with respect to America and the part assigned to the Workers Alliance. He stated that the Workers Alliance, in his judgment, came under the complete domination of the Communist Party in 1937.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. WIGGLESWORTH. Mr. Chairman, I yield myself 10 minutes more.

The committee also had another very intelligent witness before it, Mrs. Frankie Duty, a Negro woman also from New York, formerly a Communist, formerly second vice president of the Workers Alliance. She told of receiving orders while an official of the Workers Alliance from the Communist Party, and said that the Communist Party regarded the Workers Alliance as an organization into which "we get the people and nurture them and cultivate them and finally win them over to join the Communist Party."

No one can read the record to date before your investigating committee without coming to the conclusion that the Workers Alliance is completely dominated by the Communist Party.

I hold in my hand a document entitled: "Reports and Proceedings of the Fourth Annual Convention of the Workers Alliance of America, Cleveland, Ohio, September 23 to 26, 1938." At page 82 of that document appears a list of 21 members of the national executive board—elected to that board at the time of the convention. If we add to these the names of the national president and the national secretary-general, ex officio members of the board, we have a total of 23 members of the board. The testimony submitted to date to your committee, largely through former members of the Communist Party, indicates that 15, if not 16, members of that national board are known or admitted members of the Com-

munist Party. There is further similar evidence which I shall not take time to dwell upon. In New York City, by similar identification, 17 out of 21 members of the controlling board are known or admitted Communists. In Pennsylvania the State officials are said to be from 80 to 90 percent members of the Communist Party. In the Harlem set-up 25 out of 25 members of the controlling board were similarly identified as members of the Communist Party.

I shall not take the time to go into un-American activity under W. P. A. You will find ample evidence of it, notably in the writers' project in connection with the guides, in which the Dies Committee found subversive activity, even against the National Government itself, in connection with the publication of the so-called Red Pen, a Communist publication, published on Government time at Government expense, and in respect to other writings, such as the publication entitled "American Stuff," with a note of introduction by Mr. Henry G. Alsberg, national director of the Federal writers' project, referred to this morning by the gentleman from Virginia [Mr. WOODRUM].

Mr. Alsberg, it will be recalled, is the gentleman I referred to in a speech some months ago as having urged the organization of prisoners throughout the Nation. Mr. Alsberg is also the gentleman who, according to a witness appearing before your committee, instigated a sit-down strike in order to bring pressure to bear upon the Congress of the United States. The witness stated that Mr. Alsberg called the supervisors on the project into his office and told them to stage a sit-down strike to impress Washington. The witness went on to say that Mr. Alsberg sat down with the supervisors and the grievance committee of the Workers Alliance and mapped out the plan to fight the proposal then pending before Congress.

You will find evidence of un-American activity also under the theater project, already referred to, and under the so-called adult-education project. The record in reference to the latter indicates the provision of office space in three localities, one by the Communist Party and two by the Workers Alliance.

Speaking of the adult-educatcn program, Dr. George Hartman, of Teachers College, Columbia, recently resigned from the project, stated that he was "giving up a campaign to rid the union of its alleged Communist control. His efforts and those of other insurgents to dislodge the union's leadership were defeated in an election last week." "My experience," he went on to say, "demonstrates that the New York Teachers' Unions are poorly disguised affiliates of the Communist Party, and that the American Federation of Teachers as a whole is at least semi-Stalinist in character."

I should like to add, Mr. Chairman, that Communists under W. P. A. are not limited to the Workers Alliance. The testimony before your committee indicates that members of the Communist Party have actually been, and are today, employed by the Federal Government as project supervisors. In other words, they have been placed on the Federal rolls as Federal officials and paid out of relief money. I personally handed to a witness appearing before your committee a list of 20 project supervisors on the writers' project in New York. The witness, a former member of the Communist Party, proceeded to identify as Communists of his own personal knowledge 14 on the list of 20 supervisors on that project. As to two others he was in doubt.

Mr. Chairman, the surprising thing to me is to find the absence of any apparent disapproval on the part of the administration of the communistic infiltration to which I have referred. As a matter of fact, the record to date is one of approval rather than disapproval.

The record indicates that as far back as December 1936 Mr. Aubrey Williams, then Deputy Administrator of W. P. A., officially recognized the Workers Alliance as a bargaining agency for those on relief. In March of 1938 he made a speech at one of their gatherings, praising the accomplishments of the organization, and, in particular, the leadership of its principal officers.

In June 1938 he made another speech, according to Stanley High, from which I quote as follows:

> I have said on many occasions that I hope the Workers Alliance will grow, that it will expand. I hope that the organization of the unemployed people in America will include all the unemployed in America.

The CHAIRMAN. The time of the gentleman from Massachusetts has again expired.

Mr. WIGGLESWORTH. Mr. Chairman, I yield myself 3 additional minutes.

Mr. ROUTZOHN. Mr. Chairman, will the gentleman yield at this point?

Mr. WIGGLESWORTH. I yield for a question.

Mr. ROUTZOHN. I have had a number of communications favoring an appropriation for the National Youth Administration. A number of them have been from very reputable people whom I know to be good Americans, but some have indicated otherwise. Now, did the committee find any evidence indicating that there were subversive influences at work in the National Youth Administration?

Mr. WIGGLESWORTH. I do not think the committee did. There was testimony to the effect that junior branches of the Workers Alliance exist within the National Youth Administration set-up, but we had no time to examine into the character of those junior organizations at all. So I think the answer is in the negative.

Mr. COLLINS. Mr. Chairman, will the gentleman yield?

Mr. WIGGLESWORTH. I yield.

Mr. COLLINS. Where did such junior branches exist? I never have heard of them.

Mr. WIGGLESWORTH. I cannot tell the gentleman where they exist, but I am very sure that Mr. Aubrey Williams told us that they did in fact exist within the organization. If I am incorrect on that, perhaps some other member of the committee will correct me.

Mr. COLLINS. I have a distinct impression that you are incorrect.

Mr. WIGGLESWORTH. I am very sure, but if I am incorrect I will make the necessary correction when I revise my remarks.

[In response to a question from me, Mr. Aubrey Williams indicated the existence of Junior Workers Alliance organizations in the N. Y. A.]

Mr. MARCANTONIO. Mr. Chairman, will the gentleman yield?

Mr. WIGGLESWORTH. I yield for a question.

Mr. MARCANTONIO. Is the gentleman aware of the statement that Colonel Harrington made on yesterday before his committee, where he said:

> I cannot avoid feeling that representations that the Workers Alliance is a subversive organization have been considerably exaggerated. I can certainly say that so far as my personal feelings have been concerned, no improper request has been presented to me by that organization and no demand has been made of me as a demand.

Colonel Harrington's patriotism and Americanism certainly is not questioned by anyone. He is in a position to know, because he has been dealing with the Workers Alliance, and therefore his observations should be accepted as authoritative.

Mr. DITTER. Will the gentleman yield to me?

Mr. WIGGLESWORTH. Yes; I yield.

Mr. DITTER. Is it not likely that Colonel Harrington has been just as much mistaken in this observation as he has been in a great many others that he made before the committee? It is probable that Colonel Harrington's conclusions were just as poorly founded in this case, and his statements probably just as much mistaken as they were with reference to a great many other statements that he made to the committee.

Mr. MARCANTONIO. I submit that is merely the opinion of the gentleman from Pennsylvania.

The CHAIRMAN. The time of the gentleman from Massachusetts has again expired.

Mr. WIGGLESWORTH. Mr. Chairman, I yield myself 5 additional minutes.

I think that what the gentleman from Pennsylvania [Mr. DITTER] says may well be true, and I think his suggestion is

borne out by the fact that Colonel Harrington also states in the document which the gentleman from New York [Mr. MARCANTONIO] just read from, in spite of all that has transpired, that he does not know whether or not there is a "relatively high proportion of Communists in the Workers Alliance."

Mr. THOMAS of New Jersey. Mr. Chairman, will the gentleman yield?

Mr. WIGGLESWORTH. I yield to the gentleman from New Jersey.

Mr. THOMAS of New Jersey. I cannot understand how Colonel Harrington could have made the statement read by the gentleman from New York [Mr. MARCANTONIO] because, in the Dies Committee last year, when the writers project and the Federal theater project came up we had plenty of testimony to the effect that the Workers Alliance did cause a lot of annoyance and a lot of trouble for the writers project and the Federal theater project in New York City, right where the gentleman comes from. It is just inconceivable that anybody should conclude otherwise than that the Workers Alliance and the Communist Party have given the writers project and the Federal theater project all kinds of trouble and have probably done these projects more harm than has any other group in the United States.

Mr. MARCANTONIO. If the gentleman from Massachusetts will yield—and I shall be very short—I may state that what the gentleman from New Jersey has just stated is his own conclusion. The gentleman has been and will be unable to point out one specific subversive activity on the part of the Workers Alliance in connection with any project. I think not a man in this House would charge either Colonel Harrington or Colonel Somervell with tolerating subversive activities on any projects.

Mr. THOMAS of New Jersey. Mr. Chairman, will the gentleman yield further?

Mr. WIGGLESWORTH. I yield.

Mr. THOMAS of New Jersey. Has the gentleman from New York ever read the four volumes of 1,000 pages each of the testimony presented to the Dies committee last year?

Mr. MARCANTONIO. I have and I say that there is not a single bit of testimony in those four volumes against the Workers Alliance which would stand up under cross-examination in any court of law.

Mr. THOMAS of New Jersey. Then the gentleman must know, if he has read that testimony, that the Communist Party and the Workers Alliance honeycombed these projects in New York City and did them untold harm. If these projects are wiped out when this bill is passed, it will be primarily due to the Communist Party and the Workers Alliance in New York City.

Mr. MARCANTONIO. Mr. Chairman, will the gentleman yield?

Mr. WIGGLESWORTH. I cannot yield, Mr. Chairman; I must conclude.

The CHAIRMAN. The gentleman declines to yield.

Mr. WIGGLESWORTH. Mr. Chairman, by way of conclusion, let me say that I think the record speaks for itself. The amazing thing to me, as I have already indicated, is the encouragement which seems to have been accorded to communistic development under W. P. A. by the Roosevelt administration. I can see no justification for encouraging a bargaining agency on behalf of the unemployed which is admittedly organized and led by Communists. I can see no justification for placing known or admitted Communists as officials on the Federal pay roll. I quote in this connection from Westbrook Pegler, one of our leading newspaper commentators:

> It need not be said that if (another anti-American organization) were to start an organization of W. P. A. workers, demanding a tithe of their wages for a fund to be used against the American form of government, calling sit-down strikes on Government work, sabotaging the national relief and recovery program, and discriminating against genuine Americans in the distribution of public jobs, the New Deal would kick the conspiracy to pieces in a week. On the basis of performances to date the New Deal might break off diplomatic relations with (some foreign country) and deport or imprison the leader of the (anti-American organization), but it must be noted that when the Communists do this there is no official displeasure. Indeed the displeasure falls upon those Americans who have the temerity to expose the plot, and the very act of exposing a conspiracy against the American form of government is held by some to be an act of sabotage against the New Deal.

Mr. Chairman, I conclude by expressing the hope that sooner or later we may get the relief problem down to a basis which is humane and efficient—down to a basis which will assure to every man and woman on the W. P. A. rolls the maximum number of cents in every dollar made available for relief by Congress—down to a basis where thousands of them do not feel driven to join an organization dominated by Communist leadership in order to gain the relief to which they are in any event entitled. [Applause.]

[Here the gavel fell.]

Mr. LUDLOW. Mr. Chairman, I yield 10 minutes to the gentleman from Louisiana [Mr. FERNANDEZ].

Mr. FERNANDEZ. Mr. Chairman, we now have up for consideration by the House the most important measure that this or any other legislative body ever had before it. I am referring to President Roosevelt's relief measure, but more particularly to the W. P. A.

This measure proposes an appropriation of $1,440,000,000 for W. P. A. It directly affects the welfare—yes, more than that; the very existence of 2,600,000 of our people for 12 months. It indirectly affects the business of at least 2,000,000 more. This means that directly and indirectly one-third of our entire population is affected by this measure.

The subcommittee of the Appropriations Committee has recommended—

> Limiting the size of W. P. A. construction projects to $25,000 or less.

This limitation is based on statements made to the subcommittee during its investigation.

Mr. Chairman, I desire to take this occasion to first thank the chairman and the members of the subcommittee on the Appropriations Committee for the courteous treatment they accorded and the complimentary things they said to some of my fellow Louisianians. I refer particularly to the appearance before that committee of His Excellency Richard W. Leche, Governor of Louisiana; Maj. Lester J. White, chairman of Louisiana State Planning Board; and Mr. Hampton Reynolds, chairman of New Orleans development and planning board. These three gentlemen were volunteer witnesses before the subcommittee investigating the operations of the W. P. A. I have read carefully their statements and recommendations. I have copies in my office, and I strongly recommend their perusal by every Member of the House and Senate.

The unanimous statements and recommendations of these three men, without any equivocation, were:

First. Employment was provided for all classes of relief workers on worth-while projects which could not have been done any other way.

Second. The W. P. A. personnel was honest, capable, well trained, and free from political influence or favoritism.

Third. The projects were carefully selected and extraordinarily well planned to fit the numbers and classifications of all of the relief workers.

Fourth. The supervision was excellent and the men well trained.

Fifth. The morale of the workers was almost unbelievably fine.

Sixth. The W. P. A. was free of political, racial, or religious influence.

Seventh. The businessmen of New Orleans believed and said the following:

> NEW ORLEANS, LA., *May 16, 1939.*
>
> Business community here feels that operation of W. P. A. in New Orleans has been eminently successful in connection with Mayor Maestri's public-improvement program. Projects which have been accomplished are useful, worth while, and of lasting benefit to the community. We are well satisfied with the manner in which W. P. A. has helped New Orleans with some of its problems, particularly in taking care of those compelled to look to work relief for a liveli-

hood. If the W. P. A. is to be continued, we consider it highly desirable that its present policies and methods of operation be continued.

C. G. STAUBITZ,
President, New Orleans Association of Commerce.

NEW ORLEANS, LA., *May 26, 1939.*

United States Congressman JOACHIM O. FERNANDEZ,
United States House of Representatives, Washington, D. C.

DEAR SIR: Our local press has been giving recent accounts of the investigations now under way in Washington with regard to the activities of the W. P. A., incidental to which I note the testimony of certain investigators reporting on their purported findings here in Louisiana, as most lacking in fact and is decidedly unfair to the officers administrating the affairs of the W. P. A. here and the workmen on the rolls.

In substantiation of my opinion in this matter, I beg to inform that my experience and contacts with the W. P. A. date back to 1935, since which I have handled the design and supervision of construction of many large and important projects involving expenditures which I believe are not to be exceeded by any other private engineer in this State.

By way of more specific reference to some of these projects handled by my office are included the many concrete-arch and rigid frame bridges of New Orleans City Park, the New Orleans municipal stadium of 90,000 seating capacity, the combination stadium-dormitory structure with about two or three millions of dollars of other construction work for Louisiana State University at Baton Rouge, the combined stadium-dormitory structure for Southeastern Louisiana College at Hammond, and the water-purification plant for the city of Opelousas, La.

Years ago, when the W. P. A. first came into being, its operations were undoubtedly lacking in efficiency in that every enterprise, especially one of such magnitude as the W. P. A., must go through a period of perfecting its organization. However, for the last 2 years, at least, and in the instance of every project hereinabove named, the record of the W. P. A. in this State has been one of efficient and successful accomplishment.

With further reference to the various projects constructed by the W. P. A. from designs originating in my office, I can definitely advise that the workmanship, efficiency of labor, and time of completion of the work was in each instance the equal or better than that which would have prevailed under normal condition of general contract labor. Louisiana State University's horseshoe stadium, with its five stories of dormitories beneath, likewise this same university's baseball grandstand, both completed in about one-half the usual general contract time, are certainly examples beyond dispute.

At times the W. P. A. and its administrators are undoubtedly handicapped in the necessity of placing men of no previous experience on construction work; nevertheless, such men otherwise incapable of support have been provided with useful and advantageous employment, and the public has been benefited to the extent of many worth-while and lasting improvements. But more to the point at issue, I want to assure you that any fair or just investigation would disclose that the W. P. A. is here regarded with highest esteem both with respect to its accomplishments and its administrative personnel in this State; and, further, that its construction work has been performed with enviable efficiency.

With the hope that this writing will be accepted in the spirit in which it is given, I am,

Most sincerely,

GEORGE P. RICE,
Consulting Engineer.

NEW ORLEANS, *June 12, 1939.*

Hon. J. O. FERNANDEZ,
Congressman, House of Representatives,
Washington, D. C.

DEAR SIR: As the sponsor's representative and supervising architect on the C. N. Maestri Market, I wish to state that it compares in cost favorably with markets of similar construction built under private contract and that the W. P. A. has built up an organization of very high efficiency.

The construction of this class of work furnishes skilled labor with employment in the crafts of their calling and experience. I inspected the above building almost daily while it was under construction and the workmen employed worked as diligently as on ordinary contract work.

Yours very truly,

W. E. SPINK, *Architect.*

BOARD OF LEVEE COMMISSIONERS,
ORLEANS LEVEE DISTRICT,
New Orleans, La., June 12, 1939.

Congressman J. O. FERNANDEZ,
Member, House of Representatives,
Washington, D. C.

DEAR CONGRESSMAN: As chief engineer of the Board of Levee Commissioners of the Orleans Levee District, I have been in close contact with W. P. A. work done under projects sponsored by this board for the past 3 years.

I have personally supervised the make-up of every application for projects submitted by this board in the last 3 years, and have visited the site of the work almost daily to see that the work is properly carried out and supervised by our engineering corps.

From actual observation I can assure you the work accomplished by the W. P. A. on projects sponsored by us has been well done, efficiently operated, and compares favorably with similar work done under contract.

It has been called to my attention that the subcommittee of the House has voted to limit projects to those costing $25,000 or less.

This board positively would not be interested in submitting applications for projects costing $25,000 or less. However, should the W. P. A. set-up remain as at present, this board would gladly submit applications on new projects and which projects would do great public good.

Respectfully yours,

A. L. WILLOZ, *Chief Engineer.*

DEPARTMENT OF PUBLIC PROPERTY,
OFFICE OF CITY ENGINEER,
New Orleans, June 12, 1939.

Hon. J. O. FERNANDEZ,
Member of Congress of the United States,
House of Representatives, Washington, D. C.

DEAR CONGRESSMAN FERNANDEZ: It is reported that the subcommittee of the Appropriations Committee recommends:

"The limitation of W. P. A. construction projects to $25,000 or less."

The writer has been in charge of the city's W. P. A. projects for nearly 3 years and has direct contact with them.

I visited them almost daily, and say to you that if the W. P. A. is limited to $25,000 projects it will, in my opinion, destroy the usefulness of W. P. A.

It will ruin the morale of the men. It would be far better to resort to a dole, because this limitation would be a poor substitute for the dole and would mean a return to leaf raking and boondoggling.

The W. P. A., if properly sponsored, as it is in New Orleans, is of untold benefit as presently designed and operated.

Its efficiency here will compare very favorably with contract work in any fair comparison, as proven by the results here.

If the limit of $25,000 is placed on W. P. A., it is my opinion that the city will not sponsor any more projects, and this will result in a decrease of from 20 to 40 percent in the sponsor's contribution, which deficiency will have to be made up by the Federal Government or some other agency or special tax as a corresponding number of people in private employment will be without jobs.

Respectfully yours,

N. L. MARKS, Jr., *City Engineer.*

Again, the following excerpts are from letter written by George P. Rice, a consulting engineer of national reputation. He has been the consulting engineer of various projects in Louisiana, the total of which projects amounts to approximately $50,000,000:

With further reference to the various projects constructed by the W. P. A. from designs originating in my office, I can definitely advise that the workmanship, efficiency of labor, and time of completion of the work was in each instance the equal or better than that which would have prevailed under normal conditions of general contract labor.

At times the W. P. A. and its administrators are undoubtedly handicapped in the necessity of placing men of no previous experience on construction work; nevertheless, such men otherwise incapable of support have been provided with useful and advantageous employment and the public has been benefited to the extent of many worth-while and lasting improvements. But, more to the point at issue, I want to assure you that any fair or just investigation would disclose that the W. P. A. is here regarded with high esteem, both with respect to its accomplishments and its administrative personnel in this State, and, further, that its construction work has been performed with enviable efficiency.

The conclusions from the evidence submitted by these gentlemen and by Governor Leche and other representatives of Louisiana and New Orleans before the subcommittee were:

First, and most important, let the W. P. A., in general, function as the act now provides.

Second, if deemed necessary on the part of the Congress, more stringent regulations against politicalization might be provided.

Third, educate the sponsors in the other States as to the enormous benefits which could be obtained, provided they would—

Set up the proper boards or agencies to initiate, confect, examine, approve, or disapprove all projects.

Coordinate all Federal, State, and local agencies which may affect or be affected by W. P. A.

Have local official in high authority inspect daily all or as many as possible of the W. P. A. operating projects.

Mr. Chairman, it is my firm conviction that these recommendations are sound in every detail and should be carried out. However, at the moment I desire to address myself particularly to the report of the subcommittee, especially in the recommendation which would "limit the size of W. P. A. construction projects to $25,000 or less," because, from daily press reports:

Costs of relief projects have been markedly higher than similar work performed by private enterprise.

Approval of any such recommendation by this committee or by the Congress to me is unthinkable, because it would wreck the W. P. A. and send it as a relief organization back to the days of leaf raking and boondoggling.

The subcommittee apparently based this particular recommendation upon the report of its investigators. It is on this point that I particularly wish to speak, and before I am through I will have some very interesting things to say about it.

I feel certain that some of the members of this committee have not read all of the evidence submitted to the subcommittee, and I likewise believe that some of the members of the subcommittee itself may have been unduly influenced by the statements without having given them a thorough analysis.

Mark you, the subcommittee was trying to determine the degree or percentage of efficiency of the W. P. A. relief labor on construction projects.

In order to familiarize myself with the facts pertinent to all sides of this question, I obtained a copy of the testimony of the two investigators who testified about Louisiana and particularly New Orleans projects. I am now going to quote from their statements, and I will attempt to analyze them. I am not going to criticize the statements of fact which these investigators make, but I am going to take exception to their opinions and conclusions.

I am purposely omitting the names of the investigators, as I have no desire to injure their reputation or their standing.

To begin with, let me give you from the report a brief description of how these investigators went about the job of inspecting W. P. A. projects in New Orleans and calculating their degree or percentage of efficiency:

They arrived in New Orleans on Sunday, April 30, 1939. On the afternoon of Monday, May 1, 1939, they called at the W. P. A. office. Tuesday morning, May 2, 1939, from 8:35 a. m. to Tuesday evening at 5:10 they visited various W. P. A. projects. In that time they covered 93.2 miles, and the actual travel time was 4 hours and 20 minutes. They stopped at 28 projects, spending 3 hours and 20 minutes, averaging 7 minutes per project. They spent 55 minutes for lunch, making a total of time consumed 8 hours and 35 minutes.

On Wednesday, May 3, 1939, they visited the C. N. Maestri market, which fact is prominent in their testimony before the subcommittee, and spent 10 minutes there. So, over the 2 days, they spent 3 hours and 30 minutes in actual inspection of 28 projects, which cost $17,266,713. That is inspecting at a pretty rapid pace, as a matter of fact, at an average rate of $100,000 a minute.

Note: These investigators were strangers to New Orleans. They had no prior knowledge of local underground conditions; were not familiar with local labor; had not seen any of the projects before; did not know original Maestri market was demolished by W. P. A. forces to clear way for new market; did not know temporary quarters had to be built for tenants during construction of new market; did not ascertain facts relative to.

They had no knowledge of the amount of labor expended on demolition of old market; salvaging and reconditioning materials from old market; hauling materials from old market; temporary quarters for tenants of old market; subsurface drains for new markets; subsurface sewers for new market.

Thus equipped and with 3 hours and 30 minutes devoted to actual inspection of 28 projects costing over $17,000,000, they brought their testimony to the subcommittee.

The attorney for the subcommittee asked most of the questions, but some questions were asked by the chairman and some by members of the subcommittee. It is my purpose to quote their answers on all the important points:

IN RE ORGANIZATION OF W. P. A.—QUALITY OF WORKMANSHIP AND SUPERVISION—KIND OF PROJECTS—PERCENTAGE OF EFFICIENCY

Insofar as the workmanship on the various projects was concerned, they said it was "excellent"; that the men were "well trained"; that the men were "well organized"; that the administration was "good." Let me quote a few excerpts from their testimony.

EXCERPTS FROM TESTIMONY OF INVESTIGATORS

Quote:

We were very much impressed with the personnel connected with the Administration and the men who were conducting the operations. They had been well trained men in the construction fields.

Quote:

Excellent, as to the quality of workmanship.

PROJECTS WERE IMPRESSIVE

Quote:

We were very well impressed with the projects, with their activity on them and organization of them.

Question:

Did you find any projects which you felt could be criticized from the standpoint of construction or workmanship?

Answer:

I do not think they could.

ANALYSIS OF TESTIMONY

Let us, for a moment, pause to analyze those statements of the investigators of the subcommittee—they are:

The projects, the personnel, the men conducting the operations, the activity of the men themselves, were all impressive.

Quote:

The workmanship was "excellent."
The men were well trained in construction fields.
The projects could not even be criticized from the standpoint of construction or workmanship.

Remember, all of these men referred to are men on the relief rolls.

Most of them receiving $39.90 per month.

Then in the name of common sense, what more could be asked?

Yet, in their testimony, they had their criticisms to make as to W. P. A. efficiency and labor, and, because I personally am familiar with the situation in New Orleans, and with what is being accomplished there, and because some of these criticisms could not help striking me as being weird, I have done a little investigating of the investigators' statements, Mr. Chairman.

COMPARISON OF INVESTIGATOR'S EFFICIENCY WITH WORKS PROGRESS ADMINISTRATION'S LABOR EFFICIENCY

I now propose to analyze the statement of the investigator made to the subcommittee relative to his opinion of the W. P. A. "efficiency in labor," and I am going to compare his accuracy, which would be the measure of his efficiency with the W. P. A. labor efficiency.

This investigator based his computation of efficiency of W. P. A. labor on buildings on his inspection of only one building; that is, the Maestri Market. He visited no other. He comments on no other. He actually spent 10 minutes on this one. He did not see one man at work on it, since it was—

One hundred percent complete and occupied.

He did not know, first, there was an old market on this site.

He did not know, second, the amount of W. P. A. labor expended on demolition.

He did not know, third, the amount of W. P. A. labor expended on subsurface drains.

He did not know, fourth, the amount of W. P. A. labor expended on subsurface sewers.

He did not know, fifth, the amount of W. P. A. labor expended on salvaging old materials.

He did not know, sixth, the amount of W. P. A. labor expended on hauling old materials.

He did not know, seventh, the amount of W. P. A. labor expended on building temporary quarters for tenants while new building was under construction.

Eighth, he was a stranger to local underground conditions in New Orleans.

The eight factors, as heretofore mentioned, are vital to an accurate knowledge of the relative efficiency of the labor on any similar job.

Why even a laymen should know most of these things.

In the face of those facts, the investigator testifies under oath as follows:

Question. Will you take the first project that was examined and state for the benefit of the committee just a general description of that project and where it was located?

Answer. The first one is classed as a market building, the Maestri Market. There were a number of market buildings, but this one was picked out as being representative of the class.

It was 100 percent complete.

The W. P. A. had estimated a total cost of $41,400, and its actual cost was $44,062.

COMMENT

There were seven market buildings, three were under construction at the time. Yet, he "picked out" one which was 100 percent complete, he spent 10 minutes inspecting this building. It was the only building inspected. It was upon this building alone—because he saw no other—that he based the following statements:

Question. What was the sponsor's contribution?

Answer. The sponsor's contribution was estimated at $17,740, which was 42 percent of the total, and it was actually $18,774, which was practically the same percentage of the total.

Question. What was the form of the sponsor's contribution?

Answer. Mostly equipment and materials. There was only $510 worth of materials.

COMMENT

Mr. Chairman, I desire to call particular attention to this latter statement, because of its importance and because later on it is repeated, as witness:

Question. What did you say the sponsor's contribution was?

Answer. Actually, $18,774.

Question. That was made up of what?

Answer. There was only $510 worth of materials.

COMMENT

Mr. Chairman, I have here before me a facsimile of the form which this witness had before him when he was testifying and it clearly and distinctly states, "Materials, $18,774."

The following sheet is a facsimile of the investigator's own form, with the figures supplied by the W. P. A. This form, or sheet, was used by the investigator when he was testifying before the subcommittee:

Project data sheet (field)

	Estimated	Actual
Sponsor's share of cost	$17,740	$18,774
Government's share of cost	23,700	25,288
Materials by Government	510	

Sponsor's form of contribution: (Cash, land, materials, etc.; check prices charged.)

Materials, $18,774.

NOTE.—Investigator said, "There was only $510 of materials. This $510 was only the original estimates of the Government's portion of materials. The actual used was $18,774.

Five hundred and ten dollars, as mentioned by the investigator, was in the original estimate of the proposed cost of the project as representative of what the Government would contribute toward the cost of materials, and this is clearly shown on the investigator's own form.

This $510, originally estimated, was never contributed by the Government toward the cost of the materials. This fact the investigator well knew, because it is clearly and distinctly shown on his own form from which he was reading at the time he testified.

Now, Mr. Chairman, of course this investigator, witness under oath, would not deliberately misstate the facts he was reading from, so I can only assume that he made a mistake.

That he either could not read the statement made out on his own form, or he could not understand them, or maybe he was just in error as to how he applied them.

Assuming that the latter is the case, and that is the most charitable view, then the gentleman was inaccurate. He was inaccurate to the extent of 3,681 percent, because instead of there being only $510 worth of materials, there was $18,774 worth. And $510 into $18,774 gives us 3,681 percent wrong.

Now, let us see how inefficient the W. P. A. was:

They estimated on the basis of 56-percent labor on that project, and they used 57.6 percent.

Mr. Chairman, therefore, the W. P. A. was only 1.6 percent in error in estimating in advance as to the labor cost, and yet, with the figures under his eyes, this investigator was wrong 3,681 percent. This investigator continued to state:

On our basis of computing as against a contract job that would run about from 35 to 40 percent efficient in labor.

Question. Thirty-five to forty percent efficiency in labor.

Answer. Yes.

Question. How much would this job cost under contract?

Answer. About $30,000.

Question. As against $44,000?

Answer. As against $44,000; yes, sir.

Two pages later on witness states:

Well, we think from 35 to 50 percent (efficiency) on the building and on the others—street improvements, drainage, and repairs to pumping plant—they ran as high as 80 percent, 60 to 80 percent.

Again, same page:

Question. What would you say with reference to those projects as to relative cost to Government had they been operated under a contract system?

Answer. About one and a half times on street improvements and possibly about two times on buildings.

Mr. Chairman, the witness swears on one page that efficiency in labor was 35 to 40 percent; two pages later on he swears it was 35 to 50 percent, so he jumped 10 percent in two pages. In this connection he said cost by contract would be $30,000. Cost by W. P. A. was actually $44,000, but then three pages later he said the cost to the Government by contract system would be "about two times on buildings."

Now, two times his estimate of $30,000 would be $60,000. Yet he admits the building cost only $44,000. Therefore he is inaccurate and incorrect to the extent of 53 percent in the teeth of his own statement.

So what are we to assume as his opinion of the percentage of efficiency, when he himself varies from 10 percent to 53 percent and is in error in reading from his own data as much as 3,681 percent?

Mr. Chairman, I am going to repeat, the measure and amendment under consideration involve the existence and welfare of millions of our fellow citizens; and if the recommendations of the subcommittee of the Appropriations Committee are based on this kind of folderol and balderdash which I have described, then I say to you in all earnestness and sincerity that the committee has been misled, and its recommendations are based on worthless information and should be disregarded. We of New Orleans in particular are very proud of the accomplishments of the W. P. A. under the administration of Mr. James H. Crutcher, the intelligent planning by the development and planning board headed by Col. Hampton Reynolds, and the sponsoring of worthy projects by our progressive mayor, Robert S. Maestri, who is always alert to the civic and community needs of New Orleans. [Applause.]

Mr. TABER. Mr. Chairman, I yield 25 minutes to the gentleman from Indiana [Mr. HALLECK].

Mr. HALLECK. Mr. Chairman and members of the Committee, the problem before us today is the same old problem we have had from this administration at least once a year during the last 6 years—namely, honest relief, efficiently administered.

Our determination in this bill is to make certain that the relief dollar appropriated by Congress shall actually reach the needy unemployed. The evidence is all too heavy that in the past, under the loose system of one-man, blank-check appropriations, vast portions of the relief fund were diverted from the needy to excessive administrative costs, lavish propaganda displays, a superabundance of high-salaried supervisors and superintendents—to all manner of plain and fancy chiseling on equipment contracts, rentals, supplies, and patronage work for favored citizens. Last but not least, literally millions of dollars have been diverted, as the House investigation shows, to the boldest sort of political patronage. Every dollar consumed in such activity is taken from those actually in need. In this connection, we all recall the declarations of the purgees last summer.

Public assistance to the needy unemployed is not a partisan issue. There is no division in the House on that question. But there is a deep division between those who contend for an honest and efficient system of administration and those who undertake to defend what the record reveals in the way of corruption, waste, extravagance, political manipulation, and irregular expenditure of relief moneys.

I have before me here that section of the hearings before the subcommittee which relates to the inquiries of the General Accounting Office into W. P. A. expenditures in New York City. I wish that I might read the entire text to the Members. But I shall limit myself to a review of the testimony which relates to examples of lax administration.

This investigator from the General Accounting Office, Ralph Hale, spent several months in New York checking over W. P. A. bookkeeping and accounts.

His testimony covers 32 printed pages of the record. It shows why W. P. A. expenditures have mounted out of all proportion to the number of unemployed assisted. It shows, as I propose to demonstrate with specific examples, why an ever-increasing proportion of the W. P. A. appropriation is diverted to activities far removed from assistance to the unemployed.

But to my mind, there is an even greater tragedy in this situation today—the very fact that after 6 years of fabulous spending in every imaginable direction, we still are called upon to approve another appropriation running into billions to care for a fraction of our 10,000,000 unemployed. The great tragedy is that such appropriations still are needed.

Back in 1933, we were told repeatedly that the forces of business recovery would be set in motion by governmental action then contemplated. We were promised that economic recovery, with jobs for our people who want to work, would be definitely planned and chartered. We were to have economic recovery because "We planned it that way."

After 6 long years during which we have spent billions and billions of dollars which we did not have, we find ourselves still with more than 10,000,000 unemployed.

Our ten or eleven million unemployed are still tramping the streets seeking jobs in vain. They are becoming more and more desperate as time goes on. They are becoming more and more insistent that their Government and their society provide real jobs in legitimate business and industry.

Without regard to the clamor of extreme partisans, it can fairly be said that every Member of Congress recognizes the absolute necessity for providing adequate funds for relief. So long as we have millions of unemployed who, through no fault of their own, are unable to obtain work, society, acting through its Government, has a definite responsibility to assist them. No one group in this country has a monopoly on humanitarianism. That that is true is evidenced by the fact that during the past 6 years Members of Congress of all political parties have supported and voted for the relief appropriations. In view of the utter and absolute failure of the administration to bring about the promised recovery, we still must appropriate these vast sums of money. As far as I am concerned, I shall support this bill, as I have others in the past, in such amount as may be deemed reasonably necessary to provide the required relief.

But at this time we must be certain that we do not lose the lesson of the past 6 years.

Unfortunately, at the outset much emphasis was placed upon the theory of "pump priming" to bring about economic recovery. On that theory the spending of Federal money was not supposed to be of itself a disturbing thing. As a result, it has been difficult all along to determine just how much of the appropriation asked was necessary for adequate relief and how much was thrown in to support the utterly foolish, ridiculous, and asinine view that we could spend ourselves into prosperity. Strange as it may seem, recent messages of the President indicate that he still holds to the theory of "pump priming." But Congress does not and neither do the people.

The application of the "pump priming" theory has resulted, in part at least, in many situations in the W. P. A. which are wasteful and extravagant. That theory insists that the money must be spent and spent quickly. Supposedly the pump is primed, whether the money actually goes to the man who really needs it or whether it goes into the hands of chiselers, grafters, and relief racketeers generally who do not need it. And, believe me, the observations and experiences of every one of us should be sufficient to convince us that tremendous proportions of the money intended for relief have been diverted from that purpose.

In defense of the administration of work relief by W. P. A., it is frequently said that the specific instances of waste, corruption, and diversion which are pointed out are not sufficient to condemn the whole program. As against that, may I suggest that such instances may be so multiplied as to constitute a severe indictment. I honestly and sincerely concur with the assertion which is frequently made that the faults and errors of those in charge should not result in the withdrawing of necessary assistance to those actually in need. But the way to protect those in need is to see to it that the money appropriated for relief is, so far as humanly and honestly possible, used for relief, and not put to those other uses or purposes which all of us, as Members of Congress, resent and deplore.

I know of no more effective way to bring about an improvement in administration of relief programs than to point out specific instances where waste or something worse has occurred. Such action will, of necessity, tend to correct such abuses and bring about a better administration. At least that is what I hope for. Otherwise, every one of us would be wasting his time on the floor. Personally, I refuse to admit the truth of the contention that all that we can do as the appropriating body is to turn over to those in charge of administration a blank check with which they may do as they please.

Many of us who have believed that too much of our relief appropriations were being diverted and wasted have generalized to that effect. The answer then is, "Point out the specific instances where money has been wasted, where money could be withheld and turned to a better use, or where administration could be improved to effect savings." I propose, in the few minutes allotted me, to point out a few such specific instances. Each may not amount to a tremendous sum of money as sums now go. But I like to translate them into terms of individuals actually taken off of work relief because, as they are told, funds available are insufficient.

Now here is this Hale story, from the General Accounting Office.

It appears that equipment contractors who have agreed to pay the prevailing wage will bill the United States and claim reimbursement, claiming in their bill, and certifying in their invoice, that they have paid the prevailing wage, giving the names of employees and the number of hours, the exact days and the exact rate per hour and the total paid each man. The investigation by the General Accounting Office discloses on page 899 that in the specific cases the wages stated in the invoice have not been paid and the records were falsified.

The W. P. A. lacks diligence and precaution in failing to observe that a contractor will bid to do work at a rate so low that he could not possibly pay the prevailing wage and compensation insurance and still bid at the price at which these bids are made.

The witness Hale also testified that a vendor discounted work tickets with local finance companies at a discount of 5 to 15 percent. He said this practice was widespread, although it is a violation of the law to assign these contracts.

Mr. Hale also disclosed a case where a vendor who purchased 5,850 pounds of dynamite and 3,000 dynamite caps from the Du Pont Co. charged the Government with 12,893 pounds of dynamite and 6,789 caps. This is one of 15 cases which were discovered by the General Accounting Office. It was brought to the attention of the United States attorney in New York, who recommended to the Attorney General, "No prosecution." These contractors are still doing business with the Government.

Mr. Hale testified that with his present force it would require at least 5 years to make a complete investigation of irregularities in the W. P. A. in New York City alone.

In reading the hearings of the investigating committee I ran across, on page 904 of the hearings, some questions by the gentleman from Pennsylvania [Mr. DITTER], and some answers by the witness Hale, which, to my mind, point out much of the reason for some of these irregularities. And they also point to the action that should be taken, and point with approval to many of the things that are included in this bill, included for the first time in any appropriation of this sort.

Mr. DITTER asked this question:

How long have you been with the General Accounting Office?

The witness answered:

Since 1922 or 1923, I forget which; 1923, I think.

Mr. DITTER. As a result of your experience in the General Accounting Office, would you say that these irregularities are unusual?

Mr. HALE. I think so; yes.

Mr. DITTER. In other words, with most of the departments, as a result of the careful appropriations of the Congress specifying for what the money is to be used, and other regulatory measures thrown around the legislation by the Congress, the possibility of happenings such as took place in these cases would not have been present; is that the idea?

Mr. HALE. That is the idea. In other words, the investigations that I have made from time to time over a period of years have not brought out irregularities of the kinds involved here, nor to the extent involved here.

Next we have the case of the New York trucks, where through some very unusual regulations the cost of W. P. A. dump trucks was raised from an average of $13 a day to over $23 a day.

This testimony comes from Ralph Burton, the special investigator of the House committee assigned to look into New York City affairs of W. P. A.

Burton's testimony of June 5 is extensive, but a brief summary will tell the story.

It appears that one, S. B. Manning Co., varied from the usual procedure in the rental of trucks because, in the requisition, it was specified for the first time that 5- to 7-ton dump trucks were to be of the manufacture of 1934 or later. Prior to that time no age limit had been set for trucks. It appears that older trucks, some as old as 8 or 10 years, were capable of doing the work required as well or better than later-model trucks. These requisitions were prepared by H. R. Williams, a subordinate officer in the parks division of the New York City W. P. A. Administration. Prior to this change in specifications trucks were being engaged at $14 or $15 a day or less.

The effect of the specification as to age was to severely limit the competition, because there were but very, very few trucks in New York City that could fill that specification, and the few there were were devoted to working on other projects and in other operations.

It appears that S. B. Manning Co. bid $23.20 under this new requisition with 30 trucks. This letting was in connection with the Orchard Beach project. S. B. Manning Co. imported 30 trucks from Vermont with a capacity of from 2 to 4½ tons, which, under the specifications at the time the bids were sent out, could not possibly qualify. But an inspector for the W. P. A. passed the trucks and they were placed on the Orchard Beach project. After a great deal of complaint the trucks which were accepted were altered so that the sides were built up, but at no time were they capable of hauling the specified amount of from 5 to 7 tons. It appears that the persons who consummated the transaction are still employed on W. P. A. S. B. Manning Co. appears to be a contracting firm with principal offices at White River Junction, Vt.

A complaint was made about the type and condition of this equipment, but nothing ever was done about it until much later, when the trucks were finally taken off the job.

The Bronx Trucking Association made a violent protest to Colonel Somervell, who finally issued orders that trucks of the age of 1931 or later might be used. Mr. Lancelot Armstrong, representing the Bronx Trucking Association, testified following Mr. Burton. He stated that the total loss to the Government on account of this truck episode and similar cases was approximately $1,500,000.

While I cannot vouch for the accurateness of this figure, it is clear that money appropriated for W. P. A. which might have been available for payment to persons actually needing relief, was in this case applied in the rental of a type of truck equipment which was extravagant and unnecessary. It resulted in a loss which could well have been avoided by a more efficient and careful administration of relief.

Now, then, as an illustration of what I think can be accomplished so far as saving in the administration of the W. P. A. is concerned, I would like to call the attention of the Members to a circumstance that occurred in my State of Indiana. Until very recently we had six W. P. A. districts. The administrator in Indiana surveyed the situation, and he came to the conclusion that district 6, with headquarters at New Albany, could be done away with and that district consolidated with district 4 at Indianapolis and all of the work done out of the one district.

Mr. Jennings, State administrator, wrote the following as part of a letter to Mr. Harrington under date of April 6, 1939:

By making the changes recommended it is believed that we will have a more efficient organization from the point of view of administration and at the same time effect savings in administrative expense which should amount to approximately $50,000 per year.

I say that is commendable action on the part of the W. P. A.

Subsequently Mr. Hunter, deputy administrator, wrote Mr. Jennings, on April 13, 1939, and he stated as follows:

You are authorized to go ahead with the closing of the New Albany district office and the consolidation of existing districts 4 and 6 as outlined in your letter of April 6. It is understood that these changes can be made operative by May 1 and that they will accomplish both overhead cost savings and improved administrative efficiency in the counties involved.

When that order came through, Jennings issued a press release in Indianapolis that was printed in one edition of the Indianapolis News, at least in part, and in that release Mr. Jennings, our State administrator, said:

"Because of the fact that a district administrative unit has been maintained in New Albany, headquarters of W. P. A. district 4, for a relatively small work load, a high unit administrative cost has resulted," the State W. P. A. administrator pointed out. The new consolidation will eliminate this condition and will effect an annual saving of $53,484.

Here is where the cracker comes in:

John Cody, former director of the New Albany district, is retiring from the program and Posey B. Denning, present Marion County district director, will head the new combined district.

Under the consolidation certain administrative jobs would be eliminated.

I do not know what happened, but something happened at the moment because within about 20 minutes after that release was issued the story was killed. They did not countermand the order, they did not rescind the order, but they held it up.

When I learned that the order was held up I addressed a communication to Mr. Harrington inquiring why, and it was disclosed in his letter to me there were suggestions pro and con, after it became generally know that the consolidation was to be effected, as to the advisability of making the consolidation.

Subsequently some communications from the investigating committee were addressed to the W. P. A. Administrator. Since that time and recently the order has been made effective and the consolidation has been made. There will be a saving in the administrative cost in the State of Indiana of $53,000 a year. I say that such action is commendable. Maybe it should have been done sooner; I do not know. I do not know how many other circumstances there are of similar character in the W. P. A. throughout the country. I have an idea that whenever those in charge seek to do a job of this sort they are met with resistance from a lot of sources that should not exercise such resistance. I want again to commend the W. P. A. for the carrying out of that consolidation because to my mind it is typical of the sort of thing that should and must be done in the program.

In conclusion, I want to refer again to the statement made by the Democratic candidate for President in his campaign in 1932 when he said:

I consider reduction in Federal spending as the greatest contribution that Government can make to business.

I have always held and now hold with the truth of that assertion. It is the direct opposite of the pump-priming philosophy. Our experience of the past 6 years proves the truth of the statement made by Mr. Roosevelt.

As I have before stated, all sums reasonably necessary for adequate relief must be provided. But in making provision for such relief we should bear in mind that every economy which can be made without adversely affecting the interests of the needy should be made. In that way we will contribute to recovery and prosperity with real jobs for the people who want to work. After all, that is the only satisfactory and permanent answer to our unemployment problem.

Mr. LUDLOW. Will the gentleman yield?

Mr. HALLECK. I yield to the gentleman from Indiana.

Mr. LUDLOW. The gentleman has paid a tribute to our Indiana Works Progress Administration for putting that order into effect. I would like to know if the gentleman does not have a high opinion of our Indiana Works Progress administrator, Mr. John K. Jennings, and his devotion to duty?

Mr. HALLECK. As far as I am concerned, I have never met Mr. Jennings, but I believe in many ways he has done a good job.

Mr. DARDEN. Will the gentleman yield?

Mr. HALLECK. I yield to the gentleman from Virginia.

Mr. DARDEN. The gentleman made reference earlier in his talk to the assignment of work assignments to finance companies. How could that be done? Is the gentleman familiar with the details?

Mr. HALLECK. Possibly there are others who can better explain that. But as I read the hearings, I understand they got these orders and discounted them.

Mr. DARDEN. Does the gentleman mean the orders to go to work?

Mr. HALLECK. No; orders for pay. If I am incorrect about that, some member of the committee can correct me, but that is my understanding of it. While it is a violation of the law to do that, it has been done. I believe it has been referred to previously in the debate today. Certainly, however, it is the sort of circumstance which either costs the worker money or costs the W. P. A. and the taxpayers money, because in the final analysis the man who gets the pay should have the use of every dime of it. [Applause.]

[Here the gavel fell.]

Mr. WOODRUM of Virginia. Mr. Chairman, I yield 20 minutes to the gentleman from Indiana [Mr. LUDLOW].

Mr. LUDLOW. Mr. Chairman, throughout my entire consideration of the relief bill for 1940 as a member of the subcommittee on deficiencies I have tried to keep my eye on the poor people of this country who, on account of economic maladjustments, are unable to secure employment, and who would experience dire distress and suffering unless a helping hand is extended to them.

They have dominated my thoughts from the very beginning, just as I am sure they have dominated the thoughts of all of the other members of the committee, who have given long and earnest and conscientious consideration to this serious and tragic problem. These innocent victims are our chief concern. The greatest of all values are the human values, and I would reproach myself in unmeasured terms if I should fail to render kind and sympathetic and helpful assistance to those who are in need. Springing as I do from Scotch ancestry, no one could possibly abhor reckless spending more than I do, but when circumstances make it necessary to appropriate money to relieve actual suffering and distress, I hope I shall never regard the dollar as more important than the man. I think the people out in Indiana whom I have the honor to represent understand me. When I first submitted myself as a candidate for their suffrage, I said, in order that they might know where I stood then and where I would always stand thereafter, that when it comes to an alternative between dollars and cents on the one hand and the humanities on the other hand my vote and my voice and my influence, for whatever it might be worth, would always be on the side of the humanities. [Applause.]

A STRANGE PICTURE

What is the picture we see before us? It is a picture of not only thousands but millions of our fellow citizens, as good people as you or I, who are unable to get work through no fault of their own, and who most certainly would suffer, and whose families would suffer, unless the Government takes some steps to relieve them. Not only would they suffer the loss of opportunities of education for their children and the loss of the finer and spiritual things of life, which should be the God-given right of every human being in a free country, but they would experience the dreadful, poignant suffering due to hunger and cold and nakedness. I cannot imagine how anyone, seeing these appealing faces and hearing these cries of distress, could possibly vote against granting necessary relief.

The picture that confronts us is one of the strangest the imagination could conceive. In a country with boundless resources, sufficient to sustain several times the population we now have, with nature's copious riches visible on every hand, millions of human beings are on the verge of starvation, and in my home city, Indianapolis, old people are picking stale bread out of garbage cans to keep body and soul together.

This in spite of the fact that Congress already has appropriated for relief and recovery during the last 6 years the stupendous sum of $21,000,000,000, and the burden of debt has become so appalling that national bankruptcy seems not far away.

IMPORTANCE OF CORRECTING ECONOMIC MALADJUSTMENTS

What is the remedy? God only knows, but I for one believe that we will come nearer to the remedy if we find some way to correct our economic maladjustments than if we go on and on with unbridled spending that leaves us with as many unemployed in 1939 as we had in 1933, after we have spent such vast sums to relieve unemployment, including $7,000,000,000 by the Works Progress Administration alone. We can go a long way to correct our economic maladjustments, I believe, if we will do more to encourage business and industry so as to enable business and industry to get on their feet and to take over into regular jobs the millions now on the relief rolls. Business and industry will be encouraged and strengthened to carry their load if we will keep the Government out of business and confined to the sphere where it should operate, which is the sphere of government only. Business and industry will be helped to do their part if we will repeal outright the punitive taxes that are throttling private enterprise, such as the undistributed-profits tax and the capital-gains tax.

The businessman is the "forgotten man" of this era. I want to make this prophecy: Take the shackles off him and give him a show for his white alley and it will be surprising how quickly the country will leap forward toward recovery and how rapidly unemployment will vanish.

PRESIDENT'S ESTIMATE CONSERVATIVE

What, then, is the thing to do in the matter of the 1940 relief appropriation? The thing to do, in my opinion, is to approve and pass the exact amount for W. P. A. work relief

that comes to us in the President's estimate—$1,477,000,000. I stood for that appropriation from the time the estimate came to our committee, I stand for it now, and I think Congress will act wisely if it adopts the President's recommendation. No one is in a better position to know the minimum amount that will be required than the President and his advisers, who have been living with this problem, administratively speaking, day in and day out. Under all of the circumstances I think the President's estimate is conservative and I hope it will be adequate.

It is a reduction of one-third below the Works Progress Administration expenditures of 1939 and the administrative machinery is set to accomplish a reduction of one-half by July 1, 1940, or, to be specific, a reduction from an average of 3,000,000 on the relief rolls in 1939 to 1,500,000 by the end of the next fiscal year. This, I believe, is as reasonably rapid progress as can be made toward liquidating the Works Progress Administration. Let me call attention to two bits of testimony by Colonel Harrington, Works Progress Administrator.

When he was before our subcommittee on March 15 last the following colloquy occurred:

Mr. JOHNSON of West Virginia. Do you see any chance in the future, in the light of the past, that the W. P. A. in your lifetime or mine is going to close up?

Colonel HARRINGTON. Yes, sir.

Mr. JOHNSON of West Virginia. When, in your judgment, will it close up or grow less?

Colonel HARRINGTON. I think it will be less by July 1, 1940. I would judge that by that time it could be cut in half.

That the above statement by Colonel Harrington was not an idle remark and that the administration is proceeding with reasonable dispatch toward a reduction of the Works Progress Administration is shown by his more recent testimony of a few weeks ago, when he reiterated his opinion that the W. P. A. will be reduced one-half by the end of the next fiscal year.

SHOULD AID BUSINESS TO TAKE OVER RELIEF LOAD

What we need to do is to make it as easy as possible for business and industry to take over the relief load and as fast as business and industry function in that respect the process of liquidating the Works Progress Administration should go on. Evidently that is the thought that is in President Roosevelt's mind, for in his relief message recommending an appropriation of $1,477,000,000 as being adequate to run the Works Progress Administration during the fiscal year 1940 he said:

Barring unforeseen and unpredictable developments we are justified in expecting an upward trend in the volume of employment between now and June 30, 1940, and the sum just named ($1,477,000,000) represents my judgment as to the amount that should be provided on the basis of that expectation.

Your committee not only allowed the exact amount which the President thinks is necessary for the Works Progress Administration for the next fiscal year but it has inserted provisions in the bill which provide many more jobs for relief workers than were covered by the President's estimate. For instance, it has written a limitation reducing administrative expenses from $70,000,000 to $45,000,000, and this means that $25,000,000 now paid to relatively high-salaried administrative personnel will be used to create more work jobs for hungry unemployed. By reducing the excessive administrative set-up more money will be available to relieve distress.

ADMINISTRATIVE CHANGES WISE

The administrative changes which the committee has written into the bill are, I think, wise and salutary and will go far, not only to improve efficiency but to give character and standing to this great relief agency. Funds hereafter are to be allocated on the basis of jobs to be provided. In the puzzling problem of human needs the unit of relief is the job and not the dollar. In some communities the cost of providing a job is higher than in other communities. The provision for an investigation of needs every 6 months will keep the rolls purged and spread employment to more persons who are entitled to employment on a basis of need. The provision that employment and dismissals shall be on a basis of relative need rather than on a basis of maintaining the integrity of projects will prevent a repetition of the injustices so often complained of where men with 10 to 12 children have been discharged while men with no dependents were kept on the rolls. The limitation of $25,000 on the size of building-construction projects that may be undertaken by the W. P. A. will remedy a condition that is demoralizing and destroying the unions and driving skilled craftsmen into bread lines.

The creation of a three-man bipartisan board to take the place of a single administrator should help to keep the relief agency free of politics.

WORK FOR 4,000,000

With the 1,100,000 jobs which it is estimated will be furnished by the expanding Army and Navy programs and with other jobs created by other activities, it is estimated that Federal funds, including the W. P. A., will give employment in the next fiscal year to a total approaching 4,000,000.

If it should happen that the business upturn which the President envisions should not materialize or if some unexpected debacle should retard recovery and intensify human needs, the doors of the Appropriations Committee will be open and, speaking for myself, I will vote every dollar that is needed to relieve actual human suffering.

Of course, in respect to the demobilization of the Works Progress Administration much, if not everything, depends upon the rapidity with which business and industry function in taking over relief workers into regular jobs and the success and speed of that operation depends largely upon the encouragement and assistance which Congress and the administration give to business and industry. Congress can help a whole lot by passing legislation for tax relief and by holding down expenditures, for business is always frightened by enormously unbalanced Budgets and the threat of inflation.

ANY INCREASE WOULD ONLY RETARD RECOVERY

I anticipate that during consideration of this bill efforts will be made to increase the amount recommended by the President for relief to astronomical figures.

While I do not challenge the good motives of those who would boost the appropriation, and whose sincerity I respect, as I know they respect mine, I believe they are rendering a distinct disservice and a positive injury to the very persons whom they would like to serve. They are helping to further paralyze business, which is already almost atrophied, and they are sinking the poor and distressed unemployed deeper in the rut. I fear that, instead of helping the unemployed, they are taking away from them the right which should be precious to them of being able to secure private employment at a saving wage which will enable them to rear and educate their children on a scale in keeping with the American standard of living. Worse still, they are helping to foster and perpetuate a psychology which teaches that it is the duty of the Government to support all of the people instead of its being the duty of the people to support the Government.

A FAIR PROGRAM

The President's work-relief program for the fiscal year 1940 is a fair program. It is a reasonable program.

It is the program which in the long run will inure to the best interests of the poor and distressed unemployed of our country, who should be the primary objects of our solicitude. It will give them present relief with real hope for better times and more normal living conditions in the future. The amendments which the committee has adopted under the leadership of the able gentleman from Virginia [Mr. WOODRUM] do not affect the amount of the total estimate for work relief, but they do improve the administrative machinery and correct many abuses. I sat in at all of the hearings of the subcommittee and heard all of the testimony. It seems to be agreed that a continuance of the Works Progress Administration for a time as the method of furnishing relief until business and industry can function is necessary, and I plead with the House to pass the bill as it has come from the committee as I believe that under existing circumstances it is the very best measure that could be devised. [Applause.]

Mr. GARRETT. Mr. Chairman, will the gentleman yield?

Mr. LUDLOW. I yield to the gentleman from Texas.

Mr. GARRETT. Referring to that part of the bill which places a maximum of $25,000 on a project, does not the gentleman believe that some provision ought to be made to take care of the sponsors in cases where bonds have already been voted for a project whose cost may exceed that amount, and where the Works Progress Administration has gone in there and cooperated with those people in order to take care of the unemployment situation?

Mr. LUDLOW. The gentleman from Texas means where construction has begun?

Mr. GARRETT. No; maybe construction has not been begun. I mean where the bonds have been voted, say, 3, 4, 5, or 6 months ago, this having been solicited by the Works Progress Administration in order to relieve the unemployment situation. I mean a case where the bonds have been voted and approved and the application is now pending. Does not the gentleman believe some provision should be made to exempt cases of this kind?

Mr. LUDLOW. I may say to the gentleman from Texas I can imagine a situation of that kind, where a hardship would be involved, but, after all, a line must be drawn somewhere, and language has been written in this bill to the effect that this provision shall not be operative where construction has been commenced.

Mr. GARRETT. Where they have gone that far with it, does not the gentleman believe some exemption would be justified?

Mr. LUDLOW. It would seem that there would be cases in which such an exemption would be justified. [Applause.]

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I yield 20 minutes to the gentleman from Wisconsin [Mr. KEEFE].

Mr. KEEFE. Mr. Chairman, the hundreds of thousands of honest, decent, and intelligent men and women of America who, through no fault of their own, have been compelled to seek certification to the W. P. A. from the relief rolls of the Nation are not to be blamed for the intolerable exploitation of W. P. A. by the political racketeers who have sought to barter the suffering and misery of decent citizens for political advantage.

I trust that I may never become so partisan that I will vote to further crush and humiliate decent citizens of America by denying to them the right to work on W. P. A., even though I condemn the unholy attitude of this administration toward private enterprise, private initiative, and private capital. It is this attitude, reflected in public utterances and in many acts of Congress, that has destroyed confidence, driven capital into hiding, and as a result paralyzed both industry and agriculture.

Criticize or ridicule W. P. A. as you may, the stark-naked fact remains that, despite all of the New Deal's frenzied dissipation of over sixty billions of the Nation's wealth in vain and impossible experimentation, millions are still unemployed, millions are still underfed, underclothed, and underhoused, in the midst of plenty, and worry, desperation, and despair are etched upon the faces of millions of earnest, thoughtful citizens throughout the land.

I do not condemn the splendid motives which prompted the inauguration of W. P. A. as a temporary expedient to meet a critical emergency. I do condemn, however, in no uncertain terms, those New Deal policies and attitudes which have created or stimulated class hatreds and scuttled and strangled private enterprise, and unless stopped will make of W. P. A. a permanent institution of Government, condemning to economic servitude millions of fine, ambitious, and courageous American men and women.

I have not the time, nor do I consider it necessary, to indict specific attitudes and policies, and I want it distinctly understood that I definitely endorse and approve many New Deal objectives and many remedial pieces of legislation. However, it seems to me that it is a sufficient indictment of the New Deal to simply state that, conceding the many laudable sentiments expressed and conceding the enactment of much approved remedial legislation, the fact remains that the illegitimate legislation, the unnecessary regimentation, the reckless spending, the broken promises, and the unnecessary appeals to class and racial distinction by the New Deal have far overshadowed and smothered the benefits.

The mere fact that League of Nations statistics disclose that the United States today stands last in the percentage of recovery among 17 leading nations of the world, and that we are again called upon to appropriate more hundreds of millions for relief, in a nation with the greatest resources in the world, should convince even the most blindly partisan individual that the New Deal has utterly failed to solve our common problems.

Mr. Chairman, I sincerely regret that with all of our much vaunted system of education and with 150 years of Christian teaching and training, hate, avarice, greed, and partisanship are still running rampant throughout the land and we as a people seem unable or unwilling to take the magnificent and unlimited resources provided us by a beneficent Creator and distribute them so that all of our people, regardless of party, race, or creed might enjoy the prosperity, happiness, and security intended for them.

I do not condemn the spirit nor challenge the present necessity of W. P. A. but I do condemn those policies of the New Deal which make necessary its continuation, and I most definitely condemn its administration that tends to destroy the beneficence of its purpose.

Mr. Chairman, I sympathize deeply with the unfortunate people who must take a pick and shovel and get into a ditch or starve. Thousands of them are ill-fitted for their assignments, because they had not done that kind of work before the New Deal brought them the "more abundant life." The vast majority of them do not look upon W. P. A. as a career. They took their jobs as a matter of necessity; not of choice. I want to say in defense of thousands of W. P. A. workers whom I have contacted, that they are praying for the time to come when the ending of New Deal bureaucracy, regimentation, and reckless spending will restore confidence and make it possible for them to get the kind of jobs in private industry for which, by training and experience, they are best fitted. I sympathize with the W. P. A. worker laboriously swinging a pick in a ditch in zero weather when political pets of the New Deal, who were never certified by relief agencies as eligible for relief, but were appointed to the soft jobs of foremen and timekeepers, sit snug and comfortable about a blazing stove in the construction shack.

I sympathize with the W. P. A. laborers who toil for a monthly pittance while these political favorites not only get the soft jobs but hundreds of thousands of dollars, which this Congress intended for the relief of the deserving needy.

I sympathize with these men and women when they are handed their pink discharge slips as a result of orders from the Chief Administrator to cut the rolls, regardless of the need of the individual workers, while the nonrelief, noncertified foremen, timekeepers, accountants, engineers, and so-called skilled laborers who got their jobs through New Deal patronage are allowed to continue to draw their pay.

W. P. A. has prepared dozens of tables showing the number of workers, average costs, percentage of administrative expenditures to total expenditures, and what not. They report, for instance, that in October 1938 there are 25,310 administrative employees, and that about 3 percent of total expenditures are for administrative purposes. The figures do not appear, on the surface, to be out of line, and yet even a cursory examination discloses that they are grossly misleading. They include only the top administrative jobs. They do not include the thousands who are regarded by the pick and shovel workers as holding administrative jobs. They do not include the timekeepers, the foremen, and others on the various projects who are regarded as their bosses by the workers who are doing the real constructive work.

I have tried to find out from Colonel Harrington's office just how much money is paid to these foremen, timekeepers, skilled laborers, accountants, and engineers who are in the nonrelief categories, who were not certified by relief agencies as eligible for W. P. A. jobs and who owe their jobs to political patronage. And for all their elaborate

tables and thick reports there was no one in Colonel Harrington's office who could give me the figures. They simply did not have them. Perhaps they are not anxious to have them. Perhaps if the country were told the real truth something highly unpleasant might happen to the New Deal patronage boys and their political pets.

That is the plain situation. Thousands of W. P. A. jobs and millions of W. P. A. dollars are going to political appointees who were never certified as eligible for jobs by any relief agency, while thousands of unemployed who were certified as actually in need are dropped from W. P. A. rolls. That, to me, is the real scandal of W. P. A. administration.

Every citizen of the United States is taxed to provide the W. P. A. billions. And it was the intention of the people of the United States that these billions should go to the needy unemployed. It was never their intention that the needy should be deprived of a mere subsistence wage while millions of dollars were poured into the pockets of deserving new dealers who were never certified as entitled to relief funds.

We are all taxed to support W. P. A., but only deserving new dealers are able to get those desirable jobs of foremen, timekeepers, and what not, with the higher pay checks at the end of each month. Deserving Republicans can get only the pick and shovel jobs. And thousands of them are not able to get even those jobs.

Is that the American way? Is it in accordance with the American ideal to tax all of the people to support the political henchmen of one major political party? Is W. P. A. an American institution to benefit only those who vote right for the New Deal?

Is it to provide jobs for the needy or to build up an organization to promote the political fortunes of the New Deal?

What are the Members of this House going to say to their constituents when they come to their offices, as they have come to mine, with their pink slips and the knowledge that the New Deal pets are still holding their soft and better paid jobs? What is going to be your alibi, if you permit such conditions to continue?

And I do not need to read any record of hearings or listen to any testimony before any committee to know that such conditions do exist, because it is common knowledge in every State of this Union that they do exist.

You know as well as I that New Deal State and regional administrators have actually sent reports to New Deal Congressmen telling them what they have been able to do for them in the way of putting new dealers in soft W. P. A. jobs. You know as well as I—and I wish to say I have seen the letters and they are available—that these patronage dispensers have taken pride in writing to New Deal Congressmen lauding their own efforts in getting appointments to soft jobs, so as to curry favor with certain New Deal Congressmen in this Congress. You know as well as I that men have been dismissed from W. P. A. jobs whose work was satisfactory and whose only deficiency was that they failed to get the proper O. K. from New Deal politicians. We have tried to eliminate political activity on the part of W. P. A. employees, but we have not yet done so, and I am afraid in this present bill we will not be able to eliminate New Deal politics and favoritism and partisanship from appointments.

Mr. COCHRAN. Mr. Chairman, will the gentleman yield?

Mr. KEEFE. I yield to the gentleman from Missouri.

Mr. COCHRAN. The gentleman's charge is general.

Mr. KEEFE. Yes.

Mr. COCHRAN. As far as I am concerned, I deny it. I believe the gentleman should be specific. I defy the gentleman to find one letter I have written demanding that a nonrelief worker be given a job, and I defy the gentleman to show me any letter that has been written to me by any official of this Government taking pride in the fact that he has secured for me the appointment of someone to a good job with the W. P. A.

Mr. KEEFE. If the gentleman will just bear with me, may I say that I have never charged that any Member of this Congress has written such a letter. I do charge, however, and I will produce them at the proper time for the gentleman's consideration, that letters have been written to men serving in the Congress of the United States by New Deal patronage dispensers advising them of the appointment of their pets to political W. P. A. jobs. When I make that statement I am making it as a Member of this Congress, and I know what I am talking about.

Mr. COCHRAN. I invite the gentleman to come to my office tomorrow morning, and I will show the gentleman the type of letters I write persons who ask me to put them to work in W. P. A. jobs.

Mr. KEEFE. I am tickled to death that the gentleman stands up here and condemns the same thing I am condemning.

Mr. COCHRAN. If the gentleman will come to my office tomorrow morning I will let him read the letters in my files, not one but hundreds of them, to that effect. I try to help those who come under the policy of W. P. A. by calling their case to the attention of the Administrator, but I have a definite agreement with him the cases are to be investigated.

Mr. KEEFE. I am happy to know that the gentleman from Missouri feels about this situation exactly as I do.

Let me give you an illustration of what is going on: E. W. Erickson and J. J. McTigue, investigators for the subcommittee which is investigating W. P. A., testified that on one construction project there were 2,156 men employed, of which 188 were administrative employees and 63 were supervisors. When the rolls were cut it was the laborers and not the administrative workers who bore the brunt of the blow.

There was other testimony that as of March 31 there was an administrative staff in the State of Illinois of 1,580 persons receiving salaries of $212,181, and that on April 15 there were 1,573 administrative employees receiving $211,296. During the period from March 31 to April 15 there was a reduction in the relief rolls in the city of Chicago alone of 15,549 persons. The total reduction in administrative employees was 7.

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I yield 8 additional minutes to the gentleman from Wisconsin.

Mr. KEEFE. Mr. Chairman, W. P. A. was, and still is, intended to provide relief for all of our people who are in need through the medium of public work. The cold, cruel facts are, however, that while millions have been certified by local authority from relief rolls and are receiving small monthly checks, barely sufficient to sustain life, thousands upon thousands of noncertified jobs have been passed out by political racketeers to pay political debts, and millions intended for those in need have been paid to supervisors, foremen, timekeepers, and other highly paid white-collar workers whose only qualification is ability to meet the tests of loyalty to the New Deal and its patronage dispensers.

So brazen has this system of patronage disposal been that the hearings disclose the employment in high administrative positions of men convicted of crimes, whom those in authority ought to have known were unfitted to occupy positions of trust and confidence.

Take the case of the man arrested in St. Joseph, Mo., for stealing chickens, who was convicted and sentenced to serve 3 months. After he was released he became a Democratic leader in St. Joseph and a few years ago became campaign manager for the successful candidate for the highest elective Federal office within the gift of the people of Missouri. Imagine that! But that is not all. He subsequently was appointed a W. P. A. district manager. His social status had changed from that of a petty chicken thief but his old sense of larceny remained. It was quite natural that since pay-roll padding was more lucrative than chicken stealing he padded the W. P. A. rolls. He was caught, convicted, and sentenced to serve 6 months in the penitentiary.

That, I may say to my colleague [Mr. COCHRAN], was in the gentleman's State of Missouri.

Mr. COCHRAN. Mr. Chairman, will the gentleman yield?

Mr. KEEFE. I yield to the gentleman from Missouri.

Mr. COCHRAN. I am not responsible for the State of Missouri.

Mr. KEEFE. No.

Mr. COCHRAN. St. Joe is 300 miles from my district.

Mr. KEEFE. I know that.

Mr. COCHRAN. No situation like that exists in my city. An experienced engineer is administrator of W. P. A. in St. Louis, and he has done a good job.

Mr. KEEFE. I know that could not happen in the gentleman's city. I am satisfied that if the gentleman from Missouri had anything to do with such a situation he would be one of the first persons to clean it up, because I have implicit confidence in the gentleman and respect for his integrity and ability as a Member of this House.

No, my friends; I do not intend to indict W. P. A. on the basis of any such isolated cases. It is only justice and common sense to conclude that in a project employing 3,000,000 men some such cases might arise. The point is, however, that while no one knows how many such cases there have been, it is sufficient to show that those in high places who are responsible for seeking that only deserving needy are on the rolls took their obligations lightly.

Members of Congress, in the name of common decency, let us attack the fundamentals that have all but destroyed our economy. Let us so talk and so legislate as to restore confidence. Let us encourage the production of wealth instead of curtailing and destroying it. Let us legislate for all the people instead of allowing high-powered pressure groups and blind partisanship and sectionalism to be our guides. Let us legislate in the interests of America instead of the world—and let us so administer the funds we appropriate to W. P. A. that all needy people, regardless of party, color, race, or creed, may have equality of opportunity.

Mr. Chairman, I could not conclude without paying just a word of tribute to the gentleman from Virginia [Mr. WOODRUM], and to the gentleman from New York [Mr. TABER], on the minority side, who have shown such a lack of partisanship and such splendid vision of this problem of W. P. A. as to write into this present bill provisions which no doubt will go a long way to correct many of the abuses that have been complained of. The people of America are to be congratulated that the majority side of this House have seen fit to place in charge of this legislation a man of the courage, the vision, the wisdom, and the integrity of the gentleman from Virginia [Mr. WOODRUM]. [Applause.]

[Here the gavel fell.]

Mr. WOODRUM of Virginia. Mr. Chairman, I yield 2 minutes to the gentleman from Missouri [Mr. COCHRAN].

Mr. COCHRAN. Mr. Chairman, in view of what the gentleman from Wisconsin [Mr. KEEFE] has said and my reply to him, I simply wish to add a few words. Of course, I have been a Member of Congress since the first relief appropriation was made. I came to the conclusion at the outset that in the end it would be more harmful than beneficial to inject politics into relief. I assumed this view in the beginning; I have stood by it. [Applause.]

I have invited the gentleman from Wisconsin and I now invite any other Member of the House who desires to come to my office whenever I am there and I will show them the type of letters I have written to the people who have asked me to place them on W. P. A. I told them a letter from a Congressman was not and should not be sufficient to get them employment.

In reference to the cost of administration, I praise the administration in my home city, and I challenge any big city in the United States to better the record they have made in St. Louis. The cost of administration of W. P. A. in the city of St. Louis, the last report I saw, was 3.4. I do not think it ever was above 3.7. Look over the record of your big cities and find another one where the cost of administration is 3.4. I understand that you are going to limit cost of administration in this bill to 3.3. You will see the effect that will have in my city. Of course, like everywhere else, there are nonrelief employees in charge of administration.

I have not been satisfied with the administration of W. P. A. I was not satisfied when nearly 2,000 mothers, with dependent children, were taken off of the rolls in the coldest month of this year simply because they were eligible for a small allowance under the Dependent Children's Act of our State. How did that work? It happened that at the time they were taken off of the W. P. A. rolls there was no money available to put them on the State dependent children's roll. Therefore they were deprived of that privilege and appealed for direct relief, increasing that burden on the community.

I say to you that W. P. A., insofar as St. Louis is concerned, taking it as a whole, has been free from scandal. [Applause.]

Mr. WOODRUM of Virginia. Mr. Chairman, I yield 10 minutes to the gentleman from Louisiana [Mr. BROOKS].

Mr. BROOKS. Mr. Chairman, it is my purpose to speak to you today on the National Youth Administration and the program of the National Government covering the young people of this country. I believe that a great deal of our trouble in the United States is due to our neglect of the problem of the youth and this neglect has occurred in spite of repeated warnings in years gone by from some of the leaders of this Nation.

From the viewpoint of the unemployment problem, it is highly important that the young people be encouraged to remain in school to complete their education. It is likewise important that the old people who have reached the point in life where they should be retired are to be permitted to do so and to take themselves out of competitive employment. By encouraging the young people to remain in school and to complete their education and by retiring the old people at the proper age, two of the elements that make for a very competitive labor market are withdrawn. The youth in his vigor and enthusiasm offers his untrained and often amateur services in the labor markets of the world at a modest and substandard price. The old man, slipping in physical and mental powers, feels the touch of keen competition and likewise is tempted to cut his wage and reduce his salary in order to retain himself in employment at a point beyond which he should not work.

In the National Youth Administration the United States Government has sought to provide scholarships for the boys and girls who otherwise would not be permitted to finish school. Beginning with Benjamin Franklin over a century ago, we set up in this country a system of public education. This system has grown and prospered until it easily surpasses the educational systems of any other country in the world today or any other country in history. Under our theory of education, every young person is not only entitled to an education but, under the laws of some States, he is actually compelled to receive an education. In the State of Louisiana and in other States the students in the high schools are given free textbooks and even free paper and pencils, so that poverty and need will not embarrass the youngster attending school, and will not prevent him from accepting the education provided for him by an interested Government.

As that youngster goes from one class to another in school, however, the requirements of want and need often compel him to leave school and to fail to accept the benefit of the school education provided for him by the States of the United States at tremendous expense. On the one hand, we find the boy and the girl coming from the families of the rich, who, without hesitation, continue their schooling until completion, reaping the benefit of the entire school systems provided by our people. On the other hand, the child of the poor drops out of school long before his education is completed and begins his struggle early in life in a highly competitive labor market, where over 10,000,000 unemployed are found at the present time.

Using the funds provided by Congress in the past, the National Youth Administration has wisely distributed them to the schools throughout the United States. Over 27,549 schools have received these funds and over 600,000 young people have used them as a means of completing their schooling and obtaining work. This money has been spent with no criticism, so far as I have been able to hear from anyone, as to the method of spending. It has done untold good throughout the country, the full extent of which will not be appreciated for years yet to come, when the records of those who have been aided is written.

The need for more funds in this work is still acute. Thousands upon thousands of young people in the Nation are not yet provided for because of lack of funds under the Na-

tional Youth Administration program. Each year there come to me, and there comes to every other Member of Congress, young people, children of the poor and needy families of the Nation, with outstanding records in school, who simply ask for the opportunity of finishing their school. The lack of private funds prevents them from doing so. I give you a few illustrations of individual cases.

Some time ago a great university in this country received a letter from a school teacher, which stated that she would borrow enough money to pay one-half of the tuition of a girl who stood first in her class if the university would find the other half. That same university had to reject 1,577 applications for scholarships last year alone, and many of them were made by those students who would be called honor students in the high schools from which they graduate. Applications are often accompanied by letters from the principals with statements such as "our best debater, winning the gold medal; our best speaker and actor; president of the honor society and the dramatic club; graduation speaker." Of one of the girls applying the instructor wrote:

She is a rarity of this day and age.

Of a boy who stood first in his class of 1,289, his school principal wrote:

He possesses fairness, responsibility, and good judgment. He is a gentleman of the first degree, but with ambition, punch, and charm.

Of another boy his assistant principal said:

If this young man is given an opportunity in college, he is bound to succeed.

And in another letter came the word from her instructor:

Mary has maintained a consistently remarkable record during her entire high-school career.

And so these letters come in countless numbers from boys and girls throughout our land, whose sole plea is that they have a chance to finish their education. They come from every section of the United States and are no respecter of States or of parts of States.

Mr. JOHNSON of Oklahoma. Mr. Chairman, will the gentleman yield for a question?

Mr. BROOKS. I yield.

Mr. JOHNSON of Oklahoma. May I say that the gentleman is making a very interesting, informative, and timely address, and I am sure the youth of the Nation will deeply appreciate the fight the gentleman is making now, and has made, for their welfare. Now, in view of the fact that one-third of the unemployed people of the United States are young people between the ages of 16 and 24 or 25, does not the gentleman feel that this Congress would be justified in appropriating the funds as recommended by the President of the United States in order to properly carry out the program of the National Youth Administration next year?

Mr. BROOKS. That is my thought and that is what I am referring to in this speech.

Mr. COLLINS. Mr. Chairman, will the gentleman yield?

Mr. BROOKS. Yes.

Mr. COLLINS. And to show that the funds heretofore appropriated have been wholly inadequate, the unobligated balance as of June 30, 1938, for the fiscal year 1938, was $732,000 and the unobligated balance for the fiscal year that will end July 1 will be $90,000. At the present time funds on hand amount to only $455,000, and all of the $455,000 will be spent between now and July 1 except the $90,000.

Mr. BROOKS. I thank the gentleman, and I may say that I have read the speeches made by both the gentleman from Oklahoma [Mr. JOHNSON] and the gentleman from Mississippi [Mr. COLLINS], who have just spoken, and I concur in their remarks, and I know they have made a careful study of the entire situation.

[Here the gavel fell.]

Mr. WOODRUM of Virginia. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. BROOKS. Mr. Chairman, I want now to present a few figures to the House of Representatives with reference to the needs of additional funds. For instance, I am informed by the National Youth Administration that for every five applications for part-time work from students intending to go to junior colleges four of them have to be refused. I am informed that there are almost twice as many applications for part-time assistance for boys and girls who want to finish school as there are funds to accept the applications and approve of them, the actual figures being 380,000 young people who have been given part-time work to 220,000 applications which have not been honored for insufficiency of funds. These rejected applications come from boys and girls in ages ranging from 16 to 24 years who want part-time employment in order to finish high schools and colleges of the country. These young people should not be denied the opportunity of an education.

The President of the United States has recommended that Congress appropriate the sum of $125,000,000 for the National Youth Administration for the fiscal year 1940, and the Budget has sent this amount to Congress as a Budget estimate. The Appropriations Committee, however, has seen fit to reduce this expenditure to $81,000,000 and thereby deprive thousands of our young people of an opportunity of going to school. The amount recommended for the entire relief program remains the same and is not reduced. The reduction comes largely, if not solely, from the amount to be given to the National Youth Administration. I think that the committee and Congress in dealing with this matter should consider the great work that has been accomplished by the National Youth Administration. I think that Congress should consider the fact that this money has been distributed among our needy boys and girls without criticism and that the average cost to the Government for each one of these young people is less than $125 per year.

In the last few days we have heard a great deal of old-age pensions and the need of assisting those who have reached "the sunset of life." I want to see the old people adequately taken care of, but I point out the fact that there is also need for assistance and help to the young boys and girls who will be the men and women of tomorrow. By the National Youth Program we should start them out in life more fully equipped than you and I were when we started out from school. We should give them advantages that you and I have not ourselves had. We should not ask these boys and girls to go over the same rough road that you and I had to travel, nor should we expect to limit them to the same achievements and successes that have been ours. The mission of America is to provide for its young people, building them up with greater preparation for a greater mission in life in our Republic. Only by doing this can we expect to improve the financial conditions throughout the country and give to the poorer families of the Nation a reasonable opportunity to advance and to enjoy the comforts of life. Only by doing this can we expect to promote the efficiency and the improvement of our republican form of government, and only by doing this can we expect to assure the future destiny of the Nation. The National Youth Program comes nearer the training of our citizens to the fundamental objectives of the Republic than any other governmental organization.

The CHAIRMAN. The time of the gentleman from Louisiana has expired.

Mr. TABER. Mr. Chairman, I yield now to the gentleman from Oregon [Mr. ANGELL].

Mr. ANGELL. Mr. Chairman, I desire to call to the attention of my colleagues the work of the National Youth Administration at the University of Oregon and to include in my remarks a copy of a letter received under date of June 9, 1939, from Karl W. Onthank, dean of personnel administration, together with some tables accompanying his letter setting forth the record made by students at the university receiving aid through N. Y. A.

It is interesting to note that the grants rarely exceeded $15 a month and averaged approximately $11 during the 9-month school period; that between 300 and 325 students out of a total registration in excess of 3,000 were aided by this fund each term, and that about half of this group of students received aid all three terms, many receiving aid only one term. It is also interesting, as pointed out by Dean Onthank, that these funds are not used by students to pay fraternity

dues or extravagances of any kind, but are to go exclusively for the necessary maintenance of the students. The assistance is given primarily on the basis of necessity for aid in order that the students may remain in the college. That the National Youth Administration is aiding a superior group of students to continue their college work is shown by the tables referred to. For example, during the 1939 winter term 319 students received aid, of which 42 were on the honor roll, whereas during the same period of the total registration there were only 136 on the honor roll.

The N. Y. A. students had 13.1 percent of their number on the honor roll, whereas in the total enrollment there was only 4.2 percent on the honor roll. Although the number of N. Y. A. students was only 10 percent of the total registration, 30.9 percent of the honor-roll students were taken from their number.

Dean Onthank's letter referred to is as follows:

UNIVERSITY OF OREGON,
Eugene, June 9, 1939.

Mr. HOMER ANGELL,
House of Representatives,
House Office Building, Washington, D. C.

DEAR HOMER: I don't often bother our delegation at Washington. It occurs to me, however, that you might be interested in knowing directly what happens with the National Youth Administration money which is allotted at the University of Oregon, since Congress appropriates for the National Youth Administration and will, I infer, be asked to do so again before long.

We received this last academic year a total of $33,075. Grants were made to students in varying amounts, but rarely exceeding $15 a month, and averaging approximately $11 during the 9-month period. Appointments of students to receive the work grants are made term by term. Between 300 and 325 students were aided thereby each term. About half the students on the list received aid all three terms, many only one term. Students to receive the aid are selected primarily on a basis of necessity for aid in order to stay in college. By that I mean at minimum standards of living, such as are maintained in the student cooperative living groups. National Youth Administration money emphatically does not pay fraternity dues or extravagances of any kind. Students are selected to receive aid secondarily on a basis of quality of university work. The competition for the available places is so keen that we are compelled to select among those whose need is unmistakable. Naturally the selection is made on a basis of performance in the university or, in the case of new students, of previous school record. No student is selected who is not average with respect to the whole student body, and students above freshman level rarely get on unless they are in the upper quarter of the student body. That means the National Youth Administration is helping a superior group of students to stay in college and do successful work.

The fact that National Youth Administration students are doing not only successful work but outstanding work is evident from the enclosed documents. Enclosure No. 1, which presents the grades of undergraduate students, as compared with the total undergraduate enrollment at the university, shows, as you will see, in the last two columns, that National Youth Administration students get from 8 to 10 times their share of places on the honor roll, as compared with the student body as a whole. Of the students making straight A grades, from one-third to one-half are National Youth Administration students, notwithstanding the fact that they are handicapped by the outside work that they have to do. The second document, a list of scholarships and other distinctions won by National Youth Administration students, shows that they are outstanding not only in scholarship but in a variety of other competitions. Last spring the Koyl cup, going to the most outstanding student at the end of the junior year and the equivalent Gerlinger cup going to women, although not listed here because the girl at the time was not on the National Youth Administration, went to a girl who had been on the National Youth Administration but had been so outstanding that she had been awarded a special scholarship, so had been spared the necessity for doing National Youth Administration work during her junior year. The fact that the two outstanding juniors in the whole university were, in effect, able to stay in college and win the honor by means of National Youth Administration is not without some significance.

I am stressing this point somewhat, because I have heard it said that National Youth Administration aid is given indiscriminately or even as a means of subsidizing athletes. I have no objections to helping athletes, but what help they get from National Youth Administration is gotten on their own merits in competition with others. Relatively few do get help from this source, however much they may get from other sources.

Though the primary purpose of N. Y. A. is to help deserving and able students, the fact is that the university is benefited greatly from the help given by N. Y. A. students. The university is spending as much as it ever did from its own funds for student help; but with the increasing pressure on faculty members for off-campus services, the assistance in reading papers and in laboratory and studio has released them very helpfully from some of their routine work for higher-level services. Incidentally, the experience has been a very wholesome and profitable one for the students themselves, apart from the money they have earned. The majority of them are doing jobs in the field in which they are definitely interested and expect some day to practice. The testimony is nearly unanimous that they not only earn their money, but that they are getting a very valuable vocational experience besides.

We are in the process of getting out the annual report of the committee which administers college aid for the University of Oregon. This is a rather detailed report, but if you care to have a copy I will send you one. If you have any questions or comments on this somewhat general statement, I will be very glad to have them. I know you are not unfamiliar with what is going on now, but it occurs to me that you might like to have such items as I have enclosed since it is more specific information than is likely to come to you otherwise.

Sincerely,

KARL W. ONTHANK.

Report of honor grades of undergraduate National Youth Administration students as compared with total undergraduate enrollment at University of Oregon

Term and year	Total university enrollment	Number of students on National Youth Administration	Number of National Youth Administration students on honor roll	Number of total enrollment on honor roll	Percent of National Youth Administration students on honor roll	Percent of total enrollment on honor roll	Percent of total honor-roll students on National Youth Administration
Fall, 1937	3,120	280	31	117	11	3.75	26.5
Winter, 1938	2,037	280	50	143	17.7	4.7	34.9
Spring, 1938	2,870	263	27	153	17.8	4.9	30.7
Fall, 1938	3,334	311	42	129	13.5	3.9	32.6
Winter, 1939	3,194	319	42	136	13.1	4.2	30.9

Out of 7 students making straight A grades, spring term, 1938, 2 were National Youth Administration students.

Out of 14 students making straight A grades, fall term, 1938, 5 were National Youth Administration students.

Out of 13 students making straight A grades, winter term, 1939, 6 were National Youth Administration students.

LIST OF SOME OF THE SCHOLARSHIPS AND OTHER DISTINCTIONS WON BY N. Y. A. STUDENTS AT THE UNIVERSITY OF OREGON, 1938–39

State-board fee scholarships: Won by 44 students out of 69 awards.

Oregon mothers' scholarship: Won by Nisma Banta, Betty Gregg, out of three awards. (Aida Brun, Benson Matess, 1937–38. Tom Turner, 1935–36.)

Phi Beta scholarships: Won by Rebecca Anderson, Harriett Douglass.

Associated women students' scholarships: Won by eight girls out of eight awards.

Gertrude Watson Holman Memorial Fund: Won by Gladys Saunders, Ruth Tawney.

Pan-Hellenic scholarships: Won by four girls out of eight awards.

Spinsters' Club scholarship, awarded annually to a Eugene girl on basis of scholarship, ability, and worthiness: Won by Mary Catherine Soranson. (Joan Murphy, 1939–40.)

Sigma Delta Chi scholarship, awarded to outstanding man in journalism: Won by James Brinton out of four awards.

W. F. Jewett prizes: $10 award for forsenic excellence won by Florence Sanders; second prize, $10, intersectional speech contest, won by Jean Banning; second prize, $10, poetry reading contest, section 1, won by Peter Chiolero; second prize, $10, poetry reading contest, section 2, won by Shirlie McCarter; third prize, $5, after-dinner speech contest, won by Harrington Harlow; first prize, $25, oratorical contest, won by John Blankenship.

Koyl cup, 1938, awarded to most outstanding, all-around junior man: Won by Zane Kemler, 1938.

Second prize, best student-owned personal library: Won by Glenn Hasselrooth.

Best poster designed to stimulate reading of books: Won by Alice Mueller.

Beta Gamma Sigma award to freshman major in business administration having highest scholastic average for the year: Won by Lois Irene Lee.

Botsford-Constantine-Gardner contest, second prize, for solution of an advertising problem, won by Betty Wagner.

German Government award of several volumes on Geman cultural history, for outstanding work in German, won by Mary E. Hughes.

French Government award (1938) to student ranking highest in undergraduate French study, won by Marion Fuller, 1938.

Twenty-five-dollar prize to undergraduate student submitting best essay on a philosophical topic, won by John Richard Benson Mates.

Pi Delta Phi award of book prize to graduating senior who has made greatest progress in advanced undergraduate courses in French, won by Maxine M. Winniford.

Scabbard and Blade freshman medal to outstanding freshman in each company, won by Harry T. Finnell out of seven awards.

Officer's saber awarded to outstanding junior in military science, won by William B. Rosson.

Marshall-Case-Haycox short-story contest: First prize, Margaret Dick; second prize, Jane Dachtelberg; first prize, 1938, George Stephenson.

Alpha Kappa Psi award, 1938, for highest scholastic standing among juniors in school of business administration, won by Luther Siebert, 1938.

Mortarboard scholarships, won by three girls out of three awards.

Phi Beta Kappa membership: Marion Fuller (1938), Ben J. Winer (senior 6), Betty Brown (senior 6) (1937), Thomas T. Turner, Fred Rasor, Mary C. Soranson, and George W. Stephenson (5 out of 20 elected during 1938-39).

Theta Sigma Phi, selection of two most outstanding freshmen women in journalism, won by Nisma Banta.

Mr. WOODRUM of Virginia. Mr. Chairman, I yield now to the gentleman from Oklahoma [Mr. JOHNSON].

WOULD RESTORE BUDGET ESTIMATE FOR N. Y. A.

Mr. JOHNSON of Oklahoma. Mr. Chairman, there are many things in connection with this pending relief bill that I would like to say at this time, but because of the lateness of the hour and the fact that many other Members have asked for time to speak today, I shall call attention only to one item in the bill at this time. Later in the debate on this measure I hope to have the opportunity of discussing other important provisions of this bill. My purpose in rising at this time is to express my deep and sincere regret that the committee has seen fit to reduce the appropriation for the coming year for the National Youth Administration by $42,000,000 below the sum requested by the President as the minimum required to carry out that worth-while program. The President has told us he needs $123,000,000, but the committee by its action says that sum should be drastically cut. The gentleman from Louisiana [Mr. BROOKS] has just made a very interesting and enlightening speech. He has given us some facts that we should ponder on very seriously before making up our minds to curtail this worthy program that is doing so much for the needy and unemployed youth of the land.

It is significant that those who have followed the program of the N. Y. A. in every section of the country, especially those who have had close contact with it and are especially familiar with its program, are enthusiastically supporting the full amount recommended to Congress by the President. I feel I am safe in stating that every high-school superintendent and principal in the State of Oklahoma will agree that the N. Y. A. program in my State is doing an exceptionally good job for the youth of our State. Every college president in my State is an enthusiastic supporter of this youth program. No one understands better than they that it is a worthy program, a program that should be continued and expanded. No one knows better than the school heads of the country what it is doing for the boys and girls and young men and women of this land.

As I have more than once pointed out, on the floor and before the committee, it is a regrettable fact that more than one-third of all the unemployed citizens of the United States are in this one group of young people. They cannot and will not be ignored. This program as recommended by the President is a modest one as compared with the urgent needs of youth. It is a good, sound, safe investment and the full amount recommended is only a little more than the cost of one so-called capital battleship.

As these millions of young people tramp the streets and highways looking for jobs they are unable to find and learn to their sorrow and chagrin that this great rich Government is too poor to assist them earn their way through high school or college, they are not unmindful of the fact that this Congress passes, without the formality of a roll call, an appropriation calling for several battleships costing $100,000,000 each. I have repeatedly stated that I favor any reasonable preparedness program to defend this country against any possibility of foreign invasion, but it occurs to me that we might postpone one of the 11 battleships this Government is contracting for this month, for at least another year or two, and add less than one-half of the cost of one battleship to this appropriation to carry on the program of the N. Y. A. as asked for by the President. [Applause.]

Of course, there have been a lot of unkind things said about the National Director of the N. Y. A., Hon. Aubrey Williams. That is "an ancient and honored custom" on the part of those who would destroy. It is, as we all know, a popular pastime of those who would defeat or seriously cut an appropriation of any board, bureau, or department of government.

Only today I attended an informal meeting of several leading Members of this Congress and heard Aubrey Williams explain in some detail the great program of the N. Y. A. He made a profound impression on all who heard him. Some of those who undoubtedly came to scorn remained to pray.

Mr. Chairman, it is needless for me to add that I shall support the amendment, if and when offered by the gentleman from Mississippi, to restore the full amount of the Budget estimate for the N. Y. A. Should that fail, I shall offer another amendment, but I trust that will not be necessary. Let us do our full duty by the youth of this land that we may have a more wholesome citizenry of tomorrow. [Applause.]

Mr. TABER. Mr. Chairman, I yield 15 minutes to the gentleman from New York [Mr. COLE].

Mr. COLE of New York. Mr. Chairman, there are two phases of the whole problem of relief which I wish briefly to discuss. One of these is the question of using the W. P. A. for the purposes of demolishing private property under the guise of public health at the cost of the Federal Government and the taxpayer and to the profit of the individual owner and to the cities which sponsor the projects.

The second proposition is that of spending W. P. A. funds for the improvement of private property under a guise of the public welfare, whereby, again, the individual is enriched at the expense of the Public Treasury.

Before considering either of these propositions, I wish to make this observation: This is not a criticism of Mr. Hopkins, Colonel Harrington, or any of the individuals at the top who have administered the enormous sums for relief. The roots of all of the abuses of W. P. A.—and Heaven knows they have been proved to be many and varied—lie in the very system of relief itself.

The most perfect system that this Congress could devise would be fraught with faults and flaws and inequities because of the human factors involved, but in our present system we have all of those human weaknesses and frailties and the lack of administrative ability or capacity multiplied, magnified, and compounded by the inherent faults of the magnitude of the system itself—faults, if you please, that could not be eliminated by the most honest and able administrators that could be procured in this country due to the fact that little, if any, financial responsibility has been required of the localities benefited.

Let me deal first with a building-demolition project in Chicago, as disclosed by the hearings of the Appropriations Committee and discussed briefly by the gentleman from Virginia [Mr. WOODRUM] earlier this afternoon. This project cost the Federal Government $1,440,162 and the sponsor's contribution was to be composed of the salvaged material acquired from the buildings razed.

Buildings on private property were demolished to reduce the owner's taxes. Representatives of the W. P. A. actually went around the city of Chicago taking pictures of unsightly buildings and brought those pictures back to the W. P. A. headquarters, which in turn contacted the owners of the photographed buildings to urge the owners to permit them to be torn down. A letter was sent out to the owner of each property pointing out the advantage from a tax standpoint in having his building demolished. The owner paid nothing toward the demolition of his building. In short this scandalous performance actually amounted to a campaign on the part of the city of Chicago to reduce the value of its taxable property and thus reduce its income from taxes. That was the practical result of this campaign.

The city of Chicago acquired all the salvaged materials from these demolished private buildings. In some instances the city obtained a credit for the salvage used on other W. P. A. jobs that were under construction. Receipts from the sale of other salvaged material instead of being turned over to the W. P. A., went into the petty cash fund of the city of Chicago in an aggregate amount of approximately $45,000.

Thus the city of Chicago received a double credit out of the salvage materials of demolished buildings.

A private wrecking concern of the city was negotiating a contract for wrecking a certain building, for which they were to receive a specified sum of money. During these negotiations the W. P. A. contacted the owner of the private building and the owner withdrew his contract from the private wrecker. In several instances private wrecking contractors were deprived of jobs by virtue of the campaign of W. P. A. to take over their work.

When a private contractor demolished a private building, the city of Chicago required the owner or wrecker to pay all back taxes before a demolition permit would be issued by the city. This requirement, however, was waived in the case of the W. P. A. Here, then, we had a situation where a great city and the W. P. A. entered into what amounted to a conspiracy, if you please, to penalize and make more difficult the business of private wreckers who were trying to keep their employees on private pay rolls at the very time the administration was calling upon private business to furnish more jobs and pay more wages and supply more purchasing power to the consumer. Thus the private employees of these companies, struggling and striving to keep off relief, were deprived of that work by the people on relief.

A certain baking company in Chicago had a bulding which was demolished at a cost of $35,000 to the Federal Government but at no cost whatever to the baking company. In the Jane Addams housing project, buildings were demolished at a cost of $415,000, a colored housing project has cost up to date $550,000.

The city of Chicago furnished the W. P. A. as part of its sponsor contribution office space in the city police building figured at a rental of $4.50 per square foot, or $6,000 a year. Similar office space in a modern office building was available at $0.65 a foot, exclusive of heat, light, and janitor costs, or $2.25 per square foot, including these services. In other words, Chicago charged W. P. A. twice the value for the use of office space in one of its public buildings and at the same time filled its own coffers from the sale of salvaged materials—all at the expense of the American taxpayer.

Mr. McKEOUGH. Mr. Chairman, will the gentleman yield?

Mr. COLE of New York. Yes.

Mr. McKEOUGH. I presume the gentleman is making some reference to the findings of the investigators of the W. P. A.

Mr. COLE of New York. That is correct.

Mr. McKEOUGH. Does that report indicate a justification for his saying that space could be had in Chicago at 65 cents a square foot; that is, suitable space?

Mr. COLE of New York. As I understand the testimony, he did say that space could be obtained for 65 cents a square foot, and he did say that in addition that office space in the the best office buildings in the city of Chicago could be had for $2 a square foot.

Mr. McKEOUGH. But the gentleman will not accept the statement of an investigator without some representative of the city seeing that there is fair play in the matter.

Mr. COLE of New York. Oh, no.

Mr. PITTENGER. Under the present bill, as I understand it, much of this graft and racketeering that the gentleman speaks of is to be done away with.

Mr. COLE of New York. It is to be hoped they will be greatly reduced.

Now let us turn from Chicago to New York. The total cost of the demolition program of New York City through the W. P. A. was $5,775,617.15. The sponsor's contribution—by the New York City housing authority—was $139,013.23, of which $45,979.17 was in cash and $95,034.06 was in kind, represented by a certain amount of equipment, all of which was over 4 years old. Depreciating the equipment at 50 percent—a generous calculation—means that New York contributed about 1½ percent of the total cost as its sponsor's contribution, which we have been led to believe should have been at least 21 percent.

Mr. MARCANTONIO. Mr. Chairman, inasmuch as the gentleman has referred to New York, will the gentleman yield?

Mr. COLE of New York. No.

All profits from the sale of salvage of the project was kept by the New York City Housing Authority, under an agreement with the W. P. A. An official of the housing authority stated that down to the end of 1938 the city had realized approximately $500,000 from salvage sales. This money goes to the city treasury and represents a net profit to the city of nearly 10 percent on the cost of the work done—a most satisfactory arrangement for the taxpayers of New York City, but a dishonest steal from the taxpayers of the Federal Government.

Not only was it a dishonest arrangement, but also wasteful and extravagant. A private wrecking firm states that with 10 men they can tear down a building in 2 weeks. It took the W. P. A. between 6 weeks and 2 months to do the same work with the same number of men.

Salvage bricks were sold by the city for $10.50 a load, whereas the price of bricks sold by private contractors was from $16 to $17 a load.

Mr. Chairman, we have here exposed one of the great evils of the present system of relief. It is a natural thing for a Governor to attempt to balance his State budget at the expense of the Federal Government. It is a natural thing for the mayors of cities to come here before the investigating committee to plead for a continuance and enlargement of this relief system. Why? We have seen some reasons why in these cases of Chicago and New York.

To illustrate the lengths to which these demolition projects have been carried by the W. P. A., I want to take a moment of my limited time to call your attention to this fact. The percentage of loss of business to private wreckers, employing private capital, mark you, employing wage earners in private industry, the loss of business to these private wreckers under these conditions, according to a questionnaire furnished by the records in the city of Chicago, was 82.8 percent, more than four-fifths of their business taken by the W. P. A.

Let me quote a letter sent out by the department of public works of the city of Chicago to private property owners, soliciting the demolition of their buildings by the W. P. A.:

DEAR SIR: The records which we have compiled indicate that you are one of the owners of the above-captioned premises.

Information which we have indicates that the building located on the above-captioned premises is a subject for demolition at this time.

We wish to call your attention to the fact that this is the year for the quadrennial real-estate-tax assessment, which means that during this year each parcel of real estate in Cook County will be revalued for taxing purposes. In each case of revaluation for taxing purposes, the lot and building are each given a separate valuation. It will probably be a benefit to you to have said building wrecked before it is revalued for taxing purposes, because after said building is wrecked you would have only a vacant lot to be revalued for tax-assessment purposes.

The city of Chicago department of public works, an authorized wrecking agency, sponsoring and now operating a city-wide Works Progress Administration demolition project, is in position to offer free wrecking service for a limited time while there are special funds available to permit us to carry out the project.

Trusting that we will hear from you at your early convenience, we remain,

And so forth.

Mr. Chairman, I venture to assert that of all the weird and illogical practices the world ever knew, this is one of the prize specimens. Here is a great city endeavoring to reduce its own taxable assets, endeavoring to put its own private wrecking companies out of business, endeavoring to render its own employed citizens jobless in order to make for itself a profit in the wrecking business at the cost of a Nation-wide relief system, while imposing an added burden of taxation upon the citizens of this country. It does

not make sense, and it was not intended to make sense. It was intended to make a profit for the city of Chicago.

Much as I would like to continue and expose to you today such wasteful, wrongful, ill-conceived projects as this carried on under the aegis of the W. P. A., my short time compels me to turn now to another point—the enhancement of private property values under the guise of public welfare. This also includes the enhancement of municipal or other property values by W. P. A. at the expense of those in need. It is indeed a sad commentary on the state of public affairs to find that apparently great cities and small municipalities seem to be just as ready to chisel and cheat and profiteer on the W. P. A. as individuals are.

It is difficult to know where to begin to enumerate the long list of projects which have been carried on by the W. P. A. and which have resulted in the enhancement of municipal or corporation or private property values. I shall begin with the State of Tennessee.

The total amount spent on all projects in Tennessee from July 1, 1935, to March 31, 1939, was $54,127,546. The largest single project was known as the farm-to-market road project. Let me explain that the State of Tennessee is divided into three districts. The most populous part of the State is district No. 1.

Out of 48 counties in district No. 1, 19 are in arrears in their contributions to the amount of $1,124,490.70. The State administrator claimed that only two counties were in default and the director of district No. 1 reported that 29 counties had overpaid their contribution in the sum of $1,124,423.90. The investigator made a survey of three of the counties said to have overpaid their sponsor's contribution and found that their bonded indebtedness, together with the defaulted bond interest and uncollected taxes in those counties, would have made it impossible either for the counties to have overpaid their sponsor's contribution or to have made the contribution actually accredited to them. He was unable to obtain any audit or break-down of the equipment and material credit stated as having been the sponsor's contribution, and was obliged to accept the word of the State administrator. The investigator quoted from the report of the Tennessee Taxpayers' Association, giving an analysis of the financial condition of the counties to which this sponsor's contribution had application. Among the items included in the sponsor's contribution were rentals for trucks costing $1,000 each, which were rented to the W. P. A. at $250 per month per truck, so that in 4 months the county would get credit for the full value of the truck. The investigator found that in all projects in Tennessee the sponsor's contribution in cash would not amount to more than $200.

They had another project in Tennessee. They called it lunch and garden projects. The W. P. A. spent $790,943.26 for 14,592,148 lunches. According to the Tennessee Department of Public Welfare, during the year 1938 it served 250,548 lunches to school children, which figures about the same number of lunches for the same period as the W. P. A. project served. It would be interesting to know whether some of these children were being stuffed with lunches or whether they represented in each case different children.

Now, after having seen how well Tennessee fared in this regard, let us briefly sketch some other projects. The Chattanooga Orphans Home project was sponsored by this private charitable organization. W. P. A. spent $213,440.46 on this project. The deed alleged to convey the property to the city of Chattanooga could not be found and the committee's investigator was assured by a title company that no deed of that nature had ever been recorded.

The investigator found that in Tennessee there were several projects set up, and in each case the work would run along for a while under one project number, then there would be a revised estimate set up, and it would be given another project number. This was done in order to acquire new allotments from time to time of additional funds. This appears to be a violation of the law, since W. P. A. regulations contain a provision prohibiting the splitting of projects or breaking down into units for the purpose of adding to the cost or making the cost appear less by such splitting. O Charity, what crimes are committed in thy name!

Now, let us go over to the Pressmen's Home, a home for infirm and aged pressmen and printers headed by ex-Senator Berry, who was for a considerable time one of the inner circle of the New Deal.

A dam was built at this home by W. P. A. costing more than $86,000. This was a project on private property. Army engineers investigated and found the project defective. The investigator learned that former Senator Berry had written a letter to Aubrey Williams complaining about the way in which the project had been constructed. In this letter former Senator Berry stated:

> I must say that the attitude of the Works Progress Administration is perfectly amazing. You say that the W. P. A. has built the dam; spent the Federal Government's money; the dam is impractical, unsound, and unsafe; therefore the responsibility is on the sponsor. If this is not an illustration of waste, incapacity, and utter ignorance in the conduct of the W. P. A., then I am more mistaken than I have ever been in anything in my life * * * unless it is the desire to have this project stand there as a monument to the inefficiency and waste of the W. P. A.

Perhaps, Mr. Chairman, there is a good deal of truth in what Mr. Berry wrote.

There were some projects in Tennessee called community sanitation projects. There was spent on the construction of private sanitary outhouses on private properties a total of $1,197,645.64. The State administrator, Colonel Berry—and this was not Senator Berry—stated proudly that Tennessee was the second State in the Union as far as building these outhouses were concerned.

In Tennessee we read in the testimony of a road built to the top of a mountain on private property leading up to a mine privately owned. Never completed, the W. P. A. spent $3,000 or $4,000 on it. There are many other instances where W. P. A. labor and materials were used in constructing private driveways leading from the farm-to-market roads. Even around Knoxville and Chattanooga branch driveways were constructed from public highways to houses along the way, in some cases forming a semicircle in front of the house. It is a strange thing about these driveways. Apparently none of the poor folks got any of them. They continued to trudge through the mud. But it appears that influential persons were able to obtain this type of work. We do not even yet know how much money has been expended on such private driveways.

Nevertheless, the expenditures were going on by W. P. A. on property privately owned. In addition to the driveways and outhouses which I have previously mentioned, we find that there were also lakes constructed on private property. The property deeded to the State for lake projects, strangely enough, was just sufficient so that the water would come to the edge of the land of the private owners contiguous to the lakes themselves. Another strange factor enters here. The deeds to these lake beds had what is called a reversionary clause, which provided that if the State should not use the property for the purpose for which it was conveyed the title reverts to the private owner. In other words, the private owner gets the benefit of the lake or receives back title to the lake bed in case the lake is not maintained. In either event, some private individual is benefited financially. What fine clubhouses and private estates on the lake shores of the Tennessee mountains have been made possible by money intended to relieve human suffering, and still the President of the United States continues to talk about one-third of the people being ill-fed, ill-clad, and ill-housed.

What poor citizen of Tennessee or any other State, clad in rags, with his babies crying for bread and milk, can enjoy those lakes, or even get near them? And yet such abuses are made possible under this monstrous system of which we are complaining. We find the taxpayers' money being squandered in every direction on just such projects as this, while

the people go hungry and while millions of unemployed are managing to exist, God only knows how; millions who have never had the benefit of a dollar of Federal relief.

W. P. A. has been building farm-to-market roads in counties which do not have the money even to maintain the road after they are constructed. It appears that W. P. A. has constructed recreational projects which have duplicated the work of T. V. A. in Tennessee. The Federal Government in all has spent $10,000,000 in Tennessee on recreational developments alone, and the State of Tennessee has contributed $00,000. In other words, for every $6 the State of Tennessee has contributed the taxpayers of the United States, through the Federal Government, have contributed $1,000.

Chicago, New York, and Tennessee are not the only places which have violated the spirit of the W. P. A. and wasted on private projects the funds intended for the relief of human suffering. An affidavit of a W. P. A. worker of Indianapolis discloses that relief funds were used to clean up the yard of the Indian Asphalt Co. to fill a privately owned junk yard from which used cars were sold to W. P. A. workers, to grade the yard of the Governor's secretary, to fill and grade the driveways of private homes, including the secretary of the mayor, to maintain on the pay roll a certain individual who had no duties to perform but who had purchased a second-hand car from a W. P. A. supervisor.

Hearings before the House Committee on Naval Affairs in connection with a proposal for the Federal Government to buy the Grosseile Airport from the Detroit Aircraft Corporation reveals that this property for the past 5 or 6 years has been under lease to the State of Michigan at an annual rental of $1, subject to be canceled on 6 months' notice by the owner of the airport, and during the time the property was held by the State of Michigan some $300,000 of relief funds were used for grading, draining, and improving the property which is now offered for sale to Uncle Sam for the sum of $600,000.

Mr. Chairman, these are but few of the violations and abuses that have been perpetrated in the name of relief and of which the record of the Appropriations Committee investigation is replete. The fault does not rest with the chief Administrator of the W. P. A. The fault lies in the system itself, and such abuses as have been disclosed will continue to occur so long as the system is allowed to remain in its present form. No system through which huge sums of money are handled can be made perfect, but I am strongly of the opinion that the extravagances, the abuses, and the corruption now known to exist can be greatly reduced if a greater measure of responsibility, both administrative and financial, is placed upon the localities benefited. Until the relief system is completely overhauled, these instances of corruption which shock our national conscience will continue to exist. The responsibility for changing the system in such a way that a greater portion of the relief dollar will actually go to those in need rests entirely upon us, and I am unwilling to believe that the Congress will long continue to make a political football of the problem of human suffering. [Applause.]

Mr. WOODRUM of Virginia. Mr. Chairman, I yield 5 minutes to the gentleman from Louisiana [Mr. MILLS].

Mr. MILLS of Louisiana. Mr. Chairman, being in favor of the great human principle of sharing the wealth, I certainly am in favor of the pending bill which appropriates certain moneys to the Works Progress Administration, the Public Works Administration, the National Youth Administration, and the Farm Security Administration, as I find that through the N. Y. A. we are providing means whereby many unfortunate boys and girls are able to attend our high schools and colleges. Naturally I am in favor of the W. P. A., inasmuch as it provides jobs for millions of men and women who are unable to find employment in our industries to sustain a livelihood for themselves and their families.

However, Mr. Chairman, I am anxious to call the Committee's attention to the fact that we are only providing $125,000,000 in this bill for the P. W. A., and it is my understanding that an amendment will be offered proposing to increase this figure by $275,000,000. I hope this amendment will be adopted, inasmuch as I believe the Federal Government should keep faith with our people, as we have led the various States and municipalities to believe that if they would sponsor certain projects an allocation of 45 percent of the funds would be granted.

The desirability of a continued program of Federal public works under the direction of the P. W. A. is obvious, inasmuch as there is on file in the P. W. A. office a large number of requests for Federal project allotments which have been examined from the standpoint of need and urgency and priorities assigned on that basis; therefore, the P. W. A. is in a position to select useful projects without delay.

In this connection we may pause to glance at the P. W. A.'s past record. The 1938 appropriation made available $200,000,000. Within less than 60 days 95 percent of this sum had been allocated and contracts let or force-account work started on 80 percent of this allotted money.

The allocation of this money at this time would result in a consequent reduction of expenditures for such projects in future years, as needed facilities would be constructed immediately, and the construction not delayed and spread out over a long period. Then, too, the Federal Government would reap the direct benefit of these expenditures at this time rather than at a later date.

All work for these projects would be done at prevailing wage rates and for the greater part on a contract basis, and projects having a value of hundreds of millions of dollars could be advantageously undertaken within the next few months, thereby providing the Federal Government with public-works projects that are greatly needed and highly desirable.

It can be easily seen that this program is an integral part of the activities of the Federal Government. Allotments from P. W. A. have provided facilities for some 80 Federal agencies, among which are the Corps of Engineers, Quartermaster Corps, Yards and Docks of the Navy, Reclamation, National Park Service, Indian Affairs, Coast Guard, Forest Service, Soil Conservation, Public Health, Veterans, Prisons, and the Public Buildings Branch of the Procurement Division.

The Nation benefits as a whole from this work, for projects have been geographically distributed to each of the 48 States, Alaska, Puerto Rico, Virgin Islands, Hawaii, Panama, the Philippines, and the District of Columbia.

Further, Mr. Chairman, no one can doubt the many advantageous benefits that certain farmers of the Nation are deriving from the Farm Security Administration and I would like to call the Committee's attention to the fact that this program of rehabilitation has passed beyond the experimental stage and is a well-established program. However, rehabilitation differs from other types of aid, as the purpose of the program is to provide relief whereby the needy families may escape the relief rolls and become self-supporting.

Mr. WOODRUM of Virginia. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. MCCORMACK, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the resolution (H. J. Res. 326) making appropriations for work-relief, relief, and to increase employment by providing loans and grants for public-works projects, for the fiscal year ending June 30, 1940, directed him to report that it had come to no resolution thereon.

EXTENSION OF LOANS TO EXECUTIVE OFFICERS OF MEMBER BANKS OF FEDERAL RESERVE SYSTEM

Mr. STEAGALL, from the Committee on Banking and Currency, submitted the following conference report and statement on the bill (S. 1886) to extend to June 16, 1942, the period within which certain loans to executive officers of member banks of the Federal Reserve System may be renewed or extended, for printing under the rule:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1886) to extend to June 16, 1942, the period within which certain loans

to executive officers of member banks of the Federal Reserve System may be renewed or extended, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same.

HENRY B. STEAGALL,
CLYDE WILLIAMS,
BRENT SPENCE,
JESSE P. WOLCOTT,
CHARLES L. GIFFORD,
Managers on the part of the House.

CARTER GLASS,
JAMES F. BYRNES,
JNO. G. TOWNSEND, Jr.,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1886) to extend to June 16, 1942, the period within which certain loans to executive officers of member banks of the Federal Reserve System may be renewed or extended, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate bill extended for a period of 3 additional years the period during which renewals or extensions might be made in the case of loans to executive officers of member banks, made prior to June 16, 1933. It also provided that any such extension or renewal should be accompanied by a written agreement executed by the officer requiring regular amortization payments on the principal of the loan in amounts satisfactory to the board of directors of the bank to which such officer was indebted.

The House amendment extended the period for 5 years, instead of 3 years, and eliminated the requirement with respect to amortization.

The House amendment also repealed the requirement of paragraph (1) of subsection (y) of section 12B of the Federal Reserve Act under which State banks having average deposits of $1,000,000 or more during the calendar year 1941 or any succeeding calendar year would be required to become members of the Federal Reserve System in order to have their deposits insured by the Federal Deposit Insurance Corporation.

The Senate recedes from its disagreement to the House amendment.

HENRY B. STEAGALL,
CLYDE WILLIAMS,
BRENT SPENCE,
JESSE P. WOLCOTT,
CHARLES L. GIFFORD,
Managers on the part of the House.

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent for the immediate consideration of the conference report on the bill S. 1886.

Let me say, Mr. Speaker, in connection with the request, that the conferees have adopted the identical bill passed by the House.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

Mr. MARTIN of Massachusetts. Reserving the right to object, Mr. Speaker, the bill is exactly the same as it was when it left the House?

Mr. STEAGALL. The bill is verbatim as it passed the House last Saturday. I am asking that it be adopted now to expedite the matter.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The Clerk read the conference report.

The SPEAKER. The question is on agreeing to the conference report.

The conference report was agreed to, and a motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. COLLINS. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on the National Youth Administration.

The SPEAKER. Is there objection?

There was no objection.

EXPLANATION OF VOTE

Mr. RANDOLPH. Mr. Speaker, on roll call No. 93 I was absent from the Chamber. Had I been present, I would have voted "aye."

EXTENSION OF REMARKS

Mr. RANDOLPH. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a poem in connection with the observance of Flag Day, by a friend who has sent this contribution to me.

The SPEAKER. Is there objection?

There was no objection.

Mr. ANGELL. Mr. Speaker, I ask unanimous consent to include in my remarks made before the Committee of the Whole today a letter which I received from Dean Onthank, of the University of Oregon, and tables accompanying it.

The SPEAKER. Is there objection?

There was no objection.

Mr. ALEXANDER. Mr. Speaker, I ask unanimous consent to revise and extend my remarks in connection with a bill which I have introduced today for the payment of a pension to certain veterans of the Philippine Insurrection, and in connection therewith to insert an explanatory note and statement from the orders to the Army of President Theodore Roosevelt at the time.

The SPEAKER. Is there objection?

There was no objection.

Mr. GILLIE. Mr. Speaker, I ask unanimous consent that the gentleman from New York [Mr. HARTER] may extend his own remarks and include therein, in honor of Flag Day, a verse entitled "The Flag Speaks."

The SPEAKER. Is there objection?

There was no objection.

Mr. OLIVER. Mr. Speaker, I ask unanimous consent to extend my own remarks and include a short letter from a constituent and a poem by Henry Wadsworth Longfellow.

The SPEAKER. Is there objection?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. ALLEN of Pennsylvania, for 2 days, on account of important business.

Mr. KNUTE HILL, for the remainder of this week, on account of official business.

The SPEAKER. Under special order of the House heretofore entered, the gentleman from Pennsylvania [Mr. McDOWELL] is entitled to be recognized for 20 minutes.

FLAG DAY

Mr. RUTHERFORD. Mr. Speaker, the gentleman from Pennsylvania [Mr. McDOWELL] was called away, and he asked me to request permission that he may extend his remarks in the RECORD at this point.

The SPEAKER. Is there objection?

There was no objection.

Mr. McDOWELL. Mr. Speaker, 162 years ago today, June 14, 1777, the Continental Congress, sitting in the city of Philadelphia, Pa., adopted the following resolution:

Resolved, That the flag of the United States be 13 stripes, alternate red and white; that the union be 13 stars, white in a blue field representing a new constellation.

History tells us that this momentous action on the part of the First Congress occurred late in the afternoon of that June day. As a Representative from the State of Pennsylvania to the Seventy-sixth Congress I feel it is fitting that the attention of the House of Representatives be called to the fact that on this one hundred and sixty-second anniversary of the creation of the American flag, which still retains the pristine purity, the form and the semblance of the adoption excepting those new stars that mark the birth of sister States, and may I call to your attention, Mr. Speaker, that the American flag 162 years old today is one of the few flags of the nations of the world which does not bear in some form or another the implement or stamp or symbol of a political party or an absolute and intolerable political theory.

The legend of the creation of the Stars and Stripes is a beautiful folk story that we in Pennsylvania proudly cherish. We lay no claim to the integrity of the legend, but there is

not a school child from one ocean to the other who has not been told of Betsy Ross, the little Arch Street seamstress who greeted a congressional committee of three, and which was composed of Representative George Washington, Representative George Ross, and Representative Robert Morris, and after hearing their description of the flag they desired she replied, "I do not know whether I can, but I'll try." She made the flag, the committee submitted it to Congress, and it was adopted by unanimous vote of that body. You will note, Mr. Speaker, that in the language of the resolution adopted were these significant words:

Thirteen stars, white in a blue field representing a new constellation—

To quote a historian who described the birth of our flag—

for it is in them that we find the very soul and spirit of the American flag. These were the words, which like scintillating stars in the heavens, signaled to the world the birth of the first nation on earth dedicated to the personal and religious liberty of mankind.

The American flag is today exactly the same banner that was adopted by the Continental Congress. In discussing the subject of the birthday of the flag last Monday, the Honorable Arthur H. James, Governor of Pennsylvania, said:

The flag stands for what we stand for, and we stand for what the flag stands for; our fate and the fate of our flag are inextricably entwined.

It is well on Flag Day that we pause to realize how true these facts are. When we salute the flag we salute the Nation, which means that we salute those who have died in giving us our cherished heritage of freedom, those who carry on today to preserve what has been given us, and those yet unborn who will carry on in defense of the rights of a free people.

Pennsylvania, the birthplace of the flag, the birthplace of the Declaration of Independence, and whose very soil has been drenched with the spirit of political and religious tolerance since the first day William Penn founded a haven of refuge against European bigotry, reveres this birthday of the flag. This morning from the beaches of Lake Erie to the coast of Delaware Bay, from the ranges of the Poconos to the prairies of Ohio, the flags are flying in every city, town, and hamlet, and on the farms and in the forests. Flag Day in Pennsylvania is a holiday, made so by the desires of the 10,000,000 of the population and by the decree of the legislature of the Commonwealth. The Governor of the State officially proclaims Flag Day. It is his duty to point out its significance to urge all citizens, organizations, religious and patriotic, societies, communities, and municipalities to observe the anniversary of the creation of the Stars and Stripes, to display the flag at every home, on every building, and upon every mast. Today in Pennsylvania in every schoolroom and classroom, in public and private schools, in academies and colleges and universities, the songs of the flag are sung, the salutes of the flag were rendered, and tonight in countless communities over the State more than a million children will take part in patriotic services all arranged to commemorate that historic action on the part of the Continental Congress, June 14, 1777.

I cannot be accused of attempting to arouse baser passions, of being a demagogue, when I suggest that at no time in our history has there been more need for a proper appreciation of the flag of the United States and the things which it symbolizes. Today in our Nation there are those who would change that which the flag stands for, would indeed change the flag itself; would implant upon its stars and stripes the dreaded implement of tyranny, of political intolerance, of religious bigotry or racial hatred. Outside of our Nation soldiers are marching in almost every corner of the world. The inexorable march of tramping feet can be heard from all sides—men going to war or preparing for war. In almost every part of the world influences foreign to the things that our flag stands for are successfully attacking the American theory of liberty and freedom, now and forever one and inseparable.

There are nations of the world which have in very recent years forbidden the worship of God except as dictated by heads of the state. There are nations which in very recent years have forbidden the expression of political thought except that which coincides with the heads of the state. There are nations who have in very recent years reverted to the ancient tyrannies of the dead Dark Ages, and the mark of their cruel hand has been embossed upon the ancient flags of their people. There is no new mark upon the American flag. The intellectual freedom that our flag stands for was never more strikingly illustrated than when, on the afternoon of January 3 of this year, the gentleman from Alabama, the Honorable WILLIAM B. BANKHEAD, member of a political party opposed to mine in theory and in method, in commenting upon his election to the high office of Speaker of the House of Representatives, caught up a fold of the flag in his hand and said:

But speaking under the spirit of this occasion, under the aegis of this flag, and in the presence of that eagle under the dome of our great Capitol, dedicated to constitutional freedom and representative government for a great people, down in our hearts, despite this imaginary partisan line, I know that my beloved Democratic brethren on this side of the aisle, as well as my respected, and in many instances beloved, brethren on the other side of the aisle, can well afford here today, all of us, in the spirit I have suggested, to reconsecrate our brain, our energy, our heart, our intellect, and our purposes as a great representative body of the American people to do those things which in our collective judgment will best subserve the safety and security of the future and guaranteed perpetuity of our representative institutions.

This banner that we revere and pay homage to today is to me a beautiful and inspiring thing. This morning, Flag Day, today for the first time in 1939, four great flags were flying from the very top of the dome of the United States Capitol. It is a fitting tribute to this sacred emblem that it today occupies the highest point of honor the 130,000,000 of Americans can give it. Beneath those flags are the ancient gray stones that have been trod for a century and a half by those who created and have maintained the United States as the home of the brave and the land of the free. There are volumes of history beneath those flags, there are volumes of history in those flags. Each stripe represents the courageous decision of a dependent colony to sever its ties with its fatherland and to set up a new house wherein the people under God should forever be guaranteed the right of life, liberty, and the pursuit of happiness. Each star in that blue field represents a sovereign State bound together in eternal union for the mutual protection, assistance, profit, and independence of 130,000,000 freemen.

The Stars and Stripes are known and respected and honored in every land and on every sea and in every port of the world. For that flag, men have died on countless battlefields, have shed their blood on myriads of hills and in valleys and on the seas for love of that flag and the things that it stands for. Good Americans have languished in cells and tombs that it be preserved and that its ideals be perpetuated. The people of the United States have no other flags. We maintain no battle flag, no merchant flag, no symbol of unique distinction other than the Stars and Stripes. The assaults that have been made upon it in a century and a half have failed. It has withstood ridicule and war and treason, and it still flies in its original form from the masts of the Nation. No day in the history of the Nation deserves special attention more than this the anniversary of the adoption of The Star-Spangled Banner. I am proud to have a part in such a day. I am thrilled that it is my privilege to defend in a feeble way the honor of my flag. I am proud that I am sworn to defend it and the Nation it typifies. It is a bright and cheery banner—no somber shades dim its hue, no coat of arms denoting special privilege break its folds.

A few days ago I sat in a boat on that historic spot where an inspired citizen of Maryland watched a battle through the night with straining eyes and anxious heart. In the dawn's dim light he cried out with joy as he saw come bravely waving through the mist the beloved folds of the flag of his country. That misty morning another permanent tribute was inscribed to our flag when Francis

Scott Key set down for all time his inspired poem, The Star-Spangled Banner. Long may it wave.

To forever commemorate the spirit of this day and the ideals of this anniversary I have introduced into the House, House Resolution 193, which reads in part as follows:

Resolved, That the Congress of the United States urge Governors of States and executives of municipalities to issue proclamations and request their citizens to observe Flag Day, June 14, as the anniversary birthday of Old Glory and that decorations in our national colors be made and wherever possible in every community the American flag be displayed and worn as a badge of honor and distinction; that in schools and colleges and universities there be special patriotic exercises, and societies, clubs, and other organizations have suitable programs, and also on the Sunday nearest June 14, in all places of worship public recognition be made; that we then give expression to our thoughtful love of America, our determination to make it greater with each generation by loyal service and loyal living.

Mr. Speaker, I urge the adoption of this resolution and urge it in all gratitude and humbleness for this flag born of my State, and I can think of nothing that so completely epitomizes our love for The Star-Spangled Banner than the words of the old hymn:

Oh, beautiful for spacious skies,
For amber waves of grain,
For purple mountain majesties
Beneath a fruited plain.
America, America, God shed his grace on thee;
And crown thy good with brotherhood
From sea to shining sea.

HOUR OF MEETING

Mr. WOODRUM of Virginia. Mr. Speaker, a great many Members of the House on both sides of the aisle have expressed much interest and the very earnest hope that it might be possible to finish the relief bill on Friday, which would make unnecessary the holding of a session on Saturday. I have conferred with the leaders on my side and with the gentleman from New York and the gentleman from Massachusetts on the minority side, and we believe that may be possible.

I therefore ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock tomorrow, and that general debate on the bill shall continue until 4 o'clock on Thursday, and that when the House adjourns on Thursday it adjourn to meet at 11 o'clock on Friday. I think if that is done, the bill could be completed on Friday.

The SPEAKER. The Chair would like to understand the request before he puts it. The request contemplates that general debate shall close at 4 o'clock tomorrow afternoon?

Mr. WOODRUM of Virginia. Yes; that we begin to read the bill for amendment at 4 o'clock.

Mr. COLLINS. Mr. Speaker, reserving the right to object, that would give us 5 hours of debate, as I understand it.

Mr. WOODRUM of Virginia. Yes; from 11 o'clock to 4 o'clock tomorrow.

Mr. COLLINS. That is 5 hours, if I figure it correctly.

Mr. WOODRUM of Virginia. Yes; that is right.

Mr. COLLINS. As I understand it, more time than that has been requested.

Mr. WOODRUM of Virginia. I do not know how much time has been requested. The original agreement was that general debate was to run throughout tomorrow.

Mr. COLLINS. That is what I understood was to be the program.

Mr. WOODRUM of Virginia. But if we did not meet until 12 o'clock tomorrow and stopped at 5 we would still have only 5 hours of general debate. Meeting at 11 and running to 4 will give us the same amount of time.

Mr. COLLINS. Personally I hope the gentleman will let general debate run throughout tomorrow and take up the bill for amendment on Friday.

Mr. WOODRUM of Virginia. I have the gentleman's time reserved for him, and there is no disposition to cut off debate or to cut off consideration. If we stop debate at 4 o'clock tomorrow and continue to read the bill for amendment, we can sit right through next week if the House wants to.

Mr. COLLINS. I have asked for 10 minutes' time.

Mr. WOODRUM of Virginia. I have the gentleman down for 10 minutes.

Mr. MARCANTONIO. Mr. Speaker, reserving the right to object, that will cut down the time of the Members who want to speak on this bill.

Mr. WOODRUM of Virginia. I have the gentleman down for the 10 minutes that he requested.

The SPEAKER. The gentleman from Virginia asks unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock a. m. tomorrow; that general debate on the pending bill be concluded at 4 o'clock tomorrow; that when the House adjourns tomorrow it adjourn to meet at 11 a. m. on Friday. Is there objection?

There was no objection.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 2. An act authorizing the Secretary of the Interior to convey certain land to the State of Nevada to be used for the purposes of a public park and recreational site, and other public purposes; to the Committee on the Public Lands.

S. 40. An act for the relief of Thomas Salleng; to the Committee on Military Affairs.

S. 229. An act to authorize the withdrawal of national-forest lands for the protection of watersheds from which water is obtained for municipalities, and for other purposes; to the Committee on Agriculture.

S. 231. An act to authorize the acquisition of forest lands adjacent to and over which highways, roads, or trails are constructed or to be constructed wholly or partially with Federal funds in order to preserve or restore their natural beauty, and for other purposes; to the Committee on Agriculture.

S. 263. An act for the relief of George R. Norris; to the Committee on Claims.

S. 478. An act to provide for more expeditious payment of amounts due to farmers under agricultural programs; to the Committee on Agriculture.

S. 547. An act to amend section 23 of the act of March 4, 1909, relating to copyrights; to the Committee on Patents.

S. 576. An act for the relief of Harry Hume Ainsworth; to the Committee on Military Affairs.

S. 650. An act for the relief of Margaret McCandlass Otis; to the Committee on Military Affairs.

S. 666. An act for the relief of Roy Chandler; to the Committee on Military Affairs.

S. 681. An act to give proper recognition to the distinguished services of Col. Ernest Graves; to the Committee on Military Affairs.

S. 796. An act for the relief of Mato, Miljenko, Bozo, and Augustin Cibilic, or Zibilich; to the Committee on Immigration and Naturalization.

S. 897. An act to correct the military record of Walter Ballhaus; to the Committee on Military Affairs.

S. 903. An act to authorize the Chief of Engineers of the Army to enter into agreements with local governments adjacent to the District of Columbia for the use of water for purposes of fire fighting only; to the Committee on Military Affairs.

S. 912. An act for the relief of Joseph Kenney; to the Committee on Military Affairs.

S. 1021. An act to extend the benefits of the United States Employees' Compensation Act to members of the Officers' Reserve Corps and of the Enlisted Reserve Corps of the Army who are physically injured in line of duty while performing active duty or engaged in authorized training, and for other purposes; to the Committee on Military Affairs.

S. 1042. An act for the relief of the Epes Transportation Corporation; to the Committee on Claims.

S. 1114. An act to extend the jurisdiction of the United States District Court, Territory of Hawaii, over the Midway Islands, Wake Island, Johnston Island, Sand Island, Kingman Reef, Kure Island, Baker Island, Howland Island, Jarvis Island, Canton Island, Enderbury Island, and for other purposes; to the Committee on the Judiciary.

S. 1224. An act for the relief of Eugene Kramer; to the Committee on Immigration and Naturalization.

S. 1238. An act for the relief of Maude Isabel Rathburn Miner; to the Committee on Military Affairs.

S. 1318. An act relating to the exclusion of certain deposits in determining the assessment base of banks insured by the Federal Deposit Insurance Corporation; to the Committee on Banking and Currency.

S. 1474. An act for the relief of Thomas G. Abbitt; to the Committee on Claims.

S. 1533. An act for the relief of Kurt G. Stern; to the Committee on Immigration and Naturalization.

S. 1534. An act for the relief of Moukbil Kemal Tash; to the Committee on Immigration and Naturalization.

ENROLLED BILL SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H. R. 4218. An act making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1940, and for other purposes.

ADJOURNMENT

Mr. WOODRUM of Virginia. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 19 minutes p. m.) the House, pursuant to its previous order, adjourned until tomorrow, Thursday, June 15, 1939, at 11 o'clock a. m.

COMMITTEE HEARINGS

COMMITTEE ON THE JUDICIARY

There will be continued a public hearing before Subcommittee No. 3 of the Committee on the Judiciary on Wednesday, June 21, 1939, at 10 a. m., on the bill (H. R. 2318) to divorce the business of production, refining, and transporting of petroleum products from that of marketing petroleum products. Room 346, House Office Building.

COMMITTEE ON MERCHANT MARINE AND FISHERIES

The Committee on Merchant Marine and Fisheries will hold public hearings in room 219, House Office Building, at 10 a. m., on the bills and dates listed below:

On Thursday, June 15, 1939, on House Joint Resolution 194, investigate conditions pertaining to lascar seamen (SIROVICH).

On Friday, June 16, 1939, on H. R. 5611, district commanders' bill (U. S. Coast Guard).

On Tuesday, June 20, 1939, on H. R. 4307 (committee print), to extend the provisions of the Shipping Act, 1916, and the Intercoastal Shipping Act, 1933, to all common carriers by water in interstate commerce, and for other purposes.

COMMITTEE ON IRRIGATION AND RECLAMATION

There will be a meeting of the Committee on Irrigation and Reclamation, at 10 o'clock a. m. Thursday, June 15, 1939, for the consideration of H. R. 6773.

COMMITTEE ON FOREIGN AFFAIRS

There will be a meeting of the Committee on Foreign Affairs in the committee rooms, the Capitol, at 10 a. m. Thursday, June 15, 1939, for the consideration of H. R. 5690, "Explorations of Francisco Vasquez de Coronado"; House Joint Resolution 278, "Additional funds for Federal participation in the New York World's Fair"; House Joint Resolution 291, "International Exhibition of Polar Exploration"; House Joint Resolution 315, "Claims of American nationals against the Government of the Union of Soviet Socialist Republics"; and House Joint Resolution 320, "International Statistical Institute."

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

864. A communication from the President of the United States, transmitting supplemental estimates of appropriations for the District of Columbia for the fiscal year 1939, in the amount of $67,530 (H. Doc. No. 341); to the Committee on Appropriations and ordered to be printed.

865. A letter from the Administrator, Veterans' Administration, transmitting the draft of a proposed bill to provide for allowance of expenses incurred by Veterans' Administration beneficiaries and their attendants in authorized travel for examination and treatment; to the Committee on World War Veterans' Legislation.

866. A letter from the Acting Secretary of Commerce, transmitting a report of the disposition of records of the census of partial employment, unemployment, and occupations; to the Committee on the Disposition of Executive Papers.

867. A letter from the Chairman, Federal Communications Commission, transmitting a report of the Federal Communications Commission on the investigation of the telephone industry in the United States, as unanimously adopted by the Commission (H. Doc. No. 340); to the Committee on Interstate and Foreign Commerce and ordered to be printed, with illustrations.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. TAYLOR of Colorado: Committee on Appropriations. House Joint Resolution 326. Joint resolution making appropriations for work relief, relief, and to increase employment by providing loans and grants for public-works projects, for the fiscal year ending June 30, 1940; without amendment (Rept. No. 833). Referred to the Committee of the Whole House on the state of the Union.

Mr. BLAND: Committee on Merchant Marine and Fisheries. H. R. 4781. A bill to incorporate the Union Church of the Canal Zone; with amendment (Rept. No. 836). Referred to the Committee of the Whole House on the state of the Union.

Mr. BLAND: Committee on Merchant Marine and Fisheries. H. R. 5681. A bill to authorize the Federal Surplus Commodities Corporation to purchase and distribute surplus products of the fishing industry; with amendment (Rept. No. 837). Referred to the Committee of the Whole House on the state of the Union.

Mr. ELLIOTT: Committee on the Disposition of Executive Papers. H. R. 6585. A bill to provide for the disposition of certain records of the United States Government; with amendment (Rept. No. 838). Referred to the Committee of the Whole House on the state of the Union.

Mr. BLAND: Committee on Merchant Marine and Fisheries. H. R. 6747. A bill relating to the retirement of employees to whom the provisions of section 6 of the act approved June 20, 1918 (40 Stat. 608; U. S. C., 1934 edition, title 33, sec. 763), as amended, apply; with amendment (Rept. No. 839). Referred to the Committee of the Whole House on the state of the Union.

Mr. RAMSPECK: Committee on the Civil Service. S. 281. An act to amend further the Civil Service Retirement Act, approved May 29, 1930; with amendment (Rept. No. 840). Referred to the Committee of the Whole House on the state of the Union.

Mr. BROOKS: Committee on Military Affairs. S. 1018. An act to authorize the procurement, without advertising, of certain aircraft parts and instruments or aeronautical accessories, and for other purposes; with amendment (Rept. No. 841). Referred to the Committee of the Whole House on the state of the Union.

Mr. THOMASON: Committee on Military Affairs. S. 1307. An act authorizing the Secretary of War to grant a revocable license to the Union Pacific Railroad Co. to maintain certain railroad trackage on the Fort Leavenworth Military Reservation; without amendment (Rept. No. 842). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. KRAMER: Committee on Immigration and Naturalization. H. R. 5149. A bill for the relief of Isidore Cvitcovich; without amendment (Rept. No. 835). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ALEXANDER:

H. R. 6827. A bill granting pensions and increase of pensions to certain soldiers, sailors, and marines who served in the Philippine uprisings and campaigns from July 5, 1902, to December 31, 1913, and for other purposes; to the Committee on Pensions.

By Mr. BOEHNE:

H. R. 6828. A bill to authorize the construction of a bridge across the Ohio River at or near Mauckport, Harrison County, Ind.; to the Committee on Interstate and Foreign Commerce.

By Mr. McCORMACK:

H. R. 6829 (by request). A bill to amend paragraph 1621 of the Tariff Act of 1930; to the Committee on Ways and Means.

By Mr. VINSON of Georgia:

H. R. 6830. A bill to authorize the construction of new buildings for the Navy Department in the District of Columbia; to the Committee on Public Buildings and Grounds.

By Mr. HINSHAW:

H. R. 6831. A bill to authorize the Secretary of the Interior to lease certain of the public lands to the Metropolitan Water District of Southern California for the extraction of sodium chloride for water-conditioning purposes; to the Committee on the Public Lands.

By Mr. HOBBS:

H. R. 6832. A bill to provide for the protection of witnesses appearing before any department, independent establishment, or other agency of the United States, or the Congress of the United States; to the Committee on the Judiciary.

By Mr. PATMAN:

H. R. 6833. A bill to promote farm ownership by amending the Bankhead-Jones Farm Tenant Act to provide for Government-insured loans to farmers; to encourage sale of farms held by absentee owners to farm tenants; and to enable tenant farmers to become owners of farm homes through long-term, low-interest-rate loans on farms; and for other purposes; to the Committee on Agriculture.

By Mr. RANDOLPH:

H. R. 6834. A bill authorizing the Commissioners of the District of Columbia to settle claims and suits of the District of Columbia; to the Committee on the District of Columbia.

By Mr. CARLSON:

H. R. 6835. A bill to amend section 186 of the Criminal Code, as amended; to the Committee on the Post Office and Post Roads.

By Mr. EATON of New Jersey:

H. R. 6836. A bill to amend the act entitled "An act for the grading and classification of clerks in the Foreign Service of the United States of America, and providing compensation therefor," approved February 23, 1931, as amended; to the Committee on Foreign Affairs.

H. R. 6837. A bill to enforce and implement certain treaties of the United States by prohibiting the export from the United States of articles or commodities used in violation of such treaties; to the Committee on Foreign Affairs.

By Mr. HINSHAW:

H. R. 6838. A bill to enable the Secretary of War to pay the amount awarded to the Malambo fire claimants by the joint commission under article 6 of the treaty of November 18, 1903, between the United States and Panama; to the Committee on Foreign Affairs.

By Mr. ROGERS of Oklahoma (by departmental request):

H. R. 6839. A bill to authorize the creation of trusts by individual Indians with the United States as trustee; to the Committee on Indian Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BELL:

H. R. 6840. A bill for the relief of Fred W. Ross; to the Committee on Claims.

By Mr. COFFEE of Washington:

H. R. 6841. A bill for the relief of Eben C. Manchester; to the Committee on Claims.

By Mr. ELLIS:

H. R. 6842. A bill for the relief of Rufus E. Farmer; to the Committee on Claims.

By Mr. FAY:

H. R. 6843. A bill for the relief of the Nathan Products Corporation; to the Committee on Claims.

By Mr. KENNEDY of Maryland:

H. R. 6844. A bill for the relief of Edith Easton and Alma E. Gates; to the Committee on Claims.

H. R. 6845. A bill for the relief of Anthony Borsellino; to the Committee on Claims.

By Mr. LeCOMPTE:

H. R. 6846. A bill granting a pension to Nettie E. Davenport; to the Committee on Invalid Pensions.

By Mr. O'NEAL:

H. R. 6847. A bill for the relief of Leslie McSwain; to the Committee on Claims.

By Mr. RANDOLPH:

H. R. 6848. A bill for the relief of Boyd Bolton; to the Committee on Claims.

By Mr. WHELCHEL:

H. R. 6849. A bill for the relief of Hoyt G. Barnett; to the Committee on Claims.

By Mr. MOTT:

H. R. 6850. A bill for the relief of John K. Jackson; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3740. By Mr. ANDERSON of California: Senate Joint Resolution No. 23, relative to memorializing Congress to provide for the control of the mud flow of Mount Shasta; to the Committee on Flood Control.

3741. Also, Senate Joint Resolution No. 19, relative to memorializing Congress to construct a breakwater and port of refuge at Pillar Point, San Mateo County, referred to in House bill 1946; to the Committee on Military Affairs.

3742. By Mr. ANGELL: Petition of Anna Duerre, of Portland, Oreg., and 29 others, asking for the enactment of House bill 5620; to the Committee on Ways and Means.

3743. Also, petition of Lester Nelson Wilcox, of Portland, Oreg., and 29 others, asking for the enactment of House bill 5620; to the Committee on Ways and Means.

3744. Also, petition of J. A. Arbuckle, of Portland, Oreg., and 59 others, asking for the enactment of House bill 5620; to the Committee on Ways and Means.

3745. Also, petition of Mary Stubbs, of Portland, Oreg., and 59 others, asking for the enactment of House bill 5620; to the Committee on Ways and Means.

3746. Also, petition of Ira J. Crofutt, of Portland, Oreg., and 209 others, asking for the enactment of House bill 5620; to the Committee on Ways and Means.

3747. Also, petition of Delbert E. Bucknum, of Portland, Oreg., and 53 others, asking the enactment of House bill 5620; to the Committee on Ways and Means.

3748. Also, petition of H. G. Baker, of Portland, Oreg., and 48 others, asking for the enactment of House bill 5620; to the Committee on Ways and Means.

3749. Also, petition of Frederick W. Berger, of Portland, Oreg., and 29 others, asking for the enactment of House bill 5620; to the Committee on Ways and Means.

3750. Also, petition of Lurara Buckanan, of Portland, Oreg., asking for the enactment of House bill 5620; to the Committee on Ways and Means.

3751. Also, petition of A. W. Simshaw, of Portland, Oreg., and 29 others, asking for the enactment of House bill 5620; to the Committee on Ways and Means.

3752. Also, petition of Clyde DeMent, of Portland, Oreg., and 59 others, asking for the enactment of House bill 5620; to the Committee on Ways and Means.

3753. Also, petition of Clyde F. Ward, of Portland, Oreg., and 29 others, asking for the enactment of House bill 5620; to the Committee on Ways and Means.

3754. Also, petition of Coral J. Smith, of Troutdale, Oreg., and 59 others, asking for the enactment of House bill 5620; to the Committee on Ways and Means.

3755. Also, petition of Gertrude Forrest and Anna Curtis, of Portland, Oreg., and 28 others, asking for the enactment of House bill 5620; to the Committee on Ways and Means.

3756. Also, petition of Mrs. S. G. Lininger, of Portland, Oreg., and 29 others, asking for the enactment of House bill 5620; to the Committee on Ways and Means.

3757. Also, petition of K. A. Martin, of Portland, Oreg., and 29 others, asking for the enactment of House bill 5620; to the Committee on Ways and Means.

3758. Also, petition of Elva Schwichtenberg, of Portland, Oreg., and 29 others, asking for the enactment of House bill 5620; to the Committee on Ways and Means.

3759. Also, petition of John Mooney, of Portland, Oreg., and 59 others, asking for the enactment of House bill 5620; to the Committee on Ways and Means.

3760. Also, petition of Arthur Kent, of Portland, Oreg., and 29 others, asking for the enactment of House bill 5620; to the Committee on Ways and Means.

3761. Also, petition of Margaret V. Dygest, of Portland, Oreg., and 27 others, asking for the enactment of House bill 5620; to the Committee on Ways and Means.

3762. Also, petition of Anna Curtis, of Portland, Oreg., and 59 others, asking for the enactment of House bill 5620; to the Committee on Ways and Means.

3763. By Mr. ENGLEBRIGHT: Senate Joint Resolution No. 19, relative to memorializing Congress to construct a breakwater and port of refuge at Pillar Point, San Mateo County; to the Committee on Flood Control.

3764. By Mr. GROSS: Resolution of 85 members of the paperboard manufacturing industry of the United States, transmitted to the Reconstruction Finance Corporation, protesting against aid of $3,425,000 of public funds for construction of a mill at Lufkin, Tex.; to the Committee on Appropriations.

3765. By Mr. HINSHAW: Petition of Mrs. George Fitch, of Pasadena, Calif., and containing the signatures of 2,095 other residents of southern California, urging the Government to bring an end to the traffic in war materials to Japan; to the Committee on Foreign Affairs.

3766. By Mr. HOUSTON: Petition of the Kansas Y. T. C. Federation, of Wellington, Kans., asking that a Frances E. Willard commemorative stamp be issued during this centenary year; to the Committee on the Post Office and Post Roads.

3767. By Mr. MICHAEL J. KENNEDY: Memorial of the Russell Bros. Towing Co., Inc., of New York City, opposing the Lea bill to regulate water transportation; to the Committee on Interstate and Foreign Commerce.

3768. Also, petition of the New York Association of Biology Teachers, opposing the amendment to House bill 3794, relative to the establishment of John Muir-Kings Canyon National Park; to the Committee on the Public Lands.

3769. Also, petition of the United Wholesale and Warehouse Employees of New York, urging enactment of the Mead bill (S. 3243) to aid small-business men; to the Committee on Ways and Means.

3770. Also, petition of the National Maritime Union of America, with headquarters at 126 Eleventh Avenue, New York City, urging enactment of the La Follette-Thomas bill (S. 1970), which would eliminate certain oppressive labor practices; to the Commitee on Labor.

3771. Also, memorial of the Post Office Eligibles Association of Greater New York, urging the appointment of more eligibles to vacancies existing in the Postal Service on the basis of the recent statement issued by the Postmaster General to the effect that a 9-month record postal revenue for the fiscal year had been attained; also requesting aid by the extension of the register for another year to February 1941; to the Committee on the Post Office and Post Roads.

3772. Also, petition of the National League of District Postmasters, urging the Committee on the Post Office and Post Roads to report favorably House bill 2665, fixing definite allowances for clerk hire in third-class post offices; to the Committee on the Post Office and Post Roads.

3773. By Mr. MARTIN J. KENNEDY: Petition of the National Parks Association, Washington, D. C., concerning the Kings Canyon Wilderness National Park; to the Committee on the Public Lands.

3774. Also, petition of Sika, Inc., waterproofing compounds, New Yorks City, urging passage of the Starnes bill for continuance of Works Progress Administration; to the Committee on Appropriations.

3775. Also, petition of the Atlantic States Shippers Advisory Board, New York City, opposing House bills 4862, 2531, 4307, and 9635; also ratification of the St. Lawrence Waterway treaty; to the Committee on Interstate and Foreign Commerce.

3776. Also, petition of the American Forestry Association, Washington, D. C., opposing the amended bill (H. R. 3794) for the establishment of the Kings Canyon Wilderness National Park; to the Committee on the Public Lands.

3777. Also, petition of the New York State Telephone Association, Albany, N. Y., concerning House bill 5435, wage-and-hour bill; to the Committee on Labor.

3778. By Mr. LUTHER A. JOHNSON: Petition of William J. Tucker, executive secretary, Game, Fish, and Oyster Commission, Austin, Tex., favoring House bill 6321; to the Committee on Ways and Means.

3779. By Mr. KEOGH: Petition of the Green Mountain Club, Inc., New York, concerning House bill 3794, for the establishment of the John Muir-Kings Canyon National Park; to the Committee on the Public Lands.

3780. Also, petition of S. C. Mead, the Merchants Association of New York, concerning the pending agriculture appropriation bill; to the Committee on Appropriations.

3781. Also, petition of the Southern Pine Sales Corporation, New York City, concerning Senate bill 2009; to the Committee on Interstate and Foreign Commerce.

3782. Also, petition of the United Wholesale and Warehouse Employees of New York, Local No. 65, favoring the passage of Senate bill 3243, the Mead bill; to the Committee on the Post Office and Post Roads.

3783. Also, petition of the New York Teachers Association of Biology, concerning House bill 3794; to the Committee on Education.

3784. Also, petition of the Post Office Eligibles Association of Greater New York, concerning additional appointments to the Postal Service; to the Committee on the Post Office and Post Roads.

3785. Also, petition of the New York Board of Trade, New York City, concerning Government spending; to the Committee on Appropriations.

3786. By Mr. MOSER: Petition of the representatives of the people of Reading, Pa., concerning neutrality and embargo on arms; to the Committee on Foreign Affairs.

3787. Also, petition of the American League for Peace and Democracy, of West Leesport, Pa., concerning neutrality and alien matters; to the Committee on Foreign Affairs.

3788. Also, petition of the Sisterhood Temple, Oheb Shalom, concerning alien matters; to the Committee on Foreign Affairs.

3789. Also, petition of certain citizens, Communists, Democrats, and Republicans, favoring repeal of present Neutrality Act, placing an embargo on arms to Germany and Japan, and adoption of so-called Thomas amendment; to the Committee on Foreign Affairs.

3790. By Mr. PFEIFER: Petition of the Southern Pine Sales Corporation, New York City, opposing the passage of Senate bill 2009; to the Committee on Interstate and Foreign Commerce.

3791. Also, petition of the Green Mountain Club, Inc., New York section, Brooklyn, N. Y., urging defeat of House bill 3794, the amended bill, and urging the passage in its original form; to the Committee on the Public Lands.

3792. Also, petition of the United Wholesale and Warehouse Employees of New York, urging support of the Mead bill (S. 3243); to the Committee on Interstate and Foreign Commerce.

3793. Also, petition of the New York Association of Biology Teachers, Brooklyn, N. Y., opposing the amendment to House bill 3794 and favoring the original Gearhart bill for John Muir-Kings Canyon National Park; to the Committee on the Public Lands.

3794. Also, petition of the Merchants Association of New York, concerning certain provisions in the pending agricultural appropriation bill; to the Committee on Appropriations.

3795. By the SPEAKER: Petition of the Women's Economic Federation and the Unemployed Women's Council, Douglas County, Nebr., petitioning consideration of their resolution with reference to Works Progress Administration funds and House bill 6470; to the Committee on Appropriations.

SENATE

THURSDAY, JUNE 15, 1939

The Chaplain, Rev. ZeBarney T. Phillips, D. D., offered the following prayer:

O Thou who hast set the world in our hearts, who renewest the face of the earth with Thy breath and revivest for us the grace and beauty that had fled: Help us to realize that this is the day which the Lord hath made, therefore we will rejoice and be glad in it. Give us, through greater wealth and fineness of heart, a richer and a finer world; make our lives so inwardly melodious that we may hear the melody from the echoing hills toward which we lift our eyes.

Forgive us when we see the King's highway of truth and fail to walk therein, or, hearing our Shepherd's voice, we fail to follow it, but loiter in low places with the flesh, too feeble and too timid to be faithful and courageous for our tasks. Then in Thy great mercy empower us with the sense of Thy presence, that we, too, like Thine ancient lawgiver, may endure as seeing Him who is invisible. We ask it in the name of Jesus Christ our Lord. Amen.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of Tuesday, June 13, 1939, was dispensed with, and the Journal was approved.

MESSAGE FROM THE HOUSE DURING ADJOURNMENT

Under authority of the order of the 13th instant, the following message from the House of Representatives was received by the Secretary on June 14, 1939:

That the House insisted upon its amendment to the bill (S. 1886) to extend to June 16, 1942, the period within which certain loans to executive officers of member banks of the Federal Reserve System may be renewed or extended, agreed to the conference asked for by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. STEAGALL, Mr. WILLIAMS of Missouri, Mr. SPENCE, Mr. WOLCOTT, and Mr. GIFFORD were appointed managers on the part of the House at the conference.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS AND JOINT RESOLUTION

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries, who also announced that the President had approved and signed the following acts and joint resolution:

On June 5, 1939:

S. 2314. An act to establish the position of Under Secretary in the Department of Commerce.

On June 7, 1939:

S. 572. An act to provide for the common defense by acquiring stocks of strategic and critical materials essential to the needs of industry for the manufacture of supplies for the armed forces and the civilian population in time of a national emergency, and to encourage, as far as possible, the further development of strategic and critical materials within the United States for common defense; and

S. J. Res. 138. Joint resolution providing that reorganization plans Nos. I and II shall take effect on July 1, 1939.

On June 8, 1939:

S. 583. An act to provide for an additional midshipman at the United States Naval Academy, and for other purposes.

On June 10, 1939:

S. 499. An act to amend the act entitled "An act making appropriations for the naval service for the fiscal year ending June 30, 1910, and for other purposes," approved March 3, 1909, as amended, so as to extend commissary privileges to civilian officers and employees of the United States at naval stations beyond the continental limits of the United States or in Alaska.

On June 13, 1939:

S. 189. An act to provide for the confiscation of firearms in possession of persons convicted of felony and disposition thereof;

S. 509. An act to add certain lands of the Front Royal Quartermaster Depot Military Reservation, Va., to the Shenandoah National Park, and for other purposes;

S. 1243. An act to authorize the use of War Department equipment for the Confederate Veterans' 1939 Reunion at Trinidad, Colo., August 22, 23, 24, and 25, 1939;

S. 1409. An act to authorize the conveyance by the United States to the town of Bristol, Maine, of a portion of the Pemaquid Point Lighthouse Reservation, and for other purposes;

S. 1879. An act to amend the United States mining laws applicable to the area known as the watershed of the headwaters of the Bonito River in the Lincoln National Forest within the State of New Mexico;

S. 1982. An act to convey certain property to the city of El Campo, Tex.;

S. 2149. An act to add certain lands to the Papago Indian Reservation in Arizona; and

S. 2404. An act to authorize the disposal of the Portland, Oreg., old courthouse building.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Calloway, one of its reading clerks, announced that the House had passed the bill (S. 1796) to amend the Tennessee Valley Authority Act of 1933, with an amendment, in which it requested the concurrence of the Senate.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1886) to extend to June 16, 1942, the period within which certain loans to executive officers of member banks of the Federal Reserve System may be renewed or extended.

The message further announced that the House had agreed to the concurrent resolution (S. Con. Res. 20), as follows:

Resolved by the Senate (the House of Representatives concurring), That the expenses incurred by the joint committee appointed pursuant to Senate Concurrent Resolution 17, Seventy-sixth Congress, to arrange for the reception of Their Majesties the King and Queen of Great Britain in the rotunda of the Capitol on June 9, 1939, shall be paid one-half from the contingent fund of the Senate and one-half from the contingent fund of the House of Representatives upon vouchers approved by the chairman of the joint committee.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 2154. An act to modify the provisions of section 14 of the act of June 30, 1834, and section 10 of the act of June 22, 1874, relating to the Indians; and

H. R. 4218. An act making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1940, and for other purposes.

LOANS TO BANK OFFICERS BY MEMBER BANKS—CONFERENCE REPORT

Mr. GLASS. I submit the conference report on Senate bill 1886. I may state briefly that the conferees on the part of the Senate agreed to the amendment proposed by the House.

The VICE PRESIDENT. The report will be read.

The Chief Clerk read the report, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1886) to extend to June 16, 1942, the period within which certain loans to executive officers of member banks of the Federal Reserve System may be renewed or extended, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same.

CARTER GLASS,
JAMES F. BYRNES,
JNO. G. TOWNSEND, JR.,
Managers on the part of the Senate.

HENRY B. STEAGALL,
CLYDE WILLIAMS,
BRENT SPENCE,
JESSE P. WOLCOTT,
CHARLES L. GIFFORD,
Managers on the part of the House.

Mr. GLASS. I may state that the House has adopted the conference report.

The VICE PRESIDENT. The question is on agreeing to the conference report.

The report was agreed to.

POSTPONEMENT OF OPERATION OF CERTAIN PROVISIONS OF FOOD, DRUG, AND COSMETIC ACT—CONFERENCE REPORT

Mr. CLARK of Missouri. I move that the Senate proceed to the consideration of the conference report on House bill 5762, which was submitted to the Senate on Tuesday last.

The VICE PRESIDENT. The conference report has heretofore been read. The question is on the motion of the Senator from Missouri that the Senate proceed to the consideration of the report.

The motion was agreed to; and the Senate proceeded to consider the report of the committee on conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5762) to provide for temporary postponement of the operations of certain provisions of the Federal Food, Drug, and Cosmetic Act.

The report is as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5762) to provide for temporary postponement of the operations of certain provisions of the Federal Food, Drug, and Cosmetic Act, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1 and agree to the same with an amendment as follows: In lieu of subdivision (b) of the engrossed bill (beginning on line 9 of page 1, and extending down to and including line 16 on page 2) and the Senate amendment numbered 1, insert the following:

"(b) The Secretary of Agriculture shall promulgate regulations further postponing to July 1, 1940, the effective date of the provisions of sections 403 (e) (1); 403 (g), (h), (i), (j), and (k); 502 (b), (d), (e), (f), (g), and (h); and 602 (b) of such act with respect to lithographed labeling which was manufactured prior to February 1, 1939, and to containers bearing labeling which, prior to February 1, 1939, was lithographed, etched, stamped, pressed, printed, fused, or blown on or in such containers, where compliance with such provisions would be unduly burdensome by reason of causing the loss of valuable stocks of such labeling or containers, and where such postponement would not prevent the public interest being adequately served: *Provided*, That in no case shall such regulations apply to labeling which would not have complied with the requirements of the Food and Drug Act of June 30, 1906, as amended."

And the Senate agree to the same.

BENNETT CHAMP CLARK,
CLAUDE PEPPER,
CHAS. L. MCNARY,
Managers on the part of the Senate.

CLARENCE F. LEA,
VIRGIL CHAPMAN,
CARL E. MAPES,
Managers on the part of the House.

The VICE PRESIDENT. The question is on agreeing to the report.

Mr. VANDENBERG. Mr. President, will the Senator state the result of the conference?

Mr. CLARK of Missouri. I will state to the Senator from Michigan that the measure originally passed by the House provided for a flat extension of 6 months of certain labeling and bottling provisions of the act. That extension was brought about by the fact that it was discovered that, due to necessary delay on the part of the Department in prescribing regulations having to do with the matter, it was impossible for many manufacturers of both food and drug products covered by the act to comply with its labeling provisions, and, in addition to that, many manufacturers had on hand large numbers of labels and bottles which it would be a great hardship for them to have to replace within the period prior to the effective date of the act, which is the 26th of June.

The Senate passed the bill but with an amendment providing that any manufacturer covered by the act might, upon his own motion and the filing of an affidavit setting forth proper cause, have an additional 6 months' extension. That matter has been in conference now for some time, and the agreement arrived at embodies the House provision, which is a modification of the Senate amendment, directing the Secretary of Agriculture to prescribe rules and regulations as to what cause must be shown, not contrary to the public interest, for which an additional extension of 6 months may be granted.

Mr. VANDENBERG. We now confront the situation that there is a positive 6 months' extension and a tentative 6 months' additional extension under certain regulations?

Mr. CLARK of Missouri. Under regulations to be prescribed by the Secretary of Agriculture.

Mr. GURNEY. Mr. President, I should like to ask a question of the Senator from Missouri. Looking at the conference report on House bill 5742, I understand that an extension has been allowed on labels, and so forth, but that the wording of the bill is that lithograph labels shall be given an extension. By that wording other labels not made through the lithograph process might not be given the extension. Will the Senator enlighten me on that point?

Mr. CLARK of Missouri. I do not so understand the provisions of the bill. In any event, it applies only to labels already on hand.

Mr. GURNEY. Does it apply to all labels on hand?

Mr. CLARK of Missouri. That would be my understanding of it. I got a telegram, just as the Senator did, from those taking the view the Senator has indicated. They had every opportunity to appear before the conference or the committees of the House and the Senate, if they desired to do so, but they did not do so. On yesterday afternoon, after the conference report had been presented, some telegrams were sent asserting the view indicated by the Senator. I certainly would not so construe the law, and I do not believe anybody else could properly so construe it.

Mr. GURNEY. The Senator does not feel that any particular printers are given preference under the bill?

Mr. CLARK of Missouri. That was certainly not the intention of either the committee of the Senate or of the conferees, and I certainly do not believe that is the effect of the language.

The Senator will note the language of the amendment adopted in the conference, as follows, in the authority for the extension:

And to containers bearing labeling which, prior to February 1, 1939, was lithographed, etched, stamped, pressed, printed, fused or blown on or in such containers—

And so forth.

The VICE PRESIDENT. The question is on agreeing to the conference report.

The report was agreed to.

AMENDMENT OF TENNESSEE VALLEY AUTHORITY ACT

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 1796) to amend the Tennessee Valley Authority Act of 1933.

Mr. NORRIS. I move that the Senate disagree to the House amendment, request a conference with the House on the disagreeing votes of the two Houses thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Vice President appointed Mr. SMITH, Mr. WHEELER, Mr. THOMAS of Oklahoma, Mr. NORRIS, and Mr. MCNARY conferees on the part of the Senate.

AMENDMENT OF THE COPYRIGHT ACT

The VICE PRESIDENT laid before the Senate a letter from the Acting Secretary of the Treasury, transmitting a draft of proposed legislation to amend section 33 of the act entitled "An act to amend and consolidate the acts respecting copyright," approved March 4, 1909, and for other purposes, which, with the accompanying paper, was referred to the Committee on Patents.

NEW BUILDINGS FOR NAVY DEPARTMENT IN THE DISTRICT

The VICE PRESIDENT laid before the Senate a letter from the Acting Secretary of the Treasury, transmitting a draft of proposed legislation to authorize the construction of new buildings for the Navy Department in the District of Columbia, which, with the accompanying paper, was referred to the Committee on Public Buildings and Grounds.

WITHDRAWAL OF PUBLIC LANDS FOR PROTECTION OF WATERSHEDS

The VICE PRESIDENT laid before the Senate a letter from the Acting Secretary of the Interior, transmitting a draft of proposed legislation to authorize the Secretary of the Interior to withdraw public-domain lands for the protection of watersheds, which, with the accompanying paper, was referred to the Committee on Public Lands and Surveys.

EXPENSES INCURRED BY VETERANS' ADMINISTRATION BENEFICIARIES

The VICE PRESIDENT laid before the Senate a letter from the Administrator of Veterans' Affairs, transmitting a draft of proposed legislation to provide for allowance of expenses incurred by Veterans' Administration beneficiaries and their attendants in authorized travel for examination and treatment, which, with the accompanying paper, was referred to the Committee on Finance.

REPORT ON TELEPHONE INVESTIGATION (H. DOC. NO. 340)

The VICE PRESIDENT laid before the Senate a letter from the chairman of the Federal Communications Commission, transmitting, pursuant to law, the report of the Commission on its investigation of the telephone industry in the United States unanimously adopted by the Commission, which, with the accompanying report (in two volumes), was referred to the Committee on Interstate Commerce.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a resolution adopted by Workers Alliance Local, No. 483, of San Francisco, Calif., protesting against the enactment of legislation depriving noncitizens of the right to work on Works Progress Administration projects, to deport certain noncitizens to concentration camps, etc., which was referred to the Committee on Appropriations.

He also laid before the Senate a resolution adopted by Workers Alliance Local, No. 483, of San Francisco, Calif., favoring a deficiency appropriation for the Works Progress Administration of $50,000,000 for the remainder of the fiscal year ending June 30, 1939, and a sufficient appropriation to provide an average of 3,000,000 public-works jobs for the fiscal year beginning July 1, 1939, which was referred to the Committee on Appropriations.

He also laid before the Senate a resolution adopted by the Catholic Women's Union, representing 31 affiliated societies in New Jersey, favoring the enactment of neutrality legislation containing a prohibition against propaganda by aliens in the United States, barring secret diplomatic understandings by American officials, loans and financial agreements with foreign governments and private financial institutions, and forbidding the selling of arms, munitions, and military equipment to foreign nations, which was referred to the Committee on Foreign Relations.

He also laid before the Senate the memorial of the California Mountaineers, of Visalia, Calif., remonstrating against the enactment of legislation to create the Kings Canyon Park in California, which was referred to the Committee on Public Lands and Surveys.

He also laid before the Senate a telegram in the nature of a petition from the Synod of the Reformed Presbyterian Church of North America, in session at Beaver Falls, Pa., signed by A. A. Wylie, clerk, praying for the enactment of pending legislation to prohibit the advertising of alcoholic beverages by radio, which was ordered to lie on the table.

He also laid before the Senate the memorial of Milton James Ferguson, president of the American Library Association, Chicago, Ill., remonstrating against the confirmation of the nomination of Archibald MacLeish, of Connecticut, to be Librarian of Congress, which was referred to the Committee on the Library.

Mr. REED presented telegrams and letters in the nature of memorials from J. B. Houston, of Wichita; Anne M. Keech, of Florence; (Mrs. Thor) Margaret Case Jager, president of the board of the Wichita City Library; Hattie Osborne, librarian, and Christine L. Reb, assistant librarian, Baker University, of Baldwin; the Topeka Public Library Board; Anna Jane Michener (Mrs. John M. Michener), of Wichita; Miss Nadine Hunt, acting librarian, Pratt Public Library, of Pratt; the American Library Association, by Milton James Ferguson, president, American Library Association, librarian of the Brooklyn Public Library, New York; Louis H. Grieb, member of the board of trustees of the Wichita City Library; and D. H. Stafford, of the State Exchange Bank, of Mankato, all in the State of Kansas, remonstrating against the confirmation of the nomination of Archibald MacLeish, of Connecticut, to be Librarian of Congress, which were referred to the Committee on the Library.

RESOLUTIONS OF WISCONSIN BANKERS ASSOCIATION

Mr. WILEY presented resolutions adopted by the Wisconsin Bankers Association, which were referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

Resolved, That we express our appreciation to those United States Senators and Members of the House of Representatives who have sponsored and supported wholesome banking and business legislation and have consistently opposed unsound measures which are detrimental to business recovery; and be it further

Resolved, That the secretary of the Wisconsin Bankers Association be instructed to forward a copy of this resolution to all the Members of Congress from this State.

LEGISLATIVE

In view of the possibility that consolidation of the office of the Comptroller of the Currency with some other Federal examining agency would disturb our present dual system of banking, be it

Resolved, That the Wisconsin Bankers Association go on record as favoring postponement of consolidation of the Comptroller's office with any other Federal examining agency pending further consideration and study of the probable effects that would follow such consolidation; be it further

Resolved, That a copy of this resolution be forwarded to the United States Senators and Members of the House of Representatives from this State.

Resolved, That the Wisconsin Bankers Association go on record as favoring the repeal of that part of the Federal Banking Act of 1935 requiring all State banks, with a million dollars or more of average deposits during the calendar year 1941, or any succeeding

calendar year, to become a member of the Federal Reserve System or lose their insurance in the Federal Deposit Insurance Corporation.

That a copy of this resolution be furnished the United States Senators and Members of the House of Representatives from this State, and that they be urged to work for the repeal of this section of the Banking Act of 1935.

INVOLVEMENT IN FOREIGN WAR

Mr. BONE. Mr. President, I have received petitions signed by 137 citizens of Pomeroy, Wash., urging Congress not to take any action which would aline this country on one side or the other in any overseas conflict.

Two forms of statement are used in the petitions. Some have signed one and some another. I ask that both forms be printed in the RECORD as a part of my remarks, because they so well state the opinion of our citizenry, that they will fight to defend this country but do not want to fight for any foreign country or combination of foreign countries. I ask that the petitions be appropriately referred.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the petitions will be referred to the Committee on Foreign Relations and printed in the RECORD.

The petitions are as follows:

PETITION NO. 1

We, the undersigned, representative of this community, peace-loving and loyal patriots of the United States, wish hereby to express our strongest disapproval of any foreign policy which may involve us in foreign war. We are diametrically opposed to any attitude being taken by our Government of definite alinement and intermingling in European difficulties which might lead to our being involved in or drawn into foreign wars.

We are perfectly willing at all times to defend and protect our country against any invasion upon our own soil. Although we as individual citizens may not approve of the actions of certain European nations, nevertheless we are opposed to our Government going too far in expressions of disapproval which might lead us into foreign entanglements.

We feel it unjust to sacrifice the lives of our youth on the altar of foreign disputes and request that a definite effort be made to avoid in every way possible foreign war.

PETITION NO. 2

We, the undersigned American citizens, being mindful of our disastrous experience in the World War in Europe in 1917–18, which we entered with the hope of ending all wars and making the world safe for democracy, believe that the stand taken by our Government in the present European crisis is dangerous, and if pursued will in all probability involve us in another foreign war, which might cost us the lives of millions of our youth, untold billions of dollars, great destruction of property, and place an unbearable tax burden on our posterity, and/or on account of our present great national debt probably endanger, if not destroy, our democratic form of government.

We therefore hereby register our most sincere and emphatic disapproval of our Government's present stand and humbly petition our representatives in Congress to do everything in their power to cause our Government to immediately discontinue its present policy and adopt instead a definite policy of unqualified neutrality that will safeguard us against the necessity of fighting another war on European or other foreign soil.

Mr. BONE. I present and ask to have printed in the RECORD as a part of my remarks a letter from J. A. Butler, merchant, and Pat McCabe, an attorney.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

POMEROY, WASH., *April 24, 1939.*

Hon. HOMER T. BONE,
United States Senate, Washington, D. C.

DEAR SENATOR: Enclosed you will find petitions bearing 187 names, which are self-explanatory.

Among these signers are local citizens of the highest standing, including the mayor of Pomeroy, several members of the city council, most of our county officials, one representative of our State legislative district, doctors, lawyers, merchants, and businessmen, as well as representative farmers, laborers, etc.

In fact, these petitions have been signed voluntarily, without solicitation, almost 100 percent by those who have come in contact with them. We believe therefore that these petitions represent the almost solid sentiment of the citizens of this community.

Yours very truly,

J. A. BUTLER, *Merchant,*
PAT MCCABE, *County Attorney,*
Committeemen.

Mr. BONE. Mr. President, I have also a petition from citizens of Spokane, Wash., calling upon Congress and the President to adopt and apply policies designed to keep America out of war, supported by a national-defense program adequate to preserve and protect our country and its people. This petition was circulated by the Veterans of Foreign Wars. I ask that it be referred to the appropriate committee.

The VICE PRESIDENT. Without objection, the petition will be received and referred to the Committee on Foreign Relations.

CONTINUATION OF INVESTIGATION BY CIVIL LIBERTIES SUBCOMMITTEE

Mr. BONE. Mr. President, I have in my hand a letter addressed to my colleague the Senator from South Carolina [Mr. BYRNES], chairman of the Committee to Audit and Control the Contingent Expenses of the Senate. The letter is written by Miss Florence Palmer, secretary-treasurer of the United Cannery, Packing, and Food Preservers' Local Union, of Seattle, Wash. It asks that funds be provided in order that the so-called La Follette Civil Liberties Committee may continue its investigation.

I ask that the letter may be printed in the RECORD at this point as part of my remarks and referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

The VICE PRESIDENT. Without objection, it is so ordered.

The letter is as follows:

UNITED CANNERY, PACKING, AND FOOD PRESERVERS' LOCAL, 7–2,
Seattle, Wash., May 20, 1939.

Senator JAMES F. BYRNES,
Chairman, Committee to Audit and Control,
Senate Office Building, Washington, D. C.

DEAR SIR: At the last regular meeting of our union, our entire membership went on record unanimously endorsing Senate Resolution No. 126, which asks for funds to continue the La Follette committee.

We urgently request that this resolution be reported favorably to the floor of the Senate.

Yours very truly,

UNITED CANNERY, PACKING, AND FOOD PRESERVERS' LOCAL, 7–2,
FLORENCE PALMER, *Secretary-Treasurer.*

AMERICAN PRESIDENT LINES BANQUETS

Mr. BAILEY. Mr. President, in the discussion recently between the Senator from Montana [Mr. WHEELER] and myself on the subject of the transportation bill a question was raised concerning certain banquets which had been given by the former Dollar Line, now the American President Lines. In the discussion it appeared that the Maritime Commission might be in some way responsible. At the time I undertook to exculpate the Maritime Commission, but, in view of the controversy, I stated that I would write to the Chairman of the Commission and ascertain the facts. I have a letter from him, and I am sending it to the desk, and will be very glad to have it read to the Senate.

The VICE PRESIDENT. Without objection, the clerk will read as requested.

The Chief Clerk read as follows:

UNITED STATES MARITIME COMMISSION,
Washington, June 13, 1939.

Hon. JOSIAH W. BAILEY,
United States Senate, Washington, D. C.

DEAR SENATOR: I have your letter of May 26, 1939, requesting a statement as to the relations of the Maritime Commission with the Dollar Line and the American President Lines in the light of Senator WHEELER's statements on the floor of the Senate on Thursday, May 25, 1939.

Senator WHEELER stated, in effect, that the American President Lines, operated by the Maritime Commission, had, to the knowledge of the Commission and with moneys furnished by it, given a $10-a-plate dinner in San Francisco, and others in various parts of the country, and that "the excuse for holding the banquet was to get business." In the course of his remarks Senator WHEELER stated that the Commission operates the Dollar Line ships, and that it set up the corporation which took over the Dollar Line, and that the steamship company was being operated and directed by the Maritime Commission.

You are correct in your statement that the Maritime Commission does not own or operate the Dollar Line (now the American President Lines). The Commission did not set up the American President Lines, Ltd., or any other corporation. The American President Lines, Ltd., was organized in 1929 under the laws of Delaware as Dollar Steamship Lines, Inc., Ltd., and its name was changed to American President Lines, Ltd., in the 1938 reorganization when the Dollar interests withdrew. The United States, through the Maritime Commission, is a stockholder in the corporation by virtue of the acquisition in October 1938, without cost to the United States, and pursuant to the reorganization of the company, of 63,983 shares of class A stock, of a total of 252,000 shares outstanding, and 2,100,000 shares of class B stock, being all of said class outstanding. The stock held by the Commission rep-

resents a voting control of approximately 93 percent, and a common-stock equity of approximately 72 percent, junior to outstanding preferred stock of a par value of $3,418,900, which is held by 100 or more stockholders. In addition to said stock, the Commission loaned the corporation $2,000,000 for repairs, and the Reconstruction Finance Corporation loaned it $2,500,000 for working capital. The corporation made due application for and was granted an operating differential subsidy which is now governed by the terms and conditions of an operating differential subsidy agreement dated October 6, 1938.

The operation of the line is in the hands of the directors and officers of the corporation, and the Commission takes no part whatsoever in the active management thereof. This is based upon our conviction that, so long as the management of the corporation is securing the favorable results which the present management is securing, it would be highly unwise for the stockholders to interfere, and is in accordance with the applicable law.

The question of advertising and other sales promotion, as is the case with other management problems, is a matter exclusively in province of those charged by law with the responsibility for the active management of the line, and it is they who determine the policies of the corporation with regard thereto, subject always, of course, to ultimate accountability to stockholders for results. The Commission feels that the responsibility for the banquets rests upon the board of directors and managing officers of the corporation. Based on the results thus far, the Commission feels that the course taken by them is a proper one. I should add in this connection, however, that it is a common practice of successful business enterprises to use this means of sales promotion as a most remunerative form of advertisement; and the Commission feels that there is no more reason to criticize, in the absence of facts justifying the criticism, the expenditure of $20 or $20,000 on this form of advertising than there would be to criticize a similar expenditure for newspaper or other forms of advertising. Granted the necessity for advertisement—and I believe no one questions such necessity—the form the advertising takes must be judged by the results; and the fact that the average gross receipts for April and May of this year (approximately $1,130,000) were two and two-thirds times the gross revenues for October 1938 (the month before the present management took office) confirms the views of the Commission that the policies of the present management are sound.

The cost of the dinners in question (as is the case with other advertising expenses) is paid from the corporate funds of the corporation, and it was not paid out of any funds advanced by the Maritime Commission. The $2,000,000 which, as stated above, was loaned to the corporation was applied to the cost of repairs to the vessels, and in order to insure such application was deposited in a special account, subject to withdrawal only with the countersignature of a representative of the Commission. No part of the subsidy moneys was used for such purpose, since the subsidizable expenses are strictly limited by the subsidy agreement and do not include advertising expenses of any sort.

The Commission is informed that five traffic promotion dinners were given by the line, at San Francisco, Los Angeles, New York, Boston, and Chicago, and at an aggregate cost of $22,263.13, or approximately $5 per plate; and the determination to give the last four was based entirely upon the unusually favorable results of the one at San Francisco. In the opinion of the Commission the expenditures have been more than justified by the results as attested to both by reports in the Commission's files and comments in the press; and the $22,263.13 so spent is not considered excessive in the case of a company with a gross income of upward of $1,000,000 a month.

I trust that this letter contains the information which you seek. If you wish any further information in connection with the Commission's dealings with the American President Lines, Ltd., or otherwise, I shall be very glad to furnish it to you in detail. I may say that, prior to the debate which occasioned your inquiry, a comprehensive report of the Commission's dealings with the American President Lines, Ltd., was prepared for printing and transmission to Congress. It is expected that printing and binding will be completed within a few days, when it will be promptly sent to both the Senate and the House.

Sincerely yours,

E. S. LAND, *Chairman.*

REPORTS OF COMMITTEES DURING ADJOURNMENT

Under authority of the order of the 13th instant,

On June 14, 1939:

Mr. SHEPPARD, from the Committee on Military Affairs, submitted a supplemental report to accompany the bill (S. 457) to amend the World War Adjusted Compensation Act, heretofore reported by him from that committee without amendment, which was ordered to be printed as part 2 of Report No. 531.

Mr. JOHNSON of California, from the Committee on Commerce, to which was referred the bill (H. R. 4674) to provide for the establishment of a Coast Guard station at or near the city of Monterey, Calif., reported it without amendment and submitted a report (No. 595) thereon.

Mr. BAILEY, from the Committee on Commerce, to which was referred the bill (H. R. 6076) to provide for the registry of pursers and surgeons as staff officers on vessels of the United States, and for other purposes, reported it with an amendment and submitted a report (No. 596) thereon.

Mr. KING, from the Committee on the District of Columbia, to which was referred the bill (S. 2350) to amend the act of Congress approved May 3, 1935, entitled "An act to promote safety on the public highways of the District of Columbia by providing for the financial responsibility of owners and operators of motor vehicles for damages caused by motor vehicles on the public highways in the District of Columbia; to prescribe penalties for the violation of the provisions of this act; and for other purposes," reported it without amendment and submitted a report (No. 597) thereon.

REPORTS OF COMMITTEES

Mr. BARBOUR, from the Committee on Naval Affairs, to which was referred the bill (S. 1398) to amend the act entitled "An act to punish acts of interference with the foreign relations, the neutrality, and the foreign commerce of the United States, to punish espionage, and better to enforce the criminal laws of the United States, and for other purposes," approved June 15, 1917, as amended, to increase the penalties for peacetime violations of such act, reported it without amendment and submitted a report (No. 598) thereon.

Mr. SHEPPARD, from the Committee on Commerce, to which was referred the bill (S. 1740) to promote business and economic research in the United States by establishing and maintaining, in connection with State university schools of business administration, research stations to cooperate with the Department of Commerce, reported it with amendments and submitted a report (No. 599) thereon.

Mr. BILBO, from the Committee on Agriculture and Forestry, to which was referred the bill (S. 2212) to provide for the development of marketing and marketing services for farm commodities, reported it with an amendment and submitted a report (No. 601) thereon.

Mr. HUGHES, from the Committee on Claims, to which was referred the bill (S. 2399) for the relief of certain former employees of the Farm Security Administration, reported it with amendments and submitted a report (No. 602) thereon.

Mr. ELLENDER, from the Committee on Claims, to which was referred the bill (S. 2176) for the relief of the Delaware Dredging Co., reported it without amendment and submitted a report (No. 603) thereon.

He also, from the same committee, to which were referred the following bills, reported them each with amendments and submitted reports thereon:

S. 1442. A bill for the relief of Max J. Mobley (Rept. No. 604); and

S. 2018. A bill for the relief of Nile Shaw and Edgar C. Bardin (Rept. No. 605).

Mr. TYDINGS, from the Committee on Territories and Insular Affairs, to which was referred the bill (H. R. 161) to amend section 73 of the Hawaiian Organic Act, approved April 30, 1900, as amended, reported it without amendment and submitted a report (No. 606) thereon.

Mr. PITTMAN, from the Committee on Foreign Relations, to which was referred the bill (S. 2197) authorizing Federal participation in the commemoration and observance of the four hundredth anniversary of the explorations of Francisco Vasquez de Coronado, reported it with amendments and submitted a report (No. 607) thereon.

He also, from the same committee, to which was referred the bill (H. R. 5835) to authorize the President to render closer and more effective the relationship between the American Republics, reported it with an amendment and submitted a report (No. 608) thereon.

He also, from the same committee, to which was referred the joint resolution (H. J. Res. 294) providing for the presentation through the American Minister to Greece of a certain monument to the people of Greece, reported it without amendment and submitted a report (No. 609) thereon.

STUDY OF NATIONAL MONETARY AND BANKING POLICY—REPORT OF COMMITTEE ON BANKING AND CURRENCY

Mr. WAGNER, from the Committee on Banking and Currency, to which was referred the resolution (S. Res. 125)

providing for a study and determination of a national monetary and banking policy (submitted by himself on April 17, 1939), reported it with amendments and submitted a report (No. 600) thereon, and, by request of Mr. WAGNER and under the rule, the resolution was referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. LOGAN:

S. 2606. A bill amending the Federal Reserve Act; declaring a monetary policy; establishing and instructing a monetary agency; and for other purposes; to the Committee on Banking and Currency.

S. 2607. A bill authorizing the Comptroller General of the United States to settle and adjust the claim of Edith Easton and Alma E. Gates; to the Committee on Claims.

S. 2608. A bill authorizing the President of the United States to appoint Sgt. Samuel Woodfill a captain in the United States Army and then place him on the retired list; to the Committee on Military Affairs.

By Mr. WHEELER:

S. 2609. A bill to reimpose the trust on certain lands allotted to Indians of the Crow Tribe, Montana; to the Committee on Indian Affairs.

By Mr. WHEELER (for himself and Mr. TRUMAN):

S. 2610. A bill to amend the Interstate Commerce Act, and for other purposes; and

By Mr. WHEELER:

S. 2611. A bill authorizing the purchase of a site and the erection of a building in the State of Massachusetts for use as a radio monitoring station, and for other purposes; to the Committee on Interstate Commerce.

By Mr. WAGNER:

S. 2612. A bill to amend the act of June 6, 1933, entitled "An act to provide for the establishment of a national employment system and for cooperation with the States in the promotion of such system, and for other purposes," and to extend the application of the civil-service laws and the Classification Act to the United States Employment Service; to the Committee on Education and Labor.

By Mr. McCARRAN:

S. 2613. A bill to authorize reclassifications of lands in irrigable areas, and for other purposes; to the Committee on Irrigation and Reclamation.

By Mr. HATCH:

S. 2614. A bill for the relief of the estate of Fermin Martinez; to the Committee on Finance.

By Mr. BYRD:

S. 2615. A bill for the relief of George H. Wilson; to the Committee on Claims.

By Mr. SLATTERY:

S. 2616. A bill for the relief of Stacy C. Mosser, receiver for the Great Northern Majestic Building Corporation; to the Committee on Claims.

By Mr. THOMAS of Oklahoma:

S. 2617 (by request). A bill to authorize the leasing of the undeveloped coal and asphalt deposits of the Choctaw and Chickasaw Nations in Oklahoma; to the Committee on Indian Affairs.

By Mr. GLASS:

S. 2618. A bill to extend the period during which direct obligations of the United States may be used as collateral security for Federal Reserve notes; to the Committee on Banking and Currency.

By Mr. ADAMS:

S. 2619. A bill to provide a measure of damages for trespass involving timber and other forest products upon lands of the United States;

S. 2620. A bill to extend the public-land laws of the United States to certain lands, consisting of islands, situated in the Red River in Oklahoma;

S. 2621. A bill relative to the disposition of public lands of the United States situated in the State of Oklahoma between the Cimarron base line and the north boundary of the State of Texas;

S. 2622. A bill to provide for the establishment of the Green Mountain National Park in the State of Vermont, and for other purposes;

S. 2623. A bill to authorize the Secretary of the Interior to convey certain property to Washington County, Utah, and for other purposes;

S. 2624. A bill to amend the act of August 24, 1912 (37 Stat. 460), as amended, with regard to the limitation of cost upon the construction of buildings in national parks;

S. 2625. A bill to authorize the Secretary of the Interior to sell or otherwise dispose of surplus animals inhabiting the national parks and national monuments, and for other purposes;

S. 2626. A bill to amend the act of June 30, 1936 (49 Stat. 2041), providing for the administration and maintenance of the Blue Ridge Parkway, in the States of Virginia and North Carolina, by the Secretary of the Interior, and for other purposes;

S. 2627. A bill to empower and authorize special agents and such other employees of the Division of Investigations, Department of the Interior, as are designated by the Secretary of the Interior for that purpose, to administer oaths in the performance of their official duties; and

S. 2628. A bill to authorize the Secretary of the Interior to accept donations of land, interests in land, buildings, or other property for the extension of national parks, national monuments, battlefield sites, national military parks, and other areas administered by the National Park Service, and for other purposes; to the Committee on Public Lands and Surveys.

By Mr. WHEELER:

S. J. Res. 153. Joint resolution to approve the action of the Secretary of the Interior in deferring the collection of certain irrigation charges against lands under the Blackfeet Indian irrigation project; to the Committee on Indian Affairs.

STABILIZATION FUND AND WEIGHT OF THE DOLLAR—AMENDMENT

Mr. THOMAS of Oklahoma. Mr. President, I understand that it has been determined that on next Monday the Senate will proceed to the consideration of House bill 3325, having to do with the stabilization fund and the adjustment of the monetary value of the dollar. On behalf of the junior Senator from Nevada [Mr. McCARRAN] and myself I submit an amendment to that bill. The amendment is in the nature of a substitute. I ask unanimous consent that the amendment may be printed in the RECORD and also printed in the usual form and lie upon the table.

The VICE PRESIDENT. Without objection, it is so ordered.

The amendment submitted by Mr. THOMAS of Oklahoma on behalf of Mr. McCARRAN and himself is as follows:

Strike out all after the enacting clause and insert the following:

"DECLARATION OF POLICY

"SECTION 1. That it is hereby declared to be the policy of the United States that the price level as shown by the Bureau of Labor Statistics shall be adjusted to 100, and it shall be the duty of the Board of Governors of the Federal Reserve System, the Secretary of the Treasury, and the other executive departments of the Government to cooperate in the work of adjusting such price level as herein provided, and thereafter to keep such price level as nearly stable at such point of 100 as is humanly possible.

"CERTIFICATES AGAINST SURPLUS GOLD AUTHORIZED

"SEC. 2. There is hereby created in the Treasury a special reserve fund. There shall be covered into such fund (1) the sum of $500,000,000 in free gold now held in the general fund of the Treasury, and (2) the sum of $1,500,000,000 as provided in section 7 of this act. Notwithstanding any other provision of law, the Secretary of the Treasury is authorized and directed to issue certificates against the gold in such fund. Such certificates shall be in such form as may be prescribed by the Secretary, shall have and possess all of the privileges and legal-tender characteristics of silver certificates now in the Treasury of the United States or in circulation, and shall be redeemable in any lawful money of the United States: *Provided*, That all such certificates shall be issued and paid into circulation to meet maturing bills and in such manner as to assist in carrying into effect the policy set forth in section 1 of this act.

"RELATING TO SILVER

"SEC. 3. That the Silver Purchase Act (Public Law No. 438, 73d Cong.) is hereby repealed.

"The Secretary of the Treasury is authorized and directed to purchase at not less than $1.04 per fine ounce all silver newly mined in the United States that may be offered for sale.

"The Secretary of the Treasury is authorized and directed to purchase all foreign silver which may be tendered in payment for agricultural products of the United States at a price which shall be 25 percent above the New York market price for foreign silver as of the date of sale of such agricultural products: *Provided, however*, That the price to be paid for all silver acquired pursuant to the provisions of this act shall not be higher than $1.29 per fine ounce.

"The Secretary of the Treasury is hereby authorized and directed to issue silver certificates against all silver purchased under this act on the basis of the monetary value of $1.29 per fine ounce.

"The Secretary of the Treasury is authorized and directed to purchase silver, both foreign and domestic, pursuant to the provisions of this act, until the amount of silver held in the Treasury of the United States shall constitute 25 percent of the total metallic monetary reserves of the United States.

"CERTIFICATES OWNED BY UNITED STATES TO BE KEPT IN CIRCULATION

"SEC. 4. When certificates issued under section 3 of this act, and when silver certificates issued under the provisions of this or any other act are received into the Treasury (other than by redemption) from any source whatsoever, and belong to the United States, they shall not be retired, canceled, or destroyed, but shall be reissued and paid out again and kept in circulation; but nothing herein shall prevent the cancelation and destruction of mutilated certificates and the issue of other certificates of like denomination in their stead, as provided by law.

"SEC. 5. That subsection (a) of section 10 of the Gold Reserve Act of 1934, approved January 30, 1934, as amended, is further amended by striking out the period at the end of such subsection and adding thereto the words 'and to the Congress.'

"SEC. 6. The second sentence added to paragraph (b) (2) of section 43, title III, of the act approved May 12, 1933, by section 12 of said Gold Reserve Act of 1934, as amended, is further amended to read as follows: 'The powers of the President specified in this paragraph shall be deemed to be separate, distinct, and continuing powers, and may be exercised by him from time to time, severally or together, whenever and as the expressed objects of this section in his judgment may require; except that such powers shall expire June 30, 1941, unless the President shall sooner declare the existing emergency ended.'

"STABILIZATION FUND CONTINUED

"SEC. 7. The sum of $1,500,000,000 heretofore appropriated and covered into a stabilization fund, as provided by paragraph (b) of section 10, Public Law No. 87, Seventy-third Congress, approved January 30, 1934, is hereby reappropriated and covered into the special reserve fund as provided in section 2 of this act; and paragraph (c) of said section 10 of said Public Law No. 87, Seventy-third Congress, is hereby repealed.

"SEC. 8. The short title of this act shall be the 'Dollar Value Regulation Act of 1939.'"

Mr. ASHURST. Mr. President, I rise, if I may properly do so at this time, to ask a question of the Senator from Oklahoma [Mr. THOMAS]. If I heard him aright, he announced that he was going to propose an amendment to the stabilization fund bill.

Mr. THOMAS of Oklahoma. That is correct. The amendment has been offered.

Mr. ASHURST. Was it offered today?

Mr. THOMAS of Oklahoma. Yes.

Mr. ASHURST. Did the Senator, in his amendment, consider the importance of fixing a proper price for silver domestically mined?

Mr. THOMAS of Oklahoma. The bill contains a section on silver. The section was drawn by a group representing the silver States, headed by the junior Senator from Nevada [Mr. MCCARRAN].

Mr. ASHURST Will the Senator, in brief outline, advise what his amendment does for silver?

Mr. THOMAS of Oklahoma. I shall be glad to yield to the junior Senator from Nevada to answer that question.

Mr. McCARRAN rose.

Mr. ASHURST. Before I propound a further question, I wish to say that I sometimes wonder how Congress can be so oblivious to such a simple yet vital matter. It is my opinion that the free and unlimited coinage of silver at the ratio of, say, 15 to 1; the fixation of a value not below 92 cents per ounce for domestically mined silver, would result in doing away with any need for W. P. A., P. W. A., or any other alphabetical relief. Within 90 days this proper and economically sound measure, coinage of silver, would give to the people the necessary confidence in their own monetary system, and would restore at least half of the "money of the Constitution."

Some one has well likened the circulation of the monetary medium of a country to the circulation of the blood. It is possibly a metaphor that may have come down from Aristotle, though Aristotle did not know much about the circulation of the blood. At any rate, the historical character to whom I refer used the metaphor that the proper circulation of a sufficient blood stream would repair damage to the human body, and promote all necessary changes. The white corpuscles were likened to silver, the red corpuscles to gold.

If gold and silver, the metals of the Constitution, could circulate as money, we would begin to pay our national debt, we would begin to employ persons now unemployed; and I do not refer merely to the three or four hundred thousand persons who would be employed by the silver mines were the silver coined. Possibly 300,000 or 350,000 persons would be employed under the free coinage of silver, or under the fixation of the value of domestically mined silver at above 92 cents an ounce; but general prosperity would at once begin. It is one of the strangest ironies that ever afflicted a nation; it is one of those peculiar things that impishly happens to the human race, that Congress does not see that by the free and unlimited coinage of silver, fixation of a value of not less than 92 cents per ounce, and the restoration of the circulating medium of our Constitution, our appropriation bills would be reduced at least $2,000,000,000 this year and $3,000,000,000 next year; but whenever a weird settles over mankind it is practically impossible to remove or dissolve that weird.

The first English poet—who, by the way, was never in England—sang of the individual weird that settles over all human beings; and that weird in opposition to silver settled over us. If we could coin silver, I repeat, say at 15 to 1, fix the value of domestically mined silver at not less than 92 cents an ounce, prosperity would be here, and it will not be here until we do restore the "gold and the silver of the Constitution" as our circulating medium.

So I associate myself with the Senator from Oklahoma and the Senator from Nevada and all others who see even a fragment of light on the matter.

I will now ask the Senator from Nevada, with his permission, to supply me with his views.

Mr. McCARRAN. Mr. President, let me say in reply to the question propounded by the able Senator from Arizona that in the amendment which was submitted this morning, and which will be printed, there is a specific provision fixing the price of silver at $1.04. The price of silver in the American dollar is $1.29. We have been buying silver at 64.64 cents, which reflects a profit to the Government that is sometimes termed "seigniorage," which we believe should not pass in that way. We believe, however, that 25 cents of the $1.29 is sufficient to pay for the mintage and the seigniorage, and that $1.04 should be the fixed price for domestically mined and domestically produced silver, and for that only. Then we propose that when foreign silver is offered in payment for American farm products for export, we will take that silver.

Those, in general, are the provisions of the amendment which was submitted this morning by the Senator from Oklahoma.

Mr. ASHURST. If such a bill for the coinage of silver could be passed, I will venture to say it would be one of the most important bills, if not the most important, that Congress could pass.

I thank the Senate for its attention.

Mr. WAGNER. Mr. President——

The VICE PRESIDENT. Does the Senator from Arizona yield to the Senator from New York?

Mr. ASHURST. I do.

Mr. WAGNER. I desire to suggest to the Senator that the so-called stabilization bill which has been reported by the Committee on Banking and Currency, and which is now upon the calendar, will come up, I take it, on Monday. At the close of the consideration of the calendar I propose to

move that the Senate proceed to the consideration of that bill, and that the Senate begin its consideration on Monday next. I take it that in the course of the consideration of the stabilization bill the amendment which is now being discussed will be offered and the whole subject then will be open for discussion.

I take it that is the procedure which the Senator from Oklahoma proposes to follow.

Mr. THOMAS of Oklahoma. Mr. President——

Mr. ASHURST. I yield to the Senator from Oklahoma.

Mr. THOMAS of Oklahoma. I might suggest that the record shows that the true ratio between gold and silver as to production is less than 16 to 1.

Mr. ASHURST. If the Senator will pardon me, I said 15 to 1 would be satisfactory. I thank the Senator.

Mr. THOMAS of Oklahoma. In other words, since time began there has been less than 16 times as much silver by weight produced as there has been gold by weight produced, so far as history shows.

If I may have the floor for just a moment——

Mr. ASHURST. I yield.

Mr. THOMAS of Oklahoma. The bill which will come before the Senate on Monday carries three principal provisions.

The first provision is an amendment to a section of existing law which provides that the Secretary of the Treasury shall report to the President what he has been doing with the stabilization fund. The bill provides that the Secretary of the Treasury shall report to the Congress in addition to the President. That is provision No. 1.

Provision No. 2 proposes to extend the power in the hands of the President still further to devalue the gold dollar for 2 years from June 30, 1939, to June 30, 1941. It does not otherwise change existing law, but extends the power of the President, in his discretion, still further to devalue the gold dollar during the next 2-year period. At the present time the President has power to reduce the weight of the gold dollar from 15 5/21 grains of gold nine-tenths fine to 12.9 grains of gold nine-tenths fine.

He may take out any part of the present dollar down to a weight of 12.9 grains of gold, and if he does the part he takes out becomes profit.

If the President should exercise the power that he now has upon the gold that we have in the Treasury, which is over $16,000,000,000 worth, by signing his name and devaluing the gold dollar from 15 5/21 grains to 12.9 grains he could thereby make for the Treasury a profit in excess of $3,000,000,000. That would be a most valuable signature, and the Treasury needs the money. If the President should do that, the new dollar of a weight of 12.9 grains would be worth more in terms of property and commodities than was the old, big, gold dollar before Congress authorized its devaluation in 1933.

That is power No. 2 in the House bill. The President is given the power still further to devalue the gold dollar for 2 years after June 30.

The third provision in the bill relates to the stabilization fund. Congress heretofore took $2,000,000,000 of the $2,800,000,000 profit made from the former devaluation and created it into a stabilization fund, and placed that fund in the hands of the Secretary of the Treasury for him to use as he sees proper in stabilizing the American dollar in terms of gold.

The sum of $2,000,000,000 was placed in the hands of the Secretary of the Treasury. The record shows that during these turbulent years he has never used more than $200,000,000 of that money. That leaves eighteen hundred millions of gold in the stabilization fund, which has been there now for 6 years and has never been used. The bill proposes to extend that stabilization fund in its present amount of $2,000,000,000 for another 2-year term, beginning June 30, 1939, and ending June 30, 1941.

Mr. President, those are the three provisions of the bill as it passed the House. So, if the House bill should be enacted, there would be no change in existing law save in one particular; that is, that the Secretary of the Treasury would have to report to Congress in addition to reporting to the President.

The amendment offered by the junior Senator from Nevada [Mr. McCARRAN] and myself this morning would not seriously alter the terms of the bill as it passed the House, and I shall explain it very briefly. We agree to the provision in the House bill that the Secretary of the Treasury shall report to the Congress in addition to reporting to the President. We agree that the President should have the power still further to devalue the gold dollar if he sees proper so to do. So, in that particular, we agree with the provision of the House bill.

When it comes to the stabilization fund, we do not agree that it is proper to extend the $2,000,000,000 stabilization fund for another period of 2 years, when we have to borrow each year billions of dollars in order to run the Government. What Member of the Senate, if he had his pocket full of gold, would go to the bank and borrow a dollar to buy his lunch? That is practically what the bill proposes, to tie up for another 2-year period $2,000,000,000, which could be used in many ways, which could be used to meet maturing obligations and to save us from borrowing money in the next 2 years.

I have not seen the Treasury report this morning, but the last report I saw showed that there were about $700,000,000 of free gold in the general fund in the Treasury. The amendment proposes to create a special fund in the Treasury called a special reserve fund, and to take $500,000,000 of the free gold in the Treasury and place it in this special reserve fund.

The amendment then proposes to leave $500,000,000 in the stabilization fund, and make that a permanent fund; then to take the billion and a half dollars, which is not used, and which probably would not be used in the next 2 years, and transfer that to the special reserve fund. The transfer of $500,000,000 from the general fund to the special reserve fund, and the billion and a half from the stabilization fund to the special reserve fund, would make the amount $2,000,000,000.

Then we propose to direct the Secretary of the Treasury to issue a form of currency against that $2,000,000,000 of gold, dollar for dollar. As to its form, the currency would be subject to the approval of the Secretary. It would be currency similar to silver certificates. There are now in circulation about sixteen hundred million dollars in silver certificates. These certificates are based upon silver, and they recite upon their face that there is in the Treasury a dollar's worth of silver back of each certificate of the face value of a dollar. If that is true—and I take it to be true—the silver certificate is based upon a dollar's worth of silver, not upon $1.29 worth, as measured by a silver dollar. That is less than an ounce, less than 42 cents' worth. The silver in the silver dollar today, at the present metallic value, is worth only about 37 cents, certainly less than 40 cents. So the silver certificates we have in our pockets are based upon a dollar's worth of silver, and, at the present value of silver, it would take more than 2 ounces of silver to make a dollar. So there is somewhat more than 2 ounces of silver in the Treasury back of every dollar silver certificate. That makes the silver certificate equal to gold.

Mr. President, the amendment we offer provides, in one paragraph, that it shall be the duty of the Federal Reserve Board and other Federal officials to readjust the value of the dollar to the 1926 level. The value of the dollar now is $1.32. At the present value of the dollar, every person who wants a dollar must give up $1.32 worth of commodities, of goods, of wares, of services, in order to get a dollar. If the amendment should be adopted and be placed in operation, it would require the Federal Reserve Board to reduce the value of the present dollar from $1.32 to 100 cents, which is the 1926 level. Then, when it was reduced to 100 cents, the Board would be under a mandate to keep the value of the dollar at 100 cents, as measured in property, as nearly as is humanly possible.

As I have stated, as a means of adjusting the value, the Treasury would have $2,000,000,000 of a new form of cur-

rency, which could be used to pay bills, and, at the same time, the use of the currency would have a tendency to cheapen the dollar. The old economic law has never been repealed, and it cannot be repealed. That economic law is that when things are plentiful they are cheap, and when they are scarce they are high. For all these years money has been too scarce, and so it has been too high. We have been trying to make it a little bit cheaper, for to the extent that the dollar is cheapened prices will be increased.

The simple amendment—and it is very simple—which we have offered this morning carries out, in the main, the wishes of the administration. It gives the administration the power still further to devalue the gold dollar, if it sees fit so to do. It gives it $500,000,000 in a stabilization fund to be held indefinitely. The administration wants $2,000,000,000, and the amendment gives them $500,000,000. The amendment gives the Treasury the power to pay off obligations, and, at the same time, it will make money more plentiful by placing it in circulation, and as money goes down in value property values will rise.

Mr. President, at this point I should like to state that tomorrow at 10:30 o'clock in the Committee on Indian Affairs room there will be a meeting of all Senators who care to go into this matter, to consider the bill which has passed the House, and which is before the Senate, and to consider and have explained the amendment we have offered. All Senators are invited to attend the meeting at 10:30 o'clock tomorrow morning in the Committee on Indian Affairs room, 424 Senate Office Building.

On Monday, when the House bill will be brought up, there will be an extended discussion of the provisions of the amendment. I may state that neither the House bill nor the amendment will be passed in the next few days, because it will take some time to discuss this all-important question.

Mr. BAILEY. Mr. President, I have no intention of entering into this learned discussion of the free and unlimited coinage of silver at the immortal ratio of 16 to 1. I express some regret that it appears now that that ratio is not so immortal; it has been changed to 15 to 1.

I think there is a new argument. As the Senator from Arizona says, it will not only end the depression but it will end all the alphabetical agencies which have been established. I begin to see the light. If that were a true prediction, I should feel like singing the hymn—

This is the day I long have sought,
And mourned because I found it not.

STABILIZATION FUND AND WEIGHT OF THE DOLLAR—ADDITIONAL AMENDMENTS

Mr. ADAMS and Mr. McCARRAN each submitted an amendment intended to be proposed by them, respectively, to the bill (H. R. 3325) to extend the time within which the powers relating to the stabilization fund and alteration of the weight of the dollar may be exercised, which were ordered to lie on the table and to be printed.

SOCIAL SECURITY ACT—AMENDMENTS

Mr. GREEN submitted amendments and Mr. WAGNER submitted sundry amendments intended to be proposed by them, respectively, to the bill (H. R. 6635) to amend the Social Security Act, and for other purposes, which were referred to the Committee on Finance and ordered to be printed.

REVENUE FOR THE DISTRICT OF COLUMBIA—AMENDMENTS

Mr. OVERTON submitted amendments intended to be proposed by him to the bill (H. R. 6577) to provide revenue for the District of Columbia, and for other purposes, which were referred to the Committee on the District of Columbia and ordered to be printed.

ORDER OF BUSINESS

Mr. McCARRAN. Mr. President, I move that the Senate proceed to the consideration of Senate bill 2119.

The PRESIDENT pro tempore. Until the Senate has concluded the morning business, the motion is not in order.

Mr. McCARRAN. I beg the Chair's pardon. I thought morning business had been concluded.

The PRESIDENT pro tempore. If there be no further bills and joint resolutions, concurrent and other resolutions are in order.

Mr. DAVIS. Mr. President——

The PRESIDENT pro tempore. Has the Senator from Pennsylvania a resolution to offer?

Mr. DAVIS. I desire to make a few remarks.

The PRESIDENT pro tempore. The Senator from Pennsylvania will be recognized later, as the Senator from Nevada [Mr. McCARRAN] first asked recognition.

ACCEPTANCE OF STATUE OF WILL ROGERS

Mr. THOMAS of Oklahoma. Mr. President, heretofore the State of Oklahoma has presented to the Government a statue of Will Rogers. The statue was unveiled on the 6th of June and was accepted on behalf of the Government by the senior Senator from Kentucky [Mr. BARKLEY]. I understand it is customary for the Congress by concurrent resolution formally to accept statues presented by the States, and, pursuing the policy heretofore established, I send to the desk a concurrent resolution and ask unanimous consent for its immediate consideration.

The PRESIDENT pro tempore. The clerk will read the concurrent resolution.

The Chief Clerk read the concurrent resolution (S. Con. Res. 21), as follows:

Resolved by the Senate (the House of Representatives concurring), That the statue of Will Rogers, presented by the State of Oklahoma, now in the Capitol Building, is accepted in the name of the United States, and that the thanks of Congress be tendered the State for the contribution of the statue of one of its most eminent citizens, illustrious for his distinguished civic services.

Resolved, That a copy of these resolutions, suitably engrossed and duly authenticated, be transmitted to the Governor of Oklahoma.

The PRESIDENT pro tempore. Is there objection to the present consideration of the concurrent resolution?

There being no objection, the concurrent resolution was considered and agreed to.

FEDERAL PARTICIPATION IN CONSTRUCTION OF ATLANTIC-GULF SHIP CANAL

Mr. PEPPER submitted the following resolution (S. Res. 145), which was referred to the Committee on Interoceanic Canals:

Resolved, That the Committee on Interoceanic Canals, or a subcommittee thereof, is hereby authorized and directed to make a study of ways and means whereby the Government of the United States may finance or participate in the financing of the proposed Atlantic-Gulf ship canal across Florida as recommended by the Chief of Engineers in his report embodied in House Document No. 194, Seventy-fifth Congress.

That said committee, or a subcommittee thereof, shall make a report to the Senate on or before January 15, 1940, and shall accompany the same by such recommendations as it may deem appropriate.

The said committee, or any subcommittee thereof, is hereby authorized to sit and act at such times and places within the United States, whether or not the Senate is sitting, has recessed, or has adjourned, to hold such hearings, to require the attendance of such witnesses, and the production of such books, papers, and documents, by subpena or otherwise, and to take such testimony as it deems necessary. Subpenas shall be issued under the signature of the chairman or any member designated by him. The chairman of the committee or any member thereof may administer oaths to witnesses. Every person who, having been summoned, shall willfully default, or who, having appeared, refuses to answer any question pertinent to the investigation heretofore authorized, shall be held to the penalties provided by section 102 of the Revised Statutes of the United States.

All executive departments and independent establishments of the United States Government are hereby authorized, when requested to do so, to assist the said committee, or a subcommittee thereof, in making the study hereby authorized.

TRADE-AGREEMENTS PROGRAM AND AGRICULTURE—STATEMENT BY SENATOR MEAD

[Mr. MEAD asked and obtained leave to have printed in the RECORD a statement by himself on the subject of the Trade-Agreements Program and American Agriculture, which appears in the Appendix.]

DEATH OF AMERICANS IN AIRPLANE ACCIDENT IN MEXICO—ADDRESS BY AMBASSADOR DANIELS

[Mr. SHEPPARD asked and obtained leave to have printed in the RECORD a memorandum relating to the death of Bronson

H. Rumsey and Daniel S. Roosevelt, and the injury to Miss Carlotta Constantine, in an airplane accident in Mexico on April 18, 1939, together with an address by Ambassador Daniels in connection with the accident, which appear in the Appendix.]

CLIMATE AND ITS EFFECT ON EFFICIENCY OF SOUTHERN WORKMEN—ADDRESS BY DR. J. N. BAKER

[Mr. HILL asked and obtained leave to have printed in the RECORD an address on the subject of Climate and Its Effect Upon the Efficiency of Southern Workmen, delivered before the Birmingham (Ala.) Traffic and Transportation Club on June 12, 1939, by Dr. J. N. Baker, State health officer of Alabama, which appears in the Appendix.]

RADIO ADDRESS BY EDWARD A. O'NEAL

[Mr. GILLETTE asked and obtained leave to have printed in the RECORD a radio address delivered by Edward A. O'Neal, president of the American Farm Bureau Federation, over the National Farm and Home Hour on June 10, 1939, which appears in the Appendix.]

THE NATIONAL LABOR RELATIONS ACT—ADDRESS BY LLOYD K. GARRISON

[Mr. LA FOLLETTE asked and obtained leave to have printed in the RECORD a radio address delivered by Lloyd K. Garrison on June 7, 1939, on the subject of the National Labor Relations Act, which appears in the Appendix.]

A REMINDER TO THE YOUTH OF AMERICA ON FLAG DAY

[Mr. WAGNER asked and obtained leave to have printed in the RECORD a statement published by the Jewish War Veterans of the United States entitled "A Reminder to the Youth of America on Flag Day," which appears in the Appendix.]

ORDER TO DISPENSE WITH CALL OF THE CALENDAR

The PRESIDENT pro tempore. If there be no further morning business the calendar under rule VIII is in order.

Mr. BARKLEY. I ask unanimous consent that the call of the calendar be dispensed with.

The PRESIDENT pro tempore. Without objection, it is so ordered.

TRAINING OF CIVIL AIRCRAFT PILOTS

Mr. McCARRAN. I move that the Senate proceed to consider Senate bill 2119, to provide for the training of civil aircraft pilots, and for other purposes.

Mr. McNARY. Is that the aviation training bill?

Mr. McCARRAN. It is the bill providing for training of civil aircraft pilots.

The PRESIDENT pro tempore. The question is on the motion of the Senator from Nevada.

The motion was agreed to; and the Senate proceeded to consider the bill (S. 2119) to provide for the training of civil aircraft pilots, and for other purposes, which had been reported from the Committee on Commerce, with amendments.

Mr. McCARRAN. I ask unanimous consent that the formal reading of the bill be dispensed with, that it be read for amendment, and that the committee amendments be first considered.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The clerk will proceed to state the amendments of the committee.

The first amendment of the Committee on Commerce was, in section 2, page 2, line 4, after the word "desirable", to insert a colon and the following proviso: "*Provided*, That in the administration of this act, none of the benefits of training or programs shall be denied on account of race, creed, or color", so as to make the section read:

SEC. 2. The Civil Aeronautics Authority is authorized, within the limits of available appropriations made by the Congress, to train civilian pilots or to conduct programs for such training, including studies and researches as to the most desirable qualifications for aircraft pilots. Such training or programs shall be conducted pursuant to such regulations as such Authority may from time to time prescribe, including regulations requiring students participating therein to maintain appropriate insurance and to pay such laboratory or other fees for ground-school training, not exceeding $40 per student, as the Authority may deem necessary or desirable: *Provided*, That in the administration of this act, none of the benefits of training or programs shall be denied on account of race, creed, or color. Such training or programs may be carried out either through the use of the facilities and personnel of the Authority or by contracts with educational institutions or other persons (as defined in sec. 1 (27) of the Civil Aeronautics Act of 1938).

The amendment was agreed to.

The next amendment was, on page 2, after line 11, to add a new section 3, as follows:

SEC. 3. At least 5 percent of the students selected for training under this Authority shall be selected from applicants other than college students.

The amendment was agreed to.

The next amendment was, on page 2, line 19, to strike out all of section 4 as follows:

SEC. 4. For the purpose of carrying out the provisions of this act the Authority, in addition to the powers hereby conferred and imposed upon it, may exercise all powers conferred upon said Authority by the Civil Aeronautics Act of 1938: *Provided*, That appointments of personnel from temporary service may be for periods not in excess of 1 year in any one case: *Provided further*, That the provisions of section 3790 of the Revised Statutes shall not apply to contracts with educational institutions and other persons for the use of aircraft or other facilities or for the performance of services authorized by section 2 of this act.

The amendment was agreed to.

The next amendment was, on page 3, after line 4, to insert a new section 5, as follows:

SEC. 5. For the purpose of carrying out its functions under this act, the Authority is authorized to exercise all powers conferred upon it by the Civil Aeronautics Act of 1938 and to appoint and fix the compensation of experienced instructors, airmen, medical and other professional examiners and experts in training or research without regard to the provisions of other laws applicable to the employment and compensation of officers and employees of the United States. The provisions of section 3709 of the Revised Statutes shall not apply to contracts with educational institutions and other persons for the use of aircraft or other facilities or for the performance of services authorized by section 2 of this act.

The amendment was agreed to.

The next amendment was, in section 7, page 4, line 4, after the words "sum of", to strike out "$7,300,000" and insert "$5,675,000"; in line 6, after "1940 and", to strike out "such other sums as may be necessary to carry out such provisions during subsequent fiscal years" and insert in lieu thereof "not to exceed the sum of $7,000,000 during each subsequent fiscal year"; and at the end of the section to insert the following proviso: "*Provided*, That no alien shall receive training under the provisions of this act", so as to make the section read:

SEC. 7. There is hereby authorized to be appropriated the sum of $5,675,000 for the purpose of carrying out the provisions of this act during the fiscal years 1939 and 1940 and not to exceed the sum of $7,000,000 during each subsequent fiscal year. This act shall expire on July 1, 1944, and all contracts, leases, or other obligations entered into under this act shall expire on or prior to such date: *Provided*, That no alien shall receive training under the provisions of this act.

The amendment was agreed to.

Mr. McCARRAN. I ask that the clerk be instructed to renumber the sections.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. McCARRAN. Mr. President, the Committee on Commerce favorably reported the Senate bill, and also favorably reported the House bill 5619. I now move that the House bill be substituted for the Senate bill 2119 and be presently considered.

The PRESIDENT pro tempore. The bill will be read by title.

The CHIEF CLERK. The bill (H. R. 5619) to provide for the training of civil aircraft pilots, and for other purposes.

The PRESIDENT pro tempore. The question is on the motion of the Senator from Nevada to substitute the House bill 5619 for the Senate bill 2119 and to consider the House bill at this time.

The motion was agreed to.

Mr. McCARRAN. Mr. President, I ask unanimous consent that all after the enacting clause of the House bill 5619 be stricken out, and that the language of the Senate bill, as amended, be substituted therefor.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Nevada that all after the enacting clause of House bill 5619 be stricken out and that the bill be amended by substituting the language of the Senate bill as it has just been acted upon. The Chair hears no objection, and it is so ordered.

The bill is still before the Senate and open to further amendment. If there be no further amendment, the question is on the engrossment of the amendment, and the third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

The PRESIDENT pro tempore. Without objection, Senate bill 2119 is indefinitely postponed.

FLAG DAY CELEBRATION, PHILADELPHIA, PA., JUNE 13–14, 1939

Mr. DAVIS. Mr. President, last evening I had the honor to sit in Independence Hall, and to occupy the seat once graced by George Washington. From this historic spot I could survey the growing glory of the American people. As I sat there in that famous hall and listened to stirring patriotic music my heart was touched and thrilled as it always is when I visit Independence Hall. As I prepared to address the meeting there on Flag Day my thought went back to my boyhood days, for a large number of foreign-born Americans and their descendants were present. Again I recalled that my father, born in a foreign land, was naturalized under the flag of the United States and remained a loyal and peaceful citizen under that flag to the day of his death. Through his naturalization I became a citizen of this free land. This was my father's flag, and it has been and is my flag. I was glad to have an opportunity to gather with so many other Americans in Independence Hall in Philadelphia—the birthplace of the Constitution and the home of the flag—in behalf of the fundamental institutions of our Government.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point the brief talk I made on that occasion.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

APOSTROPHE TO THE FLAG

(Flag Day celebration, Philadelphia, Pa., June 13–14, 1939, by Hon. JAMES J. DAVIS, United States Senator from Pennsylvania)

Flag of the United States of America, born on the battle storm of the Revolution, carried before Washington, flown from the masthead of glorious ships—thine it has ever been to lead the Nation in the hour of its peril; thine it has ever been—red, white, and blue—to lead us onward.

Flag of our hearts and flag of our deepest devotion, lifted above us to speak of liberty and justice, hold sacred forever in thy folds the cherished hopes of our beloved Republic—courage, purity, and faith.

Flag of the highways leading westward, flag of the mountains, the forests, the budding fields, and the broad flowing waters—long may your stars point to our matchless American heritage of untold riches in natural and human resources.

Flag of Betsy Ross and flag of Independence Hall, we are now come again to lift our hearts and voices in thy praise and to the all-loving Father from whom the inspiration of thy wondrous stars and stripes has ever been obtained.

Flag of the founding fathers, flag of the Constitution, flag of the Great Emancipator, and flag of our proud Republic—yours it has ever been to bring protection to little children, a strong defense for the widow, the orphaned, and the dependent—a never-failing refuge for the aged and the helpless.

Flag of peace and good will, unfailing banner of the Prince of Peace, emblem of universal brotherhood, under thy provident care men of all races, classes, and creeds have here been free to differ with each other and yet to unite together in their allegiance for the common good of all.

Flag of truth, the hope of artists, philosophers, builders, and men of science—keep forever clean thy white stripes that claim equal justice under law—the truth that makes men free.

Flag of the Battle Hymn of the Republic—stand watchfully on guard over our American principles of government—the balance of powers that forbid the tyrant's rod and the hard hand of the despot.

Flag of the Nation—united, noble, and free. Wherever these proud colors have streamed abroad, men have seen the daybreak of liberty dawn before them, rejoicing to follow the new life of freedom our flag has revealed.

Flag of 48 stars—in thy union of strength local liberties have been protected and the sovereignty of the people defended.

Flag of a free people—under thy fair stripes men and women from every land have here enjoyed freedom of worship, freedom of speech, freedom of press, freedom of assembly and all the American liberties we enjoy.

Flag of mighty heroes—leaders of a great people—defenders of human destiny—gallantly lead on. Keep faithful to their trust our prophets, poets, pilgrims, pioneers, and pastors of the race.

Flag of youth—struggling upward—forward—finding higher ground—guard our young men and women in their search for freedom and self-expression.

Flag of history—oldest, loveliest and most free—all hail. Here stand those who follow hard upon the footsteps of Columbus, Williams, Penn, Franklin, Morris, Salomon, Calvert, and Adams.

Flag of mercy—flag that cherishes the Red Cross nurse, the Salvation Army lassie, the angels of an unfailing tenderness in time of trial—hold firm within us this great compassion for human distress in all lands and among all people.

O flag, O proud flag of hope, how our hearts ache when we are compelled to reflect that in our great America there are now so many who have been deprived of work, whose hands are idle and whose minds are filled with brooding discontent.

What restless feelings stir within us as we think of the potential abundance that is ours while so many millions among us live always at the borderline of actual destitution and utter need.

O flag, O great flag of our fathers—help us to remove this blot from our fair land! May all people find work and the blessings that it brings.

This is our flag and ours to cherish.

Beneath this banner the oppressed and heart-wounded people of all the earth have found refuge.

Here they have gathered to find protection from tyranny and persecution. Here they have escaped torment and destruction.

Let us then twine each thread of these glorious tissues about us, thinking of our homes, our children, our deathless friendships, remembering the loved ones whose continued safety is wrapped up in these protecting folds.

Let us here dedicate our lives anew to the ideals of social and economic security for which our fathers laid down their lives.

Let us here defend and preserve the peace which led our fathers to these shores.

Let us here make and keep safe the value of justice without which no life is tolerable.

Let us do this in the name of humanity, our Nation, our flag, and our God.

STABILIZATION FUND AND WEIGHT OF THE DOLLAR

Mr. WAGNER. Mr. President, I move that the Senate proceed to the consideration of House bill 3325. If the motion is agreed to, I shall ask that consideration of the bill begin on next Monday instead of immediately.

The PRESIDENT pro tempore. The question is on the motion of the Senator from New York.

The motion was agreed to; and the Senate proceeded to consider the bill (H. R. 3325) to extend the time within which the powers relating to the stabilization fund and alteration of the weight of the dollar may be exercised.

ORDER FOR RECESS—AUTHORIZATION TO REPORT AND SIGN BILLS, ETC.

Mr. BARKLEY. Mr. President, I ask unanimous consent that when the Senate concludes its business today it stand in recess until 12 o'clock noon on Monday next, and that in the meantime all committees may be permitted to report bills, resolutions, and nominations; that the Vice President may be authorized to sign any bills that may become ready for his signature; and that the Secretary of the Senate may be authorized to receive messages from the House of Representatives.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and it is so ordered.

PROPOSED PURCHASE OF GREENLAND

Mr. LUNDEEN. Mr. President, for some time past I have called the attention of the Senate to the necessity for outlying aviation bases, and to points of importance for national defense. Some days ago I delivered in the Senate a few remarks on negotiations for the purchase and acquisition of the Dutch possessions in America. For a few moments today I should like to call attention to another great base which I believe should be purchased from the Danish Government.

ANTARCTIC EXPEDITIONS

In that connection I ask unanimous consent to have printed in the RECORD at this point in my remarks certain articles concerning Arctic and Antarctic affairs which recently appeared in the current press. According to the articles, Admiral Richard E. Byrd told a House subcommittee that the Antarctic falls within the scope of the Monroe Doctrine; that there are 1,000,000 square miles of polar waste near Palmer Land; and that the northernmost land of the Antarctic is nothing more nor less than an extension of South America.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

ANTARCTICA IN SCOPE OF MONROE DOCTRINE, ADMIRAL BYRD SAYS—EXPLORER SUPPORTS BILL FOR UNITED STATES EXPEDITION STARTING IN FALL

Rear Admiral Richard E. Byrd told a House Appropriations Subcommittee, its records showed today, that he believed much of the Antarctic falls within the scope of the Monroe Doctrine, thus binding the United States to resist European encroachment there.

Testifying in support of a $340,000 appropriation for the Government's projected expedition to substantiate United States claims to about 1,000,000 square miles of South Polar wastes, Admiral Byrd said:

"That peninsula which is called Palmer Land, northernmost land of the Antarctic, is nothing more nor less than an extension of South America.

MANY NATIONS ACTIVE

"It is only about 575 nautical miles from the tip of South America to Palmer Land, and so this land falls naturally within the scope of the Monroe Doctrine, as also should, in my opinion, most of Antarctica that lies within the Western Hempishere."

He said that in "half a dozen nations" there is activity in connection with exploration and claiming of land in the Antarctic.

Representative WOODRUM, Democrat, of Virginia, acting chairman of the subcommittee, said he understood Admiral Byrd would head the forthcoming expedition.

UNITED STATES POLAR TRIP IN FALL—ANTARCTIC EXPLORATION DEPENDS ON $340,000 FROM CONGRESS

Secretary of the Interior Ickes said yesterday the expedition into the Antarctic to stake out American claims to natural resources will sail in September if congressional authorization is forthcoming.

Ickes said the American party of 150 to 200 men probably will follow the west coast of South America to Valparaiso, Chile, which would serve as the "take-off point." The party would be unable to reach the Antarctic before late November and would require 2½ months to prepare camp.

The Interior Department has pending before the House Appropriations Committee a request for $340,000 to finance the expedition which would be carried out in cooperation with the Coast Guard, Army, Navy, State, and other governmental agencies.

Ickes said if Congress approves the expedition it probably would be a continuous project over a period of 3 or 4 years. Survey parties and scientists would be replaced annually.

Ickes said tentative plans provide for surveys and mapping areas at the South Polar region which have been frequented by American explorers since 1820.

Government officials have consulted Lincoln Ellsworth, veteran explorer, and Rear Admiral Richard E. Byrd, who headed expeditions to the North and South Poles. They hope to have Byrd lead the party.

Mr. LUNDEEN. I ask unanimous consent to have inserted in the RECORD at this point in my remarks an article concerning Antarctica, showing that seven great nations are now engaged in making Antarctic claims. An appropriation of $340,000 has been asked from Congress in this connection. I cite these facts to show how important to the Government are the North and South Polar regions.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

ANTARCTICA—A WAR FOR FROZEN COLONIES LOOMS IN THE WORLD'S VASTEST WASTE LAND

From Berlin in mid-April came news that a German expedition had claimed for Germany 230,000 square miles of Antarctica. This land lay in the eastern part of the polar continent in territory generally conceded to Norway. The Germans said they had found a chink in Norway's claim.

Month later came news from Washington that the United States Division of Territories was preparing a $400,000 expedition equipped with sledges and planes with radio direction finders. This will be sent to Antarctica to lay formal claim to land explored by such Americans as Byrd and Ellsworth, whose claims have never been officially espoused by the United States Government.

Haphazardly explored, vaguely staked out, never colonized, Antarctica is a chilly caldron in which a series of international disputes is brewing. Larger than Australia plus Europe without Russia, Antarctica is 5,500,000 square miles of frozen desert—the world's vastest waste land. Unlike the milder Arctic land, which supports plant and animal life, has more than 1,000,000 inhabitants, and possesses immediate value, Antarctica has no inhabitants, no trees, no flowering plants, no land animals except a few wingless insects of degenerate types.

No woman has ever been to Antarctica. Its only demonstrable commercial asset is whales. Only other known resource is coal, which lies in inaccessible and inferior deposits. The continent is of no present use as an air route. But the nations of the world have watched Russia's surprising development of the unpromising Arctic. Americans remember that Alaska was once called "Seward's folly." So rather than be caught short, nations are scurrying to gain possession of the world's least-known region.

PENGUINS ARE ANTARCTICA'S CITIZENS

Antarctic life consists mostly of whales, seals, penguins, gulls, terns, skuas, petrels. By far the most interesting citizens are the penguins, who abound by millions. In mid-October they follow the Antarctic spring in from the sea, now tobogganing down the ice cap, then walking bolt upright to rocky mating grounds.

THE CLAIMS OF SEVEN NATIONS CONFUSE ANTARCTIC GEOGRAPHY

Seven nations claim Antarctica. Their claims conflict, overlap, and result in a pretty state of geographical confusion. The British Empire claims three big pie-shaped sectors of the continent: Falkland Islands Dependencies, Ross Dependency, an Australian slice. A French claim is wedged in Australia's. Norway has a long stretch of coast called Queen Maud Land. But, as the map at right and the key below show, the claims of other nations rest right on these sectors. Their territories run around the rim of the continent. How far back toward the pole they go has never been settled. Ellsworth's "American Highland" claim sits right on Australia's sector. Byrd partially explored New Zealand's territory. Oldest of all Antarctic titles dates back to 1493, when the Pope divided the whole non-Christian world into two parts, giving one half to Spain and the other to Portugal. Yet, strictly speaking, all these claims are not actually claims. Only Britain, France, and Norway have officially insisted that they own any of Antarctica. The other countries have never taken official action on land staked out for them by their citizens. But when the time comes for nations to divide Antarctica these unofficial claims may well be the basis for the division.

This contentious continent is the most isolated of the world's seven continents. To oceanographers, Europe, Asia, Africa, the Americas, and Australia all stand on a common "continental slope." But Antarctica alone is not on this continental slope. It is cut off from the other continents by an ocean which plunges to abyssal depths of at least 12,000 feet.

The Arctic is circumpolar ocean surrounded by land. Antarctica is a circumpolar continent surrounded by ocean. It is the world's highest continent. Its mean altitude of 6,000 feet is almost double that of Asia, the next highest continent, which, for all its Himalayas, has a mean altitude of only 3,200 feet. The South Pole itself is situated in a spreading plateau whose average height is about 9,000 feet. This high land is probably the coldest in the world. Once, however, Antarctica was warmer. This was in the carboniferous age, 250,000,000 years ago, when most of the earth enjoyed a mild and genial climate. Antarctica's coal deposits and fossils are relics of the vegetation of a tropical climate.

The ice which now covers Antarctica extends out in some places in huge sheets attached to the mainland. Biggest of these sheets is the Ross Shelf, which cuts inland to 300 miles of the Pole. Many polar explorers have used its smooth surface, and on its edge Admiral Byrd built his Little America.

Byrd Land is shown in detail on opposite page. This map also lists a few mountains and bays which the admiral named after friends, relatives, financial backers. Sulzberger Bay is named for publisher of the New York Times. Iphigene is Mrs. Sulzberger. Marie Byrd Land is named after Mrs. Byrd, Mount Farley after the Postmaster General, Jessie O'Keefe after the wife of an expedition member. One well-known name not on the map is Lydia Pinkham. The heirs of Mrs. Pinkham were willing to help finance Byrd on condition that he name a mountain for the maker of the famous compound. The admiral, however, balked at the proviso and, though badly in need of the money, returned the donation.

GREENLAND—AN AVIATION BASE

Mr. LUNDEEN. Not long ago the Soviet Government sent a plane from Moscow to New York. The plane flew across Scandinavia and Iceland, touched the southern tip of Greenland, and came on down into Canada. It did not complete its flight, but it made a marvelous journey; and in making that journey it passed the aviation base of Greenland at Cape Farewell.

RUSSIAN-AMERICAN FLIGHT

It is the habit of many of us to look upon Greenland as somewhat of an impossible place, of no earthly use to anybody for anything. However, it was my pleasure to talk to these Soviet aviators, through an interpreter. I asked them what would have happened to their plane if their engines had gone out of commission as they passed Cape Farewell. They said they could have landed some 40 miles to the north, on

fields which are in proper condition for landing. Seaplanes can land in numerous harbors in that locality.

At this point in my remarks I ask unanimous consent to have inserted in the RECORD an article concerning the Soviet flyers.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Times of April 28, 1939]

SOVIET PLANE OFF FOR NEW YORK FROM MOSCOW—FLYING BY WAY OF ICELAND, DUE HERE TONIGHT

Moscow, Friday, April 28.—Col. Vladimir Kokkinaki, Soviet long-distance flyer, took off at 4:19 a. m. today (8:19 p. m. in New York Thursday) on a projected nonstop flight to New York.

Tass, official Soviet news agency, which announced the take-off, said Colonel Kokkinaki would follow a course by way of Iceland and Greenland on the flight of approximately 4,600 miles. The colonel is accompanied by Maj. Mikhail Gordienko, veteran Russian navigator and radio operator.

The "great circle route" they proposed to follow is on a direct course between Moscow and New York. On the map the course appears as a sweeping curve through Norway and Iceland, across the southern tip of Greenland to Labrador and Newfoundland, across New Brunswick and the coast of Maine and over Boston to Floyd Bennett Field.

The plane, christened the *Moskva* (*Moscow*) got away to a beautiful start. Weather conditions were perfect. The craft, a red twin-engined monoplane, though heavily loaded, lifted itself easily on its way down the long runway.

The veteran flyers expected to reach New York in 25 hours and be there before the opening of the world's fair Sunday.

The take-off came after 2 days of waiting for favorable weather reports. Colonel Kokkinaki had his plane ready Wednesday morning, and high-ranking Soviet officials were gathered at the airport to see him leave, but he was forced to postpone the start after waiting an hour. He had hoped to get away yesterday, but another postponement was forced by the weather.

Radio broadcasts in Russian to provide a beam to direct the Russian flyers will be given every 15 minutes over station WOR beginning at 3 o'clock this afternoon, it was announced last night.

The station, at the request of the Soviet Government, it was said, will send out identifying call letters and weather reports until the plane carrying Col. Vladimir Kokkinaki and Maj. Mikhail Gordienko lands in this country. The flight, according to WOR officials, is expected to end here at about midnight.

EUROPE CONSIDERS GREENLAND

Mr. LUNDEEN. Recently Paul Mallon, in an article published in the general press, spoke of a mission of the Germans to Iceland. I do not quite approve of the language he used. I think some of his words were provocative statements against a friendly nation.

Mr. Mallon spoke of the mission to Iceland to establish an air base. If the German Government is interested in having a base in Iceland, it probably is interested in having bases in Greenland as well, believing that the circle route from Berlin to the Scandinavian countries, to Iceland, to Greenland, and thence to America, is a feasible route for planes. Some portions of the article by Mr. Mallon are of interest. I ask that the article be inserted in the RECORD at this point in my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

BEHIND THE NEWS—NAZI AIR EXPEDITION TO ICELAND PUZZLES; CALLED NUISANCE MOVE

(By Paul Mallon)

The sneak mission which Hitler sent into Iceland a few weeks back to seek an air base has not withdrawn as advertised.

Authorities here who have been somewhat troubled and amazed by the move have received some private advices which are both amusing and disquieting. The situation has been jumbled by conflicting claims and denials, but it is clear that a Deutsche Lufthansa mission did undertake to get an Iceland base, did make air-map surveys of Iceland harbors, and did not go away when dispatches from that remote region indicated they did.

What Hitler wants with an Iceland air base is not evident, but it is certainly not any of the reasons that are being publicly offered. Lufthansa announced it wanted this air peg, hanging far over England's head and only a few hundred miles from Greenland, because it would be good for a north trans-Atlantic service.

Unannounced truth is Hitler has been told he would not be given landing privileges in this country for a trans-Atlantic service. The official excuse is that this Government (the Civil Aeronautics Authority) does not want four or five foreign trans-Atlantic air services started against our one. Only the British service has been authorized in addition to Pan American.

The grandiose idea that Hitler might use this springboard to launch suicide bombing squads upon the United States or Britain is slightly too fantastic to be considered here.

GREENLAND EQUALS TEXAS AND ALASKA

Mr. LUNDEEN. Greenland is an island of 827,000 square miles, between the North Atlantic and the Polar Sea. At its southernmost point it is separated from the North American Continent by the confluence of the Davis and Hudson Straits. Davis Strait separates Greenland from Baffin Land, and Hudson Strait separates Baffin Land from Canada. Greenland lies on the continental shelf of North America. In this respect it differs from Spitzbergen, which lies on the continental shelf of northern Europe.

Up to the time of the explorations of the seventeenth century it was the common belief that both these islands formed what has been termed "a large continuous 'hat' put on the Arctic Ocean," and they were thought to be part of a single area in the Arctic. The Arctic Circle cuts across Greenland about 800 miles north of the southern tip of Greenland.

It will be noted that the southern tip of Greenland is a considerable distance from the Arctic Circle.

This part of the world has been traveled more by white men in the last 20 years than during the previous 200 years. Our knowledge is more accurate of climatic conditions and geographic conditions. Surface transportation is being replaced by airplanes. Aviation is the greatest single factor now contributing to the development of the north.

ONLY 600 MILES FROM LABRADOR

The village of Godthaab, capital of Greenland, on the western coast of Greenland on Davis Strait, is only 600 miles from the town of Hebron, in Labrador, the nearest point to Greenland on the North American Continent proper.

The town of Holsteinborg is approximately 250 miles across the Davis Strait from Baffin Island on the west.

Senators who will refer to the maps will note the steps—Labrador 600 miles from Greenland, a few hundred miles more to the east Iceland, and then the Faroe Islands, and then the step to the Scandinavian Peninsula, and from the Scandinavian Peninsula to the mainland of Europe. For aviation the distances across the ocean between these various places are short.

Mr. NORRIS. Mr. President——

The PRESIDING OFFICER (Mr. BILBO in the chair). Does the Senator from Minnesota yield to the Senator from Nebraska?

Mr. LUNDEEN. I yield to the senior Senator from Nebraska.

Mr. NORRIS. Can the Senator give us the distances between the various points he has just enumerated?

Mr. LUNDEEN. I will be very glad to see that the exact distances are placed in the RECORD for the Senator's information.

I will say to the distinguished Senator from Nebraska that I will cite aviators who have crossed Greenland's northern ice cap to the effect that they consider the route across the ocean from Labrador to Greenland to Iceland and then to the Scandinavian Peninsula as the safest route for aviation. Slightly better climatic conditions obtain on the route from New York to Bermuda to the Azores and to Portugal, but the distances on that route are much greater and the danger of ocean travel greatly increased thereby, whereas on the northern route the distances are very short, and aviators tell us, much to the surprise of the layman in that connection, that the weather conditions in the north are not so unfriendly as might be imagined. I will go into that to some extent in the course of my remarks.

AIR-LINE DISTANCES, GREENLAND-ICELAND ROUTE

I will say to the Senator from Nebraska, who inquired about distances along the Greenland-Iceland route, they are about as follows: 600 miles Labrador to Greenland, 250 miles Greenland's nearest point to Iceland, 300 miles Iceland to Farce Islands, 250 miles Faroe Islands to Shetland Islands, and 250 miles Shetland Islands to Norway—five short steps, so short that aviators will not need to stop at all points, but available if necessary.

HISTORY—VIKING DISCOVERIES

The discovery of Greenland is recounted in the sagas of the Vikings and in old Scandinavian manuscripts. These accounts tell of the discovery of Greenland about A. D. 876 or 877 and the subsequent establishment of a settlement in Greenland about A. D. 985 by a Viking rover, Eric the Red, who sailed from Iceland. The ruins of this colony, which lasted more than 400 years, are still in existence in Greenland.

THE DISCOVERY OF AMERICA

Reports of "land to the west" are said to have reached this colony, and the sagas relate that Leif, the son of Eric the Red, set sail on the voyage of discovery which resulted in the first known visit to the North American Continent. There is another report to the effect that Leif, in a voyage from Iceland to Greenland, was blown out of his route by adverse winds, missed the southern point of Greenland, and landed either at Newfoundland or Labrador. There were later voyages of discovery as far south as Massachusetts. A leader of one of these later expeditions was Thorffin Karlsefni, the brother-in-law of Leif, who sailed with 3 ships and 160 men and women and founded a colony somewhere along the North American coast, where his son, Snorre, was said to have been born, the first white child born in America.

CHURCHES ESTABLISHED IN GREENLAND

A separate bishopric was established for Greenland in the eleventh century and was governed by the German archbishop at Hamburg. This was 300 years before Columbus. Later the archbishop of Norway governed the Greenland church, according to modern scholars and historians. This separate bishopry was apparently continued until about the fifteenth century up to the time of the Reformation and until after the expedition of Columbus to America.

ICELAND AND GREENLAND

It is said that in A. D. 930 there were about 50,000 Europeans in Iceland, although that country was wholly independent of Europe. The language was Norse. There was also a very large percentage of Irish blood.

IRISH DISCOVERERS IN AMERICA

By the way, that brings to mind that our good friends the Irish claim that they were the first to discover North America. The discoverers were probably some descendants of the Irish who went to Iceland. That we will have to leave to history and historians.

Iceland has the oldest constitutional representative government in Europe; it has had a continuous representative government for more than 1,000 years.

VIKING RELICS IN CANADA

It is interesting to note that there was recently discovered by a prospector near Beardsmore, in the Nipigon region of northwestern Ontario, the grave of a Norseman and rusty pieces of a sword of ancient make and an equally ancient ax head, as well as the part of a viking shield. These relics were brought to the Royal Ontario Museum at Toronto and were authenticated as Norse weapons of the eleventh century.

AN OUTPOST OF THE VIKINGS

Greenland was the way station for the Vikings on their journeys from Iceland on their voyages of discovery to the North American Continent.

It was on the first sea route to America for the Vikings' discoveries about the year 1000, and before the rediscovery of America by Columbus. It was the outpost of the European civilization. At times the light of civilization in Greenland burned out completely, as shown by the ancient records. History records that whole colonies in Greenland were completely wiped out either by the Eskimos, the plague or other diseases, or a combination of all. It also appears that for spaces of 50 or 100 years the mother countries of the North forgot their adventurous child in that distant outpost.

GREENLAND COMPARES WITH TEXAS AND ALASKA IN TERRITORY

Greenland has an area which is almost as large as the combined areas of the State of Texas and the Territory of Alaska, and yet it has a population estimated at only 16,000 plus, of whom approximately 325 are Europeans and the remainder Eskimos. The area of the island along the coast is about 47,000 square miles and the interior of the island is a very high plateau with an altitude of approximately 9,000 feet. This plateau is covered with the well-known ice cap, estimated to be from one to several thousand feet in thickness. The coast is cut up by fjords and dotted with islands.

DENMARK AND GREENLAND

Greenland is a colony of Denmark, and the commerce with Greenland has been a state monopoly of Denmark for about 150 years. It is neither the forbidding polar land of everlasting snow and ice nor the garden spot suggested by the Norwegian claims debated at The Hague. Greenland may be compared to a vast platter of which the rim is mountainous and the bowl, six-sevenths of the platter's area, is filled to overflowing with eternal ice.

Southern Greenland has an area of fertile land where sheep and cows thrive, and some short-season crops mature. These spots were colonized by Eric, and for centuries supported thousands. Here and there along the western coast northward to Melville Bay are grazing areas where great herds of reindeer can be maintained. Perhaps more than this might be done. But what is done now is what concerns us today.

In north Greenland men live on land and as a rule earn their living on the sea, the catch including seals, sometimes a whale, and fish in their season. These are their food.

TRADE AND COMMERCE

They are also hunters and traders. They trade skins and fats for merchandise available at Danish outpost stores. In the remote trading posts one meets the finest manhood of the race and its older customs. It is the least commercially developed of circumpolar countries. The prime concern of Denmark has been to keep the 17,000 Eskimos alive and in good health. There are about 500 whites in Greenland. The natives have been encouraged to retain their traditional foods. This keeps them self-supporting and self-respecting. The principal foods imported are sugar and cereals, which will not grow there. There is excellent medical service in Greenland, established and supported by the Danish Government. I may say to the senior Senator from New York [Mr. WAGNER] that medical service is a matter of the state in Greenland. The able Senator may be interested in the history and success of state medicine in that far-distant land.

Danish is taught in the Eskimo language schools. There are also Eskimo books printed in Denmark and in Greenland. An annual is printed in Eskimo by and for the Eskimos and has been published in Greenland since 1861.

The Government is considering the introduction of reindeer and the domestication of the musk ox. In this way the Eskimos might be independent of hunting and fishing. Several years ago sheep were introduced, and they now number only about 10,000, but the climate and vegetation have proved well-suited to sheep raising. A small dairy industry exists, capable of limited expansion.

SNOW-FREE AREA EQUALS GREAT BRITAIN

Greenland is 85 percent snow covered in midsummer. The snow-free area—16 percent—amounts to some 130,000 square miles, an area larger than the British Isles. The largest snow-free area is at its tip, which is the northernmost land in the world. In the summer this land, named after Perry, who discovered it, is green with grass and bright with flowers. Numerous birds, insects, and mammals are found there. Birds migrate, while the mammals stay the year around.

Marble has been exported in small quantities. Greenland's only important mineral development is the cryolite mine at Ivigtut which has been operated successfully for several decades by an American company. Cryolite is a source of aluminum, sodium, and other important substances. The mine is located on a reservation. Eskimos are excluded in accordance with Danish Government quarantine program

for preventing the white man's diseases from being disseminated among the native population. A similar reservation has been established for the Faroese fishing fleet in order that it may exploit the rich west Greenland fisheries.

Some of the world's greatest commercial fishing grounds are on the fringe of the Arctic. In this connection I wish to call attention to the fact that Alaska, which cost us $7,200,000, has returned to the United States more than $1,000,000,000 from its fisheries. It is about time that we gave some attention to other regions of the far north and the far south.

PAN AMERICAN AIRWAYS IN GREENLAND

No Arctic country has had such a thorough scientific study as Greenland. There have been large Danish scientific endowments as well as Government endowments to maintain research workers in practically every branch of the natural and social sciences. The airplane has been used extensively by both Danish and foreign scientists. Americans have been foremost in studying Greenland from the aeronautical point of view. The most important expeditions of this kind were the four sponsored by the Pan American Airways, each of which stayed in Greenland a whole year. Through this means the aeronautical conditions of Greenland are now fairly well known. Greenland is in a position to play a unique roll in the development of trans-Arctic flying. The practically level top of its great ice cap forms a continuous, nearly perfect emergency landing field 1,500 miles long and up to 600 miles wide. This ice cap is the only large survivor of the last Ice Age left in the Northern Hemisphere. There are many drawbacks, however. The fact that the ice cap forms a high plateau facing the sea inevitably causes it to assist in the formation of local gales along the coast. Coastal bases can be selected which are not particularly windy, however. On the whole, Greenland's climate seems suitable to aviation.

AMERICA WILL SOME DAY ACQUIRE GREENLAND

I want to say to the Senate, so far as I am concerned, that I am not disturbed about the acquisition and purchase of Greenland setting the world afire; but it will be acquired by the United States. We shall some day negotiate for Greenland, and it will be under the American flag, and our commercial air fleets will use it as a base. I am willing to let that statement stand in the RECORD. These things are inevitable. The whole screen of islands up and down the Atlantic coast, these various foreign possessions, are all American. They are of a right American. And some day in the not distant future the American flag will fly over them all. They are near our coasts. They furnish great bases and aviation outposts. They have great resources. That is the reason why I call this matter to the attention of the Senate today.

GREENLAND, ICELAND SHORTEST ROUTE TO EUROPE

The most direct routes from Chicago and other western cities to Paris, Berlin, London, and Moscow lie across Greenland. Air lines can now begin to make reservations for radio stations and landing places along the coast. Radio and supply stations will also be required at one or more inland points across the ice cap, which is 600 or 700 miles wide. These stations could easily be maintained, as was shown by the British and German expeditions that wintered there in 1930 and 1931 at 8,600- and 10,000-foot elevations at 67° and 71° north latitude. The climate in the far north is not an insurmountable handicap to white settlement. The majority of those who have lived there for the past several years testify to that.

In that connection, I wish to say that I am interested in the establishment and maintenance of white settlements in Greenland, primarily as a sustaining base for aviation. We can place colonists there; they can support themselves, and in that way be self-sustaining so far as the maintenance of aviation outposts is concerned.

Swedish botanists have discovered about 120 various varieties of plants and flowers on the eastern coast of Greenland. On the other hand, there are approximately 300 different kinds of plants and flowers on the western coast of Greenland, due to the more favorable climate. With Government aid Greenland could produce much food, cereals, meat, and fish, which could be marketed in the populated areas of the North Temperate Zone. Mining seems to offer the best opportunity for private enterprise in the American Arctic. Only the Russians are utilizing the resources of the Arctic and sub-Arctic on a large scale. Presumably the other circumpolar countries will undertake extensive projects within their Arctic territories only if they become convinced that military necessities demand it.

It is of interest to know that when the United States purchased the Virgin Islands from Denmark in 1916 our country relinquished its claim to certain parts of northern Greenland, which we claimed by right of discovery by Admiral Peary. Following the relinquishment by the United States of its claim to this part of Greenland, Denmark declared the entire island of Greenland Danish Territory in 1921, and at that time virtually closed the territory to non-Danish vessels.

NORWEGIAN CLAIMS AND DISCOVERIES

While the claims which this country relinquished, based on the discovery of Admiral Peary, were deemed at the time to be of doubtful value, measured in terms of the wealth of the particular part of Greenland, which was claimed by such right of discovery and exploration, yet that claim had a certain intrinsic value. This fact is now recognized more thoroughly for several reasons, more particularly in consideration of the value of Greenland for refueling facilities for airplanes, and in view of the present effort to establish the claims of Norway to certain rights in Greenland. In this connection, passing reference may be made to the fact that the Treaty of Paris in 1920 handed over the sovereignty of Spitzbergen to Norway with certain similar conditions, which conditions are now in controversy.

RESOURCES

The mineral resources of Greenland are not completely explored as yet. The deposits of cryolite, however, are known to be the largest in the world. Graphite is another important resource. Arctic mammals are an important item of trade, and various Arctic furs are a subject of export.

IMPORTS AND EXPORTS

Imports from Denmark in 1935 amounted to approximately 1,778,000 kroner, and exports amounted to 5,635,000 kroner. The rate of exchange is 20.92. In 1936 the exports to the United States were $572,000, and the imports from the United States were only $1,476. The balance of trade as to both Denmark and the United States is, then, heavily in favor of Greenland.

SETTLEMENTS

There are several settlements on the coast of Greenland. Godthaab, the capital, is the largest, with a population of 1,300, and is in one of the many valleys of Greenland facing a half-moon harbor. Other settlements are Holsteinberg, Julianehaab, which is at the southern tip of Greenland, and Angmagssalik, on the eastern coast of Greenland. The settlements mentioned were all visited by Colonel Lindbergh and his wife on their airplane trip to Europe via Greenland in the summer of 1933.

GREENLAND ON THE ATLANTIC AIR ROUTES

Colonel Lindbergh made a flying trip around the North Atlantic in 1933, leaving the North American continent proper at Hebron, on the coast of Labrador, flying to Greenland, back to Baffin Island, then to the east coast of Greenland, then to Iceland, the Faroe Islands, and thence to the continent. The flying colonel, with his usual keen analysis of the future of air navigation, pointed out at that time that under present conditions there are three possible practical air routes between America and Europe. The northernmost of these routes is the one that he flew in 1933; that is, through Greenland and Iceland. The advantage of this route is that it affords frequent bases and refueling facilities, and it has the shortest distances between land. The shortest water distance route south of the Arctic is from Newfoundland to the Azores; and the southernmost route which is the

most desirable from a climatic standpoint, would be by way of Bermuda and the Azores. There is, of course, a fourth route, which would be impractical for commercial traffic between the United States and Europe, and that is known as the South America route, by way of Africa.

COLONEL LINDBERGH EXPLORES GREENLAND

Colonel Lindbergh has pointed out that a commercial air line, in order to be profitable, must pay its cost of operation from the revenue received from the load it carries; and from this standpoint it is highly desirable to have refueling bases at relatively short distances.

The desirability of such refueling stations from an economic standpoint is readily apparent when it is understood that every additional mile which must be flown without refueling means that more fuel and less pay load are carried.

Greenland becomes a source of interest, then, not as a way station for sea travel, but as refueling stations for air travel; and this includes not only airplanes but also airships, such as the Zeppelins.

While it is realized that rapid changes are being made in air transportation, that new methods and new designs are being made, some of which may permit long-distance flights with comparative safety in the near future, yet for the present it is apparent from recent experiences of flights across the Atlantic from west to east, so-called nonstop flights, that there are elements of considerable hazard, so that at the present time it is evident that intermediate facilities such as those afforded by Greenland and Iceland are of great value.

The greatest value of Greenland in the near future would appear to be that of an intermediate base for refueling stations for air navigation between Europe and the North American continent.

While Greenland contains undeveloped resources from a mineral standpoint, and also presents a station for a meteorological laboratory and a base for cable facilities, yet its value for these purposes fades into insignificance when weighed against the advantages of the island as an air base or a base for sea raiders.

MILITARY VALUE—A BASE FOR RAIDERS AND PLANES

While it is true that the strategic position of Greenland is not exactly analogous to that of Spitzbergen, yet a look at the map will disclose even to one inexperienced in military strategy that south Greenland, which in point of distance is further south than Spitzbergen, is nearer to the American continent, and bears the same geographical relationship to the North American Continent that Spitzbergen bears to the continent of Europe. With this observation in mind, it is interesting to read expert British opinion expressed in 1920 in connection with the Treaty of Paris, transferring a conditional sovereignty of Spitzbergen to Norway, which is quoted by Baron Dr. Lage v. Staël-Holstein in his treatise on Norway in Arcticum, published in 1932, on page 44, as follows:

> It is clear that Spitzbergen, in the hands of a hostile power or of a power unable to defend its neutrality, might become a base for raiders on the commerce around the north cape. Such a base, well supplied with coal, oil, and iron, and provided with a deep-water harbor, might well become a nest of submarine pirates. Spitzbergen might still serve as a base for swift and deadly attack. There are several suitable sites for airdromes, of which the Foreland Laichs, some 30 square miles in area, is probably best. From there attacks would be possible on northwestern Europe and on shipping in both the North Sea and the North Atlantic.

A BRITISH OBSERVATION

If the British were so apprehensive that Spitzbergen, in the hands of a power unable to defend its neutrality, might become a base for raiders, so that it became necessary to incorporate in article 9 of the treaty a provision whereby Norway undertook not to create nor to allow the establishment of any naval base in any of the territory, and not to construct any fortifications in the said territories, and to impose a collective guaranty for that purpose, then might it not well be argued with equal force that our country has a similar interest in Greenland, should Denmark be unable to defend its neutrality, or should Greenland by chance fall into the hands of a hostile power?

DEMILITARIZATION OF SPITZBERGEN

Spitzbergen, by the Treaty of Paris, has been demilitarized in the same manner as the Aland Islands in the Baltic. But witness today the feverish effort of Sweden and Finland to remilitarize the Aland Islands.

The allied powers, by the Treaty of Paris, while transferring sovereignty of Spitzbergen to Norway, nevertheless imposed a military servitude in the nature of a neutralization of the island.

CRIMEAN WAR AND WORLD WAR EXPERIENCE

It will be remembered that during the Crimean War the Russian fleet is reported to have had a base at Spitzbergen, and during the World War the English fleet kept the Germans out of that zone. It is not contended that an exact analogy exists in the case of Greenland, but no one who is familiar with the military theory of sea power, as expounded by Admiral Mahan, will deny the strategic importance of Greenland from the standpoint of sea power and, further, from the standpoint of the more important modern expedient of air power.

Russians already announce their desire to establish, as soon as possible, direct service across the Arctic between large population centers and North America. They have to wait until terminals in other foreign countries cooperate and foreign air lines cooperate. Routes across the Arctic are direct, whereas tropical routes are roundabout, as can be seen by one who studies a globe and notices the distribution of world population and the centers of political and economic power.

TRANS-ARCTIC AIRWAYS

In Norway, numerous prominent aviation men are on record favoring trans-Arctic airways. Norway is strategically placed on a great circular route between Europe and America. Canada and Greenland are as well if not better placed strategically than is Norway to profit from this transpolar traffic. There is a growing sentiment in each of these countries for taking advantage of their geographical positions.

Arctic flying is safer and easier in midwinter than in midsummer. Canadian airmen are now second only to Russian aviators in their belief that flying can be carried on under more favorable conditions in the Arctic than in many other parts of the world where air traffic is a part of everyday life.

CLIMATIC CONDITIONS

The Arctic Ocean, as Nansen pointed out, is one of the least stormy regions in the world. Fogs are rare in the winter over both land and sea. Ice on planes constitutes less of a flying hazard than it does in the north half of the North Temperate Zone. Fogs are denser and more numerous in the Arctic than in the Tropics, but Arctic fogs are less dense and less numerous than in the North Temperate Zone. In the number and size of emergency landing places, an important factor in aviation, the Arctic and north third of the Temperate Zone excel the rest of the world. Good landing places in the winter are no more than 20 miles apart.

The Levanevsky party flight, made in 1937, was the first on which lives were lost during 15 years of flying over the Arctic Sea. By 1930 scientists almost unanimously agreed that on the average Arctic flying conditions are good. Being so, one would think the great air powers would have begun to lay plans for trans-Arctic airlines. As a matter of fact, only Russia has done this. Others hold back. They might find it politically advisable to establish their first transcontinental airways parallel with the chief steamship routes.

I have here some selected statistics which I wish to place in the RECORD.

The PRESIDING OFFICER. Is there objection?

There being no objection, the statistics were ordered to be printed in the RECORD, as follows:

Statistics for Greenland, 1936 (from Statesman's Yearbook)

Population		16,630
Area	square miles	736,518
Foreign trade (the trade of Greenland is a state monopoly):		
Exports to Denmark	kroner	5,201,000
Imports from Denmark	do	2,182,000

Mr. LUNDEEN. Mr. President, I wish now to refer to an able article in Foreign Affairs, the issue of April 1939,

by Vilhjalmur Stefansson, the great explorer, the article being entitled "The American Far North." The article is quite long, and I merely refer to it, so that we may have the reference.

Mr. MEAD. Mr. President, will the Senator yield?

Mr. LUNDEEN. I yield to the Senator from New York.

Mr. MEAD. I am very much interested in the splendid statement being made by the able Senator, but unfortunately I was not in the Chamber when he took the floor, and I am wondering whether he is recommending the establishment of an air line through the Arctic region, or recommending that a survey be made by the Civil Aeronautics Authority, or is just pointing out the feasibility or practicability of a line of this character.

Mr. LUNDEEN. I have before me a resolution providing for the acquisition of Greenland by negotiation and purchase from the Danish Government, the chief point of interest being the establishment of air bases there for future navigation and to prevent the acquisition of Greenland by any hostile foreign power now or in the future, it being recognized that the power now in control of the island will be unable to prevent forcible occupation of this great area of 827,000 square miles, with a snow-free area of 130,000 square miles, which is larger than the combined area of the British Isles. I ask that my joint resolution be printed at this point.

There being no objection, the joint resolution (S. J. Res. 119) was ordered to be printed in the RECORD, as follows:

Providing for negotiations by the President with a view to the acquisition, by purchase, of Greenland

Whereas the United States would be able to make more adequate provision for its national defense, if it were in possession of Greenland; and

Whereas possession of Greenland by a power hostile to the United States would constitute a distinct threat to the United States, and particularly to the populous area along he northeast seaboard of the United States; and

Whereas valuable rade could be developed between the United States and Greenland, if it were a possession of the United States: Therefore be it

Resolved, etc., That the President of the United States is authorized and requested to enter into negotiations, in such manner as he may deem appropriate, with the Government of His Majesty, the King of Denmark and Iceland, for the acquisition by the United States of Greenland. Such negotiations shall be conducted with a view to the making of a treaty between the Government of the United States and the Government of His Majesty, the King of Denmark and Iceland, providing for the purchase by the United States of Greenland.

Mr. MEAD. Mr. President, I can see many possibilities for our country in the establishment of a line of the character indicated by the Senator. To illustrate, it will be to our advantage to develop a pilot personnel—men who will become acquainted with flying of this hazardous nature. It will be well for us to develop an expertness in flying in the Arctic region. We will be able to perfect the operation of plane service by improvement in de-icing devices and antifreezing appliances. I can see that the proposed route will be the shortest and most direct route, as that has been well established by Post and Gatty and Hughes and the Russian and German expeditions. There is considerable opportunity for America in research and experimental work in the Arctic. It will create new frontiers for our people, in the summer months, especially, opportunity for those in search of recreation, and those who would enjoy visiting these far-off lands.

It occurs to me that the Senator ought to recommend to the Civil Aeronautics Authority that an investigation be inaugurated which would reveal the feasibility of or practicability of the operation of such a line as he suggests. Our country ought to be in the lead always in the establishment of air lines in every zone and in every climate.

There is an element of national defense involved, and if we have a pilot personnel and an equipment to defend our country under any circumstances and in all climatic conditions, it will of course redound to our benefit.

No one knows what the future may have in store insofar as our economy is concerned; now that we may avail ourselves of this new method of transportation, it occurs to me that with a very small subsidy, and that only for a temporary period, we can well afford to establish the line as outlined by the distinguished Senator, even though it were operated at infrequent intervals, until experience in operation determined that we might increase this schedule.

At any rate, I am deeply interested, and the development of improved flying equipment and the development of a more expert pilot personnel, which has been encouraged in this country over a period of years, would in my judgment lend itself to the successful operation of the line the Senator has in mind. There are so many other related advantages that being on the ground first and having the right to land and to service the ships would be to the distinct advantage of the United States.

I fear that our delay will probably find other countries securing the rights which we might enjoy if we would do a little pioneering along the lines the Senator has just outlined. So I am hopeful that, as the result of this splendid effort, this deep study which the Senator has made of this very important subject, the agencies of Government concerned with the development of aviation will take cognizance of the opportunity, and that we will be in a position in the very near future to consider the beginning of a line which will circle the north country in accordance with the suggestions the Senator has left with us today.

WE MUST ACT BEFORE IT IS TOO LATE

Mr. LUNDEEN. I thank the able Senator from New York. I had some doubt in my mind as to whether anything would be accomplished by my remarks on a subject which is more or less uninteresting, perhaps; but since bringing the subject before the Senate has engaged the attention of the able Senator, who has given us a very constructive statement of his own views on this important subject, I am sure that some good will come as a result of the discussion today, because the Senator has very ably stated the exact situation and what may be accomplished in the future.

PAN AMERICAN RESEARCH

I do favor research. We have already engaged in some research, and we should engage in more. The Lindberghs crossed the ice cap twice. Pan American research men have made flights to this region and have stayed there for as long as a whole year at a time. The Pan American deserves great credit for its work in South America and the Caribbean, up and down the islands of the sea off our coast, and in Greenland. They have done great work there. When the Government failed us they forged ahead with constructive research, and they deserve credit.

Mr. MEAD. Mr. President, I am sure my distinguished colleague is making a contribution which will result in much good when this question is finally considered and disposed of, either through legislative enactment or administrative regulation.

Mr. LUNDEEN. Mr. President, at this point I wish to include a condensed statement from Flying Around the North Atlantic, by Anne M. Lindbergh, published in the National Geographic Magazine for September 1934, with notes from the introduction to Anne's article by Charles A. Lindbergh. This is condensed into a rather brief article.

The PRESIDING OFFICER. Without objection, it is so ordered.

The article is as follows:

FLYING AROUND THE NORTH ATLANTIC

The main purpose of the flights around the North Atlantic in 1933 was to study air bases which could be used and also to make a study for conditions encountered between America and Europe; that is, climatic conditions and geographic conditions. The northernmost route was through Greenland and Iceland. The most practical commercial route between America and Europe would be Bermuda and the Azores, which is the southernmost route. The shortest distances between land make the most severe climatic conditions. Therefore, the advantage of the Greenland route from the standpoint of frequent bases and refueling facilities must be weighed against the extreme climate and the southern route discounted because of greater distances between land. The most difficult problem the Lindberghs encountered was to determine what to do if they should have an emergency landing on the Greenland ice cap. They were prepared to walk half-way across the ice cap if necessary. They took no parachutes with them on this flight. They felt parachutes were of no value over

the ocean or over Greenland because it would be impossible to live without the emergency equipment from the plane.

GREENLAND, THE WORLD'S LARGEST ISLAND

Greenland is known as the world's largest island. The Lindberghs discovered high ranges along the eastern coast, the maximum height being 12,300 feet. The mountains extend 100 miles inland below Gaaseland instead of 30 miles as shown on maps. Three hours from the coast of Greenland the mountains were first seen, mountains stretching as far as one could see as one approaches. The coast was bare and rocky, cut up by fiords and dotted with islands, and showed no signs of growth or vegetation. When they were very close, they saw something that appeared like green moss in the steep valleys. Godthaab, a little village located in one of these valleys, was found on a half-moon harbor. The Lindberghs were escorted into the harbor by kayaks. This little town seemed very prosperous and lively after stopping at the little town of Hevron, in Labrador. The inhabitants call themselves Greenlanders, not Eskimos. They appeared prosperous looking. The men hunt and fish for their livelihood. The women do much of the manual labor.

The Lindberghs landed in the outside harbor and taxied into the storm harbor beyond the town and dropped anchor. They were then towed into the town harbor by the Danish welcoming boat. The docks were jammed with people to greet them. Commander Dam, of the Danish Government, gave them much assistance during their flights in Greenland.

The frame houses in this little town were well built and freshly painted. Some of them had little fenced-in gardens. In all the little villages they visited the houses were all painted in vivid colors, bright red, blues, yellows. There was a store, warehouse, church, hospital, a large school with an equipped gymnasium among a few of the prominent buildings. Greenlanders themselves appeared healthy, gay, and prosperous looking. The Lindberghs saw few of the original style of Eskimo huts made of turf and stone bricks. They also saw the Greenlanders playing football in one of the little green valleys. The boys wore the hooded blouse, sealskin trousers, and soft sealskin boots.

The storm harbor of Godthaab was the first stop of the Lindberghs in Greenland, where in 1888 the Norwegian explorer, Fredtjof Nasen, completed the first crossing of the ice cap.

LINDBERGH EXPLORATIONS

Holsteinsborg was the second stop of the Lindberghs. Here again the houses were all painted in gay colors. The harbor of Holsteinsborg was shielded on the north by a long, bare mountain. In this little village is located the Government's halibut-canning factory. As the Lindberghs flew directly over the ice cap, the scene below them seemed unreal. The whole world looked like a gigantic white bowl. The temperature never went below 13° C. at an altitude of 13,000 feet. Dr. Lauge Coch, Danish explorer, made an aerial survey of the northeast coast of Greenland. He advised them to land at Ella Island. This flight from the west coast of Greenland to the east coast of Greenland across the great ice cap took them 7 hours.

Clavering Island was the northernmost point they touched. They found finer specimens of Eskimos on Clavering Island due to the lack of human habitation. This ice cap was not made for us but for another people and another age. Herds of muskox were seen. These animals looked something like a buffalo. The muskox is an almost extinct animal of the Ice Age.

The next stop was the harbor of Angmagssalik. In this harbor the water was full of ice bogs. However, the plane managed to land between them and taxied slowly into the tiny inner harbor. This little village was the only settlement they visited in eastern Greenland. The eastern coast was very much like the western coast of Greenland, only more primitive. They saw more native huts and everything was more isolated. They stated that grass and flowers grow in the mountainous region north of the Arctic Circle. They flew back across the ice cap to Godthaab and down the coast to Julianehaat. Julianehaat is the southernmost and largest colony. It appeared to be the most prosperous and attractive. They even had a little fountain playing in a small square in the center of the village. This is the only place in Greenland where fresh milk was available.

Godthaab, the first colony they visited, created their first impression of Greenland. Holsteinsborg was their favorite, for they stayed there the longest. Julianehaab seemed the gayest. They refer to Dr. Knud Rasmusson's books on Greenland.

They left Greenland with the impression that it was the country gigantic and untamed which dominated life and that man was a minor character who had adapted himself to the rigors of this life, whereas the people in Iceland had conquered the elements and the land.

Dr. Lauge Coch also is a Danish authority on the geology of Greenland.

Angmaagssalik was the Lindberghs' last port. In their memory stand out the bright-colored houses, mountain fjords, a green gully, and patches of bluebells half way up the hills.

Mr. LUNDEEN. Further I wish to introduce a short statement from A Stone Age Hostess Entertains.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

[From A Stone Age Hostess Entertains]

Visited the most northerly Eskimo dwelling in all eastern Greenland. These people receive mail once a year. The word pretty or beautiful could be used in describing the landscape of the Greenland coast. This writer compares Greenland's mountains to the Andes or the Persian Zagros. He compares our civilized life—economic torment, debts, armaments, tariffs, and so forth, to the present day hospitality of the stone-age woman of Greenland. This article deals more with a few personal experiences in Greenland.

Mr. LUNDEEN. I have asked the Congressional Library to give me a brief list of references on Greenland, because I discovered in making the study that it was very difficult to find any source material. If one asked for something on Greenland one would be met with a blank look. We would have to search about for pamphlets and literature and articles on Greenland.

Mr. President, I do not relish the idea of the people of other countries knowing more about North American islands than we do ourselves. I think we should take note of the Dutch possessions that I spoke of the other day, and take note of Greenland, now in possession of Denmark. Let us not forget in that connection that we faced the same situation in 1916 when we took over the Virgin Islands.

The question was asked, "What do we want with the Virgin Islands—a lot of sandbars down in the West Indies?" But now we have discovered that they are valuable and of strategic importance. We are spending hundreds of millions of dollars improving Puerto Rico, building fortifications, and improving our defenses. I say here today that Greenland is a vital place of national defense, and it is an important base for aviation.

I ask to have a brief list of references on Greenland placed in the RECORD at this point.

The PRESIDING OFFICER. Without objection, it is so ordered.

The list referred to is as follows:

REFERENCES ON GREENLAND

Cores, L.: Young Greenland Goes to School. Travel, February 1936, pp. 32–33.

Gowland, G.: Filming Icebergs in Greenland. Travel, June 1934, pp. 24–27.

Greenland for Emigration. Christian Science Monitor Magazine, February 18, 1939, p. 14.

Herklots, H. G. G.: Voyage to Elsinore. Queen's Quarterly, May 1933, pp. 282–88.

Hertzburg, S.: Greenland Declared Danish. Current History, June 1933, pp. 372–373.

Lindbergh, Anne Morrow: Flying Around the North Atlantic. National Geographic Magazine, September 1934, pp. 259–337.

Norlie, O. M.: Hans Egede, Missionary to Greenland. Missionary Review, July 1937, pp. 375–377.

Orcutt, R.: Stone Age Hostess Entertains. Travel, July 1933, pp. 16–20.

Peary, M. A.: Greenland's Icy Mountains. Literary Digest, April 1, 1933, pp. 20–22.

Stefanasson, Vilhjalmur: The American Far North. Foreign Affairs, April 1939, pp. 508–523.

Stefanasson, Vilhjalmur: Lost 9,000. Canadian Magazine, January 1939.

Thompson, R.: Dispute Over Greenland. Current History. August 1932, pp. 613–615.

Thompson, R.: Greenland's Controversy. Current History, September 1932, p. 748.

Canadian, January 1939, Canadian Magazines Ltd. Norseland Argonauts, by D. M. LeBourdais, p. 9.

Norway in Arcticum—Baron, Dr. Lage V. Stael-Holstein, member Association of the International Diplomatic Academy, Levin & Munksgaard, publishers, p. 27. Brothers of the Northlands, by Rockwell Kent.

The World Almanac—1938. Publishers, New York World-Telegram.

ARCTIC ROUTES NEED STUDY

Mr. LUNDEEN. I have before me a map of Greenland issued by the Danish Government. I should be very pleased if Senators would examine it.

I also refer Senators to the article on Greenland in the Encyclopaedia Britannica, which is quite complete.

Then I have here a magazine, Le Groenland, issued in Copenhagen, in 1935, by A. Bertelsen and K. Bure giving considerable detailed information with respect to Greenland.

The illustrations are very complete. I ask Senators to give attention to this magazine, which may be found in the Congressional Library.

Mr. President, I know that the time of the Senate should be devoted to the most important subjects before the American people, and I know when we engage in these things which are of more or less detailed statistical study that we are dealing with information that does not perhaps interest us so much as a battle over certain domestic problems which are immediately before us. I have listened to the proceedings had in the Senate Chamber in connection with various appropriation bills. Five hundred and nine million dollars was appropriated for the Army. I supported that appropriation; I thought that was all; but no, we are now confronted with another $300,000,000 for the Army. I shall listen with interest to the debate with respect to that matter.

BILLIONS FOR WAR

Last year several hundred million dollars were appropriated for the Navy. That was the largest appropriation for the Navy we had ever had. I supported it. But within a week we were asked to appropriate $1,000,000,000 more for the Navy. It seems to me we could well ask for a few million dollars with which to acquire some of these outlying bases which then would be ours permanently, whereas the vessels which we build are soon outdated and outmoded. Also, in my mind, their value has greatly decreased since the coming of aviation, and some experts doubt whether they are of any use as against the great bombers of the next war with their bombs weighing as much as a ton each.

Nevertheless, Mr. President, we want to be ready in every field. To me there can be nothing more important than the outlying bases on the Atlantic coast, Greenland, Bermuda, the British and French West Indies, and the Dutch possessions, which run like a bow string from the coast of South America, where one can stand on Trinidad and see that continent and then they string along up to the tip of Florida. If Senators will look at the map of the regions where Bermuda is located, they will find that from that point the great population and industrial centers on the Atlantic coast can easily be reached within 2 or 3 hours with the fastest planes. We must give our serious attention to this important problem of outlying bases and the outlying islands along our Atlantic coast.

EVENTUALLY—WHY NOT NOW?

Mr. President, I am always engaged in long-distance battles, and I shall be happy if I can add a little something toward arousing interest in this subject, even though what we seek to do may not be done this year, or next year, or within the next 5 or 10 years. But I warn the Senate that 5 or 10 years from now may be too late. We should speed up our serious consideration of outlying bases.

There seems to be much fear of foreign powers. I do not share all those fears. I may be wrong in that respect. Let us acquire these bases before any foreign powers move in and take them over.

I have read in reliable magazines and publications that the frontier of Holland is unfortified and that Germany may move in any day and take over Holland. Very well, who will possess the Dutch West Indies then? I do not look for any such advance by this foreign power. Perhaps it may happen. If it does they will gain possession first and we will be out. Let us negotiate for the Dutch West Indies now; let us negotiate for Greenland today; and let us have these possessions under the American flag.

I thank the Senate.

SHIPOWNERS' LIABILITY CONVENTION, AND SO FORTH

The PRESIDING OFFICER (Mr. MEAD in the chair) laid before the Senate the following message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on Foreign Relations:

To the Congress of the United States of America:

To fulfill the obligations of this Government under the Shipowners' Liability (Sick and Injured Seamen) Convention, 1936, I commend to the favorable consideration of the Congress the enclosed report from the Secretary of State and the accompanying draft bill to implement the convention. After careful consideration of the questions involved this proposed bill was prepared by an interdepartmental committee. Legislation should be enacted at this session of Congress, as the convention will become effective for the United States on October 29, 1939.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *June 15, 1939.*

[Enclosures: Report of Secretary of State, with enclosures as listed.]

AGREEMENT TO EXTEND INTERSTATE COMPACT TO CONSERVE OIL AND GAS

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on Public Lands and Surveys:

To the Congress of the United States:

I transmit herewith a report of the Secretary of State enclosing a certified copy of An Agreement to Extend the Interstate Compact to Conserve Oil and Gas, executed as of April 5, 1939, by the Governors of the States of Oklahoma, New Mexico, Kansas, Colorado, Texas, and Michigan, which has been deposited in the archives of the Department of State in accordance with the provision contained therein. The agreement refers to the interstate compact to conserve oil and gas executed at Dallas, Tex., on February 16, 1935, which received the consent of the Congress in Public Resolution No. 64, Seventy-fourth Congress, approved August 27, 1935 (49 Stat. 939). As that compact would have expired on September 1, 1937, an agreement extending its provisions for 2 years was executed as of May 10, 1937, by the Governors of the States of Oklahoma, Texas, Kansas, New Mexico, and Colorado, and received the consent of Congress in Public Resolution No. 57, Seventy-fifth Congress, approved August 10, 1937 (50 Stat. 617). As the above-mentioned compact, in accordance with the extension agreement of May 10, 1937, will expire on September 1, 1939, the present agreement provides that the original compact shall continue in force for 2 years from that date. In a letter from the Acting Secretary of the Interior dated June 8, 1939, enclosed with the report of the Secretary of State, the opinion is expressed that suitable legislation should be enacted by the Congress giving its consent to the extension to September 1, 1941, of the Interstate Compact to Conserve Oil and Gas.

Accordingly I hope that Congress will enact legislation givings its consent to the agreement executed as of April 5, 1939, as required by article I, section 10, of the Constitution of the United States.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *June 15, 1939.*

[Enclosure: Report of the Secretary of State, dated June 14, 1939, with enclosures.]

MESSAGE FROM THE HOUSE—ENROLLED BILLS SIGNED

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the President pro tempore:

S. 1886. An act to extend to June 16, 1942, the period within which certain loans to executive officers of member banks of the Federal Reserve System may be renewed or extended; and

H. R. 6109. An act to extend the times for commencing and completing the construction of a bridge across the Niagara River at or near the city of Niagara Falls, N. Y.

EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to consider executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. MEAD in the chair) laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORT OF A COMMITTEE DURING ADJOURNMENT

Under authority of the order of the 13th instant,

Mr. KING, on June 14, 1939, from the Committee on the Judiciary, reported favorably the nomination of James W. Morris, of Florida, to be an associate justice of the District Court of the United States for the District of Columbia (position created by the act of May 1, 1938).

EXECUTIVE REPORTS OF COMMITTEES

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

Mr. PITTMAN, from the Committee on Foreign Relations, reported favorably the following nominations:

Claude G. Bowers, of New York, to be Ambassador Extraordinary and Plenipotentiary to Chile;

Edwin C. Wilson, of Florida, now a Foreign Service officer of class 1 and counselor of embassy at Paris, France, to be Envoy Extraordinary and Minister Plenipotentiary to Uruguay; and

Douglas Jenkins, of South Carolina, now a Foreign Service officer of class 1 and consul general at London, England, to be Envoy Extraordinary and Minister Plenipotentiary to Bolivia.

Mr. PITTMAN, also from the Committee on Foreign Relations, reported favorably Executive K, Seventy-fifth Congress, first session, being an international convention for the unification of certain rules to govern the liability of vessels when collisions occur between them, and a protocol thereto, both signed at Brussels on September 23, 1910, with a reservation, and he submitted a report (Ex. Rept. No. 4) thereon.

The PRESIDING OFFICER. The reports will be placed on the Executive Calendar.

If there be no further reports of committees, the clerk will proceed to state the nominations on the calendar.

THE JUDICIARY

The legislative clerk read the nomination of James W. Morris, of Florida, to be an associate justice of the District Court of the United States for the District of Columbia.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

Mr. BARKLEY. I ask unanimous consent that the President be notified of that confirmation.

The PRESIDING OFFICER. Without objection, it is so ordered.

POSTMASTER—NOMINATION REJECTED

The legislative clerk read the nomination of Howard F. Bradway to be postmaster at Somers Point, N. J., which had been reported from the Committee on Post Offices and Post Roads adversely.

The PRESIDING OFFICER. The question is, Will the Senate advise and consent to this nomination?

The nomination was rejected.

POSTMASTERS' NOMINATIONS CONFIRMED

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. BARKLEY. I move that the nominations of the postmasters reported favorably be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations are confirmed en bloc.

That completes the calendar.

MARY L. MALONE—NOTIFICATION TO THE PRESIDENT

Mr. HILL. Mr. President, on Tuesday last the Senate confirmed the nomination of Mrs. Mary L. Malone to be postmaster at Dothan, Ala. I ask unanimous consent that the President be notified forthwith of the confirmation of that nomination.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Alabama? The Chair hears none, and the President will be notified.

RECESS TO MONDAY

Mr. BARKLEY. As in legislative session, under the previous order, I move that the Senate now stand in recess.

The motion was agreed to; and (at 1 o'clock and 47 minutes p. m.) the Senate took a recess, the recess being, under the order previously entered, until Monday, June 19, 1939, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate June 15, 1939

COLLECTOR OF CUSTOMS

James L. Travers, of Duluth, Minn., to be collector of customs for customs collection district No. 36, with headquarters at Duluth, Minn. (Reappointment.)

APPOINTMENTS AND PROMOTIONS IN THE NAVY

Rear Admiral Harold R. Stark to be Chief of Naval Operations in the Department of the Navy, with the rank of admiral, for a term of 4 years, from the 1st day of August 1939.

Commander Wadleigh Capehart to be a captain in the Navy, to rank from the 13th day of February 1939.

The following-named lieutenant commanders to be commanders in the Navy, to rank from the date stated opposite their names:

Miles P. Duval, April 1, 1939.
Daniel M. McGurl, May 1, 1939.
Giles E. Short, June 1, 1939.

The following-named lieutenants to be lieutenant commanders in the Navy, to rank from the date stated opposite their names:

John P. Cromwell, February 13, 1939.
Forrest Close, February 13, 1939.
Preston V. Mercer, June 1, 1939.
Robert Goldthwaite, June 1, 1939.
Jack B. Williams, June 1, 1939.
Wilkie H. Brereton, June 1, 1939.

The following-named lieutenant commanders to be lieutenant commanders in the Navy, to rank from the date stated opposite their names to correct the date of rank as previously nominated and confirmed:

William M. Cole, July 1, 1938.
Hallsted L. Hopping, August 1, 1938.
Maurice M. Bradley, August 1, 1938.
Lester K. Rice, August 1, 1938.
Stephen G. Barchet, August 1, 1938.
William P. Tammany, August 1, 1938.
Shirley Y. Cutler, August 1, 1938.
Rae E. Arison, August 1, 1938.
Bob O. Mathews, August 1, 1938.
Ephraim R. McLean, Jr., August 1, 1938.
Walter V. R. Vieweg, August 1, 1938.
Richard F. Stout, August 1, 1938.
Willford M. Hyman, August 1, 1938.
Bernard L. Austin, August 1, 1938.
Joseph M. P. Wright, August 1, 1938.
John N. Opie, 3d, October 1, 1938.
Aurelius B. Vosseller, October 1, 1938.

Lt. Clifford A. Fines to be a lieutenant commander in the Navy, to rank from the 1st day of July 1938, to correct the date of rank as previously nominated.

The following-named lieutenants (junior grade) to be assistant naval constructors in the Navy, with the rank of lieutenant (junior grade) to rank from the 6th day of June 1938:

Howard Z. Senif
William F. Petrovic

The following-named ensigns to be assistant naval constructors in the Navy, with the rank of ensign, to rank from the 4th day of June 1936:

James A. Brown
Dale F. Pinkerton
Frederic A. Chenault
James H. Terry, Jr.
John B. Rawlings
Henry A. Arnold

Lt. (Jr. Gr.) Clement E. Langlois to be an assistant civil engineer in the Navy, with the rank of lieutenant (junior grade), to rank from the 6th day of June 1938.

The following-named ensigns to be assistant civil engineers in the Navy, with the rank of ensign, to rank from the 4th day of June 1936:

James A. Coddington
Kenneth C. Lovell

Lt. Comdr. Staley H. Gambrill to be a commander in the Navy, to rank from the 1st day of July 1938.

The following lieutenants to be lieutenant commanders in the Navy, to rank from the date stated opposite their names:

Albert Handly, August 1, 1938.
Frank W. MacDonald, February 13, 1939.
Warren W. Harvey, June 1, 1939.

The following-named lieutenant commanders to be lieutenant commanders in the Navy, to rank from the date stated opposite their names, to correct the date of rank as previously nominated and confirmed:

Edward W. Rawlins, July 1, 1938.
Gordon M. Stoddard, October 1, 1938.
Willis E. Cleaves, January 1, 1939.

CONFIRMATIONS

Executive nominations confirmed by the Senate June 15, 1939

DISTRICT COURT OF THE UNITED STATES FOR THE DISTRICT OF COLUMBIA

James W. Morris to be an associate justice of the District Court of the United States for the District of Columbia.

POSTMASTERS

ARKANSAS

Eva C. Teague, Manila.

KENTUCKY

Joe R. Richardson, Glasgow.
William E. Crutcher, Morehead.
Jones Ashby, Slaughters.

LOUISIANA

Ruby M. Ivey, Benton.
Curry M. Elliott, Bunkie.
Stephen Bellard, Church Point.
Theophilus Lemoine, Cottonport.
Aaron D. Williams, Gibsland.
Auburtin H. Barre, Mooringsport.
Ada K. Allums, Plain Dealing.

MASSACHUSETTS

Celia R. St. John, Cohasset.
John D. Comins, Deerfield.
Donald J. Newton, Montague.

MICHIGAN

Lea M. Griffith, Flat Rock.
Jennie O. Way, Rapid City.
Donald E. Howell, Wayne.

MONTANA

Helen Irene Manning, Hysham.
Nels P. Miller, Medicine Lake.

OKLAHOMA

Earl A. Brown, Ardmore.

TENNESSEE

Henry S. Dupree, Brownsville.
Fred C. Lindsay, Greeneville.
Thomas G. Hughes, Jackson.
William F. Earthman, Murfreesboro.

REJECTION

Executive nomination rejected by the Senate June 15, 1939

POSTMASTER

NEW JERSEY

Howard F. Bradway to be postmaster at Somers Point, in the State of New Jersey.

HOUSE OF REPRESENTATIVES

THURSDAY, JUNE 15, 1939

The House met at 11 o'clock a. m.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Great art Thou, O Lord, and greatly to be praised; great is Thy power, and of Thy wisdom there is no end. O Living Light of Life, make real the presence of Thy guidance. Bless us with Thy helping hand and with the deliverance of Thy unfailing love. Unto Thy fatherly care do we commend our President, our beloved Speaker, and the Members, the officers, and employees of the Congress, with all their hearthstones. Our Father, the giver of all our days, strengthen the bonds of unity between all our citizens. Bless all mankind and Thy children forever. Oh, let release come, that the world may no longer dig graves of hate and garnish the lands with human blood. In the name of the Saviour and the Redeemer. Amen.

The Journal of the proceedings of yesterday was read and approved.

SUNDRY MESSAGES FROM THE PRESIDENT

Sundry messages in writing from the President of the United States were communicated to the House by Mr. Latta, one of his secretaries, who also informed the House that on the following dates the President approved and signed joint resolutions and bills of the House of the following titles:

On June 7, 1939:

H. J. Res. 171. Joint resolution authorizing the President of the United States to accept on behalf of the United States a conveyance of certain lands on Government Island from the city of Alameda, Calif., and for other purposes;

H. R. 2259. An act for the relief of Stanley Mercuri; and

H. R. 5136. An act to amend the act entitled "An act to provide books for the adult blind," approved March 3, 1931.

On June 13, 1939:

H. J. Res. 286. Joint resolution to provide for the lending to the Virginia Military Institute of the equestrian portrait of Gen. Winfield Scott now stored in the Capitol;

H. J. Res. 322. Joint resolution making an additional appropriation for the control of outbreaks of insect pests; and

H. R. 5765. An act to authorize commissioning aviation cadets in the Naval and Marine Corps Reserves upon completion of training, and for other purposes.

ARCHIBALD MACLEISH

Mr. THOMAS of New Jersey. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey [Mr. THOMAS]?

There was no objection.

[Mr. THOMAS of New Jersey addressed the House. His remarks appear in the Appendix.]

DISTRICT OF COLUMBIA CODE

Mr. KEOGH. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. KEOGH]?

There was no objection.

Mr. KEOGH. Mr. Speaker and Members of the House, I should like, on behalf of the Committee on Revision of the Laws, to announce that Cumulative Supplement IV of the District of Columbia Code is now ready for distribution among the Members of the House and others requiring or desiring it.

In an effort to increase the usefulness of the supplement the committee has adopted a somewhat different procedure from that heretofore employed in setting forth the changes in the law enacted at the last session. All new matter is printed in italics and, wherever practicable, deleted portions are shown in brackets, and appropriate footnotes are added. It is hoped in this manner to show the legislative development of the sections of the code.

The committee would appreciate having the reactions of the Members to this treatment of amendments and new matter.

There have been several reclassifications of sections made. Appropriate notations, of course, have been made showing all transfers.

In a further attempt to be of service to the Members the Committee on Revision of the Laws is maintaining a current classification of laws enacted during the present session showing where these laws will be found in Cumulative Supplements V of the Code of Laws of the United States and the District of Columbia Code, respectively.

Under this system, it is expected that the committee will be in a position to advise the House as to the classification, by title and section in the codes, of the laws enacted during the present session. Any inquiries respecting such classification may be addressed to the Committee on the Revision of the Laws.

The committee will welcome from the Members of the House and the bench and bar any suggestions or criticism tending to improve the codes and the classification of the law therein.

May the committee remind the Members of the House and all others interested that the official Code of Laws of the United States (1934) edition may be purchased for $6 each, the supplements thereto at $2 each, the District of Columbia Code (1929) edition at $3.50 each, and the supplements thereto at $1.25 each, through the Superintendent of Documents, Government Printing Office?

TOLL ROADS AND FREE ROADS

Mr. JARMAN. Mr. Speaker, from the Committee on Printing I report (H. Rept. 844) back, favorably with amendments, a privileged resolution (S. Con. Res. No. 19) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Senate Concurrent Resolution 19

Resolved by the Senate (the House of Representatives concurring), That 16,000 additional copies of House Document No. 272, entitled "Message From the President of the United States Transmitting a Report of the Bureau of Public Roads on the Feasibility of a System of Transcontinental Toll Roads and a Master Plan for Free Highway Development" be printed for the use of the Senate document room.

With the following committee amendment:

Page 1, line 2, after the word "That," insert "there be printed."

Page 1, line 7, strike out the words "be printed for the use of the Senate document room" and insert "of which 5,000 copies shall be for the use of the Senate Committee on Post Offices and Post Roads; 1,000 copies for the Senate document room; 9,000 copies for the use of the House Committee on Roads; and 1,000 copies for the House document room."

The committee amendments were agreed to.

The Senate concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. NELSON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include copy of an address I delivered in Missouri on June 7.

The SPEAKER. Is there objection to the request of the gentleman from Missouri [Mr. NELSON]?

There was no objection.

ARCHIBALD MACLEISH

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent to proceed for 1 minute and to revise and extend my own remarks in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Texas [Mr. RAYBURN]?

There was no objection.

Mr. RAYBURN. Mr. Speaker, for the first time in this House I am asking to extend my remarks and place an editorial in the RECORD.

Mr. Speaker, I ask unanimous consent that, following the statement of the gentleman from New Jersey [Mr. THOMAS], I may extend my remarks in the RECORD by having printed therein an editorial entitled "Librarian MacLeish," from the Boston Herald, which is highly complimentary to Mr. MacLeish, and an editorial from the Boston Globe entitled "Notable Choice," which is also highly complimentary to Mr. MacLeish.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

BROADCAST BY MR. FISH

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, at 9:45 eastern standard time tonight, over the Columbia Broadcasting network, the gentleman from New York [Mr. FISH] will give his reasons for opposing the so-called Neutrality Act. Of course the bill is anything but a neutrality bill.

EXTENSION OF REMARKS

Mr. SHAFER of Michigan. Mr. Speaker, I ask unanimous consent to extend my remarks in the Appendix of the RECORD and include therein an explanation of a bill I introduced today.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. KUNKEL. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a short editorial from the Saturday Evening Post.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. JENKINS of Ohio. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein two brief editorials.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

NIAGARA ELECTRIC POWER DEVELOPMENT

Mr. PIERCE of Oregon. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. PIERCE of Oregon. Mr. Speaker, I am today putting in the Appendix of the CONGRESSIONAL RECORD my speech comparing Niagara electric power development on Canadian and American sides and drawing a lesson for the guidance of the electric power development on the Columbia River at Bonneville. This speech has required weeks of research and careful study. It has been checked and rechecked by experts. It contains much valuable information for anyone interested in electric development. The private power development at Niagara on the American side has netted the private investors, in dividends and assets, $245,000,000 on an original investment of $3,100,000 with no additional capital investment; profits to private investors have been 79 to 1 within 40 years. There has been no reduction

in electric rates on the American side and very little paid in taxes. In contrast, on the Canadian side, under public development, the rates are about one-half those on the American side and the original investment debt has been nearly paid from profits.

I now ask unanimous consent to revise and extend my remarks for insertion in the Appendix.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to address the House for 15 seconds.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. HOFFMAN. Mr. Speaker, the attention of the House is called to the fact that today, yesterday, and during the last week more than a thousand men over in Milwaukee, Wis., are not permitted to work because one of the C. I. O. affiliates will not let them work until they have joined that union and paid tribute to Lewis.

What is the use in appropriating money to create jobs when Lewis and his agents will not permit men to work when jobs are available?

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1886) entitled "An act to extend to June 16, 1942, the period within which certain loans to executive officers of member banks of the Federal Reserve System may be renewed or extended."

The message also announced that the Senate disagrees to the amendment of the House to the bill (S. 1796) entitled "An act to amend the Tennessee Valley Authority Act of 1933," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. SMITH, Mr. WHEELER, Mr. THOMAS of Oklahoma, Mr. NORRIS, and Mr. MCNARY to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5762) entitled "An act to provide for temporary postponement of the operations of certain provisions of the Federal Food, Drug, and Cosmetic Act."

The message also announced that the Senate had passed a concurrent resolution of the following title, in which the concurrence of the House is requested:

S. Con. Res. 21. Concurrent resolution accepting the statue of Will Rogers by the State of Oklahoma.

WORK RELIEF AND PUBLIC WORKS APPROPRIATION BILL, 1939

Mr. WOODRUM of Virginia. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the joint resolution (H. J. Res. 326) making appropriations for work relief, relief, and to increase employment by providing loans and grants for public-works projects for the fiscal year ending June 30, 1940.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of House Joint Resolution 326, with Mr. MCCORMACK in the chair.

The Clerk read the title of the bill.

Mr. WOODRUM of Virginia. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois [Mr. SABATH].

Mr. SABATH. Mr. Chairman, although I am gratified to read in the report of the Committee on Appropriations the following statement—

> The committee has the utmost sympathy with the aims of the Works Progress Administration program and has the highest praise for many of its accomplishments both in the matter of furnishing employment in critical times to those who otherwise would have suffered destitution and want without it and for the many valuable contributions that have been made to the Nation and to States and local communities through useful public projects—

It is surprising to me, in the face of this statement, that the committee then reports into the House a joint resolution which in every conceivable way is worded and constructed to hamper, hamstring, and in many ways destroy the entire W. P. A. set-up. If the committee means what it says about the accomplishments of the W. P. A. they should now be the first to eliminate from this bill the many objectionable features which are incorporated in this bill.

For instance, the limitation of $25,000 on building projects means that these kind of endeavors will be entirely eliminated in every large and even medium-sized city in the country. In a small rural community this limitation might be all right, but in the large centers no building of any value or benefit to the entire community could be erected nor could any reasonable number of men be employed at the prevailing wages. Consequently this provision nullifies and destroys the hopes of any projects of value in the cities, in face of the committee's statements that they want only useful and valuable projects engaged upon. By such provision the committee defeats its own avowed purpose and discriminates against every city in the country with numerous unemployed, whose only hope for W. P. A. work is on building projects. If that is the aim of the committee, they are succeeding; but I shall endeavor, as will many others who desire to be fair to the cities as well as to the rural areas, to eliminate this unfair provision to save thousands from being forced back on direct relief.

At this point I feel it incumbent upon me to insert herewith a telegram just received by me from Mayor Edward J. Kelly, of Chicago, which graphically portrays the plight of the cities should this unfair limitation be kept in the bill:

> It has been reported that the House appropriations subcommittee considering Federal W. P. A. appropriations for the fiscal year July 1 has voted to make ineligible all construction projects costing over $25,000 after July 1. Speaking for Chicago, I feel certain, if this action is sustained, it simply means the collapse of the works program. With one or two exceptions, each of the 100 or more construction projects in Chicago costs far in excess of $25,000. Chicago's area embraces some 212 square miles, and construction projects must, of necessity be city-wide in character to afford equality of benefits and to facilitate work opportunities for the unemployed. Any limitation expenditure on construction projects will defeat the very intent and purpose of our work-relief program. I submit this for your earnest consideration and shall appreciate your helpfulness in defeating the proposed plan of limiting W. P. A. appropriations.

I note in the remarks of the gentleman from Virginia [Mr. WOODRUM] that special attention has been given by the committee to the Federal Theater Project. I can hardly believe that the committee's program consisted in picking on petty things first in order to create prejudice in the minds of Congress so that the entire W. P. A. program may be hampered and obstructed. Out of over two and a half million people employed on W. P. A. less than 9,000 are in the theater projects. This is but a fraction of 1 percent of all receiving W. P. A. aid. To listen to the gentleman from Virginia and a few others, one would be almost compelled to believe that the entire W. P. A. program hinged on the success or failure of the theater projects. A small percentage of people whom these projects have helped get just as hungry and need employment just as much as any other unemployed persons. To single out these people to eliminate from all aid or work is small, petty, and mean. Because a few "reds" have been employed on this theater project, some of the people who never want to practice economy unless they practice it on the poor, the weak, and the defenseless, have tried to insinuate that the whole W. P. A. set-up is communistically influenced. This, of course, is too ridiculous to dignify by comment. Yet the tactics of those who desire to discredit the Democratic administration are clearly using these methods to prejudice Congress and the public, in order to pass this objectionable bill.

As the editorial which I include in my remarks points out in one place, while critics of the Federal Theater Project were given ample opportunity to blacken and condemn this minor portion of the relief program, officials and responsible persons connected with the administration of the project were given no opportunity to reply to the unfair criticisms and statements.

The New York Times, however, hardly a red or radical newspaper even in the wildest imagining of the professional political "red chaser," says of the Federal Theater Project in an article published May 28, 1939:

Many things about the Federal theater are hard to defend. Being the most conspicuous of the W. P. A. arts projects, it is the one Congress enjoys worrying most. Art seems like boondoggling to a Congressman who is looking for a club with which to belabor the Administration, and there is always something in the Federal theater that can be blown up into a scandal. But for socially useful achievment it would be hard among the relief projects to beat the Federal theater, which has brought art and ideas within the range of millions of people all over the country and proved that the potential theater audience is inexhaustible.

When the Federal theater's Swing Mikado opened at $1.10 top in the enormous New York Theater it was sold out for 3 weeks in advance and became an enormous hit. More than 76,000 people saw the Swing Mikado during the 62 performances under Federal theater management, and most people believe that it could have run forever. When "private enterprise" succeeded in taking it over as the result of a burst of moral indignation from Congress, and promptly raised the box office tariff to $2.20, it failed after 24 performances.

Although the Federal theater is far from perfect, it has kept an average of 10,000 people employed on work that has helped to lift the dead weight from the lives of millions of Americans. It has been the best friend the theater as an institution has ever had in this country. It has brought the theater and people together realistically. In short, it deserves to be rescued from partisan politics which, on the one hand, are creeping into its administration, and, on the other, are threatening to put it out of business.

Mrs. Hallie Flanagan, who has worked untiringly in connection with the Theater Project, has been instrumental in bringing to millions of Americans their first glimpse of the drama, which heretofore was reserved solely for the stuffed shirts and silk hats of the Union League and millionaires' clubs who could afford to pay $4.40 per seat to find out what a stage play was like. Yet, in spite of the restrictions, criticisms, and moral indignation of political demagogues, the theater project has returned to the Treasury more than $300,000 in face of the fact that most productions were free and all the others were able to be seen at prices far below regular theatrical tariffs. Fortune magazine, another publication that could not possibly be affiliated with the "red network" that the defenders of special privilege are trying to wrap around W. P. A. and all its officials, states in an article:

Judged on public response alone, therefore, the Government's adventure in the promotion of the arts would have to be rated successful.

This article, profusely illustrated and appearing in the May 1937 issue of Fortune, says in connection with the theater project:

More spectacularly successful than either the painters project or the music project or the writers project is the theater project. From any point of view save that of the old-line boxoffice critics to whom nothing is theater unless it has Broadway stars and Broadway varnish, the Federal theater project is a roaring success. Approximately 16,000,000 people had seen its productions down to midseason this year. One of its plays, It Can't Happen Here, opened simultaneously on 21 stages in 18 cities, played to a total of 275,000 people in the first 4 months, and took in over the same period $80,000 at an average admission price of 30 cents. Another, the Negro Macbeth, played for 144 performances, was seen by 120,000 people, grossed $40,000, and broke a 9-year attendance record (established by Katharine Cornell) in Bridgeport, Conn. Altogether $659,000 had been taken in by all W. P. A. theater units down to last March 15, an amazing figure considering that 87 percent of all Federal theater admissions are free and that the average price for the remaining 13 percent is 15 cents per person. Wages incidentally are the same for all actors—$23.86 a week in New York. There are no stars. Administrators, who work much longer hours than actors, are paid up to $175 or $200 a month. Stage hands get $103.46 a month in New York but work only half a month to bring their hourly earnings up to the "prevailing wage" as fixed by their union.

Box-office figures, however, tell only half the story. Artistic success was definitely achieved in the production of T. S. Eliot's Murder in the Cathedral. The Negro Macbeth was as well received by the critics as by the audiences. Doctor Faustus has admirers as intelligent and as devoted as any collected by the various Shakespearean revivals of the last New York season. And the Living Newspaper, applying to the stage the technique developed in the air and on the screen by the March of Time, has created as much excitement among playwrights as among Republicans who see its Triple A Plowed Under and its Power as Government-subsidized propaganda. Federal theater productions lack the slippery virtuosity of Broadway. They present no prima donnas (though the Negro actress Edna Thomas turned in an extraordinary performance as Lady Macbeth). But they have very generally a sincerity and direct dramatic force which the overlacquered Broadway shows equally generally lack. The directors and producers include people of the discrimination and ability of Virgil Geddes, Edward Goodman, John Houseman, Alfred Kreymborg, James Light, Morris Watson, and Orson Welles. And the total accomplishment to date is definitely a credit to them and to their actors.

New York is, of course, the capital of the Federal theater project, as it is the capital of American theater. But the activities of the project are not limited to the district south of Fifty-third Street and west of Sixth Avenue. Portable theaters go out on trucks through the city parks in New York City, where audiences of as many as 30,000 people will stand in the open air to watch them. Marionette shows were seen by 5,000,000 United States school children in a year. A New York circus has run for a year and a half without stopping—summers under canvas, winters in armories and coliseums. And beyond New York the road companies tour and the local theaters play. There are 150 resident acting companies in 27 States in addition to New York. Companies have gone into the back country behind Portland and Seattle where stage plays had never been seen before. They have gone up into the hay valleys in northern New England. They have worked through the high plains towns in Nebraska and the Dakotas. They have penetrated the Black Ankle Belt of the Carolinas and the deep South where no trouper had been seen time out of mind. And in all these regions their coming has worked marvels. The mayor of Valley, Nebr., a town of 800 inhabitants and 1,000 theatergoers, wrote Mrs. Flanagan to ask if the W. P. A. cast of The Dictator couldn't settle down and live there permanently. And in the deep South, following W. P. A. tours, a community drama unit was set up to produce plays without script in order to give range to the natural dramatic instincts of people who had now seen a stage play for the first time in their lives.

I can appreciate why the Republicans are gleefully preparing to stab the Democratic W. P. A. program in the back. In the first place, by destroying the morale of the millions of unemployed, by depriving them of their meager benefits, and trying to force them back to the "Hoover, hell, and hard times" conditions they experienced under Republican rule, they are playing Republican politics with human misery. Of course, these reactionary Republicans feel that in their despair and distress the unemployed and underprivileged people will turn to the Republican Party in 1940 because President Roosevelt and the Democratic administration were unable to help them. These tactics are typical of the Republican strategy of "make 'em suffer and they'll blame it on the Democratic administration." Why Democrats, however, should be so misguided as to play this Republican game at the expense of the unemployed and suffering I cannot understand. Why Democrats should resort to petty, peevish, political penny saving on the poor, and pick out a few isolated incidents such as one project in the great city of New York and another one in the great city of Chicago, where thousands are unemployed and millions have been spent without graft or corruption, is also surprising. If it is the purpose of some of these gentlemen to unfairly discredit, by insinuation, the entire W. P. A. program through the use of a few examples which even in themselves are not more than mistaken judgment, then they are accomplishing their purpose.

If W. P. A. is to be prevented from becoming a ghastly and demoralizing joke, if all the good it has accomplished is not to be destroyed overnight, then at least half a dozen of these restricting and destructive provisions must be eliminated from this bill. Even the press of the Nation is criticizing in no unmistakable terms the conduct of the subcommittee in producing such a travesty on legislation designed for relief as this bill represents. The Philadelphia Record, in this morning's issue, makes the following comment:

THEY WOULD DESTROY W. P. A.

If the House Appropriations Subcommittee had deliberately set out to make a ghastly joke of W. P. A., it could not have succeeded better than by its "2 months' furlough" plan.

Under that precious scheme, all W. P. A. workers who have been on the rolls for 18 months or more will have to quit on October 1 to spend 60 days looking for private jobs.

If they fail to get private employment during the 60 days they will then be considered for reinstatement.

This perfectly dreadful notion neatly defeats the entire purpose of W. P. A. at one shot.

That purpose is to maintain the morale of the jobless.

It was with that purpose in mind that our national debate on relief was resolved in favor of the more expensive W. P. A. instead of the cheaper dole.

Yet the subcommittee, by this piece of legislative "schrecklichkeit," throws that purpose out the window.

Instead of maintaining morale, it destroys morale. Instead of maintaining the consumer-confidence of the W. P. A. workers, so that they will spend their wages and help business, it destroys their consumer confidence, makes it mandatory for them to hoard every penny of their small resources, for on their $50–$60 per month they can barely get by, can save but little.

Fright is instilled not only in the 2,000,000 W. P. A. workers and their 6,000,000 dependents, but in the entire army of the unemployed, to whom W. P. A. has been almost the sole anchor to windward.

Going further, this proposal will frighten millions of employed persons in the lower brackets who have jobs, and who have had the comforting feeling that W. P. A. would be there should the jobs vanish. Instead they see W. P. A. sending out a horde of persons to compete for these jobs at any wage.

The subcommittee, by its insensitivity to these feelings of the people, has ingeniously figured out a way to vitiate the beneficial effect of W. P. A. on business and the worker while saving comparatively little of the total cost.

Every one of the hit-or-miss debates on W. P. A., all those uninformed wranglings over whether to cut a billion or add a billion, has had this effect of creating fear and destroying morale. Even the President has been guilty of ignoring the profound psychological shock of constant shifts in W. P. A. policy. But nothing previously offered matches the present idea.

Certainly there are some lazy and unworthy persons on W. P. A. (the President himself put the figure as high as 5 percent in his speech to the retailers). But one reason for that lies in W. P. A.'s own rigid, inflexible rules.

Those rules make it so shockingly hard for a worker to get back on W. P. A., should he leave, that they destroy the incentive to take a private job which might prove temporary.

Because the committee has approached a big problem, the problem of relief, in a petty spirit, it has produced this piece of cruelty. The proposal reflects the peevish intellectual climate of the committee chambers, in such marked contrast with the broadly intelligent and informed approach under which the House, just the other day, made far-reaching improvements in social security by the startling vote of 361 to 2. The subcommittee was not thinking about relief at all. It was thinking about Reds, about politics, about that man in the White House.

The result is a plan which can only be called totalitarian. It corresponds to Hitler's order that all the inhabitants of Kladno, in Bohemia, pay a fine, stay in their houses, close their schools, because one German policeman was shot.

More than 2,000,000 Americans are to be sent on a hungry, burlesque job hunt, because the committee is out to embarrass the New Deal and to "get" the 30,000 or so members of the Workers Alliance.

The Federal theater project will be abolished altogether, because a couple of its workers testified there was "red" influence in the project. But the committee never deigned to summon the heads of the project to testify in rebuttal.

The Federal arts projects will go, though they have been a spectacular cultural success, bringing art to the people and the people to art, for the first time in our history.

Millions of Americans will be brought face to face with an artificial crisis.

Business will lose a large volume of trade as the fearful millions decline to spend.

All this is done in the name of "businesslike government" and "economy."

No language of mine could express the truth about this resolution more forcefully than the editorial writer who composed the foregoing.

It is significant that those who are most vigorously assisting the Republican high command to practice economy upon the weakest and most destitute of our citizens come from sections where unemployment is the lowest and from States that contribute the least to the Treasury of the United States in income taxes. New York, Pennsylvania, and my own State of Illinois paid into the Federal Treasury in 1938 more than the States of Alabama, Colorado, Georgia, Mississippi, Texas, South Carolina, Virginia, and West Virginia combined. Because of the industrial development of these three great States the largest numbers of unemployed are located in these areas. It sounds a little hypocritical for gentlemen from rural districts whose States receive far more in Federal aid than they pay into the Treasury to be so solicitous in endeavoring to stop us from providing some of our own money to take care of the destitute in our communities.

It might be well at this point to bring to the attention of the Members of Congress just what the money is that provides in part for W. P. A. relief, and where it comes from, so I include herewith a partial list of Federal-income receipts, and grants, payments, and expenditures in some of the States.

	Total income tax, 1938	Grants, payments, and expenditures, by United States
Alabama	$9,276,728.09	$55,199,373
Colorado	17,495,854.05	59,570,721
Georgia	18,344,402.93	59,865,650
Illinois	233,558,508.87	238,094,287
Mississippi	3,607,578.13	60,602,083
New York	673,789,343.84	404,021,547
North Carolina	27,518,854.80	63,379,283
Pennsylvania	209,606,554.90	284,009,126
Texas	77,070,676.55	154,392,053
South Carolina	7,214,917.15	45,519,505
Virginia	29,977,565.88	55,044,170
West Virginia	14,398,861.07	49,917,143

I am not including in the above tabulation a number of the smaller States which contribute even less than those listed, and which also derive millions in benefits. Using the old "red baiting" tactics to cast a cloud of discredit over the entire W. P. A. and shadows of distrust on the New Deal, its great leader, Franklin D. Roosevelt, and members of the administration in order to achieve their objective of hamstringing and destroying the relief program, is not a new game for the reactionaries who place an interest-bearing coupon bond ahead of a hungry American baby. By singling out a few misguided individuals whose mental capacities have perhaps been so weakened by hunger and privation as a result of the sit-down strike of capital and private enterprise that they join or support the Communist Party, reactionary legislators endeavors to prejudice the entire program and insinuate that any administrator, public official, or politician who takes the side of the underprivileged is "red." This smearing campaign has as its diabolical objective not just minor W. P. A. project workers but men like Aubrey Williams, of the National Youth Administration, whose department has been drastically curtailed in this bill; men like Colonel Harrington, whose efforts and work no single critic has been able to impeach or impugn; and others whose only sin seems to be that they believe in the program of the New Deal and have "guts" enough to praise and defend it against selfish and partisan critics.

The National Youth Administration, so ably directed by Aubrey Williams, who gained his early education in Tennessee and Ohio, served in the World War, and worked in Wisconsin for that State's great university, for the States of Mississippi and Texas, thereafter came to Washington to serve our Democratic administration, has also received the attention of the committee to the tune of a reduction of millions in its appropriation.

The National Youth Administration is aiding thousands of future Americans to acquire that educational background which will make them valuable and healthy citizens in the future. If the cost of preparing the youth of America for the days to come and the problems they must face was 10 times the meager appropriation recommended by the President, which the committee has seen fit to reduce, it would still be worth every cent of it. Though unfair criticism has been leveled at this activity initiated for the first time in history of any country, under a Democratic administration, I have heard none of these professional protectors of the Treasury, who never hesitate to vote for measures that benefit the banking and stockbroker fraternity, say anything about the fact that hundreds of checks from the National Youth Administration go out to boys from rural districts who are away at college. Do they

not realize that if these benefits were restricted only to the boys in cities having colleges that our farm boys could stay at home and help with the chores, thereby reducing the cost of farm labor? I hope they have not overlooked this means of saving money at the expense of the underprivileged, although I do not see it mentioned either in the committee's exhaustive study of W. P. A. shortcomings or in the speeches of any of the gentlemen who are trying to destroy the Democratic relief program.

No one regrets more than I do that there still are many unemployed in this country whose families face privation and hunger unless an adequate relief program is supplied. Had private capital and private enterprise not engaged in a sit-down strike to discredit President Roosevelt and our administration; had the great minds of industry and business which some gentlemen here are so quick to defend not entered into a treasonable conspiracy to curtail employment and hoard their wealth and profits, we would not be faced with a relief problem as great as we face today. As long, however, as there are men willing and able to work in this country who cannot find jobs in private industry, I intend to devote every energy within my power to see that the Government provides a work program that will employ them at wages to enable them and their families to live in some semblance of decency.

The committee has been most energetic in investigating the shortcomings of any project that has been embarked upon in city areas. With all their ability, and the time they have spent in investigating the entire W. P. A. set-up, they have only been able to find one or two instances worthy of criticism sufficiently important to use either in a speech or in their report. On the other hand, scores of instances have been reported where relatives of rich farmers and big landowners in rural districts have found their way onto relief rolls and in many sections farmers complain that they cannot hire help because all the available labor in the rural districts are attached to the local county relief rolls. I would not insinuate that because a majority of the committee comes from rural districts that they overlooked and deliberately failed to include in their report this type of W. P. A. shortcoming. I do, however, note that nowhere in this resolution is there a restriction against the use of any W. P. A. funds in rural districts where facts or surveys may show a lack of farm labor at the prevailing wages paid for hired hands and farm help. I was glad to learn in the House yesterday that the W. P. A. set-up in Virginia was perfect and had never committed a sin. I am surprised, however, that the gentleman did not give a report on the details and methods pursued in that State to prevent any W. P. A. mistakes, so that the less enlightened sections of America which pour income taxes into the Federal Treasury so that Virginia might benefit could find out whether or not they desired a majority of their working population employed either in industry or on W. P. A., to live as they do in Virginia. The solicitude of gentlemen from districts with little or no unemployed for reducing the benefits available to the people of city and industrial districts not only surprises but frightens me. I only hope a majority of the House will not surrender the millions of American unemployed to the tender mercies of those who represent such well-preserved, well-fed areas of the country.

Under the guise of economy, the present resolution has been cleverly constructed to so hamper, restrict, and encircle with regulations the providing of work relief that, should the House fail to amend the numerous, more drastic, and unfair provisions, the entire W. P. A. program, worked out over a number of years of trial, will be practically destroyed. I urge every Member who has any feeling for the unemployed to aid us in removing from this bill its many unfair provisions. I urge all Members to approach this problem on a nonpartisan basis, free from prejudice. I ask them not to be influenced by the obvious attempts of a few who, for political purposes and in order to discredit the New Deal and our President, have used any and every means at hand to color the minds of Congress and the public so that the relief program will not only be hamstrung but that small business, which benefits greatly from the wages of the W. P. A. workers, will be harmed should this measure, as introduced, be passed.

Amendments designed to remove from this bill those unfair and unjust restrictions, will be offered. Every Member has the duty of being here on the floor during the sessions of the Committee of the Whole, to help with their vote in getting these amendments adopted. I shall devote every energy within my power to bring about the passage of a fair bill, as President Roosevelt hopes the House will pass in spite of the committee's action, and I ask the aid and support of the Members in my efforts. [Applause.]

Mr. TABER. Mr. Chairman, I yield 15 minutes to the gentleman from Michigan [Mr. ENGEL].

Mr. ENGEL. Mr. Chairman, I was very much interested in a statement made by my good friend the gentleman from Illinois [Mr. SABATH]. He was a Member of this House in 1908, when I was a student at Northwestern University Law School at Chicago. He took the floor of the House the other day and boasted of the continuous and overwhelming majority the Democratic Party had in the city of Chicago. In view of that statement, it seems to me absurd to try to place upon the Republicans and the Republican Party the responsibility for the Democratic misdeeds in the city of Chicago. This is a two-party system. The minority party is charged with criticizing and exposing the errors of the majority party. This is true, regardless as to which party may be in the majority or in the minority.

I have the highest regard and the greatest respect for that individual we used to call a Republican in the solid Democratic States of the South and a Democrat in the rock-ribbed Republican States of the North; that individual who goes to the polls on every election and votes his convictions without hope of success for himself and his party in that State. I respect that individual who has the courage to vote his convictions in the face of overwhelming opposition. Whether he be a Republican in the South or a Democrat in the North, he is a real American.

However, I have nothing but contempt for that high-bred, hyphenated Demo-Republican mugwump who sits with his mug on one side of the political fence and his wump on the other side waiting to put his mug with his wump or his wump with his mug, whichever suits his financial interests the best. He is neither a Republican nor a Democrat, but just a plain mugwump.

When the gentleman from Illinois speaks of Republicans being in charge of W. P. A. projects in the city of Chicago, which has been so overwhelmingly Democratic, he must be speaking of former Republicans of the Ickes-Wallace type and some of these other political mugwumps who have deserted the Republican Party and have for financial or other reasons joined the Democrats. They double-crossed us, and I want to say to the Democratic Party before you get through with them they will double-cross you. Some of them are even now trying to come back to the Republican ranks, but while I welcome back into the Republican ranks anyone who sincerely and honestly left those ranks, or any Democrats who can no longer stomach the New Deal, if I had my way I would make these political mugwumps wear sackcloth and ashes, walk the political sawdust trail, and kneel first at the altar of political repentance. You Democrats have them. Keep them, but do not try to hold us responsible for any of their misdeeds.

And while I am talking about the Democratic Party, may I call to the attention of the gentleman from Illinois and others that according to the American Federation of Labor figures, we had 13,185,000 on the unemployed list in January 1939, while the average number during the year 1932, according to the same American Federation of Labor figures, was 13,182,000. In other words, you had in January 1939, 3,000 more unemployed than the average number of unemployed during the year 1932—that being the last year the Republican Party was in power.

May I also call attention to the fact that according to the W. P. A. Administrator's testimony before the Appropriations

Committee last winter, we had 3,000,000 more people on relief in February 1939 than we had in February 1933. In spite of all you Democrats could do, the most you could give employment to was 3,000,000 people, leaving some 10,000,000 people unemployed, waiting for a few relief crumbs that were dished out to them by the Democratic administration.

The appalling waste and inefficiency on W. P. A. construction projects as disclosed in the testimony of competent engineers of the Procurement Division of the Treasury Department before the House committee investigating W. P. A. is little less than a crime against the taxpayers of the Nation and a cruel betrayal of thousands of needy and deserving unemployed workers who never were able to get on the W. P. A. rolls, because despite the millions we have spent, we have never been able to take care of more than a fraction of the jobless.

As unfolded by a procession of unimpeachable witnesses, the record is one of projects badly planned and ineptly executed, of costly changes in basic plans after construction has long been under way—in one instance as long as 2 years—and of negligent and incompetent supervision. It is a tragic story of wanton waste on road building undertaken in the dead of winter when ordinary common sense should have been sufficient to have caused postponement in the face of the insufferable obstacles imposed by weather conditions. And it is a shameful record of the indiscriminate mass assignment of workers to projects regardless of their fitness for the particular jobs.

It is a record of the waste of millions of dollars through the protraction of projects for weeks and months beyond a reasonable time for their completion. Had it not been for this waste, the number of projects could have been multiplied with commensurate benefit to the taxpayers who foot the bill.

Of course, every reasonable person knows that you cannot expect to obtain the same degree of efficiency on a W. P. A. project as on a private construction job. But apparent as it is, why there must be a difference in cost, there is no hard and fast rule, no yardstick by which the difference can be exactly measured. The best that we can do is to compare the actual cost of W. P. A. construction projects with the cost of the same job if undertaken under private contract and in comparing the results to bear in mind that a reasonable difference in cost is inevitable. But I do submit and maintain that the differences as shown by the testimony of the engineering witnesses before the committee are so great as to shock the reason and the conscience of those whose duty it is to prevent scandalous waste of the taxpayers' money and to spread W. P. A. jobs as widely as possible among the deserving needy.

These engineering witnesses had years of experience in both public and private construction work, and were loaned to the committee by the Procurement Division of the United States Treasury Department. Mr. Stephens, one of the witnesses, testified that he had 40 years' experience as a construction engineer.

Time does not permit a recital of all of the instances of waste and inefficiency brought out by the committee investigation. I shall mention only a few of them, but sufficient to indicate the extent of the waste and how, if costs had been held within reasonable bounds, more of the unemployed could have been added to the rolls under a plan of staggering W. P. A. employment in line with a suggestion made to the committee by Colonel Harrington himself.

Let us start off with New York State. The record shows:

Schoolhouse No. 64, New York City: W. P. A. cost, $782,000; estimated cost under private contract, $441,000.

Colonel Harrington testified that the average per capita cost of each project worker is $61 a month. On that basis, the loss of $341,000 is equivalent to the cost of keeping 5,590 workers on the W. P. A. rolls for 1 month.

Public building in Brooklyn: W. P. A. cost, $350,000; estimated cost under private contract, $265,000. The $85,000 loss is equivalent to the cost of keeping 1,393 workers on the rolls for 1 month.

Police station in New York City: W. P. A. cost, $336,000; estimated cost under private contract, $201,300. Loss of $134,000 is equivalent to the cost of keeping 2,208 workers on the rolls for 1 month.

Now for Pennsylvania. Here we have—

Project No. 170 was a road-construction project 22 miles long from Wilkes-Barre to Hazleton, Pa. Mr. Stephens testified that that project consisted of an addition on each side of a concrete highway of shoulders 3 feet wide made of broken stone, on top of which asphalt was placed. He testified that the construction cost of this project was $1,960,611, or $89,000 per mile. He further testified that, in the judgment of the engineers from the Procurement Division, $365,000 would have been a large amount to assign to that project; that the average cost should not have exceeded $17,000 per mile.

According to testimony, it cost five times as much to build this project under W. P. A. than it would have cost by private contract, the excess cost being $72,000 per mile.

"Look Out" Route No. 4: W. P. A. cost, $101,000; estimated cost under private contract, $38,000. The loss of $63,000 is equivalent to the cost of keeping 1,032 workers on the rolls for 1 month.

High-school building in Glen Rock, Pa.: W. P. A. cost, $95,000; estimated cost under private contract, $69,000. The loss of $26,000 is equivalent to the cost of keeping 426 workers on the rolls for 1 month.

And now let us look at the Maestri Market project in New Orleans. The W. P. A. cost was $44,062 and the estimated cost under private construction $30,000. The $14,062 loss is equivalent to the cost of keeping 230 workers on the rolls for 1 month.

And now let us look at the W. P. A. building at the New York World's Fair which W. P. A. built to sell itself to the people through the scandalous misuse of the people's money. According to the testimony given before the committee on May 2, that W. P. A. building had cost up to that time a total of $544,000, whereas Colonel Harrington had testified about 2 months before that the total cost would be about $250,000.

That, however, is not the worst of it. One of the Treasury's engineers testified that on the day he inspected the project he found that of all the workers on the job only 17.7 percent were relief labor and the other 82.3 percent were nonrelief workers.

This means that 82.3 percent of the workers on this job were not relief workers but were being paid with money which this Congress appropriated solely for the needy unemployed. Moreover, these nonrelief workers were not limited to the security wage, but many of them, as the committee record shows, were permitted to earn as much as $250 a month while ten or eleven million unemployed were unable to get on the W. P. A. They were not even given a chance to make the security wage.

If the difference between the estimated cost originally given the committee by Colonel Harrington and the actual cost as given in the testimony of the Treasury Department engineer was due to the employment of nonrelief workers, then the difference of $294,000 would have been sufficient to pay 4,819 W. P. A. workers for 1 month.

I am here reminded of the testimony given before the District of Columbia Subcommittee of the Appropriations Committee, of which I was a member 2 years ago, by Miss Alice Hill, relief administrator for the District of Columbia, that they were paying as high as $100 relief per family per month, plus food from the Surplus Commodities Credit Corporation and clothes from the W. P. A. Miss Hill, at my request, placed into the record a statement showing that they were allowing a baby 2 years old or under $7.50 a month for food costs.

I told this story a year ago at a farmers' picnic in my district. When I finished speaking a woman stepped forward and said, "Did I understand you clearly, Mr. ENGEL? Did you say that they were paying $100 a month relief per family, plus food and clothes, in the District of Columbia?"

"Yes," I said. "The testimony before our committee showed that."

She said, "My God! I have two girls, one 16 and one 17 years old, and they are allowing me $1 a week for food per person. I could not feed them and they left me, hitchhiking, and God knows where or what they are doing," and she sat down and cried.

You never saw anything like this under a Republican administration. While you now hear a great deal of talk about the people who were starving in 1932, such talk was invented since the New Deal abandoned their plan of economy and adopted their spending program. If one-third of the people were ill-housed, ill-fed, and ill-clothed in 1932, why did not the Democratic Party say something about it in its platform? You can search the Democratic platform of 1932 from beginning to end. You can read over every speech made by the President and every campaign orator during the 1932 campaign. Not once did you hear anyone use the word "starvation" or accuse the Republican Party of not taking care of those on relief. On the contrary they said that we were too extravagant, we spent too much money, we were too wasteful, and they promised the country that they were going to eliminate extravagance and waste and were going to cut expenditures 25 percent; and they actually did pass the Economy Act in trying to cut expenditures 25 percent. Not one word was heard of anyone being ill-housed, ill-fed, or without clothes until that economy program was abandoned for the greatest spending program in the history of the country. Herbert Hoover does not need me to defend him. However, to accuse the man who fed starving Belgians in 1917 of trying to starve his own countrymen and his people is outrageous and an injustice both to the former President and to the Republican Party.

One of the witnesses testified that he had a letter from Chief Engineer Frame, of the Pennsylvania State Highway Department. It was in response to a question as to whether if it were necessary to require the sponsor to pay one-third the cost of highway construction, using W. P. A. labor, the Pennsylvania Highway Department would be interested. The witness quoted from the letter as follows:

> You can readily see that this department could not agree to a sponsor's contribution of 33⅓ percent of the entire cost of the project, based on W. P. A. labor and supervision, as past performances indicate that the sponsors' contribution in this proportion would be more than equal to the cost of a completed job if performed by department forces or contract.

In other words the head of the Pennsylvania State Highway Department stated unequivocally that in view of the cost of labor and materials for roads constructed under W. P. A., it was less expensive for the department to build roads by contract labor than to pay one-third of the W. P. A. cost as a sponsor's contribution.

In my own State of Michigan, the township board of Glen Arbor, Leelanau County, refused to accept a Federal contribution in connection with the erection of a community building on the ground that it could and did actually erect the building at a cost less than the share it would have had to contribute to obtain the Federal contribution.

In connection with the road in Pennsylvania for which basic plans were changed after construction had been under way for 2 years, a witness testified that $235,500 was spent in the months of December 1935, and January, February, and March 1936.

The witness produced a letter from the W. P. A. administrator in Pennsylvania in which the latter explained:

> This money was spent for snow removal, the payment for lost time for which the workers did not have to perform work, and a small portion was spent in cleaning up along this route. This means that this particular amount of money cannot be applied against any units of work performed in this year.

The Pennsylvania administrator further stated that the policy of paying workers for time lost due to weather conditions prior to June 22, 1936, was based upon a Presidential Executive Order No. 7,046, issued May 20, 1935, wherein it was stated that monthly earnings are in the nature of a salary and workers shall be paid for time lost due to weather conditions or temporary interruptions in the project beyond the control of the workers.

The administrator became even more specific. He added:

> On the basis of both the regulations and policy of the W. P. A., employees performing snow removal work were paid on the premise that they were being paid because weather conditions prevented their performing project duties, and their labor was taken advantage of to clear away dangerous conditions caused by heavy snow. Payment was not for the snow removal but for their absence from the project.

And so we learn that W. P. A. workers have been paid for merely staying away from the project to which they were assigned to work. Of course, no one wants any W. P. A. worker to go hungry because weather conditions prevent him from doing his work. Having assigned workers to an impossible task in the wintertime, the New Deal high command could do no other than to order that they be paid regardless of whether they worked or not. The delinquency is not that of the worker. It is that of the W. P. A. executives in high places who undertook to push such a project at such a time.

When this committee started work there seemed to be on the part of W. P. A. officials in some sections a contempt for Congress and those representing committees of Congress. You undoubtedly read in the papers sometime ago where in the State of Tennessee a State administrator, Colonel Berry, telegraphed his assistant to kick an investigator out of his office. Before the telegram was delivered, however, he lost his nerve and countermanded it by telephone.

In New York State, Colonel Somervell, the State administrator, I believe, in order to show his contempt for the investigators and apparently for the committee, sent each of the two investigators a little silver ball with a little silver screw, indicating that he thought they were screwballs.

When the committee got through with Tennessee and New York no more telegrams nor screwballs were being sent.

In conclusion, I want to express my appreciation for the splendid work done by this committee. I cannot say too much for the gentleman from Virginia [Mr. WOODRUM], acting chairman, and the ranking minority member from New York [Mr. TABER]; in fact, each member of this committee deserves the thanks of the Nation.

I believe they have written a bill which, while far from perfect, will, if passed in its present form, eliminate a great many of the evils disclosed by the testimony, some of which are given here. I believe that the bill as written will not only give the taxpayers more value for the dollars they are spending but will give more dollars to more people who, through no fault of their own, are compelled to accept either direct relief or work relief.

Mr. WOODRUM of Virginia. Mr. Chairman, I yield 10 minutes to the gentleman from Mississippi [Mr. COLLINS].

Mr. COLLINS. Mr. Chairman, I propose at the proper time to offer an amendment to increase the recommendations of the Appropriations Committee for the National Youth Administration from $81,000,000 to $123,000,000—$123,000,000 being the amount recommended by the Director of the Budget.

The amount recommended by the Appropriations Committee, $81,000,000, is substantially the appropriation for the National Youth Administration for the fiscal year that will end on June 30—this month. The figures, so that my statement will not be contradicted, are as follows: The National Youth Administration had $760,000 of unexpended balance, plus $75,000,000 of appropriation, and in addition to that, from four and one-half to five and one-half million dollars of administrative expenses paid, not out of the $75,000,000, but out of W. P. A. appropriations. The three added together amount to about what the Appropriations Committee has recommended to the House for the next fiscal year, or $81,000,000.

Ladies and gentlemen of the Committee, one-third of all the unemployed in this country are those youths between 16 and 24 years of age. One-third of all of the unemployed is in that group.

This morning I telephoned Ray Huff, superintendent of penal institutions for the District of Columbia, and he told me that at the reformatory for the District of Columbia—and that is where felons are housed—the average age of inmates is 23 years. At the workhouse, where those convicted of misdemeanors are kept and where the drunks predominate, the average age is 38. But even in the workhouse the average age of the real criminals is 23.

The same rule prevails in all of the penal institutions in this country, showing that the old adage, "the idle mind is the devil's best workshop," is certainly true with the youth of this country.

Ladies and gentlemen, there are 3,000,000 young people eligible for school aid in this country. Three million of them. And we provide school aid to only 500,000 of them. If the Budget estimate had prevailed, we could have aided 400,000 more of them by enabling them to go to the high schools and colleges of the country, and 200,000 if they were put on work aid. The action of the committee is an emphatic denial of an education they had long hoped for to these 400,000 young men and women. Bear in mind that this activity costs $10 per month. The C. C. C. costs 10 times that much or more. It costs one-sixth as much as work relief. In my opinion, the creation of the National Youth Administration is the outstanding accomplishment of the New Deal. Its benefits cannot be measured.

These young men and women are kept at home. They are instructed by school teachers in their own communities and are under the influence of their parents. They are not housed together in tents or camps—to my mind, always something to be avoided.

Ladies and gentlemen, it is not possible because of lack of time to detail the value of the N. Y. A. A few illustrations will suffice to show the character of people to whom we are giving this small monthly aid.

In North Dakota, out of 262 honor awards, 87 were won by N. Y. A. students, or 33 percent.

In Georgia two out of three scholarships for study in Denmark were granted to N. Y. A. students by the Rotary Clubs.

In Washington State University 8 out of 69 Phi Beta Kappas were N. Y. A. students, or 11½ percent.

In Washington State College 27, or 21.4 percent, of all students elected to Phi Beta Kappa were N. Y. A. students.

In Washington State 97 out of 436 scholarships, or 22 percent, went to high-school students.

The University of Wisconsin reports that of 50 who were elected to Phi Beta Kappa, 12 were N. Y. A. students, or 25 percent.

In a general report that I have been able to get from 20 States, N. Y. A. students are better throughout those 20 States in scholarships than the average.

About 90 percent of all N. Y. A. students who graduate are receiving scholarship awards or Phi Beta Kappa. It is true also that all N. Y. A. students are above the average in scholarship. When you criticize these young people who are working for only $4 to $10 per month you must remember that we are receiving something worth while in return for the meager $3, $4, $6, $8, or $10 per month that we are paying them in order to keep them in school and out of idleness.

Mr. Chairman, let me call your attention to these further facts: No school criticism has been directed against the N. Y. A. There is not a man in this House who has heard a single school teacher or college professor criticize N. Y. A. work. The schools and colleges are unanimous in seeing this activity enlarged. Even schools like Yale, Princeton, and Vassar have accepted N. Y. A. aid for their graduate students, their theological students, their medical students, and students who are poor but who possess outstanding scholarship.

[Here the gavel fell.]

Mr. WOODRUM of Virginia. Mr. Chairman, I yield 2 additional minutes to the gentleman from Mississippi.

Mr. COLLINS. No newspaper criticism has been directed against the N. Y. A. I put in the Appendix of the RECORD, page 2573, a statement giving excerpts from 50 or more of them. If you will examine your daily papers in your own home towns or your own home districts you will find that the newspapers there are unanimous in their praise of N. Y. A.

Mr. Chairman, there is no community criticism of N. Y. A., because the public sees its vast benefits. More than 300,000 of these youths who were on work relief have secured jobs because of the vocation that they were able to learn through aid furnished by this worth-while governmental agency.

No political criticism has been leveled against N. Y. A. Partisans have, of course, criticized Mr. Aubrey Williams. They have criticized Mr. Williams because he is a Democrat and because he is an intense friend of the President of the United States, but no man has criticized the fine work that Mr. Williams or his able assistants have done in the National Youth Administration. It is the best of all New Deal agencies. Its accomplishments will continue to merit the approbation of Americans everywhere who are eager to see its youth directed along right lines. [Applause.]

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I yield 10 minutes to the gentleman from South Dakota [Mr. CASE].

Mr. CASE of South Dakota. Mr. Chairman, let me express my appreciation that the committee has tried really to write a legislative relief appropriation bill. As I go through this bill, it is obvious that there has been more attempt to define the terms under which the money shall be spent than has been true in previous bills.

I want also to commend to your particular attention something that does not appear in the bill, and that is the statement of minority views. At the very conclusion of the statement of minority views in the report you will find a list of 10 or a dozen things which would go to the very heart of a recovery program. If we are ever to solve the relief problem, we must work on the recovery problem.

While I express my appreciation of the attempt of the committee in the main to work out legislative direction for the expenditure of these relief funds, I shall also call your attention to some portions of the bill which deserve special consideration by the Members of the House. It seems to me that in their practical application they will create some unworkable conditions.

I listened to the remarks of the gentleman from Mississippi [Mr. COLLINS], and I join with him in his praise for a great deal of the splendid work that has been done by the National Youth Administration. At the same time, from a parity standpoint, I think this bill does very well by the National Youth Administration. Last year they had $75,000,000. It is proposed this year to give them $81,000,000. It is the only agency which is maintaining or possibly getting a slight increase over the funds appropriated last year.

FARM SECURITY FUNDS CUT

A much more serious situation might be said to exist with respect to the Farm Security Administration. This activity has suffered a real reduction from $175,000,000 last year to $123,000,000. The only sense in which the National Youth Administration could be said to have a cut facing them is that they asked for $123,000,000 this year, which was an increase from the $75,000,000 they had last year; and had they been given this $123,000,000 they would have been given all that is proposed to be allowed to the Farm Security Administration.

The record of the Farm Security Administration, so far as I have seen it under close observation, is one of good administration and one of real help, and one where a great deal of the money expended has gone into real rehabilitation loans that are increasing the ability of the people to take care of themselves.

Mr. HOPE. Mr. Chairman, will the gentleman yield?

Mr. CASE of South Dakota. I yield.

Mr. HOPE. Is it not also true that that is a program which consists mostly of loans which are being repaid in very large measure?

Mr. CASE of South Dakota. Yes; and those loans are being repaid by farmers who have been regarded as poor

credit risks, or people who could not get credit from any other source.

I notice one feature in the bill with respect to the Farm Security Administration, and that is one which will permit them to receive labor from persons instead of giving them direct grants. I approve the spirit of that provision. I know the farmers will appreciate that change, because many is the time a farmer has backed me up against the fence and said: "Why do you fellows in Congress insist that we take this as a grant? We would like to work this money out and pay it back." The provisions of this bill will permit them to come under the laws relating to liability compensation so that they can work instead of taking outright grants. I know this will be received with considerable appreciation.

I have some doubt with regard to the workability of some features of the bill. I call them to your attention because they are going to be problems that Members of the House will face in the practical application of the bill.

THE 45-45-10 FORMULA

In the first place, I want to mention the formula for the distribution of jobs. I am wholly in sympathy with the idea of trying to have a formula which will distribute this work according to the actual needs of the country, but I have some doubt in my mind whether the formula of 45 based on population, 45 on unemployment, and a leeway of only 10 percent is adequate to permit the necessary adjustment to take care of an emergency. If you have a hurricane in New England you may find that the 10 percent may not permit prompt emergency action, and if you have a drought situation the 10 percent may not be sufficient.

A formula of 40-40-20 would seem more workable. I am inclined to believe, from the figures I have been able to find, that this particular formula will create a larger proportion for New York and other large, populous States but will penalize the States of the Middle West. I see a Member shake his head. If that is not correct, I would like to be corrected.

Mr. TABER. If the gentleman will yield, may I say that the opposite would result. As a matter of fact, it would fix things so that there would be a fixed formula and the Administrator would have less discretion, but he would have enough discretion measured throughout the year to take care of an emergency.

Mr. CASE of South Dakota. I tried to find some evidence on this in the hearings, but was unable to do so. I endeavored to locate some tables to show how this would work out. Such examination as I have been able to make raised doubts in my mind, but I am glad to have reassurance by the gentleman from New York.

I wonder if he could give me any reference to tables that will show how that formula will work?

Mr. TABER. I cannot give the gentleman a reference to a table in the hearings. In the Dakotas, for instance, they had more unemployment and that sort of thing than in any other part of the country, even though it is confined to the farms. The unemployment census would rather indicate that situation. If the gentleman will look on page 6296 of the RECORD, he will see that situation pretty well analyzed in a table that I put in the RECORD.

Mr. CASE of South Dakota. I will be glad to look up that table.

Mr. MICHENER. Will the gentleman yield?

Mr. CASE of South Dakota. I yield to the gentleman from Michigan.

Mr. MICHENER. That formula, as I understand it, contemplates normal conditions, not cyclones, hurricanes, or extraordinary occurrences of that kind, to which the gentleman has referred. It seems to me we must legislate for things like cyclones and great catastrophes on a basis by themselves, and we should not and cannot, as a matter of relief, contemplate and provide for what might happen.

Mr. CASE of South Dakota. Except, of course, that the Congress is not always in session when one of these cyclones comes along.

Mr. MURRAY. Will the gentleman yield?

Mr. CASE of South Dakota. I yield to the gentleman from Wisconsin.

Mr. MURRAY. Can the gentleman tell us what percentage of this money has been used for farm relief and what percentage has been used for promoting canning factories, processing plants, and so forth?

Mr. CASE of South Dakota. To what money does the gentleman refer?

Mr. MURRAY. To the money that has been expended of this $123,000,000?

Mr. CASE of South Dakota. All I can say is that in my district there is not a canning factory or anything of that sort that has been promoted with or financed by Farm Security Administration money.

Mr. MURRAY. Does the gentleman think the Farm Security Administration should promote canning factories, processing plants, and so forth?

Mr. CASE of South Dakota. I certainly have not asked them to do so.

NOT ALL FEDERAL PROJECTS ARE BAD

The second thing I am wondering about in the honest attempt of the committee to work out a proper use for this money has to do with the question of Federal projects. I certainly am not here to raise any brief in behalf of the Federal theater project, but I hope that in killing one bad wolf the committee will not kill all the sheep. I call the attention of the Members of the House to the list of Federal agencies on pages 58, 59, 60, and 61 of the hearings—agencies that have carried on good Federal projects.

Every Member has had some of these projects—control of Dutch elm disease, repair of Army posts and Federal buildings, improvement of roads, conservation of water, and so forth. Go through the list of agencies concerned and I am sure that you will feel that regular Federal agencies should have an opportunity to sponsor W. P. A. projects, as well as local or State agencies. When the score is finally written some of the most lasting benefits will be found in these projects. I suggest that we strike out the blanket provision against Federal projects and, on page 6, insert a new paragraph at bottom of the page to read as follows:

(i) The Board is authorized to allocate to other Federal departments, establishments, and agencies, for the purpose of operating projects of the types specified for the Works Progress Administration under paragraph (b) of this section, including administrative expenses of any such department, establishment, or agency incident to the operation of such projects, not to exceed $75,000,000 of the funds made available by such section to such Board and to prescribe rules and regulations for the operation of such projects in harmony with the provisions of this act: *Provided*, That not to exceed 3½ percent of the total amount so allotted to any such department, establishment, or agency shall be expended for administrative expenses: *And provided further*, That none of the funds made available under this subsection shall be used for the construction of any building that exceeds $25,000 in total cost.

Then, on page 14, line 12, we should strike out the comma and insert "and subsection (i) of section 1," which is the amendment above.

These amendments, together with subsection (b) of section 11, which requires a full allocation to complete Federal projects, will prevent the starting of large buildings but will permit the carrying on of constructive, valuable Federal projects that will save in regular supply appropriations.

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I yield the gentleman 1 additional minute.

Mr. CASE of South Dakota. You will note that the suggested amendment on Federal projects would carry out the recommendation against any permitting W. P. A. to construct buildings costing more than $25,000. That is fair enough on Federal buildings, but a different situation exists with respect to small non-Federal building projects in small or rural communities where skilled labor is often not available in large numbers and where a small school building may be the most valuable project that can be proposed and financed.

The result of a fixed $25,000 limitation on non-Federal building projects will be to cripple the construction of small school buildings in districts and in communities where they cannot finance P. W. A. projects. Raising of that $25,000 limitation to $50,000 or $60,000 will affect only about 5 percent of W. P. A. building projects and will permit the only kind of

projects that can be developed in certain communities where any permanent good may result. It will still transfer to P. W. A. or other contract work over 85 percent of all the building construction that W. P. A. has been doing.

Mr. Chairman, I hope the limitation may be raised; otherwise I foresee a new crop of boondoggling projects that will bring about a great deal of criticism of the Works Progress Administration and the entire relief program. [Applause.]

[Here the gavel fell.]

Mr. WOODRUM of Virginia. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. MARCANTONIO].

Mr. MARCANTONIO. Mr. Chairman, I shall ask unanimous consent when we return to the House to insert in the RECORD a letter which states exactly what I did say at the Right-to-Work Congress. The letter speaks for itself.

I now direct my remarks to the resolution before us. With all due deference to the distinguished gentleman from Virginia, may I say that Flo Ziegfeld glorified the American chorus girl and the gentleman from Virginia has glorified Herbert Hoover with this resolution. Every relief doctrine that Mr. Hoover has advocated before and since he left the White House has been incorporated in this bill. It accomplishes what Mr. Hoover has been preaching for a long time. It inevitably takes us back to a leaves-raking relief program, to the dole, and insures the destruction of the W. P. A. program. Is it any wonder, therefore, that this bill and its chief sponsor, the gentleman from Virginia, have received the plaudits of every Tory and enemy of P. W. A. and the unemployed not only in Congress but throughout the country? It is most significant also that those who have voted consistently against the President's requests for W. P. A. funds are the very gentlemen who now so vociferously support the various provisions of this bill.

This resolution, Mr. Chairman, is a complete surrender on the part of the Democrats in this House to the dole and leaf-raking philosophy of the Republicans of 1932. It is a testimonial to Herbert Hoover and more than that it is the child of a marriage between the Hoover Democrats and the Hoover Republicans in this Congress.

Hoover doctrinaire is carried out in section 12 of the resolution. It limits all building-construction projects to $25,000. No socially useful building projects can be undertaken in any of the large or middle-sized cities of this Nation under this $25,000 limitation. Colonel Harrington informed the committee to that effect. Colonel Harrington is an expert on this matter of construction, because not only is he W. P. A. Administrator, but Colonel Harrington has been Chief Engineer of W. P. A. In his statement the day before yesterday to the committee, Colonel Harrington stated specifically that this limitation on building construction would mean that these worth-while public buildings, which are frequently the type of public works most needed in a community, would simply not be constructed and the skilled workers who would otherwise be employed on them would be dependent on direct relief or be forced to take unskilled jobs with the resulting deterioration of their skill. Another victory for easy-chaired reactionaries is found in section 16, subdivision b, which provides that workers who have been employed for 18 months are to be automatically discharged and cannot return except after a period of 60 days has elapsed from the date of their removal and only after they have been recertified. You are not going to correct the situation of having a tremendous waiting list of unemployed duly certified for W. P. A. by kicking workers off W. P. A. without an iota of justification. I disagree with the contention of the chairman of the committee, who feels that these people have tried to make a career out of W. P. A. I do not wish anybody any hard luck here, but if I did want to wish one hard luck, I would wish that he spend 90 days of his life on W. P. A. work and be dependent on W. P. A. and see how long he would want to remain on W. P. A. I say that the average W. P. A. worker does not want to remain on W. P. A. He does not want to make a career of W. P. A. He is anxious to get off W. P. A. If he is on W. P. A. he is on W. P. A. through no fault of his own. He cannot find work and is on W. P. A. simply because private industry does not offer him work. But you kick him out in order to make room for somebody else who is unemployed.

You say that is the solution of the problem of taking care of those who have been certified and have been on the waiting list. That is no solution. That is a Bourbon attitude toward American unemployed. The real solution is to appropriate additional funds so as to care for those now on W. P. A. and those certified and waiting to be put on W. P. A. The real solution is to appropriate sufficient to take care of 3,000,000 workers instead of 2,000,000 workers. I believe it is most regrettable that the administration made a retreat by requesting funds to take care of only 2,000,000 workers. What we need are funds sufficient to take care of 3,000,000 workers on W. P. A. The only progressive position to take on this subject is to support an amendment appropriating $2,250,000,000, which is the sum required to care for 3,000,000 workers. There are many other features of this bill that would bring back the unemployed to the days of apple selling. The earmarking of $125,000,000 for P. W. A. is for all purposes a further reduction of W. P. A. I am ready to vote for P. W. A. funds. By all means P. W. A. is necessary. Bring out a P. W. A. bill and I shall vote for it; but do not rob Peter to pay Paul. Provide for both. Time does not permit me to go into the other Hoover features of this bill. I shall now dwell on the sugar coating placed about this bill so that Congress may swallow it.

How has this tory school of philosophy been made palatable to us? By a very clever line of attack. By "red" baiting and by New York City baiting. Hysteria and prejudice were brought into action. We had here yesterday two star witnesses quoted by the gentleman from Virginia. One of these star witnesses is a man by the name of Edwin Banta. He was used to prove communisn in the writers project. A great deal of weight was given to him by the gentleman from Virginia. The House was aroused to applause by the use of Edwin Banta in support of the gentleman's attack on the writers project. You were made to believe that Banta was a great authority on subversive activities in the writers project. I wonder if the gentleman from Viriginia knows, and I state it on my own responsibility, that Mr. Banta spent time in the psychopathic ward of Bellevue Hospital in New York City, and Mr. Banta is a "screwball" of the first order. Yet we are asked to virtually kill this project simply on the authority of a "screwball" who spent time in a psychopathic ward.

However, I wish to say this in behalf of Mr. Banta. When it comes to being an authority on W. P. A. "screwball" as he is, I believe he is a greater authority on that subject than Mr. Stanley High, who was the other witness used by the gentleman from Virginia yesterday. Everybody who knows Stanley High and the methods he has employed in the past knows very well that Mr. Banta has more sanity than Mr. High has integrity.

Now I wish to emphasize, if I may, the method employed by the committee in dealing with certain groups. With one wave of the hand you abolish the theater project, and let me say it is marvelous the way that is done, the acrobatic feat that was performed by the gentleman from Virginia in regard to the theater project. Let us refer to his speech of March 30. His criticism of the theater project then was that it was making money, that it was in competition with private business and was driving private enterprise off Broadway. Yesterday his criticism of the theater project was that it was not making money, that it was losing money. When it is making money, let us get rid of it, and when it is losing money, let us get rid of it. This constitutes the reasoning for abolishing this project. Yet the committee did not give an opportunity to anybody who had any connection whatever with these projects to come before the committee and defend them.

I have in my hand correspondence in which the committee promised, definitely promised, the Federation of Arts Unions a hearing—and you cannot call this Federation of Arts Unions communistic; of course, some of you will. You

cannot call the Actors' Equity Association communistic, and you cannot call the American Federation of Actors, the American Federation of Radio Artists, the American Guild of Musical Artists, the American Federation of Musicians communistic, although some of you will.

This Federation of Arts Unions, which is composed 90 percent of A. F. of L. organizations, requested of the chairman of the Appropriations Committee an opportunity to appear. And what happened? They were promised an opportunity to appear. I have here two letters, and if I may be permitted to quote from these letters I should like to do so. I read one paragraph from a letter dated May 1 to Mr. Martin Popper, counsel for the Federation of Arts Unions:

> Please be advised that due to limited time it has been necessary to schedule the appearance of witnesses and to limit the time which may be allowed them. While you may be assured that you will be given proper opportunity to testify, it will be necessary to limit your oral statement to 10 minutes.

These people were never given the 10 minutes and this letter was signed by the chairman of the committee [Mr. TAYLOR], for whom I have the highest regard and deepest affection.

Mr. WOODRUM of Virginia. Mr. Chairman, will the gentleman yield?

Mr. MARCANTONIO. I yield to the gentleman.

Mr. WOODRUM of Virginia. We have not finished the investigation, and we are going to give the gentleman a chance to be heard before the investigation is concluded.

Mr. MARCANTONIO. I hope you are going to give him a chance to be heard before you finish your hearings, but before you finished your hearings you have used the testimony which these people wanted to refute, and you used that with an absolute reliance on the witnesses who testified against these projects. You used that testimony before you gave an opportunity to these people to refute the testimony. You condemned these projects before hearing their defenders. If you were going to give them a chance to answer later on, I say you had no right to condemn before hearing the defense.

Then there is another letter here to the same effect, and to date that hearing has not been granted. What good will a hearing do after Congress has killed these projects and thrown these fine people into the streets.

Now, with reference to the Workers Alliance——

[Here the gavel fell.]

Mr. WOODRUM of Virginia. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. MARCANTONIO. I know it is unpopular, perhaps, to stand up here and defend an organization which has been subject to "red" baiting, but when the day comes that I shall abandon a just cause because it is unpopular to defend it, then I shall have lost my right to public office. I say to you gentlemen in all sincerity that the unemployed of this country have a right to organize and they have a right to petition Congress and they have a right to engage in all proper and lawful activity to protect their interests, and that is just what the Workers Alliance has done. You have not as yet submitted one single iota of evidence of illegal, subversive, or un-American activity on the part of the Workers Alliance. Charges were made against the Workers Alliance by disgruntled, irresponsible, and disreputable people before the W. P. A. investigating committee. The Workers Alliance immediately offered to appear and offer testimony to refute the charges made against them. They sent a letter and a delegation. Never were they given the opportunity to defend themselves against the charges that were made. You may place a political label on one leader or two leaders in the Workers Alliance; their political views are their own business in our American democracy; but I challenge you to show me where the Workers Alliance has committed an unlawful act or where the Workers Alliance has committed an act that can be characterized as subversive.

Mr. LELAND M. FORD. Mr. Chairman, will the gentleman yield?

Mr. MARCANTONIO. I cannot yield. I have only 2 minutes.

New York was baited here, but I want to quote from a colloquy between the gentleman from Kentucky [Mr. O'NEAL] and Mayor LaGuardia. It is popular here to "red" bait the Workers Alliance and next to "red" baiting the Workers Alliance it is popular to bait the city of New York, and here is a statement on the part of the gentleman from Kentucky [Mr. O'NEAL], which Congress should have put an end to, unfair and unjust attacks against New York City. "I believe 53 percent is the highest, much higher than nearly all others," and this is the contribution on the part of New York.

Then he asks this question:

> I would like to ask you, from your experience, do you not think that percentage is out of line as between the cities and the States?
>
> Mayor LAGUARDIA. Of course, coming from a city that does pay its share, the answer is obvious.

We are taking care of 170,000 families in the city of New York. We are spending $10,000,000 in the city of New York for direct relief, not only for unemployables, but for employable unemployed who should be cared for by the Federal Government, but who have to be provided for by the city because of reduced appropriations. For the relief of 170,000 families the city of New York contributes 60 percent of the $10,000,000 spent each month. This is the record of the city of New York.

I say, Mr. Chairman, stop this "red" baiting, stop this New York City baiting. Hysteria and prejudice should have no place in a discussion of this most important question. Let us deal with fundamentals. How many unemployed have we in this country? Is it the responsibility of this Nation to care for these unemployed? If it is, then let us take care of them by making adequate appropriations to put them to work on socially useful projects at an American living wage. This, gentlemen, is Americanism in practice.

[Here the gavel fell.]

SUBCOMMITTEE ON THE WORKS PROGRESS
ADMINISTRATION ACTING UNDER HOUSE RESOLUTION 130,
HOUSE OF REPRESENTATIVES, COMMITTEE ON APPROPRIATIONS,
Washington, D. C., May 1, 1939.

Mr. MARTIN POPPER,
Counsel, Federation of Arts Unions,
45 West Forty-seventh Street, New York, N. Y.

DEAR MR. POPPER: Reference is made to your letter dated April 26, 1939, requesting permission to appear before the subcommittee of the Appropriations Committee of the House of Representatives investigating W. P. A.

Please be advised that due to limited time it has been necessary to schedule the appearance of witnesses and to limit the time which may be allowed them. While you may be assured that you will be given proper opportunity to testify, it will be necessary to limit your oral statement to 10 minutes. You may, of course, file a written statement supplementing your oral presentation, which will be considered by the committee.

The committee has not yet set the time when you may appear, but we will advise you as soon as possible and in ample time for you to be present.

Very cordially yours,

EDWARD T. TAYLOR, *Chairman.*

WASHINGTON, D. C., *May 25, 1939.*

Mr. MILTON KAUFMAN,
Executive Secretary, Federation of Arts Unions,
45 West Forty-seventh Street, New York, N. Y.

DEAR MR. KAUFMAN: This will acknowledge receipt of your telegram of May 25, 1939, wherein you request permission to appear before the subcommittee of the Appropriations Committee of the House of Representatives investigating the W. P. A.

You are respectfully advised that this committee will again resume hearings shortly. Please be assured that you will be given proper opportunity to testify. It may be necessary, however, to limit your oral statement to 10 minutes in view of the large number of requests that hearings be granted.

The information you received that the hearings are closed is erroneous and it is hoped that you will so advise your members.

Very cordially yours,

EDWARD T. TAYLOR, *Chairman.*

WORKERS ALLIANCE OF AMERICA,
Washington, D. C., June 14, 1939.

Hon. VITO MARCANTONIO,
House of Representatives, Washington, D. C.

DEAR MR. CONGRESSMAN: We have been checking over our records with regard to the proceedings of the National Right-to-Work Congress, and we find that a mistake was made in one of our releases

which gives a quotation from your speech before the Congress on June 9.

In our release we quote you as saying that you had seen pickpockets and criminals in New York City, and that compared to the W. P. A. Investigating Committee "these pickpockets and New York criminals are honest men."

Actually, in checking back the records, I find that your statement was: "Is the investigating committee going to treat the unemployed and W. P. A. workers like pickpockets and criminals and make people think perhaps that as compared with W. P. A. workers these pickpockets and New York criminals are honest men?"

I am very sorry for this error. I did not get to see the press release before it was issued, and feel that in justice to you I should call this to your attention and let you know that it was unintentional.

Sincerely yours,

DAVID LASSER, *National President.*

Mr. TABER. Mr. Chairman, I yield 10 minutes to the gentleman from Michigan [Mr. HOFFMAN].

RELIEF VERSUS POLITICAL MANIPULATION AND SUBVERSIVE ACTIVITIES

Mr. HOFFMAN. Mr. Chairman, my vote has been cast consistently against the practice of giving to the President whatever sum he might ask for relief, to be administered under his direction.

My objection is not to the granting of adequate relief, for I believe that adequate relief should always be given, but to the practice of letting someone else fix the amount and determine the method of spending.

Whatever may be our opinion as to the President's ability and wisdom, we all know that it has been a physical impossibility for him to administer the vast sums placed at his disposal. Of necessity, he must entrust that task to others selected by him or, worse yet, selected by his subordinates. The expenditure of the funds we grant is not made either by the President or by those he appoints, but by someone well down in the executive department of whose activities the President cannot be personally advised.

Moreover, it is the duty of Congressmen, who are presumed to represent their constituents, to know the extent of the need of those in his district; to determine for himself the amount which should be appropriated; and it is the duty of Congress—a duty which should not be shirked—to see to it that all sums granted are used for the purpose for which they are appropriated.

The whole system is wrong, and we here in Congress, while not responsible for the maladministration, for the political use, of the money voted; for the subversive activities which have been carried on with its aid, are responsible for the granting of the authority which permits the misuse of the fund.

The reason so often given by Congressmen who have voted for these blanket appropriations is that in no other way would the needy be cared for; that we must either take or leave the administration's plan. The foregoing is no reason at all. It is but an excuse for a lack of courage on our part.

When the President declared that an emergency existed and that extraordinary sums must be granted to prevent suffering, to create employment, Congress should have recognized its responsibility and, through the committees of the House, have formulated a plan under which it would have performed its duty of determining the amount and the method of expenditure.

We have permitted the creation and the growth of this system which has become a national scandal, and it is time that we should assume our responsibility and perform our duties as representatives of our people by solving this question of relief, not leaving it to the determination of someone who represents no one in a legislative capacity.

The present bill is much better than those which preceded it, but it lacks the characteristics which would prevent much of the harm from which we are now suffering.

My own idea is that, if the States cannot sustain the burden of unemployment, the Federal Government must necessarily make appropriations to aid, contributions being obtained from the more wealthy and prosperous States to eke out the sums which the poorer, less prosperous Commonwealths can pay.

There should at all times, so far as possible, be a matching of Federal funds by local communities. Such a requirement will tend to lessen the burden on all, prevent suffering and obtain the greatest possible benefit from every dollar expended, for the local taxpayer, who furnishes the money, will be able then to see the manner in which the sums contributed by him are used; to determine for himself whether there is waste, extavagance, whether the amount paid out is sufficient or excessive.

The administration of the relief funds has not only been inefficient, but it has permitted money appropriated to relieve suffering, to create employment, to be used for political manipulation; to further subversive activities.

POLITICAL MANIPULATION

The report of a Senate committee shows conclusively that relief funds were used in several States for political purposes, for the advancement of the interests of certain candidates. In fact, in the Senate it was intimated that such use should be continued for the reason that State funds in one instance were being used for a like purpose. Such an argument is an insult to the intelligence and questions the honesty of every thinking person.

THE WORKERS ALLIANCE

Plants and trees have their parasites which feed upon them. Lice exist upon birds and animals—yes, in some instances, upon human beings who are so unfortunate that they cannot obtain proper food, dwellings, or afford those necessities of life which would enable them to exist in decency.

In the broadest sense, perhaps many professions, such as doctors, lawyers—and I am one—and preachers, because they actually with their labor fail to produce some of the necessities of life—those things which keep us alive—might be regarded as having some of the characteristics of parasites.

Then there are others who live upon money received from the members of organizations to which they contribute not at all.

But in my judgment the lousiest parasite of them all is he who lives upon money taken from the needy, from the unfortunate.

True, the officials of the Workers Alliance and its organizers do not employ directly the lame, the halt, and the blind to solicit funds for them, but they do tell the unfortunate and the needy that they, the unfortunate and the needy, can obtain more by paying these Workers Alliance officials a fee for telling them, the unfortunate ones, how better to show their needs and bring pressure to bear upon Congressmen who are charged with appropriating relief funds.

What is the difference between sending out a blind man, a crippled man, an emaciated child, to solicit upon the street corner and taking a part of his collections, and leading those in need to believe that, by paying a fee, their lot can be improved, if, under the direction of these organizers, the unfortunate bring mass pressure to bear upon their representatives?

If some Workers Alliance organizers and their kind are not parasites, what are they? We appropriate here in Congress funds for relief. Lasser lives in part by taking from those who are in need a portion of what is paid to them to lessen their misfortune.

There are charitable people in every district who can and will ascertain and present to representatives from such district the needs of the worthy who need aid in that district.

We condemned an overhead or service charge which in days gone by was imposed by one corporation upon another for a supervisory service. We should not permit relief money to reach the pockets of those who are engaged in obtaining larger and larger appropriations for more and more people at the expense of the workers, for, if the practice continues, it will bring disaster to all.

Lasser and his kind can best aid in alleviating the misery of our people by engaging in some work which will create callouses upon their hands and feet and give those upon their buttocks an opportunity to disappear. If they want

to be of real use, let them devise some plan that will create and give employment without taking from those who are now working. Contact with the soil, the performance of manual labor, will give them less time to devote to schemes which tend to destroy rather than to build up our country and the welfare of our people.

SUBVERSIVE ACTIVITIES

While there is little, if any, sense in permitting funds appropriated for relief to be used by organizers who engage in political activities, as does the Workers Alliance, it is downright disloyal for us as Congressmen to permit relief funds to be used for subversive activities.

Yesterday, while the gentleman from Massachusetts [Mr. WIGGLESWORTH] was speaking, the gentleman from New York [Mr. MARCANTONIO] challenged him to show that the Workers Alliance was ever engaged in subversive activities.

There was put into the RECORD recently a statement showing the number of Communists who were either members of or officers of some organizations of the Workers Alliance.

Mr. Chairman, in answer to the gentleman from New York [Mr. MARCANTONIO], who just left the floor, I say to him that we from the country do not believe in "red baiting," if by that he means accusations which are unfounded, but we do believe that the truth should be known, at least part of the time. We do not believe in talking against the city folks, and neither do we believe that the city folks should permit the racketeers in New York City, for example, to tax the farmers from my district, from my home county, $1.10 a case for every case of eggs we ship into New York City, after those eggs have passed State and Federal inspection.

Mr. MARCANTONIO. Mr. Chairman, will the gentleman yield?

Mr. HOFFMAN. Yes.

Mr. MARCANTONIO. Let me say to the gentleman, since Dewey has been district attorney and LaGuardia has been mayor of the city of New York the racketeers are being sent to jail every day. If that does not satisfy the gentleman, then we shall make him our district attorney.

Mr. HOFFMAN. But not rapidly enough; and if Mr. Dewey is elected President of the United States we can then oust the present Attorney General, who stands for lawlessness, and under the Constitution, with continued proper activity in the district attorney's office more of them will go to jail.

Mr. McKEOUGH. Will the gentleman yield?

Mr. HOFFMAN. I cannot yield.

Mr. McKEOUGH. I wonder if the gentleman would endorse Mr. Dewey for President of the United States?

Mr. HOFFMAN. I know of no Republican who has been mentioned for that high office who would not be an improvement upon the present occupant.

The gentleman from New York [Mr. MARCANTONIO], who just preceded me, said that the unemployed have the right to organize. There is no question about that. They have the right to assemble, the right to petition, the right to make known their views; but it does not follow that, because they have those rights, racketeers or grafters should collect from those unfortunate people part of the money that we appropriate here for relief and use it for their own purposes. That is an entirely different thing.

It is bad enough to have the money wasted, used for political corruption, as we know it is, but where we appropriate money to buy food and clothing, and to purchase shelter and provide jobs and then find that it is used for un-American, subversive activities, and it is so used—and I address the gentleman from New York—by officials and members of the Workers Alliance, it is worse beyond comparison.

Mr. MARCANTONIO. Mr. Chairman, will the gentleman yield?

Mr. HOFFMAN. Yes.

Mr. MARCANTONIO. Does the gentleman imply that funds of W. P. A. are being paid to Workers Alliance officials? Is that what the gentleman is contending?

Mr. HOFFMAN. I will tell the gentleman what I am implying. I am charging now and here that money paid out of this fund that we appropriate for relief gets into the hands of the Workers Alliance members and is used for un-American and subversive activities. That is what I mean, and I think that is plain enough, and I shall read into the RECORD the testimony to that effect.

I have no way of knowing how many of those engaged in the art project in New York are members of the Workers Alliance. But the record shows that the secretary of a local New York Workers Alliance organization was engaged in subversive activities.

Let me quote for the benefit of the gentleman from New York [Mr. MARCANTONIO] and for the benefit of the House the sworn testimony given on the 20th day of August 1938 before the Dies committee, under oath.

Miss Sallie Saunders, born in Vienna, Austria, a citizen of the United States since 1920, a resident of New York City since 1930, and an employee since March 3, 1936, with the exception of 90 days when she was on leave of absence, of the Federal theater project as an actress, testified, among other things, to the following, and I quote from her testimony, beginning on page 858, volume I, of the hearings:

The CHAIRMAN. You are on the project now?

Miss SAUNDERS. Yes, sir.

The CHAIRMAN. What is the work that you are doing now?

Miss SAUNDERS. As an actress.

The CHAIRMAN. Have you seen with your eyes evidence of communistic or subversive activities on this particular project?

Miss SAUNDERS. I can only say that literature has been sent around to me personally.

The CHAIRMAN. Do you know that Communist literature has been distributed on the premises?

Miss SAUNDERS. Surely.

The CHAIRMAN. On one occasion you were called on the telephone. Will you go into the details of that without going too much into it?

Miss SAUNDERS. Yes, sir. On Decoration Day I received a phone call from Mr. Van Cleave.

The CHAIRMAN. This year?

Miss SAUNDERS. Yes, sir; and he asked me for a date. I lived at the Fraternity Club, and there are a great many men there. I thought it was someone I met at the Fraternity Club. I said, "Mr. Van Cleave, I do not remember you; when did I meet you?" He said, "I was the gentleman who sketched you in Sing for Your Supper." I said, "There were 289 people down there, and I do not know more than 25 of them." He said, "I am the fellow who was sketching you." The day before I had noticed a Negro making a sketch of me as I was dancing. He shoved the sketch in my face. I did not know his name and did not know anything about him. All I knew was that a Negro had sketched me. I signed out and left the building. At first I thought it was someone trying to play a joke on me and I became very angry about it and asked how he got my telephone number. He said that he took it from a petition blank or a petition to President Roosevelt which we all signed regarding the $1,000 pay cut. He took my name and address from that petition.

Mr. MOSIER. How did he know that was your address?

Miss SAUNDERS. He was one of the committee passing it around.

The CHAIRMAN. After that time, when he asked permission to make a date with you, did you report it to the supervisor?

Miss SAUNDERS. I reported it to Mr. Hecht.

The CHAIRMAN. What did Mr. Hecht say to you?

Miss SAUNDERS. He said, "Sallie, I am surprised at you. He has just as much right to life, liberty, and pursuit of happiness as you have." He said, "It is in the Constitution." I said, "Mr. Hecht, that happens to be in the preamble to the Constitution."

The CHAIRMAN. Let us not go into that. We know there is feeling in the matter, and we have to be very cautious about race feelings. You reported it to him, and he advised you, in effect, that he was in favor of social equality?

Miss SAUNDERS. According to the Constitution, and there was some press clipping about equal social rights.

The CHAIRMAN. Did you report it to anyone else?

Miss SAUNDERS. I talked it over with Miss Coonan, and she was appalled. I requested for an immediate transfer, which was granted. I then reported the matter through a personal friend to Senator PAT HARRISON.

The CHAIRMAN. Who was Mr. Hecht?

Miss SAUNDERS. Mr. Hecht is in Sing for Your Supper.

The CHAIRMAN. An employee of the Federal project?

Miss SAUNDERS. Yes, sir.

The CHAIRMAN. I think that is far enough. Is he connected with the Workers Alliance?

Miss SAUNDERS. Mr. Hecht is of split nationality. He has a card in every organization which has the most power at the moment.

Mr. MOSIER. What is his full name?

Miss SAUNDERS. Harold Hecht.

The CHAIRMAN. Did you report it to Trudy Goodrich?

Miss SAUNDERS. She is a secretary of a Workers Alliance division, and she came to me of her own accord. She said she felt very sorry that I felt that way about it, because she personally en-

couraged Negro attention on all occasions and went out with them or with any Negro who asked her to.

Mr. STARNES. Did she say that it was the policy of the Workers Alliance to do that?

Miss SAUNDERS. She did not say that; but she is a representative of that party, and they hobnob indiscriminately with them, throwing parties with them right and left.

Mr. STARNES. Is that a part of the Communist program?

Miss SAUNDERS. Yes, sir; social equality and race merging.

The CHAIRMAN. I think that is all. I thank you for your testimony.

"Trudy" is getting a part of this money that we appropriated to buy shoes, clothing, food, shelter, and fuel. "Trudy" goes out with any Negro who asks her. Undoubtedly, as this official said, she exercises her right to "life, liberty, and the pursuit of happiness." But there is no reason why women and men who work for a daily living should furnish her the money to exercise her right to the "pursuit of happiness."

I was raised near the end of one of the "underground railways" which during prewar days ran from the South to points in the Northern States, over which slaves made their escape, and in one or two townships near my boyhood home the population was predominantly—as we called them—colored people. I went to school with colored boys and girls, sitting in the same classroom with them. My earliest boyhood business venture—catching fish and selling them to sportsmen—was conducted with the aid of a partner who was a colored boy. I played on a high-school baseball team where five of the nine regular players were colored boys. But I venture the statement that very few decent colored or white people believe in intermarriage or in social activities which would tend in that direction.

The things advocated in the testimony to which your attention has just been called are in keeping with the well-known belief that Communists teach and preach—that we do not need churches; that there is no God and that religion is a farce.

I learned, too, in the daily papers during the last campaign that the Communists in Michigan endorsed Attorney General Frank Murphy, when he was a candidate for Governor; that they withheld making nominations in order to further the interests of the New Deal.

I learned more recently that Browder, their candidate for President in 1936, had endorsed Roosevelt for a third term.

Newspapers here advised us that the First Lady of the land attended the convention of the Workers Alliance here in Washington, and by her presence, if she did not sanction, at least she did not disapprove, their activities.

I have yet to learn that Murphy or the President of the United States has repudiated the support of the Communists. Some say that we should not criticize these high officials. Perhaps we should be less critical of them than of others. Nevertheless, if they seek or if they receive support from those who believe in the doctrines to which I have just made reference and they receive that support without a repudiation of those doctrines, they should accept willingly the odium which other people attach to such theories.

The time has come in this country when everyone should take a stand; when he should let all know whether he is for or whether he is against our form of government.

ACTIVITIES WHICH TEND TO NULLIFY THE BENEFITS OF RELIEF APPROPRIATIONS

It is futile to appropriate money to create employment as long as we permit other agencies to create unemployment. Read the article in this week's Collier's by Flynn, showing how, by continually increasing wages and the cost of building construction, that industry is employing less and less men, destroying the jobs on which otherwise men might work.

John L. Lewis and his United Mine Workers have almost ruined the soft-coal industry. By collecting dues and special assessments from the United Mine Workers, Lewis is attempting to extend his rule over the motor and other industries. His purpose is to bring every worker under his jurisdiction, where he can compel every man and woman who works to pay tribute to him.

He talks about the meager and inadequate wage paid to the man who toils, but he was voted a salary of $25,000 a year, and at times has had as much as $1,000 expense money per month. The scale on which he lives is not in keeping with his words. He moves in high official society. His United Mine Workers, for the most part, live on wages which he so often claims are inadequate.

While we vote money to create employment, he insists upon taking from those who are working a part of their wages. He uses the funds so collected in such a manner as to create more unemployment.

Just this week he is quoted in the newspapers as stating that there were 11,000,000 able-bodied workers unemployed. He further said in substance that Congress had done "worse than nothing" to solve that problem.

He asserted, if the newspaper article be correct, that the agencies of Congress had been busying themselves "tearing the vitals" out of measures for the unemployed.

The truth of the matter is that Lewis and his C. I. O., with their sit-down strikes, with their strikes demanding that only C. I. O. members be employed, that all others get off the job, have been one of the main factors contributing to and causing the continuation of unemployment.

Today in the State of Wisconsin, where, because of the radical policies of the La Follettes, some 159 men paying an income tax per annum of more than $300,000 have been driven to seek legal residence elsewhere, where some eight or nine big industries have been driven from the State, there are more than a thousand men idle in the Allis-Chalmers plant because Lewis' affiliates insist that no man can work there until he has paid tribute to John and the C. I. O.

"Tearing the vitals" out of measures for the unemployed, says John of Congress. Oh, no; Lewis and his communistic C. I. O. have been tearing the guts out of industry ever since they seceded from the A. F. of L. and he and his communistic C. I. O. would wreck the A. F. of L. and all decent, patriotic, independent unions.

Lewis is further quoted in the press of the 13th of this month as saying:

When a nation is in crisis, and no leadership appears which can resolve the crisis, the people become disheartened; they turn to the dangerous and irresponsible who, for the sake of power, offer benefits they cannot deliver.

It is true that in times of crisis the people become disheartened. They turned in 1932, because they were disheartened, to a New Deal President, who made many promises which he later disregarded; and, having been disappointed in that President, elected by that great, overwhelming majority, they did, and I quote—

Turn to the dangerous and irresponsible who, for the sake of power, offer benefits they cannot deliver.

Yes, many misguided workers turned to Lewis and to his C. I. O., who, again using the words of Lewis—

Offer benefits they cannot deliver.

Lewis has done much to increase and to continue unemployment and we here in Congress, in my humble judgment, are shirking our responsibility by our failure to amend the Wagner law; to put a crimp in the activities of Lewis, who seems to assume that he has a license to levy tribute upon everycne who would earn an honest living. [Applause.]

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. HOFFMAN. Can the gentleman give me some more time?

Mr. DITTER. I am sorry, but all the time has been allotted.

Mr. HOFFMAN. I am sorry, because there is plenty more of it, and I will put it all in the RECORD.

Mr. DITTER. Mr. Chairman, I yield 10 minutes to the gentleman from Massachusetts [Mr. GIFFORD].

Mr. GIFFORD. Mr. Chairman, 10 minutes is too short a time for any real discussion of this problem. I desired time to bring back to your memories the proceedings of the last 6 years on this matter of relief.

This bill brings a ray of sunshine. I cannot recall such a changed attitude as is now appearing on the part of some Members present. I ask you new Members, if you will, to read the last 6 years of debates on relief, and then if you can recognize in them the gentleman from Virginia [Mr. WOODRUM] you will fully appreciate my reference.

I love that gentleman. He knows it. I appreciate his great abilities. He was formerly the most valiant fighter on the floor of the House for furnishing the administration with a blank check. Formerly he could see very little wrong with the program. While I have been representing the Committee on Expenditures, I have had a hard time with the gentleman. Only 2 years ago he could see only one-seventeenth of 1 percent of boondoggling projects. Only a year ago he questioned Mr. Hopkins and came before the House giving him a clean bill of health, even on political activities. Oh, he was a valiant fighter until he was purged on committee assignment the first of the year. [Laughter.] But at the same time I appreciate him more than he knows. Still having in mind the thrusts that I received from him in my activities, I have a desire to bring to your mind his seeming change of heart. Yesterday he had plenty of fault to find; plenty of criticisms and suggestions, and he acknowledged—

> This is the first attempt that the Congress has made to write into the law matters of W. P. A. policy.

Heretofore it has been a blank check; and he often portrayed the 1933 situation. How effectively he pictured the country having fallen into those evil days because of Republicans! I now want him to read the biography of his great Senator from Virginia, if he has not already done so, wherein it proves that practically the whole banking crisis was brought about from the election to the inauguration of Franklin D. Roosevelt. Read it and like it!

Someone suggested yesterday that the Committee on Expenditures had been asleep on these investigations. If you will read the RECORD for the last 6 years you will find that some of us were not asleep. Some of us have had plenty to say about it. Some of us have shown these conditions quite accurately, I am sure, and it is pleasing to me, pleasing to the Republicans, that at last they have awakened and are willing to do something about correcting this problem of relief.

Mr. WOODRUM of Virginia. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. I am glad to yield to the gentleman from Virginia.

Mr. WOODRUM of Virginia. I am somewhat concerned about the gentleman's situation and condition, and want in good humor to suggest to him that when I was a child I used, upon occasion, to be afflicted with what is apparently troubling the gentleman now. Mother would give me paregoric for it, and it seemed to be a very efficient remedy.

Mr. GIFFORD. Mr. Chairman, that was a very brilliant remark. The only sort of reply in which the gentleman can take refuge. I have not taken many doses of paregoric. I am not put to sleep in that fashion.

Mr. WOODRUM of Virginia. I think if the gentleman would take some it would help him.

Mr. GIFFORD. I may say to the House that that appears to be the gentleman's usual method of replying on these occasions. I am always in good humor; I simply do not appear to be. I may have a bellyache. The Nation has a decidedly severe bellyache, and the paragoric administered in wholesale doses by the New Deal has only increased its painful condition.

Mr. ENGEL. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. I yield.

Mr. ENGEL. I would think rather that the country needs paragoric for the legislative indigestion we have had in the last 2 years.

Mr. GIFFORD. If paragoric is the cure, we have had plenty of it.

Mr. HOFFMAN. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. I yield.

Mr. HOFFMAN. Does not the gentleman think the gentleman from Virginia is doing a mighty fine thing, bringing in a better bill?

Mr. GIFFORD. I think it a marvelous change of attitude. I shall be glad to vote for the bill. Heretofore he has heckled me and others seriously because we found fault with features of the bills and always said, "Well, why vote for it? Are you afraid not to vote for it?" And I have had to answer, "It is the only bill we have; he is the only President I have, and I must vote for this or nothing."

I favor relief. I believe in relief probably more than he does, judging from his remarks on the floor of the House. I have no trouble in making my neighbors believe that I have a proper viewpoint toward relief; but what a change of attitude yesterday. I cannot yet understand it. The minority views are largely accepted. No more of Mr. Hopkins. You now want a board of three. That is quite a change; and you say now that you are to allocate percentages to the various States; you are to demand larger amounts from the sponsors of projects; and you have cut out and reduced many activities. It is all highly interesting to me, having borne the battle of criticism because of my duties on the Committee on Expenditures.

You often try to tell me, because I criticize somewhat, that I am against it all; yet now I find you coming over to our way of thinking. I am sorry, however, that we must continue to vote such tremendous appropriations. When will this administration wake up? Why not remove the deterrents from private business, those real and psychological deterrents that deprive the people of private jobs? Why will you continue these destructive policies? Remove these and this problem of relief will largely disappear. The Nation cannot much longer endure this spending and borrowing, and the great spender cannot "laugh it off" indefinitely.

Mr. SIROVICH. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. I would like to yield but I have not time.

Mr. Chairman, I want to speak of that paragraph in particular which says that any person on relief rolls or on W. P. A. who is offered a private job must take it or his name will be stricken from the rolls. We should amend this section to make it practical and workable. How are you to enforce it? The welfare boards certify the reliefers. The list goes to a city far away, and when a project is suggested and perhaps 20 workers are needed the Federal official in that distant city sends 20 men, not of those who need relief the most, but just 20 workers picked largely at random. Suppose you need a man to do a couple of days' work. You go to the foreman. The foreman says, "Why the mason cannot work without helpers, and you will disrupt the work on this project. We cannot let the man go."

Would the man offered a job convict himself by reporting this offer of work? You cannot accomplish results under a Federal bureau situated many miles from the community where the project is being carried on. The intent is commendable and the language is simple, but it will not work out satisfactorily unless further instructions are given. This is yet a democracy. You will have politics in local relief, but you had better have it that way than to have the politics that are carried on by present relief administrators. I am glad to see that paragraph in the bill. Let us make it really workable. I ask you gentlemen: Would you go to a W. P. A. worker who has been on the rolls for a couple of months and say to him, "I have a few days work for you. I demand that you leave W. P. A. or I will report you?" You would not think of doing it, would you? No; for the poor man would have a difficult job in getting back to work although eligible. His place will have been filled. [Applause.]

[Here the gavel fell.]

Mr. WOODRUM of Virginia. Mr. Chairman, I yield 10 minutes to the gentleman from California [Mr. VOORHIS].

Mr. VOORHIS of California. Mr. Chairman, I want to speak on what I am going to call the real works program.

I want to point out that this program has been, over a period of time and due to economic conditions in this country, perhaps the greatest single employment program in all history.

At the outset let me say that ever since I came to Congress I have been urging the passage of a bill setting standards for this program and laying general lines for it to follow. I have always believed Congress should do this and put the program on a long-range, stable basis, improving it, of course, where it needs improvement.

I want to point out that this Works Progress Administration has been called upon at all times to hire a portion only of those people who could not find jobs in private enterprise; that from time to time great groups of people have had to be dismissed from employment because the Congress appropriated only such and such an amount of money; then, all of a sudden, some great numbers would have to be added to the rolls because of a larger appropriation. I want to point out that not a single project can be undertaken by this Works Progress Administration unless sponsored by a local agency. All I am pointing out is that we have made a great, far-flung effort to meet unemployment in a decent manner, and it has been done very well on the whole, and against tremendous odds.

Mr. Chairman, may I remind the House that New York City is not the United States, and that isolated instances where things have been wrong, as I admit they have in a few cases been wrong, do not constitute anything like a true picture of this great program.

THE REAL W. P. A. WORKER

The person I am interested in is the one I am going to call the average project worker. He is not a hypothetical individual to me. He is a man in whose home I have been and he has been to my home. He has come to my office to ask if I cannot help him get a job in private industry and get off of the program. He has come to ask if I cannot help him be sure he can keep his W. P. A. job so that he will not have to go on direct relief. He has never come to ask less work and more relief; he has always come asking more work and less relief.

What kind of a man is he? He is a man about 48 years of age on the average. He is a man who in many, many cases has lost his job in private industry because of being that old. He has a wife and family, is usually renting a place or trying to hang on to the little home he has. He is no more a Communist, Nazi, or anything like that than you and I are. He is a good, earnest American who is trying his best to prevent going on direct relief. He does not want to.

THE QUESTION

The question that we have to decide over and over again when we face these propositions is whether we are going to "spend" this man in order to save money and make dollars valuable or whether we are going to spend money and take pains to have a good program in order to save him and make American lives valuable.

THE GOOD THINGS WE DID NOT HEAR

We might have heard in the course of this debate, but I have not heard it, about the miles of road that W. P. A. workers have built. We might have heard about the schoolhouses they have built, and about the community centers they have built. We might have heard about the flood-control works they have built. We might have heard about the national emergencies in which they were called out and rendered great assistance. We might have heard, in connection with some of the white-collar projects, about the community-center developments and the art projects. We might have read the New York Times, which published about the Federal Theater Project, the following:

Although the Federal Theater is far from perfect, it has kept an average of 10,000 people employed on work that has helped to lift the dead weight from the lives of millions of Americans. It has been the best friend the theater as an institution has ever had in this country. It has brought the theater and people together realistically. In short, it deserves to be rescued from partisan politics which, on the one hand, are creeping into its administration and, on the other, are threatening to put it out of business.

Mr. Chairman, I have never seen a play by a Federal Theater Project in my life, but I do think that constructive kind of evidence ought to be submitted.

We should have heard also about the millions of people, who throughout the years have been saved from relief, from defeat, from helplessness, with their skill preserved, and a lot of things like that.

Mr. DEMPSEY. Will the gentleman yield?

Mr. VOORHIS of California. I yield to the gentleman from New Mexico.

Mr. DEMPSEY. In connection with the Federal Theater Project, the Dies committee investigated that situation very thoroughly. So far as the director of that project is concerned, she came voluntarily to the committee and gave us free, clear testimony. She is not a Communist, nor a "fellow traveler." She is a highly efficient, splendid American woman. [Applause.]

Mr. VOORHIS of California. I thank the gentleman.

Mr. Chairman, we have heard something about the States taking advantage of this program. May I say a word on behalf of my own State of California? Some figures have been submitted to me a couple of days ago from the State of California and we find that out of every hundred employable unemployed people duly certified and ready to go on W. P. A., 45 of those people are being carried right now by our State relief administration in addition to all the direct relief load which our local agencies are carrying. Therefore I do not believe the State of California has taken advantage in any way at all. I am also proud to state that in the southern California administration district, the administrator of that district informed me a few days ago that he had succeeded in the last 3 months in cutting his administrative expense by the amount of $12,000 a month. This corresponds to other work that Colonel Harrington is doing all over the country where we find that the administrative expense which formerly was $72,000,000 per year has been cut to $45,000,000.

NO POLITICAL ADVANTAGE TO BE TAKEN OF WORKERS

On page 28, paragraph (b), you will find the following language:

(b) Except as may be required by the provisions of subsection (b) of section 31 hereof, it shall be unlawful for any person to deprive, attempt to deprive, or threaten to deprive, by any means, any person of any employment, position, work, compensation, or other benefit, provided for or made possible by this title, on account of race, creed, color, or any political activity, support of, or opposition to any candidate or any political party in any election.

Mr. Chairman, I am in favor of that provision. I think it is protective of the worker on the project and I believe it is a good thing to have that provision in there. May I say very plainly, as I have said before, if there are cases, as has been charged, where the Communist Party or any similar group has managed to get control of these projects so that it could favor its own members and discriminate against others, then the administration in charge of the W. P. A. should act at once and in no uncertain terms to clean up such situation. I have absolute confidence that Colonel Harrington is the type of man who will do exactly that thing. I am just as much against that as any Member of the House. In fact, I am more against that than some gentlemen of the minority who can only find two or three instances, and may wish they could find more so it would be easier to discredit the whole program.

What we are trying to do in this country is solve a great economic problem and make a great adjustment to the difficult conditions of the machine age. It is going to take time, because we live in a democracy and are devoted to democratic methods. While we are taking time to solve that problem in a democratic manner, we must see to it that the burden of our failure or our inability to solve it more quickly does not fall with crushing weight on any group of people. Our first duty is to those people who are most helpless economically. I believe there is a divine justice in this universe which

will keep the destiny of any nation which determines to do that and which will eventually strike down a nation that tries to ride on to prosperity and leave one-fifth of its people behind.

A PROGRAM FAIR TO ALL

I want a fair program, without any political interference and without discrimination against people on that ground. I think I am selfish in this, because my own personal experience about that matter has been that the Republicans have been far cleverer at utilizing politically our supposedly Democratic administration set-up than the Democrats have been. That is only my own experience.

In this bill we have provisions to protect W. P. A. workers from being used politically by anybody. I believe these provisions are, on the whole, good, and I am glad the committee put them in the bill. I am glad they put in the bill the provision that any supervisor should take an oath of allegiance to the Nation. I do not believe anybody will object to that.

W. P. A. SHOULD CERTIFY

I wish the committee had gone a little bit further in the matter of certification. As a matter of fact, I wish we could have a program where the W. P. A. did its own certifying of people instead of being dependent on local agencies to do that certifying in certain cases. If you analyze the situation, that is really the thing the gentleman from Massachusetts and the gentleman from New York complain about. It is not the W. P. A. that is at fault, it is the local certifying agency in most cases that they have complained of.

Now there is a provision at the top of page 19 that I think is much too severe. It says no one in receipt of any social-security benefits can work on W. P. A. Such a provision assumes that payments to mothers of dependent children, for example, are enough to keep body and soul together, which just simply is not the case. Theoretically, those mothers should be able to stay at home. Actually, they may need W. P. A. work as desperately as anyone in all America.

Mr. BATES of Massachusetts. Mr. Chairman, will the gentleman yield there?

Mr. VOORHIS of California. I am sorry, I wish to complete my statement. I will try to yield in a minute.

A GOOD PROGRAM

I want a good program, one the people will be proud to work on, one that will accomplish as much good as possible. I believe the requirement in the bill for 130 hours a month is all right. I think it probably could have been done before.

I am in favor of the provision that people hired on projects shall be able to perform the work in a satisfactory manner, though I must strongly point out that this in turn makes necessary a wide variety of projects and is one of the very strongest arguments for the continuance of the white-collar and arts projects since these provide for people who cannot do other types of work effectively in most cases.

The provision that a W. P. A. worker who takes private employment shall be "entitled to immediate resumption of his previous employment status with the Works Projects Administration" when he loses the private job is very important, and, if it can be carried out effectively, will do more than anything I know to remove barriers to people getting off W. P. A. whenever possible.

But the committee's provision that W. P. A. projects be limited to $25,000 each is, to my mind, exactly the wrong thing to do. Wherever a community can do so I think it should use P. W. A. instead of W. P. A. for heavy construction. But I have said I wanted a good W. P. A. projects program—one that will add to our national wealth as much as possible. This $25,000 limitation makes that sort of program impossible and will mean a return to leaf-raking and similar things, which in turn will give the dole advocates another talking point against work for the unemployed.

Furthermore, the flat requirement that everyone who has been employed more than 18 months must immediately be fired will not only mean that some 600,000 heads of families will have to be put back on a dole within a few days but will also give the Administrator an utterly impossible task. Not a project in the Nation but will be to some degree disrupted by this arbitrary requirement. And does anyone think that anyone getting W. P. A. wages can possibly have saved up a thin dime to tide him over the 60-day period required before he can even get consideration to get back on the program? I know what the committee is driving at, I think. They will argue that since—tragically enough—there has never been nearly room enough on W. P. A. for all who needed the work, therefore it should be passed around, and those who have had it longest should from time to time give way to others in equal need. Just what the people laid off will do I do not know, but I suppose I must admit that without question others are in as great need. I shall offer an amendment to this section which will be administratively possible and which will at least eliminate the terribly harsh requirement of the committee that all of a sudden some 600,000 families must tighten their already very tight belts and go for 60 days without work for their breadwinners.

ALERT, STRONG ADMINISTRATION

I want an alert, strong administration, too, and that is exactly the kind I am convinced Colonel Harrington is going to give us. I have already submitted evidence, and so have other Members, to prove this.

THE MAIN QUESTION

But most of all I want enough jobs to meet the needs of these people—several thousands of them in my own district, my friends, people I know well. I want them to have a chance to work, to help build America—a better, finer America—and, Members of the House, the older people now on W. P. A. just cannot look forward right away to any other job. So I will vote for the Casey amendment, which will give these jobs which I know are needed so much.

WHAT THE BILL MEANS

This bill as it stands will make necessary a 40-percent cut in W. P. A. rolls from last March to next September 1. If the P. W. A. funds are to be taken out of W. P. A., this cut must be that much deeper.

The bill has economized at the expense of our young people, too. N. Y. A. has certainly not been an expensive program. One hundred and fifteen dollars per year per young person has helped thousands through school and thousands more to prepare for jobs. Here, if anywhere, in maintaining the morale of our young people, we have an evident patriotic duty. I shall therefore certainly support the amendment of the gentleman from Mississippi [Mr. COLLINS] to restore the Budget figure for N. Y. A.

I could go on, Mr. Chairman. I have studied this bill carefully. It has some good provisions and some that I think are wrong, because they would hurt this works program terribly. I have not spoken of the most vital work of farm security nor of P. W. A., for which I believe we must pass a special bill before this session closes instead of trying to deal with it in left-handed fashion in this bill.

May I conclude by saying that no one in the House is more interested than I in solving the problem of our Budget and of the increase of business activity and production. But that solution will never be found in cutting people off from their livelihood or in trying to pretend that Congress can escape a terrible responsibility in these matters. I might wish we did not have such a responsibility. I have argued here for measures which I am sure would go far to solve this unemployment problem. But so long as we have that problem we cannot run from it or shut our eyes to it. We must face it courageously. [Applause.]

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I yield 15 minutes to the gentleman from Kentucky [Mr. ROBSION].

Mr. ROBSION of Kentucky. Mr. Chairman, I wish to commend our colleague [Mr. WOODRUM of Virginia] and other members of the Appropriations Committee for the information they have brought to us through their investigation of

the relief problem and for what I consider constructive amendments in the administration of relief and the safeguards that they have thrown around those who need relief. It is the purpose of Congress and the taxpayers to provide relief money to those who need relief. The people of the Nation desire that politics, partiality, chiseling, and fraud be taken out of relief. We must not permit politics to capitalize human misery.

I saw relief funds in action to control the votes of needy people in my congressional election in 1934. It was more in evidence in the Governor's election in Kentucky in 1935. I saw it used even in the county local option election in my own district in 1935. And every time a relief bill has come up for consideration since that time I have denounced such action and urged provisions in the relief bill that would protect the needy people as well as the taxpayers of the country against such unlawful and contemptible practices. The use of relief funds in this way has developed into a national scandal. The Congress provided for relief for the fiscal year beginning June 30, 1938, and ending June 30, 1939, approximately $2,200,000,000. This was $740,000,000 more than was used for relief the previous fiscal year, yet the President and those in charge of relief were demanding more and more relief money.

The use of relief money for corrupt political purposes reached a new high in the political campaigns in Kentucky and the Nation in 1938. As some evidence of the way it operated, Pennsylvania, with 9,000,000 of population, received $14,000,000 or more of relief money, a sum in excess of that received by 11 of the so-called Southern States, with a population of 28,000,000. New York City received more relief than the 11 Southern States. The relief money was poured out most generously in the so-called big Republican States of the North and East. Of course, a large part of the money was used in attempts to dominate and intimidate and corrupt the voters of those States.

You recall we had a very hot senatorial campaign in Kentucky. Our Democratic Governor was a candidate against a Democratic Member of the Senate for the Democratic nomination in the primary held August 1938. . On May 23, 1938, Judge Brady M. Stewart, State campaign manager for Governor Chandler, wrote a letter to President Roosevelt making a strong appeal to him to stop the scandalous action of those in charge of the W. P. A. in Kentucky. Mark you, Judge Stewart was not and is not a Republican. He is an outstanding Democratic leader from Senator BARKLEY's home town. Among other things, he stated to the President:

You—

Referring to the President—

will not countenance the use of the taxpayers' money, set aside to feed the hungry of the Nation, to be employed in this Commonwealth in such a manner as to create a public scandal.

Judge Stewart evidently was wrong in this assumption, because so far as the record disclosed, the President took no action to prevent this very thing.

Judge Stewart states further in his letter to the President:

For the first time in our observation the Works Progress Administration, which was conceived and established to feed the families of the unemployed, irrespective of the politics, race, or creed of those to be served through its directing heads, is seeking to drive hungry and destitute people to vote for a certain candidate for office. Meetings and conferences have been held in practically every county of the State by keymen in places of importance with the Works Progress Administration, at which definite instructions were given to selected agents that no one should be placed on Federal relief except upon the advice of Senator BARKLEY's campaign managers in the respective counties. Furthermore, these same agents have been required to inform all those individuals who seek Federal assistance that unless they are for the candidate for Senator whom the heads of the relief administration are supporting, there will be neither relief funds nor jobs for them.

Employees of the Works Progress Administration have been approached for campaign donations for Senator BARKLEY, and they have been sharply informed that if they did not give the amounts demanded they would be discharged immediately from their jobs. Very competent men and women have been released from the Works Progress Administration because they would not consent to use their positions and influence to force people to vote for Senator Barkley. Republicans have been instructed by agents of the Works Progress Administration to change their registration and vote for Senator BARKLEY on penalty of being released therefrom in case of refusal. Works Progress Administration trucks are being used openly to haul relief workers to the county court clerk's office to register.

And Judge Stewart further says:

Persons are being employed who do no definite work, but are instructed to spend their entire time in political activity. Practically every Federal project is topheavy with foremen, part of whom confine their time and attention to keeping certain men definitely in line for Senator BARKLEY, part of whom spend their time checking up on the loyalty to Senator BARKLEY of men already placed on the Works Progress Administration, and part of whom spend their time going from one section of the State to another on definite political missions. A tremendous waste of money is the result of this arrangement.

Judge Stewart further continues in his indictment:

* * * It is unthinkable that any relief agency of the Federal Government engaged in a charitable and humanitarian task would be deliberately prostituted by politicians for the benefit of a man seeking office. The Works Progress Administration in Kentucky has been converted into an out-and-out political machine, dedicated over and above all other considerations to reelecting Senator BARKLEY. Those with starving mouths to feed are forced to surrender their one remaining privilege of choosing for whom they shall vote, otherwise they and their dependents must go hungry and naked.

Judge Stewart speaks of it as "a public scandal," and he comments:

It is unthinkable that any relief agency of the Federal Government, engaged in a charitable and humanitarian task, would be deliberately prostituted by politicians.

He concludes his bitter indictment by using these words:

Those with starving mouths to feed are forced to surrender their one remaining privilege of choosing for whom they shall vote, otherwise they and their dependents must go hungry and naked.

Judge Stewart points out—

Persons are being employed who do no definite work but are instructed to spend their entire time in political activity. Practically every Federal project is top-heavy with foremen. Part of them confine their time and attention to keeping certain men definitely in line for Senator BARKLEY, and part of them spend their time going from one part of the State to another on definite political commissions.

Judge Stewart further stated that keymen were given places of importance in W. P. A. with definite instructions to select agents. The instructions to these selected agents were that no one should be placed on Federal relief except on the advice of these campaign managers in the respective counties. And these agents—W. P. A. officeholders and keymen—were required to inform all individuals seeking Federal assistance that they could not secure this relief or assistance unless they supported this candidate. I took occasion in June 1938, in a speech on the floor of the House, to point out what was going on in Kentucky, and I then placed in the RECORD Judge Stewart's letter to the President.

These scandalous and utterly despicable and heartless methods of coercing the voters, of depriving poor people of the liberty of action in voting for their representatives and wringing dollars from the meager incomes of those on W. P. A., were further exposed by the reporter of a newspaper syndicate. He submitted names, cases, and circumstances and supported his statements by affidavits. Did the W. P. A. or the President of the United States move to remedy the situation and punish those guilty of preying upon these poor people on relief in Kentucky? They did not. Hon. Harry L. Hopkins, W. P. A. Administrator, together with Hon. George H. Goodman, W. P. A. administrator for Kentucky, investigated these charges and denied everything and promptly found themselves not guilty. They were unable to find anything wrong in the administration of W. P. A. in Kentucky, yet it was so notorious and open that a person deaf, blind, and dumb could have known something about it. The Senate Investigating Committee, under Senator SHEPPARD, a Democrat of Texas, found ample evidence of conditions in Kentucky to support the charges in the newspaper referred to, but Mr. Hopkins and Mr. Goodman promptly disagreed with the Sheppard committee. They insisted

there was nothing wrong with the administration of W. P. A. in Kentucky. They claimed that the administrators and foremen, overseers, timekeepers, and superintendents were not working in the interest of Senator BARKLEY. To support their plea of innocence, the Sheppard committee was furnished copies of orders and letters sent out by the Kentucky W. P. A. administrator and Mr. Goodman. Among these orders which found a place in the Sheppard committee files was one under date of March 3, 1938, in which State Administrator Goodman warned all W. P. A. administrators and supervisory employees that—

No employee of the W. P. A. in Kentucky shall respond to any requests for lists of names or other timekeeping information except that specially permitted by rules and regulations established by this administration.

Then followed a number of letters passing between Mr. Aubrey Williams, Deputy Administrator of W. P. A., and the Sheppard committee and Mr. Goodman, all showing that Mr. Goodman was moving heaven and earth to prevent any politics from creeping into the administration of W. P. A. in the State of Kentucky.

Now, keeping in mind that order of Mr. Goodman's of March 3, and all of these other letters and notices, I wish to read to you a letter written by Mr. Goodman, W. P. A. administrator of Kentucky, dated Louisville, Ky., May 23, 1938, marked "Personal" to Mr. Ernest Rowe, director of the W. P. A. office, Lexington, Ky. This letter is as follows:

DEAR MR. ROWE: In connection with contributions, the following general plan has been worked out:

You are to find a high-grade man who is interested in politics and strong for Senator BARKLEY to serve as finance chairman for your district and to discuss with employees, either in person or by mail, the matter of assisting financially in the campaign.

Lists of administrative and supervisory employees, giving monthly earnings and home addresses will be supplied you to be given your campaign finance chairman. It is suggested that 2 percent of annual earnings is a fair contribution. There will be no discrimination against an employee who, because of unusual home expenses or other reasons, does not feel able to assist financially in the campaign. A record should be kept of all persons contributing and the amount contributed, as well as reasons given for not contributing.

Cash or checks issued to "Cash" must be given and should be deposited in a lock box until such time as funds are transmitted to the State campaign chairman.

It is permissible to deduct from contributions sufficient funds to pay all necessary expenses, such as supplies, postage, etc., and to pay your campaign chairman for his time if that is found necessary.

Employees should be advised by word of mouth, through holders of key positions, the name of your finance chairman and the fact that he will approach them about contributions.

I know that employees of this organization will welcome the opportunity to assist Senator BARKLEY at this time.

Yours truly,

GEO. H. GOODMAN.

The W. P. A. in its investigation of itself was unable to find this letter and apparently it seems also to have escaped the scrutiny of the senatorial investigating committee, but the subcommittee headed by our colleague [Mr. WOODRUM of Virginia] that has been investigating the W. P. A. secured a photostatic copy of this letter, and State Administrator Goodman's signature was established as genuine beyond a doubt.

Mr. Goodman, so far as I have ever heard, has made no effort to deny writing this and another letter that I shall read to you. The director, Mr. Rowe, admits that he received these letters from Mr. Goodman. Mr. Goodman, who had warned all of his subordinates having anything to do with politics, was writing here to a subordinate, one of the inner circle, instructing him that a "general plan" had been worked out and that a man "strong for Senator BARKLEY" was to serve as finance chairman for the Lexington district. Lists of names of the W. P. A. people were to be given to this finance chairman. The amount of contribution had been settled at 2 percent of the annual income or wages of the W. P. A. workers. They were not satisfied to take 2 percent for the weeks or months during the campaign, they must have 2 percent of a year's wages or salary. These collectors of campaign funds were warned that they must approach the relief workers "by word of mouth" through holders of "key positions." They were to whisper to these relief workers the name of the "high mogul" that would call upon them and relieve them of 2 percent of their yearly wages. All checks were to be made payable to "Cash"—so that they would not show the name of the person receiving these funds.

The letter of Judge Stewart, the activity of certain newspapers, and perhaps the Sheppard Senate committee evidently caused another letter to be written by Mr. Goodman to Mr. Ernest Rowe, director of the W. P. A. in the Lexington district. I now read you that letter. It is as follows:

I know you have no correspondence in your files that would violate the W. P. A. regulations and instructions in connection with political matters. However, I suggest that anything you may have that would even appear to an uninformed person to involve us in politics be destroyed.

There is much correspondence that has accumulated with various persons directly engaged in political activities that required consideration and an answer on our part. That part of it which carries a meaning which would subject us to criticism by the wrong interpretation should be removed.

Yours truly,

GEO. H. GOODMAN.

Mr. Hopkins, Mr. Goodman, and others connected with the W. P. A. were unable to find this letter of June 27, 1938. The senatorial investigation also missed it, but the subcommittee headed by Mr. WOODRUM dug it up. Is it not passing strange that Mr. Goodman, knowing that he had written the letter to Director Rowe of May 23, 1938, should say to Mr. Rowe in his letter of June 28:

You have no correspondence in your files that would violate the W. P. A. regulations and instructions in connection with political matters.

But nevertheless he advises Mr. Rowe that if there is any such letter or document in his files that would involve "us" in politics, it "be destroyed." Is there no penalty for destroying the records of the W. P. A.?

Relief as it has been administered in many sections of the country has not only been prostituted to corrupt, partisan politics but in this case factional, Democratic politics was not satisfied with intimidating and oppressing the needy of the Nation and in taking from them the small sum that they received as salaries or wages in Kentucky. It has grown bolder and bolder, and now here we have a State administrator urging a director of W. P. A. under him to destroy the records of his office. I wish to express my sincere appreciation for the action of Mr. WOODRUM's subcommittee in bringing to light the activities of the Communists in connection with the W. P. A. The Communists are the dictators and controllers of W. P. A. in some sections of our country. Mr. WOODRUM told us in his very able and eloquent address to the House yesterday "everybody seemed to know about these communistic activities except the administration here in Washington." It has been disclosed that a majority of the leaders of the Workers Alliance are Communists. Some of them have gone to Russia and received special instructions from the Communist Government of Russia.

Of course, I am against communism because it is against our country and the Stars and Stripes. I am against communism for other reasons. It is the enemy of religion. It is against religion and religion is the mother of philanthropy and charity. The Great Book tells us that religion pure and undefiled is visiting the widows and the fatherless and keeping ourselves unspotted from the world. Religion gives to us humanity and the milk of human kindness. Communism is bad for our country. We consider it such an enemy as to justify the deportation of any alien who is a member of that organization because our Government has recognized the fact that the Communist organization favors the overthrow of this Government by violence. Happily, communism does not infest every section of our country. How can we characterize the effect on the welfare of our country by taking billions out of the pockets of the taxpayers of the country, and these taxes are paid by the needy and the poor, the

widow and the orphan, as well as those who are in good circumstances, and then permit them to be used to intimidate and oppress the needy and to corrupt the electorate of this country?

As I had occasion to say some 2 or 3 years ago in urging that relief be taken out of politics, "When we use this huge sum for partisan purposes we are digging at the very foundations of this Nation," and we now know that this conduct has been going on in practically every community and voting precinct throughout the Nation.

Talk about the Bill of Rights, free government, clean government, and honest administration. My colleagues, we have before us the evidence in black and white that all of these cherished traditions of America were cast aside in these un-American political activities. The Bill of Rights has been flaunted, free and clean government has been jeered, and honest administration has been overturned, as these W. P. A. administrators, supervisors, and stooges have been going gleefully about their work of forcing helpless people on relief to do as they dictate and to stand and deliver out of their paltry wages whatever amount they were forced to give.

Communism has never reached my State. There is no place big enough in all Kentucky for the red flag of communism to be raised. It has not been raised and it will not be raised, but by conduct like that of W. P. A. politicians, using the taxpayers' money to browbeat and take away the right of honest people to vote, and have their food and clothing depend upon what some politician is willing to hand out, and this is going on in nearly every community in America, we are striking this Government a harder blow than communism. I want relief and old-age pensions taken out of politics.

But you will never take it out so long as the Goodmans and others remain in relief. You have to take the politicians out of relief before you can take relief out of politics. I commend this committee for writing into this bill rigid provisions and penalties against any person who would undertake to intimidate, browbeat, or corrupt the men and women of America.

Mr. VINCENT of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. ROBSION of Kentucky. Yes.

Mr. VINCENT of Kentucky. I understand that the gentleman has quoted one Ernest Rowe.

Mr. ROBSION of Kentucky. Yes.

Mr. VINCENT of Kentucky. Does the gentleman know who he was or is?

Mr. ROBSION of Kentucky. Yes. I have heard of him.

Mr. VINCENT of Kentucky. Did the gentleman know that he was fined in Kentucky for operating a motor vehicle while drunk, and that when he was arrested and they took him to jail and he thought they were putting him in a hotel?

Mr. ROBSION of Kentucky. Never heard that until now.

Mr. VINCENT of Kentucky. And the next morning when they took him out he pleaded guilty?

Mr. ROBSION of Kentucky. That is bad, but it is not nearly so bad as Mr. Goodman and others trying to coerce W. P. A. workers and take the few dollars that they get with which to buy something to eat and wear to finance one faction of the Democratic Party.

Mr. VINCENT of Kentucky. And he pleaded guilty and gave the judge a cold check, and they had an awful time collecting on that check.

Mr. ROBSION of Kentucky. He was honest enough to plead guilty. Well, I have never heard of Mr. Goodman denying he wrote the letters to Rowe I have read here today.

Mr. VINCENT of Kentucky. And the gentleman is quoting a self-confessed criminal.

Mr. ROBSION of Kentucky. No. I am quoting from these letters written by Mr. Goodman. He does not deny them; and does my colleague from Kentucky mean to tell me that it is not worse to take this money from the needy of Kentucky and write to one of his directors to destroy the records of his own office?

I have no unkind feeling toward Mr. Goodman. I think he, as many others, was forced to take this action by his superiors in order to save his job. This bill will protect him and others from such demands of politicians.

I thank you. [Applause.]

Mr. WOODRUM of Virginia. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. DICKSTEIN]

Mr. DICKSTEIN. Mr. Chairman, I cannot say very much in the time allotted to me. I have not taken the floor on this question heretofore, or 2 years ago, because I did not think it was necessary. I think it is vitally necessary now because in following the debate I have heard so much said about New York. There seems to be always somebody ready to pick on New York. The worthy chairman of the subcommittee said in answer to a question yesterday that 85 percent of the trouble is in New York. I challenge that statement, coming as it does even from the gentleman from Virginia [Mr. WOODRUM]. The whole trouble is that we are all a little bit hysterical and that each one is blaming the other for difficulties we were not able to cure and take care of. The fact of the matter is that New York, in my opinion, is one of the cleanest cities in the United States, as compared by population. New York State has contributed more wealth to the United States, and paid more money in taxes, than any other State in the Union. If you will take the trouble to go through certain tables, however, you will find that in certain States of the Union where they contribute twenty or twenty-five million dollars in taxes, they have taken out of the Treasury of the United States some two hundred or two hundred and twenty-five million, while New York always got much less than it contributed.

The trouble with this whole bill is that it is based on improper testimony before this committee, and before I go into the merits of the W. P. A. itself I call attention to the fact that the bill is predicated in its present form on testimony which is not based on facts or truth. If the truth were known, we would have an entirely different bill before the House now, a bill which would give adequate relief. If I have my rights, then sometime during the course of the 5 minutes' debate I shall vote for an amendment to make the amount $2,500,000,000. This country is getting the benefit of honest labor of men and women who are out of work through no fault of their own. I agree with some statements made by my colleagues that we ought to get politics out of relief and that no group of men should have the right to dictate the policy of relief.

Mr. Chairman, in the nearly 17 years that I have been privileged to be a Member of this House I have never been called on before to make an address on a measure, the provisions of which are so vicious as those of the bill now before us. Those provisions are designed to starve thousands of self-respecting Americans for periods of 60 days at regular intervals. Their purpose is to make it impossible for the agency that the country expects to relieve the suffering of the poor and distressed to carry out effectively the work imposed on it by Congress. In my opinion these provisions were adopted by the framers of this measure for the purpose of making work relief a failure. This is not a relief bill; it is a starvation bill.

Before proceeding to discuss some of the more important of these provisions, I feel it my duty to draw attention to the way in which the investigation of the W. P. A. has been conducted. This so-called investigation is supposed to be the basis of this present bill. The House has been led to believe that the W. P. A. has been impartially investigated by a subcommittee appointed for that purpose. The House has been led to believe that the information gathered by the committee is such as will permit the committee and the House to form an intelligent and fair-minded judgment on the broad principles governing work relief. Let us see how this investigation has been conducted.

In my city the investigation has been in charge of a bankrupt lawyer of Washington. This bankrupt lawyer no less than 2 weeks prior to the time he was appointed to investigate the W. P. A. had been rejected as a W. P. A. employee because he did not have the qualifications which were thought necessary. Can you imagine this, gentlemen? This bankrupt lawyer, this man whose background and experience have been such as to give him no foundation on which he could judge the effectiveness of a vast administrative machine, was sent from Washington to New York City. We have plenty of bankrupt lawyers in New York City. There was no need to send another. We have plenty of persons on relief. There was no need to provide a job for a man in Washington and send him to New York. Can you imagine with what feeling such a person, one who had been rejected by an organization, because of his lack of qualifications, would be called to investigate that same organization? Can you imagine with what satisfaction he approached the problem? Can you imagine with what eagerness he looked in all the garbage pails to see what choice morsels he could find to exhibit to the Congress and the public? And it is on the basis of such an investigation, at least in my home city, that you are being asked to vote on the bill which is now before you. Not only did this man not have the qualifications to pass on major administrative matters of vital importance to the welfare of hundreds of thousands—yes, even millions of people—but he made no attempt to discover or investigate the real broad issues affecting the problem. He contented himself with listening to the mouthings of disgruntled and discharged employees, of disappointed contractors, and others who had not been able to swerve the W. P. A. from its proper course; persons whose only motivation had been that of personal gain. Colonel Harrington in his testimony called attention to the ridiculous and untruthful statements made by the principle witness produced by this investigator in connection with the rental of equipment in New York City. Colonel Somervell, the local administrator in New York City, gave the real facts to the public.

It is an insult to the committee and to the Congress to have such testimony presented to it. Perhaps this lawyer-investigator is extremely stupid. Perhaps he has some connection with these contractors which he has not revealed to the committee. Fantastic statements were made by this man. He offered to prove to the committee that certain decrepit trucks and museum pieces were working satisfactorily by showing them a picture of a truck. This preposterous procedure was received without even a smile by the committee. This man tried to make the committee believe that the United States had suffered a loss, whereas the Government was actually saved from being swindled by persons who were trying to foist upon it ancient equipment which would not or could not do the work required.

Other testimony of this investigator in connection with other cases is equally absurd. Let us see what some of the things introduced by him amounted to. He quotes one J. N. Parrot as having resigned from the W. P. A. because of insufferable labor practices in the W. P. A. Actually this man was fired. He was only permitted to resign so that his discharge would not prevent him from obtaining a position elsewhere. His statement concerning his resignation is completely untrue. What credence can be placed on this kind of testimony? Remember, gentlemen, that your committee has never called the responsible W. P. A. officials to give the true picture of this situation.

Let us look at some more of the testimony on which this bill is based. Mr. Ralph Hale, of the General Accounting Office, appeared before the committee and gave it the benefit of some of the most garrulous gossip which it has ever been my misfortune to have to peruse. The chairman of the committee had to set Mr. Hale straight on his facts with regard to the distribution of duties between the W. P. A. and the Procurement Division of the United States Treasury Department. Mr. Hale stated that he thought that payments for certain equipment were made from W. P. A. funds. Imagine an accountant of the Comptroller General's Office not knowing whether the payments on which he was making an official report to Congress were made from W. P. A. funds or not.

Mr. Hale gave the committee a long recital of what W. P. A. does and had done to prevent and discourage irregularities, and at the same time he tried to give the committee the impression that he himself had been responsible for this action.

Most of Mr. Hale's testimony was ancient history, and it was only when he was driven to confessing it by a member of the committee that he admitted that most of the circumstances that he was discussing took place over 2 years ago.

Practically all of Mr. Hale's information came from the W. P. A. audit department, which is really responsible for his so-called disclosures. It is difficult to see how a responsible Federal official, informed of the necessity of supporting his statements with facts, and conscious of the trust imposed in him, could so completely overlook his obligation to furnish real evidence.

Some 620,000 vouchers have been paid by the Treasury Department for W. P. A. purchases and rentals in New York City. Exceptions have been taken to only 7,723, or about 1¼ percent of the total. This is a marvelous record in itself, but it is not complete. Only 1 voucher out of the 620,000 which have been presented for audit to the Comptroller General's Office has not been passed.

Some of the things to which Mr. Hale himself takes exception have been passed by his superiors. Major LaGuardia has publicly characterized some of Hale's testimony as a damnable lie. This, gentlemen, is the kind of investigation which is being conducted by your investigators.

Let us look at some more of this so-called testimony. Messrs. Stephens and Hein, two engineers engaged on the investigation, made a very cursory examination of a few projects and as a result of this examination stated that the work was costing two and one-half times what it should. Let us look at the facts. Let us look at the way in which some of these conclusions of these so-called experts were arrived at.

They stated that it would cost $106,000 to finish some road work which they inspected in the Borough of Queens, whereas the work was actually finished for a little more than $40,000. In other words, they stated that the cost of the work was two and one-half times what it actually did cost. No wonder that their calculations showed that W. P. A. work was costing two and one-half times what it should have cost.

Let us look further into the calculations by these two experts. They compared the cost of constructing one building with another building of quite a different character. Even if we are not engineers we know that you cannot compare apples and bananas, nor can you compare the cost of building the United States Capitol with another building of very different design and construction. The cost of the Empire State Building and the cost of the Chrysler Building are reliably reported to have been from about 85 cents to $1 per cubic foot. The cubic contents of the buildings being constructed by the W. P. A. at North Beach is about the same as that of the Empire State Building, yet the cost of the buildings being constructed by the W. P. A. is just about half the reported cost of the Empire State Building. Is the W. P. A. twice as efficient as the builders of the Empire State Building? Of course not. I merely tell you this to show you how ridiculous some of the comparisons made by these so-called experts have been. These experts failed to compare the cost of the W. P. A. buildings with the other buildings used in their testimony on a square-foot basis. Why was this I wonder? Because the W. P. A. costs on a square-foot basis were approximately the same as those of the other buildings and W. P. A. would have shown up to good advantage. These experts take the cost to one date and the percentage of completion of the jobs to another and arrive at figures which necessarily show to the disadvantage of the W. P. A. They stated that the W. P. A. building at the World's Fair was on a cubic-foot contract. It was not on a contract nor was it on a cubic-foot basis, except insofar as our so-called experts put it so.

Our experts did not take into consideration the fact that W. P. A. work must be carried on in all kinds of weather,

fair or foul; that its skilled employees work only a few hours per month; that W. P. A. must keep cost per man at a minimum and thus must use a small amount of equipment. All of these matters are those which any fair-minded man making a just comparison would have used in his calculations.

I am told that these experts report that someone sent them some "screwballs." Apparently they do not even have a sense of humor to recommend them.

There has been some talk by our bankrupt lawyer about the relations of the W. P. A. with the American Federation of Labor in New York City. Anyone but a greenhorn would know that practically all of the building mechanics in New York City come from the American Federation of Labor, that practically all of these men belong to American Federation locals. In other words, if the W. P. A. is to get skilled mechanics to supplement those on relief, it of necessity must obtain practically all of them from the American Federation of Labor.

This ignorant and prejudiced testimony is what the Members of this House are required to use in making up their minds as to what is going on in the W. P. A. in my home city. I know how foolish it is and must take this occasion to let the House know.

Any real examination of the effectiveness of the program should be directed to the extent to which the Works Progress Administration has provided relief to those in dire need, the usefulness of the public projects on which it has been engaged, the cost and efficiency of the Administration, the effectiveness with which the projects have been conducted, and the honesty and integrity of the Administration.

In any given consideration of the effectiveness of the program we must pay attention to the limitations imposed on it by the temporary nature of the legislation authorizing the work. We must pay attention to the necessity for keeping the cost per man per year at a low figure. The amount appropriated for the Works Progress Administration has at no time been sufficient to provide for all of the unemployed, nor even all of those persons on home relief in New York City. At the present time there are some 160,000 people on home relief in New York City, and yet this bill, by earmarking $125,000,000 for the Public Works Administration, effectively curtails the number of persons who can be given jobs in New York City.

As to the usefulness of public works on which the Works Progress Administration has been engaged, there can be no question. The utility of the work which has been accomplished by the W. P. A. in New York City and the value of the services rendered can be gaged by the impressive outline of W. P. A.'s achievements in the city. Time does not permit me to give even an approximation of what has been done.

The work program came at a time when the city's finances were at a low ebb, and for this reason it has proved to be a boon of the first magnitude. Depression or no depression, the necessity for the expansion of the city's plant is continuous and insistent. W. P. A. has furnished the means for this expansion and for the alteration and improvement of the plant necessary to meet the requirements of a continuously enlarging population.

In the field of white-collar and white-apron projects the W. P. A. has been able to expand the services furnished by the city in education, recreation, hospitalization, and administration. It has assisted the welfare department in the provision of millions of garments for those who were too poor to buy them and in the preparation and daily distribution of food to 115,000 needy children. In an evaluation of the works program which has been made by the city officials they rate it in the highest terms.

The physical plant of the city of New York is now in the best condition of its history. Streets, sewers, schools, parks, airports, docks, water-supply projects, and miscellaneous installations are now in better condition than ever before.

Jobs have been done at some 36,000 places in New York City. Statistics will become vivid and meaningful if consideration is given to some outstanding projects. North Beach Airport, according to the head of the engineering division of the Civil Aeronautics Society, is the first real airport in the United States. Other airports in New York City have been improved and enlarged. The removal of car tracks and the repaving of many of the great traffic arteries in Manhattan and in the other boroughs will always stand out as a great achievement. The development of the East River Drive will be long remembered. The great sewers in Manhattan and in the other boroughs have been enlarged and extended. W. P. A. has been especially instrumental in the improvement and extension of the great park system in New York City. The parks department has taken on a new meaning to the entire citizenry of the city as a result of the work done by the W. P. A. Among the more important undertakings for the parks department may be remembered the Astoria, Red Hook, Colonial, and High Bridge swimming pools, one of which alone will provide relief and recreation to some 6,000 New Yorkers at a single time.

The dock facilities throughout the city have been greatly extended and improved by the W. P. A. The Metropolitan Avenue bulkhead and Sheepshead Bay development have completely transformed whole sections of the city. W. P. A. has constructed, reconstructed, altered or renovated practically every public building in New York City. The benefits of this work have inured to practically every city department. W. P. A. has built many new public buildings which were and still are necessary to accommodate the needs of our city government. In addition to garages, pumping stations and other facilities, the W. P. A. has provided the means for needed extensions of water supplies throughout the city by the construction of 350 miles of new mains.

The great bridges in New York are of national importance. They have made history in bridge engineering. W. P. A. has done work in connection with practically all of them. The Queensborough Bridge carries the heaviest traffic in the world, something over 100,000 vehicles in a day. The W. P. A. has constructed new tracks on this bridge to replace the former unsatisfactory pavements. The W. P. A. has reconditioned the Statue of Liberty. Let all of those who speak of un-American activities on the part of the W. P. A. remember the dilapidated and unsafe condition of the Statue of Liberty and view it as it now stands and as it will stand with the improvements made by the W. P. A.

Did our investigators tell us of these things? Did our investigators report those matters to us? Did our investigators give the Congress a real picture of what the W. P. A. is doing? Did our investigators tell us of the very low costs and the efficiency of the Works Progress Administration? Did our investigators do this? Did our investigators tell us of the vigilance and the courage of the W. P. A. officials in routing out and punishing wrongdoers and those who attempt to divert the Government's money? They took a few shady transactions, the details of which were furnished by the W. P. A. itself, because W. P. A. discovered them and routed out those responsible, and paraded them as a great disclosure.

Now, gentlemen, I wish to turn to some of the provisions of this bill which must be stricken out. Perhaps one of the most important, and one which will tend to wreck the entire building program of the W. P. A. in New York City, is that limiting the W. P. A. work to buildings estimated to cost $25,000. Practically no building of importance can be built in New York City for this sum. Buildings are important and buildings are desired by the local authorities. Why is this mystic figure of $25,000 picked from the air and placed in this bill on which you are now asked to vote? I think I know. The contractors figure that they cannot make any fat profits from the Government on contracts for less than $25,000, but if contracts run to more than that they can perhaps corral for themselves some of the money which would otherwise be paid out to poor and starving people. No matter what may be said as to the effectiveness of the Public Works Administration, and I have a high regard for that Administration, all of us who have been Members of this body for a number of years know that the Public Works Administration did not, and cannot, furnish employment to the large number of persons in need of jobs. The cost per man per year on work

done by contract is some three to four times the cost per man per year for the same work when done by the W. P. A. I do not feel that I wish to become the dupe of the contractors' lobby and take $125,000,000 away from poor and starving people to pour part of it into their coffers. The provision is ridiculous for other reasons. A large number of small jobs necessarily means an increase in administrative cost and increased difficulty of supervision. The supporters of this bill talk largely of increased efficiency in administration, and yet they deliberately insert in the bill a provision which will make for inefficiency in the work. There are so many carpenters, brickmasons, electricians, and so forth, who must be employed. What difference does it make whether they are employed on a big or little job? If employed on a big job they can be supervised more readily, the overhead will be less, and the progress of the work can be watched with greater effectiveness by the administrators. There can be no other reason for this provision than to divert funds from the poor and stricken to the contractors' coffers.

Let us look at the question of administrative costs of the W. P. A. In New York City the cost of administration has been a little over 3 percent, with some 175,000 persons on the roll. One does not have to be a great administrator to know that the rolls cannot be cut in half without increasing the per capita administrative expenses. Anyone with a grain of sense knows that administrative expense cannot be reduced in proportion to the reduction in quota, and yet this bill provides that only 3 3/10 percent of the funds can be spent for administrative purposes. The bill at the same time imposes additional administrative duties by reason of smaller projects. It also asks for a review of the need of persons assigned to the W. P. A., an action with which I am in thorough accord, and yet one which necessarily involves a large increase in administrative expense. The administrative expense of the W. P. A. must not be cut below the present figure of 5 percent if the Congress is to hold the organization to effective work. A cut in administrative expense means nothing but poorer supervision and more inefficient conduct of W. P. A. affairs. This is a vital part of the measure.

Let us look at that clause whereby W. P. A. workers are to be forced to starve for 2 months at stated intervals. How do the gentlemen supporting this measure expect these men to survive for 2 months without any means of livelihood or any source of income? Certainly they do not think that the W. P. A. laborer earning $60 a month and already receiving a supplemental sum from the city because this will not support him and his family can have saved any large sum on which he can live for as long a period as 60 days. Think of the effect of this proviso on the children of these employees. The way to rid the W. P. A. rolls of those who do not belong there is through a careful investigation of the need of these individuals and not through any barbarous brutal act such as is proposed in the bill.

Another item in the bill which will be of far-reaching importance and do much to destroy the effectiveness of the W. P. A. is the provision substituting a three-man board for the Administrator. Anyone with any administrative experience knows that a board, while good for deliberation, is of no value as an executive agency. Why not have three Secretaries of State, three Secretaries of Commerce, three Secretaries of War, instead of one? Why not have three Congressmen to carry on the affairs in each congressional district rather than one? This provision is utterly ridiculous, unworkable, and unthinkable. I would not object to an advisory board, but an executive board has never been successful and probably never will be. Certainly not a political board as suggested in the bill. If there are two parties on the board, there will be twice as much politics as when there is only one.

There are other matters in the bill to which I object, which the limitation of time will not permit me to discuss. Any person with any real interest in the welfare of the Government and of its citizens, anyone with a real and sincere desire to provide in the Works Progress Administration the most effective work-relief agency, must conclude that these provisions must be eliminated and along with them those forbidding any Federal department to sponsor a work project, those basing preference on employment on relative need of applicants, something which is almost impossible for anyone to determine. If carpenters are necessary to do a job, shall they be laid off and plumbers who, someone says, are more in need, kept on when they are of no earthly use on the project?

The W. P. A. in my city has a record of achievement, of constant improvement, of integrity, and of courage. It is respected by the city as a whole. This body must do everything in its power to assist W. P. A. officials to improve it and not to ruin it as it surely will be under the provisions of the bill which I have discussed.

Mr. WOODRUM of Virginia. Mr. Chairman, I yield 10 minutes to the gentleman from Illinois [Mr. PARSONS].

Mr. PARSONS. Mr. Chairman, I want to congratulate the committee upon the general principles contained in the changes in the administration of this relief bill. However, there is one very vital point which has been written into this bill, with which I am not in agreement.

I am not very much surprised that the gentlemen on the Republican side of the aisle have seen fit yesterday and today, and perhaps tomorrow, to rise in their places and congratulate the committee upon the proposition of doing what they think is taking politics out of relief. The first great scandal of buying and stealing elections in the United States of America was perpetrated by the Republican Party in 1876 when it stole the election from Samuel J. Tilden for Hayes.

Following that, the Democratic administration passed the Australian ballot law. I have not forgotten, as a youngster, that Mark Hanna and the Republican Party bought the election of 1896 away from William Jennings Bryan. I have not forgotten also that down in Kentucky a few years later, after they had failed to steal the election from the elected Governor Goebel, they murdered him after he was elected. It is rather surprising this afternoon that the gentleman from Kentucky [Mr. ROBSION] would take his place here and demand that politics be taken out of relief.

In my part of the country, in the great State of Illinois, we had a legislature purchased and sent a Republican to the United States Senate, and while the Senate rejected him, the Republican administration in power never passed any legislation against such things.

Again, later on in the twenties, large sums of money were used to buy an election, and the State of Illinois declared elected a candidate who was rejected by the Senate, but the Republican administration in power did not do anything to take politics out of the elections, or graft and the use of money out of the elections. Why, then, now, when a Democratic administration is in power, should they rise in their places here and become so great and so holy, elevated upon such a high plane, that the poor individual who happens to have to go upon relief, or upon W. P. A. rolls, is prevented in this bill from contributing one dime to a campaign fund to keep in power an administration with which he is in agreement? When has it become a crime in these United States for a Democrat to work for the success of the Democratic Party? When has it ever been decided by the gentlemen on the Republican side of the aisle that it was a crime for a Republican to work for the success of the Republican Party? No! What the committee has done in this bill is not to take politics out of relief. It is to put relief into politics.

There may have been some local conditions, as there always are in every election, as it was in Illinois, and as it is yet, where in local conditions the W. P. A. may have taken part, in a very active manner, in the selection and election of candidates. But when you write language into this bill such as you have, you accomplish just the opposite effect and purpose that you intend. When this bill is enacted into law, those of the opposition, whether in the Democratic or the Republican Party, will go out on the jobs to the man in the ditch, or in the sewing rooms where the women or working, and say to them, "Well, this is one time you cannot take part

in an election. We have got an eye on you. Congress has said you cannot have any part in the election, and if you call at the polls we will report you to Washington and you will lose your job."

Mr. WOODRUM of Virginia. Will the gentleman yield briefly?

Mr. PARSONS. I cannot yield. I only have 10 minutes.

In every instance where there is bitter political activity on both sides this bill, if enacted into law, will afford the opposition the opportunity to intimidate, to interfere with, and to affect the results of the election in every precinct in the United States.

When has it become a crime for a poor individual, if he desires to do so, to contribute a dollar to a campaign fund, when our gentlemen on the left get funds by the twenty-five, fifty, and hundred thousands from the great corporations of the country, as they have done ever since 1896?

No, my friends, you are not taking politics out of relief or out of the W. P. A. when you write those sections into the law. You are not taking politics out of relief or out of the Government service when you prohibit an employee of the Federal Government from taking part in an election or contributing to or influencing the result of an election.

The gentlemen on the other side of the aisle kept their party in power and kept it intact from its inception in 1868 down until the present time, and are still undertaking to do it, with contributions from large corporations. We on this side of the aisle, beginning with the Grover Cleveland administration, the first Democratic administration after the war, created the civil service. We tried to take Government service out of politics as far as we could. We tried to do the same thing under the administration of Woodrow Wilson; yet every time the Republican administration has come into power they prostituted the civil service and put every one of their henchmen out to work for the success of the Republican Party and its candidates. Even in 1932 the Assistant Postmaster General and officers of the Post Office Department went out in the great State of Kentucky, that our distinguished friend who talked this afternoon comes from, and told the postmasters and the clerks that it was up to them to rally to the standard of Mr. Hoover.

Since when, I ask, has it become criminal for a Democrat to go out and work for the success of the Democratic ticket?

I plan to move to strike out certain sections of this bill, and I hope that the gentlemen on this side of the aisle who believe in this Democratic administration that we are responsible for, who believe in the W. P. A. that is the child of the Appropriations Committee and of the Democrats of this House, will have the nerve to stand up here and strike these sections from the bill which will keep politics out of relief instead of placing them back into it. [Applause.]

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The gentleman from Illinois yields back 1 minute.

Mr. WOODRUM of Virginia. Mr. Chairman, I yield myself that minute to say that the provisions put in the bill now before the House are the inhibitions against political activity which are now in existing laws, which were in the conference report that came to the House in February, was adopted by the House; and I feel confident my good friend from Illinois voted for it.

Mr. PARSONS. I may say to the gentleman from Virginia that we have had plenty of opportunity to see a fair trial of that. I was against the matter in the beginning, but it was a case of vote the conference report either up or down as the matter existed. I have seen this in operation since that time. I have seen the intimidation and the browbeating that has occurred by reason of the fact that provision was in that bill. To strike it out is just as fair to the Democrats as it is to the Republicans, to the one party as it is to the other.

Mr. WOODRUM of Virginia. If the gentleman will read the bill he will find that the language to which he refers is the same as existing law. There has been no change whatever made in it.

Mr. PARSONS. I think the gentleman will admit that a change was made in section 30.

[Here the gavel fell.]

Mr. WIGGLESWORTH. Mr. Chairman, I yield 2 minutes to the gentleman from Kentucky [Mr. ROBSION].

Mr. ROBSION of Kentucky. Mr. Chairman, it is my desire to respond to my colleague, the gentleman from Illinois [Mr. PARSONS], who brings up the elections of 1876 and 1896. I was not in politics then. The thing that I complain about is the use of the taxpayers' money—the relief money—in Democratic primaries as well as in the final election. Use your own money, and not the taxpayers' money. Let the Democratic faction and party finance their campaigns. That is what we are contending for.

Now, about State Senator Goebel. Goebel passed the Goebel election law that gave him and his fellows the power to name the State election commissioners. Those State election commissioners named the county election commissioners, and the county commissioners named the precinct election officers; and after the election was held, with the election machinery in the hands of Senator Goebel and his friends, it was found that the people of Kentucky had given the Republican ticket a majority of about 23,000. Then Senator Goebel took advantage of a provision in his law to bring a contest before the Kentucky Legislature, where he knew the Democrats had a 2 to 1 majority, so that if he lost the election at the ballot box it could be stolen for him in the legislature. And in the stirring events attending that attempt to steal the governorship Goebel was killed.

I might say that one strong faction of the Democratic Party in Kentucky was very much against Senator Goebel. They opposed his unfair election law and were opposed to his contest. They knew that the people of Kentucky had fairly and honestly elected the Republican ticket. In fact, the election returns were certified by election officers appointed by the election commissioners designated by Senator Goebel and his friends.

That occurred 39 years ago. I was a student in Central College at the time and, of course, had no part in those stirring events. While Senator Goebel was committing a great wrong against the people of Kentucky I then denounced, and have always denounced, the killing of Senator Goebel.

Some Democrats made the same charges as the gentleman from Illinois [Mr. PARSONS] has made here today, but the people of Kentucky came along later on and elected a Republican Governor and other Republican State officers. I cannot see how that the election of 1876 or 1896 or the killing of Senator Goebel could be offered as a defense or an excuse for the use of taxpayers' money, provided by Congress for the needy people of the Nation, to corrupt, intimidate, or oppress the needy men, women, and children of this Nation. [Applause.]

Mr. WOODRUM of Virginia. Mr. Chairman, I yield to the gentleman from Oklahoma [Mr. JOHNSON] such time as he may desire.

Mr. JOHNSON of Oklahoma. Mr. Chairman and members of the Committee, in the limited time allotted me I desire to discuss as briefly as possible a few of the important provisions of the pending relief bill. It is not my purpose to unduly criticize members of the committee. They have worked long, faithfully, and undoubtedly discharged their duties according to their best judgment. Their task has been a tremendous one and, perhaps, a thankless one.

Moreover, permit me to say at the outset, I feel that the committee has made some good recommendations. There are some commendable features in this bill that have not heretofore appeared in any relief measure. If time permits, I shall mention some of them.

On the other hand, I am deeply disappointed in several of the provisions of this relief bill. It is a source of great regret and deep concern to me that the committee feels it necessary to reduce the relief load during the next fiscal year from 3,000,000 to 2,000,000. That, of course, means a most drastic

reduction in my State. With an unusual drought in Oklahoma at this time, with farmers plowing up their small grain crops in several sections of the State, with grasshoppers, chinch bugs, and other destructive pests in thousands of acres of fields of our farmers, this reduction of one-third of the relief rolls is certain to work a serious hardship in many counties of Oklahoma. I assume that a similar condition prevails in several other States.

I said a moment ago that the committee should be commended in writing in some of the provisions of this act. Some of these provisions are important. A limitation has been placed on the overhead. Under the provisions of this act the overhead cannot exceed 3.3 percent of the entire appropriation. So hereafter if any critic of the W. P. A. criticizes what they call exorbitant overhead expenses you can say once and for all that in no instance will the overhead exceed 3.3 percent. The committee is to be highly commended for this provision. I might add incidentally, that this is approximately what the overhead has been in Oklahoma during the past couple of years.

The committee has rightly eliminated the objectionable theater projects. My own feeling is that some of these projects are indefensible and should have been eliminated a long time ago.

Within the past few days I have had considerable to say with reference to the provision in this pending relief bill proposing to reduce expenditures for the National Youth Administration some $42,000,000 below the Budget estimate next year. It is not my purpose, nor do I have the time, to go into that program just now. I have watched the N. Y. A. program from its inception and have given my enthusiastic and wholehearted support to it. It is a practical, far-reaching, educational, and work program. In spite of the abuse and vilification and misrepresentations that have been heaped upon the national Administrator of the N. Y. A., I am confident that he has done an outstanding job; that he has been true to his ideals and convictions, and that he is entitled to the plaudits of every real friend of youth, whether he be a private citizen or a public official. I have no apology for giving my support unreservedly to the maintenance and extension of the great unselfish program now being carried on by the National Youth Administration under the able leadership of Aubrey Williams. [Applause.]

The committee's action in requiring a sponsorship over the so-called writers' projects should be commended. This action will eliminate much criticism, some of which was undoubtedly just, against the W. P. A.

On page 9 of the bill it is noted a new paragraph that has not heretofore appeared in any relief measure, providing that hereafter funds may be expended—

On useful public projects, Federal and non-Federal, including work on private or public land, in furtherance of conservation of natural resources.

This is a provision that the Oklahoma delegation in Congress has been fighting for for the past couple of years. We have unanimously gone on record for this, and it is a source of satisfaction that hereafter the important program of soil conservation may be carried on lawfully with relief funds.

If you will turn to page 15, section 12, you will discover another new section not heretofore appearing in a relief measure. Section 12, in my judgment, is not so commendable. It simply provides that none of these funds may be expended on a building the total cost of which exceeds $25,000 unless such building happens to actually be under construction June 14 of this year. That provision may sound reasonable at first blush, but in my judgment it is one of the most unreasonable, impracticable, and damaging provisions in the entire relief bill. If permitted to be carried out, it would not only wreck the building program of the W. P. A. but it would practically reduce it to a leaf-raking program—a thing that I am sure none of us want to see done. It has been stated that the P. W. A. can better perform a building-construction program than can the W. P. A. Then we are told with great assurance that hereafter the P. W. A. will carry on all of the major public-building programs throughout the country. I have no quarrel with or criticism of the P. W. A. It has an excellent program, and by all means should be continued, but the Public Works Administration should stand on its own record and accomplishments without borrowing from the funds of the W. P. A. or destroying its building program. This bill provides that applications for P. W. A. will be extended from September 1938 to September 1939, but the fact is that applications already made to the P. W. A. total an excess of three-quarters of a billion dollars. So this provision in the bill to extend the time for P. W. A. applications until next September, to be charitable, is only an empty gesture. There is no use in us fooling ourselves. If this $25,000 limitation is approved, there just will not be any new public building projects in your districts. It virtually means that all of them not now actually approved are out of the picture.

Mr. Chairman, I here and now give notice that I shall offer an amendment for the purpose of raising the amount that may be used in individual building-construction projects by W. P. A. It is limited by the language in the pending bill to $25,000.

More than 1,000 school buildings have been constructed in the State of Oklahoma, and the record shows that a very large percent of these buildings have cost in excess of $25,000. I have a telegram in my hand from the superintendent of schools of the city of Duncan, Okla., which states that Duncan has a $90,000 stadium project ready to submit. That such a project is urgently needed no one can deny, but under the provisions of the relief bill as it is now written, this worthy project would be out of the picture because of the $25,000 limitation on W. P. A. building projects as provided in section 12 of the bill.

Mr. TABER. Will the gentleman yield?

Mr. JOHNSON of Oklahoma. I yield to the gentleman from New York.

Mr. TABER. The gentleman understands that that limitation relates only to building construction and not to other construction?

Mr. JOHNSON of Oklahoma. Oh, yes; I understand. But even with that modification a stadium might be construed as a building. It, of course, has not been started. It would probably be impossible to vote additional bonds in order to finance this project.

Mr. TERRY. Will the gentleman yield?

Mr. JOHNSON of Oklahoma. I yield to the gentleman from Arkansas.

Mr. TERRY. Section 12 of the bill, that the gentleman is discussing, also provides that unless the building is one upon which construction is in progress on June 14, it will be eliminated?

Mr. JOHNSON of Oklahoma. That is correct. The time ought to be extended to permit the construction of other worthy projects, that in some instances have gone so far that the people have voted bonds to finance them, and I shall offer an amendment to extend the time. I also give notice that I shall offer some other needed amendments.

Again let me impress upon you that if this limitation of $25,000 on construction projects is permitted to stand at the present figure it will not only wreck the building program but it will put 180,000 heads of families out of work. Only 18 percent of all the building projects in the entire country are under the $25,000 class. Under the leave granted me, I shall place in the RECORD a list of all projects in Oklahoma amounting to more than $25,000. By examining that list, it will be noted that it includes many rural school buildings, where not only local labor is used but also local material. It would have been absolutely impossible for these school districts, especially in the rural communities, to have constructed new school buildings on a 45- to 55-percent basis, as required by the P. W. A. In Oklahoma, where we have constructed more school buildings under the W. P. A. program than in any

other State in the Union, this provision will practically sound the death knell to this important construction program. The list of such projects just referred to by me follows:

Oklahoma—Public buildings constructed or rehabilitated by the Works Progress Administration with a total cost in excess of $25,000

County and town or city	Description of work	Total cost
Adair: Westville	New native-stone school building	$62,300
Alfalfa: Cherokee	New armory building for Oklahoma National Guard.	41,495
Atoka:		
Atoka	do	69,587
Limestone Gap	New school addition, classrooms, auditorium-gymnasium, septic tank and disposal field (under construction).	48,064
Beaver: Beaver City	New school auditorium-gymnasium building	25,759
Beckham:		
Sayre	New school building and gymnasium	53,255
Texola	New modern school and gymnasium	37,459
Blaine:		
Watonga	New armory building for Oklahoma National Guard.	49,504
Do	New 2-story high-school building, native stone walls, fireproof.	72,630
Geary	New school building, 2 classrooms and auditorium.	28,773
Bryan:		
Durant	New armory building for Oklahoma National Guard.	129,267
Do	New school addition (under construction)	82,125
Caddo:		
Anadarko	New armory building for the Oklahoma National Guard.	67,648
Do	New community building, native stone walls.	27,393
Alfalfa	New native-stone school building	58,564
Apache	New combination grade- and high-school building.	59,794
Cyril	New junior high-school building	37,020
Anadarko	New school building	51,311
Carnegie	New grade and high-school building, with combined auditorium and gymnasium.	73,806
Binger	New school for Negroes	33,654
Canadian: El Reno	New school building	58,210
Carter:		
Ardmore	New armory building for Oklahoma National Guard.	86,509
Woodford	New school building	28,957
Berwyn	New school building, 6 classrooms and combined auditorium-gymnasium.	42,131
Wilson	New school building	32,709
Graham	New school building, classroom and auditorium-gymnasium.	27,598
McMann	do	34,018
Ardmore	do	102,665
Healdton	New armory building for Oklahoma National Guard.	35,547
Fox	New school building for Fox consolidated school district No. 47.	54,461
Cherokee: Tahlequah	New armory building for Oklahoma National Guard.	41,571
Choctaw:		
Hugo	New armory building for Oklahoma National Guard.	41,881
Grant	New school building	36,480
Hugo	New school building with classrooms and auditorium-gymnasium.	41,408
Fort Towson	New school addition, classrooms and combination auditorium-gymnasium (under construction).	30,375
Cleveland:		
Norman	New armory building for Oklahoma National Guard.	45,000
Do	New armory building for Reserve Officers Training Corps, Oklahoma University.	34,021
Do	New memorial tower on campus of Oklahoma University.	35,817
Coal: Tupelo	New school addition, classrooms and combination auditorium-gymnasium (under construction).	28,561
Comanche: Lawton	New courthouse and jail (under construction).	151,729
Craig:		
Blue Jacket	New school addition, classrooms (under construction).	37,637
Do	New native-stone school building	32,029
Creek:		
Sapulpa	New combined auditorium-gymnasium addition to school building (under construction).	40,133
Kelleyville	New classroom building (under construction).	36,887
Sapulpa	New fireproof high-school building	83,190
Bristow	New brick physical education building	77,383
Drumright	New gymnasium for Drumright School	52,949
Custer:		
Clinton	New armory building for Oklahoma National Guard.	38,508
Weatherford	do	42,282
Do	New shop and recreational building (under construction).	33,877
Garfield:		
Enid	New armory building for Oklahoma National Guard.	96,498
NW ¼ sec. 29, T. 22 N., R. 6 W.	New 2-story brick veneer dormitory 75 feet by 100 feet.	33,593
Carrier	New school building, classrooms and auditorium (under construction).	43,624
Garvin:		
Pauls Valley	New school building, classrooms and combination gymnasium-auditorium (under construction).	$37,410
Sec. 19, T. 2 N., R. 2 E., consolidated school district No. 3.	New school building, classrooms (under construction).	20,325
Stratford	New 1-story school building, classrooms and auditorium-gymnasium.	54,853
Wynnewood	New school building	30,865
Grady:		
Chickasha	New armory building for Oklahoma National Guard.	60,440
Do	New semifireproof school building	48,746
Ninnekah	New high-school building	33,254
Minco	New armory building for Oklahoma National Guard.	56,660
Greer:		
Mangum	New school building	37,133
Do	New armory building for Oklahoma National Guard.	38,136
Brinkman	New school building	34,819
Mangum	Complete new community building, 2-story semifireproof structure (started under O. E. R. A.).	27,003
Sec. 32, T. 4 N., R. 25 W.	New school building and auditorium	39,280
Reed	New school building	29,544
Sec. 15, T. 7 N., R. 24 W., Plainview School, J. C. district No. 13.	New school building (under construction)	35,795
Sec. 7, T. 5 N., R. W., Liberty consolidated district No. 3.	New school building, classrooms and combination auditorium-gymnasium (under construction).	26,172
Sec. 9, T. 6 N., R. 23 W., consolidated school district No. 5.	New school building (under construction)	27,422
Granite	New school building, classrooms and auditorium (under construction).	47,100
Harmon: Hollis	do	26,721
Harper: Rosston	do	33,629
Hughes:		
Yeager	New school building, classrooms, auditorium, septic tank (under construction).	38,885
Wetumka	New school building, classrooms and auditorium (under construction).	104,309
Do	New armory building for Oklahoma National Guard.	58,684
Holdenville	do	71,884
Calvin	New high-school building with auditorium-gymnasium.	41,342
Jackson:		
Ozark	New 1-story school building, brick and mill construction.	32,620
Duke	New 1-story grade and high-school building, with part basement.	33,513
Sec. 30, T. 3 N. R. 19 W.	New 14-room school and auditorium	45,794
Eldorado	New 1-story brick and frame school building	28,905
Altus	New school building	30,539
Blair	Remodel building and construct new school building, classrooms and auditorium (under construction).	35,144
Altus	New junior high-school building (under construction).	70,698
Jefferson:		
Ringling	New brick gymnasium	44,908
Waurika	New school building	63,927
Johnston: Tishomingo	New armory building for Oklahoma National Guard.	37,065
Kay:		
Blackwell	do	48,313
Tonkawa	do	40,949
Chilocco	New employees' apartment building, Chilocco Indian School (under construction).	37,792
Kingfisher:		
Kingfisher	New armory building for Oklahoma National Guard.	44,885
Do	New fireproof jail	41,215
Kiowa:		
Mountain View	New school building, classrooms and storm cellar (under construction).	32,530
Hobart	New gymnasium building for senior high-school building (under construction).	45,959
Snyder	New building, classrooms and auditorium (under construction).	80,144
Hobart	New jail, 2-story reinforced concrete frame, brick walls.	28,007
Cooperton	New school building and bus garage	27,135
Latimer:		
Panola	New school building	26,739
Red Oak	do	25,570
Wilberton	New native-stone courthouse and jail (under construction).	62,685
LeFlore:		
Monroe	New stone veneer school building	28,492
Poteau	New native-stone gymnasium and auditorium.	27,313
Pocola	New school building	30,865
Lincoln: Chandler	New armory building for Oklahoma National Guard.	45,329
Logan:		
Guthrie	do	47,857
Do	New school building	31,281
Do	do	30,829
Meridian	New classroom and auditorium for Meridian School.	28,433

Oklahoma—Public buildings constructed or rehabilitated by the Works Progress Administration with a total cost in excess of $25,000—Continued

County and town or city	Description of work	Total cost
Logan—Continued.		
Coyle	Remodel old building and construct new auditorium addition to same (under construction).	$29,546
Guthrie	New high-school building, classrooms and auditorium (under construction).	119,189
Love:		
Sec. 29, T. 6 S., R. 2 E., Greenville consolidated school district No. 3.	New school building (under construction)	27,464
Marietta	New school building, classrooms and auditorium (under construction).	45,063
McClain:		
Purcell	New auditorium-gymnasium for Purcell Negro School (under construction).	38,974
Blanchard	New school building	30,821
McCurtain:		
Sec. 20, T. 7 S., R. 32 E., school district No. C-1.	New school building, classrooms and auditorium-gymnasium (under construction).	25,930
Idabel	New armory building for Oklahoma National Guard.	63,344
Do	New school building with classrooms and auditorium.	40,943
Broken Bow	New 15-room high-school building of native stone.	27,055
Wright City	New high-school building	42,273
Valliant	New high-school building of native stone, containing 11 classrooms.	42,412
Eagletown	New school building with classrooms and auditorium-gymnasium.	27,212
McIntosh:		
Eufaula	New armory building for Oklahoma National Guard.	67,755
Checotah	New junior high-school building, native stone walls.	51,990
McIntosh:		
Eufaula	New native-stone school building	29,832
Onapa	New school building, classrooms and auditorium (under construction.)	32,071
Major: Fairview	New elementary-school building	38,795
Marshall:		
Madill	New school building, classrooms and auditorium-gymnasium (under construction).	53,317
Kingston	New brick building, 12 classrooms and auditorium (under construction).	43,910
Mayes: Pryor	New classroom building	41,923
Murray:		
Sulphur	New armory building for Oklahoma National Guard.	43,904
Dougherty	Remodel school building and construct new gymnasium (under construction).	35,671
Muskogee:		
Braggs	New school building, classrooms and auditorium-gymnasium (under construction).	29,760
Warner	New school building, classrooms and combined auditorium and gymnasium.	31,663
Muskogee	New sheep and swine barns at Muskogee State fairgrounds.	82,898
Boynton	New armory building for Oklahoma National Guard.	40,557
Haskell	....do	40,217
Muskogee	....do	119,880
Council Hill	New building containing classrooms, auditorium, and gymnasium.	85,916
Noble: Perry	New armory building for Oklahoma National Guard.	50,809
Nowata: Lenapah	New native-stone combined auditorium and gymnasium.	34,292
Okfuskee: Okemah	New armory building for Oklahoma National Guard.	41,851
Oklahoma:		
Edmond	....do	49,877
Oklahoma City	New grade-school building (under construction).	40,567
Britton School	New addition to fireproof classroom building (under construction).	49,409
Oklahoma City	Remodel old county courthouse; revise interior, paint walls, electrical work, repair heating plant, etc.	30,134
Okmulgee:		
Beggs	New armory building for Oklahoma National Guard.	48,623
Okmulgee	....do	65,392
Morris	New school building, classrooms, septic tank, and disposal field (under construction).	39,849
Osage:		
Greyhorse school district No. C-33.	New school building, classrooms and auditorium (under construction).	35,455
Wynona	....do	35,455
Pawhuska	New armory building for Oklahoma National Guard.	53,127
Hominy	....do	55,021
Pawnee:		
Pawnee	....do	67,384
Hallett	New auditorium-gymnasium (under construction).	41,049
Cleveland	....do	49,844
Payne:		
Yale	New armory building for Oklahoma National Guard.	54,244
Stillwater	....do	56,519
Cushing	....do	51,506

Oklahoma—Public buildings constructed or rehabilitated by the Works Progress Administration with a total cost in excess of $25,000—Continued

County and town or city	Description of work	Total cost
Pittsburg:		
McAlester	New armory building for Oklahoma National Guard.	$65,388
Kiowa	New 1-story school building	29,431
Pittsburg	New school building consisting of classrooms and combination auditorium-gymnasium.	37,307
Canadian	New school building with classrooms and auditorium-gymnasium.	54,249
Savanna	....do	37,712
Pontotoc:		
Allen	New building (under construction)	35,627
Roff	New armory building for Oklahoma National Guard.	78,533
Ada	....do	65,771
Pottawatomie: Shawnee	New grade-school building	58,668
Pushmataha: Antlers	New school building containing classrooms and auditorium-gymnasium.	36,753
Rogers:		
Talala	New grade- and high-school building, and new home-economics and manual-arts building (under construction).	74,160
Claremore	New school building (under construction)	40,534
Verdigris	New school building, classrooms, auditorium, and gymnasium (under construction).	30,850
Claremore	New armory building for Oklahoma National Guard.	42,294
Do	New courthouse for Rogers County, 2-story reinforced concrete.	74,640
Catoosa	New school building	36,083
Roger Mills:		
Strong City	....do	36,008
Hammon	....do	31,007
Seminole:		
Seminole	New memorial hall and recreational center (under construction).	33,987
Wewoka	New addition to high-school building, classrooms and auditorium (under construction).	161,835
Konawa	New armory building for Oklahoma National Guard.	50,833
Wewoka	....do	85,890
Do	New school building with classrooms and auditorium.	37,105
Do	New school building	31,078
Sequoyah:		
Vian	New school building—classrooms and auditorium-gymnasium.	37,433
Gore	New modern school building containing classrooms and auditorium.	31,444
Gans	New school building, classrooms, auditorium, and gymnasium (under construction).	45,346
Stephens:		
Duncan	New combination grade- and high-school building (under construction).	26,793
Marlow	New armory building for Oklahoma National Guard.	27,740
Duncan	New building for Oklahoma National Guard	54,612
Do	New school auditorium-gymnasium	43,773
Comanche	....do	36,349
Tillman: Frederick	New addition to present high-school building and new junior high-school building.	55,638
Tulsa:		
Sand Springs	New 8-room school building	28,004
Jenks	New gymnasium	26,657
Bixby	New classrooms and combination auditorium-gymnasium (under construction).	61,107
Tulsa	Remodel and construct new addition to school building (under construction).	41,975
Bixby	New school building, classrooms, and auditorium.	42,156
Wagoner	New armory building for Oklahoma National Guard.	47,797
Do	New school with classrooms and auditorium-gymnasium.	46,126
Coweta	New school building, classrooms and combination auditorium-gymnasium (under construction).	36,567
Washington: Limestone School.	....do	25,708
Washita:		
Dill City	New brick and mill construction school	27,299
Sentinel	New combination auditorium-gymnasium and remodel present building.	32,449
Woods: Alva	New armory building for Oklahoma National Guard.	46,512

Mr. TABER. Mr. Chairman, I yield 20 minutes to the gentleman from Pennsylvania [Mr. DITTER].

Mr. DITTER. Mr. Chairman, on behalf of the minority members of the Deficiency Committee, I wish to commend the distinguished son of Virginia who acted as chairman of the committee in bringing this bill to the House. In my opinion, and I believe I express the opinion of all of the minority members of the Deficiency Committee, the gentleman from Virginia [Mr. WOODRUM] deserves the commenda-

tion not only of the Congress but the commendation of the country for the courage, for the painstaking attention, for the deliberative consideration, and for the splendid understanding with which he approached the consideration and study of this bill. [Applause.] I believe that only commendation is due this distinguished son of Virginia.

In my opinion this is the most important bill that we will be called upon to consider this session. I regret, as I believe a great many of the Members regret, that we cannot divorce politics from the consideration of the pending measure. We of the minority would prefer that we might be able to dismiss politics from it entirely. [Applause.] But the administration's attitude, and of course now I speak of the national administration, in handling this human need problem, the administration's attitude in handling this problem of hunger, heartache, and need, has been such that it forced upon the country and upon the Congress the political aspects of this picture. The administration, not the minority, has made of relief a political football and, speaking again for the minority, we regret that attitude on the part of the administration.

We believe that the changes that are made in the bill this year vindicate the Republican position since March 4, 1933. We believe that every one of the corrective measures that are incorporated in the present relief bill justify the position which we have taken since the first day that relief and relief administration were projected into the National Congress. In part at least we have secured that for which we have insisted from the beginning.

I want to remind the House that the W. P. A. is the child of the "rubber stamp" Congress. The W. P. A. was born when "must" legislation ruled the ranch. W. P. A. came into being when Congressmen did as they were bid. W. P. A. grew stronger as these delegations of power to the White House became greater. Blank checks for $4,800,000,000 and $3,300,000,000 were given over with a reckless abandon in order that the administration at the other end of the Avenue might do with both the delegation of authority and the money what it cared to do. Those were the days when delegations of authority were so widespread that even the Supreme Court of the United States called that delegation into question. You will remember that Justice Cardozo used the phrase "unconfined and vagrant powers" in referring to the delegation of authority to the President. Those were the powers that permitted the Chief Executive to do as he would. Justice Cardozo's characterization was certainly forceful and fitting. Congress had abdicated. The President was in complete control.

Much of the difficulty that we presently face—much of the criticism that has come to this administration of relief—has grown out of that unlimited delegation by the Congress to the executive branch of the Government. We of the minority naturally take a justifiable pride that the corrections that have come are the result of our insistence—our demands. The system of checks and balances has been reestablished. The dignity of the Congress has been reestablished and representative government has been restored. In view of the extent to which we had gone, this in itself is no mean accomplishment.

This present relief bill is related to the message that came to the Congress on the 27th of April of this year. That was the President's message on relief. It seems to me our study of the bill at this time of necessity should include a consideration of that message of April 27. That message expressed the philosophy, it gave the motives, it indicated the objective, it outlined the method by which the President wanted the relief program for the next year carried out. I believe that message was a disappointment. It was a disappointment not only to the Republicans but a disappointment to a great group of Democrats. Naturally, it received the approval of the dyed-in-the-wool and the simon-pure new dealers.

Courageous Democrats, however, were just as disappointed as Republicans with the tone and the content of that message. It admitted no mistakes. It approved W. P. A. in toto. It attempted an absolute defense.

I want to read a paragraph or two of that message. I want to read a paragraph in which the President speaks of the causes for the continued unemployment and the need for continued relief. The President definitely related need for relief with a complete collapse of his own recovery program. He admitted the failure to put men back to work. I want to read from that part of the message in which he tried to give an excuse to the country for the continued unemployment, millions out of work:

> We have found, however, that in spite of substantial recovery, as indicated by the amount of employment, the volume of unemployment continues at high levels. This is due in large measure to two factors.

I want you to note the two factors that the President claims presently causes our unfortunate difficulties.

> The first of these is that the net increase in the labor supply, due to the growth of the working population, is in excess of 500,000 workers annually.

I want you to analyze that statement. That statement is a declaration of a philosophy. It is the philosophy of futility. It is the philosophy of hopelessness. It is the philosophy of despair. Is this our outlook? Have we no future to look forward to? Are we the victims of some enemy that we cannot overcome? Is tomorrow only a time for despair, disappointment, and defeat?

The President told the country that year by year we get a new band of potential unemployables destined by the New Deal program to be lodestones. Were he speaking at one of the graduating exercises in the country today and would use the same thought, he would tell the graduates that they were a part of this 500,000 who have no outlook, no hope, no future but to be condemned to the contentment of defeat. His message brands them as parasites, as a body that intensifies a problem, as a group that contribute nothing, as a part of a mass that must be endured, and which is an impediment rather than an aid to progress.

That declaration by the President is a declaration that limits the horizons of men. That declaration of the President is a declaration that closes our frontiers. That declaration of the President is a declaration that destroys the spirit of the pioneer. That declaration portrays a future restricted, confined, a future of limited perspective; 500,000 men annually are a liability according to the President's appraisal. That is a sad outlook. It is a discouraging outlook, an outlook that I believe most Americans are unwilling to share. That declaration admits defeat. It is striking our colors. It is a surrender.

Let me read further from that same message. The President gives the second reason for the collapse of the recovery program and why this unemployment continues with us:

> The second prime factor in this picture is the increasing output of the individual worker.

Now, listen to that. Weigh that, if you will, and analyze it. The second prime factor for 11,000,000 unemployed, the second prime factor for the need of this relief program, the second prime factor for the collapse of this recovery program, is the increasing output of the individual worker. That is the philosophy of scarcity. It is tantamount to saying to the American workman, "No longer use the energy and the genius and the ability that have been yours; cast those aside, circumscribe what you may accomplish."

I recall the challenging message on the rostrum of a high school in Pennsylvania. These are the words:

> Whatsoever thy hand findeth to do, do it with thy might.

But the President says, Oh, no; no longer should there be the might, no longer the ability, no longer the energy, no longer the skill, that have given us the blessings and bounties, more of the automobiles, more of the telephones, more of the radios, and more of the abundant life here in America than can be found anywhere else. The President's message declares these are the causes of unemployment, the factors

which make necessary a relief program. That declaration is the declaration of failure.

We cannot subscribe to this philosophy. We cannot endorse this doctrine. We cannot impose these limitations on the capacities of any American workman. We are not willing to say that the outlook for this more abundant life, of which we have heard so much, is the outlook of frustration. Pigs may have been slaughtered, crops may have been plowed under, production may have been limited by Executive decree, but we refuse such fiat for American genius and American ingenuity.

There are many other parts in this message. The message as a whole intrigues me. I want to read just another paragraph from it. Frankly, I confess a degree of uncertainty in interpreting it. The President says:

> It may be of interest to the Congress to know that through the Department of State we have received many assertions that there are few unemployed persons in the nations which have accepted totalitarian forms of government.

What is the purpose of the President in making that statement? Does he intend to call the attention of the Congress to the successes of the totalitarian states? Are the totalitarian states an objective toward which we should direct our efforts?

The President amplifies that part of his message. But by and large the comparison which he makes reflects no undue credit on our system, in fact, it would seem, that at best, he tells the American workmen, "You are fortunate that you have not been marshaled into a government army of unemployables." Again the hopelessness is emphasized.

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I yield 5 additional minutes to the gentleman from Pennsylvania.

Mr. DITTER. I want to get to the close of that message. The last sentence in that message is an interesting one. I quote again:

> It will be said by history, after much political smoke has cleared away, that the Federal Government's handling of work relief has been one of our most efficient administrative accomplishments.

Let me read that again for you:

> It will be said by history, after much political smoke has cleared away, that the Federal Government's handling of work relief has been one of our most efficient administrative accomplishments.

That is the President's own yardstick of his administrative accomplishments. Of course, standards, yardsticks, vary with different people. Some of us have one standard and some another. Standards somehow are the symbols by which men, or nations, or any type of organization measure their ambitions and their goals. Some men have high standards. Some men yearn and seek and aspire as they establish their standards. They have hopes for perfection. And then, there are others who have standards of mediocrity. What we accomplish, what history will record depends upon the standards we establish. The President asks that history measure his by the efficiency of the relief administration.

The art of living is the wise choice of satisfactions. Some men are satisfied with little. They never see the stars. They have no vision, no urge, no ambition. The President asks that his success be measured by the yardstick of W. P. A. efficiency.

In spite of the political corruption, in spite of the waste, in spite of the inefficiency that has shocked the country, in spite of the scandals, in spite of abuses and mismanagement, the President blesses them with his benediction.

I am willing to have the measure of my successes, I am willing to have history's record of my administration measured by the yardstick of W. P. A.'s accomplishment. A bolder defense of W. P. A. cannot be imagined. A more complete approval cannot be suggested. The President rests his reputation on the righteousness of W. P. A., and history will record without fear or favor its appraisal of this agency.

We have not dwelt upon the acknowledged errors of omission and commission of the administration of relief by the Federal Government. That is a sordid story. Enough has already been said to give you the picture. It is uninviting and discouraging.

Our concern is the general philosophy which is the heart of the problem. The methods, the mistakes, the errors of administration can be corrected. Legislation may reach these. But the fundamental philosophies—these must be changed by a change of heart, by a change of outlook, by a new vision, a new hope, a new aspiration. We must refuse to give to slothfulness the rewards of industry, to wastefulness the rewards of thrift, to indolence the rewards of enterprise. We dare no longer dampen the ardor, thwart the energy, and kill the ambition of America. We must hold out something other than relief as the goal of our achievements.

We must forsake futility and failure as the future of America. We must hold out frontiers to conquer. We must paint horizons to reach. We must accept obstacles to overcome. We must strive to get the inspiration of victory, the laurels of achievement. We must give to work, to thrift, to industry, to the spirit of self-reliant, self-sufficient America the dynamic urge which success alone can give. We must have a vision, and with that vision the will to win. The relief of the needy must be provided, but better by far than any relief program, better than work relief, or any other type of aid, would be the relief of the spirit of America, the spirit of the American workmen, the spirit of American achievement, from the deadening, disheartening, disappointing outlook that America is a failure. [Applause.]

Mr. WOODRUM of Virginia. Mr. Chairman, I yield 5 minutes to the gentleman from Indiana [Mr. CROWE].

Mr. CROWE. Mr. Chairman, I am earnestly in sympathy with those who, through no fault of their own, are unemployed. Accordingly I have from time to time supported relief measures for the unemployed and with the millions of unemployed in the United States it has been up to the Nation—either jobs or a dole. I prefer jobs because, first the unemployed maintain their self-respect; and second, useful, worthwhile improvements have been made, most of which are overlooked by those who criticize this administration. Works properly constructed have the same intrinsic value and use for the purpose for which they are constructed, and being constructed by this agency has nothing to do with their utility thereafter.

I was much interested in the fine speech of Congressman WOODRUM. He is among the topmost able men in the House and honest to the last degree. Investigations made by him would be honest and aboveboard. I was interested to notice the leaks and waste in certain quarters. I expected to hear of some waste and some crooked things having been done. In fact, I have never heard of a billion dollars being spent but what there were leaks and more or less crooked work. We have it in business and banking in private life. We have always had some in government. I expected it. I do, however, want to see every possible bit of it eliminated. The encouraging thing to me, however, is that the leaks and mistakes, glaring as they are, are as infinitesimal in percentage in amounts as they are. But as small as they are, let us eliminate them all if possible.

Whether the policies of this administration have been worth while or not, I want to remind you that the income of the Nation has risen from $39,000,000,000 to $65,000,000,000 estimated for 1939. It is true the income of the Nation did reach $80,000,000,000 in 1929, but for 10 years prior to that it did not average over $65,000,000,000 per year. The reason that there was less unemployment during those 10 years than there is at this time with the same average income of the Nation is because of the tremendous improvement of machinery in this machine age. For instance, now the sheet of tin is thrown into the hopper and comes out a block away filled with tomatoes labeled ready for use, and never touched by human hands between those two points. The men who had worked at that heretofore were on the scrap heap until this relief program took many of them off it.

I want to say a word for the W. P. A. in Indiana. First, I want to compliment Col. John A. Cody, of the New Albany, Ind., office. He is one of the most painstaking, conscientious

men in the discharge of his duty that I have had occasion to meet. Then through the years of Wayne Coy as State Administrator no sign nor evidence of anything went through that office which was irregular, and its efficiency from the day he started until the day he ended his regime was as perfect as was humanly possible. And today we have John K. Jennings for State Administrator. John Jennings is a businessman—a successful businessman. He is intelligent, a hard worker. At any time you want to call him or call on him you can get him during any reasonable business hours, and when you get him he is awake to the situation and always earnestly endeavoring to be helpful.

I know something about the relief program. I live in the Indiana limestone district, which district has been the hardest hit in a business way of any part of Indiana, and perhaps in the Nation. For instance, we had 10,000 people directly employed in the stone business at its high peak. In 1932 the number was reduced to only 622. That left 9,378 unemployed from that one business. Without the relief program I cannot think of any businessman in that district but who would have gone into bankruptcy. It saved the day for everybody. I have never heard a single charge of any irregularity during these years in the city in which I live of Bedford, Ind., thanks to the efficiency of a fine mayor and splendid administrator, so I think it resolves itself into this: That the relief program is just as good or just as bad as the people of the community make it. It is up to the citizens of a local community to see that good people are selected to perform the work and that worth-while public works are proposed. [Applause.]

Mr. WOODRUM of Virginia. Mr. Chairman, I yield 15 minutes to the gentleman from Alabama [Mr. STARNES].

Mr. STARNES of Alabama. Mr. Chairman, the Public Works Administration tomorrow will observe its sixth birthday anniversary.

It will be just 6 years ago tomorrow that President Roosevelt signed the Recovery Act containing the title which gave life to the Public Works Administration.

Since that time this agency has demonstrated to the Nation its worth through aiding the construction of useful public works throughout the country and through the creation of widespread employment both at the sites of construction and in the manufacture, fabrication, and transportation of materials.

Every Member of this House is familiar with the enviable record that P. W. A. has made. And every member of this House likewise is conscious of the fact that no scandal has ever embarrassed the efficient administration of this agency.

I have no quarrel with the committee which has reported this joint resolution. It has held extended hearings, it has gone thoroughly into the subject of relief, and it has brought to the House a bill which, in many respects, is an excellent piece of legislation. The gentleman from Virginia and the other members of the committee have worked long and faithfully, and deserve the commendation of the country.

Perhaps those phases of the resolution dealing with work relief are the best that could be brought forward at this time. My own views are that sooner or later we must consider this whole problem of relief and work relief on a broader and long-term basis. In my opinion the time is not far distant when we shall have to rely on social security to fulfill the functions of all strictly relief activities, undertaken primarily for relief purposes, as differentiated from real public works.

Some weeks ago I introduced a bill authorizing a permanent Public Works Administration with an appropriation of $500,000,000. The majority of the committee has not seen fit to incorporate these features in the pending resolution, although I do not believe that any member of that committee is of the opinion that the P. W. A. has not done a splendid job. The committee report, as a matter of fact, has recognized the value of public works by recommending an extension of its authority and by transferring from title 1 of the resolution $125,000,000 to the Public Works Administration. In fact, the distinguished gentleman from Virginia who investigated relief matters for us said yesterday he had no objection to a P. W. A. program, and the Congress should consider one if it saw fit.

A fund for P. W. A. of $125,000,000 at this time is, in my opinion, totally inadequate. This amount would take care of comparatively few of the pending applications and would not provide for any projects for which applications may be filed after the passage of this resolution. It is my opinion that the public-works program should be, and in fact must be, several times larger than that permitted by this title. I intend at the proper time tomorrow to offer as a substitute for title II, reported by the committee, an amendment which represents a position midway between the title as reported by the committee and the bill previously introduced by me. This amendment will contain provisions for an appropriation of $275,000,000 for non-Federal projects. This will be in addition to the $125,000,000 transferred by title I of the bill. At the suggestion of a number of Members, I shall also propose an appropriation of $75,000,000 for Federal projects. The total thus made available will permit a moderate-sized program of non-Federal and Federal public works which will result in the economical and efficient construction of permanent and useful public facilities, and will relieve unemployment and aid industry.

Mr. SIROVICH. Mr. Chairman, will the gentleman yield?

Mr. STARNES of Alabama. I yield.

Mr. SIROVICH. I think the gentleman deserves the commendation of the House for this very constructive amendment and, particularly, for the work that the P. W. A. has been doing in rendering the finest contribution to work in this country.

Mr. STARNES of Alabama. I thank the gentleman from New York for his contribution and can testify to his devotion to the cause of a sound public-works program for this country and the providing of employment on projects which have a lasting social and economic value.

The substitute measure I intend to offer will not include the $225,000 limitation on the grant for any one project, because such limitation, which would make ineligible for allotment all projects costing over $500,000 would eliminate many of the most worth-while projects in nearly every Congressional district in the country. For your information, I shall put in the RECORD a list of the projects which could not receive allotments if this limitation were permitted to stand. There are 483 of them in 41 States—needed, worthwhile projects from every corner of the Nation.

The amendment I will offer continues the life of the Public Works Administration and extends the time for commencement of projects to be financed with funds made available by this resolution to April 30, 1940, and for substantial completion of such projects to December 31, 1941. The administration is empowered by my amendment to receive new applications until April 30, 1940.

Mr. Chairman, I desire and ask unanimous consent to insert in the RECORD at this point the text of the amendment which I propose to offer.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The matter referred to follows:

Amendment offered by Mr. STARNES of Alabama: Page 30, line 9, after "Title II—Public Works Administration Projects", strike out all of sections 201 to 205, inclusive, and insert in lieu thereof the following:

"SEC. 201. (a) In order to increase employment and to provide for the general welfare by providing for useful non-Federal public-works projects of the kind and character which the Federal Emergency Administrator of Public Works has heretofore financed or aided in financing, pursuant to title II of the National Industrial Recovery Act, the Emergency Relief Appropriation Act of 1935, the Emergency Relief Appropriation Act of 1936, the Public Works Administration Extension Act of 1937, or the Public Works Administration Appropriation Act of 1938, there is hereby appropriated to the Public Works Administration (herein called the 'Administration') in the Federal Works Agency, out of any money in the Treasury not otherwise appropriated, the sum of $275,000,000, together with any balance or balances of the appropriation made by the Public Works Administration Appropriation Act of 1938 not reserved or made

available by the Congress for administrative expenses of the Administration and not now or hereafter expended pursuant to allotments made prior to the effective date of this act, such sums, together with the sum of $125,000,000 transferred from section 1, to remain available until expended, and, subject to the provisions hereinafter set forth, to be expended at the direction of the Federal Works Administrator (herein called the 'Administrator'), with the approval of the President, for (1) the making of loans or grants, or both, to States, Territories, possessions, political subdivisions, instrumentalities or agencies thereof, or other public bodies (herein called 'public agencies'), for projects of such public agencies; and (2) the construction and leasing of projects, with or without the privilege of purchase, to any such public agencies.

"(b) No funds available under this title shall be allotted for any project which in the determination of the Administrator cannot be commenced prior to April 30, 1940, or the completion of which cannot be substantially accomplished prior to December 31, 1941: *Provided*, That this limitation upon time shall not apply to any project delayed by litigation in any Federal or State court.

"(c) No grant shall be made in excess of 45 percent of the cost of any non-Federal project, and no project shall be constructed for lease to any public agency unless the Administrator shall determine that the nonrecoverable portion of the cost of such project shall not exceed 45 percent of such cost.

"(d) No moneys for a non-Federal project shall be paid from the funds made available by this title to any public agency unless and until adequate provision has been made, or, in the opinion of the Administrator, is assured, for financing such part of the entire cost thereof as is not to be supplied from Federal funds.

"(e) Not exceeding $9,750,000 of the funds available under this title, in addition to the moneys authorized by subsection 201 (f) of the Public Works Administration Appropriation Act of 1938 and the Independent Offices Appropriation Act, 1940, to be used for administrative expenses of the Administration for the fiscal years 1939 and 1940, shall be available to pay administrative expenses of the Administration for the fiscal years ending June 30, 1939, and June 30, 1940. The Administrator shall reserve from the amount available under this title an adequate sum for administrative expenses of the Administration in connection with this title for the fiscal year ending June 30, 1941, subject to authorization hereafter by annual appropriation acts for the utilization thereof.

"SEC. 202. (a) The Administration is authorized to sell any bonds, securities, or other obligations which it has heretofore acquired or hereafter acquires, and to use the proceeds realized from the sale thereof for the making of further loans pursuant to the provisions of this title.

"(b) The Administration is authorized to exchange any bonds, securities, or other obligations which it has heretofore acquired or hereafter acquires for any other bonds, securities, or other obligations of the same or any other public agency.

"SEC. 203. On and after the effective date of reorganization plan No. I, transmitted to the Congress by the President of the United States pursuant to the authority granted by the Reorganization Act of 1939, all laws, Executive orders, and other documents referring to the Federal Emergency Administration of Public Works shall be deemed to refer to the Public Works Administration, and all laws, Executive orders, and other documents referring to the Federal Emergency Administrator of Public Works shall be deemed to refer to the Federal Works Administrator.

"SEC. 204. All limitations of time on the continuance of the Administration, or on the performance of its functions or exercise of its powers, and all limitations as to time on the authority of the Administrator to make allotments or to expend funds or do any other act, under or pursuant to the National Industrial Recovery Act, the Emergency Appropriation Act, fiscal year 1935, the Emergency Relief Appropriation Act of 1935, the Emergency Relief Appropriation Act of 1936, the Public Works Administration Extension Act of 1937, or the Public Works Administration Appropriation Act of 1938, or under any other act, are hereby repealed. The Administration is hereby continued and is authorized to continue to perform all functions which it is authorized to perform on the date of enactment hereof, until otherwise provided by law; and all provisions of law existing on the date of enactment hereof, and relating to the availability of funds for carrying out any of the functions of such Administration, are hereby continued until otherwise provided by law. That portion of section 201 (a) of the Public Works Administration Appropriation Act of 1938 which reads "to remain available until June 30, 1940," is hereby amended to read "to remain available until expended," and the sum appropriated by said act is hereby made available until such sum is expended.

"SEC. 205. The Administration is hereby authorized to receive and consider applications for aid under the provisions of this title or of any other act hereinbefore referred to, including applications amendatory of other applications heretofore or hereafter received: *Provided*, That no new applications shall be received by the Administration after April 30, 1940.

"SEC. 206. Section 206 of the Public Works Administration Extension Act of 1937, as amended by section 204 of the Public Works Administration Appropriation Act of 1938, and that portion of section 201 (f) of the Public Works Administration Appropriation Act of 1938 which reads 'for the completion (except liquidation) of the activities of such administration,' are hereby repealed; and the date specified in the Emergency Relief Appropriation Act of 1936, as amended by section 201 of the Public Works Administration Extension Act of 1937 and by section 202 of the Public Works Administration Appropriation Act of 1938, prior to which, in the determination of the Administrator, projects for which moneys made available by such act were authorized to be granted, can be substantially completed is hereby changed from 'July 1, 1940,' to 'December 31, 1941,' and the dates specified in section 201 (b) of the Public Works Administration Appropriation Act of 1938, prior to which, in the determination of the Administrator, projects for which moneys appropriated by such act were authorized to be allotted, could be commenced and substantially completed, respectively, are hereby changed from 'January 1, 1939,' to 'April 30, 1940,' and from 'June 30, 1940,' to 'December 31, 1941,' respectively.

"SEC. 207 (a). There is hereby appropriated to the Administration, out of any money in the Treasury not otherwise appropriated, to remain available until expended, the sum of $75,000,000, to be expended at the direction of the Administrator, with the approval of the President, for the making of allotments to Federal agencies for the financing of Federal construction projects and the acquisition of land for sites therefor, such projects to be selected from (1) projects authorized by law and (2) projects for the enlargement, extension, or remodeling of existing Federal plants, institutions, or facilities.

"(b) No Federal construction project, except flood control and water conservation or utilization projects now under actual construction, shall be undertaken or prosecuted with funds made available by this section unless and until moneys sufficient for the completion thereof shall have been irrevocably allocated or appropriated therefor.

"SEC. 208. No provision of title I hereof other than section 1 (a) shall apply to this title II or to any funds available under this title.

"SEC. 209. This title may be cited as the 'Public Works Administration Appropriation Act of 1939'."

Mr. STARNES of Alabama. Unless the Congress increases the appropriation for P. W. A. there will be a material falling off in construction this fall. The 1938 Public Works Program, I am informed, will reach its peak probably next month. And unless there is something to take its place thousands of skilled and unskilled workers and thousands of others engaged in the manufacture of building materials and supplies will find themselves without work.

Mr. Chairman, the country is in no condition today to abandon public works. Nor do I believe that it is willing to cut this program down to $125,000,000.

Permit me to call to the attention of the House some of the accomplishments of the Public Works Administration.

It has, as a result of its several programs, created more than 1,783,700,000 man-hours of direct employment at construction sites at prevailing local wages.

In addition, it has created an even greater amount of work indirectly. The United States Department of Labor, through its Bureau of Labor Statistics, not long ago made a special study of 1,000 completed P. W. A. projects. It found after painstaking research that for every hour of labor furnished on the site of a P. W. A. project that two and a half times as many hours of work were created elsewhere. This "behind the lines" employment in mines, forests, factories, and mills, while not as readily discernible as the construction-site employment, nevertheless, is just as important and because of its larger volume is even more important.

Another good feature with respect to the Public Works Administration is that its grants are limited to 45 percent. It costs the Federal Government less because in every instance the local community puts up 55 percent, or the major portion of the total cost of the project. Still another advantage is that the local community gets exactly what it wants and what it feels that it is able and willing to pay for. No one in the Public Works Administration sits in an office in Washington and tells a local community that it must take an airport instead of a school or a swimming pool in place of a hospital. The selection of projects in the first instance is the business of the local community.

Under this policy the Public Works Administration has been instrumental in having cities, towns, and other public bodies put to work nearly $2,000,000,000, exclusive of Government loans, which otherwise might have remained idle.

Mr. JOHNSON of Oklahoma. Mr. Chairman, will the gentleman yield for one observation?

Mr. STARNES of Alabama. Yes.

Mr. JOHNSON of Oklahoma. I appreciate the very splendid, informative address the gentleman is giving and I agree with him in the main, but it occurs to me that if the Public

Works Administration does all, or practically all, of the building program hereafter, it will be impossible in rural districts, for instance, to get a building constructed because of the amount that the local community must put up in order to have such construction.

Mr. STARNES of Alabama. Well, there are few communities in this country today that are not able to put up 55 percent as the sponsor share for a sound public-works program where one is actually needed.

Mr. DEMPSEY. Mr. Chairman, will the gentleman yield?

Mr. STARNES of Alabama. I yield.

Mr. DEMPSEY. If the Congress does not vote more than $125,000,000 there will not be very many buildings put up in the rural districts.

Mr. STARNES of Alabama. That is correct.

Mr. JOHNSON of Oklahoma. Mr. Chairman, will the gentleman yield for one more question?

Mr. STARNES of Alabama. I yield to the gentleman.

Mr. JOHNSON of Oklahoma. As I understand, there have heretofore been P. W. A. projects approved to the extent of about three-quarters of a billion dollars. If only $125,000,000 is appropriated they cannot begin to take care of the projects already approved.

Mr. STARNES of Alabama. The gentleman is correct and I thank him for his observation.

Mr. MASSINGALE. Mr. Chairman, will the gentleman yield?

Mr. STARNES of Alabama. Briefly; yes.

Mr. MASSINGALE. I want to state to the gentleman with respect to his remarks that he doubts if there is any community in America that cannot put up the amount required for a P. W. A. project, I am sure the gentleman thinks that is correct; but out in the Midwest section of the United States I am sure, if the gentleman just knew the conditions existing there and why they had to use the W. P. A. for the construction of school buildings and matters of that sort, he would have a different idea about it.

Mr. STARNES of Alabama. I have been entirely sympathetic to the work-relief program up to the present time and have supported every bill for work relief that has been presented to the Congress. I realize there are some communities in the United States that are not able to finance their own projects, but I still contend they are few.

Local public bodies under P. W. A. programs have contributed approximately $1,848,000,000 of their own funds toward the construction of 16,700 useful non-Federal public projects. This vast sum, mind you, did not come from the Federal Treasury. In addition to it, applicants borrowed from P. W. A. approximately $830,000,000, to be repaid to the Federal Treasury with interest at 4 percent. The Government already has received more than $18,000,000 in interest on these loans, not to mention a profit of more than $12,000,000 as the result of the sale of bonds.

Just a word now as to the stimulus that has been provided American industry by the P. W. A. More than $2,500,000,000 worth of material orders have been placed with American manufacturers month after month since 1933. Some $591,000,000 worth of steel and steel products were ordered; over $600,000,000 went for stone, clay, and glass products; $451,000,000 for machinery, $138,000,000 for forest products, and so on. American industry would be far worse off today had there been no public-works program.

A recent report by Administrator Ickes to the President showed that more than $1,205,000,000 has been paid out by private contractors in wages on P. W. A. project construction sites. This report, based on figures of the Department of Labor, showed further that 59 percent of these earnings goes directly to the grocer, the clothier, and for housing. Families of P. W. A. workers spent their earnings as follows: Food, 32 percent; clothing, 11 percent; furnishings and equipment, 4 percent; transportation, 9 percent; recreation, 5 percent; medical care, 4 percent, and other items, 7 percent.

Mr. Chairman, it is not my purpose to burden the Members by any further quoting of figures and statistics. The lists of P. W. A. allotments, the number and types of projects and similar statistical material are a matter of record and may be found in the committee hearings.

But I do want to point out to the House that P. W. A. has on hand some 5,800 projects for which funds are not now available. It does not seem fair to so many Members representing so many communities which in good faith are ready and willing to defray 55 percent of the cost of these needed improvements that they should be disappointed. Unless this appropriation is increased many of these deserving projects must necessarily fall by the way.

The Public Works Administration is not on trial. P. W. A. has won the merited acclaim of the country for the sensible and efficient manner in which it has done its work. That approval also has been reflected in the action of this House on many occasions during the past 6 years. When the time comes let us increase this appropriation and give the Public Works Administration another vote of confidence. [Applause.]

Mr. TABER. Mr. Chairman, I yield now to the gentleman from Minnesota [Mr. ALEXANDER].

RELIEF AND W. P. A.

Mr. ALEXANDER. Mr. Chairman, in the absence of a better bill, or in the absence of a substitute for W. P. A. relief, I am forced to vote for this measure which is now before us, because without the funds which it provides, countless millions of our people will starve, and I am sure that no one in this country, either in Congress or out of Congress, would countenance such a thing, no matter how much opposed one might be to the philosophy and theory expressed in this W. P. A. appropriation bill.

Let me preface my remarks by saying that this measure has been worked out by a committee dominated, if not by enemies of the W. P. A., then by men who are inherently opposed to the W. P. A.—ultraconservatives and anti-New Dealers, who, while they have no love for the W. P. A., have been forced to bring out this bill because of the national unemployment situation. As a consequence of their antipathy to this sort of an appropriation, they have made it just as bad and just as undesirable a bill as they could, perhaps in the hope that they could thus kill it off and destroy it. They have done this notwithstanding the fact that there would be nothing in the way of a substitute measure, sound and constructive and fundamental, which they would or could offer to take care of our poverty-stricken unemployed people, who in their helplessness look up with outstretched arms, beseeching Congress for a few crumbs and morsels from the bountiful resources which this Nation holds within its boundaries.

Consequently I was disappointed when this bill came yesterday from the committee and was presented to the House of Representatives. I was disappointed also on April 27 when the President brought his message to Congress regarding the relief problem. I was disappointed—and I say this in no partisan sense—because I felt that after 6 years of trial, effort, and experimentation, that it was high time that the administration brought a recommendation and suggestion to the Congress of a sound and constructive program looking to the solution, or at least the lessening, of our unemployment problem. I say, in view of the fact that the President failed to do this, I am also disappointed that the Congress now, after 6 more weeks since his message, has also failed to bring to this country some sound legislation in place of this very unsatisfactory suggestion for the further continuance of the W. P. A. as the chief source of relief for a gasping, expectant, and beseeching Nation.

Yesterday the distinguished gentleman from New York [Mr. TABER] said in opening the debate:

> What this country needs is drastic revision or outright repeal of the Wagner Act, of the wage-and-hour law, and of the reciprocal trade agreements.

I would like to add to that statement that what this country needs is that all Government regulations and restrictions on business should be revised or repealed. But what this country needs even more than that is that we here in Washington, who are charged with the obligation and the

duty, should set up a real program for relief, and for the solutions of our other great problems, such as war, disease, and crime, to which I have referred so frequently on the floor of this House since coming to Washington.

These are the filthy canker sores which are breeding, festering, and eating into the very life and blood stream of this great Nation, and only because of our inherent financial strength and our exceptional natural resources can we so long withstand the attacks of these insidious diseases. Neither Congress nor this or the preceding administration can take any credit for the fact that we are still in as good a state of preservation as we are. It is not because of Congress or of these administrations that we are still a going concern; rather, it is in spite of the bungling and blundering mess into which we have brought ourselves that the Republic still lives.

What this country also needs is an administration with the courage and the insight to do something sound, constructive, and fundamental, and Congressmen who will think these problems through and who will thereupon present to the Nation a real program for their solution, not for their perpetuation. It is our duty to put our faith in the direct approach to these problems. The way to remove bad results is by the removal of the bad causes.

On January 13 I suggested to the House that we set up a committee to study this problem of relief, so that a constructive program could be brought into this session of Congress. A few days ago in connection with the debate on the appropriation bill for the Department of Justice I also suggested in that connection that instead of continually, year after year, making larger and larger appropriations for the support of that Department, charged with crime catching and crime punishing, that we should take stock of the situation, do a little introspection, and set ourselves to the real task of crime curing instead of going on voting larger and larger appropriations in an unquestioning manner, as we so easily do here when asked for appropriation legislation. Oh, I know it is easier to let things ride, not to question these things, but I greatly doubt if it is cheaper. In fact, the complaint of the public is fully justified when they charge us with extravagance, with applying the most costly solution in every respect in the case of these great problems.

I cannot see how we can pursue such policies as we are and call ourselves a Christian nation, for in the terms of the Founder of Christianity, "Inasmuch as ye have done it unto one of the least of these," we are not justified in that claim by such a program as this bill contemplates. In terms of democracy and its eternal and priceless heritage bought with the blood of our Revolutionary, Civil, World, and other war veterans, I cannot see that we can justify ourselves with such a bill as this. Some of the people of America may eat well, some of us may eat cake, but I cannot eat it with pleasure and satisfaction as long as I know there are millions of men and women who are starving for want of bread; when I know there are millions of boys and girls going daily without fresh vegetables, fruit, and even milk. And here we are again today condemning them to another year of hunger, of want, and of poverty-stricken misery. When, if we were half the men we think we are, we could put a stop to this thing immediately, soundly, constructively, permanently, and at less cost than is involved in the program which we have for years pursued and are here today perpetuating.

After 10 years of depression we are still making blind appropriations, I suppose with the hope that by some act of sleight-of-hand or legerdemain or by some gift of Providence we may find prosperity around the corner where we can suddenly lay hold of it and put a stop to the drain on the Public Treasury.

A SIMPLE AND NATURAL SOLUTION

As I have contemplated this problem, seeking long and earnestly to find a solution based on realism and on human needs and limitations, I have been struck with the fact that most of our public thinking on the subject of relief has been based on an erroneous premise, the premise that the problem is how to care for 11,000,000 unemployed. Most of us have taken that or some other larger figure, representing the mass of those on relief, and we have stood aghast at the enormity of the problem. It is apparent that it has made most of us spellbound, if not entirely unconscious. We have been saying to ourselves over and over "millions and millions and millions of unemployed" and "billions and billions and billions of appropriations" until we have lost sight of the real fact and the real problem.

Consequently I want to say with all the emhasis at my command that the problem is much simpler than it appears, that the problem is simply the problem of the individual, of the individual man and woman who is unemployed and who needs work, food, shelter, clothing; or, in most cases, of the individual family whose breadwinner needs work to provide rent money, groceries, food, clothing, and shoes. Now, actually and seriously, is that not the complete extent of our problem? The problem of each and every single individual who makes up this great army of relief clients? There are three things which all individuals must have, whether prince or pauper, whether employed or unemployed, whether rich or poor. We all meet on the same level in this respect, that we must all have food, shelter, and clothing.

Knowing that, then, it seems to me that the question becomes how best, how most economically, cheaply, and easily can we provide our needy and unemployed with these fundamental needs of life. In the case of the family, it seems to me the answer is a home in the suburbs of our great cities, or on the edge of our smaller cities and towns, where a suitable and practicable piece of ground could be utilized for the creation of the family's food needs. A large percentage of our unemployed are city dwellers, who, because of the industrial depression and because of the advent of the machine age have been temporarily or permanently thrown out of work. In fact, in this country we did not have any unemployment or relief problem until the concentration of our population in our urban centers.

I am positive, therefore, the sooner we get back to the home and to the land, the sooner we will rehabilitate our unemployed and save our Nation from bankruptcy. With a home and a garden, two-thirds of our family unemployment problem has been solved, leaving only the problem of clothing to be taken care of with relief or by part-time work. With all of our great surpluses in this Nation, it is a crying shame and an indictment of our intellect if we cannot make a go out of it in a constructive way. While a few of us have too much, most of us have far too little of the things that make for a good life—that is, a home, proper food, warm clothing, and healthful surroundings. Too much for some and too little for many is not conducive to the happiness either of the few or of the many, nor to the stability of society as a whole.

I am sure if you will think this thing through with me that you will see it as I do, that the home is most important; that it is not only the seat of life and of happiness but that it is also the foundation of democracy and therefore of liberty. A nation founded and established on the principle of giving to the individual "life, liberty, and happiness" cannot exist without the home being paramount and supreme. We seem, however, to forget this, and as a result we have not only lost our economic prosperity but we have also almost lost all of our security, our political stability, and our democracy. The home is therefore primarily important, not only in terms of the individual but in terms of the highest objective of humanity, collectively speaking.

What are we doing or what have we been doing in this country to promote this idea in an actual and in a real and aggressive manner? While we have been handing out doles, hand-to-mouth relief, starvation W. P. A. wages in a hit-and-miss, month-to-month manner, and interspersed here and three with emergency-relief appropriations—R. F. C., H. O. L. C., U. S. H. A., and so forth—we have not pursued a policy aimed at the roots and causes of the unemployment evil or problem. As a consequence we have much less to show for our public expenditures than we should have. True, we have fed people in a way, but we could have done it better

and with much less expense had we set up a program in the beginning such as I am suggesting here today.

In addition to furnishing economical shelter and food as I am suggesting, think of the work which would be provided by building permanent and modern homes for the unemployed, by properly landscaping them, by laying out roadways, parkways, country clubs, and other recreational centers where life would be worth while, and where our youth could be nurtured in health-giving surroundings and protected from the breeding spots of crime. Think of the lumber, the roofing material, the paint, the plumbing, the electrical equipment, the glass, the plaster and cement, the garden tools, the poultry, machinery, livestock, and all the other things which would immediately jump into great demand were such a home and garden program started in America.

I should not take the time in this discussion to suggest any of the mechanics for the operation of such a program, but on account of my own experiences, both personal and in business, I feel constrained to suggest that in order to make such a program immediately and extensively successful I would give the individual the right to dip directly into Government funds provided for the purpose, so as to help him quickly in the creation of a suburban home. I would also make it possible for the realtor or real-estate operator to utilize the fund, also the contractor, and, of course, the local city or the State. This would give encugh latitude and make the funds available in such a widespread manner that business could not help but feel the benefit of such a building and development boom. If an individual should feel that he wanted to work on the building of the home, I think it would be most appropriate to allow him to do so. I feel from experience that the suggestion which I have just made would especially serve to encourage private business and industry to extend themselves to the limit in order to avail themselves of the opportunity to do business in cooperation with the Government.

We hear it said that we have no more frontiers. I think we have frontiers on the outskirts of every city in this land, and if Government funds were made available for the building of homes and gardens for our poverty-stricken people, we would immediately re-create a million new frontiers for America's finest citizenry and her growing youth while they built a new life for themselves.

PROOF OF THE PUDDING IS IN THE EATING

How do I know and why am I so sure that this plan will work? That it can be done? For three reasons: (1) Because I pursued almost identically the same course as I am suggesting here in my early days when Mrs. Alexander and I were first married and had to live on $50 a month. We did it and made progress; (2) because Europe has done it and is doing it for her teeming millions; (3) because a certain Catholic priest, Father Ligutti, at Granger, Iowa, did it in the case of the unemployed miners of that southern Iowa town. Doubtless other similar cases have occurred to prove the practicality of the plan which I am suggesting. At this point in the RECORD I want to insert an article taken from the January 1939 issue of the magazine Free America entitled "Experiment in Living," which describes in some detail the story of the development at Granger, Iowa.

EXPERIMENT IN LIVING

(By Bertram B. Fowler)

There are thousands of communities in America like the mining camps surrounding Granger, Iowa. These communities, huddles of shacks clustering around the mine, factory, or mill that provides the livelihood for the workers, represent centralization at its sordid worst. In these communities live men and women who are divorced from all hope of betterment as long as the bonds of poverty keep them tied to their company homes and the mill whistle.

The mining camps around Granger are no worse and no better than the thousands of communities you may see in every State in the Union. The shacks in which the miners live are flimsy, paintless structures with not a single modern improvement. All the water used in the shacks comes from the row of community pumps sunk squarely in the center of the filthy, rutted street a comparatively few yards removed from the rows of outhouses behind the shacks. There are no bathrooms, no electric lights. Each shack is built so close to its neighbor that none has more than a tiny patch of sour earth incapable of growing anything but a few pale weeds. For these shacks, which the mining company evaluated at $50 when they found a sale for one, the miners pay a rent of $11 a month.

As in so many like communities all over the continent there is good farming land just beyond the lines of the narrow rows of shacks. The land is there, rich and promising while the children of the miners go without milk and green stuff and the miners themselves spend all their meager wages in a losing effort to make ends meet.

There was, however, one thing that most communities lack. There was a man in Granger who saw that there was just one way to raise the living standards of the miners and free them from their bondage to seasonal employment. Father Ligutti, since elevated to the rank of monsignor, believed that the answer to the problem lay in the soil beyond the mines. He was a firm believer in the agrarian-decentralist philosophy of balancing industrial employment with a life on the soil.

With this idea in mind Ligutti mapped out a plan for a new community on the outskirts of Granger. He took an option on 250 acres of rich Iowa cornland. His plan called for the erection of 50 modern homes, allowing a few acres of productive land with each home. He believed that such homes could be built on a cooperative basis so cheaply that the monthly payments would be little more than the sum paid as rent for the company shacks.

The greatest problem faced by Ligutti was the raising of the capital necessary to start the project. He could find no institution or individual who believed as he did in subsistence farming. Those who believed they understood the miners declared bluntly that the miners wouldn't know how to care for decent houses. They believed that once the miners were moved into good homes they would allow them to go to pieces until they reached the same level of the houses they had occupied all their lives.

Ligutti's homestead project became possible only when the present administration set up its Subsistence Homesteads Division. Ligutti's project was one of the first approved under the new law. Approved in 1934 it was February 1935 before governmental red tape became unwound sufficiently for the building contracts to be awarded.

The houses were finished in October 1935, but it was December before electricity was turned on and the 50 families moved in. The long period of waiting had discouraged the would-be home owners. Throughout this period it was Ligutti's enthusiasm and energy that kept the miners together. When they finally moved into the homes the triumph was really Ligutti's.

Ligutti's original idea was to have each home owner do a large share of the actual building of the home during the summer slack period when the mines were closed. But this was not allowed by the Bureau in charge of the project. The contracts were awarded to local contractors and all work was done by them. As a result the homes which should have been built for approximately $2,500 actually cost $3,500. But, as Ligutti points out, the Government was the only source from which he could obtain the necessary funds. Thus the added costs and delays caused by red tape were unavoidable. Even with these added costs, however, the Granger homesteads were a success from the start. All charges connected with the project—interest, taxes, insurance, and amortization—amounted to an average of $14.75 a month per house, about $3.75 a month more than these miners had paid for the shacks they rented from the mining companies.

With the houses built and the miners moved in, Ligutti then faced the problem of proving that the miners would carry on successful subsistence farming. Most of them were of Croatian and Italian stock. In the old country their fathers had carried on subsistence farming. But in America they had almost lost their link with the soil.

The feeling of ownership had been all but lost by these men. It was Ligutti's job to bring that pride and self-reliance to life once more.

Ligutti tells a story that is rather indicative of what that feeling does to a family. In the spring of the year he persuaded one miner to buy a brood sow. Under his persuasion the family got together the few necessary dollars and made their investment.

On the eve of their son's wedding the couple came weeping to Ligutti. The pig had broken out of its pen in the night and wandered off somewhere. Their misery was twofold. With the marriage of the son the home was losing a good breadwinner. On top of that the pig was gone.

Ligutti comforted them as best he could. The next morning he saw the younger son of the family on his way to school. The boy was whistling so happily that Ligutti asked him why all the good cheer.

"O Father," the boy said, "the pig came back last night."

Ligutti smiled. "So the pig came back. But how about John? You're still losing him, aren't you?"

"To heck with John," the boy said promptly, "the pig came back."

This was the feeling that Ligutti had been trying to instill in the people. In the case of that Croatian family it had begun to work. The pig was productive property, symbol of the new life on which they were embarked. All over the homestead community the same thing was happening. Families that did not work a foot of ground the first year caught the feeling from others and began to put in gardens, began to raise the odd pig and the flock of chickens.

In the fall of 1937 a Thanksgiving banquet was held in the parish house. Everything served at the banquet, with the exception of spices, came from the homestead acres. At the same time a survey showed what had happened. That year the housewives put up 15,000 quarts of fruits and perishable vegetables. The 50 homesteaders had raised more than 500 bushels of potatoes and over 1,000 bushels of other vegetables. There were 28 cows and calves, 79 pigs, and more than 1,500 chickens scattered throughout the community. And that was a year of severe drought in Iowa.

The figures for 1938 are not completed yet. But Ligutti figures that the farm output has been doubled. The man who had a pig in 1937 now has several fattening. The gardens are larger and more productive, the flocks of chickens larger and better. These miners have in 2 years learned how to farm. They have learned how to utilize the hours and days spent out of the mines. But, more important than anything else, is the dawning sense of their own self-reliance.

In these homes into which they moved in 1935 most of the miners had their first bath in a modern bathtub. For the first time they had central heating and a home that could be kept clean. The old shacks in the mining camps were filthy because it was impossible to keep them clean. There was squalor and poverty because squalor and grinding poverty was part of the set-up under the circumstances.

Today the children of the miners are for the first time getting a sufficiency of fresh milk, eggs, and green vegetables because the only way under Heaven for them to get such things was to have them raised in their own gardens.

The average wage of the miner is still about $800 a year, or $66.66 per month, the same income that before failed to provide the family with wholesome food and decent living conditions. The mines always closed in the spring, leaving the miners to live in idleness during the summer. Now the whole family works all summer on the homestead acres, raising a subsistence crop that leaves the $800 free to provide a higher standard of living.

Even more marked than the change in the miners is the change that has taken place among the children. In the mining-camp days the boys ran wild in the dirty streets. There was nothing constructive for them to do. So destructive traits and habits grew out of the idleness.

When the Granger homesteads were built, Ligutti laid out a plan of practical education for the children. In connection with the parochial high school, he set up a system of manual training that has changed the habits and outlooks of the boys.

Ligutti's assistant, Father John J. Gorman, knows his boys. He took charge of their training. He and the boys built a workshop from foundation to roof. They installed simple machinery for woodworking, blacksmithing, and mechanical work. In that shop Gorman has trained the boys in the mechanical side of farming. He teaches them to make implements used on the farm, the furniture for the home.

When a boy gets through with Gorman's course he is a practical farmer, for, along with mechanical training, goes training in landscaping, the grafting of fruit trees, beekeeping, and a dozen other income-producing lines.

Ligutti goes still further than mere manual training for his boys. He watches them, ready to advise and direct them in new lines. When one boy graduated from high school and began to look around him for a job, Ligutti started him raising white rabbits. Today that boy has a lucrative business. He has shown his rabbits at State and county fairs and is working up a reputation as a source of breeding stock for others going into the business.

This boy sells his breeding stock and wool. But, looking ahead, Ligutti sees the community spinning the wool and turning it into the fabrics that will multiply the cash return to the home.

Just as the boys are being trained in all branches of farming, so the girls of the homesteads are being trained in homemaking. They are trained in home economics, in spinning, canning, and all the arts of the household. More important, they are being taught that homemaking is a dignified profession; that life on the farm can be finer and better than in any industrial community.

The Granger homesteads are unique in the State of Iowa. All around them stretches the tragic evidence of what commercial farming has done to a rich and prosperous State. You approach the Granger homesteads through vast fields of corn. Everywhere one can see corn and hogs and steers. The farmers raise the corn and feed it to the stock for the Chicago market. Calling themselves farmers many of them buy practically everything that appears on the family table.

They sell their hogs and steers and buy their meat by the pound from the local butcher—meat that went to Chicago on the hoof and returns to them with all the charges of centralized handling added. They turn all their acres into corn and in some cases buy even the vegetables they serve with the meat.

As a result the appalling figures of tenancy in Iowa mount steadily. The farmer, after years of such commercial farming loses his land and thereafter drifts from farm to farm as a tenant. Working the richest soil in America the Iowa farmer has lost ownership and become a glorified hired hand.

In the towns and cities the small industries are to be found. When the harvest is gathered the industries boom. Throughout the winter there is work. In the spring the machinery stops. Factory workers, mill hands, and miners live in poverty and idleness through the summer, waiting for the harvest while bills pile up, while the whole population of the State goes a little deeper into bondage to the money masters who now own more than 50 percent of the farms of the State.

It is because of this that the Granger homesteads are so vitally important. Here we have a glimpse of what can be done with people who were at the bottom of the social scale. They were sunk deep in poverty and hopelessness and have come up out of the slough on their own power. By the simple process of wedding the productive soil to their productive labors they have worked something akin to a miracle.

There are other basic problems to be worked out. The problem of financing must be solved. If sources of financial backing can be discovered, such homesteads can be set up almost anywhere on the fringes of what are now industrial slums at prices that any group of workmen can easily meet when subsistence farming is linked to part-time employment.

The present administration made the Granger homestead experiment possible. But, to repeat, red tape and administrative costs have added too much to the final cost of building. Even at those prices the Granger homesteads represent an unqualified success in community building. Cut those costs, however it may be done, and the sweep of such homestead building will multiply until it becomes a basic national pattern.

If Father Ligutti can do this at Granger, Iowa, we as a nation certainly can do it all over the country, and we would probably cut our relief load to one-third of its present amount. What a saving, not only in money but in the morale of our citizenry reflected in the happiness, lives, and contentment which they could not help but enjoy when moved from the slums, huts, and hovels in which a great majority of our poverty-stricken people are forced to dwell today.

Talk about your old-age pensions. Talk about your homestead-lien laws. We do not have to worry about them if we would put this suggestion into effect. For the homes which we would build today with ordinary care and usage would still be there just as good 50 years from now, useful during the intervening years not alone as a monument to the foresight and vision which we will express when we build them into a new era in our relief problems, but also in the meantime having been useful for the housing of another generation and possibly two in the family of the builder and first occupant. How do I know they would be there after 50 years? Because our finest homes in America today are homes like Mount Vernon, Monticello, and other magnificent homesteads built 50, 100, or 150 years ago. How do I know we would not have to worry about old-age pensions? Because it is on this exact basis of a home and a piece of land that my own parents, now nearly 80 years old, are still providing for themselves as they have for many years.

Of course, we could not take care of all our relief cases in this way, but you must agree that we could make great progress in the family life of America and we could relieve the W. P. A. from a large share of its load. We could not do away with it entirely, but the part which we would have to retain would be so infinitesimal as compared to the tremendous burden which we have loaded onto the W. P. A. during the past few years that it would be a minor incident among the appropriations of Congress.

There are other things, too, which could be done in addition to the suburban homes and garden building program which would be sound and constructive and of a real productive and permanent value in terms of the building of better lives and a better Nation. For instance, such things as the building of waterworks, sanitary sewers, conservation and flood-control projects, highways, and the extension of telephone and electric-light lines to every home in the far corners of America's countryside could and should all be done.

In my own district in Minnesota right now we have a dozen villages asking and waiting for help in the financing of their needed water and sewer systems or extensions, the building of schools, and other public improvement projects. These, too, will create work in a constructive way. Why should we restrict them as we are doing? Why not provide the necessary revolving fund so projects of this sort can get under way?

I suggest therefore that we recommit this bill with instructions to the committee to bring in a real relief-appropriation bill, one which will be sound and constructive and which will give us value received for our dollars expended; one which will create for the needy of America homes which they

can be proud to possess and to live in; homes and environment which will make patriotic, loyal, and energetic citizens who will be glad that they live at the new frontiers in free America under a glorious democracy, where the individual and the home are secure and supreme. With $1,716,600,000 do you know that we could build 49,457½, $3,500 homes like Father Ligutti has built at Granger, Iowa, each year? And in building them rebuild business and every individual in America?

Mr. WOODRUM of Virginia. Mr. Chairman, I yield now to the gentleman from Louisiana [Mr. GRIFFITH].

Mr. GRIFFITH. Mr. Chairman, I think that the Committee is to be congratulated on the splendid work which they have done in bringing out this bill. I think that the bill is a good one, and I am going to vote for it. I am disappointed, however, that more funds were not provided for N. Y. A., and I will vote for an increase over the amount provided for by this bill because I have heard more favorable comments on what has been accomplished by N. Y. A. and the C. C. C. camps than I have heard about any of the other emergency relief agencies. I will discuss this later in this speech.

I do want, however, to criticize section 12 of title I, which reads:

> None of the funds made available by this title shall be expended on construction of any building the estimated total cost of which exceeds $25,000 unless the building is one upon which the construction is in progress on June 14, 1939.

It is my opinion that if this section 12 of title I is adopted as written, that it will prevent the sponsoring of many worthwhile projects and will necessitate the employment of the W. P. A. workers in many communities on worthless projects. I think that this section should be amended to increase the amount and change the date from June 14 to read either July 1 or until the bill becomes a law.

In my own district a bond issue has been voted, the bonds sold, and the money deposited in the bank by the sponsors for the purpose of constructing a very necessary school building, to replace the three-story brick building which was rendered untenable in January of this year because the foundation had given way, and which it is estimated will cost slightly in excess of $100,000. The project was submitted through channels and was favorably acted upon by the W. P. A. agencies both in Louisiana and Washington, and the President gave his approval by signing the project about 2 weeks ago. The only reason work has not started on the project is because all the W. P. A. workers in that community have been employed in finishing up another project. This other project is the constructing of a brick school building for Negroes of that community to replace a wooden structure which had been destroyed by fire about 14 months ago. This was a $35,000 project and will be finished in about 1 week or 10 days.

If section 12 remains in this bill unchanged, this community which I have mentioned will be deprived of this much-needed and necessary building. Besides nearly 200 of the relief workers will be deprived of any worth-while projects upon which to work, and 400 children will be forced to continue to use lodge halls and churches as school rooms for an indefinite period. The relief workers will be forced to work on useless projects as they did in the days of the C. W. A. We of the South can recall those days, when the relief workers' principal employment was cleaning ditches along the highways and throwing the dirt on the shoulders of the roads, and after each rain it was washed back into the ditches from which it was again removed many times, or until worth-while projects were sponsored by the various subdivisions of State. It was because of this class of work that the relief workers received so much unfavorable criticism and were the butt of so many jokes. It was this class of work that broke the morale of the workers, because it made them realize that they were on a dole and were not accomplishing anything worth while.

You may say to me that this class of work should be handled by the P. W. A.; in answer to that I will say that probably you are right, but when this emergency occurred the P. W. A. had no more funds available and were legally prohibited from approving any more P. W. A. projects. You might further state that this project should be withdrawn as a W. P. A. project and submitted as a P. W. A. project. You all know that it will be impossible to handle the P. W. A. projects which have already been approved and are now awaiting appropriations with the money that will be provided by this bill. You might further ask, What will be done for the relief workers when this project is completed? In answer I will say that this work will last for about 10 or 12 months; then I do not know what will happen and I do not think that any of you know; probably there will be no necessity for relief work. The same community which I have mentioned has bled itself white providing funds with which to pay the sponsor's part on worthwhile projects so as to prevent our unemployed people from doing useless work that benefited no one and broke the morale of the workers.

Ladies and gentlemen of the Committee, this project that I have mentioned serves a community of about 5,000 people and is located in a town with a population of 3,000. This town of which I speak is my home town.

I sincerely believe that it will be unfair to my people, who have placed upon themselves a burdensome responsibility in good faith, believing that they were aiding their Government in providing worth-while work for their fellow citizens and at the same time procuring badly needed school facilities for the children of all, including the children of the W. P. A. employees.

I have heard other Congressmen say that they had projects the status of which was similar to the one of which I have just spoken.

I feel that 3 or 4 weeks' extension would go far toward remedying these unfortunate situations; and I feel sure that an increase over the $25,000 limitation for projects would greatly help and not cost the Government additional money. The small amount allowed will affect not only the cities but the rural communities, an example of which I have just cited you.

Mr. JOHNSON of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. GRIFFITH. Yes.

Mr. JOHNSON of Oklahoma. Does the gentleman know that if this provision of the committee is permitted to stand, cutting the Budget estimate of N. Y. A. $42,000,000, that it will have the effect of depriving 600,000 boys and girls who are now walking the streets and highways of the country looking for jobs of an opportunity to go to school next year?

Mr. GRIFFITH. I so understand.

THE N. Y. A. PROGRAM

When one considers the magnitude of the youth problem, it is clear that the amount of the appropriation for the National Youth Administration is not a simple matter of arithmetical calculation. There are nearly 5,000,000 young people in the age group reached by the National Youth Administration who are out of school and unemployed. To extend the present N. Y. A. program to all of them would require an annual appropriation of approximately $1,200,000,000. This would make no provision for the group in school and college who are only able to continue their education through the assistance they receive from the N. Y. A. student-aid program. Here again the present annual expenditure of $22,000,000 would have to be greatly increased if the entire need were to be met.

Since the National Youth Administration on its present appropriation of $75,000,000 a year could not hope to meet the entire problem, it has proceeded on the principle that its first responsibility should be the working out, on an experimental basis, of a sound formula for meeting the needs of these young people at a low-unit cost. Part-time employment on projects of public value has been the heart of its program but it has been possible to rally community resources in the field of training, vocational guidance, health, recreation, and other activities designed to make young people better able to make their way in the world. This has

been achieved through maximum decentralization of control and integration of the N. Y. A. program into the community so that there might be the best adaptation to local needs and the best use of local resources. In this way a well-rounded program for unemployed youth has been developed at a cost to the Federal Government of $20 a month for each young person.

After 4 years of operation this pioneering in a new field has developed a body of experienced personnel and a method of operation which could be expanded indefinitely without changing the essentially economical and adaptable character of the program. The reasons for its expansion at this time appear to be fairly obvious. From a strictly financial point of view it would seem a good investment. These young people are potential producers and consumers; some way must be found to include them in our economic set-up if that set-up is to function on a healthy basis. From a political point of view a democracy cannot afford to ignore the needs of its young people; the frustration of the mass of young people, deprived of all hope for the future, has proved a fertile ground for antidemocratic doctrines in other countries. But the most compelling reason is the crying need of these young people themselves for work experience, for the chance to earn a small income, and for guidance in finding their place in a changing world.

Because of its limited funds the National Youth Administration has been obliged to limit participation in its work program largely to young people from families actually receiving some form of public assistance. It has, in fact, been able to reach only a part of this group and has never been able to give much more than moral recognition to the compelling needs of those unemployed young people in families that have struggled to keep off of relief by farming and low-paid wage employment with an annual income frequently below that of the W. P. A. security wage. There is little difference to the young man of 20 years, who can get neither job nor the help that he needs toward getting future employment, if his father works for the W. P. A. at $23 a month or clears $150 at the end of the year on his cotton crop. It is partly in an effort to get away from this discrimination and extend its program to at least a part of this large group that the National Youth Administration is seeking an increased appropriation.

In addition to its work program the National Youth Administration hopes to make some increase in its student-aid program. Here the problems are somewhat different, but the investment appears equally sound. It has become apparent that free public schools do not in themselves assure the education to able young people that a healthy democracy requires. Not only is an educated citizenry essential to democracy but it is economically advantageous to keep our young people profitably engaged in school rather than prematurely flooding the labor market because of the pressure of family poverty. Here, again, a small investment of Federal funds—average $6.45 a month for each student—yields high returns in terms of the general welfare. There are many young people eager for and equally deserving of this assistance whom the National Youth Administration has not been able to help.

Both the student-aid and work programs have particular significance in those areas where low per-capita income, combined with high birth rate, make it a financial impossibility for local communities to give their young people the start in life which they so eagerly wish for them. It appears consistent with our growing sense of national responsibility that the Federal Government should use its resources to equalize opportunity in all parts of the country so that all of its young citizens may be adequately prepared for the responsibilities of democracy. The National Youth Administration has developed a program which makes this possible without in any way doing injury to local initiative or the traditional responsibilities of States and communities in the field of education.

I herewith give you a résumé of the National Youth Administration for Louisiana:

WORK-PROJECT PROGRAM

The present annual allotment to Louisiana for this phase of the program which is to provide work experience and training for out-of-school unemployed youth between the ages of 18 and 25 is $1,389,639.

The present allotment is sufficient to assist on the average only 5,500 youth per month. There is a turn-over on the work-project program of approximately 400 youth per month, a total of 4,800 youth per year. Therefore, we are actually assisting with the money available approximately 10,300 youth per year.

There is available for assignment today 6,000 youth. These have already been certified as eligible by the Louisiana Department of Public Welfare. Therefore, if these youth are taken care of along with our present average load of 5,500 youth per month it would mean that we could employ per month an average load of 11,500 youth. For this there would be needed approximately $1,450,000 additional or a total expenditure would be necessary of approximately $2,839,639, as against the present allotment of $1,389,639.

The Biggers Unemployment Survey of 1937 showed that there were in Louisiana 30,278 youth between the ages of 15 years and 25 years who were out of school and unemployed. It is estimated that of this number approximately 24,500 youth were between the ages of 18 and 24. If we could assign the total number of 11,500 youths, there would still be uncared for 13,000 youth.

STUDENT-AID PROGRAM

A. School aid

There was made available to 693 high schools during the current year ending June 30, 1939, $139,432 for high-school aid for youth between the ages of 16 and 24. This took care of 3,362 youth in the Louisiana high schools, both public and private. These youth were selected by the parish superintendents of education in each of our 64 parishes in the State.

B. College aid

There was made available to 25 colleges in Louisiana $235,485 to be used to aid needy students between the ages of 16 and 24 at a maximum rate of $15 per month. There were assisted in the State 2,423 college students. These youth were selected by the head of the institution in which they were enrolled.

C. Total student aid

The total number of youth granted student aid was 5,785 and the total cost was $375,377.

D. Additional high-school aid needed

There has been received to date from the parish superintendents of education in Louisiana 7,087 applications for eligible high-school youth who could not be taken care of with the present available funds. To take care of these needy high-school boys and girls would require an additional $382,698.

E. Additional college aid needed

There have also been received from the college presidents 8,700 applications from eligible students who could not be taken care of due to lack of funds. This would necessitate an additional $1,174,500.

To summarize, there were 15,787 needy youth, who applied for aid in order to continue their education, whom we were unable to assist. The additional money necessary to help these youth secure the bare necessities that they might continue their education is $1,557,198. [Applause.]

Mr. TABER. Mr. Chairman, I yield 5 minutes to the gentleman from Massachusetts [Mr. BATES].

Mr. BATES of Massachusetts. Mr. Chairman, as we are now approaching the end of this debate on this very important matter affecting the Nation both from the standpoint of public expenditure and also from the standpoint of taking care of the needs of the unemployed of the country, I find myself tremendously interested in some of the provisions of the bill, particularly relating to the allocation of Federal money to the various States of the Union. Only a few days ago on another matter pertaining to the social-security program, I illustrated where some of our States are exempting

local real estate and factory buildings from taxation and then coming to the Federal Government for money to take care of a relief problem which they should assist in themselves by taxing those in their own States who are well able to pay. It was interesting in reading the report of the special investigating committee that is studying the Works Progress Administration to observe what the Governor of one of our States had to say, and because of what he did say I am tremendously interested in the percentages that are being applied to the allocation of money under this relief bill. Among other things the Governor of the State of Louisiana, in answer to a question, said that he had gone to New York City and there gathered together 150 leading businessmen of the country. He said further, "We met in New York, and I talked to those gentlemen, and the result has been that we brought $17,000,000 of industries into the State of Louisiana."

Mr. DEROUEN. Mr. Chairman, will the gentleman yield?

Mr. BATES of Massachusetts. Yes.

Mr. DEROUEN. Does the gentleman not think that it is a very proper thing for this man to go and create employment for the unemployed?

Mr. BATES of Massachusetts. I find no fault at all, because I think that is the task of every Governor of every State, to do everything he can to build up the industries of the State and to provide employment for its people, but what I do object to is that in a State like that, which is so prosperous, where employment is so good, that it depends on the Federal Government to assume substantially the entire cost of relief in that State. The Governor says Louisiana is the most prosperous State in the Union.

If that is so, then they are well able in Louisiana to assume a much larger share of the cost of relief than they are at present.

Mr. DEROUEN. Is it not true that in every State, no matter what the condition of prosperity, there are groups that cannot be employed or offered work at once? Do you know that the Governor of Louisiana ranks as one of the outstanding Governors and businessmen of the United States?

Mr. BATES of Massachusetts. There are always with us the unemployed, and the problem is very critical in some parts of the country, and the tax burdens are extremely high, but even in those sections where unemployment is high and taxes heavy the communities are bearing a substantial part of the relief cost, and I say that in those communities that are more prosperous they should do the same.

The question I am concerned about is that the State of Louisiana and other States of the Union, by legislative enactment and constitutional changes are exempting residential and other properties from local taxation. Homesteads are exempt up to $5,000 of the assessed value, and that assessed value representing only one-half of the real value. Those properties are exempted from the payment of any taxes whatever. Therefore, in losing a substantial revenue from this source, which I understand this year will be over $3,000,000 in Louisiana, they find themselves unable to contribute to the cost of relief in the same proportions as other States are compelled to do.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. WOODRUM of Virginia. Mr. Chairman, I yield 10 minutes to the gentleman from Massachusetts [Mr. CASEY].

Mr. CASEY of Massachusetts. Mr. Chairman, ladies, and gentlemen, yesterday we witnessed one of the greatest performances of swaying the House of Representatives that I have seen during my 5 years' experience. The gentleman from Virginia [Mr. WOODRUM], with his pleasing, attractive personality, with his talents and unquestioned ability, left this House absolutely limp with emotion after his address of yesterday. I would not have dared try and oppose that speech then, because of the state of mind in which he left this House. He played upon the emotions of this House like a concert pianist might play upon his piano. He did a beautiful job—a magnificent job.

In the first place, while we had a W. P. A. bill to consider, while we have the matter of how we are going to treat those who are destitute and in need, those who are out of work through no fault of their own, he did not immediately go into that problem, you will notice. First, he created a state of mind about Communists. First of all, he insinuated into our minds the idea that Communists are bad people for the United States. We all knew that. Every one of us knew that, but the beautiful job he did on it made me close my eyes and try to retain that picture of him and try to remember his words, so that when I go back home to my district in the next campaign I might try to imitate that speech. It is always popular. I am going to condemn Communists. I always have condemned Communists. It is good politics. I do not have any of them in my district. If I have, I do not know them. I have never seen one, but I am going to condemn the Communists, because if I can get every anti-Communist vote in my district, I will win unanimously.

We all said, "The gentleman from Virginia certainly gave the Communists a ribbing." We felt good about that.

Second, before he went into the merits of his talk on W. P. A., he very ably and cleverly insinuated into the minds of we people from the hinterland the idea that New York City was favored over other sections of the country. You and I know that there is prevalent throughout this country a feeling of resentment against the city of New York; a feeling that New Yorkers are pretty smart, suave, smooth, and clever, and that they know more than the rest of us. We people from the hinterlands only go to New York occasionally. When we go there we are on a good time. We enjoy ourselves. We probably keep it from the family when we go back home, but we had a good time in New York. New York is a nice place, but not a good place to live, and so forth. So the feelings of the people from the hinterlands, from Podunk Corners, their natural antipathy for New York were played upon, and then the gentleman from Virginia [Mr. WOODRUM] got off to a running start. But I submit to you gentlemen, now that we have calmed down and are no longer sentimental schoolboys but mature men of deliberative judgment, that we ought to be capable of analyzing plain and simple facts without our emotions sweeping us off our feet. If we do that, what do we find? If we analyze this bill from the standpoint of a mature, deliberative, legislative body, we find first of all that this bill came from a committee composed of men who, I say, are not particularly friendly to the liberal tendencies of this administration, whether they be Republicans or Democrats; from a committee that has hitherto cut W. P. A. appropriations. In other words, I say that this bill that is supposed to sponsor an appropriation for W. P. A. came from the enemies of W. P. A.

Mr. LAMBERTSON. Will the gentleman yield?

Mr. CASEY of Massachusetts. I cannot yield. I do not have time. The fact that the gentleman from New York [Mr. TABER] and the gentleman from Virginia [Mr. WOODRUM] agree almost in toto shows it is a reactionary bill. To call it conservative would be to misname it. It is a reactionary bill.

In the first place, the President asked for $1,477,000,000. Although the gentleman from Virginia said, and I quote:

> There was no effort or sentiment in the committee to reduce it less than the Budget.

I claim that statement is in error. It is in error, because there was earmarked from this amount that the President has asked for, from this amount which the Budget has approved, $125,000,000 for P. W. A. Now, why? This is not a P. W. A. bill. No one from P. W. A. came and asked for any money. It was unsolicited. It was committee action. For what purpose? To scuttle the W. P. A. appropriation that was approved by the Budget, that was recommended by President Roosevelt to the tune of $125,000,000.

Mr. VOORHIS of California. Will the gentleman yield?

Mr. CASEY of Massachusetts. I yield.

Mr. VOORHIS of California. And furthermore to scuttle the possibility of a real P. W. A. bill coming in?

been achieved through maximum decentralization of control and integration of the N. Y. A. program into the community so that there might be the best adaptation to local needs and the best use of local resources. In this way a well-rounded program for unemployed youth has been developed at a cost to the Federal Government of $20 a month for each young person.

After 4 years of operation this pioneering in a new field has developed a body of experienced personnel and a method of operation which could be expanded indefinitely without changing the essentially economical and adaptable character of the program. The reasons for its expansion at this time appear to be fairly obvious. From a strictly financial point of view it would seem a good investment. These young people are potential producers and consumers; some way must be found to include them in our economic set-up if that set-up is to function on a healthy basis. From a political point of view a democracy cannot afford to ignore the needs of its young people; the frustration of the mass of young people, deprived of all hope for the future, has proved a fertile ground for antidemocratic doctrines in other countries. But the most compelling reason is the crying need of these young people themselves for work experience, for the chance to earn a small income, and for guidance in finding their place in a changing world.

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Mr. TABER. Mr. Chairman, I yield 5 minutes to the gentleman from Massachusetts [Mr. BATES].

Mr. BATES of Massachusetts. Mr. Chairman, as we are now approaching the end of this debate on this very important matter affecting the Nation both from the standpoint of public expenditure and also from the standpoint of taking care of the needs of the unemployed of the country, I find myself tremendously interested in some of the provisions of the bill, particularly relating to the allocation of Federal money to the various States of the Union. Only a few days ago on another matter pertaining to the social-security program, I illustrated where some of our States are exempting

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Mr. CASEY of Massachusetts. Mr. Chairman, ladies, and gentlemen, yesterday we witnessed one of the greatest performances of swaying the House of Representatives that I have seen during my 5 years' experience. The gentleman from Virginia [Mr. WOODRUM], with his pleasing, attractive personality, with his talents and unquestioned ability, left this House absolutely limp with emotion after his address of yesterday. I would not have dared try and oppose that speech then, because of the state of mind in which he left this House. He played upon the emotions of this House like a concert pianist might play upon his piano. He did a beautiful job—a magnificent job.

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We all said, "The gentleman from Virginia certainly gave the Communists a ribbing." We felt good about that.

Second, before he went into the merits of his talk on W. P. A., he very ably and cleverly insinuated into the minds of we people from the hinterland the idea that New York City was favored over other sections of the country. You and I know that there is prevalent throughout this country a feeling of resentment against the city of New York; a feeling that New Yorkers are pretty smart, suave, smooth, and clever, and that they know more than the rest of us. We people from the hinterlands only go to New York occasionally. When we go there we are on a good time. We enjoy ourselves. We probably keep it from the family when we go back home, but we had a good time in New York. New York is a nice place, but not a good place to live, and so forth. So the feelings of the people from the hinterlands, from Podunk Corners, their natural antipathy for New York were played upon, and then the gentleman from Virginia [Mr. WOODRUM] got off to a running start. But I submit to you gentlemen, now that we have calmed down and are no longer sentimental schoolboys but mature men of deliberative judgment, that we ought to be capable of analyzing plain and simple facts without our emotions sweeping us off our feet. If we do that, what do we find? If we analyze this bill from the standpoint of a mature, deliberative, legislative body, we find first of all that this bill came from a committee composed of men who, I say, are not particularly friendly to the liberal tendencies of this administration, whether they be Republicans or Democrats; from a committee that has hitherto cut W. P. A. appropriations. In other words, I say that this bill that is supposed to sponsor an appropriation for W. P. A. came from the enemies of W. P. A.

Mr. LAMBERTSON. Will the gentleman yield?

Mr. CASEY of Massachusetts. I cannot yield. I do not have time. The fact that the gentleman from New York [Mr. TABER] and the gentleman from Virginia [Mr. WOODRUM] agree almost in toto shows it is a reactionary bill. To call it conservative would be to misname it. It is a reactionary bill.

In the first place, the President asked for $1,477,000,000. Although the gentleman from Virginia said, and I quote:

> There was no effort or sentiment in the committee to reduce it less than the Budget.

I claim that statement is in error. It is in error, because there was earmarked from this amount that the President has asked for, from this amount which the Budget has approved, $125,000,000 for P. W. A. Now, why? This is not a P. W. A. bill. No one from P. W. A. came and asked for any money. It was unsolicited. It was committee action. For what purpose? To scuttle the W. P. A. appropriation that was approved by the Budget, that was recommended by President Roosevelt to the tune of $125,000,000.

Mr. VOORHIS of California. Will the gentleman yield?

Mr. CASEY of Massachusetts. I yield.

Mr. VOORHIS of California. And furthermore to scuttle the possibility of a real P. W. A. bill coming in?

Mr. CASEY of Massachusetts. Absolutely. I have no quarrel with P. W. A.

Mr. LAMBERTSON. Mr. Chairman, will the gentleman yield?

Mr. CASEY of Massachusetts. I will not. I do not have time.

Mr. O'NEAL. Will the gentleman yield?

Mr. CASEY of Massachusetts. I yield to the gentleman from Kentucky, a member of the committee.

Mr. O'NEAL. Is the gentleman not aware that there is a P. W. A. bill known as the Starnes bill, which has been referred to this committee for action? It is not here for discussion. Why not put this appropriation for P. W. A. in the Starnes bill instead of in the W. P. A. bill?

If the gentleman will yield, Mr. Chairman, the gentleman said there was nothing before our committee.

Mr. CASEY of Massachusetts. There is nothing before the committee now?

Mr. O'NEAL. We had, at his direct request, the gentleman from Alabama [Mr. STARNES] before our committee, asking $500,000,000 for P. W. A.

Mr. CASEY of Massachusetts. Then why not put P. W. A. funds in a P. W. A. bill; why take part of the W. P. A. funds; why reduce the amount the Budget asked for W. P. A.; why take from the amount recommended by the President $125,000,000? When you do this you do what? You do not give employment to as many people as the gentleman from Virginia said. Under this bill he said we will give employment, it is estimated, to 2,000,000 people. He said we have cut it one-third. We have 3,000,000 people employed during the current year. They have cut it more than one-third. He is in error. They have not only cut it from 3,000,000 workers to 2,000,000 workers, but they have cut it below 2,000,000, for the $125,000,000 would have taken care of 200,000 additional. So the bill provides employment for only 1,800,000.

Mr. LAMBERTSON. Mr. Chairman, will the gentleman yield?

Mr. CASEY of Massachusetts. Not now; I have not time.

Mr. LAMBERTSON. I am a member of the committee.

Mr. CASEY of Massachusetts. Then I yield to the gentleman from Kansas.

Mr. LAMBERTSON. The gentleman says that this committee is not liberal. Is it the gentleman's interpretation that because we believe in saving we are not liberal? We are liberal in the Teddy Roosevelt sense. Is that the gentleman's interpretation?

Mr. CASEY of Massachusetts. I am not going to make any interpretation, except to say that the gentleman is conservative under his own estimate of himself.

Mr. LAMBERTSON. The gentleman does not believe——

Mr. CASEY of Massachusetts. Mr. Chairman, I do not yield further.

Mr. Chairman, let us consider the W. P. A. bill as the gentleman from Virginia asked us to consider it here. We have a W. P. A. program that has completed 226,000 projects, yet the gentleman from Virginia focuses our minds upon what? Upon a world's fair building in New York City. Not only does he focus our attention upon a world's fair building in New York City at this time but you will recall that he did it when the emergency appropriation was before us. I can remember twice, maybe three, maybe four times, that he has used the example of this world's fair building as a horrible instance of W. P. A. misuse of funds, one example; and he has been forced to repeat it for two, three, or maybe four times to impress you how bad W. P. A. is. Out of 226,000 projects, he is forced to use one example at least twice before this Committee.

In addition, also, he has injected into your minds prejudices against the W. P. A. because of the North Beach airport project. You will remember he told you that when a W. P. A. worker in your district got $85 or $100 a month they send him home, but not so on this New York project, where workers got as high as $150 and $200 per month. He neglected to tell you, however, that the differences in wages was paid by the city of New York; that $16,000,000 was put into this project by the city of New York.

I fail to see how cutting people from the W. P. A. rolls is going to help the little merchants, shopkeepers, and so forth, and through them big business. I shall move for an appropriation of $2,250,000,000 to employ 3,000,000 men and women. In voting for my amendment we shall be supplying purchasing power which will create an ultimate consumer demand for goods that will force production up to the point where fuller employment in private industry will result. [Applause.]

[Here the gavel fell.]

Mr. WOODRUM of Virginia. Mr. Chairman, I yield 4 minutes to the gentleman from Massachusetts [Mr. HEALEY].

Mr. HEALEY. Mr. Chairman, 4 minutes, of course, is not adequate time in which to discuss the vital measure before us, but there are several features of this bill on which I would like to comment. These features I believe will seriously hamper the administration of W. P. A. and will greatly curtail and restrict the benefits of the program, particularly to persons in the urban centers.

I have just listened to the comments of the gentleman who preceded me, my colleague from my own State [Mr. CASEY], with reference to the provision in this bill taking away $125,000,000 of W. P. A. funds and allocating the same to P. W. A. As he has indicated, the transfer of these funds from W. P. A. to P. W. A. will not result in providing an equivalent measure of unemployment relief to compensate for the loss to W. P. A. rolls. My information is that the cost to the Federal Government for providing 1 year's work for one man on a P. W. A. project is approximately three times as great as the same cost on a W. P. A. project. It has been estimated that the deduction of $125,000,000 will further curtail the W. P. A. rolls by about 170,000 persons. With the same amount P. W. A. can provide for only about one-third of that number. I do not mean these words as in any sense critical of the public-works program. I feel the Public Works Administration has done a very splendid job in performing a task very vital and important to our Nation. I heartily favor a further adequate appropriation for its continuance. However, we are now considering a problem which is essentially a question of relief—a question of providing sustenance to the needy unemployed. No one can seriously contend that $125,000,000 can inject any real new life into P. W. A. nor that this provision is anything more than a weak gesture in its direction. In a separate bill, let us provide a real P. W. A. appropriation.

Even the full amount provided in this bill is inadequate to provide for the 3,000,000 or more persons in this country that have been certified as eligible for W. P. A. relief. It is admitted that if the full sum is left intact we can only provide for about two-thirds of this number, and if we deduct this sum, the net result will be to deprive further thousands of unemployment relief.

These facts are incontrovertible and are known to the committee. There are more than 3,000,000 people who have been duly certified by the certifying agencies as eligible for W. P. A. relief. They have been certified in their local communities; they meet every requisite of necessity for certification, and they have as much claim as anyone else to the benefits of W. P. A. assistance. Yet under this appropriation without any deduction the greatest number that can be taken care of is 2,000,000. How, then, can we justify any deduction from this sum for whatever purpose? It ought to be left intact here. An amendment will be offered to strike out the language setting aside the $125,000,000 for P. W. A., and I hope the membership will put that money back, restore it in order that we can take care of at least 2,000,000 people under this program. [Applause.]

[Here the gavel fell.]

Mr. WOODRUM of Virginia. Mr. Chairman, I yield 30 minutes to the gentleman from Missouri [Mr. CANNON].

Mr. CANNON of Missouri. Mr. Chairman, there is a well-established routine, a sort of ritualistic ceremonial, which we ordinarily follow in the consideration of all appropriation bills. Under the time-honored custom, the Member in

charge of the bill prefaces his opening remarks by felicitous reference to his colleagues on the committee, and especially to the gentlemen of the minority, and then assures the House there are no politics either in the committee or in the House on the bill reported out for consideration.

Just why a Member of the House of Representatives, when he enters the cloistered precincts of the Committee on Appropriations should immediately divest himself of the habiliments of his trade, and eschew the party principles and party affiliations on which he was elected to Congress, has never been explained, but it is a very happy custom and is seldom neglected.

As a matter of fact there is no occasion for such renunciation. The Government of the United States is a Government by parties. It always has been and it always will be. Jefferson attended to that. We are here because we represent political parties and their respective positions on political issues. It follows, necessarily, that all major enactments have their political phases. That is inevitable.

And the pending bill is no exception to the rule. It deals with matters of universal interest. There is no community in the Nation, either in the crowded depths of the city or in the remotest rural region, that is not intimately and profoundly affected by the provisions of this bill. Approximately 20 percent of the people of the United States have been on W. P. A., and there is not an individual in the mightiest city or the loneliest village in the land that has not enjoyed the advantages of some project, participated in the utilization of some public improvement provided under this program. For that reason, aside from numerous other considerations, the administration and continuation of that program is the absorbing political issue of the day. It will undoubtedly be one of the principal issues in the coming campaign and the subject of emphatic platform declarations by both political parties in 1940.

And this session is the quadrennial political session of the Congress. It is the last session before the election of delegates to the two national conventions.

In some of the States delegates are selected shortly after the first of the year—before the next session of Congress gets under way—and the issues on which the next administration is to be elected must be determined in this session. Already the Presidential campaign is in the offing. Political alinements are in the making. On one side they are already scouting for Roosevelt and anti-Roosevelt delegations. On the other they are rallying in Vandenberg, Taft, and Dewey camps. Opinion is crystallizing. And political medicine is brewing. This Congress is the pot in which it is brewing. And this bill is one of the prime ingredients. The debate on the floor on this bill as reported in yesterday's CONGRESSIONAL RECORD makes that unmistakable.

Let me quote from the remarks of my distinguished friend, the gentleman from New York [Mr. TABER], in which he vehemently opines that—

> Rid of the destructive and reactionary tactics of the Roosevelt administration which tries to keep our people unemployed, we would not be considering a relief bill today.

And decries the Roosevelt administration and the W. P. A. Throughout the debate from his side of the aisle the issue is based on criticism and denunciation of the Roosevelt administration.

And that is to be expected. I have no quarrel with the minority on their choice of an issue. For there is wrapped up in this bill the broader question of the stewardship of the Democratic Party. Has it adopted an effective program? Has it given an honest and efficient administration? Is it, as has been charged, encouraging communism and is it subject to communistic influences?

That is the issue a great national party is drawing here today. That is one of the issues on which they propose to fight out the campaign of 1940.

The bill before us is the first test—the first commitment. I approve of much that is in the bill. I do not approve of some features of the bill. No doubt that is the attitude of practically every member of the committee which reported it.

Probably few, if any, approve everything in the bill. Most any member of the committee, if he had been writing the bill, would perhaps have written it just a little different. Certainly that is true of the gentleman from New York, the ranking member of the committee, who said yesterday he would change it materially if he had his way about it.

And may I take this opportunity to congratulate the gentleman on his party leadership. He is a party man but not a partisan. He is always fair. If minority leadership is an indispensible affliction there is no one who is better qualified for that position.

And if anyone is interested in the subject of party solidarity, and methods of securing party solidarity, let them take a leaf out of the book of the gentleman from New York. In all the months this question has been under consideration the 15 minority members of the Committee on Appropriations have stood behind the gentleman like a solid phalanx, and have voted unanimously with him on every vote. It is a significant commentary when 15 men, from all parts of the country, with many divergent interests, representing rural and urban districts, vote as a unit on every proposition presented in the consideration of any question, and especially one so complicated by conflicting interests as the one before us.

Now we come to the investigation. The Congress and the country are familiar with the procedure of congressional committees of investigation. We have an average of three or four running simultaneously most of the time. Like the poor they are with us always. And there is one way in which they are all alike. As they progress, those in charge of the investigation are prone to become overzealous in the prosecution of the purpose for which the committee was created. And on the other hand those to whose lot it falls to take the other side develop a corresponding enthusiasm in opposition. As a result you find them going to extremes on both sides. It is just human nature.

The present investigation ran true to form. Two classes of witnesses were heard by the committee. The first class was made up of the paid investigators and the witnesses they subpenaed. The other class consisted of those who appeared voluntarily, the Governors, the mayors, and a representative of the National Conference of Catholic Charities.

The first class of witnesses invariably testified against W. P. A. Everything they brought in was in criticism of some isolated project or some minor detail of local administration. Much of their testimony was irrelevant. Some of it was later recanted. Some of it, as the Administrator said in his statement to the committee was "completely untrue" and a great deal of it was past history and obsolescent.

All other witnesses uniformly commended W. P. A. as serving the purpose for which created, providing worthwhile projects, under efficient supervision and free from political or subversive influence. Look through the hearings of this printed hearings on this investigation. It is a voluminous record but it is worth your time because of the remarkable difference in the cross-examination accorded the two groups of witnesses. Invariably the statements of those who criticized W. P. A. were unchallenged and the only inquiries addressed to them were for the purpose of bringing out further criticism. While the only questions directed at witnesses who commended W. P. A. took issue with the witness and were of a nature to discredit the favorable testimony. Look through the hearings for yourself. And if in all the 1,357 pages you can find one question that challenges a criticism of W. P. A. or one question that approves a commendation of W. P. A., I will—emulating the offer of a gentleman who spoke yesterday—eat every page of the hearings, and I am not particularly fond of that kind of diet.

But the most arresting feature of the evidence submitted in this hearing is the fact that in all the debate on the floor here, in these 2 days, the evidence of those criticizing W. P. A. has been repeatedly cited, while no favorable testimony of those who approved W. P. A. has been mentioned. The committee had before it some of the most eminent men of the Nation, men especially versed in the subject under

investigation and of unimpeachable integrity, testifying under oath, and yet in all the debate in support of this bill there is not a word from any of them, while the testimony of ne'er-do-wells, fired or demoted by W. P. A., men whom W. P. A. had refused to employ, men with a grudge against W. P. A., is set forth in detail.

Mr. MARCANTONIO. Mr. Chairman, will the gentleman yield?

Mr. CANNON of Missouri. I regret very much that I cannot yield.

Now, let me give you an example. We had before us a distinguished executive, a man who is making a remarkable record as an administrator, the Governor of Louisiana. And we had before us a Negro on W. P. A., claiming to be a reformed Bolshevist, who testified, incidentally, that if he lost his W. P. A. job he would be destitute—a Negro who gratuitously introduced the name of Mrs. Roosevelt in his testimony with intent to reflect. The testimony of the two men was diametrically opposed. Whose version do you suppose they took? Whose testimony is cited in yesterday's CONGRESSIONAL RECORD? Did they take the word of the Governor or the Negro? They took the Negro.

Mr. Chairman, let us taken another instance. The most eminently qualified witness who appeared before the committee during the hearing was Monsignor O'Grady, who has been actively engaged in welfare work since 1912, is the author of books on the subject, and has supervised the construction of hospitals, schools, and other church buildings. He is the secretary of the National Conference of Catholic Charities and has set up most of the local agencies of that organization throughout the United States. He has within the past year visited more States and more counties in the States and has personally inspected more W. P. A. projects than any other witness who testified before the committee. His testimony is the most pertinent and the most authoritative of the entire hearing.

We also had before the committee a man who had never been able to hold a job in his life. He could not even hold a W. P. A. job. So far as W. P. A. was concerned, he had never been outside his own State until he came to Washington with expenses paid by the committee.

The testimony of these two men did not agree on any point. They testified on the same subjects and in no instance were they in even remote agreement. And yet when the testimony of witnesses was cited yesterday in the debate here by the gentlemen on both sides of the aisle in charge of this investigation, Monsignor O'Grady was not even mentioned. His testimony was ignored and discredited by citation of the unsupported opinions of the ne'er-do-well who had contradicted him.

But the one outstanding feature of this investigation is the attempt to show control of W. P. A. by Communists. It runs throughout the hearings like a scarlet thread—the effort to show subserviency by the administration of W. P. A. to subversive elements. More time was given to this feature of the investigation than to any other. Paid investigators were sent out to secure reports on it. Whole sessions of the committee were given to the question as to whether the Workers Alliance was communistic or not, a question wholly beside the point because they were never able to show that the Workers Alliance or the A. F. of L. or the C. I. O. controlled W. P. A. in the slightest. Evidence was submitted showing that all three made efforts to keep their membership on the rolls, and that members of all three organizations were on the rolls, but no evidence was ever produced to show control of W. P. A. by any of them. The lengths to which the committee went in its fruitless effort to tar the administration with communistic control is shown by two illustrations which were incorporated in the printed hearings. One is a facsimile of signatures of Communists in a book presented to a Communist by the name of Banta. The only connection was that these men worked on a W. P. A. project. It was never shown that they or any of them in any way controlled W. P. A., had anything to do with the administration of W. P. A., and the book had no more bearing on the investigation than would have such a book signed by Methodists or Populists or Mohammedans. It could not have been admitted as testimony under any law of evidence.

The other was a photostat of a membership card in the Communist Party issued to a Negro woman by the name of Frankie Duty. This woman was never employed by W. P. A. at any time, and testified that she had no connection with W. P. A., and her testimony could not have been admitted by the remotest stretch of the imagination, but it was printed in the proceedings and the photograph of her membership card with it. No court of record would have admitted any of this evidence. It had nothing to do with the investigation authorized by the House. It was a case of the "red" being used as a red herring to confuse the public and leave the impression that somehow, somewhere there was some communistic influence being exerted in the administration of W. P. A.; and the Roosevelt administration is responsible for it and must answer in the 1940 elections.

It was shown that Communists worked on projects—along with every other creed and every shade of political and religious belief—but there was not the slightest testimony to show that the W. P. A. was under any subversive influence. The testimony of every unpaid witness was emphatic in denial of any such connection or control. Every mayor, regardless of party, including prominent men of all parties, and in widely separated sections of the country, testified unequivocally to freedom of the W. P. A. administration from subversive influence of any character.

And Colonel Harrington himself denied positively any possible domination by subversive doctrines or organizations, and specifically gave in detail the relations of the Works Progress Administration with labor organizations and specifically with the Workers Alliance, and testified that—

> I can certainly say that so far as my personal feelings have been concerned no improper request has been presented to me by that organization and no demand has been made of me as a demand.

And added:

> I have gone into this question of relations with the Workers Alliance in some detail because of the relatively large amount of discussion in the public press on this subject which led me to believe that the situation required clarification. I would be very glad indeed to answer any questions on this matter which the committee may desire to ask me.

Let me digress here long enough to say that Colonel Harrington has demonstrated exceptional qualification for the position which he so ably administers. [Applause.] He is an Army officer, with a distinguished war record, who voluntarily relinquishes the salary of $10,000 which the position pays and accepts his Army pay of two or three thousand dollars less. He has shown remarkable executive ability, and above all he has demonstrated a spirit of frankness and fairness in his relations with the committee that might well be emulated by many of the paid witnesses brought in to testify. His administration of the office has so impressed even those members of the investigating committee who are out of sympathy with the W. P. A. administration that the committee unanimously incorporated in the pending bill a clause qualifying him for retention as a member of the administration board it proposes to set up. No stronger personal recommendation or more convincing testimonial to the efficiency of his administration could be offered.

In analyzing the efforts of the committee to show connection with communism and bolshevism and similar "isms," it is found that the charge actually applies to no section of the United States except in New York City; and the gentleman from Virginia [Mr. WOODRUM] conceded on the floor yesterday that the New York State administrator, Colonel Somervell, has demonstrated his independence of any such influence. The gentleman's statement is characteristic. In a moving peroration, he declaims:

> Now, I am not emotional or excited about it, but I want to see an administration of this relief program that will stand up and throw down the gage of battle to these subversive elements that are trying to dominate it. [Applause.]

And then, in the next breath, he tells of sending Colonel Somervell a telegram, as follows:

I sent Colonel Somervell a telegram congratulating him. I said: "I congratulate you for your courageous action in throwing down the gage of battle to any kind of organization, Workers Alliance, Communist, Democrat, or Republican, that seeks to exploit and trample down and use and employ the unemployed people of this country.

First, he demands that they "throw down the gage of battle" and then he tells us they have "thrown down the gage of battle." So apparently all questions of communistic control are satisfactorily disposed of.

Mr. Chairman, I was puzzled by all this interest of the committee investigators in communism by the effort week after week to besmirch with the taint of communism the administration of W. P. A.—and all the more when they were unable to produce any testimony to sustain such an idea and the most credible witnesses that could be produced testified there was no such connection. I could not understand why, instead of asking constructive questions as to the efficiency of the administration of W. P. A., they continually talked about communism in labor organizations until I remembered that statement by Rob Roy McGregor, the famous lobbyist and propagandist, that has now become a classic:

My idea would be not to try logic or reason but to try to pin the bolshevistic idea on my opponent.

The idea is all the clearer when you note the statement of the gentleman from Massachusetts [Mr. WIGGLESWORTH] in yesterday's debate to the effect that—

The amazing thing to me, as I have already indicated, is the encouragement which seems to have been accorded to communistic development under W. P. A. by the Roosevelt administration.

Evidently the charge is being urged with the idea of discrediting the Roosevelt administration. And they will go out in the campaign of 1940 and cite the statements made on the floor during the debate on this bill in substantiation of the charge, when, as a matter of fact, not a single shred of evidence has been produced to support it before the investigating committee or before the House. As shown in this debate, they are not appealing to logic or reason. They are merely trying to "pin the Bolshevist idea" on the Roosevelt administration.

Mr. Chairman, I regret that the proceedings of the committee of investigation have been brought up here. It was my understanding they would not be. But as they have been interjected in the debate, I want to call attention to the fact that they show a creditable management of a difficult problem.

When it became necessary to provide either work or charity for millions of unemployed—a situation without parallel in the history of the Nation, or of any other nation—it was necessary to adopt programs, institute agencies, and develop an organization without precedent or blue print. It was necessary to provide and spend money on a scale undreamed of except in time of war. The Roosevelt administration met that situation. It formulated a program covering continental United States. It developed an organization comprising millions of employees. It raised and dispensed billions of dollars. It was an undertaking so vast and so intricate as to stagger comprehension. And the investigation shows that in that stupendous undertaking there is no evidence of corruption or malfeasance on the part of any major official. Of course, in an enterprise of that character without previous experience to serve as a guide, and dealing with every calling, profession, and industry, and with every conceivable class of individuals, there may have been mistakes. That is inevitable. But they have been honest mistakes and they have been corrected, and are being corrected as rapidly as they develop. Colonel Harrington charged before the committee that testimony adduced in the investigation was inaccurate, unfair, and obsolete. And his statement was not challenged by any member of the committee. The conditions which he described were too patent to warrant debate, and yet, notwithstanding admission of such testimony, the gentleman from Virginia [Mr. WOODRUM] concedes that:

So far as the honesty and integrity of the administration of Works Progress Administration is concerned, our investigation has not revealed anything to the contrary. [Applause.]

Of course, as the gentleman from Virginia [Mr. WOODRUM] says, it was not 100 percent perfect. That is true of any department of the Government, and would be even more true if they were suddenly organized without previous experience. But that is not to the discredit of the administration. More men have been sent to the penitentiary from the Post Office Department, for example, in the same length of time than from W. P. A.

The facts which will stand out when history is written is that the administration of the W. P. A. has been honest, efficient, and effective. It has achieved the purpose for which it was created. It has provided jobs. It has prevented chaos. It has saved privation and suffering. It has brought men self-respect. It has tided the Nation over an abyss, the depths of which cannot be plumbed.

The CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. WOODRUM of Virginia. Mr. Chairman, I yield the gentleman from Missouri 1 minute additional, in order to have him tell the House whether he expects to support the bill.

Mr. CANNON of Missouri. Mr. Chairman, I always take half a loaf in preference to no bread at all. The fact remains that it is not an administration bill. It is not the bill recommended by the President, by the Budget Bureau, or by the Administrator. It was reported out by the unanimous vote of the 15 minority members of the committee who criticize the administration at every opportunity. Of course, on the final vote to report out the bill most of the committee voted for it. But in perfecting the bill in the committee a majority of the Democrats voted in favor of every amendment offered and the bill would have been quite different if left to a majority vote of the Democrats on the committee.

However, the bill is incidental, and the question I have been discussing is the issue raised by the gentleman from New York [Mr. TABOR] and the gentleman from Massachusetts, reflecting on the Roosevelt administration, charging communistic control where none has been shown.

The investigation withal marks the Works Progress Administration in its program and its administration as one of the notable economic achievements of modern history.

Mr. TABER. Mr. Chairman, I now yield to the gentleman from Maine [Mr. OLIVER].

Mr. OLIVER. Mr. Chairman, for several hours during the course of general debate on the pending works-progress appropriation for the fiscal year of 1940 I have been listening attentively to the many criticisms and attacks which have been and are being made on this most justifiable activity of the Federal Government.

I have been somewhat amazed at the many critical statements made by various Members of this body and particularly has the bitterness that has crept into this debate surprised me. I make this statement because the experience and history of W. P. A. activity and conduct in my State and in my congressional district has been most praiseworthy.

When this Federal activity was first established to give work relief to needy unemployed employables, the State of Maine was most fortunate in having as its first works-progress administrator a man in whom the greatest of confidence could be and has been placed. I refer to Mr. Albert Abrahamson who obtained a leave of absence from his professional career as professor of economics of Bowdoin College. Under his regime work relief was established on a nonpartisan basis in my State and the administrative staff which he appointed has functioned exceedingly well in this particular connection.

Mr. Abrahamson was eventually replaced by Mr. John J. Fitzgerald and the same policies have been continued in

effect up to the present day. Of course, there have been instances where criticism could be directed toward detailed administrative decisions, but I submit to you that there is not an industrial concern operating in private industry today that does not have a history replete with deeds and acts that could be subjected to the most biting type of criticism. There is not a corporation today operating in this great Nation of ours that, through its administrative and executive offices, has not committed faults based upon prejudice, biased, and self-serving interests. There is not a corporation today which is operating in the United States or in any other nation of the world that does not have within its administrative staff jealousies and unfair conduct of its many employed individuals. So certainly we cannot expect that an administrative activity of the Federal Government involving some three million and more individuals can function without some evidences of unfairness, bias, prejudice, jealousies, and unwise acts. The only reasonable and fair yardstick that can be applied to an activity so wide in its scope and ramifications as the W. P. A. is whether or not that activity has in general functioned reasonably well and to the satisfaction of the majority of the people interested.

In this connection it is most pertinent that I submit to you, Mr. Chairman, some portions of the report made on March 21, 1938, by the State appraisal committee for the State of Maine in connection with W. P. A. activities in my State. This appraisal committee consisted of these following well-known and able citizens of my State:

Dr. Elmer W. Campbell, mayor of Hallowell, Maine; president of the Maine Municipal Association; and director of the division of sanitary engineering, State department of health and welfare.

Pearl S. Greene, head of the department of home economics, University of Maine.

Orren C. Hormell, professor of government, Bowdoin College, Brunswick, Maine, and director of the Bowdoin College bureau for research in municipal government.

Franklin W. Johnson, president of Colby College, Waterville, Maine.

Agnes P. Mantor, an instructor at Farmington (State) Normal School, Farmington, Maine, and president of the Maine State Federation of Business and Professional Women's Clubs.

Stephen E. Patrick, State director of vocational education.

F. Arline Richardson, master of the Maine State Grange.

Dr. Owen Smith, president of the Maine State Chamber of Commerce.

As will be noted from the above tabulations, streets and highways, public utilities, public buildings, and other construction work constituted the bulk of the W. P. A. projects carried on in Maine since the inception of the program. Moreover, the great majority of these projects have been sponsored by municipalities. As sponsors the local governments have contributed an increasingly large share of the costs.

The reports from the various municipalities almost without exception indicate that the projects have been worth while and productive of permanent improvements. Some have stated that the works program has enabled them to construct needed permanent improvements which could not otherwise have been undertaken for many years to come. On the other hand, it should be noted that many municipalities report that, desirable as the improvements which have resulted may be, nevertheless, their construction would not have been undertaken by the municipality except as a means of reducing the municipal expenditure for direct relief.

WORK RELIEF AND DIRECT RELIEF

We have been unable to secure reliable and adequate figures as to whether the sponsors' contributions to the costs of projects under the Federal works program have been generally more or less than would have been the cost of maintaining the same persons employed through direct relief; however, it is assumed that work relief for needy unemployed, as represented by the sponsors' contributions, has generally been more expensive so far as actual expenditures are concerned. Certainly, however, the results obtained in the form of permanent improvements and in the improved morale of the workers and their families far outweigh this additional cost of work relief to municipalities. At least this appears to be the unanimous opinion of the municipal officials who have filed reports under the present survey, as municipal officials without exception have expressed the view that work relief is far preferable to direct relief in caring for employables. One city manager, in reporting for his city, well expressed the general view as follows:

"Here there is but one answer and that is work relief. Enforced idleness turns normal energies into abnormal channels. Ordinarily working men and women have general routines or cycles which are repeated daily, in which employment is the sustaining factor. Remove employment and this same citizen turns into any avenue offering an outlet for seething, pent-up energies. We have tried three methods: (1) Direct relief or dole without work, (2) food and shelter but no cash for work, (3) direct payment of cash for work without any added dole. One has only to see the different mental attitude of the worker in order to arrive at an answer to this problem. This city might have expended $300,000 on direct relief or the dole during the last 5 years with nothing to show for the expenditure. This would have been the case of direct relief. On the other hand, the city has expended approximately the same amount and is able to look at school buildings, playgrounds, municipal buildings, public improvements, and to gain the use of extended sewer and water mains. We fail to see how the answer could be otherwise."

* * * * * * * *

From such information as the committee has been able to secure, it appears that the contributions of municipalities in Maine to the cost of the work-relief program have more than kept pace with the improvement of municipal fiscal affairs. It has come to the attention of the committee that some communities which are now contributing as much or more toward the cost of works projects than at the beginning of the program are in even worse financial condition at present than they were in 1933. Some municipalities have found it necessary to issue bonds to finance the necessary local contributions to the program, which bonds for the most part remain outstanding. Others have resorted to temporary borrowings, which likewise, in many cases, remain outstanding. Whether this represents a fair picture for the State as a whole, we do not know, but the indication is that the general fiscal condition of our Maine municipalities is little if any better than at the begnning of the works program. On the other hand, many of the municipalities report that their fiscal condition would be much worse at present if the works program had not been set up to assist them in their problems of unemployment relief. In fact, several municipalities have gone so far as to say that the assistance given by the Federal works program in this connection has saved them from virtual bankruptcy.

PROGRAM HAS BEEN BENEFICIAL

In general, therefore, it may be said that the works program has for the most part fairly well covered the field of needy employables in this State; that the program has materially assisted the local communities in carrying the burden of unemployment relief during the past few years; that many improvements of a highly desirable and permanent nature have resulted, so that in many cases the municipalities are several years further advanced in their highway and other construction programs than would have been possible without the assistance of the Federal works program; that the works program has generally been productive of highly beneficial effects not only from the standpoint of the municipalities but from that of the unemployed as well; that the advantages of work relief over direct relief have been conclusively demonstrated by the results of the works program in Maine during the past few years.

In my opinion, the excerpts taken from this report of this group of able citizens substantiate me in my statement that generally speaking, W. P. A. has done a really fine job in Maine when one considers the scope of the problem with which this activity has had to cope. I have taken the opportunity to make this statement in behalf of W. P. A. in Maine because I feel that it is somewhat unfair to judge the whole program only on the evidence of individual sins which have been committed because of the frailties of human nature in some sections of the country. I do not know of any program which could be adopted either from a State standpoint or a national standpoint along the lines which W. P. A. has operated, which would not in the long run reveal the same errors of omission and commission that have been noted here during the several hours of debate on this subject. Furthermore, I feel constrained to call to your attention, Mr. Chairman, a communication received today from Mr. Wendell W. Doherty of Portland, Maine, Secretary of the Portland Musicians' Association. Mr. Doherty expresses his alarm and mental disturbance over the possibility of the Federal music project being discontinued and perhaps placed back upon the responsibility of the various States. I, too, feel that this would be a mistake because I know of the fine work which these citizens of our State have been able to accomplish through the assistance

of this project. I am recording herewith a copy of Mr. Doherty's letter:

JUNE 14, 1939.

Hon. JAMES OLIVER,
United States Representative from Maine.

DEAR MR. OLIVER: On behalf of the Portland Musicians' Association, I urge that when House Joint Resolution 326 is presented that you use your good office to prevent the W. P. A. Federal music project from being turned back to the several States and to have it continue as heretofore.

Many States could or would not continue the music project and the musicians cannot be absorbed by industry on account of mechanized music.

Realizing you will do all possible to avert the position our musicians in Maine would be placed in by their project being turned back to the State by the Federal Government, I am

Respectfully yours,

WENDELL W. DOHERTY,
Secretary, Portland Musicians' Association.

At this point I feel that I should also pay tribute to that type of Federal project that has received probably the most bitter criticism in this House during the past 2 days. I refer to the Federal theater project which, in the State of Maine, at least, has done a most remarkable job, and, in my opinion, is valued most highly by those citizens in Maine who have had an opportunity to be entertained by the fine individuals who have participated in the Federal theater project in Maine. Mr. Albert Hickey, who has been directing this project, has always enjoyed a fine reputation among his fellow citizens and those who have worked along with him on this project have won the good will and approval of our entire State. The only evidence that I have personally, whereby I can judge as to whether or not the Federal theater project is for the benefit and welfare of this Nation, is through the high standard of effort and activity which the Federal theater project in Maine has established for itself. Therefore, it is with regret that I note the apparent overwhelming opinion of the majority of this House for the discontinuance of that activity. As far as I am concerned, if the opportunity presents itself I shall certainly vote against the discontinuance of the Federal theater project, and my decision in this regard is based solely and wholly upon the fine work done by Mr. Hickey and his associates in my State.

In closing, Mr. Chairman, let me add that this Congress must meet the critical problem of unemployment with which this Nation is confronted. Work relief is only a palliative insofar as the permanent solution of this economic paradox of want in the midst of plenty is concerned, but the millions of our Nation who are grasping at this palliative, even as a drowning man would grasp at a straw, definitely need at this time the cooperation of the membership of this House, because the pending bill will provide job opportunities for 2,000,000 of our citizens. But what a small offering this is when we consider the ten to twelve millions of our people who are unemployed. Why do we hesitate to meet this problem of involuntary unemployment boldly and fearlessly? Why should we not furnish all who are willing and able to work the American opportunity of securing a job? Unemployment in this Nation is an absurdity and unless the combined intelligence of the citizens of this Nation is applied to this problem within the reasonably near future, then America, like all other civilizations which have refused to solve this crisis, will collapse and our processes of free institutions and free economy will disintegrate under the force and violence of dictatorship.

W. P. A. activity in the State of Maine, for the most part, has done a good job, and with that experience in mind I not only shall go along with the pending legislation but shall support any and all amendments which may be offered to increase and improve House Joint Resolution 326 to the point where the unemployment needs of all of our unemployed employables may be satisfactorily and justly met.

Mr. TABER. Mr. Chairman, I yield to the gentleman from Michigan [Mr. MICHENER].

Mr. MICHENER. Mr. Chairman, this is the second time during the present session that Congress has been obliged to lay aside other duties and consider legislation to provide relief for the unemployed. This bill covers the fiscal year from July 1, 1939, to June 30, 1940.

When the President, in the name of the New Deal, in June 1933 asked and received from the Congress a blank check in the amount of $3,300,000,000 for relief and recovery, we were told that an emergency existed. In January 1935, when he demanded and received another blank check for $4,880,000,000, this was also said to be emergency relief and for recovery. While these were large amounts, there was one redeeming feature in that we only had one relief bill per year. Now we get two a year, and Mr. Hopkins tells us that W. P. A. and relief must be permanent activities on the part of the Government. We are still needing relief and there has been no recovery.

When the last relief bill was up on January 13, 1939, I told the House what I thought about the relief situation, and I shall not repeat today. Suffice it to say that the position of the Republican minority in the House on the question of relief has not changed from the beginning. That position has been consistent and persistent. We have urged from the beginning that when necessary there must be Federal contribution and help to the local communities, but that the administration of relief can best be administered by local authorities who are familiar with local conditions. For my part, I think no one in my district will deny that the local supervisor in the township, for instance, who is personally acquainted with the people who reside in the township, is better able to equitably distribute the taxpayers' money where it is needed and where it will do the most good than is some political, professional, high-salaried social worker or uplifter sent in to do the job on some edict coming out of Washington.

The minority has also insisted at all times that there should be no lump-sum appropriations or blank checks given to the President to spend for such purposes and under such conditions as he might think advisable. In short, we have insisted that the Congress should have something to say about the definition of relief and where the money is to be spent.

When the relief bill was up in January we took the position that there should be an investigation by the Congress as to the future need of relief and that an effort should be made to eliminate the political graft, corruption, and extravagance in the administration of relief.

I have never supported any of the large spending-lending blank-check pseudo-relief bills passed by the Congress. I have never failed to vote for relief for our unemployed and needy when the evidence warranted relief on the part of the Federal Government. Many of these people are not to blame for the condition in which they find themselves. They must be cared for and the American taxpayers want them cared for, but they do not want their money thrown away, wasted, or used in the development of any economic theory or philosophy promoted by New Deal reform.

As we all realize, this bill is somewhat lengthy, somewhat technical, and was not available for consideration by Members of the House until the debate began. I shall, therefore, not go into detail but must accept the interpretation given by the gentleman from Virginia [Mr. WOODRUM], the chairman of the subcommittee, and others who have discussed the measure. It is apparent, however, that the Budget estimate of $1,477,000,000, with the exception of the item of $125,000,000 marked for P. W. A., is just what the President asked for. In these circumstances, I cannot see how any New Dealer can urge a larger appropriation, because the bill carries exactly what the President says is necessary for W. P. A.

The very able chairman of the subcommittee concedes that this bill contains the first attempt made by the Congress to write into the law matters of W. P. A. policy. This is not a blank-check bill. This is not a spending-lending bill. This bill is not aimed at recovery, and it is not claimed that it is a recovery bill. The fallacious pump-priming theory is not suggested. All of that window dressing and New Deal philosophy has been eliminated, and we have before us a straight relief proposition.

The purpose is to help those needing help. The objective is to get the taxpayers' money into the hands of the reliefer at the least possible expense; in short, to make the efforts of the Congress in behalf of the unemployed count. The terms of the bill specifically eliminate politics in the administration of relief. Penalties are provided, and the fear of God will be put into the hearts of those who have exploited human suffering and distress for the purpose of political gain and party aggrandizement. Who can object to such a bill? I am as much opposed to the New Deal failures as anyone, but I will not vent my feelings on the unfortunate who continue to suffer because of those failures.

Had the demands and supplications of the minority been heeded years ago, money would have been saved to the taxpayer, more relief would have been received by the intended recipients, but possibly not so many deserving New Dealers would have been the beneficiaries of W. P. A. and relief votes on election day. It is heartening to be assured by the committee that with the restrictions and limitations placed in this bill, a body blow will be struck at the relief racketeers, and that more jobs will be available to the needy at less expense to the taxpayers. This bill should prevent increases in the number on relief rolls just before elections as has been the case in the last 6 years.

It is true that this bill presents an effort to limit rather than expand the relief work on the part of the Federal Government. It is true that this bill is a notice to chronic reliefers that the Federal Government does not intend to provide for them for all time without any effort on their own part. That is as it should be. This New Deal has done more to destroy the independence, the thrift, and the initiative of certain classes of our citizens than anything of which I can think. The Government does not owe any of us a living without effort on our own part. The days of frugality and thrift are not gone. Evil and unfortunate hours have come upon us, but we must accept the challenge, and it is good to know that the old pioneer spirit, which has made the country what it is, begins to show itself again. This bill will pass the House not by the votes of the Republicans or the Democrats, but by the combined votes of patriotic Republicans and Democrats interested in a common cause—honest relief, honestly administered.

Since January the House has followed the minority recommendation. A subcommittee of the Committee on Appropriations has been investigating the administration of W. P. A. The chairman of the subcommittee has told us much about the abuses in administration which we all know existed. It is not only appalling, but it is disgusting, to contemplate the brazen manner in which relief money has been diverted from the reliefer in New York City, Chicago, and other sections of our country.

That W. P. A. funds have been used to influence elections is a certainty. The fact that the New Deal objected, and is still objecting, to the enactment of the Hatch amendment is cogent evidence that possibly this conduct on the part of some W. P. A. officials is winked at, if not condoned. If this bill before us becomes a law, all this will be different. The Government will be able to send the scoundrels to jail. This bill is a prescription that will prevent, or at least minimize, the recurrence of such intolerable conditions.

In these circumstances, what justification can one find for voting against this bill? It will make present conditions better. It will make for honesty, economy, better citizenship, and purity of elections. It will put more money in the hands of the reliefer and less in the pockets of the politician. Of course, I wish that the bill went further and returned the administration of these funds to local agencies, where it belongs, but it is evident that we will have to make two bites of this cherry rather than one. The longer one is in Congress the more he realizes that, after all, worth-while legislation is usually a compromise of views. The Republican minority feels that it is right in this matter. This bill vindicates that feeling, and the country will applaud.

The principal fault found with this legislation comes from the Workers Alliance. This group has opposed every relief bill since the organization existed. That is, it always wants more money. If we had yielded to its demands, the appropriations for the last year for relief would have been at least double what they were. Yet we have gotten along pretty well. No one has starved, and the taxpayers are still able to meet the obligations. For my part, I prefer to listen to my constituents, and to use my own judgment, rather than follow the dictates of any of these communistic leaders who would destroy our very form of government. These organized marches on Washington instigated by professional agitators do more injury than good to any cause. Threats and coercion have no place here.

I have received numerous telegrams and letters concerning the National Youth Administration appropriation provided in this bill. Propaganda has gone out, especially to colleges and schools throughout the country, that this bill cuts in half current appropriations; that is, that if this bill becomes a law the appropriation for assisting our youth, through our colleges, would be cut in half for the coming year. This is wrong. The amount carried in the bill is $81,000,000, which is $3,000,000 more than the program for the current year, but which is $42,000,000 less than the Budget estimate.

The Budget estimate contemplates an expansion of this work. At the same time, the Budget estimate contemplates a curtailment in W. P. A. employment. It is fine to assist worthy young men and women to go to college. That is not as essential, however, as providing bread, meat, clothing, and shelter for the unemployed man, his wife, and his children. We must make a distinction between those things which are essential and those things which are desirable. How can any Member of this body justify a vote to increase the appropriation to send young men and women to college, and at the same time take off the W. P. A. roll the heads of families who have nothing on which to subsist. Again I say, that just does not make sense, and so far as my schools and recipients of National Youth Administration help are concerned, they will not ask for additional appropriations for this year when they understand the circumstances. The constituents whom I represent are demanding economy in government, necessary relief but no unnecessary luxuries for which the Government must go in debt. I shall support this bill provided it is not amended all out of shape. I shall oppose the Casey amendment, which is the Workers Alliance demand, increasing by $2,250,000,000 the amount recommended by the President in the Budget. In short, I shall support the bill as reported by the committee. The country as a whole, especially the taxpayers and the unemployed themselves, are indebted to the committee for its nonpartisan, painstaking work, its fairness, and last, but not least, its courage. We are not going forward as a country, and our standard of living cannot be maintained, on W. P. A. wages. We must have private jobs furnished by private industry. This result cannot be brought about by threatening, punitive, and destructive legislation. This bill is a step in the right direction.

Mr. TABER. Mr. Chairman, I yield the remainder of my time to the gentleman from Illinois [Mr. DIRKSEN]. [Applause.]

Mr. DIRKSEN. Mr. Chairman, I entertain a high regard for my genial friend from Missouri [Mr. CANNON], who just preceded me, because he is the chairman of the subcommittee on agricultural appropriations. We have worked in harmony and cooperation for a number of years. The attitude that he expressed here, however, and the position that he has taken with respect to expenditures during this session of Congress at least does not quite square with the position that he has maintained before, and I can prove that by the record. We used to meet down here in the committee hole, and in a characteristic fashion he used to take off those glasses, put them on the table, and then say, "Gentlemen, we have got to economize to the bone." We heard that over and over, week after week, and day after day as we took testimony on the appropriation bill for the Department of Agriculture. To show you how this disposition fits in with W. P. A. this year we had under consideration

an item for the control of Dutch elm disease, and I stood shoulder to shoulder with him and fought that item, both the supplementary item that came up from the Budget Bureau and also the item that appeared regularly in the bill. Of course we put the Department of Agriculture on the spot and asked how much of emergency appropriation money had been paid for this item. They gave us the figures, and they are incorporated in the record. They told us that more than $13,000,000 had been expended out of emergency funds for the elimination of the Dutch elm disease in New England. I was about to have a shock, and my distinguished chairman likewise, over that tremendous expenditure of W. P. A. funds, over which we, the committee, had no control. Whether he is now going to put himself in the position of defending that kind of action I do not know. This is but a small indication of how lump-sum appropriations can be used for purposes not specifically authorized by Congress, and I am sure that my genial chairman will not depart from his customary sound position with respect to such expenditures.

In the course of his remarks today I thought he would say something about the bill, but I must say for him that his remarks reminded me of an incident that comes to me from the days when I was attending school at the University of Minnesota 22 years ago. A very distinguished debate had taken place between a very eminent socialist, Mr. Morris Hillquit, and a celebrated Catholic divine, Msgr. John Ryan. It was my fortune to hear a portion of that series of debates, and I recall as they got along toward the end that Mr. Hillquit, by way of rebuttal said:

> The arguments of my distinguished friend remind me of the modern diaphanous gown, the clinging type of gown, that touches everything and covers nothing.

Then, by way of rejoinder, Father Ryan got up and said:

> The argument of my learned opponent from New York reminds me of an old-fashioned colonial gown, that flowing type of apparel, that covers everything and touches nothing.

[Laughter.]

I think my good friend from Missouri [Mr. CANNON] exemplifies both of them and I am somewhat disconcerted that he did not give us something with respect to the bill. I am, however, very happy that he is going to vote for the bill when the roll call comes.

In the manner of the old Tennessee preacher who used to have a pattern for all of his sermons and who said about every sermon, "First, I'se tells them what I'se going to tell them. Second, I tells them, and then I tells them that I told them," let me outline what I shall discuss.

I want to tell you in advance what I want to discuss here. First of all, briefly, something about the general pattern of expenditure as compared with what it was in 1928 and from there on to 1932.

Second, how effective is the spending theory.

Third, a little bit about the investigating committee.

Fourth, that item in the bill dealing with Federal project allocations from W. P. A. funds.

Then the National Emergency Council, and finally a word or two about politics in relief. I shall touch on all of these if time permits.

You know, the spending pattern as compared with what it used to be is rather curious. Under the Hoover administration they followed the philosophy of meeting the farm problem and the unemployment problem by making generous loans to durable goods industries, to insurance companies, to railroads, and to banks, and employing institutions, believing that that was the place to start employment. I am going to admit, as a Republican, that it failed.

Under the Roosevelt administration they placed emphasis at the consumer end, the spending of money on the consumer side, in the hope that it would dribble through the retailer, through the jobber, on to the manufacturer, and then be translated in terms of employment and increased farm prices.

I think the record, without any argument on my part, would indicate that it has substantially failed. Now a new spending program is in the offing and it is a combination of the two. If you have followed the temporary National Economic Committee, if you have followed the messages from the White House, if you have followed the pattern in the legislation that has been suggested here, you will find that there has been a shift in philosophy and theory, and now there is going to be joint emphasis upon the durable goods and upon consumer expenditures, in the hope that that is going to ring the bell, and stimulate that elusive thing called prosperity.

Is it not rather curious that the figures will indicate that the spending effort has not worked out? As you know, we had a recession in August 1937. It ran along until June of 1938. Now, listen to the relief expenditures that we made just before that recession and during the recession. The high spot was in June of 1937 when we spent $144,000,000. The low spot was September of 1937 when we spent $98,000,000. In November we spent $100,000,000.

Let us look at the present recession which began in November 1938, and is still in progress. W. P. A. expenditures for August were $193,000,000. That is almost twice as much as the low of the previous recession, and before that time. In December it was $219,000,000. In March of this year it was $201,000,000.

Now, we have spent $60,000,000 per month more than in the months prior to the 1937 decline, and we have spent $70,000,000 a month more than in comparable months of 1937, and the increased spending, the multiplied spending, has not met with all the anticipations of those who felt that spending was the cure. There are the figures. How will those who insist on spending and still more spending meet the stubborn fact that despite increased spending now, there is a definite lag in business?

I say to you it is with some fear and trepidation and a spirit of uncertainty that I approach increased spending, because it has not solved the problem.

Mr. CASEY of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. Briefly.

Mr. CASEY of Massachusetts. In that connection, with regard to the decline in 1937, will the gentleman not agree that that coincided with a large W. P. A. cut?

Mr. DIRKSEN. No; because the effect of the spending you got, as a result of the spending in the anterior months. It was infinitely higher than it was at any time, so we are still in the trough of the depression. So where does it leave the professional spenders? Nobody will deny the authenticity of these figures.

Mr. WHITE of Idaho. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. No; I cannot yield now.

Let me say a word about the investigating committee. You know it is interesting to note the kind of pressure that has been put on the deficiency committee. Nothing delighted me so much as the militancy and the way the House accepted the challenge in the speech of the gentleman from Virginia yesterday. I believe it is about the first time in many years that I detected a real militant note in this Congress, and I am only too happy to note that it has been coming on. It augers well for a return of legislative control to the Congress.

Let me tell you what all these folks have been saying about the investigating committee and how they are putting on the pressure. Out in Chicago we have the Artists Union. Just the minute this investigating committee was organized they sent out a little brochure containing information to be written to Members of Congress, to be written to the President, to the Congressman from Illinois, Mr. T. V. SMITH, to the Congressman from Illinois, Mr. JOHN C. MARTIN, and to the Congressmen from the various districts, and to the two Senators from Illinois, to the W. P. A. Administrator, and others. And what was in this information file? Here it is:

> The following points should be stressed in all letters to the Woodrum Investigating Committee and to be sent to Congressmen. Denounce the committee for being unfair in its investigation.

The principal fault found with this legislation comes from the Workers Alliance. This group has opposed every relief

ment of Agriculture. To show you how this disposition fits in with W. P. A. this year we had under consideration

That is the information that is going out by the ton. Denounce it because it is unfair.

The hearings have been open and aboveboard. Anyone is privileged to attend. No pressure has been employed. No unfair advantage has been taken of any witness. The material supplied by the investigators has been documented. There has been no captious criticism of W. P. A. There has been no harsh or unsympathetic attitude. The testimony thus far published indicates to any reasonable person that the whole objective of the committee has been to secure documented facts from which to derive sound conclusions in shaping relief legislation.

I sat with the committee and I take issue with the gentleman from Missouri. I sat with him a portion of the time. I take issue with him that there was anything unfair, that the questions were leading particularly. It seems to me that every witness had an opportunity. Nobody tried to put him into a hole. Obviously he was to be on his own mettle when he was answering questions, but it is one of the fairest investigating hearings I have seen in my 7 years' service in the Congress of the United States. I only hope that the committee continues in the same vein, because I do believe that they are rendering a distinct service to the taxpayers, to the people, and to the general welfare of this country.

With reference to the bill that is before us and its purpose, much has been said, for instance, about the restriction whereby the W. P. A. can allocate no funds to any other Federal agency. I think this is a rather happy provision, and I am glad it is in the bill. Under the 1938 act W. P. A. gave $88,000,000 to other agencies of the Government to spend pretty much as they pleased. This year the Administrator came before the committee and recommended that $75,000,000 be made available for this purpose. Here is the way they had it broken up: Agriculture, $24,570,000; Commerce Department, $604,000; Interior Department, $9,267,000; Justice, $48,000; Labor, $1,150,000; and so on, for an aggregate of $75,000,000. Let us see how some of this money was expended out of the 1938 relief act, because it will indicate the pattern of future expenditures if this restriction was not contained in the bill.

I just pointed out to you that to eradicate Dutch Elm disease $13,856,891 W. P. A. money was expended. The disease started in two trees back in about 1930. Today we have 48,000 known infected elm trees, and the number is growing. If you think this is a very efficient expenditure of W. P. A. funds, I have some other notions about it. This activity was carried on out of relief funds and Congress could do nothing more than cherish the fond hope that we might get value received for this expenditure. Is that a defensible course?

They gave to the Department of Agriculture $122,000 with which to make a study of data for consumers' standards. We can get along without that for a little while. They gave the Department of Agriculture $3,900 for a laboratory in the Engineering Division, which I do not believe was necessary. It was never developed before. They gave them $1,321,786 for biological survey, ostensibly to develop refuges and sanctuaries, a wildlife program. I do not care about that so much, although in times of stress and an unbalanced Budget we can do without that pretty well. It could be said of this item that the funds were placed to rather good use and constitute a durable investment to a greater degree than most of such expenditures.

They gave the Forest Service $6,731,000 for a type of work appropriated for in the regular appropriation bill to the extent of millions of dollars. There is no justification for this sort of thing, and I am happy that the committee has written its restrictions in the bill so that the Congress will maintain control over these functions.

They gave the Home Economics Bureau of the Department of Agriculture $541,000. The purpose of that was to measure the body sizes of children in the hope of creating standardized sizes for ready-to-wear clothing for children. This may be absolutely necessary, but you know $541,000 is quite a lot of money.

They gave the Soil Conservation Service $9,841,669 of emergency funds in addition to the $21,000,000 that was appropriated regularly for that purpose and over which we had some semblance of control. A portion of that fund is being used in Williamson County, Ill.—I do not see my distinguished friend from that district here—for a project known as Crab Orchard Lake. They purchased 25,000 acres of so-called submarginal land. They went in with W. P. A. funds and built a dam at a cost of over $1,000,000. The idea was, of course, to develop an artificial lake down there, to be encircled with the fragrance of crab-apple blossoms and provide recreational facilities for the folks in that area. People in that district, several hundred miles from where I live, have been sending me letters of protest saying that they are creating a national home for fish, frogs, snakes, and turtles and making the whole surrounding landscape so unhealthy that folks do not want to live there any longer. Lots of that land was bought at probably less than it cost the people from whom they bought it. There were a score or more of cemeteries in the area. They are going to have to take the bones from those cemeteries and cart them somewhere else and reinter them in a plot bought by the Federal Government. That project started by a simple Executive order, by the scratch of a pen in the White House; and the people out there are not satisfied with it, judging from the complaints and criticism that has been coming. This is a project that was started because there was no restriction. If lump-sum allocations to other Federal agencies had not been the vogue in earlier years, Congress would have had an opportunity to examine the feasibility and desirability of that project before the funds were expended and the work undertaken. It serves to prove the desirability of restricting such expenditures.

If the pending bill passes as reported by the committee, W. P. A. cannot hand $9,000,000, or $4,000,000, or $2,000,000 to the Soil Conservation Service and say, "Go out and start any project for which you can get the approval of the President."

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. DONDERO. It may be somewhat of a shock to the Members of the House to learn that since noon today I have received notice from the Works Progress Administration of the approval of the following project: To organize and operate toy and doll-lending centers, $303,302, approved June 13, 1939, by Executive order.

Mr. MARCANTONIO. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. No; my time is getting too short.

Now let us look at the efficiency angle for a moment. Our friend, the gentleman from Massachusetts [Mr. CASEY], rises on this floor to state that the amount carried in this bill is not sufficient. If the amount carried by this bill is efficiently expended it will go just as far as a substantially larger amount handled as these funds have been handled in the past, and do just as much good. That puts the burden of proof upon W. P. A. for proper administration to see that the taxpayers of this country get a dollar's worth of value for every dollar expended.

A friend of Prime Minister Gladstone once asked him why he did not let England live like a gentleman. His reply was that to do so would cost twice as much as it should. That is the inherent weakness in a governmental spending program. It costs more than it should for what the taxpayer gets. If the funds provided in this bill are efficiently expended it will come pretty close to doing the work that our friend from Massachusetts has in mind.

Let us look at the money's worth, particularly in the light of that provision in the bill that puts a limit of $25,000 upon buildings. If they are over $25,000 they have to have it done in some other fashion than by the W. P. A. How much efficiency has there been? Here comes Mr. Allen W. Stephens, Peter L. Hine, and Chester L. Post, who are consulting engineers in the Procurement Division of the Public Buildings Branch of the Treasury. Mr. Post has been engineer since 1899. He has a splendid record. You can examine all the questions and answers and you will find that

farm prices.

I think the record, without any argument on my part, would indicate that it has substantially failed. Now a new

The following points should be stressed in all letters to the Woodrum Investigating Committee and to be sent to Congressmen. Denounce the committee for being unfair in its investigation.

they are not based upon lack of sympathy for relief and work-relief objectives.

Let us see what they testified.

World's Fair Building: Cost estimated at $544,000 by W. P. A., or 43½ cents per cubic foot.

The Federal Building, which was built by the Procurement Division, cost only 20 cents per cubic foot.

Queens School in New York: W. P. A. estimate, $782,000. Estimated by competent engineers that it could be built for $441,000, or a saving of $341,000 on a single school building.

Laundry and fire station at Great Lakes, Ill.: W. P. A. estimate, $375,000. Competent engineers from Procurement Division say it could have been built for $218,000, or a saving of $157,000.

Granite Park Recreation Center in Des Plaines, Ill., a town of 8,800 people. They built a recreation center which cost $353,000. The Procurement Division said it could be done for $202,000.

Armory at Champaign, Ill., and Sycamore, Ill.: W. P. A. estimate, $202,000. Procurement Division engineers said it could be built for $130,000.

Municipal Building, Allegheny, Pa.: W. P. A. cost, $88,200. Procurement Division estimate by private contract, $50,000.

Wilkes-Barre, Pa., where they built a highway 22 miles long: W. P. A. estimate, $1,960,000, or at the rate of $89,000 per mile. Could have been done by private contract, according to procurement engineers, for $365,000, or at the rate of $17,000 per mile. W. P. A. spent $89,000 a mile. Procurement said it could be done for $17,000.

You see, if we can get a little more efficiency in connection with the expenditure of the money provided in this bill, it will take care of all the needs and all the demands of those who would substantially raise the amount. I am in favor of that restriction upon buildings by W. P. A. in excess of $25,000. If it is going to cause some difficulty perhaps it can be raised a little bit, but not above the $50,000 bracket, for on the basis of 25-percent efficiency, 40-percent efficiency, and 55-percent efficiency the taxpayers of this country are not getting value received for the money that has been expended. I am very happy that the committee has closed that particular loophole.

Mr. MARCANTONIO. Will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from New York.

Mr. MARCANTONIO. I know the gentleman wants to be fair.

Mr. DIRKSEN. Yes.

Mr. MARCANTONIO. I do not believe the gentleman should leave that subject without stating to the membership that there are various factors in W. P. A. construction which, in order to give work to as many people as possible, make the W. P. A. construction costlier than if done by private enterprise.

Mr. DIRKSEN. Let me call attention to the Queens School project in New York. Seven hundred and eighty-two thousand dollars is the W. P. A. amount. Four hundred and fourteen thousand dollars was the cost of a school that was built at the same time from virtually the identical plan. Is that the answer or is it not? When a man has been in the engineering profession for 40 years, or since 1899, having graduated from the University of Maine, started in New York City as an engineer, and now engaged by the Procurement Division of the Treasury Department as a consulting engineer, I am pretty nearly willing to stand by the figures and estimates that a gentleman like that gives to the committee.

Mr. GARRETT. Will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Texas.

Mr. GARRETT. Referring to the $25,000 limitation on building projects, does not the gentleman feel some provision should be made for rural sections where they have in good faith voted bonds and the applications are now pending, which rural sections would be unable to qualify under the W. P. A. otherwise?

Mr. DIRKSEN. Does the gentleman mean work in progress?

Mr. GARRETT. Where the bonds have actually been voted, but the project has not been approved. The bonds have been voted in good faith and on many occasions have been solicited by the W. P. A.

Mr. DIRKSEN. A good deal can be said in favor of that, but in view of this efficiency record of the W. P. A. with respect to buildings, it occurs to me that a restriction must be put in the bill. Not for one moment do I mean to imply that inefficiency is characteristic of all W. P. A. building projects. There are doubtless thousands of projects upon which they have done a creditable job. But we cannot blink the facts with respect to many pieces of construction, and certainly a reasonable limit of cost should be set.

I listened with interest to the gentleman from Illinois [Mr. PARSONS], who complained about sections 29, 30, 31, and 32 of the bill dealing with political activities. As the gentleman from Virginia [Mr. WOODRUM] pointed out, that is existing law today.

I got the impression from the gentleman from Illinois, in view of the fact he is going to offer amendments to strike every one of those sections, that he is in favor of permitting solicitations; that he would be in favor of permitting promises of jobs and employment; that he would be in favor of influences in primary and general elections; that he would be in favor of candidates running where they got the benefit of W. P. A. help. I hope he did not intend to leave that impression. However, he is going to offer an amendment to strike out the sections that would make solicitation unlawful, make job promises unlawful, make influences unlawful, and would make candidacies where W. P. A. funds or where W. P. A. positions are used, unlawful, and such action would reasonably warrant the assumption that he favors such activities.

I hope that this is not the attitude of my colleague from Illinois.

In that connection I want to emphasize and reemphasize what the gentleman from Kentucky [Mr. ROBSION] put in the RECORD this afternoon. I refer to letter dated Louisville, Ky., May 23, 1939, marked "Personal" and signed by Mr. Goodman, W. P. A. administrator of the State, in which he calls for campaign contributions of 2 percent for one who was running for high office in the State of Kentucky at that time.

That is a rather tragic commentary and indicates that if the Congress does not write restrictions into the bill, we will have these same abuses to contend with and probably in greater measure as relief becomes some kind of a career for some of these folks.

Mr. HOUSTON. Will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Kansas.

Mr. HOUSTON. For the benefit of the House, may I say I am going to offer an amendment making it unlawful for anyone in authority to accept a recommendation for anybody on W. P. A. other than character or place of residence by a Senator or Congressman?

Mr. DIRKSEN. I want to add the first paragraph of the letter by Mr. Goodman, works-progress administrator in Louisville, Ky., written to works-progress administrator at Lexington, Ky., as follows:

> I know you have no correspondence in your files that would violate the Works Progress Administration regulations and instructions in connection with political matters. However, I suggest that anything you might have that would even appear to an uninformed person to involve us in politics be destroyed.

That is grand, and that has been going on, you know, in other States. You can readily realize, then, our responsibility if we are going to stop that sort of thing and stop the use of money paid by the taxpayers of the United States America in order to influence elections.

Mr. BATES of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Massachusetts.

Mr. BATES of Massachusetts. It is also interesting to know that in Louisville, Ky., into which the W. P. A. has been

plowing a good deal of money, the pay roll of the industries of that city in 1931 was $26,000,000, and in 1937, according to the mayor's own statement, it had increased to $36,000,000. Now, why the necessity for this constantly increasing expenditure in a city in which the pay roll has increased in 7 years' time?

Mr. DIRKSEN. A very interesting question, I may say to my friend from Massachusetts.

Mr. HOOK. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Michigan.

Mr. HOOK. The gentleman is speaking about restrictions on politics. I wonder if the gentleman can inform me whether or not this restriction would straighten out a situation like this, where five Republican leaders in one of my counties used W. P. A. materials and W. P. A. gasoline for their own personal use on their own property?

Mr. DIRKSEN. I must say they must have some awfully astute Republicans in the gentleman's district. They do not do that in my State. It is comforting to know there are astute Republicans like that left in the country.

Mr. MICHENER. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Michigan.

Mr. MICHENER. I might suggest, if we are going to make the investigation suggested by the gentleman from Michigan [Mr. HOOK], that the affidavits which I understand are in the hands of one of the Members of Congress coming from his district as to activities in his behalf——

Mr. HOOK. I am challenging you and those affiants on that subject. I say that those who connived those affidavits are liars. There was an investigation with regard to those affidavits, and they do not dare bring the results of the investigation to this floor. They were proven to be false.

Mr. MICHENER. My suggestion was, in view of what the gentleman said——

Mr. HOOK. They were made by the very men I just referred to here, and the investigation showed that the men who signed those affidavits were thieves under the W. P. A. They were Republican county road commissioners.

Mr. MICHENER. I said that the gentleman might bring the affidavits and have them included. Of course, the home of the gentleman from Michigan [Mr. HOOK] is as far from my district as my district is from the city of Washington, and I am not familiar with the facts.

Mr. DIRKSEN. Mr. Chairman, before my time is up, let me offer this concluding observation with respect to the bill. This is the best relief and work relief bill I have seen come into the Congress since 1933. I believe these restrictions are necessary if we are to get efficient expenditure of the money. I believe those political provisions are necessary if we are to have some semblance of taking politics out of relief and relief out of politics. Other restrictions are necessary in order to restore to the Congress the control and the direction over appropriations and expenditures. This deals something of a body blow to the whole principle of blank checks that has grown up since 1933. It means that once more the direction of expenditures and the expenditure of the revenues of the country will be controlled and supervised where it should be controlled, by the legislative branch of the Government.

Mr. LEAVY. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Washington.

Mr. LEAVY. I do not necessarily want to challenge the gentleman's statement that this is the best W. P. A. bill that has come in since 1933, but I wish to ask the gentleman this question: Is the bill not as a matter of figures $898,000,000 less for the fiscal year 1940 than it is for the fiscal year 1939?

Mr. DIRKSEN. There have been some unexpended balances, I may say to the gentleman, for one thing, and then there has been a transfer to P. W. A. under certain limitations, for another.

Mr. LEAVY. Of $125,000,000.

Mr. DIRKSEN. But the point is that the aggregate amount comes within, or at least matches, the Budget figure that came up to us. Certainly, I want to say to Brother LEAVY, sitting over on this side, if I were a Member over on this side, I believe I would stand for diminished appropriations more efficiently expended in order to find a little comfort and consolation, hoping and believing, perhaps, that the country was improving a bit. But when you constantly come at us for increased expenditures, it is almost a public confession that all the money that has been expended has not met the problem.

The temper of the debate on this bill indicates one happy fact. Republicans and Democrats alike recognize a duty to people who are in distress and need relief. I believe we can stand on common ground and admit that W. P. A. has accomplished much good. I believe we can agree that there have been many abuses. I believe we can admit that in some sections of the country there has been grave inefficiency in the expenditure of funds on construction projects. I believe that every Member of Congress is sincerely anxious, according to his lights, to make adequate provision for relief and to so restrict the expenditure of funds as to remove abuses, eliminate inefficiency, and return to the taxpayer a reasonable measure of value for the funds which he is called upon to contribute in the form of taxes either now or later. No Member will deny after the testimony which has been offered that in some States W. P. A. was converted into a political vehicle for the benefit of some candidates for office. With this objective and this problem before us, let us address ourselves to it with vigor, with spirit, and with sincerity in order to serve the general welfare of the country and in the hope of revitalizing a spirit of confidence that will lead to more prosperous days.

Mr. Chairman, if time permitted I would say a word about my friend from Virginia [Mr. WOODRUM]. I believe he has rendered a distinct and a constructive service to the people of the United States of America, and they are indebted to him. [Applause.]

[Here the gavel fell.]

Mr. WOODRUM of Virginia. Mr. Chairman, I yield the remainder of my time to the gentleman from Kentucky [Mr. O'NEAL].

Mr. O'NEAL. Mr. Chairman, I should like to bear testimony at this time in closing the debate for the committee to the very interesting and valuable experience we have had in working on this bill. I do not believe a more conscientious study of a problem within the same length of time has been made in Congress. I wish to say that for the most part the relationship of the members and their attitude toward the investigation has been of the finest. Although we were in session morning and afternoon, there was always, with few exceptions, a spirit on the part of nearly every member of the committee of mutual consideration and mutual help. I regret very much that the only discordant note that has been brought into this committee report—and, I may say, into the questions—has been brought in by my friend the very able and sarcastic gentleman from Missouri. He was very genial in advising the committee as to political loyalty and party responsibility. Being a new member, somewhat, on that committee, and not having had many, many years of experience, I listened to his plea for party loyalty. But then I happened to recall a little article I read in the Appendix of the CONGRESSIONAL RECORD and it did not seem to be exactly in accord with what the gentleman said today. I want to know now from the gentleman from Missouri if this is the type of party loyalty to which he referred.

On March 31, 1939, in the Appendix there appears this statement made by the gentleman from Missouri [Mr. CANNON] from the old-fashioned, southern Democratic State of Missouri, that believes in States' rights and matters of that sort:

> Now, I take it for granted from all indications at this time that you expect to come to Missouri in 1940 to select the next President of the United States—

This was addressed to the gentleman from New York [Mr. CULLEN]—

> But if in some unfortunate and misguided moment you should be diverted elsewhere, of all those who have been mentioned as

eligible for that high position there is no one whose record for efficiency and integrity in public office entitles him to more serious consideration than Mayor LaGuardia, of New York.

When I first went on this committee this year, frankly, the gentleman from Missouri was an acquaintance of mine, just as the gentleman from Virginia was. Neither of them was a particular friend, just one of the Members for whom I had a high regard, and I hope they had the same friendly feeling toward me, but I cannot let go unchallenged this attack made on this floor as to the partiality of the gentleman from Virginia in this matter.

Mr. CANNON of Missouri. Mr. Chairman, will the gentleman yield?

Mr. O'NEAL. I will be glad to yield; yes.

Mr. CANNON of Missouri. I accused no one of being unfair and I invited the Members to look at the RECORD and decide for themselves.

Mr. O'NEAL. The gentleman spoke in the very extremely adroit manner in which he always does, so that whatever was left in the nature of an opinion would be that the gentleman from Virginia was a cold-hearted sort of person, who had no interest in the downtrodden and the people on relief, and whatever the words of the gentleman from Missouri may be, the impression was that the gentleman from Virginia was certainly not very sympathetic or even fair in this investigation.

I now want to say that although I went on this committee on terms of perfect friendship and friendliness with both of these gentlemen, the only one who has been out of step with the committee on all occasions has been the gentleman from Missouri [applause], and I do not resent the way the gentleman from Missouri referred to me as one of those who just did not understand, for he so stamped every other member of the committee. I did not resent that. All during the hearings the gentleman from Missouri did not hesitate to picture himself as the champion of all the downtrodden and the rest of the committee as the persecutors and the prosecutors of them, but I do not want this record to go unchallenged because the gentleman from Virginia [Mr. WOODRUM], in every instance that I observed, as chairman of this committee tried to be perfectly fair with the Federal Government, with the W. P. A., and with the witness, no matter whence he came.

The gentleman from Virginia conducted the examination in a spirit of fair play. Naturally, when you are investigating a leaky house you do not look at the foundations and fill the record with that, but you try to fix the leak, and, naturally, the investigation developed along lines that were seeking to find what was wrong, and, of course, the witnesses were asked more questions along that line than they were as to what was right.

The gentleman went so far as to say you would not find a thing in the RECORD by way of praise of the W. P. A. If you will look at the speech of the gentleman from Virginia [Mr. WOODRUM], you will see that he was certainly very extravagant in the things that he said about the workers and about the W. P. A.

Mr. Chairman, the job was put on this committee to find out if there was anything wrong with W. P. A., as the public seemed to believe, and we investigated every phase of the situation that might in any way cause the wasting of a dollar that might go to relief, and I say that the record is so full of mismanagement, of cheating, of taking advantage of the Federal Government, especially by sponsors, that any red-blooded American will have a shiver of shame if he reads this record and what was brought out in the testimony. I am not only referring to New York or Chicago, but wherever our investigators went. In a fine, old, solid community of the type that I come from, let me give you an example of the type of unfair play that went on. There was an orphans' asylum—and this story was mentioned by another speaker, but some of you may not have heard it—that wanted a building, and W. P. A. could not build it because it was not a public institution. It was owned and operated by a nonpublic group. They went to the city officials and it was agreed that a W. P. A. project would be started to build the building, but since it could not be done on this private property by their sponsorship, the city had to sponsor it, and the city did sponsor it. This orphans' asylum deeded the property to the city, and the result was that the building was built, and as soon as it was built the city deeded it back to the corporation that owned the orphans' asylum. More than that, they did not record the deed, because in the deed they had the effrontery to state that upon completion of the building, as a consideration, the city which I am mentioning would deed it back, and the face of the deed shows the crime or the criminal intent.

That is just one of hundreds of things. I say that this whole proposition needed a thorough investigation, and we have done the best we could, and I say that there is nothing in the bill that is not the result of a sincere and conscientious study made on the part of your committee.

There are other things we would have liked to put in here, but we could not put them in because we did not have the time to make the exhaustive study that we should have made. We would like to have had something on the question of who is going to pay for all of this relief, but we did not have the time for sufficient study. Do you know that there are 13 States in this Union that do not pay a dime for direct relief? You will find the burden apportioned between the municipalities and the counties and the States in a most unscientific way, and many of them are avoiding their responsibility entirely. There is no criticism against the Federal Government necessarily on that proposition, but it is our job properly to work this out so that everyone who can will help to share this burden.

Mr. BATES of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. O'NEAL. Yes.

Mr. BATES of Massachusetts. Because of what I said and because of the statements that I have made on the floor of this House last week with regard to some of these tax-dodging States, why should they not pay their just share of the cost of relief?

Mr. O'NEAL. They should; and if this committee's work is continued, in my opinion, we will have a well-thought-out plan through which they will do that.

Mr. BATES of Massachusetts. And we ought to make them pay 55 percent instead of 45 percent.

Mr. MARCANTONIO. Mr. Chairman, will the gentleman yield?

Mr. O'NEAL. Yes.

Mr. MARCANTONIO. I know the gentleman has been eminently fair and always is, and inasmuch as no member of the committee has up to this moment said a fair word about New York City, I wish the gentleman, who has sat on that committee diligently, would comment on the share of the relief burden that New York City is carrying.

Mr. O'NEAL. Of course, the gentleman from New York himself mentioned that in his speech. I think they are contributing 53 percent, he said.

Mr. SIROVICH. New York needs no defense.

Mr. O'NEAL. It is a great city and we are all proud of it, but there are very bad things going on in New York, as well as in other cities in respect to W. P. A. work.

There are many more things I would like to mention and in the few moments remaining I wish to assure the gentleman that this bill is most fair. You will be called upon with sympathetic appeals of one kind and another to amend the bill, but I assure you there is not a thing that will be presented on this floor tomorrow by way of amendment that has not had most thorough consideration, and this committee, after several months of study, would like for the Members to take the trouble, if they have not already done so, to read the report. Much of this has been covered, but there are things in here which none of us have had time to mention. For instance, there is a little provision here that does not seem to be important, giving the authorities the right to get rid of a man on relief whose work habits are such that he will not work. We have some,

I will not say so many, who will not work, but they are in need. They will get drunk on the job and nobody can fire them. You cannot do a thing about it. This provision gives the W. P. A. authorities power to look into the work habits of those on the job.

There is another paragraph, No. 16, innocuous in its appearance, apparently without much force, which may have far-reaching effect along the lines I have been discussing. It is a provision authorizing the Works Projects Board to call the attention of State and local governments to the unemployment situation existing therein and to seek their cooperation in meeting it. We find States, or at least I should say one State, to be exact, which was going through a boom. A picture was drawn of a deserted State and city prior to the coming of W. P. A., and when the W. P. A. testimony was given this year we had a statement from the Governor of that State that there were no bad times, they were prosperous. I said to him, "Has it been W. P. A. money that has done that?" He said, "Yes; that is what I give credit to, or to that effect." Then I said, "Do you know that you have on your rolls probably almost as many who cannot get employment as you have who are given employment, and that your State is doing nothing? Do you know that the Government is giving $30 a month on W. P. A. and on direct relief you are paying them from $4 to $12 a month?" W. P. A., in other words, had brought up that city and State with public improvements and spending so that it made it appear to be enjoying almost a boom.

Yet they had thousands who could not get on direct relief and those who were on were receiving about half what the W. P. A. worker was getting. In addition to that, that State had a sales tax, and much of the material bought by W. P. A. was directly contributing certain sales taxes to the State where the purchases were made.

I see my time has almost expired. I would like to say to this committee, as I said in the beginning, that this bill is the result of as thorough and conscientious approach to the subject as has been made in Congress since I have been here. There are things in here that some will question, but if they show the same amount of study that we have given to this, I do not believe they would be advocating some of the things they are going to suggest. There is a difference of opinion, possibly, as to the spending program, but I would like to say that unless this Government, unless this Congress, realizes how things are in this country and very soon decides to govern itself, and vote for less, I believe we are heading rapidly into something far worse than any of us realize.

I make a plea, in conclusion, for economy. W. P. A., as necessary as it was, started a flood of Federal gratuities flowing. It started a different type of thinking. This money going out for necessary things like relief, started other people thinking in terms of what good things they would like to ask for. This Congress is flooded with requests from bureaus, States, and localities for more and more money. It is my belief that unless we try, on every appropriation that comes before the Congress, to trim something, we can never have any practical economy or a balanced budget or the America as we have known it in the past.

I urge you to support the committee in the bill which they bring here, because it has been studied thoroughly, and I believe that in the hearts of every one of the Members there is a sincere desire to do the best not only for the W. P. A. worker but for the entire country. [Applause.]

Mr. HOUSTON. Mr. Chairman, will the gentleman yield?

Mr. O'NEAL. I yield.

Mr. HOUSTON. Is it not a fact that this bill provides everything the President asked for regarding W. P. A., with the exception of $125,000,000 that went into P. W. A.?

Mr. O'NEAL. That is exactly the sum the President asked for. It transfers $125,000,000 to the P. W. A., but the sum in the bill is exactly what the President asked for.

There are economies of operation in this bill that will help provide for the W. P. A. some of the $125,000,000 which was transferred to the P. W. A. [Applause.]

In closing this debate I may have wandered a little afield from a strict analysis of the bill. You have heard a great deal about its provisions, and the excellent report is a good anatomical study of its contents.

As the scroll of history unfolds, I am wondering if the bill before us may not bring forth the first positive appearance of a growing public realization of things as they are. If this bill passes substantially in its present form, to me it will be an indication that the people of this country are beginning to take a stand to avert an impending yet avoidable catastrophe. I do not refer only to our financial dangers, but also to the changed or changing point of view as to the Federal Government. There was a time, when America was attaining its greatness, that the first consideration was liberty and freedom, and government was set up to have only few and delegated powers. And so State sovereignty was a vital issue.

That understanding of tyranny and desire for freedom led men to a high disdain of favors, for to be under obligation to anyone was to be in debt to someone, and there was a surrender of freedom. It follows directly that the more you are dependent, the less freedom you have, and if it is true that over one-half of our people are drawing Federal bounties of one kind or another, is it not clear that the most cherished possession of our people, as we have been taught to believe, namely, liberty, is being impaired by our acceptance of Federal bounties and control? This did not come about by will or design, and I appreciate the necessities of the dark days following 1929. That was disaster, and it was met in a miraculous way by the President, Congress, and the people, and, of course, those who cannot help themselves must be aided. But what followed? The Federal aid to the unemployed was expanded and human nature got into the game. Others began to want some of the easy money, and cities, counties, States, Federal agencies dealing with every phase of our life rushed to the fountain of gushing Federal gratuities to quench an insatiable thirst for more. The Government departments each thought of some good thing that could be accomplished, and we helped them with it; whenever anyone could think of some good purpose that might be accomplished, we voted for it, and there is no end to the good things that Federal money will buy—as long as it lasts. But all the time we were doing it we were not only placing ourselves and our country in character-destroying debt but we were sacrificing in many ways the old American tradition of independence.

This bill undoubtedly reflects a growing sentiment that even Federal funds must be handled carefully and prudently, and we are making a real start in that direction. It is to be hoped that when it reaches another body it will not change its character and come back loaded down with costly amendments. Your committee was very careful in the preparation of the bill, and many things we would like to have included we did not, for we felt that we had not investigated the matters thoroughly enough. Each of the 19 changes is the result of sincere study and almost the unanimous action of the committee.

The CHAIRMAN. The time of the gentleman from Kentucky has expired. All time has expired.

The Clerk will read.

Mr. SABATH. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. SABATH. As I understand it, there has been an agreement entered into that after reading the first section the Committee will rise?

The CHAIRMAN. The Chair has no understanding of any such agreement.

The Clerk will read.

The Clerk read as follows:

Resolved, etc., That this joint resolution may be cited as the "Work Relief and Public Works Appropriation Act of 1939."

TITLE I—WORK RELIEF AND RELIEF

WORK PROJECTS ADMINISTRATION

SECTION 1. (a) In order to continue to provide work for needy persons on useful public projects in the United States and its Territories and possessions, there is hereby appropriated to the Work Projects Administration, out of any money in the Treasury

not otherwise appropriated, for the fiscal year ending June 30, 1940, $1,477,000,000 (of which $125,000,000 is hereby transferred to the Public Works Administration and made available for the purposes of title II and shall not be subject to any other provisions of this section or this title), together with all balances of appropriations under subsection (1) of section 1 of the Emergency Relief Appropriation Act of 1938, as supplemented by Public Resolution No. 1 and Public Resolution No. 10 of the Seventy-sixth Congress, which remain unobligated on June 30, 1939, including such unobligated balances of funds transferred to other agencies for nonconstruction projects under the provisions of section 3 of such act of 1938, as supplemented, or set aside for specific purposes in accordance with other law: *Provided*, That notwithstanding any other provision of law, funds heretofore irrevocably set aside for the completion of Federal construction projects under authority of the Emergency Relief Appropriation Act of 1938, as amended, shall remain available until June 30, 1940, for such completion, and any such funds which remain unobligated by reason of the completion or abandonment of any such Federal construction project shall be returned to this appropriation.

(b) The funds provided in this section shall be available for (1) administration; (2) the prosecution of projects approved by the President under the provisions of the Emergency Relief Appropriation Acts of 1935, 1936, 1937, and 1938; and (3) the prosecution of the following types of non-Federal public projects, subject to the approval of the President, namely: Highways, roads, and streets; public buildings; parks, and other recreational facilities, including buildings therein; public utilities; electric transmission and distribution lines or systems to serve persons in rural areas, including projects sponsored by and for the benefit of nonprofit and cooperative associations; sewer systems, water supply, and purification systems; airports and other transportation facilities; flood control; drainage; irrigation; conservation, including projects sponsored by conservation districts and other bodies duly organized under State law for soil erosion control and conservation, preference being given to projects which will contribute to the rehabilitation of individuals and an increase in the national income; eradication of insect pests; the production of lime and marl in Wisconsin for fertilizing soil for distribution to farmers under such conditions as may be determined by the sponsors of such projects under provisions of State law; educational, professional, clerical, cultural, and recreational work; production of goods for distribution to the needy; service to the needy, including training for domestic service; aid to self-help and cooperative associations for the benefit of needy persons; and miscellaneous projects.

(c) On and after October 1, 1939, employment on work projects authorized under this section in the several States and the District of Columbia (hereafter referred to in this subsection as States), shall be apportioned on the following basis: (1) Forty-five percent of the total number employed, in the ratio which the population of each State bears to the total population of all States as shown by the latest available Federal census; (2) 45 percent of the total number employed, in the ratio which the number of unemployed persons in each State bears to the total number of unemployed in all States; and (3) 10 percent of the total number employed at the discretion of the Works Projects Board, established by subsection (g) (hereinafter referred to as the "Board"), to meet unusual local conditions.

(d) The funds appropriated in this section, exclusive of those used for administrative expenses, shall be so administered that expenditure authorizations for other than labor costs for all the work projects financed from such funds in any State, Territory, possession, or the District of Columbia shall not exceed an average for the fiscal year ending June 30, 1940, of $6 per month per worker.

(e) The amount which may be obligated for administrative expenses of the Work Projects Administration in the District of Columbia and in the field shall not exceed in the aggregate the sum of $45,000,000 during the fiscal year 1940, of which sum the amounts so to be obligated for the following respective purposes shall not exceed these sums: Salaries, $40,000,000; communication service, $600,000; travel, $4,200,000; and printing and binding, $500,000.

(f) The Work Projects Administration is hereby extended until June 30, 1940, to carry out the purposes of this title.

(g) There is hereby established, for the period ending June 30, 1940, a Work Projects Board to be composed of three members to be appointed by the President, by and with the advice and consent of the Senate. During his term of membership on the Board no member shall engage in any other business, vocation, or employment, except as permitted by subsection (h) of this section. Not more than two of the members of the Board shall be members of the same political party. Each member shall receive a salary at the rate of $10,000 a year. The President shall designate one of the members as the chairman of the Board. The offices of Commissioner of Work Projects and of Assistant or Deputy Commissioners of Work Projects are abolished as of the close of business on July 31, 1939, and the Board shall enter upon the performance of its duties on August 1, 1939. Except as used in the foregoing provisions of this subsection, with respect to the period after June 30, 1939, and before August 1, 1939, the term "Board" means "Commissioner of Work Projects," and, with respect to any period before July 1, 1939, the term "Board" means "Works Progress Administrator" and the term "Work Projects Administration" means "Works Progress Administration." The Board shall, for all purposes, be deemed to be the successor to the offices of Commissioner of Work Projects and Works Progress Administrator.

(h) The President may detail a commissioned officer of the Engineer Corps on the active list of the United States Army to perform the functions of the office of Commissioner of Work Projects during the month of July 1939 or to perform the functions of a member of the Works Projects Board established by subsection (g) of this section in lieu of the appointment of one member of such Board. Any commissioned officer so detailed shall receive his pay, allowances, and travel expenses as such and shall not be entitled to receive any compensation or travel expense from the appropriation in this section.

Mr. WOODRUM of Virginia and Mr. HOOK rose.

The CHAIRMAN. For what purpose does the gentleman from Michigan rise?

Mr. WOODRUM of Virginia. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. WOODRUM of Virginia. In charge of the bill, I think I am entitled to recognition when I address the Chair.

I move that the Committee do now rise.

The CHAIRMAN. The motion of the gentleman from Virginia is a privileged motion.

The question is on the motion of the gentleman from Virginia.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. MCCORMACK, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration House Joint Resolution 326, directed him to report that it had come to no resolution thereon.

INTERSTATE COMPACT TO CONSERVE OIL AND GAS—MESSAGE FROM THE PRESIDENT

The SPEAKER laid before the House the following message from the President of the United States, which was read, and, together with the accompanying papers, referred to the Committee on Interstate and Foreign Commerce:

To the Congress of the United States:

I transmit herewith a report of the Secretary of State enclosing a certified copy of An Agreement to Extend the Interstate Compact to Conserve Oil and Gas, executed as of April 5, 1939, by the Governors of the States of Oklahoma, New Mexico, Kansas, Colorado, Texas, and Michigan, which has been deposited in the archives of the Department of State in accordance with the provision contained therein. The agreement refers to the interstate compact to conserve oil and gas executed at Dallas, Tex., on February 16, 1935, which received the consent of the Congress in Public Resolution No. 64, Seventy-fourth Congress, approved August 27, 1935 (49 Stat. 939). As that compact would have expired on September 1, 1937, an agreement extending its provisions for 2 years was executed as of May 10, 1937, by the Governors of the States of Oklahoma, Texas, Kansas, New Mexico, and Colorado, and received the consent of Congress in Public Resolution No. 57, Seventy-fifth Congress, approved August 10, 1937 (50 Stat. 617). As the above-mentioned compact, in accordance with the extension agreement of May 10, 1937, will expire on September 1, 1939, the present agreement provides that the original compact shall continue in force for 2 years from that date. In a letter from the Acting Secretary of the Interior dated June 8, 1939, enclosed with the report of the Secretary of State, the opinion is expressed that suitable legislation should be enacted by the Congress giving its consent to the extension to September 1, 1941, of the interstate compact to conserve oil and gas.

Accordingly, I hope that Congress will enact legislation giving its consent to the agreement executed as of April 5, 1939, as required by article I, section 10, of the Constitution of the United States.

FRANKLIN D. ROOSEVELT.

The WHITE HOUSE, *June 15, 1939.*

SHIPOWNERS' LIABILITY CONVENTION—MESSAGE FROM THE PRESIDENT

The SPEAKER laid before the House the following further message from the President of the United States, which was

read and referred to the Committee on Merchant Marine and Fisheries:

To the Congress of the United States of America:

To fulfill the obligations of this Government under the Shipowners' Liability (Sick and Injured Seamen) Convention, 1936, I commend to the favorable consideration of the Congress the enclosed report from the Secretary of State and the accompanying draft bill to implement the convention. After careful consideration of the questions involved, this proposed bill was prepared by an interdepartmental committee. Legislation should be enacted at this session of Congress, as the convention will become effective for the United States on October 29, 1939.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *June 15, 1939.*

TENNESSEE VALLEY AUTHORITY ACT OF 1933

Mr. MAY. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (S. 1796) to amend the Tennessee Valley Authority Act of 1933, insist upon the amendment of the House, and agree to the conference asked by the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky? [After a pause.] The Chair hears none, and appoints the following conferees: Mr. MAY, Mr. THOMASON, Mr. HARTER of Ohio, Mr. ANDREWS, and Mr. SHORT.

AMENDMENT TO AGRICULTURAL ADJUSTMENT ACT OF 1938

Mr. JONES of Texas. Mr. Speaker, I call up the conference report on the bill (S. 1569) to amend the Agricultural Adjustment Act of 1938, as amended.

The Clerk read the title of the bill.

Mr. JONES of Texas. Mr. Speaker, I ask unanimous consent that the reading of the report be waived. I will say that the Senate has receded and agreed to the House amendment exactly as it passed the House.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1569) to amend the Agricultural Adjustment Act of 1938, as amended, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House, and agree to the same.

MARVIN JONES,
WALL DOXEY,
CLIFFORD R. HOPE,
Managers on the part of the House.

J. H. BANKHEAD,
CARL A. HATCH,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the bill (S. 1569) to amend the Agricultural Adjustment Act of 1938, as amended, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report:

The first section of the House amendment makes permanent the provisions of section 344 (e) (1) of the Agricultural Adjustment Act of 1938, as amended, which relates to the minimum allotments of cotton acreage to the various counties.

The second section of the House amendment makes permanent the provisions of section 344 (g) of the Agricultural Adjustment Act of 1938, as amended, which relates to the allotment of 4 percent of the State acreage allotment to counties and farms.

The third section of the House amendment makes permanent the provisions of section 344 (h) of the Agricultural Adjustment Act of 1938, as amended, which requires that the farm acreage allotment for any farm be not less than 50 percent of the acreage planted to cotton plus 50 percent of the acreage diverted from cotton production in 1937.

The effect of the action agreed to in conference is to adopt the provisions of the House amendment.

MARVIN JONES,
WALL DOXEY,
CLIFFORD R. HOPE,
Managers on the part of the House.

The SPEAKER. The question is on agreeing to the conference report.

The conference report was agreed to, and a motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. JONES of Texas. Mr. Speaker, I ask unanimous consent to have printed in the RECORD an address by Postmaster General James A. Farley at the dedication of the new post-office and Federal building at Amarillo, Tex., on May 17, 1939.

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, is this the speech Mr. Farley made about old-age pensions?

Mr. JONES of Texas. No; it is a dedication of the new post-office and Federal building.

Mr. MARTIN of Massachusetts. I did not know but that he might have put both in one speech.

Mr. JONES of Texas. I hope the gentleman will not get his politics and potatoes mixed.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

RELIEF AND WORK RELIEF

Mr. REED of New York. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD at this point on the subject of the relief bill that was under consideration today.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. REED of New York. Mr. Speaker, it has seemed to me that there has been a lack of policy in approaching the problems of the depression. I believe that in all legislative proposals thought should have been given to avoid adopting measures likely to destroy habits of thrift and self-reliance. These fundamental American virtues have been greatly weakened by measures that put a premium on loafing, idling, and dependence upon Government support. I believe it is a grave mistake for the Government to stifle individual initiative and independence.

When the standard of living depends upon the production of goods and services, I believe it an unwise policy to reduce the total number of hours put in on productive work and thus lessen the total physical output of goods and the national income. This is a short cut to create and distribute poverty and not to produce and distribute wealth. I do not believe it is sound policy to lessen either average annual real wages or average annual real profits.

Surely no sensible person will contend that depression is to be cured by exporting our pay rolls, by importing products that our industries, labor, and agriculture can and should produce and sell in the home market.

I know that to raise taxes materially, as has been done for the past 6 years, without reducing the public debt by an equivalent amount, means disaster and not recovery.

The program of relief, as administered by the New Deal, has ignored these fundamental points, with the resulting consequences of larger relief appropriations, greater unemployment, a lower standard of living, and a mounting and staggering public debt.

This relief bill now before us for consideration is an improvement over previous legislation of this character, but it does not place the administration of relief where it belongs, which should be with the States and local units of government.

Mr. KRAMER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute on the subject of the relief bill, to revise and extend my remarks at this point in the RECORD, and to include therein a table.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. KRAMER. Mr. Speaker, included in the relief bill is an item of $125,000,000 for the Public Works Administration.

The bill provides that the funds shall be used for non-Federal projects only and that grants shall be limited to $225,000—or 45 percent of the cost of a project—with the total cost not exceeding $500,000. The bill provides under the public works section that new applications must be filed by September 30, 1939, and projects must be commenced prior to March 1, 1940, and completed prior to July 1, 1941.

I want to call to the attention of the House that $125,000,000 is not sufficient for public works. There are over 5,000 approved applications pending in the Public Works Administration now which might be eligible for allotment if additional appropriations are provided by the Congress. However, if sufficient funds for loans and grants are not made available these projects can never be started. With total estimated project costs of these pending 5,000 projects running over $2,000,000,000 it is very plain that the $125,000,000 will not prove nearly sufficient to carry on the program, even though the Government is asked to contribute only 45 percent of the estimated cost.

Which of the applicants listed could receive an allotment if a further appropriation of only one hundred and twenty-five millions is made for public works would depend upon the terms of the legislation you are now asked to consider. For this reason I ask you to carefully consider the committee recommendations as pertaining to public works. Applications which at the present time stand approved might, upon the terms of the legislation herein being considered, be made ineligible because of lack of funds and other restrictions.

A recent newspaper release stated that sentiment in Congress is very strong for another public-works program and that the Appropriations Committee sensed this fact and endeavored to head off a drive for a real appropriation by setting aside this insignificant sum for pending projects. I do not for a moment believe this to be true, but I do ask that the amount recommended for P. W. A. by the committee be increased.

The backlog of available projects on which a further public-works program can be based represents worth-while construction operations which are badly needed in the communities by which they are sponsored. They represent waterworks, disposal plants, sanitary sewers, power improvements, highway bridges, electricity-distribution plants, storm sewers, schools, municipal buildings, and so forth. Are we going to let the Appropriations Committee have the last say as to whether these projects can be built? Or shall we taken into consideration the views of these thousands of municipalities in every State and Territory?

The financial soundness of P. W. A. is unquestioned. This agency has purchased bonds from States, cities, and other public bodies in the past and sold them at a profit. It has had no difficulty whatever in securing and returning to the United States Treasury interest and principal payments as they become due. The care with which the loans and grants are made and supervised is best illustrated by the splendid record of P. W. A. and the absence of criticism of its policies.

I am convinced that the communities in your respective congressional districts are in favor of increasing this appropriation. They have indicated their approval of the public-works program time and again through bond elections and referendums. I ask you to vote in accord with their wishes and support amendments to be offered to this bill to make available additional funds for P. W. A. projects. Otherwise there will be thousands of communities disappointed and thousands of worth-while public-works projects abandoned.

The amendments to be offered to this bill by Representative STARNES of Alabama will increase the P. W. A. fund and eliminate the restrictions as to the cost of projects. Under the bill in its original form the total cost of a project may not exceed $500,000, which would prevent the construction of many worthy undertakings, such as the city police and health buildings in Los Angeles and other civic-center improvements; the sanitary sewer at Tampa; the viaduct at Chicago; the terminal at New Orleans; the flood-control project at Detroit; the electric plant at Meridian, Miss.; street improvements at Kansas City; highways in Helena, Mont.; the highway bridge at Omaha; elementary and high schools in New York City; the municipal building at Buffalo; the city hall at Rochester; the highway bridge at Atlantic City; the armory at Cleveland; the library at Cincinnati; waterworks improvements at Oklahoma City; courthouses at Salem, Oreg., Harrisburg, Pa., and Dallas, Tex.; highways in Pittsburgh; disposal plant in Philadelphia and one in Providence, R. I.; an auditorium at Nashville; electric plant at Ogden, Utah; a bridge at Richmond; a dock terminal at Seattle; a hospital at Huntington, W. Va.; and power development of the Wisconsin Rapids. This is just a few of the projects which will be disqualified if the Starnes amendment is not carried. There are many more in the same category—several thousand, I believe—which will lose out by the terms of this bill as it is written.

I hope the House will support the Starnes proposals and thus insure continuation of the public-works program. I feel that I owe it to the communities sponsoring these projects to support these amendments. We cannot afford to let them down now.

Summary of list of applications for projects pending before the Public Works Administration for which the amount of grant requested exceeds $225,000

United States	C. C.	Loan	Grant	Total	Estimated cost
Alabama	1		$893,520	$893,520	$1,985,600
Arizona	5	$2,816,000	4,626,267	7,442,267	10,281,039
California	43	8,057,000	64,253,889	72,310,889	180,685,529
Colorado	2	5,500,000	5,304,273	10,804,273	11,787,273
Connecticut	8		7,284,243	7,264,243	16,187,209
Florida	17	11,728,000	14,134,340	25,862,340	31,410,335
Georgia	10	1,096,953	7,453,046	8,549,999	16,316,125
Illinois	26	1,008,000	20,618,282	21,626,282	45,818,407
Indiana	5	737,000	2,476,621	3,213,621	5,503,604
Iowa	8		3,189,876	3,189,876	7,088,612
Kansas	1		306,810	306,810	681,800
Kentucky	1		245,430	245,430	545,400
Louisiana	12	935,000	10,111,341	11,046,341	22,469,648
Maryland	4		14,153,869	14,153,869	31,453,042
Massachusetts	1		487,125	487,125	1,082,500
Michigan	7	12,196,000	15,391,867	27,587,867	34,200,039
Minnesota	3		7,053,547	7,053,547	15,674,549
Mississippi	2	305,000	494,999	799,999	1,099,999
Missouri	7		5,277,133	5,277,133	11,726,962
Montana	1		2,424,148	2,424,148	5,386,995
Nebraska	10	825,000	5,632,095	6,457,095	12,515,770
New Hampshire	1		261,707	261,707	581,571
New Jersey	31	17,587,000	26,663,375	44,250,375	61,483,275
New Mexico	2		914,891	914,891	2,033,091
New York	65	9,674,000	80,596,824	90,270,824	181,475,383
North Carolina	1		1,800,000	1,800,000	4,000,000
Ohio	20	924,000	16,024,349	16,948,349	35,610,363
Oklahoma	19	534,000	9,884,615	10,418,615	21,965,976
Oregon	1		266,405	266,405	592,010
Pennsylvania	64	45,153,000	67,464,397	112,617,397	149,922,600
Rhode Island	4		9,081,847	9,081,847	20,181,883
South Carolina	7	11,509,967	13,889,266	25,399,253	30,865,037
South Dakota	2		470,841	470,841	1,046,314
Tennessee	12	3,190,000	9,072,163	12,262,163	20,160,363
Texas	31	31,096,913	44,529,238	75,626,151	98,963,503
Utah	1		1,448,182	1,448,182	3,218,182
Virginia	5		3,735,464	3,735,464	8,301,034
Washington	15		8,978,915	8,978,915	19,953,146
West Virginia	5		4,337,304	4,337,304	9,638,454
Wisconsin	16		6,181,568	6,181,568	13,736,818
Wyoming	2		746,158	746,158	1,658,129
District of Columbia	2	2,092,500	1,712,045	3,804,545	3,804,545
Alaska	1		393,750	393,750	875,000
Hawaii	1		392,400	392,400	872,000
Puerto Rico	1	698,000	571,091	1,269,091	1,269,091
Total	483	167,663,353	501,229,516	668,892,869	1,156,108,205

EXTENSION OF REMARKS

Mr. JOHNSON of Oklahoma. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks in the RECORD and to include therein a list of W. P. A. projects in my State over $25,000.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. COFFEE of Washington and Mr. VOORHIS of California asked and were given permission to revise and extend their remarks.

Mr. MARCANTONIO. Mr. Speaker, I ask unanimous consent to revise and extend the remarks I made in the Committee of the Whole today and to include therein letters and excerpts from letters to which I referred during the course of my remarks.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. IGLESIAS. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on problems of Puerto Rico.

The SPEAKER. Is there objection to the request of the Resident Commissioner from Puerto Rico?

There was no objection.

Mr. BROOKS. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to include therein certain excerpts from letters and telegrams I have received in reference to the N. Y. A.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. CELLER. Mr. Speaker, I ask unanimous consent to extend my own remarks in three particulars: First, on the subject of radio censorship; second, a tariff on herbs and plants; and, third, on the subject of relief.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. MURDOCK of Utah. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks and to include therein a brief radio talk on the W. P. A.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mrs. O'DAY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a short editorial from the New York Times.

The SPEAKER. Is there objection to the request of the gentlewoman from New York?

There was no objection.

Mr. HARRINGTON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a letter received from the Brotherhood of Railway Trainmen.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. DICKSTEIN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a brief address by Thomas W. Lamont on the mid-campaign dinner of Greater New York.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. FLANNERY. Mr. Speaker, I ask unanimous consent to extend my own remarks and to include therein a message from the Hazleton Flying Club, of Hazleton, Pa., with reference to the N. Y. A.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. GEYER of California. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an article from the New York Times having to do with the Federal arts theater projects.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. SECCOMBE. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an address on labor unions.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. CRAWFORD. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on the subject of attendance at our national shrines and to include therein a short editorial from Motor News dealing with that subject.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. KELLER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a letter from Dr. Roscoe Pulliam, president of the Southern Illinois State Normal University at Carbondale, Ill.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. OLIVER. Mr. Speaker, I ask unanimous consent to revise and extend the remarks I made in the Committee of the Whole today and to include therein a letter and excerpt from a report.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. MURDOCK of Arizona. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a communication concerning the N. Y. A.

The SPEAKER. Is there objection to the request of the gentleman from Arizona [Mr. MURDOCK]?

There was no objection.

Mr. LYNDON B. JOHNSON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a table on Public Works Administration projects.

The SPEAKER. Is there objection to the request of the gentleman from Texas [Mr. LYNDON B. JOHNSON]?

There was no objection.

Mr. CASEY of Massachusetts. Mr. Speaker, I ask unanimous consent to extend the remarks of Congressman SMITH of Connecticut and to include therein a short editorial from the Waterbury Republican.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts [Mr. CASEY]?

There was no objection.

Mr. COCHRAN. Mr. Speaker, I ask unanimous consent to extend my own remarks on the bill and to include therein a brief telegram I received.

The SPEAKER. Is there objection to the request of the gentleman from Missouri [Mr. COCHRAN]?

There was no objection.

Mr. GAVAGAN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a recent editorial from a paper in my district on tolerance.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. GAVAGAN]?

There was no objection.

Mr. LARRABEE asked and was given permission to extend his own remarks in the RECORD.

SENATE BILLS AND JOINT RESOLUTIONS REFERRED

Bills and joint resolutions of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 1538. An act for the relief of Konstantinos Dionysiou Antiohos (or Gus Pappas); to the Committee on Immigration and Naturalization.

S. 1547. An act to correct the military record of William T. Dickson; to the Committee on Military Affairs.

S. 1554. An act to provide that the district judge for the western district of Washington, authorized to be appointed under the act of May 31, 1938, shall be a district judge for the eastern and western districts of Washington; to the Committee on the Judiciary.

S. 1558. An act to provide for the acceptance of an easement with respect to certain lands in New Mexico, and for other purposes; to the Committee on the Public Lands.

S. 1575. An act to provide that the annual registration of motor vehicles in the District of Columbia shall be for the period from April 1 in each year to March 31 in the succeeding year; to the Committee on the District of Columbia.

S. 1594. An act for the relief of Casimer Borowiak; to the Committee on Military Affairs.

S. 1654. An act for the relief of Mrs. Pacios Pijuan; to the Committee on Immigration and Naturalization.

S. 1667. An act to provide a right-of-way across the Middletown Air Depot Military Reservation, Pa.; to the Committee on Military Affairs.

S. 1805. An act to establish a lien for moneys due hospitals for services rendered in cases caused by negligence or fault of

others and providing for the recording and enforcing of such liens; to the Committee on the District of Columbia.

S. 1815. An act for the relief of Evelyn Mary Locke; to the Committee on Immigration and Naturalization.

S. 1823. An act for the relief of William E. Cowen; to the Committee on Claims.

S. 1854. An act to increase the number of midshipmen allowed at the United States Naval Academy from the District of Columbia; to the Committee on Naval Affairs.

S. 1911. An act for the relief of Daumit Tannaus Saleah (Dave Thomas); to the Committee on Immigration and Naturalization.

S. 1954. An act for the relief of Joannes Josephus Citron; to the Committee on Immigration and Naturalization.

S. 1987. An act for the relief of J. S. Melloan and the Boston Milling Co.; to the Committee on Claims.

S. 2023. An act for the relief of C. L. Herren; to the Committee on Claims.

S. 2047. An act to divest prize-fight films of their character as subjects of interstate or foreign commerce, and for other purposes; to the Committee on Interstate and Foreign Commerce.

S. 2133. An act authorizing the conveyance of certain lands to the State of Nevada; to the Committee on the Public Lands.

S. 2147. An act to amend the act of Congress entitled "An act to define, regulate, and license real-estate brokers, business-chance brokers, and real-estate salesmen; to create a Real Estate Commission in the District of Columbia; to protect the public against fraud in real-estate transactions; and for other purposes," approved August 25, 1937; to the Committee on the District of Columbia.

S. 2275. An act for the relief of Floyd M. Dunscomb; to the Committee on Claims.

S. 2276. An act for the relief of the R. G. Schreck Lumber Co.; to the Committee on Claims.

S. 2327. An act to authorize the President to appoint Frank T. Hines a brigadier general in the Army of the United States; to the Committee on Military Affairs.

S. 2505. An act to amend an act to provide for the fifteenth and subsequent decennial censuses and to provide for apportionment of Representatives in Congress, approved June 18, 1929, so as to change the date of subsequent apportionments; to the Committee on the Census.

S. 2539. An act to amend section 1223 of the Revised Statutes of the United States; to the Committee on Military Affairs.

S. J. Res. 43. Joint resolution requesting the President to proclaim October 9 as Lief Erikson Day; to the Committee on the Judiciary.

S. J. Res. 61. Joint resolution establishing the Ladies of the Grand Army of the Republic National Shrine Commission to formulate plans for the construction of a permanent memorial building to the memory of the veterans of the Civil War; to the Committee on the Library.

S. J. Res. 124. Joint resolution authorizing the President to invite foreign countries to participate in the San Diego-Cabrillo Quadricentennial Celebration to be held in 1942; to the Committee on Foreign Affairs.

S. J. Res. 137. Joint resolution authorizing and requesting the President to accept the invitation of the Government of Norway to the Government of the United States to participate in an International Exhibition of Polar Exploration, which will be held at Bergen, Norway, in 1940; and authorizing an appropriation to cover the expenses of such participation; to the Committee on Foreign Affairs.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills and a joint resolution of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 162. An act to make effective in the district court for the Territory of Hawaii rules promulgated by the Supreme Court of the United States governing pleading, practice, and procedure in the district courts of the United States;

H. R. 312. An act for the relief of Roland P. Winstead;

H. R. 805. An act to extend further time for naturalization to alien veterans of the World War under the act approved May 25, 1932 (47 Stat. 165), to extend the same privileges to certain veterans of countries allied with the United States during the World War, and for other purposes;

H. R. 1363. An act for the relief of George Houston;

H. R. 2058. An act for the relief of Jessie Denning Van Eimeren, A. C. Van Eimeren, and Clara Adolph;

H. R. 2179. An act to ratify and confirm certain interest rates on loans made from the revolving fund authorized by section 6 of the Agricultural Marketing Act, approved June 15, 1929 (46 Stat. 11), and for other purposes;

H. R. 2200. An act to dispense with particular allegations as to renunciation of allegiance in petitions for naturalization and in the oath of renunciation of foreign allegiance, by omitting the name of "the prince, potentate, state, or sovereignty" of which the petitioner for naturalization is a subject or citizen;

H. R. 2251. An act for the relief of Russell Anderegg, a minor, and George W. Anderegg;

H. R. 2478. An act for the relief of the Wisconsin Milling Co. and Wisconsin Telephone Co.

H. R. 2583. An act for the relief of A. W. Evans;

H. R. 2695. An act for the relief of Kenneth B. Clark;

H. R. 3065. An act to amend Public Law No. 370, Seventy-fourth Congress, approved August 27, 1935 (49 Stat. 906).

H. R. 3077. An act for the relief of Adam Casper;

H. R. 3132. An act to authorize the disposal of cemetery lots;

H. R. 3367. An act to define the status of certain lands purchased for the Choctaw Indians, Mississippi.

H. R. 4084. An act to provide for the reimbursement of certain personnel or former personnel of the United States Navy and United States Marine Corps for the value of personal effects destroyed as a result of a fire at the Marine Barracks, Quantico, Va., on October 27, 1938;

H. R. 4745. An act relating to benefit assessments from condemnation proceedings for the opening, extension, widening, or straightening of alleys or minor streets;

H. R. 4940. An act to authorize the furnishing of steam from the central heating plant to the District of Columbia;

H. R. 5066. An act to amend the act entitled "An act to regulate proceedings in adoption in the District of Columbia," approved August 25, 1937;

H. R. 5436. An act to authorize the grant of a sewer right-of-way and operation of sewage-treatment plant on the Fort Niagara Military Reservation, N. Y., by the village of Youngstown, N. Y.;

H. R. 5474. An act to amend the Railroad Unemployment Insurance Act, approved June 25, 1938;

H. R. 5488. An act to provide for the widening of Wisconsin Avenue in the District of Columbia, and for other purposes;

H. R. 5680. An act to amend section 1 of the act entitled "An act to authorize the Philadelphia, Baltimore & Washington Railroad Co. to extend its present track connection with the United States Navy Yard so as to provide adequate railroad facilities in connection with the development of Buzzards Point as an industrial area in the District of Columbia, and for other purposes," approved June 18, 1932 (Public, No. 187, 72d Cong.);

H. R. 5801. An act to grant permission for the construction, maintenance, and use of a certain underground conduit for electrical lines in the District of Columbia;

H. R. 5933. An act for the relief of Frances Virginia McCloud;

H. R. 5934. An act for the relief of W. Elisabeth Deitz;

H. R. 5935. An act for the relief of Charlotte J. Gilbert;

H. R. 5966. An act to establish a Coast Guard Reserve to be composed of owners of motorboats and yachts;

H. R. 5987. An act to amend the District of Columbia Traffic Act of 1925 (43 Stat. 1119);

H. R. 6109. An act to extend the times for commencing and completing the construction of a bridge across the Niagara River at or near the city of Niagara Falls, N. Y.; and

H. J. Res. 180. Joint resolution to provide that the United States extend to foreign governments invitations to participate in the Seventh International Congress for the Rheumatic Diseases to be held in the United States during the calendar year 1940, and to authorize an appropriation to assist in meeting the expenses of the session.

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 1886. An act to extend to June 16, 1942, the period within which certain loans to executive officers of member banks of the Federal Reserve System may be renewed or extended.

BILL PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, a bill of the House of the following title:

H. R. 4218. An act making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1940, and for other purposes.

ADJOURNMENT

Mr. WOODRUM of Virginia. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 20 minutes p. m.), under its previous order, the House adjourned until tomorrow, Friday, June 16, 1939, at 11 o'clock a. m.

COMMITTEE HEARINGS

COMMITTEE ON THE JUDICIARY

On Friday, June 16, 1939, beginning at 10 a. m., there will be continued a public hearing before the Committee on the Judiciary on the bill (H. R. 6369) to amend the act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory thereof and supplemental thereto; to create a Railroad Reorganization Court; and for other purposes.

There will be continued a public hearing before Subcommittee No. 3 of the Committee on the Judiciary on Wednesday, June 21, 1939, at 10 a. m., on the bill (H. R. 2318) to divorce the business of production, refining, and transporting of petroleum products from that of marketing petroleum products. Room 346, House Office Building.

COMMITTEE ON MERCHANT MARINE AND FISHERIES

The Committee on Merchant Marine and Fisheries will hold public hearings in room 219, House Office Building, at 10 a. m., on the bills and dates listed below:

On Friday, June 16, 1939, on H. R. 5611, district commanders' bill (U. S. Coast Guard).

On Tuesday, June 20, 1939, on H. R. 4307 (committee print), to extend the provisions of the Shipping Act, 1916, and the Intercoastal Shipping Act, 1933, to all common carriers by water in interstate commerce, and for other purposes.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

There will be a hearing before a subcommittee of the Committee on Interstate and Foreign Commerce at 10 a. m. on Friday, June 16, 1939, for the consideration of H. R. 6371, to amend the Interstate Commerce Act, as amended, to prohibit certain discriminatory practices with respect to the granting of transit privileges.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

868. A letter from the Acting Secretary of the Interior, transmitting the draft of a proposed bill to authorize the Secretary of the Interior to withdraw public lands for the protection of watersheds; to the Committee on the Public Lands.

869. A letter from the chairman, Board of Commissioners, District of Columbia, transmitting the draft of a proposed bill to make uniform in the District of Columbia the law on fresh pursuit and to authorize the Commissioners of the District of Columbia to cooperate with the States; to the Committee on the District of Columbia.

870. A letter from the Acting Secretary of the Treasury, transmitting the draft of proposed legislation to amend section 33 of the Copyright Act; to the Committee on Patents.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII.

Mr. JARMAN: Committee on Printing. Senate Concurrent Resolution 19. Concurrent resolution authorizing the printing of additional copies of House Document No. 272, current session, entitled "Message From the President of the United States Transmitting a Report of the Bureau of Public Roads on the Feasibility of a System of Transcontinental Toll Roads and a Master Plan for Free Highway Development," with amendments (Rept. No. 844). Ordered to be printed.

Mr. HARTER of Ohio: Committee on Military Affairs. S. 1020. An act to authorize the purchase of equipment and supplies for experimental and test purposes; with amendment (Rept. No. 845). Referred to the Committee of the Whole House on the state of the Union.

Mr. O'CONNOR: Committee on Indian Affairs. H. R. 4540. A bill authorizing the restoration to tribal ownership of certain lands upon the Umatilla Indian Reservation, Oreg., and for other purposes; without amendment (Rept. No. 846). Referred to the Committee of the Whole House on the state of the Union.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Pensions was discharged from the consideration of the bill (H. R. 1033) granting a pension to Barney Lucas, and the same was referred to the Committee on Invalid Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. DOUGHTON:

H. R. 6851. A bill to provide revenue, equalize taxation, and for other purposes; to the Committee on Ways and Means.

By Mr. DEMPSEY:

H. R. 6852. A bill authorizing Federal participation in the commemoration and observance of the four hundredth anniversary of the explorations of Francisco Vasquez de Coronado, establishing a commission for that purpose, and authorizing an appropriation therefor; to the Committee on Foreign Affairs.

By Mr. ANGELL:

H. R. 6853. A bill to authorize the acquisition of forest lands adjacent to and over which highways, roads, or trails are constructed or to be constructed wholly or partially with Federal funds in order to preserve or restore their natural beauty, and for other purposes; to the Committee on Agriculture.

By Mr. DARDEN:

H. R. 6854. A bill to provide for the right of election by employees, subject to the provisions of the Civil Service Retirement Act, of a joint and survivorship annuity retirement; to the Committee on the Civil Service.

By Mr. KLEBERG:

H. R. 6855. A bill further to amend an act entitled "An act for the establishment of a Bureau of Animal Industry, to prevent the exportation of diseased cattle, and to provide means for the suppression and extirpation of pleuropneumonia and other contagious diseases among domestic animals"; to the Committee on Agriculture.

By Mr. KOCIALKOWSKI:

H. R. 6856. A bill to amend section 4 of the act entitled "An act to provide a civil government for the Virgin Islands of the United States," approved June 22, 1936; to the Committee on Insular Affairs.

By Mr. SHAFER of Michigan:

H. R. 6857. A bill for the control of the milk supply of the District of Columbia and to encourage the widest possible consumption of milk products; to the Committee on the District of Columbia.

By Mr. KOCIALKOWSKI:

H. R. 6858. A bill to amend an act entitled "An act to provide for the complete independence of the Philippine Islands, to provide for the adoption of a constitution and a form of goverment for the Philippine Islands, and for other purposes"; to the Committee on Insular Affairs.

By Mr. LEAVY:

H. R. 6859. A bill to reserve to the United States for the Bonneville project a right-of-way across certain Indian lands in the State of Washington, subject to the consent of the individual allottees and the payment of compensation, and for other purposes; to the committee on Indian Affairs.

By Mr. McLAUGHLIN:

H. R. 6860. A bill creating the North Omaha Bridge Commission, defining the authority, power, and duties of said commission; and authorizing said commission and its successors and assigns to construct, maintain, and operate a bridge across the Missouri River at or near Florence Station, in Omaha, Nebr., and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. D'ALESANDRO:

H. J. Res. 327. Joint resolution to authorize an appropriation to aid in defraying the expenses of the observance of the one hundred and sixty-second anniversary of the adoption of the United States flag; the one hundred and sixty-third anniversary of the Declaration of Independence; and the one hundred and fiftieth anniversary of the Constitution of our Republic, during the National Youth Americanization Week, July 3 to 9, 1939, inclusive, by the youth, officials, and citizens of Washington, nearby Maryland, and Virginia, and for other purposes; to the Committee on the Library.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. JOHNSON of Indiana:

H. R. 6861. A bill for the relief of A. Emmett Bly; to the Committee on Claims.

By Mr. KENNEDY of Maryland:

H. R. 6862. A bill for the relief of Gustav Paks; to the Committee on Immigration and Naturalization.

By Mr. MARTIN J. KENNEDY:

H. R. 6863. A bill for the relief of Edmund J. Clark; to the Committee on Military Affairs.

By Mr. KNUTSON:

H. R. 6864. A bill for the relief of Myrtle C. Radabaugh; to the Committee on Claims.

By Mr. McLEOD:

H. R. 6865. A bill for the relief of Herbert W. Seaman; to the Committee on Claims.

By Mr. MARCANTONIO:

H. R. 6866. A bill for the relief of Dolores Otero Alvarez; to the Committee on Immigration and Naturalization.

By Mr. O'BRIEN:

H. R. 6867. A bill granting an increase of pension to Mina L. McLean; to the Committee on Invalid Pensions.

H. R. 6868. A bill granting an increase of pension to Mary Hurry; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3796. By Mr. HARTER of New York: Petition of the Masten Club, No. 3, of Buffalo, N. Y., containing the names of 930 citizens in favor of House bill 5620; to the Committee on Ways and Means.

3797. By Mr. MICHAEL J. KENNEDY: Petition of the New York joint council of the United Office and Professional Workers of America, urging enactment of House bill 6470; to the Committee on Appropriations.

3798. Also, petition of Albert R. Lee & Co., Inc., of New York City, protesting against the enactment of the Lea bill for the regulation of water transportation by the Interstate Commerce Commission; to the Committee on Interstate and Foreign Commerce.

3799. Also, memorial of Local No. 90 of the United Federal Workers of America, urging that House bill 960 be placed on the House Calendar as early as possible; to the Committee on the Civil Service.

3800. Also, petition of the United Office and Professional Workers of America, protesting against certain provisions of the 1940 relief appropriation bill; to the Committee on Appropriations.

3801. Also, petition of the Federation of Arts Union, with headquarters at 45 West Forty-seventh Street, New York City, representing 75,000 members of established arts unions, urging the continuation of the Federal arts projects under the Works Progress Administration; to the Committee on Appropriations.

3802. By Mr. KEOGH: Petition of William Feinberg, secretary, Local 802, American Federation of Musicians, New York City, urging continuation of Federal arts projects; to the Committee on Appropriations.

3803. Also, petition of the Federation of Arts Union, New York City, urging support for continuation of Federal arts projects and support of the Casey-Murray bill; to the Committee on Appropriations.

3804. Also, petition of the Labor's Non-Partisan League, Washington, D. C., concerning the McGehee bill; to the Committee on Labor.

3805. Also, petition of the United Office and Professional Workers of America, New York City, concerning the 1940 relief appropriation bill; to the Committee on Appropriations.

3806. By Mr. PFEIFER: Petition of the Labor's Non-Partisan League, Washington, D. C., concerning the McGehee bill; to the Committee on Labor.

3807. Also, petition of the New York joint council of the United Office and Professional Workers of America, New York City, urging support of the Casey bill (H. R. 6470); to the Committee on Appropriations.

3808. Also, petition of the American Federation of Musicians, Local 802, New York City, urging no curtailment or elimination of Federal projects or Federal theater projects from relief appropriation bill; to the Committee on Appropriations.

3809. Also, petition of the United Office and Professional Workers of America, New York City, concerning the 1940 relief appropriation bill now before Congress; to the Committee on Appropriations.

3810. Also, petition of the Central Barge Co., Chicago, Ill., opposing the passage of the Lea bill and Senate bill 2009, the Wheeler bill, to regulate inland river waterway carriers; to the Committee on Interstate and Foreign Commerce.

3811. Also, petition of the Federation of Arts Unions, New York City, urging continuation of the Federal arts projects and support of the Casey-Murray bills; to the Committee on Appropriations.

3812. By Mr. WEAVER: Petition of sundry citizens of Buncombe County, N. C.; to the Committee on Interstate and Foreign Commerce.

3813. By The SPEAKER: Petition of the Common Council of the City of Detroit, petitioning consideration of their resolution with reference to Works Progress Administration appropriations; to the Committee on Appropriations.

3814. Also, petition of the Bethlehem (Pa.) City Council, petitioning consideration of their resolution with reference to Senate bill 591 and House bill 2883; to the Committee on Banking and Currency.

HOUSE OF REPRESENTATIVES

FRIDAY, JUNE 16, 1939

The House met at 11 o'clock a. m.

Rabbi Alfred G. Moses, Government Street Temple, Mobile, Ala., offered the following prayer:

Our God and God of our fathers, God of America and all mankind, into Thy presence have we come to dedicate ourselves to Thee and Thy enduring kingdom of truth, justice, and liberty. Here and now do we conjoin with these splendid delegates of a free nation to think, to labor, and to legislate for the government of the people, by the people, for the people. Send Thy Holy Spirit into our midst, that in all our works, continued and ended in Thee, we may glorify Thy sacred name and build up the house of America, not made by hands, eternal in the heaven. Bless the President and Vice President of these United States, our beloved Speaker, upon whose able shoulders rests the Elijahlike mantle of a beloved, honored father. Fill them and all our citizens with the spirit of wisdom and understanding, the spirit of counsel and strength, the spirit of the knowledge and fear of Thee. As we stand in this historic forum of democracy, teach us from Thy living word that righteousness exalteth a nation and that sin is a reproach to the people. Finally, may our vision of a greater America be realized in the imperial poem written by a brilliant daughter of our people:

Oh, beautiful for patriot dreams
That sees beyond the years,
Thine alabaster cities gleam
Undimmed by human tears.

America, America,
God shed His grace on thee,
And crown Thy good with brotherhood
From sea to shining sea.

Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate had passed, with an amendment, in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 5619. An act to provide for the training of civil aircraft pilots and for other purposes.

INTERSTATE AND FOREIGN COMMERCE IN PETROLEUM AND ITS PRODUCTS

Mr. COLE of Maryland. Mr. Speaker, I ask unanimous consent that it may be in order at any time to consider the bill (S. 1302) to make permanently effective the act entitled "An act to regulate interstate and foreign commerce in petroleum and its products by prohibiting the shipment in such commerce of petroleum and its products produced in violation of State law, and for other purposes," approved February 22, 1935, as amended, and for other purposes, under the general rules of the House, and that there shall be not to exceed 2 hours of general debate, to be equally divided and controlled by myself and the gentleman from Michigan [Mr. MAPES], debate to be confined to the bill.

The SPEAKER. Is there objection to the request of the gentleman from Maryland?

There was no objection.

EXTENSION OF REMARKS

Mr. SWEENEY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a radio address delivered by me.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

LABOR DEPARTMENT APPROPRIATION BILL, 1940

Mr. TARVER submitted a conference report and statement on the bill (H. R. 5427) making appropriations for the Labor Department for the fiscal year ending June 30, 1940, and for other purposes.

WAGE DIFFERENTIALS

Mr. TARVER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. TARVER. Mr. Speaker, on January 10, 1939, there were inserted in the RECORD certain statistics relative to the pay of W. P. A. workers in the different States of the United States, divided into four different classes, unskilled labor, intermediate labor, skilled labor, and professional and technical labor.

I now have statistics, just furnished me by the Works Progress Administration, which do not appear in the hearings on the pending bill. These statistics disclose the differentials existing in the same types of labor within the boundaries of States and also the differentials existing among 24 different specific types of occupations of W. P. A. workers. I ask unanimous consent to insert this information in the RECORD at this point, and in connection therewith to insert also a summary of a survey made by the Wage and Hour Division of the Department of Labor of the differences in the cost of living in certain cities of the United States.

Mr. MARTIN of Massachusetts. Reserving the right to object, Mr. Speaker, did I correctly understand the gentleman to say he wanted these statistics inserted at this point?

Mr. TARVER. The gentleman is correct. May I say to the gentleman that I hope the consideration of these wage differentials may possibly be deferred until after the Members have an opportunity to examine this material in the RECORD. It ought to have been in the hearings but it did not appear there. I hope the gentleman will not object to its occupying a place in the RECORD where it will attract the attention of the Members of the House.

Mr. MARTIN of Massachusetts. The gentleman appreciates that the majority leader laid down a rule the other day to the effect that such a practice was not going to be allowed. If we permit the gentleman to do this, then, of course, everybody else should have an equal opportunity.

Mr. TARVER. Then I will revise my request, Mr. Speaker. I intend to make some remarks today in Committee of the Whole on an amendment I propose to offer, and I ask unanimous consent that I be permitted to revise and extend the remarks I shall make in the Committee of the Whole by including the matter to which I have referred.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

WORK RELIEF AND PUBLIC WORKS APPROPRIATION BILL, 1939

Mr. DUNN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. DUNN. Mr. Speaker, the relief measure which we have been discussing for the past 2 days, and which will be debated today, does not provide sufficient funds to take care of the many thousands of persons who, through no fault of their own, are unemployed. Unless this bill is amended hundreds of thousands of persons undoubtedly will be compelled to go hungry.

NATIONAL LABOR RELATIONS ACT

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. HOFFMAN. Mr. Speaker, the Washington Daily News of yesterday in an editorial has referred to us as a pusillanimous Congress. The other day the Speaker ruled that this term was not objectionable when applied to the action of a

committee of the House. The News states as one reason why we should be described that way is because we have failed to bring out the National Labor Relations Act for amendment.

So that we may all have some idea of what the News meant when it referred to us as being "pusillanimous," herewith is the definition and a few of the synonyms of the word:

1. Lacking strength of mind, courage, or spirit; mean-spirited; cowardly. 2. Characterized by weakness of purpose or lack of courage. Synonyms: Cowardly, dastardly, effeminate, faint-hearted, feeble, mean-spirited, recreant, spiritless, timid, timorous, weak.

You may agree with this description of the News or you may have other reasons for not amending the National Labor Relations Act, but for myself I deny that the description applies and believe that the demand of the people as shown by so many popular polls to the effect that we amend the National Labor Relations Act at this session should be followed.

There is no reason why John L. Lewis, who yesterday announced there would be no peace between the A. F. of L. and the C. I. O., should continue to use that act and the National Labor Relations Board to wreck the A. F. of L. and industry and levy tribute upon employees.

Let us bring out that act and amend it this session.

RECIPROCAL-TRADE AGREEMENTS

Mr. RICH. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. RICH. Mr. Speaker, I ask unanimous consent to add to my remarks parts of two letters from manufacturing concerns in my district.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. RICH. Mr. Speaker, I wish to call attention to the fact that I have complaints from a large manufacturing concern in my district, which employs several hundred people, about the competition of cheap labor in Japan and Germany through the reciprocal-trade agreements that will eventually ruin their business unless Congress acts and prohibits these reciprocal-trade agreements to throw our men and women out of work. I quote from their letter:

On May 24 the Wood Turners Service Bureau, at our request, filed a brief with the United States Tariff Commission. In it you will note we request some relief from competition of cheap-labor countries, particularly Japan and Germany.

The result of this complaint is answered by the United States Tariff Commission in their letter of May 29 to the Wood Turners Service Bureau, and I quote from their letter as follows:

The act under which trade agreements have been negotiated specifically provides that the provisions of section 336 of the Tariff Act shall not apply to any article covered by trade agreement, and the Tariff Commission could not entertain an application for an investigation and change of duty on the articles named above. There is no law administered by the Tariff Commission by which a quota could be imposed on the articles in question.

Pretty tough on American labor, is it not? Let me say to the Members of the House of Representatives that if you are going to give work to American laborers and give employment to the people who are unemployed, there is nothing you can do that will give greater impetus to putting men to work, not only in agriculture but in manufacturing establishments, than to take away from the President of the United States and Mr. Hull the power to enter into reciprocal-trade agreements, which are ruining our supply of jobs in America. [Applause.]

EXTENSION OF REMARKS

Mr. SNYDER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein certain letters addressed to me concerning W. P. A.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. GRISWOLD. Mr. Speaker, I ask unanimous consent to address the House for 20 minutes on next Monday following any previous special orders of the House.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

OUR NATIONAL DEBT

Mr. GROSS. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. GROSS. Mr. Speaker, our national debt is $44,000,000,000. We are adding to it at the rate of $7,000 per minute. It increased from $21,000,000,000 to $44,000,000,000 under the present administration in 6 years. The interest is more than $1,000,000,000 per year.

In 1913 our Government cost $34 per family. In 1939 it cost $540 per family. Our national debt is $1,332 per family. This statement refers only to our Federal Government.

We have appropriated for all relief purposes since 1933 about $23,000,000,000 and now have 11,000,000 unemployed people.

The Federal Government has appropriated for farm relief since 1933 more than $3,000,000,000. This amount is, but should not be, figured in the farm income.

The "gentle rain of checks" through the South and West has not helped our agricultural situation. The United States has 11,000,000 bales of surplus cotton. We imported 184,000 bales of cotton in 1938. Other imports were as follows: January, February, and March, 1939: 622,617 bushels of potatoes, 18,522,000 pounds of canned tomatoes, 90,000,000 pounds of hides, 64,667,000 pounds of wool, and 2,595,000 bushels of wheat.

We imported vast quantities of meats last year. We imported 78,000,000 pounds of beef from the Argentine in 1938. The President says, "It is better beef." The Argentine feeds only grass, we feed our cattle corn. The American market belongs to the American farmer.

Let us maintain our constitutional form of government with its checks and balances, remembering that under our form of government "what the people really want they generally get."

In countries ruled by dictators the dictators change the people. In countries governed like our own the people change the President.

GOVERNMENT RECEIPTS AND EXPENDITURES

Mr. BENDER. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. BENDER. Mr. Speaker, about the only person in this country who is enjoying prosperity is the red-ink manufacturer.

There has been an increase in expenditures of 165 percent in 1939 over 1938, and here are the figures:

U. S. Government receipts

Fiscal year 1939	$4,658,520,479.50
Fiscal year 1938	5,092,316,930.23
Loss of income (red ink)	433,796,450.73

U. S. Government expenses

GENERAL EXPENDITURES

Fiscal year 1939	$4,959,620,193.66
Fiscal year 1938	4,468,558,620.64
Increase of expenses (more red ink)	491,061,573.02

RECOVERY AND RELIEF EXPENDITURES

Fiscal year 1939	2,591,249,692.25
Fiscal year 1938	1,717,111,548.29
Increase of expenses (still more red ink)	874,138,143.96

TOTAL EXPENSES

Fiscal year 1939	$7,550,869,985.91
Fiscal year 1938	6,185,670,168.93
Increase of expenses (and more red ink)	1,365,199,816.98
Total red ink, fiscal year 1939	2,892,349,506.41
Total red ink, fiscal year 1938	1,093,353,238.70

Mr. BRADLEY of Pennsylvania. Mr. Speaker, I make the point of order there is no quorum present.

The SPEAKER. The Chair will count. [After counting.] One hundred and sixty-seven Members are present, not a quorum.

Mr. WOODRUM of Virginia. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, when the following Members failed to answer to their names:

[Roll No. 94]

Allen, Pa.	Curley	Hill	Smith, Ill.
Andresen, A. H.	Dies	Kelly	Somers, N. Y.
Barton	Faddis	McReynolds	Sumners, Tex.
Boykin	Fitzpatrick	Magnuson	White, Idaho
Connery	Fulmer	Murray	White, Ohio
Courtney	Gamble	Plumley	
Crawford	Hancock	Reece, Tenn.	
Culkin	Hendricks	Richards	

The SPEAKER. On this roll call 402 Members have answered to their names, a quorum.

On motion of Mr. WOODRUM of Virginia, further proceedings under the call were dispensed with.

EXTENSION OF REMARKS

Mr. PEARSON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a short petition.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. FOLGER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include an editorial in the Winston-Salem Journal favorably commenting on a speech by my distinguished colleague the gentleman from West Virginia [Mr. RANDOLPH].

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

WORK RELIEF AND PUBLIC WORKS APPROPRIATION BILL, 1939

Mr. WOODRUM of Virginia. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the joint resolution (H. J. Res. 326) making appropriations for work relief, relief, and to increase employment by providing loans and grants for public-works projects for the fiscal year ending June 30, 1940.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of House Joint Resolution 326, with Mr. MCCORMACK in the chair.

The Clerk read the title of the bill.

Mr. WOODRUM of Virginia. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I have asked for this opportunity in order to give information to the House about several amendments which will be offered not only to this section, but to other portions of the bill.

I believe if just a few moments are taken at this time to give this information to the Committee, it will save some time in the ultimate consideration of amendments that may come hereafter.

If you have the bill in front of you and will turn to page 3, line 6, you will see that the types of projects contemplated under W. P. A. in the bill as presented by the committee would not permit of the prosecution of any Federal projects. Since the bill has been reported to the House a great many Members have called the atttention of the committee to various types of Federal projects of much merit and upon which relief labor is employed, and the committee, at a meeting this morning, decided to strike out the word "non-Federal" in line 6, on page 3, and to insert in place thereof the words "Federal and non-Federal," which would permit the prosecution of Federal projects.

Then on page 14, to strike out the matter in section 11 (a) and to insert in lieu thereof the following:

The Board is authorized to allocate not to exceed $50,000,000 to other Federal agencies for the operation, under such rules and regulations as the Board may prescribe, of projects of the type specified in subsection (b) of section 1 which are within the scope of the functions usually carried out by such agency, including administrative expenses of such agency incident to such operation: *Provided*, That not to exceed 4 percent of the total amount so allotted to any such agency shall be used for such administrative expenses: *Provided further*, That no project shall be prosecuted under any allotment under this subsection upon which the percentage of nonrelief persons employed exceeds 15 percent of the total number of persons employed.

Under this language Federal projects would be permitted to the extent of $50,000,000, provided they come within the usual functions of the agency and provided not less than 85 percent relief labor would be employed thereon.

Mr. WARREN. Mr. Chairman, would the gentleman care to yield?

Mr. WOODRUM of Virginia. Yes; I yield.

Mr. WARREN. Mr. Chairman, as the gentleman from Virginia has just said, the bill, as now written, would have placed an inhibition on all Federal projects after July 1. On behalf of a very large number of Members of the House, and I believe a very large majority of the House, I wish to thank the gentleman from Virginia and his entire subcommittee on both sides of the aisle——

Mr. TABER. If the gentleman will yield right there, I will be frank and state I did not, nor did the other minority members, go along with this particular proposition. [Laughter.]

Mr. WARREN. I am sorry I will have to withdraw it as to the gentleman from New York [laughter], but the gentleman from Virginia and those on the majority side promptly realized the terrible situation that this would cause, and we are, indeed, very grateful to him. Personally, I think the amount should be $75,000,000, but I am not going to quibble over that, because a very bad situation has been thoroughly taken care of.

Mr. WOODRUM of Virginia. It does not affect the total amount in the bill at all.

Mr. DARDEN. Will the gentleman yield?

Mr. WOODRUM of Virginia. I yield briefly.

Mr. DARDEN. In the gentleman's statement he said "provided the work shall be work usually done by the agency." Does the gentleman mean an establishment such as the Navy in certain sections of the country, or is it the agency of the W. P. A.?

Mr. WOODRUM of Virginia. The Navy in the instance the gentleman mentions.

Mr. CASE of South Dakota. Will the gentleman yield?

Mr. WOODRUM of Virginia. I yield briefly.

Mr. CASE of South Dakota. There are some Members on the minority side who are very much interested in lifting this ban on Federal projects, and we appreciate the action of the committee. [Applause.]

The CHAIRMAN. The time of the gentleman from Virginia has expired.

Mr. WOODRUM of Virginia. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. WOODRUM of Virginia. On page 4, at the bottom of the page, the paragraph provides for a material limitation of $6 per man-month. The limitation under existing law is $7 per man-month. In the bill presented by the committee we reduced that to $6, in an effort to try to compel larger local sponsorship. Our attention has been called to the fact that there conceivably might be a material increase in the index

cost of materials and that under the $6 per man-month limitation a situation might arise which would make it very awkward in carrying out the projects. So the committee will offer an amendment giving some discretion to the W. P. A. as to that $6 limitation per man-month for material, but providing that the material cost shall in no event go higher than $7 per man-month, which is the existing rate.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield.

Mr. RANKIN. I understood the gentleman to say awhile ago that he was offering an amendment that would allocate $50,000,000 additional to subsection (b) of section 1. Is that correct?

Mr. WOODRUM of Virginia. The gentleman misunderstood me.

Mr. RANKIN. What was the gentleman's second proposition?

Mr. WOODRUM of Virginia. I do not know what the gentleman has in mind. I explained we were making available $50,000,000 for Federal projects.

Mr. RANKIN. That was your first proposition?

Mr. WOODRUM of Virginia. Yes.

Mr. RANKIN. What was your second proposition?

Mr. WOODRUM of Virginia. I do not know what the gentleman has in mind. That is all I have mentioned so far.

Mr. WOLCOTT. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield.

Mr. WOLCOTT. The gentleman has just suggested an amendment to subsection (d) on page 4. It has come to my attention that W. P. A. is paying thousands of dollars for road equipment and ditch-digging equipment. Has the gentleman's committee given any consideration to limiting the amount which W. P. A. or its agencies might pay for equipment, which, of course, if it runs into thousands of dollars, replaces work?

Mr. WOODRUM of Virginia. The reason W. P. A. has been able to spend large sums for heavy machinery and equipment is because the $7 per man-month material limitation applied to the Nation at large. Therefore in certain areas they were able greatly to reduce that and to have an accumulation in the Nation-wide average from which they might buy machinery. The gentleman will see that the section as now worded limits the average to a State, which the committee thinks will put a stop to or curb the practice to which the gentleman refers.

Mr. BRADLEY of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield briefly.

Mr. BRADLEY of Pennsylvania. With reference to Federal projects.

Mr. WOODRUM of Virginia. I yield.

Mr. BRADLEY of Pennsylvania. Will that take care of subsections (a) and (b) in section 11, on page 14, regarding the inefficients there with respect to Federal projects?

Mr. WOODRUM of Virginia. Is the gentleman speaking of the theater and arts projects?

Mr. BRADLEY of Pennsylvania. I want to know if the amendment of the committee will take care of Federal projects with regard to the inefficients in section 11. I am not speaking of the theater project.

Mr. WOODRUM of Virginia. On page 14?

Mr. BRADLEY of Pennsylvania. On page 14.

Mr. WOODRUM of Virginia. Yes; it covers that.

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield.

Mr. O'CONNOR. There are Federal projects in my district, such as building roads in the national forests, which are exclusively Federal projects. Would the committee amendment permit continuance of the construction of those roads and such improvements in the forests?

Mr. WOODRUM of Virginia. Within the limitation of $50,000,000 and 85 percent relief labor.

Mr. THOMASON. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. Yes.

Mr. THOMASON. Under the first amendment which the gentleman proposes to offer, does that also include rehabilitation and repair projects, say, in Army posts, just as it will under a new project?

Mr. WOODRUM of Virginia. It does.

Mr. RAYBURN. Mr. Chairman, may I suggest to the gentleman from Virginia that he be allowed to proceed with the discussion of these amendments until he has completed each and every one of them without interruption, because we will all have an opportunity to ask questions about them when the amendments are offered.

The CHAIRMAN. Is there objection to the unanimous-consent request of the gentleman from Texas that the gentleman from Virginia be permitted to proceed with a discussion of each amendment without interruption until they are completed?

There was no objection.

Mr. WOODRUM of Virginia. Mr. Chairman, on page 5, section (f), the committee will offer an amendment which is merely clarifying but which requires some additional language on account of the reorganization going into effect. It is purely technical and nothing that any member of the committee, I am sure, would be particularly interested in.

On page 8, under the title of National Youth Administration, when we reach that part of the bill, the committee will offer an amendment which will permit the use of 5 percent of their funds for administrative expenses.

The amendment on page 14 I have already explained.

On page 15 the committee will move to strike out section 12 as it now stands and in lieu thereof insert the following:

SEC. 12. None of the funds made available by this title shall be expended on the construction of any building (1) the total estimated cost of which, in the case of a Federal building, exceeds $50,000, or (2) the portion of the total estimated cost of which payable from Federal funds, in the case of non-Federal building, exceeds $40,000, unless the building is one (a) upon which construction is in progress on June 14, 1939, or for which the project has been approved by the President on or prior to such date, or (b) for the completion of which funds have been allocated and irrevocably set aside under prior relief appropriation acts.

This amendment will permit in the case of Federal projects—that is, nonsponsored Federal projects, building construction projects not to exceed $50,000 each—in the case of non-Federal projects such as armories, or whatever it may be, it will permit the use of as much as $40,000 of Federal funds. The usual community contribution is 25 percent. That would permit a $50,000 building, or the community might decide to contribute a larger percentage and would get the use of as much as $40,000 of Federal funds. There are three situations to which the limitation does not apply. If the project is already under construction, the limitation does not apply. If the President on June 14 had approved a project, no limitaton applies; or if the funds have already been allocated and set aside, no limitation applies.

Mr. BEAM. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. Yes.

Mr. BEAM. I wish the gentleman would enlighten the Committee on whether that $50,000 pertains solely to the construction of a building as a building or does it pertain to a construction project?

Mr. WOODRUM of Virginia. It is the construction of a building.

Mr. BEAM. A building solely; so, as to a sewage proposition or some other improvement there will be no limitation?

Mr. WOODRUM of Virginia. No limitation. It applies only to the construction of a building.

Mr. SABATH. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. Yes.

Mr. SABATH. Within the last few days I have received a great many complaints from communities that heretofore have been unable to finance the projects, and which they are now in a position to finance. Most of those projects will be public buildings that will cost from $100,000 to $150,000 or $200,000. Under this provision, and even the gentleman's amendment, these communities could not proceed and will not come under the provisions of the act as amended, as suggested by the gentleman.

Mr. WOODRUM of Virginia. Not out of P. W. A. funds, but this does not apply to the Public Works Administration. These are W. P. A. projects.

Mr. GARRETT. Mr. Chairman, on yesterday afternoon I talked with the gentleman from Virginia and several other members of his committee regarding the acceptance of an amendment which would remove the limitation of $25,000 on any project unless construction had actually been begun on June 14, 1939. My amendment would have provided that this limit would not apply in the event the sponsor is a municipality, school district, or county, and the projects are for a courthouse, jail, city hall, public building, or similar project where the governing authority had already issued bonds for the purpose of taking care of the sponsors' part and the application had not been approved but may now be in the process of being made or approved. Would the gentleman's amendment exempt projects from the $25,000 limitation?

Mr. WOODRUM of Virginia. The amendment, of course, would not apply if the application had not been approved; but I cannot conceive of a situation where a bond issue would be authorized in advance of the approval of a project.

Mr. GARRETT. It is often the case that bonds are actually voted before sponsors file their applications. There are a number of cases, Mr. Chairman, in Texas and other States where the municipality, school district, or the county, being desirous of aiding in providing work for the unemployed, had no funds with which they could sponsor these worth-while projects until they voted bonds. W. P. A. in many cases had gone to these sponsors and encouraged the filing of applications and have cooperated with these sponsors in order to relieve the unemployment situation and at the same time construct much-needed and permanent structures. Applications are now being made or are pending, but not yet approved. These people in good faith have voted these bonds and in some instances could not qualify under P. W. A. even though ample funds were provided by Congress. It seems to me, therefore, that these sponsors who in good faith have issued these bonds for these purposes should not be excluded by this legislation; and my amendment, which I propose to offer at the proper time is intended to protect these sponsors.

Mr. WOODRUM of Virginia. This amendment would not reach any case where there was no application filed, but, as I said before, I cannot conceive of a case—certainly it would be most unusual—for a community to go to the trouble of issuing bonds when there had not been at least a tentative approval of the application.

Mr. GARRETT. Would the gentleman indicate at this time whether his committee would accept my amendment, which would take care of such cases?

Mr. WOODRUM of Virginia. I could not indicate, because I am merely outlining to the House the action of the committee, I may say to the gentleman from Texas.

Mr. MARTIN of Colorado. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield.

Mr. MARTIN of Colorado. May I ask if by far the majority of the projects which will be aided by these funds, local projects, are not non-Federal projects? This being the case, it seems to me the larger amount the gentleman has indicated, $50,000 for Federal projects, ought to go to the aid of non-Federal projects where sponsors will find it very difficult to make a contribution, rather than to Federal projects. I do not believe in the district I represent there is anything in the way of a small Federal project. They are schools, auditoriums, small county and city buildings, and so on. I think it would be a very wise thing if we switched the figures on Federal and non-Federal projects.

Mr. WOODRUM of Virginia. When the amendment is offered it will be open to discussion.

Mr. CELLER. Mr. Chairman, will the gentleman yield briefly for a question?

Mr. WOODRUM of Virginia. Mr. Chairman, I think I will ask the indulgence of the House to be permitted to finish what I am outlining. When the amendment is offered it will be open to discussion.

On page 27, line 3, the committee will offer an amendment to strike out the word "misdemeanor" and to substitute "felony." On the same page, line 4, we shall offer an amendment to strike out "1 year" and substitute "2 years."

On page 31, under the Public Works Administration title, line 20, the committee will offer the following amendment after the word "agency":

Unless such agency agrees to require that not less than 25 percent of the labor to be employed on such project shall be taken from relief rolls.

The purpose of this amendment is to require, insofar as projects which will be undertaken by the Public Works Administration out of this $125,000,000 transferred from relief money, that at least 25 percent of the labor shall be taken from relief rolls. I direct the attention of the committee to the fact that there will not only be available for projects the $125,000,000 transferred from W. P. A. to P. W. A. but there will be an additional amount of local sponsorship. So instead of there being $125,000,000 for projects, there will be $288,000,000 for projects with this provision that at least 25 percent of the labor must be taken from relief rolls. The committee believes that under this provision just as many people will be employed on the relief rolls as would have been employed had the $125,000,000 remained in W. P. A.

Mr. BOLAND. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield.

Mr. BOLAND. But it is the purpose of the committee to hold the limitation to $225,000.

Mr. WOODRUM of Virginia. That is a different matter than I was talking about.

Mr. BOLAND. Has the committee done anything about the $225,000 limitation?

Mr. WOODRUM of Virginia. That is on the same page, page 31, section (c). I may say to my friend from Pennsylvania that the limitation of $225,000 upon Federal contributions to P. W. A. projects applies only to new projects undertaken out of the $125,000,000 set aside from W. P. A. Let me reiterate, because I think there is a very general misapprehension about that: The $225,000 limitation does not apply to existing projects; it does not apply to any project for which there has been an allocation of funds. It applies only to new projects which may be initiated pursuant to new applications out of the $125,000,000 taken out of W. P. A. and put under P. W. A. This will permit $500,000 projects. The committee felt that if only $125,000,000 was to be allowed P. W. A. for new construction, and that to come out of relief funds, the type of the project should be relatively small and of a character that could be gotten under way quickly. Therefore the limitation. It does not affect any existing project because P. W. A. cannot start a project until it has the money with which to start and complete it.

Mr. BOLAND. Will the gentleman yield?

Mr. WOODRUM of Virginia. I yield to the gentleman from Pennsylvania.

Mr. BOLAND. I want to give the gentleman this information. In Pennsylvania we have 64 projects that ran over $500,000.

Mr. WOODRUM of Virginia. It does not affect those.

Mr. BOLAND. They are not yet in operation. The necessary legislation has been passed in Pennsylvania by the general State authorities. These will be new applications. You hamstring those and throw them out of the window. We have not a chance in the world to get any of this money.

Mr. WOODRUM of Virginia. They are over $500,000?

Mr. BOLAND. They are over $500,000.

Mr. WOODRUM of Virginia. That is a question of policy. If you want to take this $125,000,000 and give it to a few big projects, the House may do that.

Mr. BOLAND. There are 64 of them in Pennsylvania alone.

Mr. WOODRUM of Virginia. There are some other States besides Pennsylvania.

Mr. BOLAND. But you are hamstringing our organization in Pennsylvania so that they cannot take advantage of the $125,000,000.

Mr. WOODRUM of Virginia. That only applies to the $125,000,000. If the Congress wishes to embark upon a new public-works program, this limitation would not apply to that. It only applies to the $125,000,000 here provided.

Mr. SABATH. Will the gentleman yield?

Mr. WOODRUM of Virginia. I yield to the gentleman from Illinois.

Mr. SABATH. Are there any additional funds to the $125,000,000 in here?

Mr. WOODRUM of Virginia. Yes.

Mr. SABATH. How much?

Mr. WOODRUM of Virginia. It is not in this bill; no.

Mr. SABATH. Have they any money left?

Mr. WOODRUM of Virginia. If they do, this does not affect that.

Mr. SABATH. Does the gentleman know whether they have any funds left?

Mr. WOODRUM of Virginia. I do not think so. They have no funds for new allocations, I may say to the gentleman.

Mr. SABATH. If that applies to the State of Pennsylvania, does it apply to Illinois and every other State?

Mr. WOODRUM of Virginia. Yes, surely.

Mr. DINGELL. Will the gentleman yield?

Mr. WOODRUM of Virginia. I yield to the gentleman from Michigan.

Mr. DINGELL. May I ask the gentleman from Virginia, what is the status of the present Starnes bill? Is there any opportunity or any chance that the Starnes bill will be enacted into law?

Mr. WOODRUM of Virginia. The Starnes bill is pending in the Committee on Appropriations. There has been no Budget or administration request for its consideration.

Mr. DINGELL. What reasoning does the committee apply in placing a limit on projects? In my city of Detroit, we have built several monumental structures; we have put into operation a giant sewage-disposal plant. Suppose the city of Detroit wanted one large project instead of a dozen small ones, what difference does that make to the committee?

Mr. WOODRUM of Virginia. The committee felt if there was a very small sum made available, it might be a good idea to divide it up all over the country and not give it to one or two cities for large projects. Maybe that is not good reasoning; I do not know, but I think it is.

Mr. DINGELL. Why not limit the amount in a community rather than base it on one project? One community may want to build one large project, and another community might want a dozen small ones.

Mr. CELLER. Will the gentleman yield?

Mr. WOODRUM of Virginia. I yield to the gentleman from New York.

Mr. CELLER. I have been informed by the W. P. A. that the number of projects under $25,000 is 18 percent of the total; the number of projects under $50,000 is 15½ percent of the total; so that under the gentleman's proposed amendment well-nigh 65 percent of the total number of projects may be eliminated unless the local sponsors would come forward with substantial sums of money. Has the committee inquired whether or not the local communities and cities have sufficient funds to actually do this work?

Mr. WOODRUM of Virginia. The committee feels that the W. P. A. should not engage in large building construction. That is the purpose of the amendment being put into the bill. Large building construction costs from 40 to 50 percent more under W. P. A. than it does under P. W. A. It is very demoralizing to the skilled trades to have such a great differential in the efficiency of labor. I do not want to take all the time now.

Mr. LEAVY. Will the gentleman yield?

Mr. WOODRUM of Virginia. I yield to the gentleman from Washington.

Mr. LEAVY. In the city of Spokane, my home city, after approval of a P. W. A. project to renovate, reconstruct, and rebuild some 60 school buildings, a bond issue carried by a vote of 5 to 1 involving $1,225,000 for the sponsor's contribution. Would this limitation throw that project out, or could they take each building as a separate unit?

Mr. WOODRUM of Virginia. Has it been approved?

Mr. LEAVY. It was approved as a single project.

Mr. WOODRUM of Virginia. If it has been approved, it comes under the exception.

Mr. LEAVY. But no work has ever been done.

Mr. WOODRUM of Virginia. If it has been approved, as I stated, it comes under the exception.

Mr. KELLER. Will the gentleman yield?

Mr. WOODRUM of Virginia. I yield to the gentleman from Illinois.

Mr. KELLER. May I ask whether the committee has investigated to find out why the cost under W. P. A. is higher than under P. W. A.?

Mr. WOODRUM of Virginia. Because of the inefficiency of the labor.

Mr. KELLER. I shall, of course, question that and will try to show that is not so at the right time.

Mr. VOORHIS of California. Will the gentleman yield?

Mr. WOODRUM of Virginia. I yield to the gentleman California.

Mr. VOORHIS of California. I want to return to the first amendment that the gentleman explained and ask whether that amendment will make possible the continuance of the radio programs which the Office of Education has been carrying on in reference to Federal projects.

Mr. WOODRUM of Virginia. It does not reach that. That is under the National Emergency Council.

Mr. VOORHIS of California. No; I do not think so.

Mr. WOODRUM of Virginia. I think it is under the National Emergency Council. This does not reach that. There will have to be a separate appropriation for that if it is to be carried forward.

Mr. COCHRAN. Will the gentleman yield?

Mr. WOODRUM of Virginia. I yield to the gentleman from Missouri.

Mr. COCHRAN. Does not the gentleman from Virginia believe that the Members of the House should bear in mind that we are considering a bill for the relief of the poor people of this country who cannot secure jobs in private industry, and that we are not considering a bill for the relief of private contractors or for the relief of communities that want to build monumental structures?

Mr. WOODRUM of Virginia. I thank the gentleman for his contribution. [Applause.]

[Here the gavel fell.]

Mr. WOODRUM of Virginia. Mr. Chairman, I offer a committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. WOODRUM of Virginia: On page 3, line 6, strike out "non-Federal", and in the same line, after the word "projects", insert "Federal and non-Federal."

Mr. TABER. Mr. Chairman, I rise in opposition to the committee amendment.

Mr. Chairman, this amendment provides for turning $50,000,000 of relief money over to W. P. A. to use on Federal projects; projects for which in many cases there is no authorization by Congress; projects for which Congress in many cases has refused appropriations; projects on which it is impossible in the locality and has been impossible in the past to procure real relief labor.

I was hopeful that the Congress would continue the elimination of these Federal projects so there might be more

money available for real relief. I do not feel that I can support this proposition. There is little enough relief in the W. P. A. the way it is managed by Federal authority in Washington. I hate to see the little relief that is left contracted. I hope this amendment will not be adopted.

Mr. MARTIN of Colorado. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Colorado.

Mr. MARTIN of Colorado. Can the gentleman tell the House what percentage of the projects aided by this legislation will be Federal as compared with non-Federal? Are not the large majority non-Federal projects?

Mr. TABER. This calls for $50,000,000 out of $1,477,000,000, or approximately 3½ to 4 percent of the total.

Mr. MARTIN of Colorado. Three and one-half to four percent of the total; and the rest of them are non-Federal, then?

Mr. TABER. The rest of them are non-Federal.

Mr. MARTIN of Colorado. Does not the gentleman believe that the greater aid ought to be given to the non-Federal projects?

Mr. TABER. It should, but I am objecting to putting in the word "Federal" because I do not believe we ought to get into constructing projects for which the Congress has refused appropriations or that have not been authorized or that are in localities where the real load of relief labor does not exist.

Mr. MUNDT. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from South Dakota.

Mr. MUNDT. If the committee amendment is adopted, however, I should like to call the attention of the gentleman from New York to the fact that many projects, such as the shelterbelt project and some of the irrigation projects in the West which tend to rehabilitate the country out there, can be continued; whereas if the amendment is not adopted, these projects will fall by the wayside.

Mr. TABER. The Congress has voted specifically against the shelterbelt project whenever it has had the chance to do so. That is the kind of projects that are carried out under such a provision as this, projects for which the Congress would not appropriate.

Mr. Chairman, I hope the amendment will be defeated.

Mr. MOSER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes and proceed out of order.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvana?

There was no objection.

Mr. MOSER. Mr. Chairman, as the lone Member of the Congress of the United States singled out and marked for radical treatment at the instance of radical control and hands of the Workers Alliance, I sought time when this resolution was under general debate, and being unable to obtain recognition then, sought it now, and take occasion to thank the Committee for its indulgence.

When House Joint Resolution 83 was before and passed the House last January, representatives of the Workers Alliance from points elsewhere than my district called at my office and, in my absence, left a memoranda of their demands, exacting a statement as to my position, did not return for it. Their demand was for an increased appropriation of $150,000,000 over and above that favorably reported by the Committee on Appropriations. Thereupon I received a letter from the State headquarters of the Alliance bearing the signature of one M. Dean Weiner as secretary, referring to the call at my office by their representatives and exacting a statement of my position. I did not answer this mimeographed form letter.

After the vote on the proposed amendment to increase the appropriation in the amount of $150,000,000 had been taken by tellers, I received a first letter from Labor's Non-Partisan League inquiring how I voted on the teller vote. This letter admitted that though the Members were checked from the galleries they were without information on some 131 Members of the checked total vote. It was stated that, not wishing to do anyone an injustice but intending to report the vote back to the district, the opportunity was afforded the Members to state how they voted. Accepting full responsibility for my record votes and not proposing to be catechized on unrecorded votes, especially by other than my constituents, I disdained to answer the inquiry. I next received a mimeographed letter from the magazine called Tac, published in New York, N. Y., asking the same information as to my vote. I threw this one in the wastebasket.

Shortly thereafter Labor's Non-Partisan League, previously so reluctant to do a manifest injustice, recorded and published my name as one who had opposed the amendment. The Workers Alliance, similarly not knowing how I had voted, but more generously disposed, recorded and published my name as for it. Personally knowing that not one single qualified project had been rejected in my district, and therefore considering the extra appropriation unnecessary, I voted against it in the Committee of the Whole. The Tac magazine favored me along with colleagues with a copy of their February issue, devoted exclusively to propagandizing the Federal theater projects. Right here I might say that on Wednesday, June 14, I was called on the telephone by an employee of the Federal theater projects under Works Progress Administration, soliciting my support for the continuation of their cause, proposed to be eliminated under the resolution now pending, expressing his fears for their future at the hands of the Committee on Appropriations.

I took occasion to question this man concerning this Tac magazine, which he described as a former publication devoted to the stage, which, having failed, was taken up, renamed, and as a Communist front was now catering and devoted to that element and the supporters and beneficiaries of the Federal theater projects. This man laid claim to service rendered me when the Federal theater project operating in Reading, Pa., was ordered discontinued by Mrs. Hallie Flanagan in the face of protests from, and endorsements of, those attesting to its satisfactory services, as well as its beneficiaries in my district.

It so happens the Federal theater project was operating in my district before I was elected a Member of this honorable body. When the sudden order was issued for its termination in a few days, I received protests from the persons affected, one city, and one county official. These were communicated to Mrs. Flannigan, who explained the action in detail, expressing regret at the necessity and pointing out the wisdom of thus prejudicing my constituents to the interest of the greater cities, including Philadelphia and Pittsburgh. Unwilling to let this project be thus dropped in the face of its responsible testimonials, particularly if they were to be continued elsewhere, I placed the protest before Mrs. Ellen S. Woodward, with no effect, only causing the receipt of a letter from Mrs. Flannigan outlining the result of the project's operation, as follows:

Eight musicians of poor quality, unfitted for pit music; 2 stagehands; 1 supervisor; 13 actors, capable only of outmoded vaudeville. Unfortunately, the unit has by this time (January 8, 1938) exhausted its possibilities of audience support in and near Reading and we cannot afford to tour it. At the present time it is giving four performances a week, and in a total of 91 performances the box office has taken in only $126.94, an average of $1.39 per performance. The best professional people of this unit have been offered a transfer to the Philadelphia unit. Four have accepted. The rest will be picked up by the local Works Progress Administration, excepting for six single persons who are not eligible for such jobs. These six have been offered a transfer to Philadelphia, but have refused.

The unit was discontinued.

Here was a group of experienced players. Little did I then anticipate I was destined to learn the character of interest this prejudice served. The active lives of these people had been devoted to the stage, as contrasted to the novices rehearsed for a year and more in the groups we have here heard described. Outmoded vaudeville and musicians unfit for pit music, playing before C. C. C. camps, prisons, and others not privileged to amusement, were all prejudiced, that the appropriated funds might be diverted to the uses and practices that have impaired the standing of the Federal theater projects to the degree that, in alarm, those fearing

the projects may be abolished have now sought my support to aid in the cause of continuing their racket, to which the Communist Front Tac magazine is stated by its own beneficiaries to be devoted.

The Workers Alliance remained rather quiet until the full import of the so-called Hatch amendment to the first deficiency relief resolution became understood. With the alleged abolition of political sponsorship for administrative appointment, the alliance as the collective bargaining agency of those on relief and work relief, demanded and obtained recognition at the hands of the area supervisors under Works Progress Administration. To obtain this recognition the quicker they instantly agitated labor unrest, demanded dismissal of foremen, and demanded that their own members be favored for the foremen assignments. Vaunting, their having run five foremen from a job, they attacked the next, beat him up, ordered him from the project. He, being unable to secure the protection of the administrative organization of W. P. A., called State police to preserve order, and who did preserve order until the supervisor closed it down the same day. Such is the sworn testimony and affidavits in the hearings before the Subcommittee on Appropriations.

As the time approached for the consideration of the second deficiency resolution passed for an additional $100,000,000 for relief and work relief, I began to be flooded with dodgers, carrying a demand that I vote for $150,000,000 or be held personally responsible for any or all of a number of conditions and situations that might ensue, as follows:

> Mr. Congressman, either your support * * * an additional $150,000,000 for W. P. A., or * * * I will hold you personally responsible if W. P. A. workers are laid off; if unemployment increases—which means more taxes for relief—if business suffers and recovery is crippled in the district you represent.

That projects have been suspended in my district before and since this additional appropriation is equally true, but there is not one single instance that any project has been suspended because of inadequate appropriations by the Congress of the United States. [Applause.]

Projects have been closed down for other reasons, most instances at the request of the sponsorship. Last year a Republican Governor was elected in Pennsylvania, committed to reduce taxation, restore employment, bring back industry that had migrated, and many other commitments that were easier to make in a political campaign than effect after he assumed his high office of Governor. Operations on many State highway projects have been reported suspended through lack of available funds at the disposal of the sponsorship. The Reading Times, of this very date, June 16, on page 32, reports Colonel Harrington, as follows:

> Harrington said at a press conference that a shortage of suitable projects existed in Pennsylvania in as great, if not a greater degree than anywhere in the United States. While this did not cut the total W. P. A. employment for the State, he explained, distribution of work was spotty. * * * He would not name any area he regarded as overmanned by relief workers.

Since I have been a Member of Congress not one qualified application for a project has been rejected in my district. This certainly indicates adequate appropriations for the district's needs on its regularly sponsored applications.

The previously described dodgers, on receipt immediately arrested my attention, for, from my long years of experience as a post-office inspector, I instantly knew they constituted blackmail in violation of the Revised Statutes, Criminal, and Penal Codes of the United States, and its Postal Laws and Regulations. This was confirmed by the Chief Post Office Inspector and his assistant, with both of whom I have served in official capacities. Among constituents, well known to me, I took immediate occasion to reproach them and offer admonition against violation of these laws and to cling to law observance. Their responses took the immediate form of apologies, adding they were induced to sign the dodgers at the instance of the Workers Alliance agents who visited the projects for this purpose and that to sign them would provide additional safety and security for its members. Personal contacts elicited the information, subsequently sworn to, that W. P. A. workers on these projects were cajoled, threatened, and intimidated into signing up to join this so-called union or be run off their jobs, and that under this duress they reluctantly signed to avoid trouble and possible loss of their jobs because the alliance was rapidly gaining a position of dominance, and these workers had information of meetings between the alliance officials and the area supervisor in a Reading hotel. This was further confirmed by W. P. A. workers and a county official who had personally witnessed such gatherings.

When the distinguished minority leader, the gentleman from Massachusetts [Mr. MARTIN], having the floor on March 27 yielded to me, I stated in part that W. P. A. workers under the duress and domination of the Workers' Alliance agents had signed these dodgers, it had the effect to cause David Lasser, the president of the alliance, to write me a letter taking me to account for my statement, admitting it constituted serious charges that needed looking into, and asking me to furnish the names of the persons involved. I obliged him, and though requesting advice as to the result of his own findings, to date have received no additional advices from him on the subject, and am justified in assuming his information proved fully as accurate as my own.

On May 11 I was unexpectedly called to the hearings before the Subcommittee on Appropriations, there to find amazement in hearing the sworn testimony of that committee's investigator, to the effect that in a meeting of the Workers' Alliance in Reading, Pa., on May 9, a resolution was offered, discussed, and advocated by one Ben Rubens, whose purpose was to effect adoption of his plot to resort to physical force, if necessary, to remove and take me away from the speaker's platform if I appeared in Reading on May 13 at the cornerstone laying of the new post office in that city. This investigator reported that the alliance members agreed only to picket the ceremonies in protest at my failure to accede to their demands to vote the unnecessary increased appropriation. To carry out their plans it was averred the leaders left to hold another meeting elsewhere. This plot to kidnap a Member of Congress had the instant effect to have it broadcast to the entire Nation by the news announcers of the Nation-wide radio hook-ups. The press wire services, carrying it instantly, also had the effect to cause it to be published in the press of the Nation from coast to coast.

The breaking of this news had the effect to cause Mr. Lasser to send me a telegram assuring me that the members of the alliance are law-abiding citizens, of their respect, and that they would turn out the entire membership that my speech would not be interfered with by any "hoodlums or stool pigeons that may have been sent into his organization by reactionaries." But the next day a group of his organization's officers visited him here in Washington, prepared and filed a letter attacking me, and seeking to have it incorporated in the subcommittee's hearings after finding the committee was not in session that day and could not be called together to hear them. This letter, written on the regular stationery used by Mr. Lasser in his communications to Members of Congress, had every earmark of having been prepared in his office. These visitors, contacting newspaper reporters, stated as their purpose to call on me at my office. The press asked to be admitted to the interview, if I gave them one, to which I readily agreed. They neither put in an appearance nor contacted me, though I remained in my office the remainder of the day constantly for that purpose, frequently answering the telephone calls of the press. At 7:30 that night the Washington Post and Baltimore Sun representatives concluded we had better call off the rendezvous.

The Workers Alliance immediately announced their abandonment of the plan to picket the ceremonies. When I attended and took my scheduled part in the ceremonies there was no disturbance. At its conclusion two strangers placed themselves between my position as I started to ascend the stairs to the platform and the cornerstone. One sarcastically asked, "Where is your bodyguard?" I responded, "I don't have any, don't need any, don't want any; I live here." His

rejoinder was, "We heard you were bringing one with you." My response was, "My ancestors took land here on a patent issued by William Penn 231 years ago, and have lived here from generation to generation ever since. We have become deeply rooted and will not pull up easily." His next retort was, "Well, you haven't been kidnaped yet?" To this I responded, "No; up to the present moment I haven't experienced any such sensation, much to my disappointment; but if you have anything in mind, let's start it now." My interrogator, with his companion, moved away.

Later on W. P. A. workers in the crowd looking on approached me to say who these strange men were, and named two of the group who had been here to Washington the day previous. I have since received letters from W. P. A. workers assuring me the plot to resort to force to seize and remove me—in effect, kidnap me—was not in any sense mythical, but in grim reality factual, and the only reason the plot was abandoned was on account of the wide publicity the conspiracy had received in the press and on the radio.

The first strikes on W. P. A. projects brought to my attention in the district I have the honor to represent occurred before I was first elected, and in which one "Red" Dean was an alleged leader. It is my information that he is the M. Dean Weiner functioning as State secretary of the alliance at Harrisburg. I have never met him, but have always heard that he is a Communist, and as such is included in sworn testimony in the hearings of your Subcommittee on Appropriations.

In 1937, after "Red" Dean engineered a sit-down strike in W. P. A. administrative quarters in the city of Reading, operating as a branch of the Lancaster office of district No. 7, the then district administrator, William A. Trees, was directed to proceed there and restore order. Francis H. Dryden, special field representative, came to my office and informed me that an undercover man reported that Trees trembled like an aspen leaf, in awe and fear of this radical organization. Sufficient unto itself is the fact that the press announced the administrator was ill in his rooms in the Abraham Lincoln Hotel in the city of Reading, and from there during the continuance of the sit-down strike issued orders and threats that all projects would be closed if the strike was not abandoned, which was not accomplished until the irate women of the sewing project, whose work was stopped, organized and ran Dean and his "sit-downers" from the building, when he left town.

Complaints from W. P. A. workers received and previously alluded to, with such evidence as personally collected, form the basis of sworn testimony laid before the subcommittee and establish fighting and rioting on the projects invariably incited by agitators. I accept full personal responsibility for furnishing the subcommittee of our colleagues in this body with what information I possessed and their investigators with the leads developed. As for me, personally, I hold myself in readiness to discharge the duties and responsibilities evolving upon me in consequence of the office I hold as a Representative. As such I conceive it my duty to represent all and not prejudice the silent trusting majority to the selfish fancied interests and articulate demands and exactions of a vociferous few, styled by David Lasser as "hoodlums or stool pigeons." I defy them to do their utmost, even to laying violent hands upon and kidnap me. I shall do my sworn duty under the Constitution. [Applause.]

As for Ben Rubens, I never heard his name mentioned before I heard it as the arch conspirator advocating this plot. I have taken time to inquire into his background, if any is known. My information is that he is a comparative stranger in my district and is reputed to be a deserter from the Loyalist Armies in Spain, which, it is believed, will sufficiently identify and classify him among my colleagues.

My records are that school districts and other municipal units, who have sponsored made-work projects, complained of loitering and loafing to the prejudice of having the work completed. Almost invariably each continuation project has brought forth some such complaint. A school district, having sponsored a project, sought through its secretary to have me ask that a certain experienced W. P. A. foreman and timekeeper be assigned to their project that they might thus have the supervision in friendly hands, with whom they might confer in the interest of the effecting of satisfactory and completed work. Having communicated their wishes as a Representative, and not attempting to politically sponsor or recommend these men unknown to me for these positions, their plea being rejected that strange supervisors and strange labor might be transported to their project, the board instructed the secretary to notify me they canceled the project.

School district secretaries have informed me that steady employment of W. P. A. workers has resulted in a higher earning capacity to them than the school term afforded the same township's teachers, yet the teachers paid their school taxes and the W. P. A. workers refused to pay taxes to the school district educating their children, and in instances even transporting them to school, on the ground their salaries from the Federal Government could not be taxed. This occurrence was that frequent that I took the matter up with the Works Progress Administration. Nels Anderson sent me a copy of his regulations set-up indicating the wages might not be assigned. I explained in detail to Mr. Holmes, who assured me he would attempt to effect an order through the State administrator.

Township assessors and tax collectors have submitted to me the accumulation of taxes even against the properties of W. P. A. workers. In some instances these taxes have been accumulating for several years. In other instances I have been asked to keep the matter in strict confidence lest the Workers Alliance picket the tax collector's home. In still other instances citizens have privately complained and prayed secrecy lest their buildings catch fire some night. In another instance where a tax collector became very active and energetic, a certain W. P. A. worker went to his home and in his intoxicated condition wanted to lick the tax collector in his own house for allegedly reporting him to Washington, as he had threatened to do, but had not, at least through my office.

Private citizens have petitioned me to help them get on W. P. A. that they might give up private employment and not be required to work as hard, or give up a small business, not very lucrative but furnishing enough to live upon, on the ground the work-relief employment would provide an easier livelihood. Members of the Committee, it is a sad state of affairs in our Nation when the humanitarianism of the President of the United States and the liberalism of this great body, voting the expansive appropriations we have been doing, find ourselves confronted with an administration of affairs to the extent that has fostered and engendered a sitution as deplorable as I have outlined.

Significant unto itself is the report that of those coming here to Washington in their attempt to discredit the Member of Congress, they planned to kidnap, among his colleagues, two of them admittedly officers of the Workers Alliance, were also admittedly unemployed, and we can only wonder "what makes them tick." When an organization such as this takes advantage of the weakness of the unfortunate unemployed, and has its gorillas threaten and coerce them into joining such an alleged union, it is time for this great legislative body to act as I forecast it will act today. The Subcommittee on Appropriations deserves the commendation of the entire membership of this body; they command my respect and esteem. [Applause.] I shall certainly vote with them and follow their recommendations based on the investigation we delegated them to start less than 3 months ago.

The needy poor and unfortunate have my respect and sympathy. My voting record in their interest is as good as any other Member of the House. Others may have excelled me in their ambitions, without success. I have supported every measure designed to accomplish the anticipated result, the same as they have, as each measure passed. My supreme regret is that we are still confronted with the same necessity, and born of this necessity has emerged the regrettable situation I have described.

Perhaps if I had not been a born inquisitor and become a trained investigator, I would not have troubled myself with the added burden and responsibility of fortifying myself with facts to supply the deficiency in the complaints that are poured upon me as a Representative, from constituents praying that I do something for them along the lines of their legitimate protests.

As a boy in the cornfield I received news of the untimely death by assassination of President McKinley. I recall the impression made upon my then youthful mind by the press comments on Czolgosz, the assassin, as a believer in the anarchistic activities of Emma Goldman and Alexander Berkman, believed then to have influenced his radical act. I recall the McNamara trial on the bombing case which made Clarence Darrow famous, whom I was later destined to contact as a defender of those it was my duty to prosecute; as a young man in the Railway Mail Service, working with an aged clerk who wept as he recounted the loss of his brother's life in Knights of Labor riots in the Northwest. As a post-office inspector I had assignments on the DeAutremont brothers case of the bombing of a mail train on the Southern Pacific Railway at Siskiyou, Oreg., killing the engine crew and the railway postal clerks. I remember their reputed connection with the Industrial Workers of the World, also known as the "I Won't Work," "I. W. W.'s," and "Wobblies."

William H. Haywood—"Big Bill" Haywood—a most active advocate of the unnatural philosophies of the "Wobblies," too, became dissatisfied in the same manner as Emma Goldman and Alexander Berkman, and sought to emigrate to that idealistic Communist state on the other side of the pond. We all know something of their change of heart and desire to return to the freedom and liberties of the United States of America.

These experiences made lasting impressions. Deploring lawlessness and violence and having too long been connected with law enforcement to now change for the possible political expediency of garnering a few possible votes in the next election, to the prejudice of those electing in the fullest confidence and trust, that I come here to perform a duty honestly and conscientiously, it is my full determination to stand solidly for law and order. Having been fired upon and missed, though a bullet passed through my clothing, and being clubbed over the head with the empty revolver in the hands of my would-be assassin, which, wrested from his grasp, was used to club him into submission, before turning him over to prosecuting authorities, coincidentally, Hon. H. Robert Mays, now a judge in my native county, but then a district attorney. No, my colleagues; I have gone too far on one chosen course to now turn and bow to the will of those resorting to lawless tactics. I am for law and order and will stand or fall on that chosen course. [Applause.]

The county and district I have the honor to represent has a long record of outstanding citizenship. Four of its native sons participated in the drafting and signing of the Constitution of the United States, to which I as a successor have taken an oath. This community had an outstanding citizen in the French and Indian War one Conrad Weiser, who gave his services to the mother country as an interpreter and soldier, and who was destined to become the maternal grandfather of the first Speaker of this House of Representatives, Frederick A. Muhlenberg, whose brother, John Peter Gabriel Muhlenberg, served with him in the First Congress, but not until after he had served in the Virginia House of Burgesses with Patrick Henry, Thomas Jefferson, and James Madison; become the friend of George Washington; resigned his pastorate at Woodstock, Va.; and, reading his commission as a colonel, had almost every man in his congregation to join him. He was eulogized as a hero by Thomas Buchanan Read in verse as The Wagoner of the Alleghanies. He did serve with distinction, becoming a general. A nephew of these two distinguished citizens, Pastor Henry A. Muhlenberg, of Trinity Church, Reading, Pa., began his first term in Congress December 1829, and on February 18, 1834, moved the previous question in the House on the United States Bank bill, when Andrew Jackson was President. A cousin, Rev. Clement Z. Weiser, christened my late revered mother.

Daniel Boone was born within a mile of my own birthplace. The grandfather of Abraham Lincoln was reared at the Lincoln homestead about 5 miles distant in the neighboring township. My county has sent Representatives to the Congress who became governors, declined Cabinet posts, and who became ambassadors and ministers to foreign nations.

It is the progeny of people such as these who sent me here to represent them; it is these people who reposed their trust in me, relying upon my doing the correct, proper, and brave deed if necessary, fully dependent on the blood of an ancestry sharing pioneer hardships with their own; to rise in defense of the cause of freedom and liberty; of human rights along with property rights, as written into the Constitution by those ancestors proclaiming their purpose in its preamble, "to secure the blessings of liberty to ourselves and our posterity." Surely, if they had intended it to include the posterity of generations of aliens then and yet unborn, they would have placed it there for deserters from the Loyalist armies of Spain to come to my district and advocate the kidnaping of a Congressman, for disdaining the attempted dictation of a successor's course and action. They were very clear and exact in placing in the Constitution what they wished to leave to posterity, by which it has endured a century and a half. I am one toward whom the finger cannot point from the spirit world to accuse—"Posterity, what hast thou done with thy liberty?"

I challenge those disturbers moaning and groaning in the galleries to watch and record my votes here today and hereafter and report back to their racketeering rowdies, who parasite on the needy poor, sapping a part of the benefits the humanitarianism of this body seeks to provide for, and tell them that I defy them to do their utmost among the god-fearing and law-abiding people who sent me here to represent them. [Applause.]

I thank the Committee for its indulgence.

Mr. MARTIN of Colorado. Mr. Chairman, I wish to make a post mortem point of order against talks that are out of order. Time on this bill seems to be worth about $100 a minute and some of us have not yet been able to get 1 minute. The talk we have just listened to certainly had no relation to the amendment before the Committee.

The CHAIRMAN. The post mortem point of order made by the gentleman from Colorado is out of order. The question is on agreeing to the amendment.

Mr. WIGGLESWORTH. Mr. Chairman, I move to strike out the last word. I do so for the purpose of asking the distinguished gentleman from Virginia [Mr. WOODRUM] a question. I call attention to section 25 of the proposed bill, which I quote:

> None of the funds made available by this title shall be available—
>
> (a) After June 30, 1939, for the operation of any theater project; or
>
> (b) After August 31, 1939, for the operation of any project sponsored solely by the Works Progress Administration.

I would like to ask the gentleman from Virginia what effect, if any, the proposed committee amendments now offered at page 3, line 6, and page 14, line 11, will have on section 25 of the bill which I have just referred to, particularly with reference to the project known as Federal Project No. 1?

Mr. WOODRUM of Virginia. If the House should adopt the amendment now pending and the House should subsequently adopt the language to which the gentleman has referred on page 25, of course it would have no effect at all on the inhibition against theater projects.

Mr. WIGGLESWORTH. What effect would it have on the other four divisions of Federal Project No. 1—the writers project, the music project, the arts project, and the historical records project?

Mr. WOODRUM of Virginia. The adoption of this amendment would not have any effect on the language on page 25, if the House adopts that subsequently.

Mr. WIGGLESWORTH. The amendments would not allow those projects to function on a nonsponsored basis?

Mr. WOODRUM of Virginia. They would not.

Mr. DIRKSEN. Mr. Chairman, I move to strike out the last word. The amendment now pending is preliminary to a later amendment in view of the explanation made by the gentleman from Virginia that section 11 of the bill will be amended so as to permit the allocation of $50,000,000 to other Federal agencies. This item of $50,000,000 would be available for all purposes set forth in section 1 of the bill, such as parks, playgrounds, highways, buildings, conservation projects, and others. Also it includes recreational facilities, electric lines, conservation, insect eradication, white-collar projects, and finally such undescribed projects as set forth in the clause in line 3 on page 4, which uses the language "and miscellaneous projects."

It seems to me that that simply opens up the door for many projects that might be indefensible. Consider what has happened in respect to funds made available in the 1938 act. The Department of Agriculture spent millions of dollars for the eradication of the Dutch elm disease, over which we, the Congress, had no control, in addition to regular appropriations for that purpose. The Soil Conservation Bureau made it possible to complete the so-called Crab Orchard project in southern Illinois, which may become something of a spawning ground for snakes, lizards, turtles, and so forth. The Bureau of Entomology spent $7,655,000 of relief funds for insect eradication. The Bureau of Fisheries spent over $10,000 for a haddock survey and investigation of the pilchard fisheries. The Alaska Railroad had expended upon it $239,000 for ballasting, and $590,000 was expended to carry on a good-will program with Latin-American countries by Mr. Ickes. Over $12,000 was spent in the Virgin Islands for mattress making, a nursery school, and so forth. The National Resources Committee spent $40,000 for land studies, and the Department of Labor spent $981,000 to examine into and collect statistics, including building statistics before the year 1920, which is 19 years ago. The Attorney General spent $50,000 for a general survey of release procedures. If I read this amendment correctly, in connection with the one that will be offered to alter section 11 as it now stands in the bill, it will be possible within the limitation of 15-percent nonrelief labor, to continue to spend that kind of money, and I, for one, am opposed to spending relief money for that purpose. There is only one way in which we can keep the Federal Departments from getting this relief money allocated and spending it without necessary control and sanction and supervision from Congress, and that would be to vote down this amendment, and to vote down also the suggested amendment to section 11, when we come to that part of the bill. I hope, therefore, that the pending amendment will be defeated.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. WARREN. Mr. Chairman, I move to strike out the last word. The list of projects just read by the gentleman from Illinois from page 3 are identical, I am informed, with the projects carried in all past relief bills. I am told that not a single change has been made. It is easy enough for the gentleman from Illinois to stand up here and name certain individual projects, but the purpose of this amendment, as has already been stated earlier in the day, is this: Under the bill as brought in by the committee every Federal project in the United States is abolished as of July 1. Personally I think they are the best form of projects, because you have Federal supervision, and in many cases supervision by capable agencies. Probably in the district of every Member of this House there are projects which are half completed or two-thirds completed, or their completion will be finished within the next year or 2 years. Under the bill as brought in all that is stopped, and they are left suspended in the air, and all work must cease after July 1.

Now, the gentleman from Virginia [Mr. WOODRUM] and his associates at least on the majority side recognized that very serious condition, and they promptly, unanimously, so far as I am informed on the majority side, and readily brought in this amendment that is now pending which, in conjunction with the amendment which the gentleman from Virginia will offer on page 14, will completely cure that situation. That is the purpose of the amendment, and the sole purpose of it. It is one that I am sure will appeal to a large majority of the House on both sides of the aisle.

Mr. DIRKSEN. Mr. Chairman, will the gentleman yield?

Mr. WARREN. I yield.

Mr. DIRKSEN. I did not mean to leave the impression that all Federal projects are indefensible, but under the language of the amendment now suggested the indefensible projects will come in just the same, and I think the gentleman from North Carolina will admit that fact. There is no way of stopping them.

Mr. WARREN. Yes. If there are any indefensible projects, I concede readily that they would come in; but at the same time the gentleman, as a member of the committee, is setting up a board to pass upon the types of projects to which these allocations may be made.

Now, there is one other purpose of this amendment, and I am sure the gentleman from New York [Mr. TABER] agrees that this is the fact: The Congress has repeatedly at this session authorized projects—Army, Navy, Coast Guard projects, and things of that nature. The hearings before the Appropriations Committee show that various items have already been appropriated for material and that no appropriation has been made for labor. The hearings also disclose that the departments were told to go to the W. P. A. for labor on some of those projects already authorized by Congress. Unless this language is changed, as suggested by the gentleman from Virginia, projects already approved by the Congress, for which money has actually been appropriated, cannot be continued any longer. That, I submit, Mr. Chairman, is the sole purpose of this amendment, and it ought to be adopted. [Applause.]

[Here the gavel fell.]

Mr. WOODRUM of Virginia. Mr. Chairman, I ask unanimous consent that all debate on this subsection close in 5 minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. CELLER. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman and ladies and gentlemen of the Committee, a number of rather harsh aspersions of late have been cast upon Federal art projects. I was very much interested in the question propounded by the gentleman from Massachusetts [Mr. WIGGLESWORTH] to the gentleman from Virginia [Mr. WOODRUM], and the reply apparently is that the Federal art project is practically done for. It is for all practical purposes dead and buried. That is unfortunate.

It may have been that one or two or more Communists and other despicable characters have been in the Federal arts theater or in the Federal arts music project, but that should not have cast a complete shadow over all Federal art projects. One swallow does not make a summer. It is somewhat unworthy of the gentleman from Virginia [Mr. WOODRUM], for whom I have a genuine affection, to have said some of the harsh things he did say concerning the drama as produced under the guidance of Mrs. Flannigan, of Vassar College, the director of the theater arts project. I have seen some of the productions of the Federal arts theater. I tell you I was thoroughly amazed at the profundity, the dignity, the great cultural value of the work done by that project. I saw the plays called "Haiti," "One-third of the Nation," "Murder in the Cathedral," "Prologue to Glory."

Broadway, with all its histrionic ability, never offered anything better, as far as the drama is concerned, than these plays produced by these Thespians—all of whom were taken from relief rolls.

The gentleman from Virginia severely criticized the play, Sing for Your Supper. It may never be the equal of Hamlet

or School for Scandal, yet it is a real success. Many like it. It is a "sell-out." One thousand five hundred people see it each night and more than 32,000 have already enjoyed it. It has an advance sale of $15,000. That does not sound like a boondoggling affair.

Life at best is dull and prosaic, particularly to "the one-third of the Nation," but the theater project has brought some light and sunshine into the lives of those persons who could ill afford to go to Chicago, or Philadelphia, or New York, which were the only places where we had drama up to the time of the Federal art project. But the Federal art theater has brought the drama to the hinterland, into every nook and cranny, as it were, of the United States. Thousands and thousands of the audience never had witnessed theretofore any dramatic production.

I have been to Europe. If you go to London, what do you find there? You find the poet laureate. You find actors and actresses knighted. You find annuities and subventions given to the theater. If you go to Paris, you find the National Opera and the National Theater. If you go to Vienna, you find the same thing. Europe, with an older culture than ours, with a vaster experience, has realized that the best way to interpret life to the masses is through the arts, through music, through the ballet, and through the drama. Go to any South American or Central American City and you will invariably find a national theater with native drama interpreting native life. What have we done for those arts all through the years? It was not until the advent of the New Deal that some modicum of attention was paid to those important arts. Now all the good work is to be scuttled. I say, for shame.

In general, I know of no aggregation of officials that are more patriotic, efficient, and hard working than those in control of these works. Here and there you may find exceptions. Some may be Communists or dangerous radicals. Get rid of them by all means. They should have no place in any Government service. If attention is called to such employment and those in charge refuse or fail to respond properly by dismissing such Communists, those thus negligent should be fired, together with such Communists.

But, because of the wrongs or derelictions of a few in the administration of the art projects there is no reason for bringing a wholesale indictment against the entire administration.

The Federal art projects is a wonderful means of interpreting America to Americans in the graphic arts—music, painting, sculpture, murals, mosaics, drama, and so forth.

Life at best is often difficult. Art removes much of life that is dull and drab and unhappy. These art projects have brought much sunshine and happiness into the lives of thousands and thousands of the poor, impoverished, and downtrodden.

We are told that all that is past is but prologue. These art projects interpret for the masses the past of America to enable us in the future to live a better and more useful life.

Mrs. NORTON. Mr. Chairman, will the gentleman yield?

Mr. CELLER. I yield to the gentlewoman from New Jersey.

Mrs. NORTON. At the proper time I intend to offer an amendment to section 25, and I hope the gentleman will support that amendment.

Mr. CELLER. I certainly will support it and I am happy to hear the lady say that.

Mr. MARCANTONIO. Will the gentleman yield?

Mr. CELLER. I yield.

Mr. MARCANTONIO. I am just informed that the following prominent "Communists" have protested against the elimination of this project:

Brooks Atkinson, of the New York Times; Burns Mantle, of the Daily News; Sidney Whipple, of the New York World-Telegram; John Anderson, of the Journal American, Arthur Pollack, of the Brooklyn Eagle; Herbert Drake, of the Herald Tribune; Richard Watts, of the Herald Tribune; Otis Ferguson, of the New Republic; Louis Kronenberger, of Time magazine; Paul Peters, of Life; Wolcott Gibbs, of the New Yorker; and Mrs. Christian Wyatt, of the Catholic World; and many others.

Mr. CELLER. These same distinguished critics and literary persons said the following:

Open letter to Congressmen:

We the undersigned dramatic critics deny the statement made in Congress on June 14 by Congressman CLIFTON A. WOODRUM to the effect that "every theatrical critic of note has expressed his disapproval of these (Federal theater project) productions" and that "the theater project has never presented any production of distinction except the Swing Mikado." We declare that we have had many occasions to praise productions of the Federal theater in New York, many of which have been distinguished contributions to the art of the theater and others of which have been creditable in many respects. If Mr. WOODRUM had looked up the record, he could not possibly have made this statement concerning critical reaction to Federal theater productions in New York. If a fair and impartial estimate of the work of the theater project had been wanted, we should have been glad to give him our opinion for what is was worth—in consensus, that the theater project in New York, at least where we are most familiar with it, has been on the whole an institution of great value to the life of the community and that apart from its Broadway productions it has performed many less conspicuous services whose value could not be estimated. We believe emphatically that the project should not be abolished.

Brooks Atkinson, dramatic critic, New York Times; Burns Mantle, dramatic critic, New York Daily News; Sidney Whipple, dramatic critic, New York World-Telegram; Allene Talmey, dramatic critic, the Vogue; Wolcott Gibbs, dramatic critic, New Yorker magazine; Otis Ferguson, dramatic critic, New Republic; John Gassner, dramatic critic, Forum magazine; Paul Peters, Life magazine; Joseph Wood Krutch, the Nation magazine; Mrs. Eurphemia Van Rensealer Wyatt, representative, the Catholic World; Kelcey Allen, Daily News Record and Women's Wear; Arthur Pollack, dramatic critic, Brooklyn Daily Eagle.

FEDERAL THEATER COSTS

Mr. CELLER. Mr. Chairman, it was stated before this body that it costs somewhere around $2,000 a year for every person to be carried on the Federal theater project.

This is completely untrue. The present man-year cost of the Federal theater project is $1,248. Remember that 7,900 people supported on this amount an average of three dependents each.

Furthermore, this Federal theater is taking in money. In spite of the fact that 65 percent of its productions are still free for underprivileged groups in schools, hospitals, and social settlements, the admissions on those plays for which admission is charged have amounted to over $3,000,000. These admissions are steadily mounting and during this fiscal year amount to 10 percent of the total cost of the project.

With all the talking going on on this floor about economy we should certainly not destroy a project that is decreasing its cost and that has actually taken in, in hard cash, $3,000,000.

FINE WORK OF MRS. FLANAGAN

May I direct your attention to the splendid work being done by Mrs. Hallie Flanagan, of Vassar College, in developing Federal theater projects. This is giving enjoyment to more than 20,000,000 people, many of whom would otherwise never have the opportunity of going to the theater. Her actors were all taken from the relief rolls, and most of them are now earning their way as thespians in a wholly cooperative effort. The motif of the entire project is well expressed in Mrs. Flanagan's own words:

It is a timid wasting of an unprecedented chance to regard the theater only in terms of what we have hitherto experienced. We must see the relationship between the men at work on Boulder Dam and the Greek chorus; we must study Pavlowa as well as Pavlov, Einstein as well as Eisenstein; must derive not only from ancient Baghdad but from modern Ethiopia.

It was Mrs. Flanagan who caused the Negro unit in Birmingham to produce a comedy of local life, Home in Glory; in Reading, Pa., she produced Feet on the Gound, concerning the life of the Dunkards, early Dutch settlers of that region; in Indianapolis it was a play of Hoosier life, The Campbells Are Coming; in Asheville, N. C., it was Smoky Joe, a portrait of the mountaineers. She has revived and preserved folklore and sagas; she revived for the masses many old successes—The Old Homestead, The Texas Steer, The Octoroon, Secret Service, and Everyman. Her commercial

touring companies penetrated into the Far West and the deep South where the drama was as extinct as the dodo.

Mrs. Flanagan's theater project, which started as a partial succor for the unemployed, has awakened esthetic values in the minds of countless citizens.

SUMMARY OF FEDERAL THEATER ACTIVITIES TO SEPTEMBER 1938

In closing the third year of operation of Federal theater I should like to present to you a brief survey of the present activities of the Federal theater.

EMPLOYMENT

Federal theater now employs 9,170 people, as against a peak of 12,700 in 1936. The decrease is due to the return of many of the personnel to jobs in private industry, to dismissal of incompetents, and to reductions in appropriation. More than 2,000 workers have left the pay roll and returned to private employment.

They have closed a number of projects which, after a fair trial, seemed unable to reach standards appropriate for a Government-operated project, and this leaves us operating 42 Federal theater projects in 20 States, principal among which are—

California: San Francisco, Oakland, Los Angeles, San Diego.

Colorado: Denver.

Connecticut: Hartford.

Florida: Tampa, Jacksonville, Miami.

Georgia: Atlanta—loan unit from Birmingham, Ala., also operating with this project.

Illinois: Chicago, Peoria.

Indiana: Gary—operations temporarily suspended.

Louisiana: New Orleans.

Maine: Portland.

Massachusetts: Boston, Springfield.

Michigan: Detroit.

New Hampshire: Manchester.

New Jersey: Newark, Camden—also leadership for community drama units operating throughout State.

New York: New York City, Buffalo, Roslyn, Syracuse.

North Carolina: Raleigh—also leadership for community drama units operating throughout State.

Ohio: Cincinnati, Cleveland.

Oklahoma: Oklahoma City—also leadership for community drama units operating throughout State.

Oregon: Portland.

Pennsylvania: Philadelphia.

Washington: Seattle.

City projects operate within themselves a number of theater units, such as dramatic, children's, dance, Negro, marionette, and so forth.

PLAYS

Since its inception, in August 1935, the project has produced 924 different plays, many of which were played in more than one city and State. Performances of these productions totaled 54,960 as of August 1, 1938. Sixty percent of our productions are given free. The remainder charge from 10 cents to $1.10, varying with locality and type of production. Recorded audience figures total 26,532,674. The plays fall into the following categories, some of which are, of course, overlapping: New plays, classical plays, plays formerly produced on Broadway, modern foreign plays, stock plays, children's plays, revues and musical comedies, vaudeville, dance plays, early Americana, American pageants, marionette plays.

Sixty-six of these were Negro plays, 52 were in Jewish, 39 Italian, 10 Spanish, 10 German, and 8 French.

It is interesting to note from this compilation several distinct tendencies:

First. Federal theater stresses, especially in cities which have no other theaters, production of plays by established American dramatists of the past and of the present. Such a list includes the largest number of plays in any one group, 287 in all, from such authors as George Abbott, George Ade, Zoe Akins, Maxwell Anderson, Anthony Armstrong, Frank Bacon, Fred Ballard, Philip Barry, Emjo Basshe, Lewis Beach, David Belasco, Michael Blankfort, Guy Bolton, Ann Preston Bridges, George H. Broadhurst, Porter Emerson Brown, Charlotte Chorpenning, George M. Cohan, Octavus Roy Cohen, E. P. Conkle, Marc Connelly, Barry Connors, Frank Craven, Rachel Crothers, Owen Davis, Paul Lawrence Dunbar, Philip Dunning, Frank B. Elser, John Emerson, Edna Ferber, Clyde Fitch, Martin Flavin, Rose Franken, Zona Gale, Virgil Geddes, William Gillette, Susan Glaspell, Montague Glass, James Gleason, Michael Gold, Paul Green, Harry Wagstaff Gribble, James Hagan, Theresa Helburn, Lillian Hellman, James A. Herne, Avery Hopwood, Sidney Howard, Hatcher Hughes, Talbott Jennings, Larry E. Johnson, George Kaufmann, Patrick Kearney, George Kelly, Charles Rann Kennedy, Sidney Kingsley, Charles Klein, Alfred Kreymborg, Lawrence Langner, Ring Lardner, Emmet Lavery, John Howard Lawson, Sinclair Lewis, Anita Loos, Constance D'Arcy Mackaye, Elizabeth McFadden, Albert Maltz, Max Marcin, Don Marquis, Alan Landon Martin, Margaret Mayo, Edna St. Vincent Millay, John Moffett, James Montgomery, Christopher Morley, Kenyon Nicholson, J. C. Nugent, Clifford Odets, Eugene O'Neill, Paul Osborne, John Howard Payne, Paul Peters, Channing Pollock, William W. Pratt, Robert H. Powell, Samson Raphaelson, Daniel Reed, Mark Reed, Elmer Rice, Lynn Riggs, Mary Roberts Rinehart, George Scarborough, Edgar Selwyn, Irwin Shaw, Robert Sherwood, George Sklar, Winchell Smith, Samuel and Bella Spewack, Wilbur Daniel Steele, James A. Sterne, Donald Ogden Stewart, Austin Strong, Barry and Leona Stavis, Booth Tarkington, Sophia Treadwell, Bayard Veiller, Lulu Vollmer, James Warwick, John Wexley, Percival Wilde, Thornton Wilder.

This partial list should be sufficient to indicate the wide diversity of subject matter and style which from the first has characterized Federal theater productions.

A complete list may be secured by writing the National Service Bureau, Federal theater project, 1697 Broadway, New York.

Second. The Federal theater has produced over 100 new plays by American authors, some of whom appear on the previous list, but many of whom were given their first opportunity on the Federal theater project. Some of these authors have since had widespread production on the project; others have sold their plays to the movies or to commercial producers; still others have won fellowships for advanced study in play writing. The list includes Hughes Allison, Arthur Arent, Marcus Bach, Edwin L. and Albert Barker, Lawrence Bernard, William Beyer, William du Bois, John Hunter Booth, Mary Coyle Chase, Harold Clark, Maurice Clark, Maria W. Coxe and Arnold Sundgaard. A complete list of these authors with names of their plays may be secured by writing the National Service Bureau.

In addition to plays by the above authors, Federal theater has produced the following living newspapers written on the project:

Originating in New York but also produced elsewhere: Triple A Plowed Under, 1935, Injunction Granted, Power, One-third of a Nation.

Originating in Oregon: Flax.

Originating in Chicago: Spirochete.

Federal Theater has also produced a number of musical shows, written on the project, as follows: Follow the Parade, Los Angeles; Ready, Aim, Fire, Los Angeles; Revue of Reviews, Los Angeles; O Say Can You Sing, Chicago; Machine Age, New York; Swing It, New Jersey.

It is interesting to note that, contrary to inaccurate statements of the ill-informed, less than 10 percent of the authors named here or in the previous list are concerned primarily with social problems.

Third. Federal theater is developing in many cities a classical series, having produced, in addition to an extensive religious cycle from the Middle Ages, plays by Euripides, Plautus, Marlowe, Shakespeare, Beaumont and Fletcher, Lope de Vega, Moliere, Sheridan, Goldsmith, Schiller, Labiche, Ibsen, Wilde, Tolstoy, Chekov, Dion Boucicault, Shaw, and O'Neill.

The plan is to build up the classical series on every project, stressing material appropriate to the region, such as French classical in New Orleans, German, and Scandinavian in the Midwest, and so forth.

Fourth. The Federal theater, in its constant desire to supplement, rather than to compete with, the commercial theater, is emphasizing certain lines of activity not usually stressed by the commercial theater, namely, children's theater, dance theater, religious theater, marionette theater, and the celebration of various civic, State, and national holidays.

Lists of each of these types of productions are now being prepared by the National Service Bureau.

Fifth. Federal theater is interested in building an American Negro theater. We have Negro units in Newark, N. J.; Boston, Mass., spot bookings; New York City; Raleigh, N. C.; Seattle, Wash.; Hartford, Conn.; Philadelphia, Pa.; Los Angeles, Calif.; Portland, Maine; Chicago, Ill.

A complete list of all plays so far produced on these units, including 66 Negro plays, is now being prepared in the National Service Bureau.

RADIO

The Federal theater is developing an increasingly strong radio division with projects in New York City; Atlanta, Ga.; Chicago, Ill.; Columbus, Ohio; Boston, Mass.; Hartford, Conn.; San Francisco, Calif.; New Orleans, La.; Jacksonville, Fla.; Philadelphia, Pa.; Portland, Oreg.; Los Angeles, Calif.; Seattle, Wash.

The above cities during the last year broadcast approximately 3,000 programs, of which approximately 1,000 were over major networks, to survey proven audiences of 15,000,000 weekly. Emphasis was placed on such series as James Truslow Adams' Epic of America and Paul de Kruif's Men Against Death.

This week's list of radio programs is appended to this report. If you wish it sent regularly, please notify the Radio Division, Federal Theater Project, 1697 Broadway, New York.

TECHNICAL RESEARCH

Research in lighting has been undertaken along the following lines:

(1) Experiments as follows: The high wattage water-cooled Mazda lamp; the polarization of light; the use of filters capable of transmitting any given colors of the spectrum; the use of stroboscopic light with the dance; the use of colored motion pictures of a living blood stream; the use of a new vacuum tube capable of sustaining on its grid screen an image of high enough intensity so that it may be magnified by projecting it on a screen.

(2) An experimental laboratory with scale model theater, optical benches, testing and all other necessary apparatus, and so forth, is in the process of being built. A fully equipped electrical workshop will be available for exploration in the fields of (a) low-voltage lamps; (b) new color processes; (c) control of light sources through lens adaptation.

The experiments above are of sufficient importance to have led several universities, including Yale, the University of Washington, and the University of North Carolina, to offer the hospitality of their plants. However, due to the fact that the services of people working on the research must be used part time in actual theater production, it has been found advisable to conduct the research on the project. The results of such research will, of course, be made available to all theaters indicating an interest in such work.

TOURING

Federal theater companies now cover a number of sections of the country where no dramatic productions have been seen for years. For example, the Illinois circuit, with companies from Chicago and Peoria, played 625 performances during the past year in Wisconsin and Illinois.

Another Midwest circuit, operating out of Detroit, played 88 performances in the State of Michigan.

The Cincinnati unit toured Ohio, Kentucky, and West Virginia.

The Roslyn, Long Island, unit, after a 3 weeks' engagement in New York City, toured New York State.

Touring in Florida is sponsored and the repertory of plays chosen by school boards throughout the State. Last year, for example, our company toured with Miles Gloriosus, by Plautus, Everyman, Twelfth Night, She Stoops to Conquer, and Girl of the Golden West. In this connection I append a copy of Florida Wheel.

In October we will tour through the East and the South the New York production of Prologue to Glory. This, if successful, will be followed by other tours.

It is our desire to tour especially in regions where no other plays are available or in cities where a Federal-theater play may build up a demand for commercial road companies.

RETRAINING

Federal theater feels a distinct obligation to retrain its personnel. In New York City as soon as an actor finishes an engagement he reports at once to the Provincetown Theater, where, until he is again cast, he takes courses in diction, body work, fencing, reading rehearsals, and voice. The Provincetown Theater is also the center of training for an activity which is rapidly becoming a good avenue of reemployment for professional theater people, namely, professional leadership for community groups. This service is to be extended, with the definite understanding that any of our dramatic leaders so engaged will not be concerned with training amateurs for the stage, but with the building, through community participation, of new outlets for community expression and better audiences for the theater.

UNION RELATIONS

Federal theater has at the present time a clear-cut and satisfactory working agreement with the various theatrical unions. Actors' Equity and its representatives throughout the country confer constantly with the national director, the deputy national director, and the various regional directors throughout the country on unemployment problems.

Agrements recently reached between Federal theater and the Stagehands' Union on the touring plan were eminently satisfactory.

PUBLICATIONS

Random House has recently issued two volumes, one containing Prologue to Glory, One-third of a Nation, and Haiti; the other, Three Living Newspapers, Triple A Plowed Under, Power, and Spirochete.

In addition the National Service Bureau has since its inception issued numerous mimeographed lists of outstanding royalty and nonroyalty plays for all occasions. These lists of recommended plays contain complete analyses, source of information, important director's notes, and suggestions for production. Among these lists are antiwar plays, Catholic plays, children's plays, Christmas plays, Easter plays, Jewish plays, Thanksgiving plays, marionette plays, musical plays, Negro plays, new one-act plays, 90 new plays, religious plays, vaudeville sketches.

While these publications are primarily intended for the use of Federal theater projects throughout the country, they are also available to little theater groups, community and school theaters, and amateur and professional drama organizations.

NEW PLANS

At the National Policy Board meeting, which met in Washington August 11 and in New York August 12 and 13, it was decided to increase the emphasis on classical drama, as indicated above, and on cycles of dramatic material dealing with American history. Each region will have at least one such large celebration next year. These dramatic festivals will be produced in conjunction with State, civic, and educational bodies. Examples are:

First. The Lost Colony, Paul Green's historic play, which has just completed its second successful season on Roanoke Island.

Second. Spanish Grant, a historical cycle, being compiled on the Los Angeles project, dealing with the history and development of California. One play of the series, The Sun

Rises in the West, has already been produced in Los Angeles with critical acclaim; another is to be one of the productions by the Federal theater at the San Francisco Exposition.

Third. Sand in Your Shoes, a historical drama of Florida, to be done on the four-hundredth anniversary of De Soto's landing.

Fourth. A Paul Bunyan Festival, to be done in Oregon at Timberline Lodge, on Mount Hood, in connection with the setting up of a museum of logging and the lumber industry.

Fifth. A Lincoln Festival, possibly to become, like The Lost Colony, an annual event, to be staged at Springfield, Ill., New Salem, and Chicago.

This dramatic material is being evolved from very considerable dramatic research which is under way on various Federal theater units. This research is now taking definite form under the National Service Bureau, and will include history of American stage and costume design.

The CHAIRMAN. The time of the gentleman from New York [Mr. CELLER] has expired. All time has expired.

The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

Mr. WOODRUM of Virginia. Mr. Chairman, I offer a committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. WOODRUM of Virginia: Page 4, line 25, after the word "worker", insert:

"Except that the Board may authorize an increase in the average in cases where the increased cost of materials would have the effect of raising such average above $6, but in no event shall the increase in such average exceed the amount necessary to meet such increase in material costs, and in no event shall such average exceed $7."

Mr. WOLCOTT. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the gentleman from Virginia will recall that when he was explaining this amendment I asked him about the purchases of heavy equipment. I have prepared an amendment, a proviso which should follow the committee amendment, and which perhaps should be considered in connection with it, reading as follows:

Provided, That from the funds appropriated in this section the purchase or lease of any construction equipment or machinery shall not exceed $500 per operating unit.

I think the committee amendment is a good one and should be adopted. I think, however, some restriction should be placed upon the amount which may be expended out of these funds for operating equipment. This bill has for its primary purpose the giving of work relief. To allow the W. P. A. to spend large sums of money for labor-saving equipment is contrary to the spirit of the Works Progress Administration. I am fearful also that there may result from this expenditure of thousands of dollars for heavy machinery a bogging down of the heavy industries, such as followed the World War, when we had to set up a corporation under the supervision of the Federal Government to dispose of the surplus materials which were purchased during the war. That had a bad effect upon the heavy-goods industry. We perhaps have never completely recovered from the excessive buying of heavy goods during the World War and the liquidation of those goods in the market in open competition with those who manufactured them. I am somewhat fearful that if we allow the Works Progress Administration to spend $25,000 or $30,000 for road machinery, or for ditch-digging machinery, or for a fleet of trucks or other heavy machinery, we are undoing much of the good with respect to work relief.

I cannot hope, of course, that the Committee will accept my amendment, but what I am trying to do in this proviso is to guarantee that the money which we appropriate in this bill is to be used for work relief and not to clutter up the country with a great deal of surplus machinery which will affect the heavy-goods industry from now on as did the surplus war materials following the World War.

Mr. DEMPSEY. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. DEMPSEY. The amendment proposed by the gentleman from Michigan is a valuable amendment. I cannot feel that Congress should vote billions of dollars for work relief and then go out and buy heavy machinery costing from $15,000 to $25,000 a unit to do the work. I know of one State that has recently purchased $300,000 worth of heavy machinery, and I understand another State is about to purchase $1,000,000 worth. The use of these machines simply takes labor away from the very people we are passing this legislation to take care of.

[Here the gavel fell.]

Mr. VOORHIS of California. Mr. Chairman, I rise in opposition to the amendment.

Mr. WOODRUM of Virginia. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. VOORHIS of California. Mr. Chairman, I merely want to direct the attention of the House to a matter that is already only too apparent. We have heard from the other side of the aisle an objection against almost every single, specific, worth-while kind of work that W. P. A. can do. The Republican Members contend that they are in favor of work relief. But very few kinds of work that are specifically proposed seem to satisfy them.

I merely want to speak a word about the elemental proposition that if you are going to put people to work you have got to put them to work at something worth while. Inasmuch as the committee has a limitation on the total amount that can be spent for material, I see no sense in being alarmed about how much money is spent for materials or equipment. As a matter of fact, one of the principal arguments that has been used against the program by its opponents has been that it was a leaf-raking program, that it did not get anything worth while done; yet the very people who make that criticism come in here now and say we should not buy necessary equipment which would enable them to do worth-while things and make it a worth-while and constructive program. You cannot expect to employ people who are skilled in one respect at some other kind of work and get good results or efficiency. The committee itself proposes in section 16 (c) that the people should be employed on projects they can do properly. I think this is a good provision.

In other words, the whole thing is that you must have a scope of projects which is broad enough to give your unemployed people the opportunity to work and to do worth-while jobs that will improve this Nation and give the people a chance to live.

Mr. DEMPSEY. Will the gentleman yield?

Mr. VOORHIS of California. I yield to the gentleman from New Mexico.

Mr. DEMPSEY. In connection with the $7 a man a month for material provision, the intention was to buy material, but it was not to buy heavy equipment, steam shovels, and so forth, to compete with contractors who have bought that equipment. Why should they not be required to rent the equipment where it exists in a district?

Mr. VOORHIS of California. I think it would be wise to do that, I may say to the gentleman. But what I object to is the general proposition that we are going to try to keep this program from getting work done. I think it should get as much work done as possible.

Mr. DEMPSEY. If the program continues, as it is continuing now, of buying heavy equipment, we will have all the contractors of the Nation on relief.

Mr. VOORHIS of California. I may say to the gentleman I know of no instance where a great amount of heavy equipment has been bought by W. P. A. I know of no such case according to my own personal information.

The CHAIRMAN. The Chair recognizes the gentleman from Massachusetts [Mr. GIFFORD].

Mr. GIFFORD. Mr. Chairman, I would not have asked for this 5 minutes had the gentleman from Virginia yielded to me. I wanted to ask a particular question. If you listened

to the remarks of the gentleman from Missouri [Mr. COCHRAN], who claims this bill ought to be framed so that the needy may be provided for, I think you can sympathize with these remarks.

This matter of sponsorship is not well understood in the House. I rather think there is an attempt to make a more satisfactory allocation of funds by this 45-percent method with a 10-percent leeway for sections where the needy are greater. But I doubt if we understand fully how it will work out. It looks as if we are to give all States some money simply because they are States, with not quite enough consideration of the real needs of the various States. The point I want to bring out is the one I have reiterated and reiterated so many times during the last 5 years. I want to ask the chairman of the committee, whom I thought at one time agreed with me, why should wealthy communities be allowed to dip into this fund? You would need millions upon millions of dollars less if there was an attempt made to regulate the wealthy communities and prevent them from dipping in. We should make them care for their own needy when found amply able to do so.

I have one city that needs a great deal of this money. Their sponsorship must be very little, indeed. They cannot take on useful projects because the material costs are too great. They are forced to think of projects not always satisfactory so far as they may be of permanent value. It is a disappointment to a community to be forced to present foolish projects because of inability to meet sponsorship costs. It seems unfair. Many communities could put up a 50-percent sponsorship. The so-called bedroom towns and cities, with tax rates of less than $20, and less than 3 percent necessary for correctional or relief expenses, are allowed to present projects, and the Federal authorities are helpless. We have not restricted them. They have a perfect right under the act to present a project and get the money. There has been no attempt on the part of the committee by this bill that I can see to pay any attention to that problem. No; pass it out to them all, no matter how wealthy they are. We take away from the needy communities that are badly in need and hand it over to wealthy communities that are fully able to take care of their own. For years I have presented this view, and last year I thought the committee agreed with me, but there is nothing in this bill to change those conditions.

I sympathize with the gentleman from Missouri. I wish the needy people and places could get it. That is what we are trying to do and I desire to vote for everything in this bill that will tend toward that end, no matter if some States do get more than others.

Mr. MARCANTONIO. Will the gentleman yield?

Mr. GIFFORD. I yield to the gentleman from New York.

Mr. MARCANTONIO. I want to take this occasion to congratulate the gentleman and all of his colleagues who followed Herbert Hoover in 1932, because this bill is a great monumental vindication of the Hoover relief doctrine.

Mr. GIFFORD. I accept the gentleman's congratulation, even though I do not understand what he is getting at. [Laughter.]

I want to remind the gentleman that around his city of New York there are bedroom towns that are very wealthy. New York City needs this money, but those towns do not need it. I have asked so many times, Why do you not give it to the communities that really need it? Do you not dare tackle that problem? Simply because they contribute, must it be handed to those municipalities amply able to take care of their own relief problem? This is beyond my comprehension, having in my mind the intent of relief legislation.

[Here the gavel fell.]

The CHAIRMAN. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

Mr. WOODRUM of Virginia. Mr. Chairman, I offer a committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. WOODRUM of Virginia: On page 5, strike out lines 9 to 11, inclusive, and insert:

"(f) The functions heretofore vested in the Works Progress Administration are authorized to be carried out until June 30, 1940, by the Works Projects Administration subject to the provisions of this joint resolution and such latter Administration is hereby extended until such date to carry out the purposes of this title."

Mr. COCHRAN. Mr. Chairman, I move to strike out the last word.

The observation I made at the time the gentleman from Virginia [Mr. WOODRUM] was explaining his amendments to the committee is worthy of some real thought. We hear a great deal about the W. P. A. projects which the committee has decided to increase the limit from $25,000 to $40,000. It is my viewpoint that if a community can float bonds to raise 22 or 23 percent of the cost of a project to get in on a W. P. A. project it can also float bonds to raise 45 percent of the cost of the project, thus go under P. W. A. rather than W. P. A. The more money we save on these building projects under W. P. A. the more unfortunate people we are going to be able to take care of out of the amount we are appropriating for relief.

When the gentleman from Virginia [Mr. WOODRUM] had the floor I said this was not a bill for the relief of communities or for the relief of private contractors but for the relief of the unfortunate people who cannot secure work in private industry.

The gentleman from Massachusetts [Mr. GIFFORD] says he sympathizes with me. I reciprocate and sympathize with the gentleman from Massachusetts. Mr. GIFFORD asked a question about why there is not something in this bill to prevent rich communities from benefiting under its provisions. The gentleman does not seem to understand why these rich communities have received these projects. You have heard the gentleman from Massachusetts time and again criticize the chairman of the Committee on Expenditures in the Executive Departments but there was one investigation that committee did make, a little investigation, that was in relation to W. P. A., and at the request of the gentleman from Massachusetts we had Mr. Hopkins before the committee. I am going to answer the gentleman's question by using the words of Mr. Hopkins when the gentleman asked him the same question. Mr. Hopkins said to him in reply:

Mr. GIFFORD, if you have rich communities in your congressional district do not blame me for any projects they have up there. I do not initiate the projects. Your mayors, your county courts, and your Governors initiate the projects. If they are rich and do not need any W. P. A. assistance, why do they sponsor these projects of which you complain?

There is the answer. A rich community does not have to have a project under W. P. A. unless the authorities of that community file the necessary application, because W. P. A. itself does not initiate projects; it approves projects.

Mr. GIFFORD. Mr. Chairman, will the gentleman yield?

Mr. COCHRAN. I yield to the gentleman from Massachusetts.

Mr. GIFFORD. I wish to add to what the gentleman has already said that Mr. Hopkins told us that he had private information from the wealthiest towns of my State that the poor people were not being taken care of and he was going to do it. We asked for that information, but it was never forthcoming. I claim that the wealthy communities are taking care of their poor people. That is why he was doing it, because he heard they were not doing it.

Mr. COCHRAN. Now, to keep the record straight, the gentleman from Massachusetts [Mr. GIFFORD] continually complains because the Committee on Expenditures will not make investigations. The committee is limited in its powers. We could not have made the investigation the Subcommittee on Appropriations made because we do not have the power to call any witness before us other than Government officials. We do not have $25,000 at our disposal for investigation; we do not have one cent. No one would be required to appear

before our committee and testify who was not a Government official. We have no investigators. The gentleman from Massachusetts knows, because he was a member of the committee at the time when his party had control of the committee, we appeared before a Republican Rules Committee and asked for additional authority; we asked that the rules be amended. What did we get? Nothing. I appeared with the then chairman of the committee, Mr. Williamson, of South Dakota. When the Democrats secured control of the House I likewise appeared before the Rules Committee, controlled by Democrats, and made the same request. We received the same from the Democratic Rules Committee that we received from the Republicans—nothing. So do not blame the Expenditures Committee for not making such investigations as were made and are being made by the Appropriations Committee, which is acting under a resolution passed by the House, and was given $25,000 for expenses.

Getting back to the rich communities that have W. P. A. projects, I do not know anything about them, but I do hope their mayors, their county courts, and their Governors will refrain from filing any applications for W. P. A. projects in those rich communities. If they do, then there will be more money that can be spent in the communities where they have more people entitled to relief under W. P. A. than they can take care of under the appropriations we make.

Now I want to ask the gentleman from Virginia [Mr. WOODRUM] to tell me whether or not I am right in making this observation. Does a local community initiate a project or does the W. P. A. initiate a project?

Mr. WOODRUM of Virginia. Under the whole philosophy of W. P. A., the request for a project is made by the local community, and it also selects the type of project.

Mr. COCHRAN. And if the project comes within the law and the policy of W. P. A., it is approved?

Mr. WOODRUM of Virginia. The gentleman is eminently correct.

Mr. COCHRAN. But the projects are initiated by the officials of the community?

Mr. WOODRUM of Virginia. That is right.

Mr. COCHRAN. Therefore, I say to the gentleman from Massachusetts [Mr. GIFFORD], do not blame W. P. A. when the rich communities of this country have W. P. A. projects, but blame the officials of those communities for taking advantage of W. P. A. [Applause.]

[Here the gavel fell.]

Mr. WOODRUM of Virginia. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. THOMAS F. FORD. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I have listened this morning and yesterday to a great many remarks which seemed to have for their main purpose the development of the idea that the W. P. A. has wasted a great deal of money.

It is not true that W. P. A. is a waste of money insofar as improvements are concerned. Millions have been expended, it is true, but the localities affected have been enriched by the building of roads, schools, recreation centers, airports, sewers, curbs, drains, and a variety of other needed facilities for the benefit of the people.

The W. P. A. is building up the country, making improvements in streets, and so forth, that local authorities never would be able to make.

The total value of these improvements is amazing.

But even if the work done by W. P. A. were negligible, the fact that millions of Americans have been kept from starvation and despair, have had as it were a new lease of life, and in literally hundreds of thousands of cases have been rehabilitated and restored to private jobs means everything to those who think of a nation as the people who make that nation, rather than as a conglomeration of buildings, factories, skyscrapers, and all the other monuments of accumulated wealth.

The resolution before us recognizes the value and necessity of W. P. A. But it fails to provide for even a majority of the unemployed eligible under its provisions. The amount appropriated in the resolution is considered sufficient to employ 2,400,000 in January–February 1940 to 1,500,000 in June 1940.

This is 1,000,000 less than those employed on W. P. A. in 1939. It is estimated that there are now 1,000,000 eligible for W. P. A. but not placed. This means that in 1940 there will be some 2,000,000 persons eligible for W. P. A. but not assigned to work.

It is appalling to think what is to become of the thousands who cannot be placed. That is why I am going to support every amendment to increase the appropriation.

A provision that spells despair for thousands of families is that in section 16, providing for the arbitrary removal of all persons who have been employed on W. P. A. for more than 18 months. It is stated that this is necessary in order to give places to those eligible but not yet placed on W. P. A. The trouble with such a plan is that it fails to take into account the shock and despair of those many families who have learned to depend upon W. P. A. for the necessities of life and who know no other way of getting these necessities. I personally know many workers who have been able to give good service on work projects but who either because of age or of slight physical or other handicaps simply cannot hope to get jobs in private industry. Before the House votes on this resolution it should stop and look at the facts. Between the months of July 1938 and April 1939 an average of 125,000 a month left W. P. A. for private employment. Surely this is an excellent record, proving that the work program has rehabilitated and restored to private employment an enormous number of our people. They are ready to leave voluntarily when they can get jobs. In the name of justice and mercy let us leave this withdrawal on a voluntary basis with added help and encouragement in regard to procuring jobs.

I hope that at least some modification of this drastic provision will be made whereby the extreme needs and the special inability of many of these unfortunates to find jobs will be taken into consideration.

To me these cuts in W. P. A. seem to be a confession of complete failure on the part of this great country of ours to provide opportunity for our people. I believe that all who are willing and able to work should be given work. I believe that this country can afford to do this and that it cannot afford not to do this. I think that the costs to the Nation in destitution, despair, ill health, and all the other evils that spring from unemployment and poverty—that this cost is far greater than would be the cost of providing work for all eligible for W. P. A. We cannot let millions of our people starve; but we can undermine and ruin them by threatening to do so, as this resolution does.

Think of the 280,000 women employed on nonconstruction projects—women responsible for the support of their families. They are now engaged in preparing hot school lunches for undernourished children, acting as housekeeping aides for the needy sick, teaching adult illiterates to read and write, assisting at clinics, confinements, and immunizations, sewing, and performing hundreds of other skilled and unskilled tasks which are just as productive and just as necessary to the Nation as the building of bridges and highways. If one-third of these women are dismissed, what is to become of their children; what gain will be made? All, or nearly all, of these women's needs have been certified. They are in general the most needy of all eligibles. But they will be turned out if this resolution passes unchanged.

Because I think in terms of human beings rather than in dollars, because I know that the dollars can be made available in this rich country, because I cannot accept continued and forced poverty in the midst of plenty, I am unable to go along with the committee. I am supporting the Casey bill.

Another shocking provision of this resolution is eliminating the Federal theater project and the crippling or ruining of the art and music and writers and other similar projects.

The charge has been made that the Federal theater has included too many radicals. Actors and musicians and artists are temperamental people; they are sensitive and impressionable. That is why they have special gifts. They are naturally extremists, else they would not register in their medium. And now we are abolishing the Federal theater because those working on it have had the characteristics that belong to the artist.

To make the provision that no money can be spent on any of the arts projects unless locally sponsored is to curb, cripple, and in most cases to end these projects. If I failed to protest against this totally unfair provision I would feel ashamed to ever again go to the theater, to a concert, to a picture gallery, or even to read an imaginative piece of literature.

As to what is to become of the needy men and women who are to be turned off to starve, there is no answer. I find in the resolution no provision for substituting other projects. These Americans are to become forgotten men and women.

All along the white-collar projects have been too limited in the number of jobs available. In fact, such workers have not had a fair share of the benefits of W. P. A. White-collar and professional workers constitute 17 percent of all male and 35 percent of all female unemployed in communities of over 10,000 population; yet they have constituted only about 11 percent of the total on W. P. A. To further limit the number is to add to the unhappy thousands now vainly seeking jobs.

White-collar projects included an education program that provides instruction to over 1,500,000 people; public-health projects that furnish medical and sanitary services to 300,000 people in any given week; research, scientific, library, Braille, and many other services of the greatest importance to our people.

It is regrettable that the Youth Administration has not been expanded. This has been ably discussed by others who feel as I do that our youth is our greatest asset and that a doubled appropriation is necessary.

Another provision that should be voted out is that limiting construction projects under W. P. A. to those costing less than $25,000.

This simply makes impossible the placing of the 1,500,000 to 2,400,000 persons which this resolution is supposed to provide for.

At this point I wish to place in the RECORD this telegram from Mr. Lloyd Aldrich, city engineer and coordinator for Federal relief projects for the city of Los Angeles:

Reports have been received of contemplated limitation W. P. A. program to projects not exceeding $25,000 maximum. This limitation was originally proposed in 1935 and after being found impractical was abandoned. The number of projects under this limitation which would be required to employ available labor on W. P. A. in this community would be so great as to be impossible of operation. Should this number of projects be found, the overhead cost of operating such a program would be prohibitive. Under proposed limitation present operating program in the city of Los Angeles would be eliminated. We urge W. P. A. program be not limited but recommend that it be retained as now operated. Continuation of P. W. A. program essential to us, and we urge enactment of such or similar legislation as is now proposed in H. R. 4576 (Starnes bill).

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

Mr. LEAVY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LEAVY: On page 2, line 4, after "$1,477,000,000", strike out "(of which $125,000,000 is hereby transferred to the Public Works Administration and made available for the purposes of title II and shall not be subject to any other provisions of this section or this title)."

Mr. LEAVY. Mr. Chairman, this amendment is of tremendous importance because if the language of this bill is permitted to remain as now written this is what we do: We take from W. P. A. $125,000,000 for a worthy activity, P. W. A., but we are reducing W. P. A. just $125,000,000 below what was requested and is badly needed. To put it another way, we are reducing the amount the President has requested and the Budget has approved.

We transfer by the bill as now written $125,000,000, and thus make just that much less for W. P. A. In other words, the W. P. A. budget is cut that much.

What is the effect of this transfer? The Budget estimate for 1940, as submitted, means a million less families on W. P. A. relief for that year as compared with what we have this year, and there are a million now on the waiting list. If this language remains in the bill as the committee has reported it, it means that we go into the next fiscal year with 2,000,000 American families denied the right to get even the meager existence they get out of W. P. A. If the $125,000,000 provision is permitted to remain as now written in the bill, it means that an additional 200,000 families on the average every month during the next fiscal year will be denied the opportunity of remaining on W. P. A.

I am not here to say that P. W. A. should be discriminated against or that it should be restricted, but the provision of funds for the P. W. A. should be handled in a manner entirely different from the manner in which it is handled here. As here provided for, the P. W. A. is being cared for only to the extent of about 20 percent of the present approved projects, and such appropriation to P. W. A. is further limited by requiring 25 percent W. P. A. labor. P. W. A. ought to have from $400,000,000 to $500,000,000 to care for the projects that have already been submitted and approved, and I understand that an amendment will later be offered along that line. But W. P. A. is reduced 33⅓ percent next year under this year, and certainly it should not stand another reduction of 8 percent.

What I have said I do not say as a reflection on the subcommittee that prepared this bill. I believe they are deserving of commendation for the generosity they have shown in making this a more workable piece of legislation by the amendments offered today. The members of the full Appropriations Committee themselves had little opportunity to see the measure or to read the hearings because of the haste required to get the bill whipped into shape and onto the floor. I am not charging the subcommittee with bad faith in that regard. If we put this issue to the House today in the form of a question as to whether you want now to vote to strike, in addition to the million families a month off of W. P. A., an additional 200,000 families from the rolls, I say, if that issue were put in that form, then I know it would be voted down. [Applause.]

[Here the gavel fell.]

Mr. KIRWAN. Mr. Chairman, once again we have the W. P. A. before us. We hear a lot about the projects, but let our minds go back to 1930–33, when Mr. Hoover put America on the block and sold it short.

Let us see what kind of projects they had then. Let us take the project of the Dewey investigating committee in New York, where 100 good mothers, representing 1,000 mothers, testified in front of that committee that they sold their souls to hell that their children might live, and remember what happened when that hit the country through the magazines, the press, and the radio. You remember the results, do you not? Eighty-eight Members on that side of the House failed to come back to Congress for not doing their duty from 1930 to 1933.

I came to this Congress in 1937. I remember that America was then doing business up to 90 percent of 1929. What happened? All the bankers, all the industrial leaders put up another howl that we had to stop spending. Harry Hopkins come in here and told the President that $1,000,000,000 was all that was necessary for relief; that private industry would take up the slack. What happened? During the last 4 months of 1937 and the beginning of 1938 we dropped to 21 percent of 1929 production.

Franklin Roosevelt said on January 22:

I shall give America until March 15 to show that industry cannot stand on its own feet before I put another cent into the breach.

On February 6, 35 Congressmen went down to the President and asked him to spend money immediately. He came in on February 8 and put in $250,000,000. Again he came in before July and asked for $500,000,000. Now we are only at 50 percent of 1929 in business and production, and yet we are here with another relief bill.

Mr. WHITE of Ohio. Mr. Chairman, will the gentleman yield?

Mr. KIRWAN. No; I refuse to yield.

One million people are still begging to get on relief or to get on W. P. A., and yet the bill we are asking you to pass today is not nearly enough. What is going to become of the 500,000 tossed out of school this year? What is going to become of the 500,000 that industry has eliminated through modern machinery this year, making 1,000,000, and I again say we are in here for $1,600,000,000 to carry on next year. Last year there were about 75 on my side of the House who failed to come back because they cut it, and we dropped down to 21 percent. I do not know how many will come back in 1940. We may get by our constituents with a little chicanery, but there is one thing I do know: If we drop America back to where she was from 1930 to 1933, we may get by the voters, but we will have a tough time getting by God. I thank you. [Applause.]

Mr. HEALEY. Mr. Chairman, I move to strike out the last two words.

Mr. WOODRUM of Virginia. Mr. Chairman, I wonder if we may have some understanding about the time on this amendment.

Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 25 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. HEALEY. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Washington [Mr. LEAVY], the purpose of which is to restore the $125,000,000 that has been transferred from W. P. A. to P. W. A.

I have not heard yet any justification or any satisfactory explanation made by anyone why the funds which have been requested by the President and the Budget for W. P. A. next year have been depleted for the purpose of allocating $125,000,000 of the amount to P. W. A.

I think it will be admitted by the chairman of this committee that it costs about three times as much to supply work for one man for 1 year on a P. W. A. project than it does on a W. P. A. project. In other words, three times as many persons may obtain employment on W. P. A. projects for the $125,000,000 than on P. W. A. projects requiring a like expenditure. The Administrator of W. P. A. states 170,000 persons will be separated from W. P. A. rolls if the $125,000,000 is transferred to P. W. A. We know that most of the 3,000,000 people who were on the W. P. A. rolls this winter are still eligible for this employment, and that if the entire amount of this appropriation is left intact for W. P. A. purposes there will still be more than a million needy persons and their families unprovided for. If that is so, what is the justification for further depleting the funds? It seems as though every time an appropriation bill is brought in for W. P. A. there are efforts made to divert a part of it for other purposes. It seems to me that this is an unjust thing to do—to take away from this fund $125,000,000 when it must be conceded that the full amount is not sufficient to take care of the needy persons at present certified for W. P. A. To divert it for another purpose—for other public work—cannot compensate for the loss of employment that will result. I hope the House will vote to restore this money in order that at least two-thirds of the people who need the employment—who need it pitifully—may be able to sustain themselves and their dependents. I urge the House to support this amendment to restore this money to W. P. A., where it will provide for bread and butter and clothing and subsistence for the 170,000 persons and their dependents who will otherwise be denied an opportunity to obtain employment on this program.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. DINGELL. Mr. Chairman, as I recall the President's speech dealing with the question of relief, he stated in substance that $1,477,000,000 was expected and necessary exclusively for relief. This relief bill is shot full of holes. It is riddled. We have circumscribed it with a lot of terms and conditions and impositions that make it next to impossible, so far as workability is concerned. The committee has decided that it ought to transfer $125,000,000 to P. W. A. I think that is a separate matter entirely. This House should vote up the amendment of the gentleman from Washington [Mr. LEAVY] and make separate provision pertaining to the Public Works Administration.

Mr. LEAVY. Mr. Chairman, will the gentleman yield?

Mr. DINGELL. Yes.

Mr. LEAVY. The President in his message on the Budget said that the minimum we could possibly get along with on W. P. A. would be $1,477,000,000.

Mr. DINGELL. I so stated.

Mr. LEAVY. And by permitting the language to remain in the bill we would have only $1,352,000,000.

Mr. DINGELL. That is right.

Mr. LEAVY. In this bill there is further language that absolutely makes this the only appropriation for all of the 12 months of the next year.

Mr. DINGELL. That is right. My purpose in rising at the present time is because I am keenly interested in a public-works program.

Mr. Chairman, we have been discussing the means of life for the millions of men and women who, without adequate Federal aid, would not be able to sustain themselves. I feel that we are losing sight of the fact that we have the means here not only for providing jobs for men who are in direst need of them, but also at the same time stimulating business and improving our whole economic structure.

My own city of Detroit has felt the tremendous impact created by public-works activities. Mills and plants in and around the city have been kept busy providing materials for public-works projects. Structures going up in every section of the country have created a demand for machinery, fabricated steel, and other goods, and this has meant many jobs for the people of Detroit. In addition P. W. A. projects have created jobs and have stimulated business in Detroit through the construction of public works undertaken with P. W. A. assistance by the city of Detroit and by Wayne County. Our $22,000,000 sewage disposal project, not to mention other projects in the city, has provided steady work at regular wages for sometime.

The city of Detroit, Wayne County, and the State of Michigan, just like other cities and States, are in need of further improvements. I do not feel that the $125,000,000 provided in this bill can be sufficient to handle our requests and the thousands of requests of the other gentlemen of the House. The funds provided in the bill should be increased.

Communities everywhere in the country are in need of adequate facilities for education, health, recreation, transportation, and the ordinary business of government. At the present time there are pending before the Public Works Administration requests for aid in financing almost 6,000 projects. The State of Michigan alone has pending applications for 105 projects, estimated to cost more than $25,000,000. These projects can be undertaken only with P. W. A. aid. The Public Works Administration should be given adequate funds not only to take care of requests which are already on hand but which will enable it also to examine and handle other requests which local governments will most assuredly continue to make.

The money which the Congress provides to help cities and towns to construct useful public works and to carry on relief work not only puts money in the pockets of the workers but also places orders for materials and thereby aids industry and business in practically every manufacturing area.

The Public Works Administration during the past 6 years has provided jobs for men, through the normal channels of private industry, in almost every county in the United States, by helping cities and towns from cost to coast to build schools, hospitals, courthouses, water systems, roads, and hundreds of other kinds of useful and necessary public works.

P. W. A. has created about 2,000,000,000 man-hours of work at the sites of construction. The vast army of bricklayers, carpenters, plumbers, hod carriers, steamfitters, and other workers in over 300 trades that make up the backbone of our construction industry have obtained work at normal wages and at normal hours. Through P. W. A. they have worked, not for the Government but through private contractors. This is not all. To build these public works the contractors have to buy steel, cement, brick and tile, machinery, sand and gravel, and every conceivable other type of construction material and had to have them hauled to the construction sites. They gave other millions of men jobs—jobs in mills, plants, factories, and other private enterprises, and on the truck and railroad lines. Altogether, P. W. A. has provided a total of 5,000,000,000 man-hours of primary employment at regular wages.

The amount of money which was paid out by private contractors on public-works jobs at the sites of construction totaled one and one-fourth billion dollars. The workers received an average hourly earning of between 80 and 95 cents. How much additional was paid out by manufacturing, wholesalers, distributors, and transportation companies and others who handle two and one-half billion dollars' worth of materials is impossible to estimate. But the total wages paid out as a result of public works is a figure that goes into the billions.

What happened to this money? It did not stay in the pockets of the workers. It went to the butcher, the baker, the landlord, the clothing dealer, the automobile and tire dealers, and to all other types of businessmen who sell goods to the public.

According to a study made by the Bureau of Labor Statistics of the Department of Labor, on the distribution of wage earners' incomes, about 43 percent of all this money went to local stores for food and clothing and a good part of those dollars, in turn, went to the farmers who produced the raw materials. About 10 percent of the P. W. A. dollars went for transportation, which means that workers on P. W. A. projects were able to buy automobiles and automobile parts.

Part of the wages paid directly or indirectly out of Public Works funds in California, in Maine, in Florida, in Montana, or in any other State of the Union, finds its way eventually to Detroit, the greatest automobile manufacturing center in the world. Other communities in other sections of the country also feel the effects of public-works program no matter where the projects are undertaken.

The jobs that have been provided directly and indirectly through the public-works program were a stimulus not only to industry but the consumer-goods business cost the Federal Government relatively few dollars. According to an analysis of the Bureau of Labor Statistics of completed P. W. A. Federal projects, it cost the Federal Government only $61.24 to keep each man regularly employed 1 month under the P. W. A. program.

American business and industry and workers are still dependent upon the economic stimulus that flows from the public-works program. This does not mean, in my opinion, that Federal funds should be spent helter-skelter on any kind of structure merely to increase the amount of money in circulation. Public Works Administration has used the funds provided it in the past to see to it that the public works constructed are sound, useful, and necessary. My own city of Detroit has constructed projects which are absolutely essential to the welfare of our citizens. With P. W. A. assistance, the city has made vital improvements to its school system, its streets, its power plant, its waterworks, its garbage- and refuse-disposal plants, and its sewerage system, now nearing completion, one of the world's largest and finest sewage-disposal plants.

Thousands of other cities, as well as villages, towns, counties, and other local governments have built, with P. W. A. help, public works which have long been neglected, and which are essential to the welfare of the people.

Funds provided through the P. W. A. are investments—investments in proper living. They are part of our national wealth.

Mr. VOORHIS of California. Mr. Chairman, will the gentleman yield?

Mr. DINGELL. Yes.

Mr. VOORHIS of California. Does not the gentleman feel that in supporting this amendment he is doing the best thing that he can for the Public Works Administration?

Mr. DINGELL. Yes.

Mr. VOORHIS of California. Because if this language stands in the bill, we will be told that provision has been made for the Public Works Administration and we will not be able to have a real program.

Mr. DINGELL. That is right. The only thing I can do is to act fairly so as to square with my conscience, then I can face my constituents.

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield?

Mr. DINGELL. Yes.

Mr. O'CONNOR. If this $125,000,000 is set aside to P. W. A., and sponsors put 55 percent to it, it would make a total of $270,000,000; how would the relief employed in connection with the expenditure of that money compare with the relief employed, assuming we had only $125,000,000 placed in the bill where it is now?

Mr. DINGELL. I think we would still be about $730,000,000 short of what we ought to have for needed public improvements which might be had under the Public Works Administration. I say that in answer to the gentleman's question.

Mr. MARCANTONIO. The gentleman is aware of Colonel Harrington's statement this morning, to the effect that a reduction of 170,000, in addition to the reduction caused by the appropriation, will be made as the result of this earmarking of $125,000,000?

Mr. DINGELL. I think that is quite generally understood.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. SABATH. Mr. Chairman, every Member who is interested in the welfare of the needy, and who believes in fair play and justice, should support and vote for the amendment offered by the gentleman from Washington [Mr. LEAVY] to strike out that provision of the bill which allots $125,000,000 of W. P. A. funds to the P. W. A.

The sum of $1,477,000,000 has been asked for by the President, and is approved by the Bureau of the Budget. No individual, no agency, has asked for nor explained why $125,000,000 should be diverted to P. W. A. No one questions the fact that $1,477,000,000 is actually needed to care for the unemployed. But the subcommittee, in a clever subterfuge which I can only interpret as a means of further hamstringing W. P. A. activities, steps in and takes $125,000,000 from W. P. A. and hands it over to P. W. A. I do not deny that money should be given to P. W. A., but I do object very strongly indeed to taking it from W. P. A. It is up to this Congress to appropriate money for each of those agencies; neither should suffer diversions of money to the other.

The gentleman from Virginia, when he concludes the debate, may say, "Well, this will all work out satisfactorily, and if there is any shortage we can make a deficiency appropriation." And it may be that some of you are of the same opinion. So let me call your attention to section 10 of the bill. You will notice that it prohibits future appropriations to either W. P. A. or P. W. A.

For that reason, Mr. Chairman, this amendment offered by the gentleman from Washington [Mr. LEAVY] should be voted for. If I had known nothing whatever of this matter and had only listened to the gentleman from Ohio [Mr. KIRWAN], who addressed the Committee a few moments ago, his persuasive and clear speech would have convinced me that it is my duty, as one who is interested in the welfare of the needy, to vote for this amendment.

I hope that the appeal made by the gentleman from Ohio [Mr. KIRWAN] and by others will be given the very serious consideration of the Members, and that the amendment offered by Mr. LEAVY will be passed. The P. W. A. can be taken care of later if that is necessary. Right now let us concentrate on bringing forth a bill under which the W. P. A. can really operate, not one to tie the hands of those who administer it. [Applause.]

The CHAIRMAN. The gentleman from Illinois [Mr. KELLER] is recognized for 5 minutes.

Mr. KELLER. Mr. Chairman, there are two or three points that I hope to start toward consideration at the present moment and to complete at a little later date.

The first one is that we ought to be appropriating very much larger amounts than we are appropriating at the present time, for three reasons: The first one is—as now written this is a bill to promote starvation instead of a bill to prevent starvation.

The second one is that this bill does not reach out even toward the accomplishment of the things that must be accomplished before a real solution is possible. We must first prevent that greatest of misfortunes in America—injury to the health and welfare of the people of the United States of America through long-continued semistarvation.

On that point I want to suggest to you gentlemen that the starvation, semistarvation, dead-line starvation that we are indulging in during the past few years has already had an effect that only our students of medicine apparently are taking note of; that is, that the children of the poor, who are denied sufficient food, raiment, and shelter to make the best physical development possible, are falling 2¼ inches short of the stature which they would have made if they had been given the right amount and the right kind of food, shelter, and raiment. That the loss of 2¼ inches in stature to the American children is a greater loss and a greater comment on our lack of understanding of the subject in hand than we have ever been guilty of before.

I want to call attention to the fact that the terrible Napoleonic wars, extending over many years, reduced the height of the Frenchmen 2 inches. But our lack of appreciation, our lack of understanding, our lack of sympathy and common sense is already reducing one-quarter of an inch more the stature of our children than the French wars brought upon the French people.

I am going to submit to this body a complete and entire statement of facts and figures upholding the plea that I am making at the present moment for sufficient appropriations to prevent further starvation among the children of this country. There are 10 doctors in this body. I call on them to use their great training, knowledge, and experience to bring to this body the terrible suffering and economic loss which is resulting from these years of starvation in America.

The greatest thing we could do at this time is to so increase the appropriations as to allow our American boys and girls to grow to their full stature, full manhood, and full womanhood, not only for the mercy of the youth but for the uneconomic result of it that must come if we fail to see and do our duty.

Now I want to call attention to this fact: That if you take this $125,000,000 away from W. P. A. we will take it from the poorest class in America. You will put 170,000 on starvation. That is exactly what you will do, and you cannot get away from the facts and figures in the case. I am for a much larger amount than $125,000,000 for W. P. A.; but I am not for taking that amount out of the already entirely inadequate appropriation for the W. P. A.

[Here the gavel fell.]

The CHAIRMAN. The gentleman from Virginia [Mr. WOODRUM] is recognized for 5 minutes.

Mr. WOODRUM of Virginia. Mr. Chairman, I should like for the Committee very thoroughly to understand the import of the present amendment.

I will say frankly that as far as I am personally concerned it does not make a great deal of difference. Let us look for just a moment now how we stand on the amount requested for W. P. A. I wish to remind some of my colleagues of the point where you picked up $50,000,000 on us. I wonder if you have forgotten a few weeks ago when the House put $50,000,000 into the War Department civil-functions bill for flood control and river and harbor improvements, with the understanding that it was coming out of relief money. That is what was done. That amendment was carried here. Some of my good friends from areas requiring heavy relief expenditures voted for that. Why did they do it? Because our friends from the river and harbor districts had been told at the White House that they would be allocated $50,000,000 out of relief money for river and harbor improvements. They said, "Oh, no. We appreciate those kind words, but we would feel a little better if you would just write it into the law now and then take it off of the relief estimate when it comes up."

We did not take that off; you have that $50,000,000 extra—that is here. Now, what about this $125,000,000? The speeches of my friends indicate that it has been taken away from the relief people—that it has taken that much money from giving people jobs. That is not true. We relieve W. P. A. of its heavy construction above $50,000, and we are moving that program over to the P. W. A. That gives jobs to people. It is the same as W. P. A., for we are providing that 25 percent of the labor on every one of those jobs must come from the relief rolls. Instead of having $125,000,000 for W. P. A. jobs, you will have $125,000,000, plus the sponsors' contribution, which will give a gross amount of $288,000,000 for projects, of which 25 percent must be relief labor. Not only will this give as much employment to people from the relief rolls—just as many jobs, in my opinion, as the $125,000,000 would give if used by W. P. A.—but also you give some help to the heavy industries which employ the skilled mechanics, the processors; and it gives incidental aid to the railroads. It is, after all, a real contribution to recovery.

Just one other thing, if you please. Pass this amendment and, of course, title II of the bill must go out. Title II is the Public Works Administration section providing the $125,000,000 for projects. If you strike this out by adopting the amendment, title II will have to go out because there will be no money to go to the Public Works Administration.

Mr. LEAVY. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I cannot yield. I am sure my friend will appreciate that gentlemen favoring the amendment took 20 minutes and I asked for only 5. That is the import of it. If this amendment carries, there is nothing in the bill for the Public Works Administration. I am perfectly confident the House is not going to adopt an amendment for $125,000,000 over and above the Budget estimate; so I say to you that this bill as drawn, with these committee amendments which the committee will offer today, will give just as many relief jobs, will give a better type of construction, and in addition to that will give incidental and indirect employment in the heavy industries.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I have only a minute left. I hope my friend will permit me to continue.

I do hope now that the Committee will stand by us in our effort to give relief to people who need jobs; and I want to repeat what my friend from Missouri said. Let us quit thinking about this bill in the light of nothing but projects, projects, projects. Our committee heard witness after witness stating that W. P. A. had been wonderful, because we have gotten streets, we have gotten parkways, we have gotten schools. I say the part of W. P. A. that is wonderful—and much of it is wonderful—but the part of it that is wonderful to me is that it has clothed and fed needy people. That is the part of it I want you to consider today. We are trying to write a bill here that will spread this money so that the people who need jobs will get jobs, letting the projects be incidental. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The time of the gentleman from Virginia has expired. All time has expired.

The question is on the amendment offered by the gentleman from Washington.

The question was taken; and on a division (demanded by Mr. MARCANTONIO) there were—ayes 67, noes 75.

Mr. GAVAGAN. Mr. Chairman, I demand tellers.

Tellers were ordered; and the Chair appointed as tellers Mr. LEAVY and Mr. WOODRUM of Virgina.

The Committee again divided; and the tellers reported that there were—ayes 84, noes 194.

So the amendment was rejected.

Mr. CASEY of Massachusetts. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CASEY of Massachusetts: Page 1, line 6, after the word "Administration", strike out all of section 1 and insert the following:

"SEC. 1. The Works Projects Administration (hereinafter referred to as the "Administration") in the Federal Works Agency is hereby made an agency of the Government for the purpose of carrying out the provisions of this act.

"SEC. 2. It shall be the duty of the Administration (1) to provide opportunities for the employment upon a program of public works of employable persons who are unable to find employment in private industry and who are eligible for employment under the provisions of this act, (2) to aid self-help and cooperative associations for the benefit of needy persons, and (3) to provide emergency direct relief for needy persons in accordance with the provisions of this act.

"SEC. 3. Funds made available to the Administration for the purpose of enabling it to carry on such program of public works may be expended for (1) the prosecution of projects approved for such Administration under the provisions of the Emergency Relief Appropriation Act of 1935, the Emergency Relief Appropriation Act of 1936, the Emergency Relief Appropriation Act of 1937, the joint resolution of March 2, 1938, and the Emergency Relief Appropriation Act of 1938; and (2) the following types of public projects, Federal and non-Federal, subject to the approval of the President: (A) highways, roads, and streets; (B) public buildings (including schools, hospitals, and public-housing projects), parks, and other recreational facilities (including buildings therein); (C) public utilities, electric transmission and distribution lines or systems to serve persons in rural areas (including projects sponsored by and for the benefit of nonprofit and cooperative associations); (D) sewer systems and water supply and purification systems; (E) airports and other transportation facilities; (F) flood control, drainage, irrigation, and conservation; (G) eradication of insect pests; (H) miscellaneous construction projects; and (I) educational, professional, clerical, cultural, recreational, production, service (including training for domestic service), and miscellaneous nonconstruction projects.

"SEC. 4. Federal agencies having supervision of projects prosecuted under this act are authorized to receive from sponsors of non-Federal projects contributions in services, materials, or money, such money to be deposited with the Treasurer of the United States: *Provided*, That no part of the wages or salaries paid by any such sponsor to any person employed in an administrative or supervisory capacity shall be deemed to be a part of such sponsor's contribution. Such contributions shall be expended or utilized as agreed upon between the sponsor and the Federal agency.

"SEC. 5. (a) The Commissioner of Work Projects is authorized and directed to make such upward revisions in the monthly wage rates payable to persons employed on the public-works program provided for by this act as may be necessary to enable such persons to maintain a standard of living compatible with decency and good health.

"(b) The hourly rate of wages paid to persons employed upon projects under this act shall be not less than the greatest of the following:

"(1) The prevailing hourly rate of pay for work of a similar nature in the same locality as determined by the Commissioner of Works Projects.

"(2) Thirty cents.

"(3) In the case of employment in any occupation for which minimum rates of pay for persons employed by private employers are established under the provisions of the Fair Labor Standards Act of 1938, such minimum rates.

"(c) The monthly rate of wages paid to persons employed upon projects under this act shall be not less than $36.

"SEC. 6. (a) Any person who is employable, who is unemployed, and who is unable to find suitable employment in private industry at wages not less than the prevailing rate of wages in his locality for work for which he is reasonably fitted by training and experience shall be deemed to be eligible for employment on projects authorized by this act. The Commissioner is authorized to employ not less than 3,000,000 persons upon such projects as long as that number of persons are eligible for employment upon such projects.

"(b) For the purposes of this act, employment in any establishment at which there is a labor dispute shall not be deemed suitable employment.

"(c) In the employment of persons upon such projects the Commissioner shall give preference to persons the income (other than public relief) of whose family units is less than the wages payable to such persons for employment upon such projects.

"(d) The fact that a person is entitled to, or has received, either adjusted-service bonds or a Treasury check in payment of an adjusted-compensation certificate shall not be considered in determining eligibility for such employment.

"SEC. 7. (a) All persons employed on projects established under the provisions of this act shall have the right to self-organization, to form, join, or assist labor organizations, to deal collectively through representatives of their own choosing, and to engage in joint activities for the purpose of mutual aid and protection.

"(b) No contract with respect to any such project, including the purchase of materials for such projects, shall be awarded to any person, firm, association, or corporation who, at the time of such award, is found to be interfering with, restraining, or coercing his employees in the exercise of their rights provided for in subsection (a). Any such contract shall contain a stipulation that in the performance of such contract the contractor will not interfere with, restrain, or coerce his employees in the exercise of such rights. Any violation of any such stipulation shall render the party responsible therefor liable to the United States for liquidated damages in the sum of $100 for each day during which any such violation shall have occurred.

"SEC. 8. There shall be established within the Work Projects Administration a Bureau of Labor Relations, which shall be responsible directly to the Commissioner of Work Projects. The Bureau of Labor Relations shall be responsible for the development of proper labor relations procedures and practices. It shall have power to hire investigators and maintain offices in local and State Work Projects Administration districts. It shall have power to make decisions on all matters affecting conduct of labor relations, subject to final decision by the Commissioner.

"SEC. 9. No person employed on work projects prosecuted under this act who refuses a bona fide offer of suitable employment in private industry under reasonable working conditions which pays as much or more in compensation for the same length of service as such person receives for such employment and who is capable of performing such work shall be retained in employment for the period such private employment would be available: *Provided*, That any person who takes such private employment shall at the expiration thereof be entitled to immediate resumption of his previous employment status if he is still eligible and if he has lost the private employment through no fault of his own.

"SEC. 10. (a) Appointments under the provisions of this act to administrative and supervisory positions shall be made upon the basis of (1) competitive tests of a character similar to civil-service tests.

"(b) Appointments under the provisions of this act to Federal positions of an administrative or advisory capacity in any State shall be made from among the bona fide citizens of that State so far as not inconsistent with efficient administration.

"(c) No part of any appropriation made for the purpose of carrying out the provisions of this act shall be used to pay the salary or expenses of any person in a supervisory or administrative position who is a candidate for any State, district, county, or municipal office (such office requiring full time of such person and to which office a salary or per diem attaches) in any primary, general, or special election, or who is serving as a campaign manager or assistant thereto for any such candidate.

"SEC. 11. The provisions of the act of February 15, 1934 (48 Stat. 351), as amended, relating to disability or death compensation and benefits shall apply to persons (except administrative employees qualifying as civil employees of the United States) employed under the provisions of this act: *Provided*, That the monthly compensation in any individual case heretofore or hereafter coming within the purview of such act of February 15, 1934, shall not exceed the rate of $50, and the aggregate payments shall not exceed $4,000, exclusive of medical costs: *Provided further*, That this section shall not apply in any case coming within the purview of the workmen's compensation law of any State or Territory, or in which the claimant has received or is entitled to receive similar benefits for injury or death.

"SEC. 12. The provisions of section 3709 of the Revised Statutes (41 U. S. C. 5) shall not apply to any purchase made or service procured under the provisions of this act when the aggregate amount involved is less than $300.

"SEC. 13. Any person who knowingly and with intent to defraud the United States makes any false statement in connection with any application for any project, employment, or relief aid under the provisions of this act, or diverts, or attempts to divert or assists in diverting, for the benefit of any person or persons not entitled thereto, any portion of any appropriation made for this purpose of carrying out the provisions of this act, or any services or real or personal property acquired thereunder, or who knowingly, by means of any fraud, force, threat, intimidation, or boycott, or discrimination on account of race, religion, political affiliations, or membership or activity in a labor organization of his own choice, deprives any person of any of the benefits to which he may be entitled under this act, or attempts so to do, or assists in so doing, shall be deemed guilty of a misdemeanor and, upon conviction thereof, shall be fined not more than $2,000 or imprisoned not more than 1 year, or both.

"SEC. 14. The Commissioner of Work Projects is authorized to consider, ascertain, adjust, determine, and pay from any appropriation made for the purpose of carrying out the provisions of this act, any claim arising out of operations hereunder on account of damage to or loss of property caused by the negligence of any employee of the Work Projects Administration while acting within the scope of his employment: *Provided*, That no claim shall be considered hereunder which is in excess of $500, or which is not presented in writing to the Administration within 1 year from the date of accrual thereof: *Provided further*, That acceptance by any

claimant of the amount allowed on account of his claim shall be deemed to be in full settlement thereof, and the action of the Commissioner upon such claim so accepted by the claimant shall be conclusive.

"SEC. 15. Reports of the operations under the appropriations made for the purpose of carrying out the provisions of this act, including a statement of the expenditures made and obligations incurred by classes, projects, and amounts shall be submitted by the President to Congress on or before the 15th of January in each year.

"SEC. 16. There is hereby appropriated $2,250,000,000 to carry out the provisions of this act."

Mr. CASEY of Massachusetts (interrupting the reading of the amendment). Mr. Chairman, I ask unanimous consent that the amendment may be considered as read but printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

Mr. TABER. Mr. Chairman, I object.

The Clerk resumed the reading of the amendment.

Mr. TERRY (interrupting the reading of the amendment). Mr. Chairman, I ask unanimous consent that further reading of the amendment be dispensed with.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. CASEY of Massachusetts. Mr. Chairman, this amendment has been popularly known as the Casey bill. You have all received from me a statement as to what it contains and what it purposes to do. It is a planned and integrated program for relief. I consider it a much better bill than the one brought out by the committee. When I consider, however, the fate of the amendment offered by the gentleman from Washington to restore the amount asked by the Budget and the President of the United States to W. P. A., when I consider the treatment of that amendment by an almost solid Republican bloc combining with a reactionary Democratic bloc, I am not insensible of the fact that this amendment does not stand any great chance of adoption. [Applause.] I say to you Members on the Republican side of the aisle that the question of relief is just as much in your laps as it is in ours, and before the next election the country is going to note that you combined with the reactionary Democrats to forestall adequate relief to the needy. [Applause.]

Mr. SCHAFER of Wisconsin and Mr. TABER rose.

Mr. CASEY of Massachusetts. Mr. Chairman, I decline to yield.

I am merely telling you that the responsibility is yours as a party responsibility, because almost to a man you Republicans have voted against the needy. Now, I consider that the American citizen in this country has a right to work. Under the Hoover regime, through noninterference with private business, millions of men and women were thrown out of work.

Mr. Chairman, my bill provides merely that we shall not cut the W. P. A. In contrast with the committee bill it provides that we, on the other hand, strengthen the W. P. A. rather than weaken it at this time. Let us consider the facts. There are just as many people out of work and unemployed today as there were during the current year. During the current year we appropriated enough money to take care of 3,000,000 people. Under the pending bill we have reduced that number by one-third, and in addition to that third reduction, by a combined Republican action with a small block of Democrats, we have further reduced it 200,000 more by earmarking $125,000,000 from W. P. A. appropriation.

Under the committee bill which has been brought before you, on August 31 at the doors of the Republicans as well as at the doors of the Democrats will be 750,000 men and women who will be thrown out of work en masse at one time. How are they going to get work in private employment? You answer that for me, you gentlemen who talk about private employment. How are 750,000 needy men and women, who will be thrown out of W. P. A. employment at one time on August 31, who will compete against each other for jobs, going to be taken care of? You are saying to them: "Starve. It is a case of the survival of the fittest. We will not do anything for you. We turn our backs upon you."

This bill is a test whereby Republicans and Democrats who really feel that American citizens who are in need, who have been certified for relief, who want work, and who are able to work can get some modicum of relief from this Government, which they do not get under the committee bill.

Let us consider the facts. The gentleman from Virginia [Mr. WOODRUM] and the gentleman from New York [Mr. TABER] have combined to bring forth a W. P. A. bill. I say this bill that has been presented for W. P. A. has been brought forth by the enemies of W. P. A. The bill which I offer is a bill to strengthen the W. P. A., one which will give assistance when and where assistance is needed, one which will put 3,000,000 men on the W. P. A. rolls and keep them there as long as there are 3,000,000 certified needy in this country who want to work and cannot get it in private industry. That is the object of my bill.

Mr. WOODRUM of Virginia. Will the gentleman yield?

Mr. CASEY of Massachusetts. I yield to the gentleman from Virginia.

Mr. WOODRUM of Virginia. I would not interrupt the gentleman except for the statement that he has made several times that the pending bill is brought forth by the enemies of W. P. A. I wonder if the gentleman will tell us who prepared the bill he has introduced.

Mr. CASEY of Massachusetts. I will tell the gentleman who has prepared his bill. No matter who prepared my bill, it is a good American bill. [Laughter.] You can laugh. But consider it on its merits. It is a bill that had no chance before the committee. The bill that has been brought in here by the committee is a bill that the Republican gentleman from New York [Mr. TABER] agrees with. He wants you to swallow this bill which has been brought forth by the committee, whether it be a good bill or bad bill for the W. P. A.—and I say it is a bad bill. [Laughter and applause.]

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Massachusetts [Mr. CASEY].

Mr. Chairman, the amount carried in the pending bill reflects the whole Budget estimate of the President and, with restrictions, carries the whole Budget estimate.

With the restrictions that have been placed in it and the opportunities that have been given the Administrator to save money, especially by the provision which permits him to formulate regulations which will pay less money to those without dependents than to those with dependents, as has been the practice in the past, there will be opportunity for more employment under W. P. A. than there was in the estimate that came in here as the bill was originally presented to the committee by the White House. Personally I do not go along with the bill. I have never said I would support it. I have said on the floor that I did not expect to; but I do believe if we are going to have this sort of handling of relief we should make it come as near relief as possible instead of having it spread out so as to take just as much money out of the Treasury as possible and pay more money to people than is needed to take care of them, thereby increasing the President's Budget 50 percent. I am opposed to that kind of increase, and anyone who sincerely believes that the money to be appropriated should be spent only for relief would have to vote against this kind of amendment.

Mr. Chairman, I hope the amendment will fail of adoption.

Mr. WOODRUM of Virginia. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 15 minutes, and I shall ask for the last 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia [Mr. WOODRUM]?

There was no objection.

The CHAIRMAN. The Chair will recognize the gentleman from California [Mr. VOORHIS], the gentleman from New York [Mr. MARCANTONIO], and the gentleman from Virginia [Mr. WOODRUM]. The Chair now recognizes the gentleman from California [Mr. VOORHIS].

Mr. VOORHIS of California. Mr. Chairman, there is only one big question that confronts the House in connec-

tion with the amendment offered by the gentleman from Massachusetts [Mr. CASEY]. The central fact before us today—and it is not a partisan fact, it is just a plain, ordinary, human fact—is that the unemployment problem is still with us. The gentleman from Massachusetts stated that we still have today virtually as many people unemployed as we had a year ago.

There are some of us who believe sincerely that there are measures pending before the Congress at the present time which, if enacted into law, would solve that problem. There are other people on the left side of the aisle who I imagine by and large will say that this problem will not be solved until there is a Republican administration. [Applause.] If that be true, then those gentlemen must answer the unemployed people of their districts when this question is asked them: "You yourself say this problem will not get better; yet you refused to support a measure which would have given the unemployed people of your district an opportunity to work instead of having to accept local charity relief." [Applause.]

To those people who believe that steps can be taken which will help solve this problem—a thing which I certainly believe myself—I say that we have to take as our principle the thought that so long as we are engaged in that task we will have to do justice to the people upon whom the burden of our failure to solve that problem falls most heavily. If we are to be honest about this matter we must admit that, Budget estimate or no Budget estimate, the fact remains that we need at least 3,000,000 W. P. A. jobs in this country today if each unemployed family is to have a chance to have the breadwinner at work.

This is the main thing. I recognize this is not the only problem we have to face and know all the arguments against it, but I cannot believe that anything is more fundamental. I certainly stand ready to cast my vote for constructive measures in the committee's bill that will improve this program. I am for such measures; I have always been for them, but that has nothing to do with the scope of the program or the question whether you are going to continue with a program that answers only a portion of the problem, or whether you are going to insist upon having a program that will come closer to really meeting it.

For these reasons, which I believe are clear, I am going to vote for the amendment offered by the gentleman from Massachusetts. I believe there are lots of people 45 years of age and over who have not much chance, no matter how much business improves and no matter how much production increases, of getting back into private industry. I should like to see those men have a chance to do a job. I hate to see them have to take a dole. That is the reason I am taking this position here on a measure that I feel is justified in view of all the circumstances.

May I remind the Committee of the kind of psychological frame of mind that people on and off W. P. A. have had to live in during the last few years, never knowing from one month's end to the next what Congress was going to do about the appropriations upon which their very livelihood has come unfortunately to depend. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. MARCANTONIO] for 5 minutes.

Mr. MARCANTONIO. Mr. Chairman, I rise in support of the Casey bill, which has been offered as an amendment to the resolution under consideration.

I have never made a political speech from the floor of this House, and that is not because I do not like to make them. I would like to make a political speech, but realizing that I am a one-man party here I find myself at a terrific disadvantage to make a political speech. However, in view of the Roman holiday which is being had here this afternoon at the expense of the unemployed of this country, I want to serve notice on both political parties, first of all on the Republican Party, that you cannot dodge your responsibility toward the unemployed of this country by simply saying that you are not in control of this House. The fact that you have lent your almost solid support, with the exception of five or six Members, to the position taken by the gentleman from Virginia in support of this bill means that you must accept your share of the responsibility for the consequent lay-offs and for the harm that is being inflicted on the unemployed of this country.

Mr. SCHAFER of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. MARCANTONIO. I cannot yield; I am sorry.

Now, as to the Democratic Party, may I say to you gentlemen of the majority that the argument that will be made in October of 1940 to the unemployed by the Republicans will be that they were not in control and that you are in control, and that therefore you must accept responsibility for the damage that is being done to the cause of the unemployed. To this charge a substantial number of you will have to plead guilty. The Democratic leadership must accept its share of the responsibility for the sacrifice of the unemployed.

Mr. CELLER. Mr. Chairman, will the gentleman yield at that point?

Mr. MARCANTONIO. I cannot yield; I have only 5 minutes.

Now let me say this——

Mr. O'TOOLE. Mr. Chairman, will the gentleman yield?

Mr. MARCANTONIO. Mr. Chairman, I decline to yield. I am sorry. I do not mean to be discourteous, but I have just a few minutes left.

May I say to the Democrats that those of you who are supporting this resolution are giving ammunition to the opponents of your party in 1940. You are making it very difficult for those Democrats on the floor of this House who stood up this afternoon and stood by the unemployed, and I want to take this occasion to make note that a fair portion of them did stand by the unemployed. However, almost solidly from certain sections of this country we received a Democratic vote against the unemployed on the previous amendment, and I am certain we will receive it on this amendment.

What is the argument that is being advanced to justify, or rather, to alibi the cuts that are being made? The gentleman from Virginia, as well as the gentleman from New York, states that by the provisions of the bill that they are trying to spread this money as far as possible and to put as many people to work as possible. It is high time that we explode this myth. Let me show you what is going to happen in only one town, a typical W. P. A. city, New York City.

Yes; you may snicker, but let me tell you that the unemployed in New York City are just as good Americans as any Member of this House or as any person in any other part of this country. [Applause.] Seventy thousand people are going to be cut off the W. P. A. rolls in New York City alone. If you say you are spreading the money to give as much work as possible to as many people as possible, then explain why it is that Colonel Somervell, administrator of W. P. A. in New York City, notified the mayor of New York City yesterday that under the provisions put into this bill 70,000 W. P. A. workers will be thrown off the rolls. What are we going to do with these men? Do you want us to put them in cold storage? They are human beings; they have families; they are men who are patriotic, good Americans, willing to die for their country.

I say, let us drop this fake economy. It is not economy when you take it out of the unemployed. I say that not only is it not economy, but it is a stab at the very heart of American progress, because American civilization depends on the standard of living of the American unemployed. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Virginia [Mr. WOODRUM] for 5 minutes.

Mr. WOODRUM of Virginia. Mr. Chairman, it is pretty hard for a fellow these days to keep his bearings. My good friend from Massachusetts charges the Republicans and many Democrats with being reactionary, with working against the

unemployed. Well, the bill that has been brought in here provides every dollar that the Democratic President has asked for relief. [Applause.] The bill that has been brought in here will be supported by the gentleman from Texas, the Democratic leader. The bill that has been brought in here will be supported by the distinguished Speaker of the House. I believe the committee is to be congratulated if we can bring in here a bill for relief that is supported by the Democratic leadership, with every dollar in it that a Democratic President recommends for relief, and at the same time get the support of the gentlemen on the Republican side of the aisle. [Laughter and applause.]

I am not much of a politician [laughter] and I do not know what these gentlemen are going to chide us with in 1940 with respect to relief when they vote for our bill today. That is for them to answer, but I wish to congratulate them upon the fact that they are willing to come in here and try to make a good, workable bill for a relief program. The gentleman from New York did not write this bill. It was written by the committee, unanimously reported by the committee, including every Democrat on it with the exception of one of the Democratic members who did not agree to one of the provisions in it. It is quite unusual to have a more unanimous vote than that.

My good friend from New York sheds a few tears about the 70,000 who are going to be cut off in New York City.

Mr. MARCANTONIO. Will the gentleman yield?

Mr. WOODRUM of Virginia. I do not yield to the gentleman.

Mr. MARCANTONIO. The gentleman is not referring to me.

Mr. WOODRUM of Virginia. I wonder how much concern was shown for the long line of unemployed who could not get jobs on W. P. A. when New York City got this building for the park up there, and instead of giving it to relief labor gave 85 percent of it to nonrelief labor and worked them full time, permitting them to get from $250 to $275 a month out of relief funds.

Mr. CASEY of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. No; I only have 5 minutes.

The bill brought here today will give more jobs to project workers who need jobs to support their families per dollar appropriated than any relief bill the Congress has ever passed. This is what should be the object of every one of us. It seeks, however, to take out of the relief program some of its abuses. It seeks to get back to our main objective, which is to give temporary relief to unemployed people and to encourage them to rehabilitate themselves and if and when it is possible to do so, to get back to private employment.

That is the purpose of the bill and, of course, I know what is going to happen. The Appropriations Committee wrote the bill you are considering. My good friend from Massachusetts has a bill, and I am not going to embarrass him, if it would embarrass him, by asking who prepared that bill. There is nothing improper about any of us introducing bills that are handed to us, but his bill does have the enthusiastic endorsement of the Workers Alliance and of the Congress of Industrial Organizations.

The bill you have here today is the W. P. A. program of the Democratic administration dressed up, checked up, and improved upon by the Congress of the United States, whose duty it is, after all, to do the legislating. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Massachusetts [Mr. CASEY].

The question was taken; and on a division (demanded by Mr. CASEY), there were—ayes 86, noes 205.

Mr. MARCANTONIO. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed as tellers Mr. CASEY and Mr. WOODRUM of Virginia.

The Committee again divided, and the tellers reported that there were—ayes 82, noes 201.

So the amendment was rejected.

Mr. HARE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HARE: On page 2, after line 25, add the following:

"*Provided further*, That $100,000,000 of the amount herein appropriated shall be used in obtaining a site or sites and the erection of a public building thereon for the accommodation of second- and third-class post offices in the various States including accommodations for other Federal activities where needed, such as county agents, home demonstration agents, etc.

(a) That the Administrator of the Works Progress Administration be and is hereby authorized and directed in cooperation with the Procurement Division of the Treasury Department, to acquire by purchase or otherwise, title to such sites in the name of the United States and cause to be erected thereon a suitable building for the use and purposes hereinabove provided, such buildings to be erected without regard to cost of materials notwithstanding any other provisions of the law.

(b) That the plans, specifications, and full estimates of such buildings shall be made and approved according to law, the cost of any such building not to exceed $100,000, preference to be given offices located at county seats.

Mr. WOODRUM of Virginia. Mr. Chairman, I make the point of order against the amendment.

The CHAIRMAN. The gentleman will state his point of order.

Mr. WOODRUM of Virginia. It is not germane. It provides for a project that calls for the purchase of land, which does not furnish employment of people. It is not within the purpose of the concepts of the bill; it is not germane to the general principles of the bill.

Mr. TABER rose.

The CHAIRMAN. Does the gentleman from New York desire to be heard on the point of order?

Mr. TABER. Mr. Chairman, this amendment provides for the construction of post offices in the Procurement Division. The only object of the resolution is making appropriations for work relief. There is nothing of the character contained in the amendment, in the bill as it is presented to the House.

The CHAIRMAN. The Chair is prepared to rule. The Chair is of opinion that the present bill covers a very broad field. For example, paragraph (b) of section 1 relates to highways, roads, streets, public buildings, parks, and other recreational facilities, including buildings thereon, public utilities, electric transmission and distribution lines or systems to serve persons in rural areas, and so forth, and in another section of the bill it provides for the allocation of funds for public-works purposes. The amendment offered by the gentleman from South Carolina [Mr. HARE] provides for further allocations, the administration to be carried on through the agency provided for in the pending bill. The Chair is of opinion that the amendment is germane to the bill and to this particular section of the bill. The Chair overrules the point of order, and the gentleman from South Carolina is recognized for 5 minutes.

Mr. HARE. Mr. Chairman, it will be observed that this amendment does not in any way increase the appropriations, nor does it decrease them. It does, in a way, increase the intended W. P. A. activities. It endeavors to couple with the relief work an investment that will be of some value to the people and to the Government at the same time. That is, it provides for the erection of a public building first at county seats, where they have a second- or third-class post office, such buildings to be constructed so as to accommodate the post-office facilities, county agents, home demonstration agents, and soil-conservation agents by furnishing them ample space and opportunity to perform their work. It in no way decreases the opportunity for W. P. A., because it will be constructed by W. P. A. labor, and at the end of the year W. P. A. laborers will all be able to point with pride and satisfaction to the structures that they have been able to build, as it is now, in some places, they are not able to point to anything definite and certain. It carries with it the other idea that the Government will save in the way of rent for post offices, buildings, and offices for its county agents, and home-demonstration agents, something like $40,000,000 annually. The Post Office Department itself spends between $15,000,000 and $20,000,000 for rent of quarters.

If we assume that county agents, home demonstration agents, and the other agencies named cost as much, the rent paid in 2 or 3 years' time will equal the amount asked to be allocated for the purposes mentioned. At the same time we will be furnishing W. P. A. labor the same opportunity that it has today. A man can carry a brick as easy as he can a pick, and in doing so he will be constructing a building that will be a monument to his labor and at the same time prove to be of enormous value to the Government. For the last 5 years we have been asking industry to increase their plants and their activities in order that they might give employment to people. The Government today has its post offices housed in buildings that in many cases are nothing more or less than fire traps. Hardly a year passes but what Congress is asked to appropriate money to reimburse the Post Office Department for losses sustained by fire. Mr. Chairman, this amendment may receive the same fate as all the others so far today, but if it does, we want to give notice that if nothing prevents we will be here next year with a similar proposal, unless these buildings should be provided for in some other way in the meantime.

The CHAIRMAN. The question is on the amendment offered by the gentleman from South Carolina.

The question was taken; and on a division (demanded by Mr. HARE) there were—ayes 31, noes 137.

So the amendment was rejected.

Mr. JENKS of New Hampshire. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JENKS of New Hampshire: On page 4, after line 25, add *"And provided further,* That all unskilled labor certified from the relief rolls shall hereafter be paid weekly."

Mr. WOODRUM of Virginia. Mr. Chairman, I make a point of order that if the amendment is germane at all it certainly is not germane at this point in the section.

The CHAIRMAN. The Chair understands the gentleman from Virginia raises the point of order that the amendment is not germane to this particular section?

Mr. WOODRUM of Virginia. Mr. Chairman, there is another section of the bill dealing with wages, section 15 on page 16.

Mr. JENKS of New Hampshire. Mr. Chairman, I will withdraw the amendment at this time and offer it at the point referred to by the gentleman.

The CHAIRMAN. Without objection the gentleman from New Hampshire withdraws the amendment.

There was no objection.

Mr. KELLER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr KELLER: On page 2, line 4, strike out "$1,477,000,000" and insert in lieu thereof "$2,574,000,000."

Mr. KELLER. Mr. Chairman, I want to call the attention of this House at the present time to an idea that I thought had soaked through the heads of most of the men of this body, but which, from the speeches and votes here today, I doubt it has done so. That is this: We are going on following the fatal idea that this is a temporary condition, and that we can meet it by emergency laws. Neither one is true. Eight years ago on the floor of this House I set out the reasons why it was at that time a permanent condition and could not be met by emergency measures. Two years before that I wrote it in a book and I have had the pleasure of giving it to as many Members of this House as have asked for it. I do not know how many have read it, but I do know that I pointed out the fact at that time that this condition was a permanent condition, 10 years ago, 8 years ago, and it is today, and it is going to continue to be a permanent condition. When this body assumes anything else, this body has a lot to learn.

I am not lecturing you. I am just calling attention to the facts in the case. Because the things that have happened during these intervening years prove conclusively that it is not a temporary condition and it cannot be met by emergency legislation.

Mr. SECCOMBE. Mr. Chairman, will the gentleman yield?

Mr. KELLER. I am sorry. I do not have time. I am sure the gentleman would ask a good question and I would answer it well, but I do not have the time. [Laughter.]

However, the facts are these: We have scrimped and pinched from the very start. Beginning in the Seventy-second Congress we set out to solve this whole thing by passing emergency legislation. It did not solve the difficulty because of several things.

We thought we could do it in 3 months, but it did not work. It could not be done in 3 years, nor 6 years, nor has it done so in 8 years. We ought to have learned in the 3 years or 5 years or 8 years that you could not solve it until you looked at it as a permanent matter and go at it and solve it as a permanent matter. You cannot solve a permanent condition with temporary legislation, Mr. Chairman. A matter that has remained historically as it is today for 10 years can no longer be considered a temporary matter. We are failing of our duty because we are failing to understand the underlying facts of this case. I am calling your attention to it. I am telling you the least we can do until we are ready to look at it as a permanent matter and set about solving it as such; the least we can do is to provide a job for 3,000,000 men on W. P. A. The minimum for which you can do that on a rational basis is the amount I have set out in this amendment; that is, for a total appropriation of $2,574,000,000. I will give you the reasons: In the year ending June 30, 1939, we will have spent $773,000,000 more than we are going to spend for the next fiscal year beginning on July 1, 1939, and ending on June 30, 1940.

[Here the gavel fell.]

Mr. KELLER. Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. KELLER. Seven hundred and seventy-three million dollars additional would employ another million men. In other words, when you vote for the appropriation which is recommended by this committee today you are voting to take a million men away from employment who have had employment during the present year ending the 30th of this month. That is your vote, and when you vote for it that is exactly what you are voting for.

Mr. SECCOMBE. Mr. Chairman, will the gentleman yield for a brief question?

Mr. KELLER. I am sorry. The 2 minutes do not permit. The reason I am asking for this amount is this: We have heard a lot about the inefficiency of the W. P. A. The reason it is inefficient is because we treat it as a temporary matter, and we deal with it from 3 months to 3 months, and you cannot get efficiency through that sort of thing. Also we command these men to give us efficiency when we refuse to give them the tools to work with. The average at the present time in the industries covering the same class of work that the W. P. A. is doing, requires for material and equipment $17 per man-month. Now we have provided $6 per man-month, with a possible $7 for materials and equipment for our W. P. A. workers.

We cannot get efficiency under such an arrangement. You must give our W. P. A. workers the same equipment and the same materials if you expect them to do the same work. It is foolish not to see this. It is unfair to condemn a W. P. A. worker for failure to meet standards of efficiency unless you give him standard equipment with sufficient materials equal to other men doing the same class of work.

I have seen it all tried out in the Twenty-fifth District of Illinois. When W. P. A. workers have had sufficient materials and proper equipment they have done as efficient work as any men can do. When they have been denied the proper equipment and materials to work with, of course, they have not done efficient work. Neither does any other worker do differently. It is nonsense to expect a different result. The Congress provides $6 per man-month and compels inefficiency.

Mr. SECCOMBE. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for 1 minute, that I may ask him a question.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

Mr. HOOK. Mr. Chairman, I object.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois.

The amendment was rejected.

Mr. SATTERFIELD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SATTERFIELD: Page 3, line 20, after the word "marl", strike out the word "in", and in line 21, strike out the word "Wisconsin."

Mr. SATTERFIELD. Mr. Chairman, the funds provided in this section of the bill will be available for the administration and the prosecution within the States of certain projects approved by the President.

You will observe that the bill enumerates many projects, such as highways, roads, streets, public buildings, airports, sewer systems, and all the rest of them. Political subdivisions of each of the States have the right to apply and to qualify for the use of the funds set up in this section of the bill to cover any of these projects. But there is one exception in the bill as now drawn. It is an exception which I submit to the committee ought not to be included in the bill.

The production of lime and marl is set up as one of the projects. But when you read the bill and come to the subject of lime and marl you will find that only the State of Wisconsin may become an applicant for and eligible for this relief.

The purport of my amendment is not to interfere in any way with the splendid work which is being carried on by the W. P. A. in the State of Wisconsin. In striking out the word "in", on line 20, and, on line 21, the word "Wisconsin", the bill will continue to provide as an accepted project the production of lime and marl in any of the States of the Union under such conditions as may be determined by the sponsors of such projects under the provisions of State law. The administrator of the W. P. A. in Wisconsin advises me that the production of lime and marl is unquestionably the greatest single method of soil conservation which can be prosecuted in that State. He states that this type of program is particularly desirable for W. P. A. projects because it can be prosecuted advantageously during winter months when many other jobs cannot be operated economically.

There are other States in the Union producing marl, notably West Virginia, Virginia, and Nevada. It is a fact that large deposits of marl are to be found in the Middle Atlantic and South Atlantic States along tidewater.

In Virginia, and particularly within my own district, there are deposits of marl, ranging from 25 to 30 feet in depth, lying just beneath the surface. It is not often that Nature is kind enough to deposit so near to the earth's surface the wealth of which that surface has been denuded by the wanton carelessness of man. However, this is a situation which prevails in Virginia and other States of the Union. It will interest you to know that owners of small farms in my district where these shell-marl deposits are to be found are eager and anxious to deed that part of their farms to the Federal Government without cost in order that these deposits may be used for the general benefit of the people of that county. It was Edmund Ruffin who won a real claim as one of the greatest of Virginians who discovered the proper scientific use of marl. It is a fact that the discovery of the use of marl by this man and its subsequent use by plantation owners in Tidewater Virginia raised the value of land in that area $30,000,000 between 1820 and 1850.

Farmers in Virginia and in other States have petitioned and have been largely responsible for the passage of State legislation paralleling the Agricultural Act and the establishment of soil-conservation districts that they might select sponsors for projects such as this bill makes possible for the citizens of Wisconsin and to provide for the distribution of marl to farmers under provisions of State law.

I congratulate my colleagues from Wisconsin for having been the leaders and the originators of congressional recognition of this plan. The purpose of my amendment is but to extend that same privilege to my own State and other States to apply and to qualify for the same relief.

I feel that the Committee on Appropriations in the consideration of larger problems which this measure provides have perhaps overlooked the very apparent unfairness in singling out one State for this benefit and excluding all the rest. I hope the committee will accept my amendment.

Mr. WOODRUM of Virginia. Mr. Chairman, will the gentleman yield?

Mr. SATTERFIELD. I yield.

Mr. WOODRUM of Virginia. I think the committee is willing to accept the gentleman's amendment.

Mr. SATTERFIELD. Will the gentleman explain the purport of the amendment?

Mr. WOODRUM of Virginia. I think it is perfectly obvious on its face.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia.

The amendment was agreed to.

Mr. WOLCOTT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WOLCOTT: On page 4, line 25, after the last word, strike out the period and insert a colon and the following: "*Provided*, That from the funds appropriated in this section the purchase or lease of any construction equipment or machinery shall not exceed $500 per operating unit."

Mr. WOLCOTT. Mr. Chairman, it is gratifying to us and should be gratifying to the country to know that so much concern has been had here today for the unemployed; and I believe that this House is making an honest endeavor to spread the moneys made available under this bill to the largest number of those in need of employment. This is not a partisan measure. No political party and no individual has a monopoly on humanitarianism or upon a desire to solve this problem. We want to spread these moneys around just as far as they will go. We think we should not subsidize the heavy industries to the prejudice of those in need of employment.

The primary purpose of this bill is to give jobs to those in need of employment, it is not to sell machinery. If it were the purpose of this Congress to subsidize the heavy goods industry, we could very easily write a provision into this bill authorizing the expenditure of a certain amount of these funds for the purchase of machinery. The whole theory and philosophy of the Works Projects Administration, however, is against that; it is to create jobs. We do not create jobs when we buy labor-saving devices, when we buy steam shovels, when we buy tractors, when we buy cement mixers, when we buy ditch-digging machinery; we take jobs away from the people to whom we want to give them, we take money for that purpose which should be made available to pay salaries and give direct work relief.

The gentleman from California, the gentleman from Ohio, and so many other gentlemen here today in their concern for the unemployed I am sure would, if they were asked, denounce the practice of industry, of business, of commercialized agriculture in putting into these places of employment and onto these farms machinery each unit of which supplants 50 to 60 people. There are many who think we should give more attention to the fundamentals of unemployment, whether the use of labor-saving devices in our factories has not caused this unemployment for the relief of which we are appropriating today. In keeping with the belief that labor-saving devices have partially been responsible for this condition which makes advisable this bill, I say we ought not to take money which should be used to give employment and buy labor-saving devices which keep men out of employment. I have, therefore, offered this amendment to limit the expenditure of this money in such manner that no more than $500 can be spent for one operating unit of machinery. This will not

prevent the purchase of drags and drag lines, it will not prevent the purchase of small equipment, it will not prevent the purchase or lease of any machinery, for that matter, which is needed.

[Here the gavel fell.]

Mr. KELLER. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Michigan [Mr. WOLCOTT].

Mr. Chairman, the gentleman's amendment brings into the forefront for consideration a matter we ought to have been thinking about a long time ago. In my judgment, it is not a question of creating jobs without efficiency but of creating jobs with efficiency. If we wanted the most jobs only, we would adopt what has been kicked around so much in this country. That is, we would give men shovels, wheelbarrows, and picks and tell them to go out and move mountains of dirt. There is no sense to that at all. If there was only a certain amount of work to be done and we had to distribute it around for a certain amount of money, the gentleman's amendment might have some sense to it; but the amount of work available in this country is so great that no man can foresee the time when we can catch up on the work that ought to be done for the public in the United States. Our great commission investigating that has shown conclusively that there is now available ready to be done enough work to take up every idle man in the United States for 50 years to come, working as efficiently as he can.

Mr. TABER. Will the gentleman yield?

Mr. KELLER. I yield to the gentleman from New York.

Mr. TABER. Would the adoption of this amendment interfere with the two-and-a-half-million-dollar lake in the gentleman's district?

Mr. KELLER. I shall answer the gentleman, and I shall also answer the other gentleman from Illinois in due course of time for the misstatements and wrong implications which you are seeking to give; but I do not want to be turned away from the thought I am trying to get over to the House now.

You have heard the W. P. A. stood up as being leaf rakers. Why? Because this Congress has limited them from the very start to $6 or $7 per man-month when it ought to be $17 per man a month. If you will give them the tools to work with and give them the proper direction, they are as good workers as we have in this country, on the W. P. A., P. W. A., or any place else. They are American men. They want to do a good job. When they do not do it, it is the fault of this body because we cut them down to nothing to start with. You cannot take a shovel and move a mountain of dirt.

I want to repeat for the gentleman's benefit if there was only a limited amount of work and a limited amount of money, then the gentleman might be entirely right, but neither is true. The amount of work available is unlimited and the amount of money is unlimited also.

Mr. WOLCOTT. Will the gentleman yield?

Mr. KELLER. I yield to the gentleman from Michigan.

Mr. WOLCOTT. Will the gentleman answer this question: Does he think that the Works Progress Administration or the Work Projects Administration is primarily a building program or a job-creating program?

Mr. KELLER. It is a service program, primarily to create jobs, yes; but to create them efficiently, to do the work right as American men have a right to do it. It is not a program to deny American workmen the right to work efficiently and work well. It is not a program to deny this country the saving of labor. We are trying, as a matter of fact, broadly speaking, to save for the hereafter the labor that is now going to waste. Idleness is the most expensive thing in the world. Work is the cheapest thing in the world. Labor cannot be put on ice and kept for future use. There is only one way to keep it—put it to use when it is ready, convert it into permanent improvements.

Mr. WOODRUM of Virginia. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 7 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia [Mr. WOODRUM]?

There was no objection.

Mr. GILCHRIST. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I am in sympathy with the general purposes of the amendment proposed by the gentleman from Michigan, but I call attention, however, to the fact that because of the amendment just adopted for the production of lime and marl for fertilizing soil the present amendment should be beaten, because lime cannot be pulverized into powder by hand. That kind of work must be done by machinery. If you are in favor of the lime amendment just adopted, you cannot allow this amendment of the gentleman from Michigan to be written into the bill, because it will strike out the chance to use any lime-crushing machinery. Lime cannot be made ready for agricultural use for the amount limited in the amendment proposed by the gentleman from Michigan.

I am in sympathy with almost everything he stated about this bill being for the employment of labor and laborers, but no laborer can produce powdered lime by hand; therefore I hope that the amendment may be changed or that it be voted down in its present form.

Mr. HAWKS. Will the gentleman yield?

Mr. GILCHRIST. I yield to the gentleman from Wisconsin.

Mr. HAWKS. Is not the purpose of this amendment to stop the investment of W. P. A. funds in machinery that may be rented for a very small amount?

Mr. GILCHRIST. You cannot rent such lime machinery for $500 a year. A lime crusher cannot be rented that cheaply.

Mr. KELLER. Will the gentleman yield?

Mr. GILCHRIST. I yield to the gentleman from Illinois.

Mr. KELLER. Is it not a fact that you can produce lime by hand, as a matter of fact, but it would be foolish to do so?

Mr. GILCHRIST. I do not think it is possible to powder lime by hand.

Mr. KELLER. Yes; they can. We have done it always.

Mr. GILCHRIST. Not so that it can be used on the farm for fertilizer.

Mr. CURTIS. Will the gentleman yield?

Mr. GILCHRIST. I yield to the gentleman from Nebraska.

Mr. CURTIS. I have before me a letter from my State which has the following paragraph:

> Laborers pleading with local contractors for jobs have stated that they were no longer on W. P. A. because the local funds were being conserved to afford the purchase of a $1,900 concrete mixer.

Mr. GILCHRIST. I agree that kind of thing may be done under the amendment offered by the gentleman from Michigan, but the amendment does not take into view the whole situation. There is a specific thing that cannot be done under his amendment.

Mr. CURTIS. They can rent the machinery?

Mr. GILCHRIST. I do not believe so.

Mr. WHITE of Idaho. Will the gentleman yield?

Mr. GILCHRIST. I yield to the gentleman from Idaho.

Mr. WHITE of Idaho. Is it not a fact there are thousands of relief jobs that are entirely dependent on the use of machinery?

Mr. GILCHRIST. There are thousands of people and thousands of laborers who are dependent upon the use of lime for agriculture use as a fertilizer, and we should not kill the purposes of this bill by the adoption of the amendment unless the gentleman will except such machinery as I have stated.

Mr. HAWKS. In Wisconsin—and I know this has happened in many other States—up until the time the W. P. A. started to buy trucks, they were renting these trucks from various individuals.

Mr. GILCHRIST. Do not strike down the chance to get pulverized lime.

Mr. HAWKS. Now, those fellows are on relief, their trucks are lying idle, and the W. P. A. owns its trucks and has a tremendous investment in them.

Mr. GILCHRIST. I may say to the gentleman there may be abuses that way, but do not kill the very thing you have recommended for it. I would be willing to go with the gentleman and the gentleman from Michigan if he will make exceptions such as I have suggested. I hope this amendment in its present form will not carry. [Applause.]

[Here the gavel fell.]

Mr. WOODRUM of Virginia. Mr. Chairman, I merely wish to say there are many of these projects that could not be prosecuted unless the W. P. A. had authority to purchase needed and adequate machinery. While I am sympathetic with the idea that they should not use an unreasonable amount of heavy machinery, it seems to me the amendment of the gentleman would almost preclude many projects where it is necessary to get machinery that could not be purchased or even rented for the small amount the gentleman's amendment provides. I hope the amendment will not be adopted.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan.

The amendment was rejected.

Mr. RAYBURN. Mr. Chairman, I move to strike out the last word, not for the purpose of offering an amendment but more for the purpose of raising a point that has not been raised heretofore during the time amendments have been considered. I am not going to offer an amendment, let me repeat, because I do not feel that that is exactly my business, but I do want to say that although this bill has in it provisions I would not have written myself—probably if I had had the information the committee has had I would have written them—and although there are some provisions in it that with the information before me now I would eliminate, yet all in all I must acknowledge that I believe the committee has done a pretty good job.

A while ago we passed a reorganization bill with the understanding and with the hope that we would do away with some boards and commissions and jobs. The Works Progress Administration will go under a new agency. Colonel Harrington, or whoever will administer this act will not be independent. I am wondering why, after this action has been taken and the Works Progress Administration has gone under an administrator of public works, the creation of a board is necessary at all. I am wondering if it would not be easier for the head of all the various works to get along better and more expeditiously and probably more efficiently if he had to deal with one head of this Works Progress Administration rather than with three.

I understand the gentleman from Kentucky has evidenced very great interest in this matter. When I yield the floor I should like to hear his side of the question. I am just wondering whether, since we passed a reorganization bill by such an overwhelming vote in order to do away with some bureaus and boards, we are not by such a provision going to bring about some duplication when this independent agency goes under a new administrator, and whether we are not going to make the administration of this activity more inefficient than it would be if it were under one administrator, he to be under the head of the works program. I simply claim this time in order to raise that question. [Applause.]

Mr. O'NEAL. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, in my opinion this is the most important part of the entire bill. I can well understand the questions in the mind of the majority leader, but I believe if he would give a little further consideration to this matter he, too, would agree that it is the most important feature of the bill.

Under the reorganization plan the head of the new bureau under which the Works Progress Administration will go is not only in charge of W. P. A. theoretically but he has under his control the Bureau of Public Roads, the Procurement Division, the Housing Authority, and the Public Works Administration. Surely any one of these activities is enough for one man to have charge of, so it simply means that W. P. A. will be a job in itself. If the new Administrator under the new reorganization plan is able merely to supervise a few or all of these bureaus, his time will be sufficiently taken, and he will have very little time to give to close administration of the W. P. A.

There is an excellent precedent for this proposal. The Social Security Board goes under the Federal Security Agency in the reorganization plan. The Social Security Board is a board such as we are creating in this bill. Certainly there would be no desire to change that board for a one-man administration simply because there was another man a little higher up.

Those are not the most important considerations, however. Do you realize there are very few corporations in America with assets of a billion and a half dollars? You could count on one hand the corporations of America that spend a billion and a half a year. There are very few businesses in this country that think in terms of a billion dollars. The job is too much for one finite mind even to grasp thoroughly. Half or more of the trouble we have found in W. P. A. is due to administration.

I do not say this in criticism of the present Administrator, because he is a competent man in his field. I am not debating the quality of his work, and he has been on the job only a few months. But I say that the American people have a right to have a board composed of several persons, a board composed of the best character and brains in America, to spend their billion and a half dollars. I do not believe we should leave it to one man to have charge of the spending of a billion and a half dollars of the taxpayers' money and let him be a czar in that field. We need the best administrative skill, the best organizing skill, and the best engineering skill, and we cannot have them all in one man. I believe the only way we can start is by setting up a board where we will have the best brains and character we can find in America in an attempt to see that our public moneys are spent intelligently, carefully, and in the public interest.

In closing, I should like to say just one thing more. There is no use denying that there has been politics in W. P. A. Whether it has been by members of one party or the other party is not the real issue, for it has occurred in both cases. As long as human nature is what it is, I am sorry to say, any group like W. P. A. will offer a fair opportunity for exploitation. We want to see that politics is kept out of it, and I say that a better way to do this is with a board of three men. Give the minority party representation so they can watch their interests and see that the job is done as all of us, I believe, want it to be done, without bringing politics into it. In order to have more efficient administration, in order to stop politics in W. P. A., I believe we should stand by this provision of a three-man board, for I believe, as I said in the beginning, that it is the best part of this bill and a great forward step. [Applause.]

[Here the gavel fell.]

The pro forma amendments were withdrawn.

Mr. DINGELL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DINGELL: On page 2, after the comma in line 4, strike out "$1,477,000,000" and insert "$1,602,000,000."

Mr. DINGELL. Mr. Chairman, once more I mention the fact that in the President's speech dealing with the question of relief, the President asked for $1,477,000,000—no more no less. The committee saw fit to take $125,000,000 of this amount and transfer it to the Public Works Administration. I am not denying the fact a certain amount of that money will go for relief purposes. However, that does not square with the idea that the President had in mind. My distinguished friend from Virginia said that the committee is giving the President all that he asked for, and I agree with that statement, minus the discount of $125,000,000, which you were asked to transfer to the Public Works Administration.

All this amendment seeks to do is to give the President the amount he originally asked for his particular purpose, and I ask you to accept on your own responsibility the

transfer of $125,000,000 for the Public Works Administration. If it is to remain, it should be separate and apart from the relief amount asked for by the President.

The amendment is plain and readily understood. It merely restores the original amount by raising the total now contained in the bill which includes the Public Works Administration provision of $125,000,000 to $1,602,000,000.

I think it is essential that the program be not abridged one iota below what the President requested. This is a test of the sincerity of the Members on this side as to whether they actually stand behind what the President has asked for or whether they are out to emasculate the bill, or rather, the program which the President outlined, by reducing the appropriation in the amount of $125,000,000.

I hope the House will see its way clear to sustain this amendment. There need be no further argument about it, so far as I am concerned, because it is self-evident that the committee cut $125,000,000 from the original amount requested by the President and this amendment simply restores it.

I hope the Committee will sustain the President at this time.

Mr. THOMAS F. FORD. Mr. Chairman, will the gentleman yield for a question?

Mr. DINGELL. I yield to the gentleman from California.

Mr. THOMAS F. FORD. Is not the bill as it stands now with reference to that amount a "yes, but"?

Mr. DINGELL. That is correct.

[Here the gavel fell.]

Mr. WOODRUM of Virginia. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 2 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. WOODRUM of Virginia. Mr. Chairman, this is a matter we have passed on directly before when the motion of the gentleman from Washington [Mr. LEAVY] was voted on by the committee by a vote of one hundred and eighty some to eighty. The gentleman's motion was to strike out the $125,000,000 that is allocated to P. W. A. The matter was debated and the committee voted on it, and therefore it seems to me useless to take further time, and I hope the committee will sustain its former action.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan.

The amendment was rejected.

Mr. BATES of Massachusetts. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BATES of Massachusetts: On page 4, line 8, after the word "basis (1)", strike out the words "forty-five and thirty-five" and in line 11, after the word "Census (2)", strike out the word "forty-five" and insert the word "fifty-five."

Mr. BATES of Massachusetts. Mr. Chairman, the purpose of this amendment that I have offered is to change the basis for the allocation of the jobs on the W. P. A. in the various States of the Union. If we understand one thing, we understand, above all else, that this appropriation that we are making here today is for the purpose of relieving the distress among the unemployed of the Nation. In the bill as reported by the committee on page 4, which I am attempting to amend, the basis for the allocation of the jobs is going to be made partly on the basis of the local population as it bears in ratio to the total population of the Nation. Then on the basis of the same 45 percent, the allocation of the jobs is to be made to the ratio of the total unemployed in the States as it bears to the total unemployed in the Nation. If this is to be a relief program, it seems to me that the basis for the allocation of the jobs should be primarily on an unemployed basis in order that we should reach a greater number of unemployed in the country. A larger percentage than 45 percent should apply on the unemployment basis. My amendment provides that the apportionment of jobs in the various States shall be made 55 percent, on the basis of unemployed in the States, as compared with the total of unemployed in the Nation, and 35 percent instead of 45 percent to be allocated on the basis of the population in the States as it bears to the total population of the Nation. I need not tell you that we have a really serious condition in many of the States of this Union. This is especially true in my own State, and so it is in many other States of the Nation, particularly the New England States and the North Atlantic States, from which have migrated down through a period of 10 years many of the industries to other parts of the country. The records show this to be so also in other parts of the country.

In the case of California, in the month of March over 140,000 people were on relief; in Illinois, the number on relief was 199,000; in Indiana, 60,000; in Michigan, 86,000; Massachusetts, 73,000; Missouri, 40,000; New York, 313,000; New Jersey, 76,000, and so forth. I mention those figures only to show what the relief loads in these States are in comparison with many of the other States in the Union which have only 2,000 on the relief load; another with 2,000, 3,000, 1,000, 7,000, 6,000, and a number of others, ranging from 2,000 to 5,000, who are on direct relief rolls in those various States. It seems to me that when we stop to consider the large number of industries that have migrated from the New England States, from Pennsylvania, New Jersey, New York, and many of the other industrial States of the Union, where the great problem of unemployment is more acute than in any other part of the country, we ought to consider the appointment of these jobs primarily on the basis of unemployment and not on the basis of population. I hope my amendment will prevail.

Mr. BRADLEY of Pennsylvania rose.

Mr. WOODRUM of Virginia. Mr. Chairman, I ask unanimous consent that debate upon this amendment close in 8 minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. BRADLEY of Pennsylvania. Mr. Chairman, I hope that I do not appear to give the thought of too much bitterness in my remarks, but it is exceedingly difficult to be without bitterness when you realize that hundreds of people whom you know personally are going to be relegated to the ranks of the unemployed, due to the inadequacy of this appropriation. The gentleman from Virginia [Mr. WOODRUM], for whom I have genuine admiration, and I say that sincerely, yesterday stood on the floor of the House and spoke of all these people who have communistic tendencies. He tried to make an issue before this body with regard to your vote as to whether or not you approve of these things done by those who possibly had communistic tendencies. I asked the gentleman and he admitted to me that under the provisions of this bill 1,000,000 people would be immediately wiped off the W. P. A. rolls, and the RECORD will show that the gentleman replied in that manner to my question. He stated yesterday that he had read an article in a publication which gave him great concern, an article which spoke of people identified and unidentified who were tainted with the philosophy of or were in sympathy with communism. I am just as much opposed to communism as the gentleman is. I have every reason that the gentleman has to be opposed to communism, just as vigorously as he is opposed to it, and perhaps I have reasons that to me are stronger than the reasons he has are to him. He quoted from that article that communism and agitators thrive on trouble. I read that article, and I was much concerned about it, but I wish to do something to prevent the possibility of communistic agitators influencing the American people. The gentleman from Virginia stated in his remarks that these agitators thrive on trouble and discontent, but he apparently does not realize that in curtailing employment and throwing people on the relief rolls that it likewise creates favorable conditions for these agitators.

What does he think these people are going to do? Does he think these millions of people are going to give a vote of thanks to the Congress of the United States for driving them into the bread lines? Or does he think they are going to

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[Here the gavel fell.]

The pro forma amendments were withdrawn.

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Mr. THOMAS F. FORD. Is not the bill as it stands now with reference to that amount a "yes, but"?

Mr. DINGELL. That is correct.

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In the case of California, in the month of March over 140,000 people were on relief; in Illinois, the number on relief was 199,000; in Indiana, 60,000; in Michigan, 86,000; Massachusetts, 73,000; Missouri, 40,000; New York, 313,000; New Jersey, 76,000, and so forth. I mention those figures only to show what the relief loads in these States are in comparison with many of the other States in the Union which have only 2,000 on the relief load; another with 2,000, 3,000, 1,000, 7,000, 6,000, and a number of others, ranging from 2,000 to 5,000, who are on direct relief rolls in those various States. It seems to me that when we stop to consider the large number of industries that have migrated from the New England States, from Pennsylvania, New Jersey, New York, and many of the other industrial States of the Union, where the great problem of unemployment is more acute than in any other part of the country, we ought to consider the appointment of these jobs primarily on the basis of unemployment and not on the basis of population. I hope my amendment will prevail.

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Mr. BRADLEY of Pennsylvania. Mr. Chairman, I hope that I do not appear to give the thought of too much bitterness in my remarks, but it is exceedingly difficult to be without bitterness when you realize that hundreds of people whom you know personally are going to be relegated to the ranks of the unemployed, due to the inadequacy of this appropriation. The gentleman from Virginia [Mr. WOODRUM], for whom I have genuine admiration, and I say that sincerely, yesterday stood on the floor of the House and spoke of all these people who have communistic tendencies. He tried to make an issue before this body with regard to your vote as to whether or not you approve of these things done by those who possibly had communistic tendencies. I asked the gentleman and he admitted to me that under the provisions of this bill 1,000,000 people would be immediately wiped off the W. P. A. rolls, and the RECORD will show that the gentleman replied in that manner to my question. He stated yesterday that he had read an article in a publication which gave him great concern, an article which spoke of people identified and unidentified who were tainted with the philosophy of or were in sympathy with communism. I am just as much opposed to communism as the gentleman is. I have every reason that the gentleman has to be opposed to communism, just as vigorously as he is opposed to it, and perhaps I have reasons that to me are stronger than the reasons he has are to him. He quoted from that article that communism and agitators thrive on trouble. I read that article, and I was much concerned about it, but I wish to do something to prevent the possibility of communistic agitators influencing the American people. The gentleman from Virginia stated in his remarks that these agitators thrive on trouble and discontent, but he apparently does not realize that in curtailing employment and throwing people on the relief rolls that it likewise creates favorable conditions for these agitators.

What does he think these people are going to do? Does he think these millions of people are going to give a vote of thanks to the Congress of the United States for driving them into the bread lines? Or does he think they are going to

possibly be prey for the agitators? There is no better way of inculcating the doctrines of communism, no better way of making them susceptible to the appeals of the agitators, than depriving them of all hope and saying that the Congress of the United States denies them the right to work.

The gentleman admitted that 1,000,000 people would be laid off immediately, and that, I submit, is a serious matter. The gentleman from New York [Mr. TABER], who is holding love feasts back and forth with the gentleman on this side of the aisle, started his remarks about the W. P. A. by demanding repeal of the Wagner Labor Relations Act and of the wage-and-hour law. There you have his philosophy. He does not even believe in the $11 minimum-wage guaranty for the head of an American family. He demanded repeal of that.

No matter how cleverly the gentleman from Virginia constructs his language, no matter how plausible he makes it appear, this bill represents the philosophy of the Republican Party in dealing with the unemployed in this country. When the gentleman from Virginia asks us to believe that this is a Democratic Party measure he knows that is not so. I think he knows that perhaps the President was overconservative, because the President realized from previous experience if he came in with the amount he thought might be necessary it would probably be slashed more than it has been. He asks you to believe that this is a party measure. He knows that if the Republicans did not vote for the provisions in this bill it could never pass this House, because a majority of the members of the Democratic Party do not believe in it. The responsibility rests upon the minority on this side and the Republicans on that side. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The gentleman from Virginia is recognized.

Mr. WOODRUM of Virginia. Mr. Chairman, nothing I have said could by the slightest stretch of the imagination imply that I was attributing to the great ranks of the unemployed of this country communistic tendencies. My objection is seeing an organization representing a minute fraction of the unemployed that is under communistic leadership undertaking to wage a great influence in the administration of relief. That is my objection to it. [Applause.] I am trying to protect the unemployed people of this country from being delivered into the power of an organization that is under communistic leadership. [Applause.]

Now, when the gentleman from Pennsylvania [Mr. BRADLEY] says this is not supported by the Democrats and that an overwhelming majority of Democrats are against this, I call attention to the fact that at no time today has an amendment offered against this bill received more than 80 votes. There are some 260 Democrats here. That does not look like an overwhelming majority of the Democrats of this House are against the provisions of this bill. If they are, why are they not voting against it?

Mr. BRADLEY of Pennsylvania. Will the gentleman yield?

Mr. WOODRUM of Virginia. I yield.

Mr. BRADLEY of Pennsylvania. I would like to call attention to the fact that the votes defeating the amendments were in the neighborhood of 190 and 200, and there are probably 170 Republicans on that side of the aisle.

Mr. WOODRUM of Virginia. Yes; but my friend has got every vote here today that would support his contention. Every one of them is here. He knows that as I know it. The most he has been able to muster today against any substantial amendment to this bill was something less than 100 votes.

Now, Mr. Chairman, the amendment offered by the gentleman from Massachusetts [Mr. BATES] undertakes to change the formula. This formula was worked out by the W. P. A. It is for the purpose of trying more equally to distribute unemployment benefits. It is not a committee amendment. It is a provision that was worked out by the W. P. A. designed to help them more equally to distribute the benefits of this amendment.

I hope the amendment will not be adopted.

The CHAIRMAN. All time has expired.

The question is on agreeing to the amendment offered by the gentleman from Massachusetts [Mr. BATES].

The amendment was rejected.

Mr. SWEENEY. Mr. Chairman, I offer an amendment.

Mr. WOODRUM of Virginia. Mr. Chairman, may I inquire how many amendments are at the desk with respect to section 1?

The CHAIRMAN. The Chair will advise the gentleman there are pending seven amendments.

Mr. WOODRUM of Virginia. I wonder if we may have unanimous consent to fix the debate on just this section and all amendments to the section? We have had liberal debate today on it. There is no effort to cut anybody off, but we would like to make progress.

I ask unanimous consent that all debate on this section and all amendments thereto close in 50 minutes. That will give sufficient time for each amendment to be discussed.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

Mr. MARTIN of Colorado. Mr. Chairman, reserving the right to object, I suggest that the Chair ascertain how many Members are going to ask for recognition and see what kind of division of time we will get.

The CHAIRMAN. If the unanimous-consent request is agreed to, the Chair would naturally recognize Members who have amendments pending, and the Chair would then feel constrained to recognize any member of the committee who rose in opposition to any one of the pending amendments.

Mr. HOFFMAN. Mr. Chairman, reserving the right to object, how much time would that give the author of an amendment?

The CHAIRMAN. If the unanimous-consent request is agreed to without further limitation, the Chair would recognize each Member offering an amendment for 5 minutes. There are seven amendments pending.

Is there objection to the request of the gentleman from Virginia [Mr. WOODRUM].

Mr. SABATH. Reserving the right to object, Mr. Chairman, may I ask the gentleman whether he will not amend his request and leave out paragraph (g)?

Mr. WOODRUM of Virginia. No; I want to complete consideration of this section, I may say to the gentleman from Illinois. We have been very liberal in debate on this section.

Mr. SABATH. I believe not much time will be taken on any paragraph with the exception of paragraph (g).

Mr. WOODRUM of Virginia. I stand on the request as submitted.

Mr. SABATH. Mr. Chairman, I ask unanimous consent that an additional 10 minutes be allowed on paragraph (g).

The CHAIRMAN. Does the gentleman from Virginia accept the modification of his amendment?

Mr. WOODRUM of Virginia. No; Mr. Chairman.

The CHAIRMAN. The gentleman from Virginia asks unanimous consent that all debate on this section and all amendments thereto close in 50 minutes.

Mr. SIROVICH. Did I understand the Chair to say that this would give each Member 5 minutes for his amendment?

The CHAIRMAN. There are seven amendments pending, and the Chair stated that the Chair would recognize the author of each amendment for 5 minutes.

Mr. WOODRUM of Virginia. Under that arrangement the Chair could recognize the proponent of an amendment for 5 minutes and the opposition for 2 minutes.

The CHAIRMAN. In the absence of any other provision in the unanimous-consent request the Chair will recognize the proponent of the amendment for 5 minutes and a member of the committee requesting recognition in opposition thereto will be recognized for 2 minutes.

Mr. WOODRUM of Virginia. Mr. Chairman, I make that request now.

The CHAIRMAN. The gentleman from Virginia asks unanimous consent that all debate on this section and all amendments thereto close in 50 minutes; that the Chair, in yielding time, recognize the proponents of an amendment for

5 minutes and a member of the committee requesting recognition in opposition for 2 minutes.

Mr. MAPES. Mr. Chairman, reserving the right to object, I think the Chair will make difficulty for himself if he announces that limitation. I think control of the time might as well be left to the Chair.

The CHAIRMAN. It might under other circumstances, but there are seven amendments pending.

Mr. MAPES. Other amendments may be offered, however. I hope the gentleman from Virginia will withdraw his second request.

Mr. WOODRUM of Virginia. I am willing to leave it to the judgment of the Chair how the time is handled.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

The CHAIRMAN. The gentleman from Ohio [Mr. SWEENEY] offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. SWEENEY: Page 3, line 24, strike out the colon following the word "work" and insert the following: "provided that books necessary to carry out educational projects shall be purchased from American book-publishing concerns whose ownership is exclusively in the hands of American citizens."

The CHAIRMAN. The gentleman from Ohio is recognized for 5 minutes.

Mr. SWEENEY. Mr. Chairman, I offer this amendment in behalf of the International Allied Printing Trades Association of America, an association made up of the International Printing Pressmen and Assistants Union, the International Brotherhood of Bookbinders, the International Typographical Union, the International Stereotypers-Electrotypers Union, and the International Photo-Engravers Union. I read the Committee the argument for the amendment in the form of a communication received by me today from the chairman of the board of governors of the International Allied Printing Trades Association. The letter reads as follows:

WASHINGTON, D. C., *June 16, 1939.*

Hon. MARTIN L. SWEENEY,
House Office Building, Washington, D. C.

MY DEAR CONGRESSMAN: We appreciate very much your presentation of an amendment to the pending Works Progress Administration appropriation bill, which amendment would specifically provide that books purchased under this appropriation shall be limited to those which are produced and published by concerns which are 100-percent American-owned.

It is our understanding that at the present time one large book publisher, or better said, book distributor, credited with the sale and distribution of 10 percent of the school text and reference books annually sold in the United States is owned, controlled, and dominated by persons living in Great Britain.

We deeply appreciate your friendly attitude to the organized printing-trades workers and wish to thank you for your ever-ready support.

Sincerely yours,

JOHN B. HAGGERTY,
Chairman, Board of Governors.

Mr. Chairman, I have made a check-up of the facts submitted, and I found from Dr. Alderman, one of the directors of the W. P. A. educational activities, that the books are used in what they call adult-school activities. The W. P. A. is doing a very fine job in education, and have taught 1,500,000 adults to read and write, people who were ignorant and in a low state of literacy before the inauguration of the W. P. A. The point I am coming to is that we are legislating here for Americans. We provide that none but Americans shall be recipients of this work relief, and in my opinion the House should go along with the amendment to assist American industry. I presented the amendment to the distinguished chairman of the Committee on Appropriations in charge of the bill, and presented this letter to him. I think we need not anticipate any opposition from the committee.

Mr. SIROVICH. Mr. Chairman, will the gentleman yield?

Mr. SWEENEY. I yield.

Mr. SIROVICH. Does the gentleman understand that under the copyright law there cannot be distributed in this country books published in England or any other country?

Mr. SWEENEY. I can only say to my distinguished friend from New York that here is an organization which on its own responsibility says these reference books used in this country are printed by concerns owned, controlled, and dominated by persons living in Great Britain. That is not Congressman SWEENEY's statement; that is the statement of 150,000 artisans in the printing trades.

Mr. SIROVICH. Mr. Chairman, will the gentleman yield further?

Mr. SWEENEY. I yield.

Mr. SIROVICH. The Committee on Patents, of which I am chairman, deals with the copyright law. A copyright will not be granted for any book that is not printed in the United States. As the gentleman says, British interests may own the books, but they are printed by American citizens.

Mr. SWEENEY. They are printed by concerns dominated by those organizations.

Mr. SIROVICH. But the books are printed by American citizens who work for the companies.

Mr. SWEENEY. I appreciate the gentleman's observation with respect to the copyright law, but we should strengthen it so far as the operations of the W. P. A. educational activities are concerned. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The gentleman from Virginia is recognized for 2 minutes.

Mr. WOODRUM of Virginia. Mr. Chairman, I sympathize with the idea that W. P. A. ought to buy American books as far as it can possibly do so. Frankly, I do not know what the far-reaching consequences of an amendment of this kind may be. The amendment ties them down to buying books from 100-percent American companies. I do not know what books the W. P. A. has to use in their educational program.

Mr. SWEENEY. The gentleman says he does not know.

Mr. WOODRUM of Virginia. I do not know.

Mr. SWEENEY. It is a lot of primer spelling books, and books on mathematics, and on history.

Mr. WOODRUM of Virginia. I think it is the kind of an amendment that ought to have some committee consideration. It is a dangerous amendment to put in here. The educational program of the W. P. A. is very large and reaches out into all parts of the country.

Mr. SIROVICH. Will the gentleman yield?

Mr. WOODRUM of Virginia. I yield to the gentleman from New York.

Mr. SIROVICH. Our copyright law provides that no book published in English in any foreign country may be imported into this country and any books printed in this country, under our copyright law, must be published by American citizens working as American citizens.

Mr. GEYER of California. Will the gentleman yield?

Mr. WOODRUM of Virginia. I yield to the gentleman from California.

Mr. GEYER of California. May I ask the gentleman this question: If a single share of stock is owned by some foreigner, that would prohibit the purchase of that company's books?

Mr. WOODRUM of Virginia. I think that is what it would mean, I may say to the gentleman.

Mr. Chairman, I hope the amendment will not be agreed to. We can look into the matter some and see what the situation is.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. SWEENEY].

The amendment was rejected.

Mr. LEWIS of Ohio. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. LEWIS of Ohio: On page 4, line 3, after the period, insert "*Provided, however,* That all persons employed on work projects shall, so far as practicable, be employed on projects nearest their respective homes."

Mr. LEWIS of Ohio. Mr. Chairman, the occasion for this amendment is information which I have received from my State to the effect that people on relief are required to go from their homes in one section of a county, in some cases

clear across the county, 25 to 30 miles, in order to work on a project there while other people living in the neighborhood of that project are compelled to go to the other end of the county to their place of work. The matter has developed into a sort of racket because I am informed that foremen and bosses on these W. P. A. projects are hauling the workers and compelling them to pay out of their meager wages a daily transportation fee.

I submit that such action is not only contrary to common sense but it is criminal, in view of the meager wage which these people receive, every cent of which ought to be conserved for the families of the workers. I believe that this sort of provision should be written into the law in order to prevent the abuses of which I have just spoken.

Mr. JOHNSON of Oklahoma. Will the gentleman yield?

Mr. LEWIS of Ohio. I yield to the gentleman from Oklahoma.

Mr. JOHNSON of Oklahoma. I may say that I agree with the purposes I think the gentleman has in mind. If it were written into the law, however, would it not have the effect of hamstringing the officials of the W. P. A. in certain instances? For example, suppose there might be one county in the gentleman's district where there were very few W. P. A. projects and then let us suppose that adjacent to that county, several miles distant, there might be several important W. P. A. projects that needed men. Would not his amendment have the effect of interfering with and the prevention of W. P. A. workers who happen to reside in an area where there are few, if any, W. P. A. projects from crossing into the adjoining county and securing work that is very much needed and which at the same time put people to work who are in desperate need of it?

Mr. LEWIS of Ohio. I may say to the gentleman that, in my opinion, that would not be the effect. I have very carefully drawn the amendment to make this a requirement to be followed "so far as is practicable." After all, I realize there has to be a measure of discretion lodged in the management of these projects.

Mr. JOHNSON of Oklahoma. I may say to the gentleman I think there is very much merit in his suggestion, and I feel that so far as practicable that ought to be done.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. LEWIS].

The question was taken; and on a division (demanded by Mr. LEWIS of Ohio) there were—ayes 86, noes 74.

So the amendment was agreed to.

Mr. HOOK. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. HOOK: Page 5, line 11, after the word "title", insert:

"(g) Any Administrator or other officer named to have general supervision at the seat of government over the program and work contemplated under the foregoing appropriation and receiving a salary of $5,000 or more per annum from such appropriation, and any State or regional administrator receiving a salary of $5,000 or more per annum from such appropriation shall be appointed by the President, by and with the advice and consent of the Senate: *Provided*, That the provisions of section 1761 of the Revised Statutes shall not apply to any such appointee and the salary of any person so appointed shall not be increased for a period of 6 months after confirmation."

Mr. HOOK. Mr. Chairman, this is simply an amendment requiring confirmation by the Senate of all administrators of the W. P. A. I think the Republicans should go along with this amendment because they have been continually criticizing the fact that we give up too much of our power. I am asking that the Congress be recognized just a little in this program and that the Senate have the right at least to confirm the appointees.

I have here a letter from the Comptroller General in which he states that this very amendment was included as a part of Public Resolution 47, approved on June 29, 1937.

That was the relief bill of that time. The provision was contained in that act.

The appropriation made by the above resolution was available only to June 30, 1938. The act of June 21, 1938, making an emergency relief appropriation for the fiscal year 1939 did not contain the above requirement as to appointment and confirmation. In the audit of pay rolls prior to July 1, 1938, this office required that there be shown the appointment and confirmation of State and regional administrators receiving $5,000 or more, but since the new Emergency Relief Act did not impose such requirement, this office has not required such a showing with respect to appointments subsequent to June 30, 1938.

I do not know whether the committee deliberately left the provision out of the last bill, but it was contained in the previous bill. I believe we should put it into this bill. I believe we ought to have some little control over those who administer the program.

[Here the gavel fell.]

Mr. WOODRUM of Virginia. Mr. Chairman, the amendment of the gentleman from Michigan would certainly throw the W. P. A. right square into the middle of local politics in every State in the Union. It would aggravate all the difficulties we now have where there is political interference with the W. P. A. program. Requiring these administrative officials of high rank to go to some Senator or to some political organization for their right to have an office under the W. P. A. would carry with it political subservience.

Mr. HOOK. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield to the gentleman from Michigan.

Mr. HOOK. The same thing would apply even to Federal judges.

Mr. WOODRUM of Virginia. No; I do not believe that would apply to Federal judges.

Mr. HOOK. Does the gentleman mean to say they are thrown into politics?

Mr. WOODRUM of Virginia. I do not believe that is a parallel case.

There is considerable opinion to the effect that when we require State W. P. A. administrators to have political endorsements for appointment we aggravate the political interference with the program. I certainly think that. I am sure the gentleman has fine intentions and that his objective is good, but I just believe it certainly would aggravate the difficulties we now have.

Mr. Chairman, I hope the amendment will not be agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. HOOK].

The amendment was rejected.

Mr. HOFFMAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HOFFMAN: Page 2, line 7, after the colon following the word "law", insert "*Provided*, That no part of the funds hereby made available shall be paid or contributed to any individual or organization which engages in lobbying for an increase in relief appropriations."

Mr. HOFFMAN. Mr. Chairman, from time to time we have heard condemnation of the practice of lobbying. No one seems to approve of it. Frequently we speak about doing something about it, but it always ends in about the same way; we forget about it.

The situation here is a little different than in any other case. Ordinarily some great organization or some wicked industrialist hires someone to lobby. A few moments ago the gentleman from Virginia was talking about that small group that seems to be under the control of the Communists, some of whom have been present in the galleries the last few days lobbying so that we might know what to do. We have lice that live on plants, we have lice that live on human beings, and we have people that, so 'tis said, put emaciated children out on the streets to solicit money for their support, part of which is taken by those who send the children on their begging mission. Sometimes we learn about the crippled, the blind, the unfortunate being used for the same purpose. We see them sometimes sitting on the streets, and we learn that those for whom they are soliciting, begging, divide the money they collect.

Here we appropriate money to buy the necessities of life, money to provide jobs so that men, women, children may eat, may have shelter, clothing, and here is an organization,

many of the officers of which are Communists, which takes a part of the money we take out of the taxpayers' pocketbook to buy necessities, appropriating a part of that money so they can come here to tell us how to represent our constituents.

There is not a woman or a man in the House but who should know what his people want, and there is no reason on earth why those to whom we furnish money so that they may work, or provide jobs so that they may work, should have a portion of that money taken from them by intimidation or by fraud in order that someone may sit here in the gallery or live over in New York and, when occasion arises and one of these bills comes up, come down here and tell us what to do, threaten us with defeat at the next election, especially if that lobbyist is a Communist, someone who teaches that this Government should be overthrown by force and with the aid of a part of the money we provide teach, as the Communists do, that we have no need of church, that there is no God.

It is to prohibit that kind of thing, to prevent the activities of those human parasites, the lousiest of whom are those who live on the money we are induced here to appropriate for the unfortunate, that I offer this amendment. Money appropriated to make jobs should not be diverted to lobbyists. [Applause.]

[Here the gavel fell.]

Mr. WOODRUM of Virginia. Mr. Chairman, I believe the Committee knows how I feel about some of the matters mentioned by the gentleman in his remarks, as well as about the objectives of his amendment. I do not see how you could administer an amendment which states that none of the funds should be used for any organization that asks Congress to increase an appropriation.

Mr. HOFFMAN. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I have only 2 minutes.

Mr. HOFFMAN. They go around on the job. They did in my district.

Mr. WOODRUM of Virginia. I know what they do.

Mr. HOFFMAN. They go around and insist that these men working on jobs pay from 25 to 35 cents a month to the organization, and they tell them, "We will get you more money and will keep your jobs for you."

Mr. WOODRUM of Virginia. Yes; but, after all, this is a country in which citizens have a great deal of latitude in the matter of assembly, of speech, of organization, and of asserting their views and presenting their views. I believe you would be going pretty far to undertake by legislative edict to put a penalty on a person if he wanted to come up to Congress and ask that an appropriation be increased.

Mr. HOFFMAN. I do not mean to interfere at all with the constitutional right of free speech, or of free assembly, or the right to petition the Congress. What I object to is the use of relief money to hire some lobbyist to come here and tell us, who ought to know, what our people want.

Mr. WOODRUM of Virginia. I object to it just as much as does the gentleman, but I do not believe the amendment the gentleman offers would accomplish that purpose, and I think it would make confusion worse confounded to try to do it by that route. I think the way we can do it is the way we are doing it now—by getting the thing out and turning the sunlight on it and letting the country see what it is, letting the country see what influences are at work, so that the great unemployed population of America in the far-flung States will know what is happening in the congested centers. Then we can rely upon their patriotism and their intelligence to remedy the situation.

Mr. HOFFMAN. Maybe so. I hope the gentleman is right.

Mr. WOODRUM of Virginia. That is what I hope.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. HOFFMAN].

The amendment was rejected.

Mr. MARTIN of Colorado. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. MARTIN of Colorado: On page 4, line 4, strike out subsection (c), beginning in line 4 and ending in line 18.

Mr. MARTIN of Colorado. Mr. Chairman, this bill is a very drastic overhauling of the work-relief program. Under the heading of Principle features of the joint resolution, the committee report accompanying the bill, on pages 9 and 10 of the report, sets out 19 changes made in the existing law. What some of these changes are and how they affect the work-relief program will be found in the several speeches above referred to.

Mr. Chairman, I knew the morning after the 1938 election—and I predicted in my home papers when I left for Washington on December 1—that work relief would be the major issue of the first session of the Seventy-sixth Congress. The election returns showed that the Republican Party had almost doubled its membership in the House of Representatives, and I knew that that party was opposed to the work-relief method of dealing with unemployment. This was made clear in the last Congress, in which, when work-relief bills passed the House, they offered motions to recommit the bills to the Committee on Appropriations with instructions to report the bill back with legislation turning unemployment and relief over to the States on a dollar-matching basis, just as in the case of old-age pensions in the Social Security Act. This meant the death of work relief. This meant the dole.

I knew also that in the farming areas of the country and in the South there was opposition to the work-relief program, which made the attitude of their Representatives in Congress, and especially from the South, closely akin to that of the Republican Party. And I knew the joinder of these groups boded no good for the work-relief program.

I was not wrong in saying that when these groups got through with W. P. A., Harry Hopkins and Aubrey Williams would not know it. House Joint Resolution 326 shows that I had underestimated what would be done to W. P. A. My thoughts were only general. The joint resolution furnishes a bill of particulars—a 19-point bill of particulars. Woodrow Wilson's famous 14 points have made more or less trouble in Europe, and the Appropriation Committee's 19 points will do the same thing to W. P. A.

The report shows that by September 1, 1939, 36.3 percent of the present load of 2,700,000 workers are slated to go off the rolls. Nine hundred thousand will go off under the rotating system, cutting off all workers who have been on the job for 18 months or more, and those who, or any member of whose family is getting any other type of public benefits. Earmarking $125,000,000 for P. W. A. will take off 200,000 more. Only a few of the points are used up in effecting the foregoing economy.

This bill should be known as the Economy Act of 1939. It does for the unemployed what the Economy Act of 1933 did for the veterans. What that act did for the veterans actually made Congress a chamber of horrors. It became a nightmare.

I have never experienced, and will never forget, the psychology which pervaded Congress when it became known what the Economy Act of 1933 had done to the veterans. A lot of it was quickly undone. I believe most of the Members who voted for the Economy Act, myself among them, had a good alibi. They did not know it was loaded, although I had my misgivings. The same may be said about the Economy Act of 1939. I think many of them do not know that it is loaded. But when the 1,100,000 begin to unload from the job, and the remainder of the 19 restrictive points go into action, it may be the reaction to the Economy Act of 1933 all over again. But let me be honest about it, in a milder form. It could not be that bad.

In one of my speeches I discussed the new formula for the distribution of employment among the States—the 45-45-10 formula. What will come out of this only time can tell; that is, except one thing—trouble. Trouble will be certain to come out of it.

Another speech discusses the more stringent and higher requirements of sponsor contribution for the types of projects sponsored by States, counties, cities and towns, school districts, and so forth. If it is rigidly carried out it will wipe States, counties, cities, towns, and districts from the W. P. A. map. In that speech I also discussed the limitations of cost of W. P. A. projects. To reverse a line of an old popular song, "Every little bit taken from what you've got leaves a little bit less." This is really the underlying philosophy of the new work-relief program.

What the architects of the new work-relief program would like to do would be to substitute direct for work relief. In England they call it the dole. Naturally, this attitude influenced many of the new provisions in House Joint Resolution 326. This bill is transitional. The Republican motion to recommit the bill tells the rest of the story. It reads as follows:

Mr. TABER moves to recommit House Joint Resolution 326 to the Committee on Appropriations with instructions to report the resolution back to the House with the following changes in those parts of the joint resolution relating to relief and its administration by Works Progress Administration: Provide for allocation of funds to States, Territories, and the District of Columbia by grants-in-aid to enable them to carry out the relief programs determined and administered by them, and in which they participate through reasonable financial and other contributions.

The way the relief program would be carried out under the Republican formula would be feet first, just as many of the States have carried out the provisions of the Social Security Act for old-age pensions. Some States pay pensions of $6 to $8, the Federal Government putting up half of this.

However, I want to say this for the Republicans: While they voted solidly for every motion to cut down relief and hog-tie the rest, all present and standing in solid phalanx, and marching up the aisle to a man on a teller count of votes, when the roll was called only 13 of the 160 had the courage of their convictions—less than 10 percent. The others all voted for the bill on the roll call. Now they can go back home with the roll call and show it to the boys with the strong backs and weak heads and come back to Congress again.

It is a great game if you know how to play it. When I was a boy down on a Kansas "claim," living in a sod house, the railroad came through, and a small town sprang up. The town brought a smart but unscrupulous young lawyer, who shocked my youthful concept of the profession by a cynical remark: "John, there are tricks in all trades but ours, and ours is all tricks." I have since acquired a bit of cynicism myself, and when the mood is on I say that politics is a game, and all games are crooked, but politics is the crookedest of all games. The people play this game and expect to get honest government out of it, and they get fooled to the top of their bent.

There is a current saying in politics that the people get what they want. Maybe so. But they either want very little or are a long time getting it. But patience brings its reward. They are going to get the Economy Act of 1939.

ON A MOTION TO STRIKE OUT A PARAGRAPH WHICH ALLOCATES 45 PERCENT OF EACH STATE'S RELIEF MONEY IN THE PROPORTION OF ITS POPULATION TO THE TOTAL POPULATION IN THE UNITED STATES, THE MOTION WAS DEFEATED

Mr. MARTIN of Colorado. Mr. Chairman, I am not offering this amendment to strike out the paragraph because I expect it to be adopted, and I am not offering it because I understand the paragraph and am able to put up a convincing argument against it. I am offering it because I do not understand it and because I know there are not 5 percent of the Members of the House who understand this formula with respect to the apportionment of relief employment among the States; and what they do not know about this paragraph applies to a good many other paragraphs in this complex bill.

I have studied this bill very carefully. I have studied it with a lead pencil, and in my opinion it is a very skillfully constructed piece of legislation. This is a bill of formulas, and intricate formulas. This bill really makes W. P. A. somewhat of an aristocrat. It has lifted it from the sphere of simple arithmetic into the realm of higher mathematics. There is not any use for a Congressman to read this bill to find out how it will affect the unemployed in his district; he will have to go to an expert in the W. P. A. to find that out.

In my opinion, there are more headaches in this bill than in any piece of legislation enacted since Roosevelt was elected President, with the exception of the Economy Act of 1933. This is an economy act for the unemployed. It will do to them what the first Economy Act did to the veterans.

This bill is loaded, but many gentlemen will not find it out until it explodes in their faces. It will not simply throw 1,100,000 workers out in the streets between now and Christmas, but it is so wound up in formulas that it is not any wonder that the Works Progress Administration states that it will virtually wreck the works-progress program. If it were especially designed for that purpose, it could not be more effectively constructed than it is.

I want to make this one statement if I do not have time to say anything more about this paragraph: It is absolutely in violation not only of the whole philosophy of relief but of the need basis of relief, which was the original and sole basis for setting up a relief program, beginning with C. W. A. and continuing through F. E. R. A. and W. P. A.

Under this formula employment is not based on need and unemployment. The first 45 percent is based on population, the proportion of State to National population, and that might absorb all the unemployed in some of the States, whereas it would not absorb half of the unemployed in other States.

Conditions are very dissimilar. I happen to have a county in my congressional district that has never had a person on relief in the last 10 years. They never had any W. P. A. projects because they had nobody to work on them. I have another county in my district in which at one time as high as 60 percent of the population were on relief. A State like New York has an unemployment load of about 13 percent of the unemployed of the Nation, but it has not 13 percent of the population.

It is the same with Pennsylvania. Under this formula both of these States would sustain heavy reductions, whereas a State like Virginia would get a large increase in W. P. A. employment.

The next 45 percent is based on unemployment, the proportion of the unemployed in the State to the national total. The remaining 10 percent is at the discretion of the Administrator to meet emergencies. The whole 90 percent ought to be allocated on the basis of unemployment and need. Not only has the very basis and reason for relief been need and unemployment from the start, but in this bill it is sought to make it as mandatory as language can upon the administration of relief to employ numerous new needs tests laid down in the legislation before a person can get on W. P. A. or stay on after he gets on.

This population quota is in contradiction of the basic theory of this whole bill. Here is a formula which says that a State must be allotted 45 percent of its Federal relief money on its population basis, even if it has to scrape up every person in the State who could possibly qualify for relief, while another State might have such an unemployed relief roll that its population and unemployed quotas combined would not take care of it. I have already cited the cases of New York, Pennsylvania, and Virginia.

This inequality runs more or less through all the States. It seems to have been in the mind of the committee framing this bill that it must be upon an entirely new theory in all respects.

In my judgment, even though I understood the gentleman from Virginia to say a while ago that the Administrator favored this formula, I do not believe anyone can tell how it will work. Why should we have a population basis of nearly half for the distribution of relief regardless of unemployment and financial conditions in the State? The answer to that question alone would be sufficient justification for striking this paragraph out of the bill.

[Here the gavel fell.]

Mr. WOODRUM of Virginia. Mr. Chairman, the gentleman from Colorado suggests there is something vaguely insidious about this provision and that it is a veiled attempt to wreck the works program and that it is loaded with various and numerous headaches. I am willing to admit the latter part of his allegation, because I have had some of those headaches and the committee has had them and we have been studying that question since the first day the Congress met.

The paradoxical part of this thing, however, is that the provision to which the gentleman objects is verbatim, 100 percent, the recommendation of the Works Progress Administration and the President. So certainly no one can lay at the hands of the committee an attempt to wreck the program, because here we have taken the formula that the Budget sent up and that the President recommended, and one that they say will enable them more equitably to distribute the benefits of unemployment relief.

So I do not see the force of the argument that my friend makes and, certainly, if this provision wrecks the program, then those gentlemen have pulled the house down on their own heads.

I hope the amendment will not be adopted.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Colorado.

The amendment was rejected.

Mr. KELLER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. KELLER: On page 4, line 25, strike out "$6" and insert in lieu thereof "$17."

The amendment was rejected.

The CHAIRMAN. The Delegate from Hawaii [Mr. KING] offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. KING: Page 4, line 6, after the word "States", insert a comma and the following: "Territories, possessions."

Mr. KING. Mr. Chairman, the amendment I have offered, which the Clerk has just read, would apply to the Territories and possessions the formula contained in subsection c of section I of the pending joint resolution making appropriations for work relief, relief, and to increase employment by providing loans and grants for public-works projects, for the fiscal year ending June 30, 1940. As this section reads now, the formula is limited to the 48 States and the District of Columbia, and the Territories and possessions are excluded from its provisions.

I took this matter up with the ranking minority leader and the distinguished gentleman who has charge of the bill on the floor, and neither had any objection to my amendment. But the W. P. A. officials advised the gentleman from Virginia [Mr. WOODRUM] that they object to my proposal and that they prefer to take care of the employment needs of the Territories and possessions under the provisions of subparagraph 3, which states that 10 percent of the total number employed shall be at the discretion of the Works Projects Board. This is exactly what I do not want to happen. The formula, as has been stated by previous speakers, has been carefully worked out by the Bureau of the Budget and by the W. P. A. administrators as being a fair and equitable method of apportioning W. P. A. employment over the several States. And if that is so, then it is equally fair and equitable for the Territories and possessions.

The only argument raised against applying the same rule to the Territories and possessions as will be used in providing relief employment in the several States is that our conditions are different. There are no grounds for this argument. Unemployment conditions in the Territories are similar to the situation in the several States, and if the number of persons who will be afforded relief employment on the mainland is to be determined by a fixed formula, the same principle should apply to Territories and possessions.

I sincerely hope that the committee will adopt the amendment I have offered in order that not only the territory I represent—Hawaii—but also Alaska and Puerto Rico may come under the same ruling as the 48 States. Those of us who represent here in Congress communities that are not sovereign States have this recurrent difficulty. We have had a hard time in the past to convince the membership of Congress that the United States is not restricted to the continental area comprising the 48 States, but also extends to Alaska, Hawaii, and Puerto Rico. Perhaps the 29 States that were Territories at one time, before they were admitted into the Union, had the same experience in the past, but they are now full-fledged members of the Union and there is no longer any Territory on the mainland. But I feel certain that if there were an incorporated Territory on the mainland there would not be any question of leaving its unemployment-relief problem to the discretion of the W. P. A. officials. The same formula that is to be used as a basis for employment for the several States would undoubtedly extend to any mainland Territory if such existed. By the same token, if Hawaii were situated on the mainland, there would not be any doubt at all that the provision in subparagraphs 1 and 2 of subsection c would be applicable to Hawaii and its people. The provision contained in subparagraph 1 that 45 percent of the total number employed would be determined by the ratio which the population of Hawaii bears to the total population of the United States as shown by the latest available Federal census would undoubtedly apply to the Territory if it were located within a mainland area. The other provision in subparagraph 2 that 45 percent of the total number employed would be determined by the ratio which the number of unemployed persons in each State bears to the total number of unemployed in all States would likewise apply. This would leave to the discretion of the W. P. A. only 10 percent of the total number employed, as provided in subparagraph 3.

Because of our insular position the argument is made that our conditions are different. But our geographical location does not affect the unemployment situation. Our complaint in the past has been based on the very fact that the W. P. A. had treated us differently from the mainland.

I would like to quote a concurrent resolution adopted by our legislature, recently in session, which I have here, which protests that the administration of the W. P. A. in Hawaii is not satisfactory to the people of the Territory, and which asks that the W. P. A. activities in Hawaii be returned to civilian jurisdiction, which was the case prior to 1938:

Whereas the Congress and the national administration have repeatedly recognized the status of the Territory of Hawaii as an integral part of the United States and entitled to treatment by the Federal Government in all respects on equality with the several States; and

Whereas the said Territory has ever since its voluntary annexation in 1898 more than paid its way as said integral part of the United States, having contributed in the 1938 fiscal year to the Federal Treasury internal-revenue collections of over $14,000,000, or more than any 1 of 15 of the States; and

Whereas the control of the Works Progress Administration in Hawaii, after having been efficiently and honestly handled by civilian control, has been transferred to the United States Army, as has been done in no other State or Territory; and

Whereas said transfer is regarded by the civil population of Hawaii as not constituting treatment of the Territory on a basis of equality with the States but as constituting discrimination against the Territory and its 400,000 civil population, and as a virtual repudiation of the heretofore recognized status of the Territory: Now, therefore, be it

Resolved by the House of Representatives of the Legislature of the Territory of Hawaii (the senate concurring), That a vigorous protest be entered on behalf of the people of Hawaii against said transfer of control of the Works Progress Administration in the Territory to the United States Army and that the officials responsible for said transfer be, and they hereby are, respectfully requested to rescind said transfer order and return said administration in Hawaii to civil control.

Resolved, That properly certified copies of this resolution be transmitted to the Honorable Franklin Delano Roosevelt, President of the United States of America; Hon. Harold L. Ickes, Secretary of the Interior of the United States; Col. F. C. Harrington, National Administrator of the Works Progress Administration; Hon. WILLIAM H. KING, Senator from Utah, chairman of the Joint Committee on Hawaii; Hon. MILLARD E. TYDINGS, Senator from Maryland, chairman of the Senate Committee on Territories and Insular Affairs; Hon. LEX GREEN, Congressman from Florida, chairman of the House Committee on Territories, and to Hon. SAMUEL WILDER KING, Delegate to Congress from Hawaii.

It has been difficult to convince W. P. A. officials that we have an unemployment problem in Hawaii. Unfortunately, too many people consider that Hawaii, because on the whole it has been a prosperous community, has no one in need of relief employment. Such an assumption is entirely untrue. We have a serious unemployment problem. The W. P. A. has been a great help in solving this situation in the past, but we have been entirely dependent upon executive discretion and have had to accept from the W. P. A. officials their decision on the projects approved and the allocation of funds, with practically no voice in determining what is suitable to our needs. I would like Congress to include Hawaii in its supervision over the apportionment of W. P. A. relief to the Territory in the same manner as Congress is prescribing how relief employment shall be apportioned to the several States, and leave to Executive discretion no greater latitude in Hawaii than it has in the several States. I feel, having been elected to Congress for three successive terms, that I am better able to speak for the people of my Territory than the W. P. A. Administrator is, and I know I voice their sentiments when I urge that Congress extend the formula prescribed in subsection c to my community.

Mr. DIMOND. Mr. Chairman, will the gentleman yield?

Mr. KING. Yes.

Mr. DIMOND. If this formula set forth in subsection (c) is good for the States, is there any conceivable reason under the sun why it should not apply to the Territories, inasmuch as the residents of the Territories are citizens of the United States just as much as are the residents of the States?

Mr. KING. Absolutely.

Mr. DIMOND. If anybody is going to be helped out, can the gentleman conceive of any reason why the citizens of the Territories should be put off from work relief, when the committee has extended it to the people of the States?

Mr. KING. None whatever. One can starve just as easily in Alaska and Hawaii and Puerto Rico as one can in any one of the States of the Union.

May I point out that Hawaii has had lower per capita expenditures through W. P. A. allocations than any one of the 48 States, Puerto Rico being the only community with a lower per capita cost for W. P. A. activities? It is also true that a smaller percentage of our population has been furnished with relief employment than any one of the several States. Unfortunately the W. P. A. makes this an argument to support the contention that our unemployment problem is less than on the mainland. This is true in regard to some communities, but the reason we have had a smaller number on the relief rolls and a lower per capita cost is because the W. P. A. has not granted us as full a measure of relief employment as they have elsewhere.

It is also true that the wages paid by the W. P. A. in Hawaii in comparison with our prevailing rates are lower than in any mainland community. I feel that these circumstances justify my asking Congress to limit the discretion of the W. P. A. executives, just as it is limiting it in the States.

I have a concurrent resolution from our legislature, which I would like to quote at this point:

Whereas since the change of control of the Works Progress Administration in the Territory of Hawaii from civilian to Army administration, the number of persons employed on civilian projects has been consistently reduced until there are now only 2,747 persons, or 0.715 percent of the population of the Territory, consisting of 384,400 persons, employed by said Works Progress Administration upon such projects; and

Whereas if the 1,245 additional persons employed by said Administration upon Army and Navy projects in the Territory be added, still only 1.04 percent of the population of the Territory are employed by such Administration; and

Whereas in no State of the Union is so small a percentage of population employed by the Works Progress Administration; and

Whereas the Territory of Hawaii is an integral part of the United States of America and its people are entitled to enjoy the benefits of Government equally with their fellow citizens who are residents of the several States; and

Whereas owing to the low prices received for sugar and pineapples, the Territory's major sources of income, and the accelerated cost of producing such sugar and pineapples, unemployment is increasing in the Territory at an alarming rate; and

Whereas the finances of the public-welfare organizations have been strained to the uttermost and the list of applicants for relief has grown to such proportions that even minimum relief must be denied to hundreds of persons; and

Whereas the Territory, through the great reduction of its revenue, is having difficulty in balancing its budget and making even minimum provisions for the relief of the unemployed: Now, therefore, be it

Resolved by the House of Representatives of the Twentieth Legislature of the Territory of Hawaii (the senate concurring), That the Works Progress Administration be, and it is hereby, urgently requested promptly to increase the number of persons employed by it within the Territory of Hawaii, commensurate with the need existing here and with the relief furnished in the several States of the Union; and be it further

Resolved, That the Delegate to Congress from Hawaii is requested to use his best efforts to secure such increased employment; and be it further

Resolved, That copies of this concurrent resolution be forwarded to the Works Progress Administrator in Washington, D. C., to the Secretary of the Interior of the United States, and to the Delegate to Congress from Hawaii.

The Territories are never overlooked when national legislation is passed, levying various taxes and burdens on the people of the United States as a whole. We in Hawaii meet all of the Federal taxes which our fellow citizens on the mainland are required to meet; we obey all of the national laws, such as the wage and hour law, and the various phases of the Social Security Act; we meet every obligation of our American citizenship and our status as an incorporated Territory of the United States. We share with the rest of the country every responsibility and burden of American citizenship. However, when benefits are being granted to the various States we are often—perhaps inadvertently—overlooked. I have had to appeal to the leadership of Congress to rectify these oversights and I do want to say that I have always received a sympathetic hearing when I have called attention to these omissions. In the bill now pending I feel that Congress should place the Territories on the same basis as the mainland because of the fundamental principle for which we have continuously worked—that nothing in our system of government justifies treating a Territory differently from the rest of the country.

May I also call attention to the special situation in Puerto Rico where unemployment is a tragic problem? Congress recently adopted in the amendments to the Social Security Act special provisions for the people of Puerto Rico. The committee report accompanying the pending resolution also calls attention to the great distress in Puerto Rico. I am sure the application of this formula to that island would be a great help to the people of Puerto Rico and I ask that my amendment extending the provisions of subsection c to the Territories and possessions be adopted by the Committee.

The CHAIRMAN. The time of the Delegate from Hawaii has expired.

The CHAIRMAN. The Chair recognizes the Delegate from Alaska for 2 minutes.

Mr. DIMOND. Mr. Chairman, when I first read the provisions of subsection (c), which sets up this formula for the distribution of relief money as applied to the States, and makes no provision with respect to the Territories, for the moment I was under the illusion that it was not George VI but the shade of George III who recently visited us, because this is discrimination against the Territories and possessions in the worst sense of the word on the theory that they are mere colonies and not entitled to equal treatment. George III had some such idea.

Now, it will be said that we can be taken care of as a matter of gift, or grace, or bounty, out of the 10 percent of the money that is left within the discretion of the Works Progress Administration or its successor, to pay out as it pleases; but I know and you know that on account of the burden of relief in many sections of the country there is hardly a chance in the world that the Territories can be adequately provided for or will be sufficiently taken care of out of that 10 percent. I say to you, as the gentleman from Hawaii [Mr. KING] has said, if this formula is good for the States, with all the divergency of population, with all the differences in relief loads—one of which was stated by the gen-

tleman from Colorado [Mr. MARTIN], showing that in one county there was none on relief and in another county 80 percent were on relief—I say, if this formula is good and suitable for the people of the States, where one State has an overwhelming relief load and another has little, then it is just as good for the people of the Territories and possessions, the citizens of which are citizens of the United States just the same as are the citizens of the States.

We of the Territories did not ask for this formula whereby of the employment that may be given under the appropriation carried in the bill now under consideration 45 percent will be based on the population ratio, 45 percent on the unemployment ratio, and the remaining 10 percent be allocated by the Administrator, or the Board, at his or their discretion. It is my understanding that the formula was devised by some of the officials of the Works Progress Administration. We would have been content to proceed under the system heretofore in force wherein allocations of relief funds have been made upon need as shown to the Administrator. But the committee has placed before us the formula contained in subsection (c), which is to be applied only to the States and to the District of Columbia, and the Territories and possessions have been excluded. That exclusion cannot be justified by any sound theory of law or administration or relief assistance. For it must have occurred to every Member that there are the same differences and divergencies among the States themselves as to population and as to unemployment as exist between the States on the one hand and the Territories and possessions on the other. If the Territories and possessions are to be excluded from the coverage of subsection (c), then some of the States similarly situated with respect to population and to unemployment should be also excluded. But no one thinks of excluding any of the States from the benefits or provisions of this subsection. No one would dare to suggest any such thing. The Members in the House from the States have votes. And each State is represented by two Members in the Senate who would see to it that no legislation is passed which discriminates against that State.

Unfortunately, the Territories, although States in embryo, have no votes in this body and no representation in the Senate. So I have seen in my service here a long succession of bills brought in, applying in benefits only to the States, and excluding the Territories, and frequently it has been only after arduous and difficult labor and effort that the Territories and possessions are embraced in such legislation by amendment. However, there is one class of legislation in which the Territories and possessions are always included in the first instance, and that is legislation which imposes taxation of any kind. There is not the slightest danger that the Territories will ever be omitted or excluded from a tax bill.

Even if the amendment now proposed by the gentleman from Hawaii [Mr. KING] to have the Territories and possessions embraced in the formula for distribution of relief employment set out in subsection (c) would result in the grant of less in the way of relief to Alaska than we would otherwise receive, I should still favor the amendment, for the principle that the citizens of the Territories should be in all respects treated as the citizens of the States is of great consequence to me and to the people of Alaska. We ardently wish to share in all things—the benefits and the burdens, the grants and the taxes, the good fortune and the evil fortune, the dangers, the hazards, the responsibilities, and, at the same time, the advantages, the gains, and the measure of security—with the citizens of the States. We not only wish this equal treatment but we demand it, and our demand is supported by the fundamental principles of good administration, of right, and of justice.

Therefore, I say to you that this amendment by all means ought to be adopted in order to extend full justice to the citizens of the Territories. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the Commissioner from Puerto Rico.

Mr. IGLESIAS. Mr. Chairman and Members of the Committee, I am very grateful for the words that have been expressed by the Delegate from Hawaii [Mr. KING] and the Delegate from Alaska [Mr. DIMOND].

Puerto Rico is more needy than any Territory in the United States. The chairman of the committee says in his report, referring to Puerto Rico:

> The economic situation in Puerto Rico continues to be serious, the island economy being dependent on three crops; namely, sugar, coffee, and tobacco. The income from these crops and the business supplemental thereto is not sufficient to support the burdens of the island. Existing bad conditions have been greatly aggravated during the present fiscal year.
>
> To say that the situation in Puerto Rico is distressing is putting it mildly, and it is further complicated by an annual increase in population of approximately 40,000 in a small area where 1,800,000 persons already reside.
>
> The program recommended contemplates a continuation of the program of rural rehabilitation which has been carried on during the current and preceding fiscal years.

Mr. Chairman, we are seeking, asking, and requesting the Congress of the United States to pass this amendment proposed by the Delegate from Hawaii in behalf of the Territories and possessions.

I thank you. [Applause.]

The CHAIRMAN. The Chair recognizes the gentleman from Virginia.

Mr. WOODRUM of Virginia. Mr. Chairman, there certainly is no thought other than to be perfectly fair and liberal with the Territories and possessions. So far as Puerto Rico is concerned, we have a separate item of $7,000,000 in this bill, in addition to the W. P. A. program.

With reference to the formula as it might affect the Territories, we are told by the W. P. A. that because of the entirely different economic situation and because of the entirely different unemployment situation, that formula would not be applicable to the Territories and possessions.

Mr. KING. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield.

Mr. KING. I would like to say that I disagree with the W. P. A. entirely. The economic situation and the unemployment situation in Hawaii is exactly the same as in any other agricultural State of the Union.

Mr. WOODRUM of Virginia. I appreciate my friend's statement about that. I am sure of his very deep interest in Hawaii.

Mr. DIMOND. Will the gentleman yield?

Mr. WOODRUM of Virginia. I yield.

Mr. DIMOND. I want to assure the gentleman that the situation in Alaska is just the same as it is in many, many of the States. Our unemployment is about 20 percent. It is not so much in the summertime, but in winter it is so. If this formula does not apply to Alaska, I am very apprehensive that we will have no adequate relief.

Mr. WOODRUM of Virginia. This is the formula worked out by the W. P. A. They tell us that under the 10 percent discretionary part of the formula they can and will take care of the Territories and possessions.

Mr. KING. Will the gentleman yield further?

Mr. WOODRUM of Virginia. I yield.

Mr. KING. Let me say to the gentleman that the Territory is entirely dissatisfied with the manner in which W. P. A. has been taking care of the unemployment problem in the past 2 years. That was a great issue in the campaign of last fall on which I was elected. So I can assure the gentleman that I would much prefer to have it written into the bill, using the same argument that the gentleman himself made on the matter of the $50,000,000 river and harbor item. I would like to see it in the law.

Mr. WOODRUM of Virginia. The gentleman is very persuasive. All I know about it is what the W. P. A. has told the committee, and we have handed that to the House. I bring that information to the House. They feel strongly that the Territories and possessions should not be included.

[Here the gavel fell.]

The CHAIRMAN. The question is on agreeing to the amendment offered by the Delegate from Hawaii.

The question was taken; and on a division (demanded by Mr. WOODRUM of Virginia) there were ayes 114 and noes 42.

So the amendment was agreed to.

The CHAIRMAN. The gentleman from Mississippi [Mr. COLMER] offers an amendment, which the Clerk will report.

The Clerk read as follows:

Page 4, line 8, after the figure "1", strike out "forty-five" and insert "thirty"; in line 11, after the figure "2", strike out "forty-five" and insert 'fifty"; and in line 14, after the figure "3", strike out "ten" and insert "twenty."

The CHAIRMAN. The gentleman from Mississippi is recognized for 2 minutes.

Mr. COLMER. Mr. Chairman, I am not so wanting in practical knowledge and experience to think that in the limited time that has been given me to discuss this amendment, the time having already been spoken for, as to believe that I can override this committee who are advocating the present formula. But I cannot sit idly by and see this, another injustice, done to the needy of my section, as well as to other sections of the country.

Now let us see what we have here. When I first read this appropriation bill, which was not available until yesterday, I scanned it to see if there was any provision made to correct the present injustice in distribution of these funds, in the first place; and whether there was any provision made for correcting the injustice in the rate of pay to the workers whereby my section has always suffered. I found the formula in the bill providing that the money was to be distributed upon a ratio basis of 45 percent according to population, 45 percent according to need and unemployment, and giving the other 10 percent to the discretionary power of the Works Progress Administration. My first inclination was that this might remedy the situation and give my State and other States similarly situated, particularly in the South, a fairer and more equitable distribution of the funds to be made available. But, being inquisitive, I got in touch with an assistant administrator of the W. P. A. and its statistician and found to my amazement and disgust that rather than helping that situation the proposed formula but aggravated it. For instance, States like Pennsylvania and New York, which have been getting the lion's share of these appropriations in the past both on a basis of population and need, would increase their rolls under the formula of 45-45-10; and States like Mississippi would have to decrease their rolls.

To be specific, Pennsylvania, which in 1937 received more money from the W. P. A. than 11 Southern States with a total population of approximately three times as many as Pennsylvania, would get an increase of 7,000 additional W. P. A. workers on the present basis under this formula. New York would gain 48,000 recipients of relief under this formula over its present quota, while some of the poorer States like Mississippi would lose 5,800 workers from the rolls and New Mexico would lose 2,900. So instead of helping our situation, so far as those of us who represent the less densely populated States are concerned, we again lose.

Now, Mr. Chairman, the amendment which I propose of 30 percent on population, 50 percent on needy, giving 20 percent to the W. P. A. to be used in their discretion to equalize the ratio, would, in my opinion—with the brief opportunity I have had to study it—materially remedy the situation. I am informed by the W. P. A. officials that this amendment would be more equitable and give them a better opportunity to do the job than the present formula in the bill. So I submit this amendment for your consideration, and I here and now predict that if this amendment is not adopted either the whole formula will be stricken out when the bill is considered at the other end of the Capitol or a new formula will be substituted. Certainly almost anything would be an improvement over the present formula.

And in this connection, Mr. Chairman, I desire to call the attention of this body to some very pertinent facts. In doing so I want to disavow any intention or desire to appear sectional or selfish in my remarks. But as one who has repeatedly voted for these gigantic appropriations, running into the billions of dollars, that have been sponsored by this Democratic administration, I am getting wearied of being continuously asked to support these programs with their billions of dollars of expenditures when always my section is discriminated against in the distribution of these funds. I should dislike very much to charge that there had been politics on a national scale in this matter, but the fact remains that our section, which has always been the bulwark, in season and out of season, of the party now in power, does not receive the same generous treatment at the hands of this administration as do some of the States who are not so uniform in their adherence to a particular party. For instance, it has been repeatedly called to the attention of the Congress that the 11 Southern States of Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Texas, and Virginia, with a total population of 28,761,024, had expended within their boundaries by the W. P. A. during the fiscal year 1937, $210,750,000. While Pennsylvania, with a population of 9,631,350, received in the same period $214,565,000.

In other words, Pennsylvania with a population of practically one-third as many as these 11 Southern States received approximately $4,000,000 more from this fund for relief purposes in 1937 than did these 11 Southern States. And these illustrations of disparagement might be carried on indefinitely.

WAGE DIFFERENTIALS

But this is only one phase of the matter. The President about a year ago held the South up as economic problem No. 1 of the Nation. Following that he called upon the Congress to enact a wage and hour law with a minimum-hour scale and a minimum-wage scale that would apply throughout the country. I voted for this wage and hour law. While that bill to increase the wages and limit the hours was under consideration by the committee last year we were called upon to enact another $2,000,000,000 relief bill. During the consideration of that relief bill on the floor I offered an amendment to the bill which would have eliminated all wage differentials in the relief set-up between the various classes of workers in the various sections of the country. I called the attention of the House to the fact then in the consideration of my amendment that we would in a period of a few days consider the wage and hour bill, and that that bill provided that there should be no differential paid between workers in the South and other parts of the country. I argued to this House that if there should be no differential in private employment then the Federal Government, which was sponsoring the wage and hour bill, should certainly not establish differentials in the scale of wages to be paid by the W. P. A. My amendment failed and the wage-and-hour bill was passed. Then the same Government that said that private industry had to pay a uniform minimum wage throughout the country also said that there should be differentials paid in various sections of the country under the W. P. A.

Mr. Chairman, we will again be faced with that proposition in a few hours when we consider the amendment to be offered by the gentleman from Georgia [Mr. TARVER] seeking to equalize these wage scales throughout the country. Of course, I expect to support the amendment to be offered by the gentleman from Georgia, who is a member of the Appropriations Committee, and I hope that my colleagues will do likewise. The amendment of the gentleman from Georgia does not seek to do away entirely with differentials, as I should like to see done, but which I know from past experience this House will not do, but it does provide that these differentials should not be as broad and drastic as they have been under past administration of the appropriation acts for the W. P. A. How can anyone who desires to be fair, justify a wage scale of from 20 to 30 cents an hour for unskilled labor in Georgia and 20 to 40 cents in Mississippi, with a scale of 31 cents to $1.02½ in Illinois and 46½ cents to 93 cents in New York for the same type of labor?

Mr. Chairman, only a few days ago I tried to remedy a similar situation with reference to pensions for our needy

aged when we had under consideration the social-security bill. I made the best fight I knew how to make to equalize the pensions that are being paid as a result of Federal funds contributed for our aged needy. But that too was defeated.

I have no desire, as I said in the beginning, to appear sectional, but it would appear that some other people are practicing sectionalism. I do not know how far we who represent these less favored sections can be expected to continue to go along with this unjust, unreasonable, and illogical set-up of proration and distribution of Federal funds. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The gentleman from Virginia [Mr. WOODRUM] is recognized for 2 minutes.

Mr. WOODRUM of Virginia. Mr. Chairman, I am glad to find out something from which my native State will get a little benefit. I did not know it was here, if the gentleman's statement be correct. I am frank to say that I cannot exactly figure this formula; I did not attempt to do so; but from the way the gentleman interprets it, we could only figure, with a factor of 30 assigned to total population, that the State of Mississippi would get less out of it instead of more.

Mr. COLMER. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield.

Mr. COLMER. I do not see how we could get any less; we have only 5,800 under the present set-up.

Mr. WOODRUM of Virginia. I think the gentleman's formula would cut it down.

Mr. COLMER. Mr. Chairman, will the gentleman yield further?

Mr. WOODRUM of Virginia. I yield.

Mr. COLMER. I merely give the W. P. A. more discretion in the matter. I will say to the gentleman, frankly, that I do not know whether it will work out or not, but they tell me down there that it will work out better than the formula in the bill, and I am relying upon their statement.

Mr. WOODRUM of Virginia. This is a formula they brought to the committee, I may say to the gentleman from Mississippi.

Mr. TABER. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield.

Mr. TABER. The great advantage of this is that it reduces the number that would go to Mississippi. [Laughter.]

Mr. WOODRUM of Virginia. I think that would be the effect of the gentleman's amendment.

Mr. BATES of Massachusetts. Does it increase the number going to Massachusetts? [Laughter.]

Mr. WOODRUM of Virginia. I hope so, I may say to the gentleman from Massachusetts.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Mississippi.

The question was taken; and on a division (demanded by Mr. COLMER) there were—ayes 35, noes 108.

So the amendment was rejected.

The CHAIRMAN. All time on this section having expired, the Clerk will read.

The Clerk read as follows:

NATIONAL YOUTH ADMINISTRATION

SEC. 2. (a) In order to provide assistance to needy young persons, there is hereby appropriated to the National Youth Administration, out of any money in the Treasury not otherwise appropriated, for the fiscal year ending June 30, 1940, $81,000,000, and such sum shall be available for (1) administration; (2) the prosecution of projects approved by the President for the National Youth Administration under the provisions of the Emergency Relief Appropriation Act of 1938; and (3) to provide, subject to the approval of the President, on projects, Federal and non-Federal, of the types specified under section 1 hereof for the Works Progress Administration, part-time work and training to needy young persons who are no longer in regular attendance at school and who have been unable to obtain employment, and to enable needy young persons to continue their education at schools, colleges, and universities.

(b) The Administrator of the National Youth Administration shall fix the monthly earnings and hours of work for youth workers engaged on work projects of such administration financed in whole or in part from the appropriation in this section, but such determination shall not have the effect of establishing a national average labor cost per youth worker on such projects during the fiscal year 1940 substantially different from the national average labor cost per such worker on such projects prevailing at the close of the fiscal year 1939.

(c) Not to exceed 4 percent of the amount made available in this section may be used for administration.

(d) The National Youth Administration is hereby extended until June 30, 1940, to carry out the purposes of this title.

Mr. WOODRUM of Virginia. Mr. Chairman, I offer a committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. WOODRUM of Virginia: Page 8, line 3, strike out the figure "4" and insert "5."

Mr. WOODRUM of Virginia. Mr. Chairman, the effect of this amendment is to make available a greater amount of money for administrative expenses.

The CHAIRMAN. Without objection, the amendment will be agreed to.

There was no objection.

Mr. COLLINS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COLLINS: Page 7, line 6, strike out "$81,000,000" and insert in lieu thereof "$123,000,000."

Mr. COLLINS. Mr. Chairman, this amendment merely carries the amount recommended by the President and the Budget. The committee reduced the Budget estimate from $123,000,000 to $81,000,000.

The committee contend that this is $6,000,000 more than N. Y. A. had for the fiscal year which will end the 30th of this month. Let us see if this squares with the facts. Seventy-five million dollars was allotted for N. Y. A.

Approximately five and a half million dollars more were allotted by the W. P. A. for administrative expenses. In addition there was an unexpended balance of $760,000. All of which totals $81,260,000. In other words, the amount recommended by the committee is substantially the same as the N. Y. A. had at its disposal for the fiscal year that ends on the 30th of this month.

With reference to the necessity for the increase, one-third of the unemployed persons of this country are between the ages of 16 and 24 years. I have gone along with the committee's recommendations and all recommendations in the past for W. P. A. appropriations. In this bill approximately one and one-half billion dollars is recommended for the W. P. A. for two-thirds of the unemployed people in this country. What is being proposed with regard to the other one-third? They are given $81,000,000, the two-thirds to be given 20 times as much as the unemployed one-third.

Mr. Chairman, bear in mind that this pitiful sum of $81,000,000 is not to be spent for relief but is to be spent in qualifying these young men and women to pursue a vocation in life so that they will not become relief workers but instead will have a vocation which will enable them to earn a living for themselves and their families. I submit that the increase of $42,000,000 proposed by my amendment, which is the amount recommended by the President of the United States, should certainly be granted to the unemployed one-third of the people of this country.

The type of work that these boys are doing is of the highest. I submit to you that the work that each one of these youngsters turns out is larger in amount and more valuable in dollars and cents than that done by any W. P. A. worker. Ask anyone who knows if this is not a fact; and they receive only about one-sixth as much as a W. P. A. worker and one-tenth as much as a C. C. C. employee.

[Here the gavel fell.]

Mr. COLLINS. Mr. Chairman, I ask unanimous consent to proceed for 3 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi [Mr. COLLINS].

There was no objection.

Mr. COLLINS. Mr. Chairman, we have in this House, sitting in the front row, a young man from Texas. At the age of 25 years he has gained membership in this honorable body. That young man was an N. Y. A. student. Statistics will show, not only from my State but from all the States of the Union, that N. Y. A. students are more than average in

scholarship and ability. Ninety percent of those who have the opportunity to graduate from college are honor graduates. They are workers, not drones.

Some of you may think it is a brave act to fight relatively small appropriations to aid young men and women to go to school and by your vote keep them in idleness. Gentlemen, it is not an act of courage to vote against youngsters in the high schools and colleges, young men and women who yet cannot vote. I warn the Members of the House if they cut the pitiful sum recommended by the President of the United States, they are striking at a crowd of young people in this country who ought to be aided in their desire to go to school or to learn a vocation.

If the flag that flies on the dome of this building is ever torn down and another form of government supplants ours, it is not going to be done by W. P. A. workers, it is not going to be done by old men; it is going to be done by the youth of the country, by young men and women who believe they have been neglected or have been denied a square deal.

I appeal to you as a lifelong, conservative Democrat, as one who has labored nearly 20 years in this Congress, as one who has always been on the side of reduction in appropriations, to grant this pitiful increase so that worthy American boys and girls may be given the opportunity to live and learn. [Applause.]

[Here the gavel fell.]

Mr. WOODRUM of Virginia. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 45 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia [Mr. WOODRUM]?

Mr. RABAUT and Mr. MARTIN of Colorado objected.

Mr. WOODRUM of Virginia. Mr. Chairman, in view of the fact that several other gentlemen have risen since I propounded the original request, I ask unanimous consent that all debate on this section and all amendments thereto close in 1 hour. I would like to have the last 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia [Mr. WOODRUM]?

Mr. JONES of Ohio. Mr. Chairman, reserving the right to object, will all the Members who have amendments at the Clerk's desk be given an opportunity to present their amendments?

The CHAIRMAN. The Chair will, insofar as the Chair is able, try to meet the situation as fairly and as equitably as possible. The Chair will feel constrained, however, to divide the time among the Members seeking recognition and will endeavor to recognize Members who have pending amendments.

Mr. WHITE of Idaho. Mr. Chairman, reserving the right to object, I want the chairman to note I was on my feet asking for recognition.

The CHAIRMAN. The Chair is aware of the fact that the gentleman is on his feet and is also aware of the fact that the gentleman from Idaho [Mr. WHITE] consulted the Chair some time ago.

Mr. DINGELL. Mr. Chairman, reserving the right to object—and I shall not object—I certainly would like to get 5 minutes.

The CHAIRMAN. The Chair feels that he will not be able to recognize any Member for the full 5 minutes.

Mr. DINGELL. Mr. Chairman, then I object.

Mr. RABAUT. I object.

Mr. WOODRUM of Virginia. Mr. Chairman, I move that all debate on this section and all amendments thereto close in 1 hour.

The motion was agreed to.

Mr. HEALEY. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. HEALEY. May I ask how many Members have requested time?

The CHAIRMAN. The Chair has a list of 29 names of Members who desire time, and there are three amendments at the desk. The Chair will recognize each Member for 1¾ minutes.

The gentleman from New York [Mr. MARCANTONIO] is recognized for 1¾ minutes.

Mr. MARCANTONIO. Mr. Chairman, I recognize the farce that is involved in trying to discuss the welfare of the young men and young women of our districts in a minute and three-fourths; nevertheless, I simply make this appeal in all earnestness, that the best investment this Congress can make is an investment in the welfare of the young men and young women of our country. The very welfare of our country depends on them. They are the generation that is going to carry on after we are gone. Let us forget party politics, let us forget the false economy-minded proposition we have had before us all day, let us forget the bitterness of the debate we have had this afternoon, and let us just do some thinking of our young men and women. Let us give them a break. They need it. By all means they deserve it. [Applause.]

Mr. SIROVICH. Mr. Chairman, will the gentleman yield?

Mr. MARCANTONIO. I yield to the gentleman from New York.

Mr. SIROVICH. I wish to call the attention of the gentleman from New York and the House to the fact that if we agree to the amendment increasing the appropriation to $123,000,000 we can take care of only one out of every six deserving cases that have been certified; and we Members of Congress are given only a minute and a half to discuss the welfare of the youth of the Nation.

Mr. MARCANTONIO. The gentleman is mistaken. It is a minute and three-quarters. [Laughter.]

The CHAIRMAN. The Chair recognizes the gentleman from Louisiana [Mr. MILLS].

Mr. MILLS of Louisiana. Mr. Chairman, I wish at this time to make a few remarks in support of the amendment restoring the National Youth Administration appropriation to the President's original figure of $123,000,000 in order to provide for needy boys and girls who have no means of completing their education without Government assistance.

The ideal of universal education has always prevailed in this country, and I believe that any boy or girl who is willing to work for an education deserves to get one, but it is not just the problem of educating our poorer young men and women which confronts us now; it is also the problem of keeping them off of the unemployment roles.

The $42,000,000 cut in the N. Y. A. appropriation will mean thousands of deserving boys and girls will never complete their education, but it means more than that. It means that thousands of boys and girls will be walking the streets looking for jobs which do not exist; will fall prey to idleness and discouragement before they have even started on their careers. Many will, perhaps, find work at very low salaries and thus throw men with families and dependents out of jobs. There is no surer way of increasing our present relief roles, of increasing our crime problem, and of lowering the morale of the Nation as a whole than by turning these thousands of young people with good minds and great energy out on the streets to do nothing when they might be increasing their opportunities in life by receiving a sound and complete education.

The testimony of educators in my district and throughout my State bears out what I am saying to you here today. The heads of colleges in my district and State know what fine work the N. Y. A. is doing, because they see the tangible results of that work in successful students with fine scholastic records who are able to attend school only because the Government helps them to do so by providing them with jobs.

I believe that no one will hurl the charge of extravagance at the National Youth Administration. The salaries paid to boys and girls who work for the N. Y. A. are small, and proportionately they do perhaps more good than any other money expended by the Government.

The importance of this question is borne out by the great public interest which is being displayed. Letters and telegrams are pouring into the congressional offices urging that the work of the N. Y. A. not be curtailed. Only a few moments ago several telegrams were handed to me from public-spirited citizens of Alexandria, La., who were urging that the

$123,000,000 appropriation be passed. Among these interested citizens are Messrs. J. I. Barron, L. M. Lewis, Rollo C. Lawrence, D. L. Glasscock, C. P. Derveloy, and Joe W. Pitts.

Several civic leaders of Farmerville, La., have wired in interest of the full amount requested by the President, namely, Messrs. L. A. Byrom, Carl Miller, Charles Gulley, H. C. Malone, and J. W. Gilliam. Messrs T. I. Head, R. V. Reeves, O. E. Huey, and Oscar Albritton, interested citizens of Oak Grove, La., have wired in behalf of the N. Y. A., as have Messrs. E. G. Brown and J. B. Thompson, of Rayville, La., and Mr. John L. McDuff, of Winnsboro, La.

Interest has also been displayed in this bill in wires from Mr. Fred G. Thatcher, vice president of the Ouachita Parish School Board; Mr. S. D. McBride, president of the Jackson Parish School Board; Mr. J. U. Douciere, president of the Richland Parish School Board; and Mr. R. L. Reese, a professor at Louisiana Polytechnic Institute, Ruston, La.

I further have received requests by wire from citizens of Jonesville, La., Messrs. L. Yancey, J. H. Kitchens, H. C. Owen, Henry Uttinger, W. P. Foster, I. R. Wurster, A. M. Beard, J. H. Young, E. Young, and Roy Brown, that the full amount asked by the President be appropriated for the N. Y. A.

Mr. Chairman, each and every one of the boys and girls who are attending school on N. Y. A. jobs is a potential asset to this great country. These boys and girls who are working for and receiving educations today will be tomorrow enlightened citizens with habits of industry and with skills which will enable them to earn a respectable place for themselves in society. If we take these jobs away from these young people, if we deny them the education so necessary in this highly competitive age, will they be assets to their Nation without training, without jobs, without that sense of accomplishment with which they are now endowed? The future of these boys and girls, their characters, their careers, is in part the future of our country, and we must not let the opportunity pass to make their future a greater and a better one.

In conclusion, Mr. Chairman, let me urge that adequate funds be appropriated in order that the National Youth Administration may continue unhampered in its worthy program.

The CHAIRMAN. The Chair recognizes the gentleman from Arizona [Mr. MURDOCK].

Mr. MURDOCK of Arizona. Mr. Chairman, I, too, have received many telegrams, but I do not rely solely upon them for what I have to say favoring this amendment. For thirty years I have worked with the young people of this country and I think I know whereof I speak. I do know that hundreds of our young people in Arizona have been permitted to go into the high schools and into the colleges during the last few years who never could have been able to take advantage of these means of higher education without such assistance from the Government. I have said on this floor several times that my own office force is made up largely of young men and young women who have paid their way through college with N. Y. A. assistance, and a finer group you cannot find anywhere.

Out of all the large amounts we have spent in the past 10 years, I wish we might have spent a larger proportion in this manner. As I indicated in the Appendix of yesterday's RECORD, I have as a school man been forced to turn away many alert, capable, and splendid young people who came seeking admission to the college over which I had some charge, because we did not have adequate relief funds.

The President of the United States at one time said to our young people, "You have a rendezvous with destiny." What kind of a rendezvous? We can allow these young people to grow up in ignorance, we can starve both their minds and their bodies, and see what we get as the result, but I beg you to pursue a wiser course of statesmanship. I have often, in speaking to graduates, congratulated young persons on being young in these momentous times and in young communities. If we are duly considerate of our young folk, theirs may be a brilliant destiny beyond compare. If we are niggardly in providing for the oncoming generation, theirs may be a destiny of despair. The solicitude of parents for their offspring ought not be greater than that of national lawmakers for the youth of our Nation at this moment.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. GAVAGAN].

Mr. GAVAGAN. Mr. Chairman, I have no particular quarrel with the majority or the minority party in this House, especially with the committee in charge of this bill and its chairman. I hold him in profound respect. I believe he is sincere in his belief in this bill today. But really, I honestly believe that we in this House are faced with the question of our philosophical approach to the matter of relief. We have had major panics before, especially the panics of 1837, 1873, 1893, and 1929. It is very significant that these four major panics in two instances came during the administrations presided over by Democratic Presidents and in the other two instances by Republican Presidents. It is significant to recall to your minds the philosophical approach of the President in office during the panic of 1837, President Martin Van Buren.

In a message to the Congress, President Van Buren, speaking of government aid and assistance, said:

> All communities are apt to look to government for too much. Even in our own country, where its powers and duties are all so strictly limited, we are prone to do so, especially at periods of sudden embarrassment and distress. This ought not to be. The framers of our excellent Constitution and the people who approved it with calm and sagacious deliberation, acted at the time on a sounder principle. They wisely judged that the less government interferes with private pursuits the better for the general prosperity. Its real duty is to enact and enforce a system of general laws commensurate with, but not exceeding, the objects of its establishment and to leave every citizen and every interest to reap under its benign protection the rewards of virtue, industry, and prudence.

This was indeed a laissez faire doctrine of government and persisted during the administrations of Presidents Grant, Cleveland, and Hoover. Fortunately time and history changed our practical as well as our philosophical approach to government. We became aware, as it were, of the famous Queen of France, who, when informed by her distinguished chancelor "that the people demanded bread," flippantly suggested "they eat cake." Today our Government recognizes its responsibility to assist a bankrupt and floundering economic system. In my judgment, no finer assistance could be rendered to the youth of today, the citizens and leaders of tomorrow. We should not attempt economy at the expense of our youth. So long as industry and business meet them at the high school and college door with despair instead of hope in the future, it is our responsibility to step in and lead them to the pathway of confidence in and hope of the future.

Mr. Chairman, I have said before and say again that no President in all our history has done more to aid our sad economic plight than our great leader, President Roosevelt. Verily may it be said that Lincoln strove to bequeath to us political and civil liberty. Roosevelt strives to bequeath to posterity economic freedom. I trust and hope that this House today shall follow the leadership of our leader and vote for the increase of the appropriation for the National Youth Administration.

The CHAIRMAN. The Chair recognizes the gentleman from Massachusetts [Mr. HEALEY].

Mr. HEALEY. Mr. Chairman, in the short time allotted to me I shall endeavor to present a few statistics relating to the National Youth Administration. There are some 6,000,000 unemployed youths in this country between the ages of 16 and 24. Of this number it is estimated that at least 2,000,000 meet the eligibility requirements for N. Y. A. aid. Last year 270,000 of those who were certified were denied the benefits of this program because of inadequate funds. If the full amount that has been requested by the President is voted by Congress, provision can be made for assistance to over 200,000 more young men and women than were aided by this program last year, making a total of 800,000 young people who could be assisted. At an extremely low cost per person, the N. Y. A. has enabled many thousands of our youths to obtain the benefits of education and training and equip themselves for the battle of life.

The maximum amounts that may be earned by recipients of this aid are $6 per month for high-school students, $15 for college students, and graduate students may earn up to $40 per month, although the average payment may not exceed $30 per month during the academic year. It is obvious that an industrialist who permitted his machinery to rust and deteriorate would be wasteful and negligent. By the same token it should be clear that the cutting of this appropriation by one-third of the amount recommended would be expensive economy indeed, for we would thus abandon many thousands of the youth of the Nation—the most important of all our resources—to the stultifying effects of idleness and unproductivity. [Applause.]

Under leave to extend my remarks I am appending two telegrams received from Bishop Bernard J. Shiel by my colleague, Congressman MCCORMACK, in support of the full appropriation for this vital program.

CHICAGO, ILL., *June 12, 1939.*

Hon. JOHN W. MCCORMACK, M. C.,
House of Representatives Office Building:

The Catholic Youth Organization numbering several hundred thousand nationally is vitally concerned with the works project program of the National Youth Administration and would like to see this program continued, and if possible extended. The material assistance which this program has rendered to thousands of unemployed Chicago youths alone warrants its continuance. May I personally and on behalf of the Catholic Youth Organization urge the enactment of the full appropriation of $123,000,000 for the continuance of this worth-while work.

Bishop BERNARD J. SHEIL,
Director General, Catholic Youth Organization.

CHICAGO, ILL., *June 12, 1939.*

Hon. JOHN W. MCCORMACK, M. C.,
House Office Building:

We of the Catholic Church in Chicago are intensely concerned in the continuance and enlargement of the splendid program of the National Youth Administration which has made such a splendid contribution to the welfare of our unemployed young people. We join in respectfully urging the approval by your committee of the full appropriation of $123,000,000 for the continuance of this welfare work.

BERNARD J. SHEIL,
Auxiliary Bishop and Vicar General, Archdiocese of Chicago.

The CHAIRMAN. The Chair recognizes the gentleman from Wisconsin [Mr. JOHNS].

Mr. JOHNS. Mr. Chairman, to me this is one of the most important items in this bill. The youth of this country today are looking to us for help. If we were going to have the Federal aid that is to come in the educational bill, I would not think this so important, because the matter would be taken care of in that way, but I want to tell you that the youth of today needs this money and I am afraid we are not going to pass that bill, and I think we should put it in here so we may take care of these young people.

I am speaking from practical experience. I had to work my way through school and I had an opportunity at that time to get a job. Although it did not bring me very much money, I was glad to work my way through both high school and college. I know there are boys and girls today who are seeking an education who cannot find a job, and I think we ought to raise this amount so they can be taken care of. [Applause.]

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. MCGRANERY].

Mr. MCGRANERY. Mr. Chairman, I am not vain enough to believe that my voice could be heard to say anything on behalf of the Youth Administration in a minute and three-quarters. I am going to take the time to say that it is a very sad commentary on the business of the House that will allocate only 1 hour of its time to the most important subject matter that we have before us. In my opinion, the totalitarian states have gone forward in a large measure because of their attention to the new youth movement.

I think the House could well take the time to go into this very thoroughly when you consider that we have 4,000,000 unemployed, out-of-school youth—one of the Members said 2,000,000, but the figure is 4,000,000 unemployed youths out of school in America. Our Government cannot afford to ignore the challenge that we have failed our youth.

I can say for my State of Pennsylvania that we have in the past year given employment to 4,000 rehabilitated youth, all in private industry and made possible because of the N. Y. A. of my State. To my mind, this is something that is deserving of the attention of the House. We could well afford to put back this $42,000,000 in the program and let the National Youth Administration go forward.

As the gentleman from New York well said, this will only take care of one of six deserving youths.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. BRADLEY].

Mr. BRADLEY of Michigan. Mr. Chairman, within the past 2 days I have received a great many telegrams from responsible, generally well-informed and well-meaning citizens in my congressional district. With one accord these telegrams have requested my opposition "to any attempt to reduce the appropriation for the N. Y. A." Realizing the obvious good intention of the citizens who telegraphed me, the thought occurred to me that undoubtedly these citizens were acting upon some misinformation which must have reached them from some source. Consequently, last evening I telephoned to several of these responsible citizens and in some cases public officials back in my district in northern Michigan to find out where they got the information that this Congress "intended to reduce the N. Y. A. appropriation," and to find out whether or not they had been told that the committee had actually recommended an increase of approximately $6,000,000 over last year's appropriation.

To my surprise, Mr. Chairman, I learned that without exception these various individuals had been approached by responsible N. Y. A. employees, project directors, and so forth, and given to understand that this Congress was cutting last year's appropriation in half, and that if we did not grant the President's Budget request their local program would be materially and drastically reduced during the coming year. Every Member of this House knows nothing could be further from the truth, and I charge, Mr. Chairman, that the dissemination of such misinformation on the part of any Government organization is malicious.

We hear a great deal down here about the pressure groups in this country, but I want to ask this House, Mr. Chairman, what right governmental departments or governmental organizations have to create, let alone assist, pressure groups in trying to get legislation through this Congress? I believe that it is about time that this Congress let the country know that we intend to do our own legislating in this body without pressure and influence of Government departments. On the floor of the House the other day we heard the statement repeatedly made that if this House passed a certain piece of legislation it would never become the law because, presumably, it did not meet with the approval of another body or the President. In a committee the other day we heard a similar statement made that the legislation we were considering would not become a part of the law of the land because it did not meet with the approval of a certain department of this Government. Here again we have another case where a department of this Government is deliberately initiating pressure upon Members of Congress to serve its own ends and permit it to expand its functions and probably to employ many more bureaucrats for its own selfish aims.

As long as I am a Member of this body, Mr. Chairman, I intend to oppose such tactics. It is time for this House to stand on its own feet and legislate according to the dictates of its own conscience under the Constitution of the United States. It is time for us to legislate for the benefit of the people of the United States and not for the selfish benefit of governmental bureaucracy. [Applause.]

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. SIROVICH].

Mr. SIROVICH. Mr. Chairman, the barometer of the civilization of any nation can be measured by the manner in which it treats its youth. Upon the youth depends the future of our Nation.

Before the Democratic steering committee several days ago appeared Mr. Aubrey Williams, the eminent, brilliant, and distinguished Administrator of the National Youth Administration, who presented the following figures to us:

In the high schools of the Nation aid is given to about 265,000 boys and girls over 16 years of age, who are unable to continue their studies due to economic distress. The cost for each is approximately $50 per year. In the colleges of the United States are 125,000 boys and girls between the ages of 16 and 25 years, who receive the munificent salary of $110 a year, and for vocational guidance there are 235,000 who receive $240 a year.

Mr. Chairman, the most tragic spectacle I have seen before the House today is the inability of Members to speak on this most important subject. A minute and three-quarters was given to Members of the House to express their ideals and their convictions upon the flower of our youth of the Nation. As a lover of my country, and as one who would love to extend to every boy and girl in our country between the ages of 16 and 24 an opportunity for culture, for education, and for receiving the refining influence that comes from civilization, I heartily support the amendment of the gentleman from Mississippi [Mr. COLLINS] for $123,000,000 instead of $81,000,000 to help the youth of our Nation. [Applause.]

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. VOORHIS].

Mr. VOORHIS of California. Mr. Chairman, the Director of the United States Employment Service in southern California told me on one occasion that if all of its applicants for jobs in the age group served by N. Y. A. had had N. Y. A. project training, he could immediately have placed 33⅓ percent more of those young people than he could place under the circumstances. It seems to me that speaks volumes for the value of this program. Furthermore, we have no other program that I know of that is doing a real job of fitting our young people into places they can reasonably hope to get into industry; neither do we have any other one by which we can make the idea of equality of educational opportunity, which is the very foundation of democracy, effective, except the N. Y. A. program. What better use of money could be found than making it possible for poor boys and girls to earn $6 a month to aid them get their year's schooling when otherwise they would not be able to afford to stay in school. The N. Y. A. cost throughout the country amounts to about $115 per year per young person. There are 269,000 young people at present certified, ready to go on the program, and the adoption of the amendment of the gentleman from Mississippi will not be enough to even take care of that number.

The CHAIRMAN. The time of the gentleman from California has expired.

The Chair recognizes the gentleman from Arkansas [Mr. TERRY].

Mr. TERRY. Mr. Chairman, I think it would be a mistake not to follow the recommendation of the Budget in providing an adequate sum for the N. Y. A. In my State the N. Y. A. program has been very successful. In my State we are giving boys a chance to learn trades. We are taking these boys and putting them into schools and camps and teaching them how to be carpenters, teaching them how to be electricians, how to be mechanics. If we do not give the youth of this country an opportunity to learn trades by the small sum which the Government is providing for each youth, then we will turn these young people loose at this trying period in the history of our country when "isms" are abroad in the land, and I say that the way for us to avoid foreign "isms" and to teach Americanism is for us to be square with our youth, who are the hope of the future. [Applause.]

The CHAIRMAN. The Chair recognizes the gentleman from Idaho [Mr. WHITE].

Mr. WHITE of Idaho. Mr. Chairman, I am in full support of this amendment. I think the most important thing that our Government can do is to prepare the rising generation to take up the responsibility of citizenship and management of our Government. The N. Y. A. program has been a wonderful success in the State of Idaho, and if we cut down the amount as proposed in the bill, we will absolutely cripple the present institutions that have been set up, and the program which is being extended to the underprivileged and undereducated in the Northwest and all through this country. I am heartily in support of this amendment, and in support of it I want to read some telegrams which I have received. The following is a telegram which I have received from State superintendent of public instruction, dated at Boise:

N. Y. A. should be expanded, not cut. Hold to President's recommendation.

Also the following telegram addressed to me signed by the Weiser Commercial Club, of Weiser, Idaho:

People of Weiser strongly oppose any reduction N. Y. A. appropriation.

Also a telegram from R. J. Wood, as follows:

Understand Senate subcommittee proposes cut 30 percent on N. Y. A. appropriations of one hundred and twenty thousand. Weiser Vocational School requests three hundred thousand. Cut would mean two hundred thousand. Would ruin the project. Can you help?

Also the following:

N. Y. A. has considerable popular support. Hope you will report President's request for N. Y. A. appropriation.

B. W. DAVIS, *State Chairman.*

And the following:

People of Weiser strongly oppose any reduction N. Y. A. appropriation.

GEO. DONART.

STATEMENT OF HON. COMPTON I. WHITE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF IDAHO

Mr. WOODRUM. Mr. WHITE, we will be very glad to hear you, briefly.

Mr. WHITE. Thank you, gentlemen.

I come to you in the interest of the appropriations in support of the National Youth Administration. You no doubt realize that in Idaho we have rugged country. We have great distances between our communities, and the educational advantages out there are more or less limited.

I happen to have been a director of a school board for a number of years in my community, and I know that our effort there was to give the young people of that community the best we could with the money available, and at best we could only have very limited facilities in the way of junior high schools and many of the young folks could not even avail themselves of this schooling.

I know as a general proposition, that the National Youth Administration is doing wonderful work in the State of Idaho, especially in giving boys and girls who are somewhat deficient in their training—and I refer to those approaching maturity—an opportunity to get an education or to equip themselves to do something useful.

They have taken over an old institution at Weiser—I do not recall what it was, but it was abandoned, and the National Youth Administration took it over and established a school devoted largely to manual and agricultural training and things of that kind. As I said, they are doing wonderful work and are going a long ways toward making good citizens as well as practical men and women of those people who are trained.

Mr. LAMBERTSON. In Weiser do they not have vocational work in the high school?

Mr. WHITE. They have in a limited way, but they do not have the organization in each little individual high school that they have in this particular institution that can take these boys right out on the land and train them to do the things required.

I was only able to visit that institution a very short time, but from the reports that I get from all over the State and from other places I can tell you gentlemen of this committee what the National Youth Administration is doing and what it is capable of doing in the Western States. I do not know about your Eastern States, but I can speak for the mountainous sections of the West and say that it is doing a work that has not been done elsewhere. It is doing great things for the rising generation, and I earnestly urge that you give the subject of an adequate appropriation for this agency your most favorable consideration.

I have several letters here that I should like to file for the record. One is from Mr. R. J. Wood, a very practical man, a reclamation engineer, who is now postmaster in the town of Weiser, and who is very much interested in helping to promote this particular institution that I have referred to, as well as the National Youth Administration in general.

Then I have a letter from the mayor of Nampa, Mr. R. Lewis Ord, and a letter from Mr. William W. Gartin, State director of the National Youth Administration in Idaho.

Mr. WOODRUM. Thank you very much for coming here, Mr. WHITE. Those letters will be made a part of the record.

(The letters referred to are as follows:)

Weiser, Idaho, April 12, 1939.

Hon. COMPTON I. WHITE,
Congressman from Idaho, Washington, D. C.

DEAR COMPTON: You will remember that I invited you to come down to Weiser before you went east last fall, to go out and go through the new Weiser Vocational School (National Youth Administration) and get acquainted with the set-up, but you got word that Jonesy had had a break-down and you went directly to Washington to look after the offices there.

I had Mac take me up there yesterday to see what was happening and how things were going.

About the time you went east the National Youth Administration set up a project to use the old Idaho Industrial Institute buildings, consisting of 800 acres of fine irrigated land with concrete buildings (sufficient to house 300 boys and girls), farm buildings, shops, library, etc., which will make an ideal youth program for the youth who cannot get a college education. The students will be picked from families of moderate income and preferably high-school graduates to receive 1 year's training in vocational work—farming, poultry raising, dairying, building trades, etc.

The grounds are under lease to the Government for from 5 to 25 years for a nominal sum.

At present they have 3 dormitories, executive and class building, large gymnasium, library, dairy barns for 100 head of cows, machine shop, chicken house for 2,500 chickens, and other farm buildings.

They have enrolled at the present time 200 boys and 100 girls, with a faculty and employees amounting to 40 people.

The grounds are 1 mile from what was Weiser city limits, but the city has extended their limits to take in 120 acres of the plat, furnishing police protection, city water and electric lights, fire protection, etc.

They have reconditioned the old buildings, painted, plastered, plumbing, etc., all done by the boys, and are now starting on a 500-capacity concrete dining room, 3 dormitories to hold 160 students each, 2 machine shops, and other necessary buildings to make it an ideal set-up. All of the building is done by the boys. They have a master carpenter, painter, plasterer, etc., each taking a group of the boys for a period necessary to take them through the time necessary for apprenticeship for a trade. Again, they have the farm groups working under masters in farming and kindred work.

Their dairy herd is among the best in the State. They are all registered Holsteins, some of which are to go to San Francisco to show in the contest at the fair.

I am afraid I am making a long letter of this, but want to say the objective of this project is to give from 700 to 1,000 boys and girls out of high school a chance to know a trade and be able to find a job when they are ready to leave school.

The grounds are exceptionally located in a bunch, from which a view of the valley and mountains is wonderful; as fine soil conditions as obtain in the State. New roads are being cut through the grounds, and in every way the project is being made inviting to the students and to outsiders. The best part of it is that all the work is being done by the students themselves.

We are to have a Civilian Conservation Corps soil-conservation camp here in July. I have been out with the men in charge to get them acquainted with the people of the community and the problems we have.

Let me convey the thanks of the people of Washington County for your share in this camp.

Did you get my little note relative to the census? Charley Peacock would appreciate this work.

Kindest regards.

R. J. WOOD.

CITY OF NAMPA,
Nampa, Idaho, April 13, 1939.

COMPTON I. WHITE,
608 North Carolina Avenue SE., Washington, D. C.

DEAR MR. WHITE: During the past 2 years I have been considerably interested in the national youth program, and especially the good that it is accomplishing with our boys and girls.

We have carried on a program here in the city of Nampa that has not only helped the girls and boys, but the work that they have done has been very beneficial to the city of Nampa. If it was not for this program there would be many here in our city that could not continue on with their education owing to the fact that their parents are financially unable to keep them in school.

I feel, Mr. WHITE, that anything that is done to continue this program will be highly commendable, and I know as far as the city of Nampa is concerned that there can be no criticism of the national youth program.

Expressing my desire to help wherever I may be of service, I am,

Very respectfully yours,

R. LEWIS ORD, *Mayor.*

NATIONAL YOUTH ADMINISTRATION, STATE OF IDAHO,
Boise, Idaho, April 27, 1939.

Hon. COMPTON I. WHITE,
United States Congressman, First District, Idaho,
House of Representatives, Washington, D. C.

DEAR CONGRESSMAN WHITE: I am sending you under separate cover several bulletins describing the program of the National Youth Administration in Idaho. I am sending these to you at this time so that you may be properly informed when reorganization or appropriation bills are before you for consideration. I would also say that I would be very willing to answer any questions that you may have on the conduct of the program and to send you any other materials that you might desire and ask for.

During the past 2 or 3 weeks I have suggested to certain persons that they write to you in general concerning their reactions to the National Youth Administration program. I have not done this with the idea of exerting any pressure upon you but with the purpose of keeping you informed concerning the success of the work in your State. I trust that you will appreciate receiving these letters from interested people in Idaho.

I truly believe that the work is worth while and that it is being conducted with a reasonable amount of efficiency. I have talked with a great many schoolmen the past few days, and we held a meeting with certain educators at the recent session of the Inland Empire Association in Spokane. I believe that I am not overstating the case to say that they nearly all wish the National Youth Administration program to continue. They are particularly anxious to have the program continued in the present way so that the administration of the program of each school or college will be left largely to them, with only normal supervision from this office concerning the minimum regulations which have to be made for the expenditure of the funds.

I also want to call your attention to the fact that the appropriation for the regional resident school at Weiser is over and above the appropriation for the out-of-school youth on work projects in the State of Idaho. This appropriation for the continuance of the school and work experience project at Weiser for the next fiscal year, if approved, would be sufficient to handle a number of approximately 500 youths in all phases of work experience and training, as well, in agriculture, construction work, wood- and metal-shop work, electricity, plumbing, etc.; and courses in homemaking, cooking, sewing, etc., for the girls. This would amount to something in excess of $250,000 for the year. The cost of this operation is only about one-half as much per person as operating a Civilian Conservation Corps camp. From one-third to one-half of the enrollees would come from the neighboring States of Wyoming, Utah, Nevada, Oregon, and Washington. The eight hundred and forty-odd acres of land and the buildings are now owned by the independent school district of Weiser, which is the local sponsor. The general supervision of the instructional program is under the State board for vocational education, which also employs several of the supervisors and instructors. Considerable cooperation has also been received from the Idaho Department of Public Assistance, the division of public health, and other agencies.

I would appreciate any comments that you care to make concerning your attitude toward the continuation of the National Youth Administration on a permanent basis, and will be glad to answer any questions that you may have concerning the program in Idaho. I am also sure that Mr. Aubrey Williams, Administrator, or Mr. Tom L. Popejoy, Deputy Administrator, at Washington, D. C., would be glad to supply you with any information from that source.

With best personal regards, I am,

Sincerely yours,

WILLIAM W. GARTIN, *State Director.*

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. SACKS].

Mr. SACKS. Mr. Chairman, I favor the amendment proposed by the gentleman from Mississippi and ask unanimous consent to extend my remarks in the RECORD.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. SACKS. Mr. Chairman, today we have before us a resolution brought here by the Appropriations Committee, which might well be described by using the title of a famous book, Les Miserables. A bill that is supposed to prevent suffering and starvation but in reality one which will throw off of W. P. A. over 1,000,000 men and women, created by an economy bloc composed of the Republican Members of this House coalitioned with conservative Democrats. Today they finish the job they started to "burn" from our governmental policies the humane principles of the New Deal, headed by our great leader, Franklin D. Roosevelt. They have hamstrung and sabotaged this project by their various prohibitions and restrictions until, as was stated by the W. P. A. Administrator, Colonel Harrington, it is not a relief bill but a starvation bill. Debate has raged all day, and yet this great deliberative body allows me only 1¾ minutes to speak on

behalf of the amendment to increase the N. Y. A. allotment by $42,000,000. Imagine, my friends, a problem involving the very heart of our Nation, our youths, has only an hour of debate. Political scientists inform us that in those nations of Europe that have become the puppets of dictators, such as Russia, Germany, and many others, it was the misguided and idle youth of those nations that were propagandized and led into these insidious forces. Today we can insure to our children and grandchildren security from those "isms." We can help educate them and fit them for later life. We can save their souls and minds as well as their bodies in a period of their life when they form the basis for their future character.

Although this bill is a monstrosity of reactionism, yet let us save at least a bit of our self-respect and take care of those helpless youths for the benefit not of their personal beings but for the preservation of America, our democratic institutions, and ideals.

W. P. A. has taken its place in America as an agency that has helped us on the path to continued glory. Although maligned and maliciously pictured, it, in my opinion, has done much to save America and its institutions. This bill, although, as stated before, is reactionary, yet in view of the fact that if it is defeated 2,000,000 people will be thrown on the street and into the bread lines, I must vote for it, hoping it may be amended in the Senate and made more humane.

Mr. SIROVICH. Mr. Chairman, will the gentleman yield?

Mr. SACKS. Yes.

Mr. SIROVICH. I call the attention of the House to the fact that Aubrey Williams stated to us 2 days ago that about 265,000 youths who were working in vocational guidance were placed in employment in the year 1938. This is a most constructive amendment of the gentleman from Mississippi, and we ought to rise above party politics and agree to it.

The CHAIRMAN. The Chair recognizes the gentleman from Montana [Mr. O'CONNOR].

Mr. O'CONNOR. Mr. Chairman, I know little about how this matter is working out throughout the United States generally but in the State of Montana it has taken the youth off of the streets, out of the alleys, out of the pool halls and other sorts of hell holes, and is making mighty good citizens out of them. It is up to us to treat the youth of the country properly, because if we do not, my friends, some of these youths, as our distinguished young man from Texas [Mr. BECKWORTH], will be taking our places in the House of Representatives.

There are two classes of people in this country we should look after. That is, the aged people, with whom we were not very generous a week or so ago, and the other is the youth of the country. Let us not repeat that mistake here today, but let us be a little more liberal with the youth of the country, because the youth of today will be the men and women of tomorrow.

I want to say to our distinguished and able chairman of the committee, knowing him as I do know him, I believe he cannot get up here and seriously object to the adoption of this amendment. I know that his sympathy is with the youth of the country, though, of course, he has a heavy obligation resting upon him to also think of the taxpayer. I know that his sympathy lies with the purpose of this amendment. I hope that he will not ask this House to reject the amendment. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Texas [Mr. BECKWORTH].

Mr. BECKWORTH. Mr. Chairman, there has frequently been a great deal said about the closing of the door of opportunity and hope to our boys and girls in this day. In sonorous tones are heard the words of some of our boys and girls, "What have I to look forward to? Am I to have an opportunity?" In my opinion, the work of the National Youth Administration is swinging wide open the door of hope and opportunity to boys and girls who would otherwise be completely devoid of both. The National Youth Administration affords a passport of entry to educational opportunities for boys and girls who otherwise would be turned away, and, of course, these educational opportunities will elicit and bring into being vocational opportunities.

To what does this agency afford an entrance? Annually laws are being enacted, rules and regulations are being promulgated, which make certain stipulations relative to many vocations which are preclusive in nature. To illustrate, in Texas we have practically reached the point where a person in Texas, if he is not a graduate of a 4-year college, cannot teach school—even in the rural communities. A person in Texas now cannot even file his intentions to take the State bar examinations unless he can present a high-school diploma and 2 years of college credit. No more can a person become a pharmacist in Texas until and unless he can present a certificate showing he is a college graduate.

Regulatory legislation is being proposed, some of which is being enacted, each session of the Texas Legislature which is decreeing that a person cannot qualify as an architect or an engineer if he has not graduated from a recognized college carrying standard work in these fields. This situation I am constrained to believe is not dissimilar in other States. Observe, if you please, the rules of the Civil Service Commission along this line. It is astounding to observe the numerous announcements of examinations which contain as conditions precedent to taking the examinations, the proviso that a person must present 2 to 4 years of college work or more. In most of the governmental work without the scope of civil service, these same requirements are set up. You gentlemen read letters every day which definitely say "I cannot qualify for the work because I do not have the college work needed." Unquestionably the N. Y. A. is definitely providing an entrance to these phases of employment and others.

Personally, I have believed for a long time we are going too fast, if not too far, in this direction. I believe in educational qualifications and I have done the best for myself I have been able to do, but I conceive and fancy that many rules and regulations are being set up and prescribed by people, who if they themselves had been compelled to adhere to and conform with them, could never have advanced far from the cotton patch or the corn field. It is, indeed, unconscionable to shut the door of opportunity to our boys and girls.

In a first-hand way and through personal experience I am aware of some of the virtues of the N. Y. A. You will recall that in the spring of 1934 there was economic chaos and pandemonium. At that time I was a student in the University of Texas. During the first semester of the school term of 1933 I had managed to go to school because I was earning my board waiting tables and I had a little cash which I had earned teaching a 6-month school the year before, but after Christmas my cash became nil and I could not see my way clear to continue, but the inception of the N. Y. A. policies saved me, for I then was given a job which paid me $15 per month—not enough to defray all my expenses, but in conjunction with the board I was already earning, I finished the year.

What type of work did I do? In Texas we have an extension loan library, an adjunct library to the University of Texas library, which supplies information to schools and individuals. We also have interscholastic league contests, among which is debate. In high school I had debated, and having made known this fact, I was assigned to the work of assembling subject matter pertaining to the debate subject that year which was to be sent to those individuals and schools requesting information on the subject. Still later I had occasion to observe the N. Y. A. functioning in our public schools as a teacher in them and as one who has been closely identified with public schools in Texas. Permit me to pause here to pay tribute to our school men and all our teachers, those identified with not only public schools but with colleges and universities. Not one of them would ever be guilty of wishing to deny even the poorest boy or girl any community might have an equal chance to receive the benefit

of that which is almost indispensable—education and training. Wholeheartedly and in unison they work together to disseminate enlightenment, for they know the truth of the statement, "Eternal vigilance is the price of liberty."

Of every phase of social security we have brought into being I would not rank a single phase as surpassing and exceeding in merit the merit of our N. Y. A. program. Much has been said about old-age assistance. As a member of the Texas Legislature and as a Member of Congress I have supported and shall always liberally support it. Mathematically, when we asssist our old people we are merely adding to, we are simply hoping and desiring that the sums spent will lend happiness and contentment to lives the major number of years of which have been spent, but in giving the ambitious boy or girl the benefits accruing from the N. Y. A. program we are multiplying to a degree beyond approximation the potentialities and probable accomplishments of the beneficiaries of the N. Y. A.

Our young people are depending on this aid and assistance. Strangely enough, in the last 2 weeks I have received from a rural community, the Mings Chapel community, where I attended the Mings Chapel School, two letters, both from boys 17 or 18 years of age, boys who have ridden a school bus to finish high school this very spring. Both of these boys are the sons of mothers whose husbands died several years ago and who on the farm have managed to eke out a living, and both boys urged me in their letters to assist them to get N. Y. A. jobs. Certainly I am endeavoring to assist them, and I positively know that the availability of N. Y. A. money is the factor which will determine whether or not these boys will go to college. Let us not run the risk of denying them this privilege and cherished hope by voting against the Collins amendment.

The term "value received" is too limited, too nonembracive, in its meaning as applicable to money spent for purposes for which N. Y. A. money is expended. You should, rather, mention it as multiplied value and magnified value, not only received but to be received, not merely at this time for security of our boys and girls, but for the future social security of this country because resulting from its being expended is equality of opportunity, the basis or mudsill of democracy. [Applause.]

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. THOMAS F. FORD].

Mr. THOMAS F. FORD. Mr. Chairman, the House Appropriations Committee in bringing to the House the tragic gesture of economy, denying the President's request and the Budget estimate for the National Youth Administration, is designed to doom these young people to not a rendezvous with destiny but to a rendezvous with desperation, frustration, and discouragement. For that reason, Mr. Chairman, I hope that every man in this House who looks with hope to the future and with confidence in the youth who are coming up for the protection and upbuilding of this Nation, will vote for this amendment granting to the National Youth Administration the sum of $123,000,000 that is suggested in the amendment offered by the gentleman from Mississippi [Mr. COLLINS].

To me any curtailment of the funds for the development of a youth program is not economy in a sense of the word. It is a penny-wise and pound-foolish policy destined to deprive thousands of deserving boys and girls an opportunity to enter the struggle for existence with the modicum of advantage that this program affords.

Let me ask, in the words of that fine old hymn, How Firm a Foundation, will this give them. Be it great or small, I want them to have it.

I am for the Collins amendment. It is to me a worthwhile amendment. It should be adopted and I hope it will be.

[Applause.]

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Colorado [Mr. MARTIN].

ON A MOTION TO INCREASE THE NATIONAL YOUTH APPROPRIATION FROM $81,000,000 TO $123,000,000. IT GOT $100,000,000

Mr. MARTIN of Colorado. Mr. Chairman, we have just heard from the youngest head in the House [Mr. BECKWORTH], and in my judgment he rang the bell. National Youth Administration put him through college, and now he is in Congress. He is a fine exhibit A for National Youth Administration.

Now, a word from one of the oldest heads. I am for this amendment, not because of any line I ever read or any word that anyone ever said to me. I am for it because I have learned by experience and observation that our educational system teaches the youth of this country everything but how to make a living. The National Youth Administration is teaching them that. If I could say but one thing to the National Youth Administration, it would be to stress the activity of vocational training of the youth of this country.

I raised a volunteer battalion in the World War of over 400 men and put them in a camp, and I have never forgotten the shock I received on discovering that there were few of them who knew how to do the simplest thing. They could not drive a nail or saw a plank, or even handle a pick and shovel.

A man who knew how to do anything simply stood out. I promoted a man from sergeant to lieutenant on the spot because he knew how to set up and install a mess tent. I recall a very expressive incident, when one day a sergeant in charge of a work squad, who had many years' service in the Navy, came to my quarters with his sergeant's chevrons in his fingers, having ripped them from his sleeves, and laying them down on top of a tent peg with the remark: "I have demoted myself to the ranks." I asked him what was the matter, and he said, "These men do not know anything."

They did not know anything, but they were typical of hundreds of thousands turned out of the schools of this country every year. What I learned then has been in my mind ever since. I have thought of it more than any one thing in a year of service.

I have found out since coming to Congress that there are high-school students, even college graduates with degrees, who have not been taught how to make a living. They have to go to a business school to learn that. The N. Y. A. is filling a part of that need.

Some people say it will injure the morale of the young people to get Government aid, but everybody knows that every school institution in the country and the colleges are filled with youths who are being educated by societies and all sorts of endowments, and it has not injured their morale.

My final word to you is, you save the youth of this Nation and they will save the Nation. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Oklahoma [Mr. MASSINGALE].

Mr. MASSINGALE. Mr. Chairman, I am supporting this amendment offered by the gentleman from Mississippi [Mr. COLLINS] because I want to. I believe there is not a single man or woman in this Congress who wants to go back to the days of Herbert Hoover and fill the roads and the highways of this country with young men and women going along thumbing every automobile that passed them in order to get to some place where they were not known where they might get a little more bread and meat. We do not want that to come again in America.

I hope the coalition that is evident to me in this House for the purpose of beating down the aims of the President of the United States will take in its stinger long enough not to include the youth of America in the range of their purpose. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Alabama [Mr. PATRICK].

Mr. PATRICK. Mr. Chairman, in a minute and three-quarters there is but little one can say on any subject.

There is always an appeal, of course, to follow the trail of the rising star of the youth of the Nation; but, dollar for dollar, this is a sound proposition because if ever bread was cast upon the waters it is done by things such as this. Do you remember how a few years ago the roads were filled with hitchhikers? Do you remember how every boxcar, it seemed, was covered with the young men and boys of our land? Our motion pictures still hold a valuable record of those tragic days. This work is administered by our teachers, our instructors, and under the very best influences. We have never been offered more character per dollar.

It is true, as the committee representatives will state, that this present bill does not represent an actual dropping off of the amount involved, but the Director of the Budget has estimated that to carry on the program as it has already shaped itself will require $123,000,000. To veer away from that is not to pass a constructive measure. The average felon is only 24 years of age, and one-third of the unemployed in the country are under that same age. Let us go the last mile on this if we do not do so on anything else this year in the Congress of the United States. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. REED].

Mr. REED of New York. Mr. Chairman, I want to drop just a few words, now that we are having a field day for the youth of the land. I am very much in sympathy with the youth of America. I am not going to rehearse my own history, for probably it is very similar to that of many of the rest of you. We must, however, take a long look into the future in regard to this matter.

Dr. Jacobs, representing 528 independent American colleges, came before our committee when the tax bill was before us in 1938 and made the statement that the annual contributions to endowments of our American colleges had dropped during the past few years from $70,000,000 to $33,000,000. I wrote to him within the last few weeks, and find that contributions have now dropped 44 percent, and that most of the contributions to endowments have been going to four or five of the largest universities. Many of our colleges, the type of colleges to which we hope to send our young people, face bankruptcy.

We are piling debt upon debt. There is a substantial increase in the committee's program, not a reduction, as propaganda has led the country to believe. I shall to the best of my ability join with the effort of the committee to bring out a sane, sensible bill and not unnecessarily add to the national debt which has now reached the alarming total of more than $41,000,000,000. I believe that a solvent nation, a free nation, and a prosperous nation is, after all, the hope of the youth of America. There must be a stop to this spending somewhere, and unless we take measures that will encourage philanthropic persons to again make liberal contributions to our independent colleges of liberal arts and sciences, we will destroy the very institutions to which we desire to send the youth of our land. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Louisiana [Mr. ALLEN].

Mr. ALLEN of Louisiana. Mr. Chairman, I think the historian of the future looking back and undertaking to appraise the work of this Congress and this period will write that the N. Y. A. was perhaps the greatest achievement of the Roosevelt administration. Our acts which will be held greatest will perhaps be those which helped to preserve the soul and will of a great people. In the years to come we shall look back to this hour and rejoice most because of the hope, courage, and faith, we helped to rekindle in the hearts of young men and women facing cruel disappointment and despair.

The N. Y. A. has been in existence 4 years. During that time they have enabled approximately 900,000 young people to remain in secondary schools or colleges. Some of the things we do serve a single purpose, but this program has served a twofold purpose, yes, even threefold. It has taken this vast throng of young people off the labor market and has thus given more jobs to older people with families. We have still about 12,000,000 unemployed, we are told, and if you suddenly turn our youth out of school, the scarcity of jobs will be accentuated that much more, and the result will be more confusion, more want, and more destitution.

But this program has also given our boys and girls an opportunity to get an education, an opportunity to learn some useful occupation, that chance in life that we owe them; and this opportunity has been given to the poorest, to the ones who needed it most. A chance has come to multiplied thousands to whom the door was shut without N. Y. A.

And along with these benefits there has come as a natural result a greater spirit of Americanism, a greater love and respect for our country. A great deal has been said in the past year or so about making democracy work. We are engaged in furthering the democratic processes in this great country. We have heard equality of opportunity preached. It is the business of democracy to see that it is an actuality and not a theory. We shall be wise in this country to make an increasing investment in manhood and womanhood. The greatest asset this country has is the youth of the land. Let us pursue a policy that will take that mighty force and mold it into the greatest citizenship this world has ever seen. Mr. Chairman, to me this means an investment. We expect to get returns. What greater returns, what greater dividends can we expect than the perpetuation of democracy, than the preservation of high American ideals?

We are this evening facing a crisis. We dare not turn our backs upon the youth of the land. We have heard a great deal said about un-American "isms" in this country. The best bulwark we can put up against such is to make it possible for our boys and girls growing up to find something to do, to give them a job, to give them a chance in life. That is your obligation and my obligation. As one who has had a great deal to do with youth I do not propose to go back home to my boys and girls and have them say of me that I refused to give them a chance in life. I shall vote to give them that chance. I am for the full $123,000,000 appropriation. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. DINGELL].

Mr. DINGELL. Mr. Chairman, there is very little one can say about an important subject of this kind in 1¾ minutes. I think this abridgement of time on a very important subject is a disgraceful reflection upon the membership of the House. To be perfectly blunt about it, I would say that you might just as well be in hell without a fan as to try to cover the subject properly and as it should be in that time.

Mr. Chairman, everyone in this House knows that the youth program is the closest to the President's heart of anything he has undertaken in the last 6 or 7 years. The committee has cut the amount allowed by the Budget from $123,000,000 to $82,000,000, and I hope that the original amount will be restored.

If we can only hold our forces on this side and if we can get no more votes on the Republican side than just that number who rushed forth to make a speech on the subject, we can override the committee and restore the amount to $123,000,000. I believe that should be our objective and I hope we may be successful.

Mr. Chairman, the President of the United States recommended to the House Committee on Appropriations that $123,000,000 be appropriated for the National Youth Administration for the fiscal year 1940. In his Budget message, he stated:

> The greatest single resource of this country is its youth, and no progressive government can afford to ignore the needs of its future citizens for adequate schooling and for that useful work which establishes them as a part of its economy. To ignore this need is to undermine the basis of democracy which requires the constant renewal of its vitality through the absorption of its young people.

The Members of the House must keep in mind the fact that the youth of the United States between the ages of 16 and 24 years constitute one-third of the total unemployment problem. These youth are drifting on the fringe of a no man's land with energies dissipated and talents latent. They are forgotten by the educational system, by the industrial system, by their Government. Crime and false ideologies are haunting their footsteps. The needs of these young people are not those of the older unemployed person. As the President said:

> It is my belief that we should now give official recognition to the fact that the needs of youth are different from those of unemployed older workers. I further believe that, based on the demonstrated ability of the National Youth Administration program to meet these needs at low cost, and our knowledge of the wide and still unmet need among young people for its services, Congress should provide for an expansion of its activities.

The President had complete justification for the request of $123,000,000 for the National Youth Administration in view of the excruciating need which exists among the youth for its services and in view of the fine service of the N. Y. A. to youth during the past 4 years.

For several years the young people in this Nation have been finding that jobs are exceedingly difficult to get. In the good old days of 20 and 25 years ago there were jobs for everybody, young and old. Now the pressure of increasing unemployment has left millions of young people caught in a vicious vacuum where there is neither the money to stay in school nor a job which gives them the kind of experience which equips them for employment of either a temporary or permanent character. Very few of the millions of young people know many, if any, of the simple skills which make them resourceful. Their energies and talents are being wasted, dammed up, and destroyed.

On an appropriation of $75,000,000 this year the N. Y. A. has given part-time employment to 378,000 school and college students and has given another 235,000 out-of-school unemployed young people work experience and training on every possible type of public project. A total of 613,000 youth 16 to 24 years of age have been kept busy on a job while learning in school or in training work connected with the project activity. At a cost of $58 a year a boy or girl has been kept in school or college and for $233 a year an unemployed out-of-school youth has been enabled to use his capacities for public benefit while earning a wage and acquiring the work experience so essential to future effective employment.

With an appropriation of $123,000,000, as recommended by the President, the National Youth Administration will be enabled to assist 460,000 needy young people to continue in schools, colleges, and universities and another 350,000 out-of-school unemployed young people will receive jobs and a wage which will equip them for future employment. If the $81,000,000 recommended by the Committee on Appropriations is passed by this House of Representatives over 200,000 young men and women will be deprived of the educational and work opportunities so essential to their future effectiveness in this democracy. Can we permit this injustice to prevail? Can we refuse 200,000 youth work and educational opportunities? I am sure that the Congress will recognize the validity of the $123,000,000 for the National Youth Administration, and consequently will provide 800,000 youth with their legitimate opportunities of education and work in this great democracy.

NATIONAL YOUTH ADMINISTRATION

Youths 16 to 24 years of age in the United States

Total population in this age group is 21,000,000; 5,000,000 are in schools and colleges; 7,000,000 are employed; 3,000,000 are in the home or not available for gainful work; 4,300,000 are totally unemployed. Thus, 6,000,000 young people are totally unemployed or partially unemployed.

Each year 200,000 more rural youths are coming of age than there are farm jobs available, and another 250,000 more urban youths are coming of age than there are jobs available—a net increase of 450,000 youths each year are adding pressure on the labor market.

The N. Y. A. by employing youths on public projects and extending educational opportunities to the underprivileged has materially helped to reduce pressure on the labor market and competition for adult jobs.

Programs of the National Youth Administration

The National Youth Administration provides educational opportunities, work experience and training, and placement services through three major programs:

A works program, whereby work experience and training on public projects is provided to out-of-school, unemployed youths between 18 and 24 years, inclusive.

A student-aid program, whereby financial assistance through part-time employment is provided to needy youths between 16 and 24 years of age, inclusive, in regular attendance at schools, colleges, and universities.

A guidance and placement program to assist young people to secure jobs in private industry.

Facts on the N. Y. A. program

(1) Since the establishment of the N. Y. A. on June 26, 1935, estimates indicate that 950,000 school and college students have been assisted in continuing their studies in schools and colleges; 750,000 out-of-school, unemployed young people have received work experience and training under the works program. This makes a total of 1,700,000 young persons.

(2) Currently 378,000 are employed on the student-aid program in 25,898 schools and 1,651 colleges; 235,000 out-of-school, unemployed youths are on the works program, or a total of 613,000.

(3) The payment to young people is on the basis of actual work performed and averages $6.45 a month in the student-aid program and $18.89 a month on the works program.

(4) The annual cost per youth to the N. Y. A. is extremely low. It averages $58.50 on the student-aid program to keep a young person in school or college—an average of about $38 a year for high-school students, and an average of $108 a year for college students. On the works program, the average annual cost is $233 per youth to bring him through actual work and training to the possession of a background of work experience and subsequent skills which enable him to obtain employment. For the annual cost of approximately $123, over 600,000 young people have been given educational and work experience which otherwise would have been in a large part denied them.

(5) Ten percent of N. Y. A. project youth leave each month for private employment or to some other form of self-support, to go back to school, and so forth. In the course of a year, project turn-over approximates 100 percent.

(6) Through the placement services of the N. Y. A. and from the work projects, well over a quarter of a million youth have gone into private employment.

(7) The student-aid program reaches into all but 17 of the 3,071 counties in the United States; the works program operates projects in 2,777 counties, a complete integration into the urban and rural life of the Nation.

(8) The N. Y. A. reaches young people from the low-income families as is shown by the fact that N. Y. A. students come from families with a median income of $667. The N. Y. A. project workers come from relief families. More than half have never had jobs before, and only one-fourth of them have had the opportunity to finish high school.

(9) In the student-aid program—N. Y. A. students have demonstrated that they can work for an education and at the same time maintain satisfactory scholarship. They are on the whole equal, if not superior, to the average student in scholastic achievement. Therefore, the N. Y. A. has not only extended educational opportunities but has uncovered a reservoir of competent youth.

(10) Local sponsorship of N. Y. A. work projects has resulted in $18,000,000 of contributions, or 13 percent of all funds expended on work projects for youth.

(11) The N. Y. A. and its 3,000 advisory committees have shown the advantage of united effort. Concerted action has

convinced many local communities that it is possible to employ, train, and direct their youth.

(12) The N. Y. A. has placed the responsibility of administration of the student-aid program into the hands of the school and college officials. Educators select needy students eligible to receive N. Y. A. aid, plan and supervise the types of work which N. Y. A. students perform to earn student-aid payment.

(13) High-school students may not earn more than a maximum of $6 a month; college students may not average more than $15 a month for the academic year; graduate students may earn up to $40, but the average payment may not exceed $30 during the academic year.

(14) The N. Y. A. has also decentralized the operation of the works program into the States and the State youth directors have the responsibility of operating work projects suitable to the community, its resources, and the opportunities for employment in specific occupations. Youth to be eligible for work projects must be certified as in need by the local welfare agency.

Plans for the N. Y. A. program next year

The President has recommended that $123,000,000 be appropriated for the operations of the N. Y. A. during the fiscal year 1940. At the present time there are 270,000 youths who have been certified as eligible for N. Y. A. employment and who are awaiting assignment to work projects. These young people cannot be employed on the N. Y. A. program due to the fact that the limited funds available this year restricted the number who can receive work experience and training under this program.

Conservative estimates indicate that approximately 2,000,000 other youths are needy and want work under the N. Y. A. program.

With an appropriation of $123,000,000, the N. Y. A. can more adequately serve the out-of-school, unemployed youth who are unable to secure employment of any kind. The N. Y. A. can provide part-time employment and educational opportunities to 460,000 needy young people to assist them to continue in schools, colleges, and universities, an increase of 83,000 over this year. The N. Y. A. can provide work experience and training on public projects to 350,000 out-of-school and unemployed young people, an increase of 120,000 over this year's average employment.

This sum of money will provide the benefits of education and work to 800,000 young people, and consequently their capacity to do constructive work will not be allowed to degenerate. The N. Y. A. through its job-placement facilities can reasonably place 200,000 in jobs next year. Thus, a total of approximately 1,000,000 young people will receive the normal experience of work and education rather than to be left in discouraging idleness.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania, [Mr. FLANNERY].

Mr. FLANNERY. Mr. Chairman, I bring a particular message from the youth of Hazleton, Pa., but it is a message as well from the youth of all Luzerne County and the youth of America.

It seems to me, in the debate that has been conducted on this section of the bill and amendments so far, there has not been a single reason which would justify the Committee ignoring the recommendation of the President and the Budget. Every argument that has been presented here would amply justify us in going along.

You talk about economy. I say, Mr. Chairman, this is an investment in morality; this is an investment in decency; this is an investment in citizenship; this is an investment in Americanism; and it is an investment in the America of tomorrow. As the leaders of today pass on, others will come forward to take their places, and unless they are equipped under the educational system we boast of with great pride, not only will Americans as individuals suffer but America as a Nation will suffer. This amendment will make available to them that educational system.

Mr. Chairman, I plead with the Members to restore this amount.

Mr. HOUSTON. Will the gentleman yield?

Mr. FLANNERY. I yield to the gentleman from Kansas.

Mr. HOUSTON. I am in complete accord with everything the gentleman has said and will support the amendment. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. TOLAN].

Mr. TOLAN. Mr. Chairman, I am in favor of the full amount of $123,000,000 recommended by the President for the National Youth Administration. Here is a great and enduring work that we must not curtail or weaken.

The National Youth Administration is giving part-time employment to over 600,000 young people at a yearly cost of but $125 a person. Last year 84 cents out of every dollar went for wages for youth; 11 cents for project supervision; and 5 cents was expended for equipment, materials, and other nonlabor costs.

If they can take a young fellow off the streets and put him back into school or college or on a work project for this sum of money, I, for one, believe that it is hard to imagine a better expenditure of public funds.

I think the increase asked for by this amendment, Mr. Chairman, is more than justified by the need which exists. As has been stated here four or five youths apply for every job N. Y. A. has to offer. I am thinking of these four youths who come up willing and anxious to get work and earn something who are denied this chance. I wish for my part that we could include them all.

As I understand it, with this money it will be possible to put something like 500,000 students back into high school, 200,000 into colleges, and from 250,000 to 300,000 on out-of-school work projects. If anything approximating this can be achieved I believe that we should adopt this amendment and make it possible.

Not only has the N. Y. A. given work, but it has been of great service to the youth of America in finding employment for them. During the existence of N. Y. A. it has placed in private employment 265,000 young people. It has held interviews with over a million young folks and has made hundreds of thousands of visits to factories, stores, restaurants, mills, and so forth, seeking to help the unemployed young people of America find employment in private industry.

The President has recommended $123,000,000 and the Budget has set up that as its estimate of the needs of this agency. I can find no good reason why the Subcommittee of the Appropriations Committee has cut this agency down, Mr. Chairman. It does not deny that the work is good, Mr. Chairman, it does not deny that the need is here, Mr. Chairman, and yet it arbitrarily cuts down the Budget estimate and the recommendation of the Chief Executive. I am at an utter loss to know why this is done and I see no good reason why this House should concur in the position taken by the subcommittee.

Now, Mr. Chairman, the administrative expense of the National Youth Administration has totaled about $4,000,000 and not one breath of suspicion has been raised against it. It stands on a par with the Civilian Conservation Corps camps and both have the full support and enthusiastic backing of the press and all of our people.

Although I have a particular interest in the entire N. Y. A. program, I have a special interest in the student-aid program of N. Y. A. There is no greater problem facing this Nation than unemployment, and the N. Y. A. makes a direct contribution to the decrease of that problem. Through direct aid to the students in secondary schools, colleges, and to those doing graduate work in our universities, the student-aid program permits the completion of educational schedules, and keeps our youth off the relief rolls and the unemployment rolls.

In California we have 800,000 persons on relief, and were it not for the "pauper's oath" type of regulations necessary to

qualify, there could, in justice, be a public relief roll twice that great. Add 300,000 nonresident, indigent migrants from the Dust Bowl, and from other Midwestern States, and you have a picture of the need for Federal assistance in California. In our agricultural areas we have four workers standing by for every place in our fields in the harvesting of our crops. Throughout our industrial areas we have long lines of patient men waiting outside the factory gates.

Now we seek to curtail a program of proven worth, a program which enables our youth to prepare itself for the more difficult years ahead where education, and a special mental skill, will be absolutely necessary to cope with the technological occupation essential to livelihood in our modern age. And not only do we attempt to curtail the educational program of the student who needs both assistance and training the most, because of his financial handicaps at the present time, but we turn these boys and girls out of the classrooms and into the streets, to stand along the highways in our farm areas, and to line up at the gates of our factories in competition with men of experience with heavy family responsibilities.

In California we have the largest university in the world. The N. Y. A. granted $247,899 to the University of California in the last school year—about 25 percent of the total cost of the student-aid program for the entire State. In the Statewide program there are 520 schools. Last year it cost $897,990 to assist an average of 16,500 students a month for the year. The total average payment to the student was $8.47 a month and the total number of students receiving help in the 520 schools is less than two-thirds of the enrollment of 1 school, the University of California. No one can say that such a program is excessive.

In 435 secondary schools we are now giving 8,438 students an average of $4.63 a month. In 81 universities and colleges we are now giving 7,863 students an average of $12.10 a month. And for the students doing valuable graduate work in those 81 colleges and universities, we are granting an average of $20.84 a month to 317—students who will soon be eligible for higher degrees and prepared for teaching positions.

It is well to remember, Mr. Chairman, that one-third of our unemployed are between 16 and 24 years of age. The youth of today are the citizens of tomorrow and when we adults are all gone, our children must carry on with confidence and fortitude, and this never can be done if we permit them to wander the streets in idleness and despair.

Mr. Chairman, this appropriation for the National Youth Administration is a real challenge for us today. The full amount of $123,000,000 has been carefully thought out, carefully estimated, and now is the time for the Congress to do its part. It may not mean much to your children but it means a great deal to the children of good American fathers and mothers whose lives and future welfare are at stake. Certainly we must not, by our votes, throw thousands of our youth out of employment and educational opportunity.

I sincerely hope that every friend of youth will take this opportunity to aid the several hundred thousands that this additional money will help. I appeal to you not to cut this appropriation one penny from the recommended amount of $123,000,000, and I shall vote for this amendment restoring the full amount, for I cannot take the terrible responsibility of undermining the very foundation of our Government by not taking care of our fine American boys and girls. [Applause.]

The CHAIRMAN. The Chair recognizes the gentleman from Louisiana [Mr. BROOKS].

Mr. BROOKS. Mr. Chairman, in the time allotted me today I plead for absolute democracy in education. Over 100 years ago Thomas Jefferson made the statement in his plea that every boy "from the richest to the poorest" was entitled to the opportunity of an education. I think that statement is just as true today as it was 100 years ago when made by Thomas Jefferson, that outstanding patriot of this Nation. We have magnificent plants dedicated to education; we have magnificent school buildings; we have instructors, professors, desks for children, all the facilities necessary for education; yet, Mr. Chairman, there are some three or four hundred thousand boys and girls in this country who today plead for an opportunity to finish their education and cannot have that opportunity. Why? They do not have the money.

Until the time comes when they will have an opportunity, until the N. Y. A. is able to go out and give them jobs or part-time employment to finish their education, we shall not in this country have absolute democracy in education. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. KELLER].

Mr. KELLER. Mr. Chairman, I am very glad to have this opportunity of even 1¾ minutes to add to what has already been said in favor of the pending amendment. In other words, of placing back in the bill what was originally written there by the Budget on the recommendation of the President of the United States, full $123,000,000 for N. Y. A.

I agree with everything that has been said in behalf of this amendment, and I am going to disagree also with everything that has been said against it or which may be said against it hereafter, because it is the one thing of all other things that gives us our chance in America today to do the most for the coming generation with the least money and with the greatest certainty of security. It seems to me the amendment ought to have the support of every man here. I do not understand, and I will have difficulty in ever understanding, how any man here who has thought the subject through will be able to justify a vote against the amendment when he goes back to his people who sent him here. I certainly could not think of doing it.

Mr. GEYER of California. Will the gentleman yield?

Mr. KELLER. I yield to the gentleman from California.

Mr. GEYER of California. May I say that I agree with what the gentleman has stated, and as one who has had practical experience in operating this I certainly shall support it.

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. RABAUT].

Mr. RABAUT. Mr. Chairman, ladies and gentlemen of the Committee, in the National Youth Administration there are in high school 265,000, in college 125,000, and in out-of-school projects 235,000. Those in high school receive an average of $4.50 per month, top payments are $6. In college $12 per month, top payments are $20, and in out-of-school projects $18 per month, top payments are $25. In the out-of-school projects among the boys, 50 to 60 percent perform some type of manual work. Among the girls in the out-of-school projects, 60 percent are employed at housekeeping, sewing, and homemaking. But above this entire statement of mine I want to bring evidence of the fact that every one of these youngsters in each of the three subdivision—high school, college, and out-of-school—are receiving some form of actual training, because under the system they must work a certain number of hours for the money they receive.

What is the average cost per youth under this program? The gentleman from Mississippi, member of the committee, has placed the cost at approximately $10 per month, or roughly $125 per year. Bear in mind that these boys and girls, by their retention in this program, in addition to receiving a training, are held apart from the already overloaded field of unemployment in this Nation. The program is sound. Let us approach it from the angle of the Federal penitentiaries where, from the testimony of no less a person than J. Edgar Hoover, we have the maximum of arrests between the ages of 16 and 24, and this year an astonished committee heard from the lips of the supervisor of the Federal prisons the request for a new Federal prison program calling for the erection of a new prison every year. Eleven hundred additional prisoners in the Federal penitentiaries over the grand total of a year ago is the record that stands at the door of this Congress to face this day in considering this legislation. Yes, the young group has something to do with it, and I defy you to deny your responsibility.

What is the cost? The cost, considering the prison projects, is $2,750 for each lad who finds his way to the prison gate; not for his maintenance and upkeep, but just the cost of housing him in the institution. Yes, $2,750; and we debate the annual sum of $125 to protect the respected youth of the land susceptible to the "isms" that we hear so much about today and of which very properly this Congress takes cognizance. Is it the mature man of experience, the father of a household 40 or over who has felt the lash of the mechanized system, that we fear will become susceptible to the false theories of government? No; he has had the snows of the winters upon his brow. He knows the deceits and the cunnings of man, and while deep in my heart I have a sympathy for him and will champion his cause to the last milestone of his course, nevertheless I can say to you in all sincerity that I know he stands as a bulwark, for the most part, against the "isms" that would make inroads upon our fair Nation. But with the youth of the land the picture is entirely different. If you do not believe me, make a study of the regimentation of youth of some of the nations of Europe and read your answer in their activities.

Today, as a champion of those needing the assistance of a nation, as the father of nine children, I appeal to you for the entire appropriation as approved by the Budget and requested by the administration. Join me in a recitation that will echo from this Chamber to the most remote part of the Nation—"I am my brother's keeper."

To signify the splendid caliber of the institutions endorsing the National Youth movement, in communications to me, I quote the following endorsees: University of Detroit; Polish Activities League; American College Personnel Association; the Salvation Army (eastern Michigan division); Detroit public schools, by C. L. Thiele, director of exact science; Detroit Young Men's Christian Association; Community Colleges for Wayne University, Harley L. Gibb, director; the Council of Social Agencies, Metropolitan Detroit, by E. S. Guckert, managing director; the Detroit Community Fund, by Percival Dodge, managing director; City of Detroit, traffic engineering bureau, by M. W. Cochran, traffic engineer; City of Detroit, department of public welfare, by E. R. Harrison; Detroit Young Men's Christian Association (northeastern branch); St. Mary's College, Orchard Lake; St. David School; St. Charles School; St. Philip Neri School; St. Rose School; St. Anthony School; St. Ambrose School; Nativity Commercial High School; Lawrence Institute of Technology, by Richard Frederick; Wayne County Welfare Relief Commission, by G. R. Harris, administrator; Detroit Institute of Technology, by Paul Hickey, director; Marygrove College; and the Detroit Board of Education. [Applause.]

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. HOOK].

Mr. HOOK. Mr. Chairman, I am in favor of this amendment.

The CHAIRMAN. The Chair recognizes the gentleman from West Virginia [Mr. RANDOLPH].

Mr. RANDOLPH. Mr. Chairman, I have attempted, insofar as possible, to cooperate with those who have charge of this appropriation bill because I believe they have labored diligently to bring in the fairest measure possible. On this amendment, however, I must vote with the gentleman from Mississippi. I believe that by voting to help the boys and girls on N. Y. A. we will be voting to keep the men and women off W. P. A. in future years. [Applause.]

The National Youth Administration has paid real dividends, and I feel strongly that an even more adequate amount is vital to the proper aid to our youth. In my district in West Virginia and throughout the Nation the splendid work of encouragement and help to young men and young women has commended itself. By extending aid to youth we try in our generation to stimulate these citizens of tomorrow and the investment is a wise one.

Youth and age can properly join hands in this matter. Let us look at what youth has done. It is to be recalled at this point that at 15 years of age Victor Hugo presented a poem to the Royal Academy in Paris and Leigh Hunt was a prolific writer of verses. At 16 Michelangelo's ability as a sculptor and painter had been discovered and Mozart had captivated the court of Germany. At 17 Alexander Hamilton commanded the attention of his country and Washington Irving delighted the readers of the Morning Chronicle. At 18 Spurgeon was the pastor of a congregation and Stephenson was carrying within his brain an improved steam engine. At 19 George Washington was a major in the Army and William Cullen Bryant had given Thanatopsis to the world.

At 20 Bach was organist at Armstadt and Beethoven had added another great name to music. At 21 Galileo was awake to the secret of the vibrations of the bronze lamp of Pisa Cathedral and Wilberforce was a member of the British Parliament and fearlessly introduced a bill against slavery in Africa. At 22 Alfred began one of the most magnificent reigns which England had ever seen and Savonarola was robed with a splendid name. At 23 David Hume had written his treatise on Human Nature and Richard Wagner had composed Lohengrin. At 24 Alexander the Great had taken Thebes and had crossed the Hellespont and John Ruskin had written Modern Painters.

At 25 Aeschylus was the greatest tragic poet of Greece and Coleridge had written the Ancient Mariner, and at 25 Charles A. Lindbergh, the apostle of good will to the nations of Europe, had piloted his frail craft, *The Spirit of St. Louis*, from New York to Paris, was acclaimed by millions and added a second story to the world. At 26 Mark Anthony was the hero of the Roman Empire and Benjamin Franklin had written the wisdom of Poor Richard. At 27 Correggio had the commission to execute the frescoes on the cupola of San Giovanni in Parma and Francis Bacon was already counsel extraordinary to the Queen. At 28 Hannibal took Sagantum while Rome deliberated on its rescue and William Wordsworth had written some of his greatest poems. At 29 Cromwell had begun his work as a mighty religious figure and Sir Joshua Reynolds was the most noted portrait painter in England.

Let us not forget to help the youth of this critical time that they may, through work and education, be ready even in youthful years to contribute to America as did those persons whom I have just listed. We cannot let them down.

With your permission I turn to poetry from prose and repeat a few lines from memory, somewhat as follows:

How like the game of football is the game of life we play,
Except that in life's game we keep on when we're gray.
We take the kick-off at youth's line and start with heart and soul
Across the field by millions trod, to reach ambition's goal.
At first the crowds along the sides give but a passing glance
To see how firm a grip we take upon life's ball of chance.
The chalk lines are the passing years, and the foes we meet are strong,
And ever stiffer in defense they fight as we move along.
And often down there near the goal, success arm's length away,
We make one little fumble and we've lost our whole life's play.

I trust that Members at this late hour will assist the youth of this country in fighting straight down the field toward a successful goal through action of this body in providing a larger fund than the committee brings in for N. Y. A. Let us not cause a fumble for these youthful citizens as they start to play the game of life. [Applause.]

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Chairman, the reasons I am in favor of keeping this appropriation down to what the committee has reported are these:

In the first place, this is not a relief program. Boys and girls, young people under 25, are carried on these rolls regardless of whether or not they are certified as being in need. The question is whether the Government can afford at this time to do that sort of thing.

The second question is this: The argument that has been presented here in favor of this increase in the appropriation is that it will help the boys and girls to go through high school and college. Let me say to you that just about 10 percent of this entire appropriation is used for that purpose.

On page 173 of the hearings you will find a break-down that proves this, put in the record by Mr. Williams, the Administrator, himself. This break-down shows that almost all this money is used not for helping the boys and girls in high school and college but for projects of the same type the W. P. A. operates. Less than $5,000,000 of the proposed increase would go for those boys and girls. That is Mr. Williams' own statement on page 110 of the hearings. There is absolutely no justification for the statements that have been made here on the floor with reference to this part of the bill. They have been made without looking into the hearings or the facts. Propaganda has gone forth all over this country representing that this money is to be used for boys and girls in the high schools and colleges, but that is not the fact. I do not see why this House should be carried off its feet and attempt to set up another program in competition with the W. P. A.

The committee has reported a bill carrying on the face of it $6,000,000 more than was carried for the N. Y. A. last year. This will enable them to do everything they are doing this year and more besides. Is it not time now that we begin to take stock of ourselves and be honest with the boys and girls and keep enough of our country together so that in the future when they come along and want regular jobs they can have them? We are destroying their future by appropriating money for things that do not absolutely have to be appropriated for. I hope this amendment will not be adopted.

Mr. MARTIN of Colorado. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Colorado.

Mr. MARTIN of Colorado. The gentleman's criticism that so much of this money is used for work is just the reason I am supporting the amendment, because this work is training these boys to make a living, and is doing it at a cost of a third of what it costs in a C. C. C. camp.

Mr. TABER. It costs a good deal more than one-third of what it costs in the C. C. C. camps; but all those things pile up and tend to demoralize the set-up and prevent the employment of the boys instead of giving them jobs. [Applause.]

Mr. RAYBURN. Mr. Chairman, I offer an amendment to the Collins amendment.

The Clerk read as follows:

Amendment offered by Mr. RAYBURN to the amendment offered by Mr. COLLINS: Strike out "$123,000,000" and insert in lieu thereof "$100,000,000."

Mr. RAYBURN. Mr. Chairman, for the past hour and a half I have been going from one side of this House to the other and from one group to another trying to compose this matter, and with the mover of the amendment and other Members of the House in high position on the committee, I thought we had agreed to a compromise of $100,000,000, which insures those who want more—nineteen million more dollars—and insures to those who are opposed to any increase the probability of $23,000,000 more being added. I thought this was a fair compromise, and I still think it is a fair compromise, and I trust that those who were in favor of the $123,000,000 and those who were in favor of leaving the amount at $81,000,000 will accept what I believe is a fair, middle-of-the-road compromise that will take care of many more thousands of boys and girls than would the $81,000,000 and add at least 21,000,000 more dollars to the Youth Administration than it had for the fiscal year of 1939.

Let me repeat, I believe this is fair, I believe it is just, and I trust the Committee will adopt my substitute amendment. [Applause.]

Mr. BRADLEY of Pennsylvania. Mr. Chairman, I offer a substitute motion, which I send to the Clerk's desk.

The Clerk read as follows:

Substitute offered by Mr. BRADLEY of Pennsylvania: On page 7, line 6, after the figures "1940", strike out "$81,000,000" and insert "$122,500,000."

Mr. BRADLEY of Pennsylvania. Mr. Chairman, I am quite sure the sentiment of this House as expressed by those who took the floor was overwhelmingly in favor of the original amendment offered by the gentleman from Mississippi [Mr. COLLINS]. However, for some reason a sudden spirit of compromise has developed. I think all of you who favor adequate appropriation for the National Youth Administration know, in view of other things that have taken place here today, that there would be no compromise if they thought they could vote down the amendment offered by the gentleman from Mississippi. [Applause.] They are striving to sidestep a vote upon his amendment, and I do not believe it is fair to the membership of the House that we should be asked to vote upon a compromise of $100,000,000, as introduced by the gentleman from Texas [Mr. RAYBURN]. For that reason, despite all the respect I have for the majority leader, I have been forced, because I know the sentiment of many in the Chamber with regard to the National Youth Administration, to introduce this substitute amendment providing $122,500,000 in order to get an expression from the Members of the House as to whether or not they favor adequate appropriations or whether they are simply grudgingly granting a small and insufficient increase because of the receipt of telegrams which express the interest of the educators of the country. Voting for an increase to only $100,000,000 will not be in line with the recommendations contained in those telegrams and in other communications they received.

I ask you to support this amendment and, later, to support the amendment offered by the gentleman from Mississippi [Mr. COLLINS] providing for $123,000,000. [Applause.]

The CHAIRMAN. The Chair will state that there are two amendments pending, one offered by the gentleman from Oklahoma [Mr. JOHNSON], which, of course, is involved in the amendment offered by the gentleman from Texas [Mr. RAYBURN] and one offered by the gentleman from Ohio [Mr. JONES]. The Chair has been reserving 1¾ minutes of time for each of those gentlemen. Therefore the Chair, in recognizing the gentleman from Virginia [Mr. WOODRUM], desires to state that upon termination of the gentleman's time and a vote upon the pending motions, the Chair will recognize the gentleman from Ohio [Mr. JONES], to offer his amendment for a period of 1¾ minutes, and likewise the gentleman from Oklahoma [Mr. JOHNSON].

Mr. WOODRUM of Virginia. Mr. Chairman, may the amendments be reported for the information of the Committee?

The CHAIRMAN. Without objection, the Clerk will report the pending motions for the information of the Committee.

There being no objection, the Clerk read as follows:

Amendment offered by Mr. JONES of Ohio: Page 7, line 17, after the word "universities", strike out the period and insert "*Provided*, That the parent, parents, guardian, or other person charged with the support of such needy young people, swear or affirm that they do not own real or personal property valued in excess of $1,500 and do not have an income of more than $100 per month: *Provided further*, That anyone falsifying such statements as to value of property or income shall be guilty of a misdemeanor and be fined $1,000 or imprisoned for 3 months, or both."

Amendment offered by Mr. JOHNSON of Oklahoma: Page 7, line 6, after the figures "1940", strike out "$81,000,000" and insert "$100,000,000."

Mr. DINGELL. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. DINGELL. Is that what might be termed "a pauper oath," applied to students?

The CHAIRMAN. The Chair does not think that a parliamentary inquiry. The Chair recognizes the gentleman from Virginia [Mr. WOODRUM] for 5 minutes.

Mr. McKEOUGH. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. Does the gentleman from Virginia yield for that purpose?

Mr. WOODRUM of Virginia. Yes.

Mr. McKEOUGH. Mr. Chairman, I thank the gentleman from Virginia. As I understood the reading of the two last amendments, one related to a measure other than the total amount to be appropriated. I presume that will be separately considered as a separate amendment and not as a substitute?

The CHAIRMAN. The Chair advises the gentleman from Illinois that at the request of the gentleman from Virginia

[Mr. WOODRUM] the pending amendments on the Clerk's desk were read simply for information. The Chair recognizes the gentleman from Virginia for 5 minutes.

Mr. WOODRUM of Virginia. Mr. Chairman, I appreciate very much the good offices of the gentleman from Texas [Mr. RAYBURN], our Democratic leader, in assisting to work out the solution of a problem upon which there was a rather wide and somewhat persistent difference of opinion in the House. So far as I am concerned, I shall support the gentleman's amendment, as I believe every member of the committee will do. I am sure the majority leader was doing what he thought was a service in the interest of harmony, and I know he is doing what he thought was agreeable to the gentleman from Mississippi [Mr. COLLINS], who introduced the amendment. So I hope the House will support that amendment. However, I have not changed my mind about whether it is wise to increase this amount. I have made just as many high-school addresses, I suspect, as most Members of the House of my age. I have stood before the youth of the country and pointed to the future and told them how they could go into the world and win their spurs. I have talked to them and told them how Andrew Jackson and Abraham Lincoln and other great men of the country had waded through snow and mud, had studied late by candlelight at night and worked in the daytime to try to obtain a little education, and I have told them the great advantages of an education. But I have always told them that it is not an absolute necessity for success in the world, and I could point to Members upon the floor of this House today who never had the opportunity that we are giving to the youth of America today.

Mr. WHITE of Idaho. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I cannot yield. I think as much of the youth as any man in this House, and I still say that the same argument that induced the administration and our President to curtail W. P. A. employment one-third, and to curtail farm security one-third, would apply to the temporary assistance that we have been giving under the auspices of the National Youth Administration. I still say that it is not the province of the Federal Government to give a college education to the young people of this country. [Applause.] And I deny that you are doing any accommodation or favor to the American boy or the American girl to put him or her in a mental or psychological attitude of waiting for the postman to bring their little pittance from Uncle Sam the first of the month. [Applause.] We have built schools, we have built roads, and have done everything to help our youth as we should. How many of you gentlemen had school busses call for you and take you to school? How many of you rode over fine highways and had the wonderful streets that you and I are giving to the youth today? Of course, we appreciate them, and our committee appreciated them, and for that reason we made no curtailment in the program.

Information has been broadcast throughout the country that we were curtailing the program of the N. Y. A. That is not true. No one has so suggested. We have shown a decided preference for the N. Y. A. by not curtailing the program. I am glad to go along with the $100,000,000 amendment, but I still think it will be hard for us to explain, and I appreciate what has been done by the gentleman from Texas. Most of the things we do here are done by compromise. I am not so sure as the gentleman from Pennsylvania [Mr. BRADLEY] as to how this final vote would have gone, but there was a wide difference of opinion, and I am always willing to carry my part and do the wishes of the House in the matter. But I say, please let us not give the youth of America the idea that we are going to make them the special objects of favor in this regard, because while we are thinking of them today let us remember that these same youths are going to have to pay back the national debt that we are piling up today to give these benefits to the unemployed and to the youth of the country. I hope the amendment of the gentleman from Texas will be adopted. [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

The question first occurs on the amendment offered by the gentleman from Texas [Mr. RAYBURN] to the amendment offered by the gentleman from Mississippi [Mr. COLLINS].

Mr. BRADLEY of Pennsylvania. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. BRADLEY of Pennsylvania. I offered a substitute to the amendment offered by the gentleman from Texas [Mr. RAYBURN].

The CHAIRMAN. The substitute will be voted upon after the amendment to the amendment. Perfecting amendments are always voted upon prior to the substitute motion being voted upon.

The question first occurs upon the amendment offered by the gentleman from Texas [Mr. RAYBURN] to the amendment offered by the gentleman from Mississippi [Mr. COLLINS].

The question was taken; and on a division (demanded by Mr. RAYBURN), there were ayes 207 and noes 65.

So the amendment to the amendment was agreed to.

The CHAIRMAN. The question now recurs on the substitute offered by the gentleman from Pennsylvania [Mr. BRADLEY].

The question was taken; and on a division (demanded by Mr. BRADLEY of Pennsylvania) there were ayes 90 and noes 203.

Mr. BRADLEY of Pennsylvania. Mr. Chairman, I ask for tellers.

The CHAIRMAN. Those who favor taking this vote by tellers will rise and remain standing until counted. [After counting.] Seventeen Members have arisen; not a sufficient number.

Tellers were refused.

So the substitute amendment was rejected.

The CHAIRMAN. The question now recurs on the amendment offered by the gentleman from Mississippi [Mr. COLLINS], as amended by the amendment offered by the gentleman from Texas [Mr. RAYBURN].

The question was taken, and the amendment as amended was agreed to.

Mr. JONES of Ohio. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JONES of Ohio: On page 7, line 17, after the word "universities", strike out the period and insert "*Provided*, That the parent, parents, guardian, or other person charged with the support of such needy young people swear or affirm that they do not own real or personal property valued in excess of $1,500 and do not have an income of more than $100 per month: *Provided further*, That anyone falsifying such statement as to value of property or income shall be guilty of a misdemeanor and be fined $1,000 or imprisoned for 3 months, or both."

Mr. JONES of Ohio. Mr. Chairman, I offer this amendment because I believe it is a necessity for the protection of the boys and girls for whom the law was originally intended. This year there will be approximately 1,110,000 young men and young women graduating from our high schools. Many have not the faintest hope of a chance to start college because their fathers are unemployed and their mothers are taking in washings or the family is on the relief rolls. I address myself to the boys and girls that come from this kind of homes that, if given a chance, will be able to complete a college course. They may belong to the group of people that have been characterized frequently in the last 6 years as the "underprivileged one-third," ill-clad, ill-housed, and ill-fed. They come out of the high schools while their mothers and fathers, with lumps in their throats, listen to the echo of their voices, "W. P. A., here we come."

I speak in behalf of the boys and girls who do not need a Federal agency to show them that democracy will work, but who have been grounded enough in the principles of a free democracy that they have been convinced ever since they have been able to reason things out for themselves that democracy does work, and, if given an opportunity, they will work in a democracy. Many of similar groups last year and the year before and the year before that have had despair upon their

faces because of the insidious practice of naming the beneficiaries of the N. Y. A. program.

I call to your attention the method of naming those that will get on the N. Y. A. educational work facilities. All that a young man or young woman has to do is get two citizens in the neighborhood to sign a letter already drafted for them that the boy or girl is entitled to receive an N. Y. A. contribution. In many instances children of people that could well afford to send their sons and daughters to colleges are receiving $15 a month. I know of instances where parents have had a steady job ever since the child was born, a white-collar position, if you please, parents who own fine homes and who have been able to send older children to college, who are still employed and in a gainful occupation, and who have had a lapse of moral consciousness to allow their children to apply for the benefits of this program. [Applause.]

I have no fault to find with the objectives of the National Youth Administration program. I think it is a fine thing, a worthy program, if it gives the boys and girls who otherwise would be deprived of an opportunity for an education a chance to go on; but the lapse of moral consciousness on the part of parents who are able to pay the full fare for their children in college should be stopped with this amendment.

All of this social legislation has been brought to the front with the poor people of the country being eulogized by orators on both sides of the aisle, but in the years that the N. Y. A. has been on the statute books there never has been one law to my knowledge that has safeguarded the poor boys and girls from the racketeers and chiselers.

My amendment, some folks may say, is harsh; but if this is to be a worthy program it should be a program for those for whom it was intended. Is there anyone here that can raise an objection against this amendment? I have set these limits arbitrarily, because I know boys and girls whose parents are in no better circumstances than the limitation of this amendment who have been able to pay, and with a little thrift and cooperation and hard work on the part of the children doing odd jobs, they have been able to continue their education. They may have patches on the seat of their trousers, and they may not have as many clothes as other young men and young women, but they complete their education.

Kindle the spark of hope in the heart of an underprivileged boy or an underprivileged girl, and you will find a successful man or woman tomorrow. [Applause.]

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Ohio [Mr. JONES].

The question was taken; and on a division (demanded by Mr. JONES of Ohio) there were ayes 116 and noes 126.

So the amendment was rejected.

The Clerk read as follows:

DEPARTMENT OF AGRICULTURE

SEC. 3. (a) In order to continue to provide assistance through rural rehabilitation and relief to needy farmers and relief to other needy persons in the United States, its Territories and possessions, there is hereby appropriated to the Department of Agriculture, out of any money in the Treasury not otherwise appropriated, for the fiscal year ending June 30, 1940, $123,000,000, together with the balance of the appropriation under subsection (3) of section 1 of the Emergency Relief Appropriation Act of 1938 which remains unobligated on June 30, 1939.

(b) The funds provided in this section shall be available for (1) administration (not to exceed the amount obligated for administration in the fiscal year ending June 30, 1939); (2) farm debt adjustment service and making and servicing of loans under this section and prior law; (3) loans; (4) relief; (5) the prosecution of projects approved by the President for the Farm Security Administration under the provisions of the Emergency Relief Appropriation Act of 1938; and (6) the following types of useful public projects, Federal and non-Federal, subject to the approval of the President: (a) Projects involving provision of additional water facilities, (b) projects involving construction and operation of migratory labor camps, and (c) projects involving land development to provide work relief for homesteaders on rural rehabilitation projects.

(c) In making any relief payments under this section, the Secretary of Agriculture is authorized to accept from the recipients thereof voluntary agreements for the performance of work on useful public projects, Federal and non-Federal, including work on private or public land in furtherance of the conservation of natural resources, and the provisions of section 24 of this title, relating to disability or death compensation and benefits, shall apply to such recipients while performing work pursuant to such agreements.

(d) The Farm Security Administration within the Department of Agriculture is hereby extended until June 30, 1940, to carry out the purposes of this title.

Mr. LEAVY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LEAVY: On page 8, line 18, after "1939", insert a comma in lieu of the period and add the following: "and all collections received during such fiscal year on rural rehabilitation loans made under this and prior acts."

Mr. WOODRUM of Virginia. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 7 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

Mr. HOPE. Mr. Chairman, I object.

Mr. LEAVY. Mr. Chairman, this amendment that I propose affects that part of the bill as found on page 8 in reference to farm security, as that applies to the distressed farmer.

Let me first make clear a distinction that should be made, because I think there is a great misunderstanding between the activity of Farm Security as an agency. The Farm Security Administrators care for funds from the Jones-Bankhead Act in reference to farm tenancy. For that purpose they have $25,000,000. This is in no sense a part of the relief activities.

This amendment that I propose and this appropriation that is granted by the committee takes care of those unfortunate farmers that we find either on relief or on the verge of becoming relief clients, and until it came into the picture the farmer had but one place to go when he found himself in financial distress, that was to become a W. P. A. worker, move into a city or town, and take such W. P. A. relief as he could get. This agency operating 2 years now has touched the lives and the fortunes of 750,000 American farm families, and it has rehabilitated them to a degree sufficient that they have been able to repay 65 percent of every dollar that the Government has lent them.

Last year for this purpose there was appropriated $175,000,000. It is all loan money handled by the relief agency, lent to the needy farmers, and it is paid back by them when they can. They are independent and free from the limitations of W. P. A. clients.

This year the bill carries $123,000,000. According to the hearings, the Budget Bureau cut the Department from $175,000,000 in this worthy undertaking down to $123,000,000.

My amendment does not ask that we give one dollar over Budget estimates—does not require that we raise the amount here by a single penny; it merely provides that the dollars collected from the farmer who has paid the loan shall be lent to another one who needs them. It creates a revolving fund.

There are 400,000 farm families now in America who have qualified for this type of assistance. Unless we do this we cannot possibly reach over 20 percent of them, probably not even that high a percentage, and we force them into a group where they do not want to go and where we do not want them to go; that is, to become W. P. A. recipients. They are trained for farm work and they should be given an opportunity there; they know only such work; they love it; and they soon become self-sufficient.

I have been in accord with everything that has been said about the National Youth Administration and the youth of the country, but it affords me a pleasure, indeed, to stand in the well of this House this afternoon and be the spokesman for the unfortunate American farmer. [Applause.]

[Here the gavel fell.]

Mr. O'CONNOR. Mr. Chairman, I move to strike out the last word.

Mr. MARCANTONIO. Mr. Chairman, I submit a privileged motion. I move that the Committee do now rise.

The CHAIRMAN (Mr. COOPER). The gentleman from New York offers a privileged motion, which the Clerk will report.

The Clerk read as follows:

Mr. MARCANTONIO moves that the Committee do now rise.

The CHAIRMAN. The question is on the motion of the gentleman from New York.

The motion was rejected.

Mr. WOODRUM of Virginia. Mr. Chairman, I would like to see if we can reach an agreement as to time on this amendment.

Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 15 minutes, and of that I would like 3 minutes.

The CHAIRMAN. The gentleman from Virginia asks unanimous consent that all debate on the pending amendment close in 15 minutes, with the understanding that he have the last 3 minutes. Is there objection?

Mr. BURDICK. Mr. Chairman, I object.

Mr. WOODRUM of Virginia. Mr. Chairman, I move that all debate on this amendment close in 15 minutes.

The CHAIRMAN. The question is on the motion of the gentleman from Virginia.

The question was taken; and on a division (demanded by Mr. HOPE) there were—ayes 186, noes 43.

So the motion was agreed to.

The CHAIRMAN. The gentleman from Montana is recognized for 3 minutes.

Mr. O'CONNOR. Mr. Chairman, the farm-security program as it has been carried out is, I believe, one of the greatest and most successful efforts the Government has made in connection with trying to reduce the relief rolls. The rehabilitation of what you might call the poor farmers, particularly in my own State, has done more to cut down relief rolls in my State than any other program the Federal Government has adopted.

I dare say that it would have been virtually impossible for a great many of these farmers to continue their operations had it not been for the Farm Security Administration, which not only came to their rescue but provided them with a foothold on the future.

We have a great need in Montana for the rehabilitation of needy and low-income farm families whose desire for adequate credit on reasonable terms cannot be fulfilled through any other agency than such an organization as the Farm Security Administration.

In the Second Congressional District of Montana, which I have the honor of representing, the Farm Security Administration has made loans to 4,913 farmers since the inception of the F. S. A. program in July of 1935. The loans from emergency relief funds have totaled $5,123,828, an average of $1,042 per family, according to statistics announced by the Department of Agriculture.

It is highly important in our consideration of an appropriation for the Farm Security Administration to note that the farmers in my congressional district repaid $916,134 up to January 1 of this year, although much of the money will not be due for 4 or 5 years.

The Farm Security Administration, through its program of rehabilitation, has accomplished admirable results throughout the State of Montana and it would contribute a great hardship over the entire West if sufficient funds were not appropriated for the coming fiscal year.

As a part of the rehabilitation program, hundreds of farm families have raised their own food supplies and livestock feed, thereby making them less dependent on cash crops.

Relief through rehabilitation is the soundest program that can be carried on by any Government agency. We cannot give relief from day to day and expect the recipients to better their own economic welfare at the same time. It is my thought that the rehabilitation efforts through the Farm Security Administration will prove to be one of our most valuable projects in future years. Through the program, farm families are taught methods and provided funds to protect them in future years. They have remained off the relief rolls and if they are allowed to continue along these lines of progress, they will become independent and self-supporting farm families in the future. The Farm Security Administration is merely serving as a social agency which tides the farm families through their most desperate crises and gives them a new start for the future.

Farmers, businessmen, organized labor, and every farm organization in Montana are united in the belief that the Farm Security Administration has done splendid work and it would impose a dire hardship on Montana to have their funds curtailed.

It has been estimated that there are approximately 3,000 additional farm families in my congressional district who are eligible and in need of rehabilitation loans, but have been unable to obtain them owing to lack of funds.

As a Representative from a State which is in great need of additional assistance from the Farm Security Administration, I make an urgent plea to the membership of this House to permit the repayments under the farm security program to be placed in a revolving fund. Through that procedure, hundreds of additional farmers will be benefited materially. I consider the revolving fund as a necessity in the future activities of the F. S. A.

Mr. VOORHIS of California. Mr. Chairman, will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. VOORHIS of California. And this organization is battling to maintain individual farm ownership in the hands of American farmers, and it is the only organization doing that job that we have at this time. Further it is the only organization that is doing much of anything for the homeless migrants roaming this country.

Mr. O'CONNOR. The gentleman is correct.

This money has been used by farmers to supply food, cows, chickens, work horses, and such things, and the people who have secured this aid are not on the relief rolls of the State but are now making a living for themselves.

The amendment offered by the gentleman from Washington is very meritorious because it permits this fund of $123,000,000 to remain practically intact, allowing it to be lent to others as it is paid in.

Mr. MURRAY. Will the gentleman yield?

Mr. O'CONNOR. I yield to the gentleman from Wisconsin.

Mr. MURRAY. Would the gentleman be willing to have an amendment offered for another $123,000,000 to take lawyers off the relief rolls of this country and subsidize them 100 percent in the law business?

Mr. O'CONNOR. That has nothing to do with the farm situation.

Mr. MASSINGALE. Will the gentleman yield?

Mr. O'CONNOR. I yield to the gentleman from Oklahoma.

Mr. MASSINGALE. I want to ask just this one question: If we had a farm program such as the cost of production bill would give, we would not have these difficulties?

Mr. O'CONNOR. It would solve all of our problems. I am for cost of production just as much as my friend from Oklahoma.

[Here the gavel fell.]

The CHAIRMAN. The Chair desires to announce that the names of the gentlemen who were on their feet at the time limitation on time was fixed were noted and the time to be apportioned among them will allow but 1 minute each.

The Chair recognizes the gentleman from Kansas [Mr. HOPE] for 1 minute.

Mr. HOPE. Mr. Chairman, it is obviously impossible to go into the merits of this amendment in 1 minute. I do want to call attention, however, to the fact that this provision is the only one in the relief bill which is of any benefit to farmers. I think the farm-security program is sound and practical in every way, because it enables people who otherwise would be relief charges to take care of themselves. It sets them up on a basis where they can become self-supporting. It is not

theoretical or experimental but has been demonstrated by experience to be successful.

This program is not one in which the money is paid out and is gone forever. It is estimated, and the figures to date bear it out, that at least 80 percent of the money loaned under this program will be repaid. Even the comparatively small percentage which is paid out in grants affords the least expensive and more effective relief of that type of which I am familiar. If we adopt the amendment of the gentleman from Washington, it will enable this effective program to be carried to many thousands of farm families who need it and who otherwise may be compelled to leave the farm and be cast adrift as thousands of others have been during the last few years. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The gentleman from Oklahoma [Mr. JOHNSON] is recognized for 1 minute.

Mr. JOHNSON of Oklahoma. Mr. Chairman, may I take this brief time to say that being familiar with the present program of Farm Security Administration, I rise in support of the amendment offered by the gentleman from Washington [Mr. LEAVY]. If adopted, this amendment will prove to be a godsend to thousands of needy farmers. It is one of the most meritorious amendments that has been offered today.

This amendment does not propose to increase the total sum in this bill. But on the other hand, it proposes a practical way of handling these funds for the benefit of needy farmers. The record shows that these farmers are paying back a large percent of their loans. As such loans are paid, it is thus proposed to create a revolving fund to assist other needy farmers rehabilitate themselves, what objectives could there be to this proposal to assist other farmers who are unable to get loans elsewhere?

In the district I have the honor to represent in Oklahoma, nearly 3,000 desperately needy farmers who were hanging on the ragged edge and unable to secure assistance elsewhere, have been saved and placed on their feet by the Farm Security Administration. There has been over $500,000 in new wealth created in that one district because of such loans. In the State of Oklahoma there have been some 25,000 farmers who were down and out, through no fault of their own, who can thank the Farm Security Administration for saving their very existence. The amendment ought to be adopted. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Wisconsin [Mr. HULL].

Mr. HULL. Mr. Chairman, I regret that after spending some 7 hours in the consideration of this bill, the pending amendment, concerning as it does the lives and welfare of at least 450,000 farmers, can only have 15 minutes for consideration. I would like to ask some of you who will be out among the farmers next year pointing with pride to what you did for the farmers, to remember these particular 15 minutes.

There are about 25,000 farms in the United States in the ownership of Federal land banks under foreclosure proceedings. There are 8,700 of those farms in the State of Wisconsin, where the farm land bank now owns practically 5 percent of all the farms in the State. The only recourse farmers have after being forced out of their homes, after having them sold under foreclosure, is to go to the city and get on relief or get some aid from the Farm Security Administration.

The Farm Security Administration has made loans for rehabilitation to 7,733 farmers in our district in the total amount of $1,382,179, and up to January 1, 1939, those farmers had repaid $401,227. They are continuing to pay under adverse conditions.

This amendment will enable more farmers who have lost their homes to the Federal land banks and insurance companies by foreclosure to have another opportunity. The cost to the Government is small—much smaller than forcing such farmers to move to town and obtain W. P. A. employment. It should be adopted.

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Arkansas [Mr. TERRY] for 1 minute.

Mr. TERRY. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Washington [Mr. LEAVY]. A few days ago I received from a farmer in my district a letter, as follows:

DEAR MR. TERRY: Just a few lines to advise you of my opinion and the benefits I have received as a client from the Farm Security Administration.

I put in my application for a loan in the fall of 1935 and received a loan to purchase a mule, plow tools, and food in the amount of $182.16. My 1937 loan was for $25 for food and $6 for veterinary service project. In 1938 I borrowed $105 to buy three milk cows and $12 to participate in a medical project. In 1936 it was possible for me to repay $53.64 on my account, $53 in 1937, $111.38 in 1938, and I have repaid this year already $110.62 from the sale of the mule that I bought in 1936 and my soil-conservation check for 1938. This year I borrowed $304 to purchase additional tools and livestock to make me self-supporting, and my annual repayments are broken down now so that I can easily meet them and still have a surplus to operate on.

To me the farm-security program is one of the best policies out to help the low-income farmer who can't get assistance elsewhere.

Mr. Chairman, this letter was written to me on May 25, 1939, by Mr. Hugh Patton, a friend of mine who lives at Oark, in my district, and is a good example of what this program means to the small farmers of the country.

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota [Mr. ANDERSEN].

Mr. H. CARL ANDERSEN. Mr. Chairman, I think that it is a travesty upon justice to agriculture in America to permit only 15 minutes for the consideration of this most important amendment. We will be here for 10 hours today in debate, but when it comes to considering something in this bill on behalf of the farmers, 15 minutes is the limit. I consider it a farce and a rank injustice, and I want to tell you I do. [Applause.]

Mr. Chairman, I urge upon the Members, if they want to do something for 35 percent of the people of America, vote for the pending amendment. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Texas [Mr. POAGE].

Mr. POAGE. Mr. Chairman, there have been many times when I have felt constrained to criticize the management of the Farm Security Administration. They have made mistakes, just as has everybody else who has had to handle large sums of money, but they have done a splendid work for the people in the rural sections who need aid the most. They have actually accomplished things. They have not simply given us promises, as have many of the other agencies. This has been the only agency that has gone out from the towns way out up the head of the creeks and actually carried some species of relief to the people out there who were not able to get down to the courthouse and go to some relief office. Last fall W. P. A. certified a number of needy farmers in my section, but they were never assigned to work. The Farm Security Administration has not dispensed charity; it has made loans, which are being repaid. If they are not being repaid, why object to the amendment. It does not appropriate any additional new money. It only allows this agency to use the money that is collected from the farmers who were aided last year. The Farm Security Administration has been the only agency, and it is today the only agency, that carries relief out to the people who need it most. [Applause.]

The CHAIRMAN. The Chair recognizes the gentleman from North Dakota [Mr. LEMKE].

Mr. LEMKE. Mr. Chairman, I am for this amendment because it will take care of the farmers in distress and keep them on the farms in place of swelling the present oversupply of unemployables in the cities and towns. May I ask which is the best way to take care of the farmer, to keep him on his own farm or let him go into the cities and towns and go on W. P. A. or on direct relief? I feel that it is ordinary common sense to support this amendment, which simply states that we will not increase the appropriation but will permit it to be used as a revolving fund. In other words, if I get a loan

this year and am able to pay back part of it, then that part will be used to keep another farmer on his farm instead of compelling him to become an unemployed in the cities and towns. [Applause.]

The CHAIRMAN. The Chair recognizes the gentleman from Georgia [Mr. RAMSPECK].

Mr. RAMSPECK. Mr. Chairman, the major task of the Farm Security Administration is the rehabilitation of needy and low-income farm families through small loans, accompanied by guidance in sound farming methods to insure the best possible use of the money.

Most of these families are extremely poor credit risks, judged by normal standards. None of them can obtain adequate credit on reasonable terms elsewhere. Many have been on relief. Our program is designed to make them independent of further assistance by providing them with the equipment and the training necessary for successful farming.

From the beginning of the program in 1935 until January 1, 1939, a total of $232,410,369 had been loaned to approximately 650,000 farm families in the United States. These borrowers already have repaid approximately $72,000,000 into the Federal Treasury.

The Farm Security Administration has made such loans to 20,216 farmers in Georgia since the inception of the program in July 1935. The loans from emergency relief funds have totaled $7,827,399.51, an average of $387.19 per family.

These farmers had repaid $3,624,653.55 up to January 1, 1939, although much of the money will not be due for 4 or 5 years.

We have just completed a survey of the progress made by a group of typical rehabilitation borrowers as of January 1. This survey, covering 10,053 families in Georgia, showed they had increased their total net worth since coming onto the program from $1,318,560 to $4,005,600 at the end of the 1938 crop year over and above all debts.

These families, therefore, had added a total of $2,687,040 to the wealth of their communities, or an average of $267.28 per family. We consider these net-worth figures, which reflect the difference between total assets and total liabilities of each family, an even better indication of progress than repayment figures, because they show the actual progress made by the family.

During the past crop year alone, these families increased their total net worth by $662,000, or an average of $65.85 for each family.

One of the primary aims of the rehabilitation program is to enable borrowers to raise their own food supplies and livestock feed, so they will be less dependent upon cash crops. Their progress is indicated by the fact that the 10,053 typical F. S. A. families who reported in Georgia had stored away 1,543,600 quarts of fruits and vegetables last year to tide them through the winter. The average family has increased its annual production of home-canned food by 133 quarts since it first received an F. S. A. loan.

Moreover, the production of meat for home use has risen a total of 4,486,599 pounds annually, or 445 pounds per family; and the average increase in egg production for home consumption was 83 dozen per family.

Relatively few families owned milk cows when they first sought F. S. A. aid, and this lack often was reflected in the health of their children. By the end of the 1938 crop year, however, the borrowers in Georgia reported that they had increased their milk production by an average of 401 gallons annually, or a total of 4,028,869 gallons.

This increase in the production of foodstuffs does not mean additional competition with farmers in other areas, since virtually the entire output was consumed at home. It represents improved diet, based on foodstuffs which previously were not available, usually accompanied by a marked improvement in health.

One of the most frequent causes of distress among farmers is the fact that they are overburdened with debts. Consequently the Farm Security Administration has set up local farm debt adjustment committees, to bring the debtor and his creditors together for a friendly discussion of their mutual problems. These committees have no legal authority to compel adjustments, but usually they find it possible to reach agreements for extending the time of payment, reducing interest rates, or scaling down the obligations. As a result, the farmer is saved from foreclosure, and his creditors obtain substantial payments on what might otherwise have been uncollectible debts.

In Georgia 2,043 farm families had been helped through such debt adjustments up to January 1939. Their obligations were scaled down from $3,283,339 to $2,817,377, a total reduction of $465,962, or 14.2 percent. As a direct result of these adjustments, a total of $71,161 in back taxes was paid to local governmental agencies.

Another main object of the rehabilitation program is to get better land tenure for borrowers who are tenants or sharecroppers. While many of the borrowing families are owners, the report showed that among the tenants, 8,373 had obtained written instead of oral leases. Moreover, 1,647 had advanced from a sharecropper to a tenant status during the year.

There are three other measures of the progress made by these rehabilitation borrowers. The report showed that 1,025 families were getting medical attention, through participation in group medical care programs; 2,415 were practicing erosion-control measures; and 13,357 children of school age were enabled to attend school as a direct result of the rehabilitation program.

Our field workers reported that they knew personally of 19,923 families in Georgia who were eligible and in need of rehabilitation loans, but were unable to obtain them because of lack of funds.

JUNE 13, 1939.

HON. ROBERT RAMSPECK,
House of Representatives.

DEAR MR. RAMSPECK: In accordance with our recent telephone conversation, we are sending you herewith a brief outline of the work of the Farm Security Administration in Georgia.

I want especially to call your attention to the fact that this agency has made loans to about 1 out of every 12 farm families in the State. Moreover, the average rehabilitation borrower in Georgia has more than tripled his net worth since he first received Farm Security Administration help. If all farm families in Georgia had been able to make the same financial gains as our borrowers have, they would have increased the farm wealth of the State by about $66,750,000. This would be considerably more than the cash income from all the lint cotton raised in Georgia in 1937, and nearly 80 percent of all the wages earned by the State's industrial workers in 1935.

Since the rehabilitation program started 4 years ago we have helped more than 650,000 needy farm families to get a new start toward independence and self-support. The annual cost has been extremely low—about $75 per family, including all expenses of administration and losses on loans. I have no doubt that if the rehabilitation program is curtailed, many thousands of destitute farm families will be forced to seek some kind of relief in the cities. Obviously it would be far more economical to help these people support themselves on the land than to let them become an added burden to the urban relief rolls.

Sincerely,

WILL W. ALEXANDER, *Administrator.*

The CHAIRMAN. The Chair recognizes the gentleman from South Dakota [Mr. MUNDT].

Mr. MUNDT. Mr. Chairman, the spectacle we are witnessing here this evening leads me to believe that if the people who wrote the Bill of Rights and the Constitution of the United States were doing it again they would say, "In this country, we will have free speech if the new dealers do not clamp on a gag rule when anyone wants to talk in defense of the farmers of America."

Fifteen minutes to discuss a problem vital to the interests of a third of the people of America. Fifteen minutes for the people who are trying to do their best to come back and rehabilitate themselves to be heard here as to the reasons why they ought to be given consideration by this body. I have heard of laughing bills to death and I have heard of being kidded out of court, but this is the first time I have seen a bill killed by dividing the time of its supporters into so many pieces you destroy it by the fine art of mathematical division. [Applause.]

This amendment which has been worked out by those of us especially interested in rehabilitating the farmer of

America on his own farm is a vital piece of legislation. It is in the strictest harmony with the type of philosophy which I think should dominate all of our thinking in the matter of giving preference among different types of relief projects or relief programs. This amendment provides additional funds for helping the farmer to equip himself on his own farm so he can build himself up to the point of becoming independent again. With the money he borrows in these rural rehabilitation loans the farmer can buy a few cows or some farm equipment or a little seed or whatever he happens to need the most in the important business of staying on the farm, getting another start, and keeping himself and his family off the W. P. A. rolls. Without such helpful loans which average in size from $100 to $1,500 per individual case, according to the evidence put into the hearings by Acting Director C. B. Baldwin, of the Farm Security Administration, many of our farmers would have to leave the farm and move into town; with these loans to help them, they can support themselves on their own farms, lessen our W. P. A. loads, and reduce potential relief rolls by building themselves back to self-sufficiency.

This amendment does not call for an extra dime of appropriations. We merely ask that this money which is now being appropriated be earmarked for a revolving fund so that as money is paid back by these honest and hard-working farmers it may again be loaned to other farmers so that they, too, may be given the friendly boost of a rehabilitation loan to help them get back on their feet. I urge all of you to support this amendment as a type of relief which is economically sound and philosophically honest, because it is a program which combines relief of today's distress with recovery steps leading to tomorrow's recovery.

If this amendment is stifled by the gangster tactics so increasingly being imposed by the majority party of this House, it will have the unenviable responsibility of answering to the farmers of America why it is that they deny them their day in court and limit to the ridiculous period of 15 minutes the discussion on this important measure of farm relief and general recovery.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. ARNOLD].

Mr. ARNOLD. Mr. Chairman, this is the first time in my 3 years of service in this House that I have risen to speak on a piece of legislation or an amendment thereto. I wish to say that I live out in a rural area in Illinois, where I have had occasion to see how this program works. I say to you that this is one of the most germane amendments that could be offered to this bill, because the appropriation for the Farm Security Administration has kept thousands and thousands of families off relief. We have farmers in this Nation who in good times can get along without much difficulty, but during the depression they were "washed up," as you might say, and they have to be rehabilitated. There are thousands and thousands of farmers who need such rehabilitation. By giving it to them they are kept off the rolls of relief and off the rolls of W. P. A. This is the most worthy amendment to this bill that could be voted. [Applause.]

The CHAIRMAN. The Chair recognizes the gentleman from South Dakota [Mr. CASE].

Mr. CASE of South Dakota. Mr. Chairman, there is a sound reason for adopting this amendment to the bill. We have a perfect precedent in the revolving fund that was set up for the emergency crop loan fund of the Farm Credit Administration. This amendment merely provides that the collections of the Farm Security Administration can be used for a revolving fund. The Farm Security Administration in its rural rehabilitation loans program has made a good record, and this amendment deserves your support. [Applause.]

The CHAIRMAN. The Chair recognizes the gentleman from Virginia [Mr. WOODRUM].

Mr. WOODRUM of Virginia. Mr. Chairman, this amendment, if adopted, increases the expenditures and increases the Budget estimate for the Farm Security Administration by something between $50,000,000 and $70,000,000. The loans under the Farm Security Administration when repaid go back into the Public Treasury.

Mr. JOHNSON of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I cannot yield.

The Budget for the next fiscal year has an expected receipt of $60,000,000 from these loans. When you take these receipts away from the Treasury and give the money back to the farmers to make new loans you have increased the Budget estimate $60,000,000.

Is there no limit to what Congress will do in pouring out receipts of the Public Treasury into the lap of agriculture? The sum of $383,000,000, over and above the Budget estimate, was added onto the agricultural bill, now in conference, by the Senate a few weeks ago. Our committee gave to the Farm Security Administration every penny the President asked us to give them for that program this year. The Farm Security Administration felt that they could carry the program on with that sum very well and very satisfactorily. The President in his wisdom reduced the Farm Security Administration's program by the same proportion as he reduced the program for W. P. A. This House has ratified the action of the Budget and the action of the President in reducing the program 33⅓ percent. Certainly, it will not now override all that action and add another $60,000,000 over and above Budget estimates to the appropriation for the Farm Security Administration. These loans go back into the Public Treasury.

Look at the hearings, if you please. Of course, the Farm Security Administration does good work among the farmers, and they are provided for. No one is more interested in trying to carry that program forward than the President. He has taken as decided an interest in it as any of you gentlemen who are so much interested in agriculture and in trying to help the farmer.

Mr. LEAVY. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I only have 2 or 3 minutes.

Mr. LEAVY. I just want to challenge that statement.

Mr. WOODRUM of Virginia. Twelve minutes for and three minutes against is not an unfair division of the time. We have been debating these things for more than 2 days and these gentlemen have not discussed this question at all. No one ever heard of this amendment until it was brought on the floor this afternoon. How can you gentlemen say you did not have a hearing? Why did you not come before the committee and ask for this provision? Why did you not bring it up in general debate so someone could find out what it really meant? It is offered here in the closing hours for an emotional appeal to the Congress to add it onto this bill. Do not blame the committee for cutting you off now with only 15 minutes.

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. No; I would like to yield to my friend. I know of his great interest in agriculture, insect control, National Youth, Indians, and irrigation projects. [Laughter.]

[Here the gavel fell.]

The CHAIRMAN (Mr. COOPER). The question is on the amendment offered by the gentleman from Washington [Mr. LEAVY].

The question was taken; and on a division (demanded by Mr. LEAVY), there were—ayes 78, noes 157.

Mr. VOORHIS of California. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed as tellers Mr. LEAVY and Mr. WOODRUM of Virginia.

The Committee again divided, and the tellers reported that there were—ayes 101, noes 146.

So the amendment was rejected.

The Clerk read as follows:

PUERTO RICO RECONSTRUCTION ADMINISTRATION

SEC. 4. (a) In order to continue rural rehabilitation for needy persons in Puerto Rico, there is hereby appropriated to the Puerto Rico Reconstruction Administration, Department of the Interior, out of any money in the Treasury not otherwise appropriated, for the fiscal year ending June 30, 1940, $7,000,000, together with the balance of the appropriation under subsection (4) of section 1 of the Emergency Relief Appropriation Act of 1938, as supplemented by the Second Deficiency Act, fiscal year 1939, which remains unobligated on June 30, 1939.

(b) The funds provided in this section shall be available for (1) administration; (2) loans; (3) the prosecution of projects approved by the President for the Puerto Rico Reconstruction Administration under the provisions of the Emergency Relief Appropriation Act of 1938; and (4) subject to the approval of the President, for projects involving rural rehabilitation of needy persons.

INDIAN SERVICE

SEC. 5. (a) In order to continue to provide relief and rural rehabilitation for needy Indians in the United States, there is hereby appropriated to the Bureau of Indian Affairs, Department of the Interior, out of any money in the Treasury not otherwise appropriated, for the fiscal year ending June 30, 1940, $1,350,000.

(b) The funds provided in this section shall be available for (1) administration, not to exceed $67,500; (2) loans; (3) relief; (4) the prosecution of projects approved by the President for the Farm Security Administration for the benefit of Indians under the provisions of the Emergency Relief Appropriation Act of 1938; and (5) subject to the approval of the President, for projects involving rural rehabilitation of needy Indians.

Mr. BURDICK. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BURDICK: On page 11, line 4, after the period, insert a new section to be known as section 5½, reading:

"HISTORICAL RESEARCH WORK

"In order that the historical research work now in progress under the Works Progress Administration may be continued for the next fiscal year, there is hereby appropriated to the Works Progress Administration out of any money in the Treasury not otherwise appropriated for the fiscal year ending June 30, 1940, $6,304,800."

Mr. WOODRUM of Virginia. Mr. Chairman, I make the point of order that the amendment is not germane, as we have passed the section of the bill dealing with W. P. A.

The CHAIRMAN. Does the gentleman from North Dakota desire to be heard on the point of order?

Mr. BURDICK. No; I simply desire to say that this amendment has been on the desk all the afternoon, and if you have discussed it in connection with any other part of the bill I did not hear it. Will the gentleman reserve his point of order?

Mr. WOODRUM of Virginia. I do not want to stop the gentleman from making a brief statement.

Mr. BURDICK. I want to state briefly what the amendment is.

Mr. WOODRUM of Virginia. Mr. Chairman, I reserve the point of order.

Mr. BURDICK. Mr. Chairman, I have not the least idea this House will pass this amendment, because I think we know just about as much about handling relief as an inmate of a foolish asylum knows about the hereafter. [Laughter.]

There is only one man who has presented any argument here today on the question of how to handle relief and that was the gentleman from Illinois [Mr. KELLER].

This relief problem is not temporary, this problem is going to be permanent, and just as long as we think it is not permanent and make it a temporary affair, just so long we are going to have poor administration of relief.

The amendment I propose here is to let the historical research work go ahead. They are doing the greatest work of any educational institution in this country. There is no university now operating in America that has turned out the work this institution has turned out and I want to say there are not many Members of Congress who really understand what this historical organization has done. They have prepared imprints of the various States of the Union, and I do not suppose there is a Member of Congress who knows anything about the imprints of his own State, and you could not obtain one anywhere no matter how much money you may have. There are 7,100 people engaged in that work today, looking up the historical records of the various States of the Union and they are paid the meager sum of $74 per month, and this is work that is necessary.

By imprints I mean publications published within the area of the State and most of them dating back at the very beginning of the exploration of that territory. These documents are historical in nature. They consist of books, pamphlets, newspapers, reports, sermons, all or many of which have already been forgotten. These rare documents are being brought to light and listed and their whereabouts definitely located for the future use of all of the citizens of that State and this Nation. For example, the list of imprints of Chicago from 1850 to 1871 are particularly scarce, not because none were ever printed but because of the great Chicago fire. These documents are being located, which were printed in Chicago during that period, by the historical section of the W. P. A. administration. These documents are found at places, in many instances, thousands of miles from Chicago, some in the possession of libraries but more in the possession of private individuals who have realized the value to future history of these scarce and interesting documents of the past. No such contribution has ever been attempted in this country and the value of the work will always remain commensurate with our love and devotion to the recorded history of our own Nation, State, and local community. To abandon this work now as a Federal project will be a serious blow, not only to those worthy workers in this field of history, but more of a blow to our own education and intelligence. That is work that will return many times the amount of the expense to the people of the United States, and if we are looking for a chance to put people to work, why in the name of common sense do we not let them work when they have a job? But under the terms of this bill, I understand that force of men and women who were furnishing the people of the United States this valuable information are going to be cut off, and that work suspended. As the work is now in operation today, about $6,000,000 is expended annually upon it. What is the difference between planned work and emergency work? A lot of you people complain about the inefficiency of the W. P. A., and it is our own fault that it is inefficient.

Here is a chance where we know the work to be done is valuable work, and will always remain a monument to the intelligence of the American people, and yet when we have a branch of work of that kind which is necessary for the people of this country, you come along and destroy it, and then you wonder what you will put the people to work at, and if the administrator makes a mistake, then it is the fault of the administration in charge of the Government at that time. The time is going to come, whether you believe it or not—and I do not care what you believe, and I am concerned about what I believe—and from the evidence to me it is indisputable that the employment situation is not going to disappear of itself. Unemployment will continue, and a new day in government is at hand right now, a new responsibility of government, and that responsibility is to let men and women work who want to work, and if private business cannot employ them, it is our duty to furnish that employment. I know you do not like that doctrine, but just as surely as I stand here it will be proved by the history of this country. [Applause.]

The CHAIRMAN. Does the gentleman from Virginia insist upon his point of order?

Mr. WOODRUM of Virginia. Yes.

The CHAIRMAN (Mr. COOPER). The gentleman from North Dakota offers an amendment to page 11, line 5, to which the gentleman from Virginia [Mr. WOODRUM] makes the point of order upon the ground that the gentleman's amendment comes too late, and that it is not germane to the part of the bill to which it is offered. The Chair has considered the amendment, and invites attention to the language appearing on the bottom of page 3 in section 1 of the pending bill:

Educational, professional, clerical, cultural, and recreational work—

And so forth. The Chair is of opinion that, if germane at all to the pending bill, the gentleman's amendment would be germane to section 1 and that the amendment comes too late. The Chair, therefore, sustains the point of order.

Mr. HOOK. Mr. Chairman, I rise to a privileged motion. I move that the Committee do now rise.

The CHAIRMAN. The gentleman from Michigan moves that the Committee do now rise.

The question was taken; and on a division (demanded by Mr. HOOK) there were—ayes 52, noes 128

Mr. HOOK. Mr. Chairman, I demand tellers.

The CHAIRMAN. The gentleman from Michigan demands tellers. Those favoring tellers will rise and stand until counted. [After counting.] Eleven Members have risen, not a sufficient number, and tellers are refused.

So the Committee refused to rise.

Mr. BURDICK. Mr. Chairman, I ask unanimous consent to return to that section of the bill where the Chair thinks this amendment would be in order.

The CHAIRMAN. The gentleman from North Dakota asks unanimous consent to return to section 1 of the bill. Is there objection?

Mr. WOODRUM of Virginia. Mr. Chairman, I object.

The Clerk read as follows:

ADMINISTRATIVE AGENCIES

SEC. 6. In order to provide for administrative expenses incidental to carrying out the purposes of this title, there is hereby appropriated to the following agencies, out of any money in the Treasury not otherwise appropriated, for the fiscal year ending June 30, 1940: (1) General Accounting Office, $5,225,000; (2) Treasury Department: (a) Procurement Division, Branch of Supply, $5,200,000; (b) Division of Disbursement, $2,500,000; (c) Office of the Treasurer, $675,000; (d) Secret Service Division, $250,000; (e) Office of Commissioner of Accounts and Deposits and Division of Bookkeeping and Warrants, $5,973,825, for administrative accounting; total, Treasury Department, $14,598,825; (3) Bureau of the Budget, $26,175; (4) Public Health Service, $300,000; and (5) Civil Aeronautics Authority, $250,000.

UNITED STATES EMPLOYEES' COMPENSATION COMMISSION

SEC. 7. (a) In order to carry out the provisions of section 24 hereof, there is hereby appropriated to the United States Employees' Compensation Commission, out of any money in the Treasury not otherwise appropriated, for the fiscal year ending June 30, 1940, $5,250,000: *Provided*, That so much of the appropriation in this section, as the Commission, with the approval of the Director of the Bureau of the Budget, estimates and certifies to the Secretary of the Treasury will be necessary for the payment of such compensation and administrative expenses, shall be set aside in a special fund to be available and to be administered by the Commission during the fiscal year 1940 for such purposes; and after June 30, 1940, such special fund shall be added to and become part of the "Employees' Compensation Fund, Emergency Relief", set up in accordance with the provisions of the Independent Offices Appropriation Act, 1939: *Provided further*, That the special fund herein authorized shall not be limited in its use to the United States, its Territories, and possessions.

(b) The funds appropriated in this section, together with the balance of funds heretofore appropriated or allocated to such Commission under the Emergency Relief Appropriation Act of 1938 or prior emergency relief appropriation acts, shall be available for payments to Federal agencies for medical and hospital services supplied by such departments and establishments in accordance with regulations of the Commission for injured persons entitled to benefits under section 24 hereof.

(c) Not to exceed $75,000 of the amount appropriated in this section shall be available during the fiscal year 1940 for the purposes specified in the appropriation for salaries and expenses of such Commission in the Independent Offices Appropriation Act, 1940.

EXECUTIVE OFFICE OF THE PRESIDENT

SEC. 8. There is hereby appropriated to the Executive Office of the President, out of any money in the Treasury not otherwise appropriated, for the fiscal year ending June 30, 1940, $850,000. Such sum shall be available for administrative expenses in carrying out the functions heretofore vested in the National Emergency Council and transferred to the Executive Office of the President and the functions of the Radio Division of the Federal Security Agency. Such functions are authorized to be carried out until June 30, 1940. Of the sum appropriated in this section not to exceed $20,000 may be transferred to such Radio Division.

Mr. DIRKSEN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DIRKSEN: On page 13, line 7, strike out all of section 8.

Mr. DIRKSEN. Mr. Chairman, in November 1933 the President, by Executive order, created the National Emergency Council. In September of 1937 he issued another order to abolish that council. Two months later he modified that order to continue its existence at his discretion. In the Emergency Relief Act of 1938 it was continued until June 30, 1939. Now we have a provision in this bill to give it $850,000 for 1940.

You will remember that in reorganization plan No. II the council as such was abolished and the functions were vested in the President or in the Executive Office. At the time that reorganization bill was on the floor you may recall I said if I had breath in this body of mine I intended to offer an amendment to strike out the provision for the National Emergency Council, and that is the amendment that is now at the desk.

If anything was ever an indefensible propaganda agency, it is this. It has a corps of newspaper clippers down there to clip some 400 newspapers and to send those clippings to Members of Congress and department heads. It has a corps of scissors artists down there to clip magazines and send them to the heads of departments and to Members of Congress. Last year it got out 2,847 films, some large, some small; propaganda films, if you please, like The Plow That Broke the Plains, which was shown in theaters; or like the so-called film known as The River, which was propaganda work in behalf of flood control. Now they have other films in preparation. One, according to the testimony of Mr. Mellett, which dramatizes the unemployment problem and shows man in the machine age.

There is another one centering around the program of motion pictures to somehow dramatize the theme of the good-neighbor policy with South America. Those are the things that are being done by the radio division, by the film division, and by the National Emergency Council. In addition to that, they have a picture now based on a health program, dramatized from the book known as The Fight for Life, which is already in the script stage. In addition, they are dramatizing and getting ready for the picture theaters of the country a film centering around rural electrification. It would be infinitely better for the administration to do something about these problems insead of dramatizing them in motion pictures.

It is a propaganda agency pure and simple. Instead of reducing expenditures, it is reaching out for more money and more authority in order to carry on because we are up against an election year.

On page 345 of the hearings, the gentleman from Massachusetts, Representative WIGGLESWORTH, asked this question:

Have you made any reduction in your estimates, in the light of reorganization?

And Mr. Mellett said:

No, sir.

The N. E. C. operates through State directors and seeks to pressure the legislatures of the country. They testified that they offered 254 bills to the legislatures and 62 of them were passed in the last fiscal year, showing the tremendous pressure that a centralized bureaucracy in Washington is exerting upon the legislatures of the States.

On page 612 of the 1938 hearings, it is indicated that when the former director was before the committee, Mr. WIGGLESWORTH asked him why his request was for an increase in money, and the director said this:

The first half of the fiscal year 1938 and the fiscal year 1939 are not comparable. So far as fiscal years are concerned that period is comparable with 1936 because of the fact that the demands for information during an election year are tremendous as compared with the demands in an off year.

There you have a fair indication of the activities of the National Emergency Council.

What is this item doing in a relief bill? It has no business there. Ostensibly, of course, it is to coordinate relief activities in the country, but mainly for propaganda purposes, and it should be stricken from this bill. It has no business there. [Applause.]

[Here the gavel fell.]

Mr. WOODRUM of Virginia. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 3 minutes, 1 minute for the gentleman from California [Mr. VOORHIS].

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. VOORHIS of California. Mr. Chairman, is it not a "terrible" thing that the people of this country should be informed about flood control, unemployment, and the problems of rural electrification, and all those things? And is it not just "awful" for any government to give the people information on those important subjects? It seems almost impossible for me to see how such things could happen. And now

seriously, gentlemen, I do not see why we should not have films informing the people of the problems of flood control and things of that kind. Of course, I was speaking sarcastically a moment ago.

Mr. CASE of South Dakota. Will the gentleman yield?

Mr. VOORHIS of California. I yield.

Mr. CASE of South Dakota. Does not the gentleman think that information ought to be accurate and not misrepresent the true facts?

Mr. VOORHIS of California. I certainly do think it should be accurate.

Mr. JOHNSON of Oklahoma. Will the gentleman yield?

Mr. VOORHIS of California. I yield.

Mr. JOHNSON of Oklahoma. Does not the gentleman think that it may be possible that our Republican brethren, who are so deeply concerned about the dramatization of soil conservation and other activities of the Federal Government, under the leadership of Franklin D. Roosevelt, might be fearful lest someone might think of dramatizing those terrible, dark, never-to-be-forgotten days of the last Republican administration when prosperity "Hoovered" too long around the corner?

Mr. VOORHIS of California. Perhaps they may be fearful of that. But, speaking seriously, I think that on these more important problems of conservation and the like the country should have information, and the more the better. [Applause.]

[Here the gavel fell.]

Mr. WOODRUM of Virginia. Mr. Chairman, the National Emergency Council was carried at $1,500,000 in the Budget estimate. The committee cut them back to $850,000 because it felt that some of the things of which the gentleman from Illinois complains had been overexpanded a bit.

The gentleman spoke about the informational service. I think he should have gone a step further and stated that Mr. Mellett said that many Members on the minority side of the House called upon the National Emergency Council for statistical information and for information that they had to furnish.

Mr. DIRKSEN. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield.

Mr. DIRKSEN. I believe the United States Information Service, if it furnishes useful service, could be placed in the Budget Bureau, where it belongs, instead of being set up as a propaganda agency.

Mr. WOODRUM of Virginia. I appreciate the way the gentleman feels, but it has been cut down. I do not know how many Members saw the picture, The River, if that is its correct name, a dramatization of what erosion does to land. I am not a farmer, and I am frank to say that I had never before realized its effect until I saw it graphically set forth in that picture. That picture has done a great deal of good.

The Committee has cut this activity below the Budget estimate, and I hope very much that the gentleman's amendment will not prevail, but that this agency will be permitted to go ahead.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois.

The question was taken; and on a division (demanded by Mr. DIRKSEN) there were—ayes 83, noes 111.

So the amendment was rejected.

The Clerk read as follows:

NATIONAL RESOURCES PLANNING BOARD

SEC. 9. There is hereby appropriated to the National Resources Planning Board, out of any money in the Treasury not otherwise appropriated, for the fiscal year ending June 30, 1940, $750,000. Such sum shall be available for administrative expenses in carrying out the functions heretofore vested in the National Resources Committee, and such functions are authorized to be carried out until June 30, 1940.

Mr. TABER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. TABER: On page 13, line 18, to line 2, on page 14, strike out all of section 9.

Mr. TABER. Mr. Chairman, this amendment proposes to strike $750,000 for the National Resources Committee, that propaganda organization to increase the expenses of the Federal Government, of which Secretary Ickes is one of the major factors. I am not going to spend any time on it, I am just going to hope that we will return to some sort of sanity in government and get rid of propaganda organizations designed to promote expenditure of money.

I hope this amendment will be adopted.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York.

The question was taken; and on a division (demanded by Mr. TABER) there were—ayes 97, noes 118.

So the amendment was rejected.

The Clerk read as follows:

Total appropriations, title I, $1,716,600,000.

Mr. WOODRUM of Virginia. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Page 14, line 3, strike out "$1,716,600,000" and insert in lieu thereof "$1,735,600,000."

Mr. WOODRUM of Virginia. Mr. Chairman, this merely corrects the total in accordance with the amendment adopted by the committee.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia.

The amendment was agreed to.

Mr. CELLER. Mr. Chairman, I move to strike out the last word.

I rise now because of the invocation of the cloture rule for I probably otherwise would not get an opportunity to speak on the subject matter of section 12 at the appropriate time.

Section 12 as now written in the bill, but which will be amended or attempted to be amended by the gentleman from Virginia—as he announced a short while ago—with reference to projects under $40,000 and projects that have now been approved by the President or which are now under construction, will cause tremendous havoc throughout the length and breadth of the land.

I have prepared a substitute amendment to the amendment of the gentleman from Virginia. My substitute provides that in any project above $25,000 the excess shall be defrayed to the extent of 50 percent thereof by Federal funds and the balance by local sponsors and local communities.

One of the Appropriations Committee members was to offer an amendment to strike out section 12. If the gentleman is not going to offer the motion to strike I will then offer my substitute amendment which will provide that in all projects above $25,000, one-half of the funds may be appropriated from Federal funds and the balance supplied by local sponsors or local communities.

We know that the local communities and the cities are practically bankrupt. Section 12, as written and as it will be amended or attempted to be amended by the gentleman from Virginia, will not give any relief whatsoever. Regardless of the cost of a project, such as a building, in section 12, if the building is to be erected, all that the W. P. A. can contribute is a limit of $40,000. If local sponsors cannot raise the balance, the building will not be erected. You are taking practically all the local benefits from the W. P. A.; and, so far as my own city of New York is concerned, where most of these projects are in excess of $25,000 and $50,000, the lay-off will be very great, and it would simply be a running broad jump back to leaf raking. Under the Woodrum amendment, if, for example, a building cost, say, $340,000, all that the Government would contribute would be $40,000, and unless the local community could now yield $300,000 the building could not be erected as a W. P. A. building project. Under my amendment the W. P. A. could contribute $40,000 plus one-half of the balance, or $150,000, provided the local sponsors contributed $150,000.

Mr. RICH. Will the gentleman yield?

Mr. CELLER. I yield to the gentleman from Pennsylvania.

Mr. RICH. The gentleman spoke about the local communities and the States being bankrupt. I would like to know

how much longer you are going to keep on the way you are going before you bankrupt the Nation.

Mr. CELLER. If the gentleman had his way, I am afraid there would be far more bankruptcies than there are at the present time.

Mr. TABER. Will the gentleman yield?

Mr. CELLER. I yield to the gentleman from New York.

Mr. TABER. The mayor of New York told us that the building projects were not the prize projects of W. P. A. in New York.

Mr. CELLER. I may say to the gentleman from New York that there were 29,000 W. P. A. workers on building projects, and all but 2,000 were engaged on or have been engaged generally on projects far in excess of $25,000. That means you are going to put on the relief rolls 27,000 of the 29,000 present W. P. A. workers on buildings in New York City. We are going to have a total of 70,000 workers laid off in New York as a result of the earmarking to the extent of $125,000,000 to P. W. A. and the other restrictions of the bill. It is a very serious situation.

You are wrecking most W. P. A. plans. You will cause intense suffering and misery. You will drive many into the ranks of communism, for communism feeds upon the very misery, penury, want, and distress you are creating by this bill.

I herewith insert some factual information furnished by the W. P. A.:

LIMITATION ON THE SIZE OF W. P. A. BUILDING PROJECTS

Section 12 of the committee draft of the appropriation bill (p. 15) provides that: "None of the funds made available by this title shall be expended on the construction of any building the estimated total cost of which exceeds $25,000, unless the building is one upon which construction is in progress on June 14, 1939."

If this provision is enacted into law, it will wipe out practically all of the W. P. A. public-building projects. Over 80 percent of W. P. A. public-building work is provided by projects costing over $25,000.

Size of project:	Percent of total
Under $25,000	18.1
$25,000–$49,999	15.6
	33.7
$50,000–$99,999	14.6
$100,000–$249,999	19.8
$250,000 and over	31.9
	66.3

These projects are currently providing employment for about 237,000 persons and 95 percent of them are from the local relief rolls. Public buildings supply from 8 to 10 percent of all the employment on the entire W. P. A. program. If the W. P. A. is compelled to discontinue public-building projects, thousands of unemployed building-trades workers in need of relief will either be dependent on direct relief or be forced to take unskilled work with consequent deterioration of their skills and waste of their training and experience.

Public buildings are among the most worth-while and needed projects in both rural and urban communities made possible by the W. P. A. program. The 17,500 new public buildings constructed by the W. P. A. program, together with 46,000 rehabilitated buildings and 1,660 additions to existing structures, include schools, libraries, hospitals, county courthouses, aircraft hangars, armories, and other structures in every State. A brief summary of some of the more important accomplishments on W. P. A. public-building projects follows:

	New buildings	Rehabilitated structures	Additions to existing structures
All public buildings	17,562	46,318	1,663
Schools	2,289	21,540	758
Libraries	73	622	32
Recreational buildings (gymnasiums, auditoriums, pavilions, etc.)	5,486	3,546	296
Hospitals	101	1,422	38
Penal institutions	92	321	17
Courthouses and other administrative buildings	792	2,999	126
Aircraft hangars	102	96	5
Other	8,627	15,772	391

A larger proportion of the total cost of public-building projects can be secured from sponsors than on any other major type of work. Consequently if the public buildings are eliminated the amount of funds sponsors put into the whole program would be reduced. During the first 9 months of the current fiscal year sponsors' funds amounted to 23.6 percent of the total cost of W. P. A. public-building projects, as compared with 18 percent for all other types of work.

Elimination of large public-building projects would not reduce the Federal cost of the W. P. A. program. It is important to remember that W. P. A. expenditures are limited by law to the labor cost plus $7 per man per month in each State. If a sponsoring community needs a large public-building project involving high material costs, it is necessary for the sponsor to furnish the additional material required. If a sponsor wishes to pay for the material and equipment cost of a large public-building project over the Federal allowance, there seems to be no logical reason for not doing such work, inasmuch as the W. P. A. costs are not affected at all. Actually, the Federal nonlabor cost per man per month on W. P. A. public-building projects has averaged $6.10, less than the $7 allowed by law for all projects, while the wage cost, determined by the security earnings schedule, as is the case in all other types of work, has averaged about $61.80 per man per month.

At a Federal cost of $61.80 per man per month for labor and $6.10 for nonlabor costs, it is possible to provide work for one man for 1 year for every $815 in Federal funds expended. The man-year cost of employment provided under private contract through W. P. A. grants is much higher than under the W. P. A. program. For public-building contract construction the average man-year cost is about $4,600. If only $815 of this, or the equivalent W. P. A. cost, were allowed from Federal funds, the sponsor of the contract job would have to supply the remainder, or over 80 percent of the total cost of the job. It is obvious to anyone acquainted with the realities of local governments' financial resources that the project could not be undertaken on this basis at all. If the Federal allowance per man employed were greatly increased in order to secure local sponsorship, the amount of employment which could be provided would be correspondingly reduced and the purpose of the work-relief appropriation defeated.

Limiting the size of W. P. A. building projects would, therefore, mean that many much needed public improvements possible only through the W. P. A. program would not be secured. The proposed restrictions would place a needless obstacle in the way of the attainment of a useful work program and would yield no benefit to the Federal Government in return.

Employment on Works Progress Administration public-building projects by certification status and by months, January 1939 through March 1939

[Subject to revision]

Month	Number of persons employed			Percent certified
	Total	Certified	Not certified	
January	249,897	239,786	10,111	96.0
February	248,474	238,396	10,078	95.9
March	236,948	226,905	10,043	95.8

Number of persons employed on W. P. A. public-building projects, by States, continental United States, week ending Mar. 25, 1939

[Subject to revision]

Continental United States	236,948
Alabama	3,647
Arizona	1,092
Arkansas	3,637
California	13,822
Colorado	4,024
Connecticut	2,736
Delaware	258
District of Columbia	3,373
Florida	6,767
Georgia	4,938
Idaho	1,137
Illinois	13,044
Indiana	4,148
Iowa	1,913
Kansas	1,993
Kentucky	6,266
Louisiana	2,819
Maine	781
Maryland	1,236
Massachusetts	12,747
Michigan	8,016
Minnesota	6,374
Mississippi	2,946
Missouri	11,054
Montana	1,148
Nebraska	1,986
Nevada	135
New Hampshire	153
New Jersey	8,436

Number of persons employed on W. P. A. public-building projects, by States, continental United States, week ending Mar. 25, 1939—Continued

New Mexico	2,641
New York (including New York City)	30,903
North Carolina	4,181
North Dakota	1,764
Ohio	12,328
Oklahoma	8,136
Oregon	1,498
Pennsylvania	9,221
Rhode Island	1,568
South Carolina	6,829
South Dakota	1,158
Tennessee	1,490
Texas	9,982
Utah	1,529
Vermont	35
Virginia	2,026
Washington	4,590
West Virginia	1,722
Wisconsin	4,354
Wyoming	367

The pro forma amendment was withdrawn.

The Clerk read as follows:

GENERAL AND SPECIAL PROVISIONS

SEC. 10. Funds appropriated in this title to the various agencies shall be so apportioned and distributed over the period ending June 30, 1940, and shall be so administered during such period as to constitute the total amount that will be furnished to such agencies during such period for the purposes herein set forth.

Mr. CURTIS. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. CURTIS: On page 14, line 10, after the words "set forth", insert the following: "Of the funds appropriated in this title to the various agencies not more than 22 percent of said funds shall be expended prior to September 30, 1939, and not more than 50 percent of said funds shall be expended prior to December 31, 1939, and not more than 78 percent of said funds shall be expended prior to March 31, 1940."

Mr. CURTIS. Mr. Chairman, my purpose in offering this amendment is not so much to move toward economy, although I believe it will save millions of dollars. The amendment is offered in fairness to the unemployed and people on relief. This assures that the supply of relief money will be constant throughout the winter months. It will prevent the cruel practice of increasing the rolls during a period for political expediency, only to be turned out in the time of greatest need.

It provides for the months of July, August, September, 22 percent of the appropriation; for the next 3 months when winter sets in 28 percent, and 28 percent for the third quarter, leaving 22 percent when summer comes again.

Section 10 already provides that this money shall last all year. What I am trying to do by the amendment I have offered is prevent people from being turned out in the dead of winter.

There is another thought I would like to leave with you. Ours is a dual Government. Part of this responsibility falls on local and State governments. They have a right to know how this money is going to be spread out and whether or not they will have to increase their contributions in the middle of the winter or in the middle of any one month.

I hope the committee will agree to the amendment.

Mr. MILLER. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. MILLER. In view of the statement made by the gentleman from Illinois [Mr. SABATH] that section 10 would not prevent coming back to Congress and asking for a deficiency appropriation for relief, may I ask the Chairman if that is true?

The CHAIRMAN. The Chair may say that is not the subject of a parliamentary inquiry. The question the gentleman addressed in the nature of a parliamentary inquiry is properly to be directed to the chairman of the subcommittee.

Mr. MILLER. I am afraid I did not make my question clear. Will the adoption of section 10 prevent the Congress enacting a future deficiency bill?

The CHAIRMAN. It is not within the province of the Chair to interpret future results.

The question is on the amendment offered by the gentleman from Nebraska [Mr. CURTIS].

The amendment was rejected.

Mr. BOEHNE. Mr. Chairman, I ask unanimous consent that title I be considered as having been read and that it be printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Indiana [Mr. BOEHNE]?

There was no objection.

The matter referred to follows:

SEC. 11. (a) Except as permitted by subsection (b) of section 25 no Federal project shall be prosecuted under the appropriation made in section 1. Federal construction projects undertaken under prior relief appropriation acts may be prosecuted under such appropriation if there have been allocated and irrevocably set aside under such acts Federal funds sufficient for their completion.

(b) No Federal construction project except flood-control and water-conservation projects authorized under other law, shall be undertaken or prosecuted under the appropriations in this title unless and until there shall have been allocated and irrevocably set aside Federal funds sufficient for its completion.

(c) No non-Federal project shall be undertaken or prosecuted under appropriations under this title unless and until the sponsor has made a written agreement to finance such part of the entire cost thereof as the head of the agency, if the agency administers sponsored projects, determines under the circumstances is an adequate contribution taking into consideration the financial ability of the sponsor. The head of the agency shall prescribe rules and regulations relating to the valuation of contributions in kind by sponsor of projects through furnishing the use of their own facilities and equipment and the services of their own employees, which shall also allow credit only to the extent that the furnishing of such contributions represents a financial burden which is undertaken by the spsonsor on account of Works Progress Administration projects, or other sponsored projects.

SEC. 12. None of the funds made available by this title shall be expended on the construction of any building the estimated total cost of which exceeds $25,000, unless the building is one upon which construction is in progress on June 14, 1939.

SEC. 13. (a) The various agencies for which appropriations are made in this title are authorized to receive from sponsors of non-Federal projects contributions in services, materials, or money, such money to be deposited with the Treasurer of the United States. Such contributions shall be expended or utilized as agreed upon between the sponsor and such agencies.

(b) All receipts and collections of Federal agencies by reason of operations in consequence of appropriations made in this title, except cash contributions of sponsors of projects and amounts credited to revolving funds authorized by this title, shall be covered into the Treasury as miscellaneous receipts.

(c) Except as authorized in this title, no allocation of funds shall be made to any other Federal agency from the appropriation in this title for any Federal agency.

SEC. 14. Agencies receiving appropriations in this title are authorized to prescribe such rules and regulations as may be necessary to carry out the purposes for which such appropriations are made.

SEC. 15. (a) The Board shall fix a monthly earning schedule for persons engaged upon work projects financed in whole or in part from funds appropriated by section 1 which shall not substantially affect the current national average labor cost per person of the Work Projects Administration. The Board shall require that the hours of work for all persons engaged upon work projects financed in whole or in part by funds appropriated by section 1 shall (1) be 130 hours per month except that, in the discretion of the Board, it may require a lesser number of hours of work per month in the case of relief workers with no dependents and the earnings of such workers shall be correspondingly reduced, and (2) not exceed 8 hours in any day and shall not exceed 40 hours in any week.

(b) The Board may authorize exemptions from the above limitations of monthly earnings and hours of work in the case of an emergency involving the public welfare and in the case of supervisory personnel employed on work projects.

SEC. 16. (a) In employing or retaining for employment on Work Projects Administration work projects, preference shall be determined on the basis of relative needs and shall, where the relative needs are the same, be given in the following order: (1) Veterans of the World War and the Spanish-American War and veterans of any campaign or expedition in which the United States has been engaged (as determined on the basis of the laws administered by the Veterans' Administration) who are in need and are American citizens; (2) other American citizens, Indians and other persons owing allegiance to the United States who are in need.

(b) There shall be removed from employment on Work Projects Administration projects all relief workers who have been continuously employed on such projects for more than 18 months, and any relief worker so removed shall be ineligible to be restored to employment on such projects until after (a) the expiration of 60 days after the date of his removal, and (b) recertification of his

eligibility for restoration to employment on such projects. In the case of relief workers whose period of 18 months of continuous employment expires before September 1, 1939, this section shall apply to require their removal not later than August 31, 1939, rather than on such expiration date.

(c) In considering employment of persons upon work projects prosecuted under the appropriations contained in this title, the agency providing the employment shall determine whether such persons are able to perform the work on work projects to which they can be assigned and no person shall be employed or retained for employment on any such project whose work habits are such or work record shows that he is incapable of performing satisfactorily the work to which he may be assigned on the project.

(d) There shall be removed from employment on Work Projects Administration projects all relief workers whose needs for employment have not been certified by, and, except as provided in section 17 (b), no relief worker shall be employed on such projects until after his need for employment has been certified by (a) a local public certifying agency or (b) the Works Projects Administration where no such agency exists or where the Work Projects Administration certifies by reason of its refusal to accept certification by local public agencies.

(e) After April 1, 1940, no person eligible to receive benefits provided for by the Social Security Act shall be given employment or continued in employment on any work project prosecuted under the appropriations contained in this title for any period for which there are available sufficient funds to enable the payment of such benefits to him.

(f) No alien shall be given employment or continued in employment on any work project prosecuted under the appropriations contained in this title and no part of the money appropriated in this title shall be available to pay any person who has not made or who does not make affidavit as to United States citizenship, such affidavit to be considered prima facie evidence of such citizenship.

(g) The Board shall cause a periodic investigation to be made of the rolls of relief employees on work projects, and shall eliminate from the rolls those not in actual need, such investigation to be made so that each case is investigated not less frequently than once every 6 months.

SEC. 17. (a) No person in need who refuses a bona fide offer of private employment under reasonable working conditions which pays the prevailing wage for such work in the community where he resides and who is capable of performing such work shall be employed or retained in employment on work projects under the funds appropriated in this title for the period such private employment would be available.

(b) Any person who takes such private employment shall at the expiration thereof be entitled to immediate resumption of his previous employment status with the Work Projects Administration if he is still in need and if he has lost the private employment through no fault of his own.

(c) In order to insure the fulfillment of the purposes for which such appropriations are made and to avoid competition between the Work Projects Administration and other Federal or non-Federal agencies in the employment of labor on projects of any nature whatsoever, financed in whole or in part by the Federal Government, no person in need shall be eligible for employment on any work project of the Work Projects Administration who has refused to accept employment on any other Federal or non-Federal project at earnings comparable with or higher than the earnings established for similar work on work projects of the Work Projects Administration: *Provided further*, That any person in need who has been engaged on any Federal or non-Federal project and whose service has been regularly terminated through no fault of his own shall not lose his eligibility for reemployment on any other Federal or non-Federal work project on account of such previous employment.

SEC. 18. No person shall be employed or retained for employment in any administrative position, or in any supervisory position on any project, under the appropriations in this title unless such person before engaging in such employment (or prior to August 1, 1939, in the case of any person employed before such date who has not taken an oath of office) subscribes to the following oath:

"I, A B, do solemnly swear (or affirm) that I will support and defend the Constitution of the United States against all enemies, foreign and domestic; that I will bear true faith and allegiance to the same; that I take this obligation freely, without any mental reservation or purpose of evasion; and that I will well and faithfully discharge the duties of the office (or employment) on which I am about to enter (or which I now occupy). So help me God."

The head of the agency shall designate administrative and supervisory employees to administer such oath, but no fee shall be charged therefor.

SEC. 19. In carrying out the purpose of the appropriations in this title, the Secretary of the Treasury with the approval of the Director of the Bureau of the Budget, is authorized to prescribe rules and regulations for the establishment of special funds for any agency receiving an appropriation under this title, in the nature of revolving funds for use, until June 30, 1940, in the purchase, repair, distribution, or rental of materials, supplies, equipment, and tools.

SEC. 20. The provision of section 3709 of the Revised Statutes (41 U. S. C. 5) shall not apply to any purchase made or service procured in connection with the appropriations in this title when the aggregate amount involved is less than $300.

SEC. 21. The appropriations in this title for administrative expenses and such portions of other appropriations in this title as are available for administrative expenses may be obligated in the amounts which the agency, with the approval of the Director of the Bureau of the Budget, shall have certified to the Secretary of the Treasury as necessary for personal services, in the District of Columbia and elsewhere, and for contract stenographic reporting services, supplies and equipment; purchase and exchange of lawbooks, books of reference, directories, and periodicals, newspapers and press clippings; travel expenses, including expenses (not to exceed $500 for any one agency) of attendance at meetings when specifically authorized; rental at the seat of government and elsewhere; purchase, operation, and maintenance of motor-propelled passenger-carrying vehicles; printing and binding and such other expenses as may be necessary for the accomplishment of the objectives of this title.

SEC. 22. (a) The provisions of Executive Order No. 7916, dated June 24, 1938, shall not apply to positions the compensation of which is payable from appropriations contained in this title, and such appropriations shall not be available for the compensation of the incumbent of any position placed in the competitive classified civil service of the United States after January 10, 1939.

(b) In carrying out the purposes of this title the agencies receiving appropriations herein or allocations under such appropriations are authorized to accept and utilize such voluntary and uncompensated services, appoint, without regard to civil-service laws, such officers and employees, and utilize, with the consent of the head of the Federal agency by which they are employed, such Federal officers and employees, and with the consent of the State such State and local officers and employees at such compensation as shall be determined by the head of the agency involved, as may be necessary, and prescribe their authorities, duties, responsibilities, and tenure.

(c) Under the appropriations in this title, no increase in compensation shall be granted to any administrative officer or employee, but this prohibition shall not be applicable in case of a change in office or position which increases the responsibilities or duties, or both, of any such officer or employee.

(d) Appointments to Federal positions of an administrative or advisory capacity under the appropriations in this title in any State shall be made from among the bona fide citizens of that State so far as not inconsistent with efficient administration.

SEC. 23. In making separations from the Federal service, or furloughs without pay to last as long as 3 months, of persons employed within the District of Columbia, under the provisions of this title, the appointing power shall give preference, as nearly as good administration will warrant, in retention to appointees from States that have not received their share of appointments according to population: *Provided, however*, That soldiers, sailors, and marines, the widows of such, or the wives of injured soldiers, sailors, and marines, who themselves are not qualified, but whose wives are qualified to hold a position in the Government service, shall be given preference in retention, in their several grades and classes, where their ratings are good or better.

SEC. 24. The provisions of the act of February 15, 1934 (48 Stat. 351), as amended, relating to disability or death compensation and benefits shall apply to persons (except administrative employees qualifying as civil employees of the United States) receiving compensation from the appropriations in this title for services rendered as employees of the United States: *Provided*, That this section shall not apply in any case coming within the purview of the workmen's compensation law of any State, Territory, or possession, or in which the claimant has received or is entitled to receive similar benefits for injury or death.

SEC. 25. None of the funds made available by this title shall be available—

(a) After June 30, 1939, for the operation of any theater project; or

(b) After August 31, 1939, for the operation of any project sponsored solely by the Work Projects Administration.

This section shall not prohibit the payment of wages or salaries accrued, or of nonlabor obligations incurred, in connection with any such project if the wages or salaries accrued or the obligation was incurred prior to July 1, 1939, or September 1, 1939, as the case may be.

SEC. 26. The Board and the National Youth Administrator are authorized to consider, ascertain, adjust, determine, and pay from the appropriation in section 1 or section 2 hereof any claim arising out of operations thereunder accruing after the effective date of this joint resolution on account of damage to or loss of privately owned property caused by the negligence of any employee of the Work Projects Administration or the National Youth Administration, as the case may be, while acting within the scope of his employment. No claim shall be considered hereunder which is in excess of $500, or which is not presented in writing within 1 year from the date of accrual thereof. Acceptance by a claimant of the amount allowed on account of his claim shall be deemed to be in full settlement thereof, and the action upon such claim so accepted by the claimant shall be conclusive.

SEC. 27. The Board is authorized to call to the attention of the city, county, and State governments the unemployment situation of that city, county, or State, and to seek the cooperation of the State or any subdivision thereof in meeting the unemployment problem.

SEC. 28. Any person who knowingly and with intent to defraud the United States makes any false statement in connection with any application for any work project, employment, or relief aid under the appropriations in this title, or diverts, or attempts to divert or assists in diverting, for the benefit of any person or per-

sons not entitled thereto, any portion of such appropriations, or any services or real or personal property acquired thereunder, or who knowingly, by means of any fraud, force, threat, intimidation, or boycott, or discrimination on account of race, religion, political affiliations, or membership in a labor organization, deprives any person of any of the benefits to which he may be entitled under any such appropriations, or attempts so to do, or assists in so doing, or who disposes of, or assists in disposing of, except for the account of the United States, any property upon which there exists a lien securing a loan made under the provisions of this title or the Emergency Relief Appropriation Acts of 1935, 1936, 1937, and 1938, shall be deemed guilty of a misdemeanor and fined not more than $2,000 or imprisoned not more than 1 year, or both. The provisions of this section shall be in addition to, not in substitution for, any other sections of existing law, or of this title.

SEC. 29. (a) It shall be unlawful for any person knowingly to solicit, or knowingly be in any manner concerned in soliciting, any assessment, subscription, or contribution for the campaign expenses of any individual or political party from any person entitled to or receiving compensation or employment provided for by this title.

(b) Any person who knowingly violates any provision of this section shall be guilty of a felony and, upon conviction, shall be fined not more than $1,000 or imprisoned for not more than 1 year, or both. The provisions of this section shall be in addition to, not in substitution for, any other section of existing law, or of this title.

SEC. 30. (a) It shall be unlawful for any person, directly or indirectly, to promise any employment, position, work, compensation, or other benefit, provided for or made possible by this title, or any other act of the Congress, to any person as consideration, favor, or reward for any political activity or for the support of or opposition to any candidate or any political party in any election.

(b) Except as may be required by the provisions of subsection (b) of section 31 hereof, it shall be unlawful for any person to deprive, attempt to deprive, or threaten to deprive, by any means, any person of any employment, position, work, compensation, or other benefit, provided for or made possible by this title, on account of race, creed, color, or any political activity, support of, or opposition to any candidate or any political party in any election.

(c) Any person who knowingly violates any provision of this section shall be guilty of a felony and, upon conviction, shall be fined not more than $1,000 or imprisoned for not more than 1 year, or both. The provisions of this section shall be in addition to, not in substitution for, any other sections of existing law, or of this title.

SEC. 31. (a) It shall be unlawful for any person employed in any administrative or supervisory capacity by any agency of the Federal Government, whose compensation or any part thereof is paid from funds authorized or appropriated by this title, to use his official authority or influence for the purpose of interfering with an election or affecting the results thereof. While such persons shall retain the right to vote as they please and to express privately their opinions on all political subjects, they shall take no active part, directly or indirectly, in political management or in political campaigns or in political conventions.

(b) Any person violating the provisions of this section shall be immediately removed from the position or office held by him, and thereafter no part of the funds appropriated by this title shall be used to pay the compensation of such person. The provisions of this section shall be in addition to, not in substitution for, any other sections of existing law, or of this title.

SEC. 32. No part of any appropriation in this title shall be used to pay the salary or expenses of any person in a supervisory or administrative position who is a candidate for any State, district, county, or municipal office (such office requiring full time of such person and to which office a salary or per diem attaches), in any primary, general, or special election, or who is serving as a campaign manager or assistant thereto for any such candidate.

SEC. 33. Reports of the operations under the appropriations in this title and the appropriations contained in the Emergency Relief Appropriation Act of 1938, as supplemented by Public Resolution No. 1 and Public Resolution No. 10 of the Seventy-sixth Congress, including a statement of the expenditures made and obligations incurred by classes of projects and amounts, shall be submitted to Congress by the President on or before the 15th of January in each of the next two regular sessions of Congress: *Provided*, That such reports shall be in lieu of the report required by section 21 of said act of 1938 as amended by said Public Resolution No. 1.

SEC. 34. This title may be cited as the "Emergency Relief Appropriation Act of 1939."

Mr. WOODRUM of Virginia. Mr. Chairman, I offer a committee amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Committee amendment offered by Mr. WOODRUM of Virginia: On page 14, strike out lines 11 to 17, inclusive, and insert in lieu thereof the following:

"SEC. 11. (a) The Board is authorized to allocate not to exceed $50,000,000 to other Federal agencies for the operation, under such rules and regulations as the Board may prescribe, of projects of the type specified in subsection (b) of section 1 which are within the scope of the functions usually carried out by such agency, including administrative expenses of such agency incident to such operation: *Provided*, That not to exceed 4 percent of the total amount so allotted to any such agency shall be used for such administrative expenses: *Provided further*, That no project shall be prosecuted under any allotment under this subsection upon which the percentage of nonrelief persons employed exceeds 15 percent of the total number of persons employed."

The committee amendment was agreed to.

Mr. WOODRUM of Virginia. Mr. Chairman, I offer another committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. WOODRUM of Virginia: On page 15, strike out lines 14 to 18, inclusive, and insert in lieu thereof the following:

"SEC. 12. None of the funds made available by this title shall be expended on the construction of any building (1) the total estimated cost of which, in the case of a Federal building, exceeds $50,000; or (2) the portion of the total estimated cost of which payable from Federal funds, in the case of a non-Federal building, exceeds $40,000, unless the building is one (a) upon which construction is in progress on June 14, 1939, or for which the project has been approved by the President, or for which an issue of bonds has been approved at an election held, on or prior to such date, or (b) for the completion of which funds have been allocated and irrevocably set aside under prior relief appropriation acts."

Mr. WOODRUM of Virginia. Mr. Chairman, I explained this amendment very thoroughly early in the day. Unless there is some question to be asked about it, I ask for a vote.

Mr. SABATH. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield to the gentleman from Illinois.

Mr. SABATH. I see that the restriction is made "up to June 14." Today is the 16th of June. Does not the gentleman believe this provision should be changed, we will say, to July 1, before the bill becomes law?

Mr. WOODRUM of Virginia. The exception in there of June 14 removes projects from the $50,000 restriction and was intended to let in projects that had been approved before the date of introduction of the resolution. I believe you could not relax the restriction after that date.

Mr. SABATH. I know, but you have in the bill "June 14." This bill will not go into effect for several weeks.

Mr. WOODRUM of Virginia. That is an exception which permits the consideration of projects of more than $50,000 if they had been approved before that date.

Mr. CELLER. Mr. Chairman, I offer a substitute for the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. CELLER as a substitute for the committee amendment: Page 15, line 18, strike out the period and insert a colon and add: "*Provided*, That buildings with a total cost in excess of $25,000 may be constructed if the Federal funds used on such projects are restricted to half of such excess and the balance of such excess is defrayed and paid by local sponsors and local authorities."

Mr. CELLER. Mr. Chairman, I just wish to say briefly, as I have stated before, that the amendment offered by the gentleman from Virginia will not remedy the situation to any great extent, because 66 percent of all the W. P. A. building projects are above $50,000. There are employed on W. P. A. at the present time 237,000 persons. You are going to take off the W. P. A., therefore, probably 66 percent of all these workers and you will have a very serious and dangerous condition throughout the country. For that reason I am asking the adoption of this amendment.

Mr. O'NEAL. Mr. Chairman, will the gentleman yield?

Mr. CELLER. I yield to the gentleman from Kentucky.

Mr. O'NEAL. The gentleman is defeating the very purpose he has in mind. The provision offered by the committee will give you $40,000 on a non-Federal project of Federal contribution, which may be supplemented by any amount of money on the part of local sponsors, making the total amount a very great deal more.

Mr. CELLER. That is the trouble. My amendment would permit far more W. P. A. funds to be advanced. It would permit as contribution of Federal funds $40,000 plus one-half of the balance of the cost of the building project.

Mr. O'NEAL. Let me explain this. If you require matching on the part of local funds, then you are getting right back to where P. W. A. is.

Mr. CELLER. If you have, for example, a project that costs, say, $325,000, under this substitute amendment, if the

local authorities would come forward with half of $300,000, or $150,000, the Government then would come forward with $150,000 plus $25,000; but under the committee amendment the Government would not come forward with anything more than $40,000. The local communities do not have money enough to come forward with those vast sums; but if you can match dollar for dollar between the Federal funds and the local funds, I believe you will get somewhere. Unless you do so you are going to have serious difficulties, and there will be really no building construction under W. P. A. beyond $40,000 whatever.

Mr. EBERHARTER. Mr. Chairman, will the gentleman yield?

Mr. CELLER. I yield to the gentleman from Pennsylvania.

Mr. EBERHARTER. As I understand the gentleman's amendment, it would apply to every project.

Mr. CELLER. Every W. P. A. building project. It only applies to section 12, which involves only buildings such as courthouses, schools, libraries, and so forth.

Mr. EBERHARTER. The section applies restrictions only on building projects, whereas the gentleman's amendment would apply to every project.

Mr. CELLER. This is not correct. It only applies, I repeat, to section 12; that is, buildings.

Mr. EBERHARTER. And it would make the restriction much worse than the restriction contained in this section.

Mr. CELLER. Indeed, it would not.

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I rise in opposition to the substitute to the committee amendment.

Mr. Chairman, I should like to say to the gentleman from New York [Mr. CELLER] that under his amendment the gross amount of Federal expenditure under the W. P. A. on one of these building projects would be $25,000. Under the committee amendment which he is seeking to amend it would be $40,000, so he is trying to restrict the amount of W. P. A expenditure rather than increase it. I believe if the gentleman will read his amendment he will see that is just what he is doing.

Mr. CELLER. I disagree with the gentleman. I believe he might read the amendment.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Indiana.

Mr. HALLECK. A great many men in the building trades in my State of Indiana have been much disturbed because of the activities of the W. P. A. in building construction. They have contended that the construction of buildings of considerable size by W. P. A. tends to tear down their wage scales and their standards. What is the opinion of the gentleman as to the effect on that situation of the adoption of the committee amendment as against the provision originally written into the bill? Personally, I have been much impressed with the arguments of these men who have spent their lives in the building trades. I want to protect their interests as far as we reasonably can.

Mr. TABER. I do not believe there will be very much difference in the effect as between the committee amendment and the original proposition. At the same time, it will let the W. P. A. go on and finish a few projects that are uncompleted. It will not open the field wide for those large building construction projects upon which W. P. A. has been such an acknowledged failure.

Mr. O'TOOLE. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from New York.

Mr. O'TOOLE. Did the gentleman ever tell this House that for 50 years the city of New York has been paying for 83 percent of the public improvements in the gentleman's part of the State?

Mr. TABER. They have not, of course.

Mr. O'TOOLE. But they have.

Mr. WHITE of Ohio. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Ohio.

Mr. WHITE of Ohio. Does not the committee amendment place the restriction only upon building construction?

Mr. TABER. The gentleman is correct.

Mr. WHITE of Ohio. Is it not true that the gentleman from New York has offered an amendment which would go beyond that limitation and make a further restriction upon highways and road projects as well?

Mr. TABER. I did not know that it related to anything but buildings, but it reduces the amount of Federal expenditures and contracts so that his own situation is worse than it was before.

Mr. CASE of South Dakota. Mr. Chairman, will the gentleman yield?

Mr. TABER. Yes; I yield to the gentleman from South Dakota.

Mr. CASE of South Dakota. And is it not also true that if the sponsor were in position to put up 50 percent of the cost of these larger projects that they had better use P. W. A. and use contract and skilled labor?

Mr. TABER. That is right.

[Here the gavel fell.]

Mr. LUDLOW. Mr. Chairman, I rise in opposition to the Celler amendment and in favor of the Woodrum amendment and ask unanimous consent to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. LUDLOW. Mr. Chairman, I arise in support of the committee amendment which has just been presented to the House by the gentleman from Virginia [Mr. WOODRUM] and against the substitute of the gentleman from New York [Mr. CELLER].

In the first place please bear in mind that the limitation imposed in the committee amendment on W. P. A. construction work applies only to building construction. It does not place any limitation, whatever, on any other type of construction, such as sewers, streets, and so forth. Unless it is the construction of a building that is proposed the limitation does not apply in any way, shape, or form.

Furthermore, this limitation applies only to the amount of Federal money that shall be devoted to a building construction project. It simply says to the local sponsor: "The Federal Government will contribute $40,000 and no more toward the construction of your building. You may add as much more as you like."

Testimony before our subcommittee shows that building construction by the W. P. A. costs from 40 to 100 percent more than the same construction would cost if done by private contractors. The hearings are full of such testimony. Here are some examples:

Queen's School, New York: Cost under W. P. A., $782,000; cost by private contractors, $441,000.

Laundry and fire station, Great Lakes, Ill.: Cost under W. P. A., $375,000; cost by private contractors, $218,000.

Recreation center, Des Plaines, Ill.: Cost under W. P. A., $353,000; cost by private contractors, $202,000.

And so on, all along the line.

It was the belief of our committee that the W. P. A. is not equipped to perform these larger building operations without frightful waste and we have made available $125,000,000 for building construction by the P. W. A., which is the better building organization. This means that, including local sponsors' contributions, a fund of about $280,000,000 will be available to give employment to building mechanics and workmen employed in producing building materials. This, we believe, will give more jobs to more people who need work than if the $125,000,000 which we propose to transfer to P. W. A. were spent for building construction under the W. P. A.

When I plead with you to adopt the committee amendment limiting Federal W. P. A. building-construction allotments I do not speak for myself alone. I speak for organized labor of the United States and for every element of organized labor that has any connection with the building-construction industry. This is a very vital matter with organized labor. The complaint that organized labor has against the W. P. A. is that the infiltration of unskilled, inexperienced W. P. A. labor into building operations is demoralizing, breaking down and

destroying the regular crafts and is driving thousands upon thousands of skilled craftsmen into the bread lines. Skilled mechanics who have given their lives to training for efficient service are supplanted by persons of no training and experience, all of which is utterly demoralizing to organized labor and frightfully hard on the taxpayers.

In asking you to approve the committee amendment I speak for William Green and the American Federation of Labor. I hold in my hand a letter that was delivered to me personally yesterday by an official of the American Federation of Labor in order that I might use it in the debate to show exactly where the American Federation of Labor stands on this proposition. The letter is signed by Herbert Rivers, secretary-treasurer of the building and construction trades department of the American Federation of Labor and is dated at Washington, D. C., June 15, 1939, and it says:

DEAR CONGRESSMAN LUDLOW: The building and construction trades department of the American Federation of Labor is opposed to construction of buildings and other construction projects by relief labor.

House Joint Resolution 326 has been reported out of the committee and is being considered by the United States House of Representatives. Section 12, on page 15, of this joint resolution restricts the Works Progress Administration from the construction of any building of which the estimated total cost exceeds $25,000.

It is the opinion of this department that the Works Progress Administration should be restricted from the construction of any buildings. However, if the provisions of section 12 are the only limitations that Congress can place upon construction of buildings and other construction by relief labor, the building and construction trades department of the American Federation of Labor approves the provisions of section 12 of House Joint Resolution 326.

We trust that Members of Congress will act favorably on the above-mentioned provision and thank you for the efforts put forth in our behalf.

Carl H. Mullen, president, and Adolph J. Fritz, secretary-treasurer of the Indiana State Federation of Labor, both nationally known leaders of organized labor, are in complete harmony with President Green and the American Federation in this matter. Mr. Mullen in a letter to me dated June 14, 1939, says:

We are unalterably opposed to the Works Progress Administration entering the construction industry. We take the position that it has been the means of lowering the standards of our people engaged in construction work and has been responsible for driving many of them onto the relief rolls thereby reducing their incomes from a decent wage to a purely subsistence level.

If we vote down this committee amendment, we will strike a heavy blow at organized labor. I plead with you not to do that. [Applause.]

Mr. WHITE of Ohio. Mr. Chairman, will the gentleman yield?

Mr. LUDLOW. I yield.

Mr. WHITE of Ohio. I know that what the gentleman states with regard to the attitude of the American Federation of Labor is absolutely correct with respect to section 12 as it stood originally. Do they also approve of the Woodrum amendment?

Mr. LUDLOW. I would answer that they most positively do.

[Here the gavel fell.]

Mr. DITTER. Mr. Chairman, I ask unanimous consent to extend my own remarks in the RECORD at this point.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. DITTER. Mr. Chairman, many of the abuses that have developed under the administration of W. P. A. are the inevitable results of the establishment of a colossal machine here in Washington. Centralization of power is the ambition of the New Deal; it is the very heart of its philosophy. State lines are destroyed.

In recent years there has been a decided trend toward centralization of power in the hands of the National Government in Washington. This trend has been brought about largely by the increasing unity of our economy. A good deal of the centralization has been justified and is probably necessary. But the acceleration has been so great recently that if it is not checked soon our system of government will be destroyed. The dangers of a centralized unitary system of government are often overlooked in attempting to meet temporary or pressing problems.

In the first place, the centralization of power in the hands of the National Government is sapping at the foundations of the American principle of local self-government. Local self-government is essential to the preservation of representative democracy. It is only where the citizens can govern themselves as to the matters which are closest to them, decide their own policies, and elect their own officers that the democratic tradition can flourish. When the decision on such matters is transferred to a central government, the people lose interest in government and are more susceptible to regimentation and exploitation.

In the second place, our country is too large and has too many diverse interests to be governed from one place. A certain amount of centralization of power may result in more efficiency in government, but it is physically impossible to maintain efficiency in a unitary government over a large area with diverse interests. National policies must be uniform in their operation. They are highly inflexible and cannot be adjusted to fit local and sectional needs.

Thirdly, centralization builds up a national bureaucracy that tends to become slow and rigid. If it operates as a temporary organization like the W. P. A., without the checks and safeguards that characterize our regular governmental process, there is danger that private rights will be violated and public funds wasted. When the organizations become permanent, then the evils of a slow, grasping, and bumbling bureaucracy develop.

Fourthly, a highly centralized government is inimical to the preservation of popular government. The paths of the dictator and the totalitarian state are much easier when only one government has to be seized. The preservation of our federal system of government, with division of powers, separation of powers, and checks and balances, is the best barrier to dictatorship and arbitrary government.

How does this discussion apply to the relief problem? Providing relief has always been the function of our local governments. During the depression the local units of government were no longer able to carry the financial burden with the present tax structure. Federal aid was necessary. With Federal aid under the F. E. R. A. the States and localities handled the problem fairly adequately. Standards of administration were improved and competent staffs were being developed. But since the advent of W. P. A. the picture is changed. The Federal Government administers a work-relief system directly and the localities are subordinated. Since their responsibility has been lessened they try to shift as much of the burden as possible to the Federal Government. It is high time that a better balance be effected. Responsibility for administration and decisions should be placed directly upon the States and local governments and the power and resources of the Federal Government used to encourage them to assume more and more of the administrative and financial burdens. The present policy of the Federal Government is undermining the basic principle of local self-government.

The present administration has made an all-time high record for the creation of new agencies. Alphabetical agencies have sprung up like mushrooms since March 4, 1933. The National Emergency Council is one of the many New Deal creations.

For the second time the National Emergency Council has come to Congress asking for a direct appropriation in the relief appropriation act to carry on its work. Prior to last year the N. E. C. was financed by Executive allotments from the lump-sum relief appropriations. For the current fiscal year, 1938–39, Congress made a direct appropriation to the N. E. C. of $850,000. It also received allocations from other agencies for its Film Service to the extent of $265,000. For 1940 the N. E. C. is asking for $1,500,000 in a direct appropriation. In addition, the program of promoting cooperation with other American republics calls for the further sum of $176,500 for the Film Service. In all, then, the requests for the N. E. C. for 1940 represent an increase of 50 percent over the funds it has had this year. This, indeed, is an

anomalous situation when we recall that in Reorganization Plan No. II, May 9, 1939, President Roosevelt abolished the N. E. C. and transferred its functions to the Executive Office of the President with the exception that the Radio and Film Services go to the Office of Education in the new Federal Security Administration.

The N. E. C. was established by Executive order in 1933 and is composed of the President, the Vice President, the Members of the Cabinet, and the heads of some 23 independent establishments. It was designed primarily for the purpose of helping coordinate the various relief and recovery activities of the New Deal. It has also developed as a clearing house of information about the Federal Government and as an information service agency for the various departments and establishments. For some time Frank Walker was the executive secretary, and Donald Richberg later served in the same capacity.

It probably accomplished some good in the way of coordination in the early days of the New Deal, when the brain trusters were falling all over each other in trying to get their pet ideas and theories put into practice. But the council itself has ceased to meet and function as a coordinating agency, and the President has now decided to abolish it. The functions will be continued in the Executive office of the White House. This is desirable in some respects, but we should not close our eyes to the great political potentialities of the organization. It has a director in nearly every State who is the personal appointee of the President. Although the nominal function of the State N. E. C. director is to help coordinate the various Federal agencies in his State, actually most of his time is spent in extolling the virtues of the New Deal administration. The Informational, Radio, and Film Services are capable of being used for a very subtle type of propaganda for the New Deal, particularly in an election year. Whatever the virtues of the N. E. C. may be, it seems all wrong to finance its services from a relief appropriation; this is particularly so with the complete merger with the White House staff.

During the past 6 years the National Emergency Council and its affiliates have spent approximately $5,427,796.40. The story by fiscal years is as follows:

1934	[1] $127,435.81
1935	[2] 931,865.14
1936	1,481,362.83
1937	1,092,132.62
1938	780,000.00
1939	[3] 1,015,000.00
Total	5,427,796.40

[1] Includes $29,912.60 expenditures of Executive Council.
[2] Includes $13,595.61 expenditures of Executive Council and $290,911.33 by Better Housing Division.
[3] Includes $265,000 allocated to the N. E. C. by the Department of Agriculture, Works Progress Administration, and the Public Works Administration for producing moving-picture films.

The following table gives a general picture of the present activities and expenditures of the National Emergency Council:

	Estimate, 1940	Estimate, 1939	Actual, 1938
1. Report and Coordinating Division	$860,690	$607,426	$551,250
2. Press Intelligence	162,220	117,616	98,231
3. U. S. Information Service	70,040	50,161	31,997
4. U. S. Government Manual	46,160	15,266	12,285
5. Radio Division	25,050	19,531	----------
6. U. S. Film Service	[1] 335,840	[2] 265,000	----------
(a) Total	[1] 1,500,000	1,075,000	693,763
(b) Estimated savings and unobligated balance	----------	----------	86,237
(c) Administrative reserve	----------	40,000	----------
(d) Allotted from Emergency Relief Administration, 1937	----------	----------	780,000
(e) Total, estimate or appropriation	[1] 1,500,000	1,115,000	----------

[1] The program for cooperation with other American republics proposes an additional $176,500 for the Film Service. This would make a total of $512,340 for the Film Service, and a total appropriation for the National Emergency Council of $1,675,500.
[2] National Emergency Council received $265,000 in allotments from other agencies.

The Report and Coordinating Division is the largest and most expensive unit of the N. E. C. It is the division which is supposed to coordinate and make more efficient the various Federal agencies both in Washington and in the field. The greater share of the expenditures of this type of work goes for salaries of the State directors and field force. During the present year there have been 87 employees in this Division in the Washington office at a cost of $178,996 for salaries and 106 employees in the field at an expense of $236,400; for 1940 it is proposed to have 117 employees in Washington at a cost of $236,400 and 160 field employees at $474,120. This represents an increase of 32 percent in expenditures for personal service of this Division in Washington and 57 percent increase in the field. The total increase for all services, personal and otherwise, is 42 percent. The justification for this increase is that several State offices which have been closed are to be reopened and maintained. If the services performed by the State offices are worth while, then it may be justifiable to treat all States alike. But it does not appear that the work of the State offices is worth the expenditure. A study made of them in 1936–37 for the President's Committee on Administrative Management found that their coordinating and informational activities were largely unsatisfactory and recommended their abolition—Fesler, James W., Executive Management and the Federal Field Service, Part IV, Problems of Administrative Management, pp. 27, 34–39. Mr. Fesler writes:

> It is recommended that the State offices of the National Emergency Council be abolished. The basis for this recommendation is the conviction that conflicts in the field occur much less frequently than is generally imagined, that two-thirds of the conflicts that do occur are caused by lack of coordination at Washington, and that fully half of the conflicts in the field must be settled at Washington. If these statements are correct, it would appear that coordination in the field is far less important than coordination at Washington. It is true that administration comes into contact with the public in the field, but the point of contact is not necessarily the point for treatment of the disease of lack of coordination. The majority of instances in the field are merely symptoms of diseases whose source, and hence point for treatment, lies in Washington. It would appear, therefore, that the elaborate field service of the National Emergency Council will not be necessary once the Works Program is abandoned or is administered through a different structural scheme (p. 44).

The section also provides a channel through which federally suggested State legislation is cleared to the States. This seems largely unnecessary for most Federal agencies have direct contacts with State agencies and prefer to handle their own negotiations of this type. A saving of better than $500,000 a year could be made by abolishing the State offices of the N. E. C. and there certainly would be no appreciable loss in the services of the Federal Government by so doing.

The Division of Press Intelligence provides a comprehensive press clipping service on Federal activities; 450 papers are clipped daily, and a Daily Bulletin providing a summary of news items and editorials on national affairs is distributed each morning to 508 Government officials and Members of Congress. The Division also publishes a weekly, Magazine Abstracts, which is likewise distributed to Members of Congress and Government officials. A file of approximately 4,500,000 clippings is maintained at the N. E. C. This type of activity has been done by Government agencies for many years and is probably desirable and worth while. Moreover, it is better that it be done centrally. But it appears from the various appropriation hearings that some agencies continue their own clipping services in addition to that of the N. E. C. On the whole, there seems to be no justification for adding 21 new employees and increasing expenditures from $117,616 to $162,220, or 38 percent.

The United States Information Service furnishes on request to the public as well as Government employees information on the structure, functions, and activities of the various Federal agencies, and serves as a central office directing general inquiries into proper channels. Again this type of work is useful and desirable, although there is a danger that subtle propaganda will be carried on through it. An increase of about $20,000 or about 40 percent is asked for the Infor-

mation Service for 1940. The expansion in personnel planned is mostly in the field. It is contemplated to provide a trained personnel to disseminate information about the Federal Government at the fairs and other places where Federal exhibits are being shown.

The publication of the Government Manual is another worth-while service. However, it is difficult to justify the increase in appropriation from $15,266 in 1939 to $46,160 in 1940, an increase of over 200 percent. It is planned to spend $36,000 for printing and engraving in 1940 as compared to $6,302 in 1939. The reason for the increase is that new loose-leaf binders for the manual will be provided next year. The name "National Emergency Council" appears on the old one, and since that organization has been abolished we must have new binders. A saving from reorganization.

The Radio Division was established in 1938 to coordinate in a general way the use of radio by the Government departments. The Radio Division acts as liaison between the broadcasting companies and Federal agencies and officials. It also acts in an advisory capacity to all Federal agencies and is making a survey of all broadcasting activities of the Government. The Radio Division also presents weekly broadcasts on local stations, the purpose of which is the dissemination of "factual information" concerning Government operations. The State N. E. C. directors supervise these programs and generally participate in them. It appears that the N. E. C. does not purchase time on the radio; the time for the programs is donated. The division is small with only four employees. The expenditure for this year will be $19,531 and $25,050 is proposed for 1940.

But the picture from now on is going to be different. Under reorganization plan No. II, the Radio Division of the N. E. C. goes to the Office of Education which has been carrying on a radio program, also with relief money. President Roosevelt reasons that the radio and film functions "are clearly a part of the educational activities of the Government and should be consolidated with similar activities already carried on in the Office of Education." On the other hand, there is another way of viewing the program. The dissemination of factual information by radio has its values and probably should be considered as a legitimate part of the informational activities of the Government. But as such it should be supported by regular and not by relief funds as a part of the normal activities of each agency. The problem of coordinating the radio activities of the Government is a staff function and should be performed by a staff agency. The Budget Bureau is the proper place to locate such coordinating work. The Office of Education is primarily a promotional agency; its chief job is to lobby for more Federal funds for education. In any case, the use of relief funds for radio broadcasting should be stopped except where practically all relief labor is used.

The United States Film Service is a new item for the N. E. C. It was set up on August 13, 1938, upon the order of the President, and the Film Division of the Farm Security Administration was transferred to the N. E. C. The purpose was to provide a central agency in the Government to produce films for the Government agencies, to give them advice about film problems, maintain an index of Government films, and serve as a booking agency and general Government clearing house of information about motion pictures. It has not resulted in the centralization of all film activities of the Government by any means, and the transfer to the Office of Education will not bring about the elimination of duplication and the centralization of all activities in one place.

There was no appropriation for the Film Service of the N. E. C. for this year, and it has been financed by allotments of $265,000 from other agencies. The Department of Agriculture allocated $35,000; the W. P. A., $120,000; and the P. W. A., $110,000. For 1940 the Film Service is asking for $335,840; $211,140 of the amount is for personal services and $124,700 for other obligations. Included in the latter is a travel item of $40,600, or 12 percent of whole appropriation for the Division. A glance at the Budget estimates shows that the average salary of the Film Service employees is very high—about $2,745 each. The number of high salaries is rather impressive. The chief ones are as follows:

Film Service Director	$10,000
Chief of Production	9,000
Motion-picture Director	9,000
Director of Photography	9,000
Assistant Director	7,500
General counsel	6,500
Business manager	5,600
Chief of distribution	5,600

In addition to the regular Budget item, it has been proposed by the President that the Film Service be given $176,500 to dramatize the activities of the Government of the United States through motion pictures for the purpose of promoting cooperation with the other American republics. This would involve producing films with Spanish and Portuguese narration and other services in the program to build up our trade and political relations with Latin America.

Specially, just what has the Film Service been doing during this fiscal year? It has been distributing directly several films which seem to have attracted considerable attention. This group includes The River and The Plow That Broke the Plains. At present the Film Service is producing a documentary film designed to dramatize certain aspects of our industrial life and the unemployment problem. This has been financed by allocations from other agencies at a cost of about $165,000. The Service is also producing a health picture based upon the book The Fight for Life, by Dr. Paul de Kruif, which will cost between $50,000 and $75,000. They plan on producing a film for the Rural Electrification Administration with a grant of $20,000, and also a film about the farm problem for the A. A. A. at a cost of $40,000. All told, over half a million dollars is proposed for the Film Service for 1940.

The most vicious thing about the program is the character of the documentary films. Most of them have been very definitely of a propaganda nature. The Plow That Broke the Plains was obviously designed to promote the soil-conservation program of the A. A. A. And it is easy enough to surmise that the film that is soon to be made for the A. A. A. will point out the glories of the Wallace farm program. Motion pictures may have a limited place in the work of the Federal Government, but it seems certain that they have expanded beyond reasonable limits. Before any additional funds are appropriated for such work a thorough survey of the present use of motion pictures by the Government should be made and a definite policy decided upon.

The National Resources Committee is another New Deal favorite child.

The National Resources Committee asked for an appropriation of $990,000 for the fiscal year 1940. During the last 5 years this organization has received allocations of appropriations varying from $1,011,000 in 1935 to $775,000 in 1939. Supposedly the National Resources Committee set out to be a planning agency in the field of public works. From public works it drifted into planning national resources, primarily land and water resources, with some interest in mineral and power resources. From this it has drifted into the sphere of economic planning of the most socialistic type. It still operates under the cloak of planning public works and national resources, but the real heart of the work of the National Resources Committee is in long-range economic planning.

Its work in this field has been most visionary. In 1937, it published a report on technology and technological change. The real ideological basis behind this report was the Government control of invention and the rate of the discovery of invention. Certain persons connected with this report would like to see the rate of discovery and invention slowed down so as to prevent technological unemployment. These people do not realize that what this country needs is more and more labor-saving devices so as to secure the maximum utilization of human resources with the minimum expenditure of human effort in order to produce the maximum amount of goods at the lowest possible cost.

In 1938, the National Resources Committee published a detailed report on the distribution of national income. The material for this report was so collected and so analyzed as to prove the President's allegation that a third of the people of this country are ill-fed, ill-housed, and ill-clothed. Any good economist or statistician can pick unlimited holes in the preconception on which this report is founded.

Within the last few months a report on patterns of resources' use was published. This report was written in order to show what resources we may need at any given time in order that we can socialize industry and determine the amount of capital that must flow to any given activity to supply the necessary demands. This report definitely lays the basis of state socialism in this country.

A report is shortly to be published on the consuming habits of the American public. This is to show what the American consumer in different income levels does with his income. Here once again the purpose of the National Resources Committee is to show the need for state socialism. It is to demonstrate that one-third of the Nation is ill-fed, ill-housed, and ill-clothed. This report will just be more propaganda to buttress the President's claim that we need a redistribution of income.

The crowning achievement of the work of the so-called industrial committee of the National Resources Committee will be a detailed report entitled, "The Structure of the American Economy." This report is being written largely by Dr. Gardiner C. Means and David Cushman Coyle, two of the most visionary new dealers. This report has for its purpose to prove that American capitalism is not designed to function efficiently, that it is monopolistic, or that there is too much competition. The report is to demonstrate that the control of American industry is concentrated in the hands of a few grasping persons in New York City.

From the Budget statement of the National Resources Committee, the industrial section, listed on the Budget sheets as "employment stabilization and production," receives but small sums of money, but on this point we should not be deluded. In 1935 it spent but $9,800; in 1936, $85,100; in 1937, $70,100; in 1938, $189,600; in 1939, $100,000; and the request for 1940 is another $100,000. However, a large part of the funds that this industrial section utilizes comes from W. P. A. appropriations to other bureaus and establishments. It has spent in excess of $3,000,000 through W. P. A. grants to the Bureau of Labor Statistics in the Department of Labor and to the Bureau of Home Economics in the Department of Agriculture. The persons employed directly on the pay roll of the National Resources Committee are but the general staff of this vast and far-reaching organization planning for state socialism in the United States.

Another sphere of activity of the National Resources Committee has been in public-works planning. For this activity the National Resources Committee received $45,000 in 1939 and this year they request $55,000. They have employed economists during the last 5 years to prove the glories of pump priming and to demonstrate that public works could be used to smooth out the business cycle. In 1935 and 1936 they spent approximately $47,000 on a visionary report on the allocation of cost and responsibility for public works as between the Federal Government, the State, and the locality. This report was visionary in the extreme and has had absolutely no utility. Right now the National Resources Committee has underway a number of studies in the field of public-works planning. It is attempting to carry out a study of the Federal need for public works during the next 6 years. Such a study has some utility but it can best be carried on by the Bureau of the Budget, which is the fiscal planning agency of the Government. Under sections 209 and 211 of the Budget and Accounting Act of 1921, this Bureau has all the necessary powers to carry on such an undertaking. Studies are also under way in the National Resources Committee to demonstrate that the pump-priming program of the Government has been a roaring success.

The National Resources Committee is asking for $65,000 for land-use planning; during the current fiscal year it received but $25,000 for this purpose. The National Resources Committee does but little constructive work in this field. Much useful and valuable work has been done in land-use planning by various agencies of the Department of Agriculture. The only function that the National Resources Committee serves in this field is one of propaganda. Its task is the popularization and the dissemination of propaganda in the field for Government control over land utilization.

In the field of water resources $65,000 is requested this year. Approximately the same sum was received in 1939. Here again the only function served by the Natural Resources Committee is to propagandize and disseminate those aspects of the constructive work of the Biological Survey in the Department of Agriculture that the New Deal believes will support its socialistic end.

In the current budget of the National Resources Committee we find an item of $50,000 for city and local planning. From 1936 to 1938 the National Resources Committee spent $200,000 on a report on the supposed problems of urbanism in the United States. This report yielded nothing new in the field of information. It was merely a propaganda device to prove that the American cities should receive more grants-in-aid and other types of assistance from the Federal Government. Here again the only motive was New Deal propaganda.

The budget of the National Resources Committee requests $150,000 for State planning and $175,000 for regional and State field offices. These two items could be considered together as the regional and State field offices are only adjuncts of State planning. In 1939, $105,000 was received for State planning and $180,000 for regional and field offices. Since 1933, the National Resources Committee, then entitled the National Planning Board, has been engaged in attempting to stimulate and encourage the States to set up State planning boards. It has loaned consultants to the States to direct the activity of such State planning boards. These consultants have lobbied before the State legislatures to get them to pass legislation creating such State planning boards. The one and only function of such State planning boards is to incite the people of the State to seek larger and larger grants from the P. W. A. The function of such State planning boards is to point out to the people of the States the need for the expenditure of the public money on various phases of public works and thus to keep a constant pressure on the P. W. A. for additional funds from the Public Treasury.

Of the $990,000 requested by the National Resources Committee for 1940 approximately $770,000 would be used for personal services. The staff of the National Resources Committee is continually on the increase. In 1938 its headquarters employed 111 persons; in 1939, 120 persons; and in 1940 they are requesting 137 persons. The field staff in 1938 was 29 persons; in 1939, 39 persons; and in 1940, 57 are requested. The requested increases for personnel, both for increases in salaries and for additional personnel, amount to approximately $190,000. The director or executive officer, Mr. Charles W. Eliot, II, is requesting an increase in salary from $8,000 to $10,000, although he received an increase in 1939 from $7,250 to $8,000. Three new positions at salaries varying from $6,500 to $7,000 are requested, and one increase in salary from $6,000 to $6,500 is also desired. Three new positions as technician—EO 13—are requested at $3,760. Similarly, two additional positions at $3,000—EO 11—are requested. A number of minor increases are also sought.

A very large proportion of the expenditures for salaries of the National Resources Committee is made for the hiring of per diem employees on a consulting basis. In 1935 this amounted to $235,000; in 1937 it was $315,000; in 1938, $208,000; and the total estimate for 1939 is $167,000. They have a large number of employees at high salaries. There are 34 who have a salary between $21 and $25 a day; 49 between $26 and $35 a day; and 23 between $36 and $50 a day.

It is interesting to note that the great spender, David Cushman Coyle, received $1,850 from the National Resources

Committee directly for services rendered solely to that organization. From a footnote relative to per diem employees it appears that he received additional sums from the National Resources Committee for services rendered for them on behalf of the W. P. A.

In reality it would be logical to assert that practically all of the money expended by the National Resources Committee can be classed as propaganda or publicity. The Budget statement of the National Resources Committee admits that they have on their staff one editor at a salary of $4,500 and one junior editor at a salary of $2,000 a year. They request an appropriation of $75,000 for printing and binding, but these figures fail to reveal the entire picture. Practically all of the staff is engaged in publicizing work of other New Deal agencies who demonstrate the need for continuation of the New Deal and for further State intervention. The reports of the National Resources Committee on various subjects reveal practically no original reasons; they are merely syntheses or analyses of work done in other agencies in a more popular form.

Much has been said on the subject of the National Youth Administration. In part, the assertions have been sound. In great part, however, statements have been made which have no foundation in fact whatever. Only a very small part of the increase requested for this activity is intended for student aid. It should be noted that the administrative expenses planned by the N. Y. A. for 1940 were to be double those for this year. Expansion beyond all reason was requested. At present there are 1,129 administrative employees, which was to be expanded to 2,579.

N. Y. A. has undoubtedly done a lot of good as an emergency agency. But before giving the agency an increase such as requested it would seem wise to take stock and see where the Administrator would lead us. It leads to one thing—the surrender of educational control by the States to a Federal agency. Reasonable Federal aid may at times be necessary for education, but the primary obligation for this work rests on the States.

I submit, Mr. Chairman, that every dollar requested by the President for relief is provided by the bill now before us. It is hoped that the benefits will go to those in need, that neither diversion nor other changes will reduce relief to the needy and that the funds provided by this bill will reach those intended to be aided.

The request for the appropriation for the Farm Security Administration for the fiscal year 1940 is $123,000,000 as against $175,000,000 last year. The money is to come from relief funds. There is nothing in the justifications presented to the committee to indicate clearly why any sums are necessary for direct-relief payments during the coming year. In fact, the justification indicates that the fund for direct grants is to be used for any emergency that might arise. This is certainly making a request on a suppositional basis.

In the past it has always been considered the proper procedure for Congress to appropriate funds to meet an emergency caused by drought or other catastrophies in the agricultural field. When such emergencies have arisen funds have been provided but the administration is taking an entirely new course by suggesting the appropriation of money to meet possible catastrophies, whether such catastrophies occur or not. It is difficult to reconcile a procedure of this kind with common sense and with established practices. The testimony presented to the Appropriations Committee on Farm Security Administration was vague and indefinite in many respects.

There was no direct and clear statement at any time presented to us as to the total number of persons receiving grants or loans from the Farm Security Administration. There were tables submitted showing the total number of persons who have received grants from 1935 on, there were tables showing the total number of persons receiving loans from 1935 on, but there was no table which showed an unduplicated total of persons with loans or grants to be serviced during the fiscal year of 1940. As a result, it has been most difficult to make an estimate of the actual administrative costs per case under the Farm Security Administration. The representation is made that the administrative costs of losses per case were $75 a year, but an analysis of administrative expenses would seem to indicate that this is a gross understatement and it appears that this figure of $75 per case per year is as vague as much of the other testimony presented to the committee. It appears to be nothing more at best than a guess.

The representation was made that the administrative expenses of the Farm Security Administration are but $7,173,000; but to this figure there should be added $11,736,000 for farm and home management assistance; $7,143,000 for investigation of applicants; and $1,946,000 for debt adjustment administration; making a grand total administrative expense of $27,998,000. That administrative expense is to be used to administer a total outstanding debt of $272,000,000, which represents a 10-percent change of the total debt to date.

It was admitted in the hearings that 34 percent of the loans that have been made and matured are delinquent. This appears to be an exceedingly high percentage of delinquency, when consideration is given to the extended benefits that have been afforded through the Agriculture Department.

In passing, it might be interesting to note that in Texas only 54 percent of the matured obligations have been paid. This would seem to indicate that the so-called loans as a practical matter really have been grants or outright gifts.

The Farm Security Administration proposes to spend during the fiscal year of 1940, $5,000,000 for the construction of camps for migratory labor. This expenditure cannot be justified in any way. The Federal Government owes no responsibility to that type of citizens which refuses by its inaptitude or inefficiency to establish and maintain a home. The idea of migratory camps—camps where nomads may find sustenance—is repulsive to those who believe that the American home is the foundation of the Nation. That home may be humble, but so long as it is home it represents the influence which the home alone can exercise. That type of citizen which refuses to assume the responsibility of contributing a part to the maintenance of a home merits no support from the Federal Government. The only exceptions are in those instances where a degree of farm labor is necessary for harvest purposes; however, it is a known fact that in many localities trouble has arisen as a result of the excess supply of migrant agricultural labor.

I believe the establishment of camps on a scale such as contemplated by the Farm Security Administration will only encourage a further increase in this type of labor. Certainly we should not encourage the spirit of wanderlust which is so tempting to many. I believe the creation of additional camps will contribute nothing to the alleviation of the situation which presently exists. It will only accentuate it, because it will stimulate other people to resort to this type of work and avail themselves of the wanderlust privileges. The fact of the matter is the maintenance of these camps by the Federal Government can be looked upon as a form of subsidy, for it certainly permits the employment of labor at a lower cost than could otherwise be secured.

For an organization the size of the Farm Security Administration a staff of publicity experts is provided which is out of all proportion for the type of the work carried on. The hearings disclosed that the publicity staff is an unnecessary expense. It is pertinent to note that originally the Assistant Administrator only admitted the employment of 4 persons for this purpose; however, under the pressure of further examination he reluctantly admitted that 14 additional persons were employed here in Washington on the publicity program in addition to the 4 which he originally stated constituted the Farm Security Administration's publicity staff.

The hearings disclosed that the 4 persons of professional grade received salaries ranging from $2,600 to $5,600 a year, and that the Farm Security Administration employed at least 1 informational adviser for publicity in each of the 12 field offices, and in at least half of the cases that the informational adviser has an assistant. This is publicity with

a vengeance, paid for by the taxpayers, supported out of relief funds, performing no service other than the maintenance of a propaganda machine. The publicity staff includes information advisers, assistant information advisers, assistant information specialists, junior information specialists, and a further variety and collection of propaganda specialists, for which neither rhyme nor reason can be found.

The Farm Security Administration needs an overhauling, a house cleaning, a dressing down. The appropriation presently requested, instead of being a deterrent will be an encouragement to further wastefulness, extravagance, and profligacy.

Mr. MARTIN of Colorado. Mr. Chairman, I offer an amendment to the committee amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. MARTIN of Colorado to the committee amendment: Strike out the figures "40,000" and insert in lieu thereof the figures "50,000."

ON A MOTION TO INCREASE FEDERAL CONTRIBUTION ON LOCAL PROJECTS FROM $40,000 TO $50,000. THE MOTION WAS DEFEATED

Mr. MARTIN of Colorado. Mr. Chairman, you understand that the Woodrum amendment raises the cost limit on Federal projects from $25,000 to $50,000 and raises the Federal grant on non-Federal projects from $25,000 to $40,000.

This afternoon when the gentleman from Virginia first presented this matter I asked him if the great majority of W. P. A. projects were not non-Federal. Later, when the gentleman from New York [Mr. TABER] was discussing the same proposition I asked him the same question, and both of those gentlemen answered that the great majority of the projects that would be aided by these funds were non-Federal projects; that is, they would be school buildings, auditoriums, gymnasiums, and buildings of that kind erected by counties, cities, and school districts.

While this is a very small amendment, I think it is an important one. I stated this afternoon, and I state now, that I do not believe I have had in my congressional district a single Federal project as small as $50,000, and this is general throughout the country; but I have many non-Federal projects in my district—school buildings, gymnasiums, auditoriums—little county and city and district buildings that would come within that classification; and if you will adopt this amendment, you simply place the non-Federal projects in the same class as you do the Federal projects. Why should you give the Federal projects $50,000 and the non-Federal projects only $40,000, when, in order to get the non-Federal project, the municipality will have to make a contribution of, maybe, $10,000 or $15,000, thereby getting a larger building for the money you put out on the non-Federal projects, and furnishing more employment?

This $50,000 for Federal projects is simply a gesture, and little of it will be expended. It is not even enough to build the smaller post offices. It will be like the $20 on pensions we voted the other day, which not one State in the Union is qualified to get, but all the money you grant on these non-Federal projects will be used on thousands of them all over the country.

Mr. CASE of South Dakota. Mr. Chairman, will the gentleman yield?

Mr. MARTIN of Colorado. I yield.

Mr. CASE of South Dakota. If I heard the amendment correctly, it raises the limit to $50,000 on both Federal and non-Federal projects, but on non-Federal projects the Federal contribution can be only $40,000.

Mr. MARTIN of Colorado. That is right; on non-Federal projects it can be only $40,000, and my amendment simply strikes out "40" and writes in "50." My amendment does not affect Federal projects, which the Woodrum amendment raises from $25,000 to $50,000.

Mr. CASE of South Dakota. If I understood the amendment correctly, it lets a project be constructed as a non-Federal project if $40,000 is the Federal contribution and $10,000 is the sponsor's contribution making a total of $50,000.

Mr. MARTIN of Colorado. No; that is not the way that reads. There is nothing about a $50,000 cost limit on the non-Federal project. There is only the $40,000 limit and nothing else.

The Woodrum amendment is as follows:

SEC. 12. None of the funds made available by this title shall be expended on the construction of any building (1) the total estimated cost of which, in the case of a Federal building, exceeds $50,000, or (2) the portion of the total estimated cost of which payable from Federal funds, in the case of non-Federal building, exceeds $40,000, unless the building is one (a) upon which construction is in progress on June 14, 1939, or for which the project has been approved by the President on or prior to such date, or (b) for the completion of which funds have been allocated and irrevocably set aside under prior relief appropriation acts.

It will be seen from this language that in no event will the Federal grant for non-Federal projects exceed $40,000. My amendment would raise this limit to $50,000, which, of course, would have to be matched by the local sponsor by whatever amount the Federal Administrator might fix. Understand, I am not in favor of this limitation. I am in favor of the existing law. Many of the best W. P. A. projects in my district could not have been built even under the $50,000 grant I am proposing. I am simply trying to make the best of a bad bargain. We have sprung the Appropriations Committee from $25,000 to $40,000, and I am trying to get $10,000 more. Every little bit helps. There was a line in an old popular song, "Every little bit added to what you've got makes a little bit more." [Applause.]

The CHAIRMAN. The time of the gentleman from Colorado has expired. The question now is on the amendment of the gentleman from Colorado to the committee amendment.

The question was taken, and the amendment to the amendment was rejected.

The CHAIRMAN. The question now recurs on the committee amendment.

Mr. COFFEE of Washington. Mr. Chairman, I rise to a privileged motion.

The CHAIRMAN. The gentleman will state it.

Mr. COFFEE of Washington. Mr. Chairman, I move the Committee rise.

The CHAIRMAN. The gentleman from Washington moves that the Committee do now rise.

The question was taken; and on a division (demanded by Mr. COFFEE of Washington) there were—ayes 40, noes 184.

So the motion to rise was rejected.

The CHAIRMAN. The question now recurs on the substitute amendment of the gentleman from New York [Mr. CELLER].

The question was taken, and the substitute amendment was rejected.

The CHAIRMAN. The question now is on the committee amendment.

The question was taken, and the committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 27, line 3, strike out the word "misdemeanor" and insert the word "felony"; and in line 4, strike out the words "1 year" and insert the words "2 years."

The CHAIRMAN. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

The CHAIRMAN. The gentleman from Georgia [Mr. TARVER] offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. TARVER: Page 16, at the end of line 18, strike out the period, insert a comma and the following words: "and which shall not be varied for workers of the same type in different geographical areas to any greater extent than may be justified by available statistics relating to differences in the cost of living."

Mr. TARVER. Mr. Chairman, I hope I may have the attention of the House notwithstanding the lateness of the hour. This is an important amendment, in my opinion

and in the opinion of many other Members of the House. It is an effort to correct the unjustified differences which exist as between wages paid in different geographical areas in the country by W. P. A. When the deficiency W. P. A. bill was before the House in January, an amendment was offered and adopted by this House limiting those differentials to not more than 25 percent. That amendment was eliminated in the Senate. The present bill does not attempt to make any specific limitation, but it does undertake to provide that the Works Progress Administration shall take into consideration in fixing all differentials in wages, only the differences in the cost of living in the various localities, where the W. P. A. workers reside. In January it was pointed out, and statistics furnished by the W. P. A. appear in the RECORD of January 10, 1939, sustaining the contention that wide differences exist. That is, the pay received by the different classes of W. P. A. workers range from 18 cents an hour for unskilled labor in the State of Tennessee to $1.02½ an hour in the State of Illinois, and so far as technical and professional labor is concerned wage scales range from 34 cents per hour in the State of Alabama to $3.03 per hour in the State of Pennsylvania. There are many other differences that are almost as discriminatory to which I have not the time to direct attention, a large portion of which are discriminatory against the South. Eleven Southern States with a population of approximately 28,000,000 received, in W. P. A. funds in 1937, approximately $210,000,000 while the single State of Pennsylvania with a population of approximately 9,000,000 received $214,000,000. The purpose I have in mind now is to talk not so much of differences between States and sections, because, after all, this is not altogether a sectional problem, but to point out the differences that exist within the States.

I call attention to some figures relative to these differences which were furnished me by the W. P. A. yesterday and which will be included in the RECORD as an addition to these remarks under permission previously granted, showing 24 different categories of W. P. A. workers, and differences made within the several States of the Union in the compensation of workers engaged in doing identically the same sort of work. These figures show only subdivisions of the first three general classes included in the statistics published in the RECORD of January 10, 1939—unskilled, intermediate, and skilled workers. They do not include professional and technical workers. As to these the differences are even more startling. I here insert under the permission granted me in the House the statistics appearing in the RECORD of January 10, 1939, followed by the break-down of part of these statistics just furnished me by the W. P. A. and in addition a survey of comparative living costs in five northern and five southern cities released on May 28, 1939, by the Wage-Hour Division of the Department of Labor.

	Unskilled		Intermediate		Skilled		Professional and technical	
	High	Low	High	Low	High	Low	High	Low
United States:								
Alabama	$0.40	$0.19	$0.60	$0.24	$1.50	$0.31	$1.11	$0.34
Arizona	.50	.36	.75	.41	1.00	.56	1.25	.62
Arkansas	.28	.20	.55	.25	1.25	.33	.70	.36
California	.81	.33	1.45	.38	1.75	.46	1.67	.51
Colorado	.72	.30	1.00	.41	1.50	.50	1.07	.56
Connecticut	.50	.40	1.05	.45	1.65	.57	1.30	.63
Delaware	.41¼	.24	.90	.28	1.50	.34	1.36	.60
Florida	.30	.19	.73	.24	1.75	.32	1.05	.35
Georgia	.30	.20	.43	.25	1.25	.33	1.50	.36
Idaho	.55	.28½	.62½	.32	.78½	.39	.86	.43½
Illinois	1.02½	.31	1.37½	.33	1.95	.39½	1.50	.44
Indiana	.95	.40	1.10	.41	1.50	.46	1.66	.50
Iowa	.67½	.31	1.20	.35	1.50	.43	1.50	.47
Kansas	.50	.27	.85	.32	1.37	.37	.81	.41
Kentucky	.30	.25	1.37½	.35	1.75	.31	1.17½	.34
Louisiana	.35	.20	1.00	.25	1.38	.32	1.50	.35
Maine	.40	.31	.70	.35	1.35	.45	1.60	.40
Maryland	.44	.25	.55	.32	1.50	.38	1.10	.48
Massachusetts	.85	.35	1.50	.39	1.66⅔	.48	1.60	.53
Michigan	.60	.33	1.00	.37½	1.58½	.45½	1.47	.50½
Minnesota	.68¾	.32	1.15	.41	1.50	.46	1.79	.55½
Mississippi	.40	.19	.90	.25	1.50	.31½	2.50	.40
Missouri	.50	.25	.68	.30	.88	.34	.82	.38
Montana	.75½	.45½	1.12	.41	1.77½	.50	.96	.55½
Nebraska	.47	.30	.70	.33	1.37½	.40	1.00	.46
Nevada	.62½	.48½	1.50	.55	2.00	.67	2.00	.74½
New Hampshire	.45	.35	.66	.43	1.30	.53	1.00	.51
New Jersey	.50	.25	1.30⅝	.35	2.25	.39	1.50	.44
New Mexico	.40	.29	1.00	.35	1.50	.43	.86	.68
New York [1]	.62½	.26	1.25	.33	2.00	.39½	1.41	.43¾
North Carolina	.29	.20	.64	.25	1.00	.34	.91	.60
North Dakota	.48	.40	.55	.45	1.35	.55	.77	.61
Ohio	.679	.31	1.25	.35	2.00	.43	2.50	.47½
Oklahoma	.41	.25	.73	.35	1.50	.43	1.00	.47
Oregon	.50	.34	.80	.38	1.50	.46	1.25	.51
Pennsylvania	.65	.50	1.24½	.57	2.00	.65½	3.03	.71½
Rhode Island	.50	.40	.59½	.46½	1.50	.61	.78¾	.67½
South Carolina	.27½	.19	.48	.24	1.25	.32	.52½	.34½
South Dakota	.40	.37	.42	.38	1.37½	.46	.58	.55
Tennessee	.30	.18	.43	.23	1.62	.31	.64	.35
Texas	.35	.20	.55	.26	1.50	.32	1.22	.35
Utah	.50	.41	.75	.50	1.50	.63	1.00	.70
Vermont	.40	.32	.50	.35	1.25	.43	1.10	.48
Virginia	.40	.19	.57	.24	1.50	.31	1.50	.34
Washington	.58	.34	.99	.38	1.67	.46	1.44	.44
West Virginia	.45	.40	.58	.47	.84	.54	.99	.84
Wisconsin	1.00	.33½	1.22	.37½	1.66	.39½	1.51	.43½
Wyoming	.42	.42	.48	.47½	.61½	.58	.66	.64
New York City	.93	.46½	1.57	.48	2.21	.589	1.518	.70
District of Columbia	.50	.33	1.15	.43	2.00	.67	1.22	.78

[1] Exclusive of New York City.

Hourly wage rates for Works Progress Administration selected occupations, February 1939 [1]

State and county	City	Laborer			Bricklayers	Carpenters	Cement finishers	Cement finishers' helpers	Concrete mixer operator	Electrician	Electrician helper	Hod carrier	Hoisting engineer	Lather	Painter	Plasterer	Plumber	Plumber helper	Reinforced steel workers	Roofers (composition)	Sheet metal worker	Sheet metal worker's helper	Steamfitters	Structural iron workers	Truck drivers (under 6 tons)
		Common	Construction	Seamstress																					
Alabama:																									
Jefferson	Birmingham	$0.30	$0.40	$0.30	$1.50	$1.00	$1.25	$0.60	$1.00	$1.25	$0.60	$0.60	$1.25	$1.00	$1.00	$1.25	$1.50	$0.60	$1.00	$1.00	$1.00	$0.50	$1.50	$1.25	$0.50
Mobile	Mobile	.28	.28	.28	1.25	.82	1.25	.38	.71	1.00	.38	.38	.75	.82	.75	1.25	1.00	.38	1.00	.75	1.00	.38	1.00	1.00	.38
Montgomery	Montgomery	.28	.28	.28	1.00	.75	1.00	.38	.62	1.00	.38	.38	.62	.75	.62	1.00	1.00	.38	.62	.75	1.00	.38	1.00	.62	.38
Tuscaloosa	Tuscaloosa	.30	.30	.30	1.25	1.00	1.00	.40	.60	1.00	.50	.50	1.00	1.00	.90	.60	1.25	.50	.60	1.00	.75	.45	1.25	1.00	.50
Tallapoosa	Alexander City	.19	.19	.19	.40	.40	.40	.24	.40	.40	.24	.24	.40	.40	.40	.40	.40	.24	.40	.40	.40	.24	.40	.40	.24
Arizona:																									
Maricopa	Phoenix	.36	.50	.36	1.00	1.00	1.00	----	1.00	1.00	----	----	1.00	----	1.00	1.00	1.00	----	1.00	1.00	1.00	----	1.00	1.00	.75
Pima	Tucson	.36	.50	.36	1.00	1.00	1.00	----	1.00	1.00	----	----	1.00	----	1.00	1.00	1.00	----	1.00	1.00	1.00	----	1.00	1.00	.75
Yuma	Yuma	.36	.50	.36	1.00	1.00	1.00	----	1.00	1.00	----	----	1.00	----	1.00	1.00	1.00	----	1.00	1.00	1.00	----	1.00	1.00	.75
Cochise	Douglas	.36	.50	.36	1.00	1.00	1.00	----	.75	1.00	----	----	1.00	----	1.00	1.00	1.00	----	1.00	1.00	1.00	----	1.00	1.00	.75
Arkansas:																									
Pulaski	Little Rock	.28	----	.28	1.00 / 1.25	.75 / 1.00	1.00	.40	.50	1.00	.55	.40	.75	1.00	.87	1.00	1.00	.40	----	1.00	1.00	.40	1.00	1.00	.40
Sebastian	Fort Smith	.27	----	.27	1.00 / 1.25	.75 / 1.00	1.00	.35	.50	1.00	.55	.40	.75	1.00	.87	1.00	1.00	.40	----	1.00	1.00	.40	1.00	1.00	.40
Garland	Hot Springs	.25	----	.25	1.00 / 1.25	1.00	.85	.35	.50	.85	.55	.40	.75	.85	1.00	1.00	.85	.40	----	.65	.85	.40	.85	.85	.40
St. Francis	Forest City	.20	----	.20	1.00 / 1.25	.75	.75	.35	.50	.75	.50	.35	.50	.75	.75	.75	.75	.35	----	.60	.75	.35	.85	.75	.35

[1] All fractions of cents dropped.

Hourly wage rates for Works Progress Administration selected occupations, February 1939 [1]—Continued

State and county	City	Laborer			Bricklayers	Carpenters	Cement finishers	Cement finishers' helpers	Concrete mixer operator	Electrician	Electrician helper	Hod carrier	Hoisting engineer	Lather	Painter	Plasterer	Plumber	Plumber helper	Reinforced steel workers	Roofers (composition)	Sheet metal worker	Sheet metal worker's helper	Steamfitters	Structural iron workers	Truck drivers (under 5 tons)
		Common	Construction	Seamstress																					
Northern California:																									
San Francisco	San Francisco	$0.81	$0.88	$0.46	$1.75	$1.25	$1.25	.....	$1.15	$1.37	.....	$1.25	$1.50	$1.60	$1.25	$1.67	$1.37	.....	$1.25	$1.15	$1.25	.....	$1.37	$1.50	$1.15
Alameda	Alameda	.75	.81	.46	1.75	1.25	1.25	$0.81	1.25	1.37	$0.75	1.35	1.37	1.60	1.25	1.60	1.37	$0.75	.....	1.25	1.25	$0.75	1.37	1.50	1.09
Sacramento	Sacramento	.62	.88	.43	1.25	1.10	1.10	.88	.88	1.25	.88	1.10	1.10	1.25	1.10	1.25	1.25	.88	.....	1.10	1.10	.88	1.25	1.25	.83
Humboldt	Eureka	.55	.63	.37	1.05	.99	.99	.63	.63	1.05	.63	.81	.....	1.05	.99	1.05	1.05	.63	.....	.81	.81	.63	.....	.....	.81
Mendocino	Fort Bragg	.45	.61	.35	.84	.79	.79	.61	.61	.84	.61	.69	.....	.....	.79	.84	.84	.61	.....	.69	.69	.61	.....	.....	.72
Southern California:																									
Los Angeles	Los Angeles	.50	.62	.45	1.25	1.10	1.25	.....	1.12	1.12	.75	.75	1.25	1.50	1.10	1.50	1.25	.87	.....	1.00	1.12	.75	1.25	1.37	.75
San Diego	San Diego	.50	.62	.45	1.50	1.00	1.25	.....	1.12	1.25	.75	.87	1.25	1.50	1.00	1.50	1.25	.87	.....	.87	1.12	.75	1.25	1.37	.68
San Bernardino	San Bernardino	.50	.62	.40	1.25	1.12	1.10	.....	1.12	1.12	.70	.75	1.25	1.50	1.12	1.50	1.25	.87	.....	1.00	1.12	.75	1.25	1.37	.75
Colorado:																									
Denver	Denver	.50	.62	.50	1.50	1.43	1.43	.74	1.43	1.43	.74	.....	1.43	1.50	1.25	1.50	1.43	.74	1.43	1.35	1.43	.74	1.43	1.43	.74
Pueblo	Pueblo	.48	.60	.48	.86	.86	.86	.69	.86	.86	.69	.....	.86	.86	.86	.86	.86	.69	.86	.86	.86	.69	.86	.86	.69
El Paso	Colorado Springs	.44	.55	.44	.80	.80	.80	.63	.80	.80	.63	.....	.80	.80	.80	.80	.80	.63	.80	.80	.80	.63	.80	.80	.63
Boulder	Boulder	.40	.50	.40	.72	.72	.72	.57	.72	.72	.57	.....	.72	.72	.72	.72	.72	.57	.72	.72	.72	.57	.72	.72	.57
Lake	Leadville	.37	.46	.37	.63	.63	.63	.52	.63	.63	.52	.....	.63	.63	.63	.63	.63	.52	.63	.63	.63	.52	.63	.63	.52
Connecticut:																									
Fairfield	Bridgeport	.50	.78	.50	1.37	1.25	1.37	.....	.85	1.37	.65	.78	1.50	1.25	1.12	1.37	1.37	.65	1.65	1.12	1.25	.65	1.37	1.65	.75
Hartford	Hartford	.50	.63	.50	1.25	1.12	1.25	.....	.85	1.12	.65	.75	1.50	1.50	1.00	1.25	1.20	.65	1.65	1.00	1.25	.65	1.20	1.65	.65
New Haven	New Haven	.50	.75	.50	1.37	1.15	1.37	.....	.85	1.12	.65	.75	1.50	1.50	1.06	1.37	1.12	.65	1.65	1.00	1.25	.65	1.12	1.65	.65
New London	New London	.44	.65	.44	1.25	1.00	1.25	.....	.85	1.12	.60	.65	1.50	1.50	.80	1.25	1.00	.60	1.65	1.00	1.25	.65	1.00	1.65	.65
Windham	Putman	.40	.65	.40	1.25	.80	1.25	.....	.85	1.12	.60	.65	1.50	1.50	.80	1.25	1.00	.60	1.65	1.00	1.25	.65	1.00	1.65	.65
Delaware:																									
New Castle	Wilmington	.41	.....	.35	1.50	1.00	1.10	.53	.53	1.00	.53	.90	1.50	1.25	1.00	1.37	1.10	.53	.85	1.00	1.00	.53	.....	.....	.53
Kent	Dover	.25	.....	.24	.75	.75	.75	.45	.45	.75	.45	.45	.....	.....	.75	.75	.75	.45	.....	.....	.....	.....	.....	.....	.....
Dist. of Coumbia	Washington	.40	.60	.33	1.75	1.50	1.50	.60	.60	1.80	.60	.....	1.75	1.62	1.57	2.00	1.50	.62	2.00	1.10	1.50	.....	1.65	2.00	.75
Florida:																									
Duval	Jacksonville	.30	.....	.30	1.25	.85	.74	.50	.44	1.25	.50	.....	1.00	1.00	.80	1.25	1.25	.50	.....	.75	1.00	.50	1.25	1.25	.44
Hillsborough	Tampa	.30	.....	.30	1.25	.85	.74	.50	.44	1.25	.50	.....	1.00	1.25	.80	1.25	1.25	.50	.....	.75	1.00	.50	1.00	1.25	.44
Dade	Miami	.30	.....	.30	1.50	1.14	1.50	.60	.50	1.50	.60	.....	1.26	1.26	1.14	1.50	1.50	.60	.....	1.14	1.26	.60	1.26	1.63	.50
Escambia	Pensacola	.30	.....	.30	1.00	.80	.80	.50	.38	1.00	.50	.....	1.00	1.00	.80	1.00	1.00	.50	.....	.80	1.00	.50	1.00	1.00	.38
Alachua	Gainesville	.25	.....	.25	1.00	.75	.60	.35	.30	1.00	.35	.....	.71	.71	.75	1.00	1.00	.35	.....	.75	1.00	.35	.71	.71	.30
Madison	Madison	.19	.....	.19	.60	.48	.48	.32	.27	.60	.32	.....	.60	.60	.48	.60	.60	.32	.....	.48	.60	.32	.60	.60	.27
Georgia:																									
Fulton	Atlanta	.30	.....	.30	1.25	.90	1.00	.43	.43	1.12	.43	.....	1.25	1.00	.85	1.00	1.25	.43	.90	1.00	1.00	.43	1.25	1.25	.43
Chatham	Savannah	.29	.....	.29	1.00	.90	1.00	.40	.40	1.00	.40	.....	.70	.75	.75	1.00	1.00	.40	.70	.80	.80	.40	1.00	.90	.40
Muscogee	Columbus	.27	.....	.27	1.25	.75	1.00	.36	.36	1.00	.36	.....	.70	.90	.75	1.25	1.25	.36	.90	.75	.85	.36	1.25	1.25	.36
Troup	La Grange	.23	.....	.23	.75	.60	.60	.30	.30	.60	.30	.....	.60	.60	.60	.75	.75	.30	.60	.60	.75	.30	.75	.60	.30
Brooks	Quitman	.20	.....	.20	.50	.50	.50	.25	.25	.50	.25	.....	.50	.50	.50	.50	.50	.25	.50	.50	.50	.25	.50	.50	.25
Idaho:																									
Ada	Boise	.44	.....	.31	.63	.63	.63	.50	.50	.63	.50	.50	.63	.63	.63	.63	.63	.50	.63	.63	.....	.....	.....	.....	.63
Shoshone	Kellogg	.30	.....	.28	.68	.68	.68	.56	.56	.68	.56	.56	.68	.68	.68	.68	.68	.56	.68	.68	.....	.....	.....	.....	.68
Illinois:																									
Cook	Chicago	.50	1.02	.43	1.70	1.62	1.62	1.02	.....	1.70	.95	.....	1.62	1.70	1.66	1.70	1.70	1.02	.....	1.75	1.70	1.02	1.70	1.70	.78
Peoria	Peoria	.50	.82	.43	1.62	1.37	1.37	.82	1.00	.....	.....	.82	1.50	.....	1.12	.....	1.25	.82	.....	1.25	.....	.....	.....	1.37	.80
St. Clair	East St. Louis	.50	.90	.40	1.75	1.75	1.50	1.00	1.00	1.65	1.00	1.25	.....	.....	1.50	.....	1.75	1.00	.....	.....	1.50	1.00	.....	1.75	.82
Madison	Alton	.50	.90	.37	1.75	1.25	.50	.90	1.30	.....	.....	.....	1.50	.....	1.25	.....	.....	.90	.....	.....	.....	.....	.....	.....	.90
Stephenson	Freeport	.50	.....	.34	1.00	1.00	.80	.....	.50	1.25	.....	.....	.....	.....	.75	1.00	1.40	.....	.....	.....	.....	.....	.....	.....	.50
Clay	Flora	.31	.....	.31	.61	.61	.61	.35	.....	.....	.....	.....	.....	.....	.61	.61	.61	.35	.....	.....	.....	.....	.....	.....	.35
Indiana:																									
Marion	Indianapolis	.50	.....	.50	1.43	1.25	1.10	.62	.75	1.25	.80	.80	1.30	1.33	1.15	1.33	1.25	.65	1.43	.71	1.15	.60	1.25	1.43	.54
Lake	Gary	.50	.95	.50	1.50	1.50	1.50	.95	.85	1.70	.85	1.10	1.37	1.50	1.50	1.50	1.50	.85	.....	1.25	1.50	.....	1.38	1.62	.70
Vigo	Terre Haute	.50	.75	.50	1.50	1.10	1.25	.....	1.00	1.25	.60	.90	.....	1.25	1.15	1.50	1.31	.60	1.25	.....	1.00	.....	1.31	1.50	.55
Delaware	Muncie	.50	.60	.50	1.50	1.00	1.00	.....	.60	1.00	.60	.87	.80	.....	1.00	1.00	1.00	.60	.....	.90	1.00	.....	1.00	1.00	.55
Grant	Marion	.50	.60	.50	1.50	.85	.85	.....	.60	.85	.60	.60	.....	.....	.85	1.00	1.00	.60	.....	.....	.75	.....	.90	.84	.52
Warrick	Boonville	.40	.....	.40	.75	.75	.75	.60	.50	.75	.60	.50	.....	.....	.80	.75	.90	.50	.....	.75	.....	.....	.90	.....	.45
Iowa:																									
Polk	Des Moines	.67	.....	.43	1.60	1.15	1.12	.....	.67	1.37	.75	.67	.....	1.43	1.12	1.37	1.37	.67	1.25	1.00	1.25	.67	1.37	1.25	.71
Linn	Cedar Rapids	.50	.....	.41	1.25	1.00	1.00	.....	.58	1.00	.58	.58	.....	1.25	1.00	1.25	1.25	.58	1.00	.90	1.00	.58	1.25	1.00	.58
Dubuque	Dubuque	.50	.....	.38	1.37	1.00	.84	.....	.58	1.00	.58	.58	.....	1.00	.92	1.20	1.00	.58	.84	.84	1.00	.58	1.00	1.00	.58
Webster	Fort Dodge	.40	.....	.35	1.37	1.00	.80	.....	.46	.80	.46	.46	.....	.90	.72	1.00	.90	.46	.58	.72	.80	.46	.90	.80	.46
Wright	Eagle Grove	.35	.....	.32	1.00	.77	.77	.....	.39	.80	.39	.39	.....	.72	.60	.80	.77	.39	.58	.70	.80	.39	.77	.80	.39
Kansas:																									
Wyandotte	Kansas City	.46	.....	.38	1.14	1.14	1.14	.80	.80	1.14	.80	.80	1.14	1.14	1.14	1.14	1.14	.80	1.14	1.14	1.14	.80	1.14	1.14	.80
Sedgwick	Wichita	.41	.....	.38	1.13	.87	1.00	.53	.53	1.00	.53	.53	.66	.66	.75	1.00	.90	.53	.66	.66	.66	.53	.66	.66	.53
Shawnee	Topeka	.42	.....	.36	1.37	1.00	1.00	.54	.54	.75	.54	.54	.66	1.10	.88	1.13	1.10	.54	.66	.66	.88	.54	.66	.66	.54
Reno	Hutchinson	.36	.....	.34	1.10	.75	1.10	.45	.45	.87	.45	.45	.55	.55	.75	1.10	1.10	.45	.55	.55	.55	.45	.55	.55	.45
Leavenworth	Leavenworth	.35	.....	.30	1.50	1.00	.65	.44	.44	1.25	.44	.44	.65	.65	.65	1.10	1.25	.44	.65	.65	.65	.44	.65	.65	.44
Brown	Horton	.32	.....	.27	.75	.63	.63	.40	.40	.85	.40	.40	.63	.63	.63	.63	1.00	.40	.63	.63	.63	.40	.63	.63	.40
Kentucky:																									
Jefferson	Louisville	.35	.....	.32	1.05	.95	.75	.40	.45	1.31	.65	.50	.85	.95	.80	1.50	1.37	.65	.60	.60	.85	.55	1.37	1.00	.45
Kenton	Covington	.45	.....	.45	1.62	1.45	.75	.50	.60	1.50	.65	1.00	1.00	1.40	1.35	1.62	1.37	.60	1.37	.75	1.37	.65	1.50	1.62	.60
Fayette	Lexington	.30	.....	.30	1.25	.70	.65	.35	.40	.80	.40	.50	.75	.75	.70	.85	.95	.45	.45	.70	.70	.40	.88	1.00	.40
Daviess	Owensboro	.30	.....	.25	1.25	.60	.65	.35	.40	.90	.45	.40	.75	.60	.55	1.25	1.25	.45	.40	.60	1.00	.45	.85	1.00	.40
Shelby	Shelbyville	.25	.....	.25	1.25	.55	.45	.30	.35	1.00	.35	.35	.60	.40	.40	1.00	.60	.35	.35	.55	.55	.35	.60	1.00	.35
Louisiana:																									
Orleans	New Orleans	.35	.....	.43	1.25	1.00	.85	.50	.70	1.25	.60	.60	{1.00 / 1.25}	1.00	.75	1.00	1.25	.60	1.00	.75	.80	.50	1.25	1.25	.41
Caddo	Shreveport	.30	.....	.40	1.38	1.12	1.00	.....	.80	1.25	.62	.....	.....	1.25	1.00	1.25	1.00	.....	.50	1.00	1.00	.....	.65	.....	.50
East Baton Rouge	Baton Rouge	.30	.....	.36	1.00	.75	1.00	.40	.80	1.00	.40	.40	.75	.75	.75	1.00	1.00	.40	.....	.80	1.00	.40	.75	1.00	.45
Rapides	Alexandria	.25	.....	.30	1.00	.75	.75	.....	.....	.75	.50	.....	.40	.....	.65	.....	.75	.....	.....	.60	.....	.....	.....	.....	.35
Winn	Winnfield	.20	.....	.25	1.00	.50	.....	.....	.....	.60	.40	.....	.40	.....	.45	1.00	1.00	.....	.....	.....	.....	.....	.....	.....	.40
Maine:																									
Cumberland	Portland	.40	.....	.40	1.25	.80	1.25	.....	.50	1.00	.50	.70	.80	.80	.80	1.13	1.25	.80	.....	.80	.80	.50	1.25	.80	.47
Androscoggin	Lewiston	.37	.....	.37	.80	.80	.80	.....	.50	.80	.50	.50	.80	.80	.80	.80	.80	.50	.....	.80	.80	.50	.80	.80	.43
Kennebec	Augusta	.34	.....	.34	.80	.80	.80	.....	.50	.80	.50	.50	.80	.80	.80	.80	.80	.50	.....	.80	.80	.50	.....	.80	.39
Maryland:																									
Baltimore	Baltimore	.33	.40	.33	.75	.75	.75	.51	.51	.75	.51	.....	.75	.75	.75	.75	.75	.51	1.10	.75	.75	.51	.75	.75	.51
Washington	Hagerstown	.29	.35	.29	.55	.55	.55	.45	.45	.55	.....	.....	.....	.....	.55	.55	.55	.....	.....	.....	.55	.....	.55	.55	.45
Frederick	Frederick	.25	.30	.25	.50	.50	.50	.38	.38	.50	.....	.....	.....	.....	.50	.50	.50	.....	.....	.....	.50	.....	.50	.50	.38
Prince Georges	Hyattsville	.25	.30	.25	.75	.45	.75	.38	.38	.45	.....	.....	.....	.....	.45	.75	.45	.....	.....	.....	.45	.....	.45	.45	.38

[1] All fractions of cents dropped.

Hourly wage rates for Works Progress Administration selected occupations, February 1939 [1]—Continued

State and county	City	Laborer			Bricklayers	Carpenters	Cement finishers	Cement finishers' helpers	Concrete mixer operator	Electrician	Electrician helper	Hod carrier	Hoisting engineer	Lather	Painter	Plasterer	Plumber	Plumber helper	Reinforced steel workers	Roofers (composition)	Sheet metal worker	Sheet metal worker's helper	Steamfitters	Structural iron workers	Truck drivers (under 5 tons)
		Common	Construction	Seamstress																					
Massachusetts:																									
Suffolk	Boston	$0.62	$0.85	$0.43	$1.50	$1.37	$1.45		$0.75	$1.50	$0.87	$0.85	$1.37	$1.66	$1.25	$1.66	$1.50			$1.37	$1.37		$1.50	$1.50	$0.75
Hampden	Springfield	.56	.56	.43	1.62	1.25	1.62		.75	1.37	.75	1.00	1.25	1.50	1.12	1.62	1.37			1.37	1.37		1.37	1.37	.60
Worcester	Worcester	.50	.65	.43	1.50	1.17	1.50		.75	1.25	.68	.90	1.37	1.50	1.00	1.50	1.20			1.37	1.37		1.20	1.50	.60
Berkshire	Pittsfield	.60	.60	.37	1.37	1.12	1.37		.75	.75	.65	1.00	1.25	1.50	1.00	1.37	1.00			1.37	1.37		1.00	1.37	.60
Hampshire	Northampton	.50	.50	.37	1.37	1.12	1.37		.75	1.37	.62	1.00	1.25	1.50	1.12	1.37	1.20			1.37	1.37		1.20	1.37	.60
Nantucket	Nantucketown	.50	.50	.35	1.25	.80	1.25		.75	1.00		.65			.90	1.25	1.00			1.10	1.37		1.00	1.50	.60
Michigan:																									
Wayne	Detroit	.60		.45	1.50	1.25	1.25	$0.75	1.25	1.58	.75			1.50	1.25	1.53	1.50	$0.75	$1.25	1.25	1.25	$0.75	1.50	1.50	.85
Kent	Grand Rapids	.54		.45	1.50	1.00	1.00	.62	.67	1.25	.62			1.00	1.00	1.25	1.25	.62	.77	1.00	1.00	.62	1.00	1.25	.59
Genessee	Flint	.60		.45	1.50	1.00	1.00	.75	.67	1.25	.75			1.25	1.00	1.25	1.25	.75	.85	1.00	1.00	.75	1.25	1.50	.65
Saginaw	Saginaw	.47		.40	1.50	1.00	1.00	.60	.62	1.00	.60			1.00	1.00	1.50	1.10	.60	.68	1.00	1.00	.60	1.10	1.50	.54
St. Clair	Port Huron	.43		.40	1.50	.90	.80	.59	.57	.90	.59			.90	.84	1.25	.90	.50	.62	.90	.90	.59	.90	1.50	.50
Marquette	Marquette	.40		.36	1.25	.90	.75	.50	.50	1.00	.50			.90	.90	1.25	1.00	.50	.57	.90	.90	.50	1.00	1.00	.50
Benzie	Frankfort	.36		.33	1.25	.76	.68	.45	.45	.76	.45			.76	.76	1.25	.76	.45	.50	.76	.76	.45	.76		.45
Minnesota:																									
Hennepin	Minneapolis	.68	.85	.55	1.37	1.25	1.25			1.50			1.40	1.50	1.25	1.50	1.37		1.50	1.20	1.25		1.37	1.50	.75
Ramsey	St. Paul	.63		.55	1.37	1.25	1.25		.85	1.35			1.40	1.50	1.20	1.50	1.25	.75	1.50	1.20	1.25	.75	1.37	1.50	.75
St. Louis	Duluth	.63		.55	1.25	1.12	1.00		.75	1.12	.75		1.12	1.35	1.00	1.35	1.25	.75	1.25	.97	1.10	.75	1.25	1.50	.75
Olmstead	Rochester	.50		.40	1.20	.85	.85		.60	.80	.57		.90	.80	.80	1.20	1.00	.57	.71	.80	.90	.57	1.00	1.50	.57
Itasca	Grand Rapids	.63		.55	1.25	1.12	1.00		.75	1.12	.75		1.12	1.35	1.00	1.35	1.25	.75	1.25	.97	1.10	.75	1.25	1.50	.75
Mississippi:																									
Hinds	Jackson	.30		.30	1.50	1.00	1.00	.75	.75	1.00	.60	.75	1.00	1.00	.80	1.25	1.25	.60	1.00	.87	.87	.55	1.00	1.25	.40
Lauderdale	Meridian	.40		.30	1.25	.85	.85	.65	.75	.85	.50	.65	1.00	.60	.75	1.10	.85	.50	1.00	.85	.85	.50	.85	1.25	.40
Warren	Vicksburg	.25		.25	1.25	1.00	1.00	.75	.75	1.00	.60	.60	1.00	.85	.87	1.25	.85	.60	.85	.85	.85	.50	.85	1.25	.40
Harrison	Biloxi	.40		.25	1.25	1.00	1.25	.85	1.00	1.00	.60	.75	1.00	1.25	.90	1.25	1.00	.60	1.00	1.00	1.00	.60	1.00	1.25	.60
Grenada	Grenada	.19		.20	1.25	.55	.70	.45	.50	.70	.40	.40	1.00	.55	.55	.70	.70	.40	.65	.55	.55	.35	.70	1.25	.30
Missouri:																									
St. Louis	St. Louis	.44	.50	.38	.88	.88	.88	.68	.68	.88	.68	.68	.88	.88	.88	.88	.88	.68	.88	.88	.88	.68	.88	.88	.68
Jackson	Kansas City	.36	.46	.36	.76	.76	.76	.60	.60	.76	.60	.60	.76	.76	.76	.76	.76	.60	.76	.76	.76	.60	.76	.76	.60
Green	Springfield	.32	.40	.32	.70	.70	.70	.56	.56	.70	.56	.56	.70	.70	.70	.70	.70	.56	.70	.70	.70	.56	.70	.70	.56
Jasper	Joplin	.32	.36	.32	.64	.64	.64	.52	.52	.64	.52	.52	.64	.64	.64	.64	.64	.52	.64	.64	.64	.52	.64	.64	.52
Cole	Jefferson City	.28	.36	.28	.66	.66	.66	.46	.46	.66	.46	.46	.66	.66	.66	.66	.66	.46	.66	.66	.66	.46	.66	.66	.46
Carroll	Carrollton	.25	.30	.25	.62	.62	.62	.40	.40	.62	.40	.40	.62	.62	.62	.62	.62	.40	.62	.62	.62	.40	.62	.62	.40
Montana:																									
Lewis and Clark	Helena	.75	.75	.50	1.50	1.13	1.50	.88	1.00	1.13	.88	1.00		1.26	1.13	1.50	1.26	.88	1.00	1.00	1.26	.88	1.26	1.26	1.08
Silver Bow	Butte	.80	.80	.62	1.63	1.50	2.02	.91		1.67	1.06	1.32		1.63	1.37	2.03	2.02	1.06		1.24	1.50	.91	2.02	1.50	1.16
Cascade	Great Falls	.70		.55	1.63	1.50	1.50	.90	1.20	1.37	.90	1.13	1.37	1.50	1.24	1.63	1.37	.90		1.20	1.24	.90	1.37	1.24	1.14
Dawson	Glendive	.62		.45	1.51	1.26	1.51	.85	1.21	1.26	.85	1.21		1.51	1.21	1.51	1.51	.85		1.21	1.21	.85		1.26	.86
Nebraska:																									
Douglas	Omaha	.50		.40	1.37	1.12	1.25	.50	.60	1.25	.50	.50	1.12	1.25	.90	1.25	1.25	.55	1.12	.95	1.00	.70	1.25	1.25	.55
Lancaster	Lincoln	.42		.40	1.25	.88	1.00	.50	.60	1.12	.50	.50	1.12	1.00	.80	1.00	1.00	.55	.70	.90	.85	.70	1.00	1.20	.55
Hall	Grand Island	.40		.32	1.00	.75	.75	.40	.50	.90	.40	.45	.90	.75	.70	.85	.85	.50	.60	.70	.80	.60	.85	1.00	.50
Dawes	Chadron	.30		.30	1.00	.75	.75	.40	.50	.90	.40	.45	.90	.75	.70	.85	.85	.50	.60	.70	.80	.60	.85	1.00	.50
Nevada:																									
Washoe	Reno	.62		.48	1.75	1.25	1.00	.70	.70	1.50	.70	1.17	1.25	1.50	1.50	1.75	1.50	.70	1.25	1.25	1.25	.70	1.50	1.25	.70
Clark	Las Vegas	.62		.48	1.00	1.00	1.00	.75	1.00	1.00	.75	1.00	1.00	1.00	1.00	1.00	1.25	.75	1.00	1.00	1.00	.75	1.00	1.00	.70
Ormsby	Carson City	.62		.48	1.50	1.10	1.00	.75	1.00	1.25	.75	1.00	1.25	1.37	1.10		1.37	.75	1.25	1.10	1.25	.75	1.37	1.25	.70
New Hampshire:																									
Hillsborough	Manchester	.45		.40	1.30	1.00	1.12		.60	.85	.60	.60		1.25	.90	.75	1.00	.60		1.00	.75		.90		.75
Merrimack	Concord	.40		.37	1.25	.75	1.25		.50	1.00	.50	.50		.60	.80	.60	.75	.50		.75	.60		.75		.60
Coos	Berlin	.40		.35	.75	.75	.75		.50	.75	.50	.50		.60	.75	.60	.75	.50		.60	.60		.75		.60
Carroll	Conway	.35		.35	.70	.70	.70		.45	.70	.45	.45		.55	.70	.55	.70	.45		.55	.55		.70		.55
New Jersey:																									
Camden	Camden	.50	.60	.43	1.62	1.37	1.25			1.50	.75	1.07	1.75	1.50	1.00	1.62	1.50	.60		1.05	1.50	.80	1.50		.75
Hudson	Jersey City	.50		.43	1.88	1.75	1.75			1.81	.96	1.14	1.75	1.90	1.75	1.88	1.50	.75		1.60	1.65	1.00	1.50		.90
Passaic	Paterson	.50	1.00	.43	1.75	1.50	1.50			1.50	.87		1.75	1.65	1.00	1.75	1.50	.75		1.40	1.65	1.00	1.50		.85
Essex	Newark	.50	1.12	.43	1.81	1.75	1.81			1.75	1.00		1.75	1.62	1.25	1.81	1.50	.75		1.51	1.65	1.00	1.50		.90
Atlantic	Atlantic City	.50	.62	.41	1.50	1.25	1.25			1.50	.67		1.75	1.25	1.00	1.50	1.25	.62		1.00	1.00	.62	1.25		.75
Cumberland	Bridgeton	.40	.50	.35	1.00	.80	.75			1.00	.67		1.75	1.00	.70	1.00	.80	.62		.80	.80	.50	.80		.70
Hunterdon	Lambertville	.40	.50	.31	1.12	1.00	.65			1.00	.65		1.75	1.00	.80	1.12	1.00	.60		1.00	1.00	.60	.85		.70
New Mexico:																									
Bernalillo	Albuquerque	.40		.37	1.50	1.25	1.00	.46	1.00	1.25	.85	.75	1.25	1.25	1.00	1.50	1.25	.85		1.00	1.25	.90	1.25	1.50	.75
Santa Fe	Santa Fe	.34		.34	1.50	1.12	1.25	.39	1.00	1.25	.85	.75	1.25	1.25	1.00	1.50	1.25	.85		1.00	1.25	.90	1.25	1.50	.75
Taos	Taos	.31		.31	1.50	1.12	1.25	.35	1.00	1.25	.85	.75	1.25	1.25	1.00	1.50	1.25	.85		1.00	1.25	.90	1.25	1.50	.75
New York City	New York City	.49		.55	1.88	1.75	1.75			2.00	1.20		2.00	1.75	1.50	2.00	2.00	1.16	.71	1.85	1.85		2.00	1.92	
New York (Up-State):																									
Albany	Albany	.47	.50	.43	1.37	1.00	1.37		.55	1.05	.50	.59	1.45	1.37	.95	1.37	1.20	.59		1.20	1.20	.59	1.20	1.37	.55
Erie	Buffalo	.50		.43	1.50	1.30	1.00		.85	1.25	.70	.60	1.33	1.50	1.25	1.50	1.37	.60		1.10	1.15	.60	1.37	1.50	.65
Monroe	Rochester	.55	.65	.43	1.37	1.22	1.37		.55	1.37	.70	.60	1.37	1.37	1.20	1.37	1.37	.60		1.10	1.18	.55	1.37	1.37	.55
Onondaga	Syracuse	.50		.43	1.37	1.00	1.00			1.25	.75	.60	1.12	1.20	.90	1.20	1.25	.75		1.00	1.25	.60		1.20	.59
Schenectady	Schenectady	.44	.60	.40	1.45	1.00	1.20		.51	1.20	.55		1.40	1.20	.87	1.45	1.35	.55		1.20	1.20	.55		1.20	.51
Chemung	Elmira	.45		.37	1.50	1.00	.90		.60	1.00	.60		1.00	1.12	1.00	1.50	1.20	.60		1.00	1.00			1.12	.55
Cattaraugus	Olean	.45		.34	1.25	.90	.70		.51	.95	.65	.50	1.20	1.20	.90	1.20	1.20	.60		1.00				1.12	.55
Lewis	Lowville	.40		.31	1.00	.65			.75	.65	.50	.50	1.00	1.12	.65	1.00	.65	.50		1.00	1.00			1.00	.50
North Carolina:																									
Wake	Raleigh	.28		.28	1.00	.60	.60	.40	.40	.80	.40	.40	.60	.75	.60	.80	1.00	.40		.60	.80	.40	.80	1.00	.60
Durham	Durham	.29		.29	1.00	.60	.60	.40	.40	1.00	.40	.40	.60	.75	.66	.88	1.00	.40		.60	.88	.40	.88	1.00	.60
Mecklenburg	Charlotte	.29		.29	1.00	.60	.60	.40	.40	1.00	.40	.40	.60	.75	.66	.88	1.00	.40		.60	.88	.40	.88	1.00	.60
Gaston	Gastonia	.23		.23	.80	.50	.50	.35	.35	.80	.35	.35	.50	.65	.50	.80	.80	.35		.50	.80	.35	.80	.80	.50
Harnett	Dunn	.20		.20	.80	.40	.50	.30	.30	.80	.30	.30	.50	.50	.50	.80	.80	.30		.50	.80	.30	.80	.80	.40
North Dakota:																									
Cass	Fargo	.48		.48	1.35	.90	.70	.55	.55	.90	.55	.55	.70	1.00	.85	.95	1.00	.55	.70	.75	.75	.55	1.00	1.00	.55
Burleigh	Bismarck	.48		.48	1.35	.90	.69	.55	.55	.90	.55	.55	.69	1.00	.85	.95	.90	.55	.69	.75	.75	.55	.90	1.00	.55
Walsh	Grafton	.40		.40	1.35	.80	.55	.45	.45	.80	.45	.45	.55	.80	.75	.85	.80	.45	.55	.65	.65	.45	.80	1.00	.45
Ohio:																									
Cuyahoga	Cleveland	.60		.43	1.62	1.37	1.37	.88	1.15	1.65	.88	.88	1.50	1.62	1.30	1.62	1.50	.92		1.42	1.37		1.50	1.62	.75
Hamilton	Cincinnati	.60		.43	1.62	1.45	1.37	.65	.90	1.50	.65	1.00		1.40	1.35	1.62	1.50		1.37	1.25	1.37		1.50	1.52	.65
Summit	Akron	.60		.43	1.50	1.12	1.37	.71	.80	1.20	.71	.71	1.50	1.50	1.15	1.62	1.37	.71	1.37	1.12	1.12		1.37	1.62	.65
Franklin	Columbus	.50		.43	1.56	1.15	1.00	.65	.65	1.00	.65	.80	1.30	1.20	1.12	1.37	1.37		1.25	.75	1.00		1.37	1.37	.65
Clark	Springfield	.50		.40	1.25	1.00	1.00	.60	.65	1.00	.60		1.00	1.00	1.00	1.00	1.35		1.00				1.20		.60
Allen	Lima	.40		.37	1.25	.85	.85	.45	.45	.85	.45	.45		.85	.85	1.25	.85	.45	.85	.85			.85	.85	.50
Ross	Chillicothe	.45		.34	1.50	.80	.80	.51	.51	.90	.51		.75	1.12	.80	1.12	1.12		.80				1.12		.50
Warren	Franklin	.40		.31	.85	.65	.65	.45	.45	.85	.45	.45		.65	.65	.80	.85		.65	.65	.65		.65	.65	.40

[1] All fractions of cents dorpped.

Hourly wage rates for Works Progress Administration selected occupations, February 1939[1]—Continued

State and county	City	Laborer			Bricklayers	Carpenters	Cement finishers	Cement finishers' helpers	Concrete mixer operator	Electrician	Electrician helper	Hod carrier	Hoisting engineer	Lather	Painter	Plasterer	Plumber	Plumber helper	Reinforced steel workers	Roofers (composition)	Sheet metal worker	Sheet metal worker's helper	Steamfitters	Structural iron workers	Truck drivers under 5 tons)
		Common	Construction	Seamstress																					
Oklahoma:																									
Oklahoma	Oklahoma City	$0.41	.....	$0.41	$1.50	$1.25	$1.50	$0.61	$0.61	$1.15	$0.61	$0.61	$0.90	$1.25	$1.00	$1.50	$1.25	$0.63	.....	$1.25	$1.25	$0.61	$1.25	$1.25	$0.61
Tulsa	Tulsa	.41	.....	.41	1.50	1.25	1.25	.61	.61	1.35	.61	.61	.90	1.25	1.25	1.50	1.25	.63	.....	1.15	1.35	.61	1.50	1.25	.61
Muskogee	Muskogee	.36	.....	.36	1.50	1.00	1.00	.49	.49	1.00	.49	.49	.75	1.00	1.00	1.15	1.25	.53	.....	1.00	1.25	.49	1.25	1.25	.49
Okmulgee	Okmulgee	.32	.....	.32	1.40	1.00	1.05	.45	.45	1.00	.45	.45	.75	1.00	1.15	1.35	1.00	.46	.....	1.25	1.25	.45	1.10	1.00	.45
Craig	Vinita	.29	.....	.29	1.25	.75	.80	.37	.37	.90	.37	.37	.65	.60	.70	.85	1.00	.40	.....	1.00	1.00	.37	1.00	1.00	.37
Oregon:																									
Multnomah	Portland	.50	.....	.46	1.50	1.13	1.13	.....	.75	1.25	.....	1.13	1.00	1.38	1.10	1.50	1.50	.....	$1.13	1.38	1.20	.....	1.50	.....	.78
Marion	Salem	.48	.....	.40	1.20	1.00	.78	.....	.55	1.00	.....	.....	.....	1.00	.90	1.20	1.25	.....	.78	.78	.78	.....	.78	.....	.70
Clatsop	Astoria	.44	.....	.37	.85	.85	.85	.....	.55	.85	.....	.85	.85	.85	.85	.85	.85	.....	.85	.85	.85	.....	.85	.....	.63
Columbia	St. Helens	.44	.....	.34	.85	.85	.85	.....	.55	.85	.....	.85	.85	.85	.85	.85	.85	.....	.85	.85	.85	.....	.85	.....	.60
Pennsylvania:																									
Allegheny	Pittsburgh	.50	$0.80	.50	1.75	1.49	1.49	.....	1.49	1.65	.....	1.12	1.55	1.75	1.37	1.75	1.70	1.00	.....	1.37	1.49	.65	1.70	1.49	.65
Philadelphia	Philadelphia	.50	.....	.50	1.63	1.25	1.25	.....	1.00	1.37	.65	.69	1.49	1.49	1.12	1.55	1.44	.....	1.25	.85	1.25	.60	1.44	1.65	.71
Lackawanna	Scranton	.50	.....	.50	1.49	1.12	1.20	.....	.75	1.12	.62	.60	.....	1.12	1.12	1.50	1.20	.62	.....	1.00	1.12	.60	1.20	1.12	.60
Dauphin	Harrisburg	.50	.....	.50	1.25	1.00	1.25	.....	.59	1.06	.70	.70	1.25	1.12	.85	1.25	1.12	.60	1.00	.85	1.00	.60	1.12	1.50	.59
Erie	Erie	.50	.....	.50	1.49	1.14	1.25	.....	.59	1.25	.....	.65	1.00	1.20	1.04	1.49	1.25	.65	.90	.70	.85	.....	1.25	1.12	.65
Northampton	Bethlehem	.50	.....	.50	1.20	1.20	1.20	.....	.60	1.20	.65	.90	1.20	1.20	1.00	1.20	1.20	.65	1.00	.89	.89	.....	1.20	1.20	.59
Butler	Butler	.50	.....	.50	1.25	1.25	1.25	.....	.57	.90	.60	.57	.80	1.00	.85	1.25	.85	.57	.70	.80	.80	.57	.85	.80	.57
Rhode Island:																									
Providence	Providence	.50	.....	.39	1.50	1.00	1.15	.....	.60	1.15	.65	.70	1.50	1.37	1.00	1.50	1.35	.60	1.50	1.15	1.15	.60	1.37	.....	.60
Newport	Newport	.45	.....	.39	1.50	1.00	1.15	.....	.60	1.15	.65	.70	1.50	1.37	1.00	1.50	1.35	.60	1.50	1.15	1.15	.....	1.37	.....	.60
Bristol	Bristol	.45	.....	.39	1.50	1.00	1.15	.....	.60	1.15	.65	.70	1.50	1.37	1.00	1.50	1.35	.60	1.50	1.15	1.15	.....	1.37	.....	.60
South Carolina:																									
Charleston	Charleston	.27	.....	.27	.90	.75	.75	.48	.48	1.00	.48	.....	.....	.75	.75	.90	1.25	.48	.....	1.00	1.00	.48	1.25	.....	.38
Richland	Columbia	.27	.....	.27	.90	.75	.75	.48	.48	1.00	.48	.....	.....	.75	.75	.90	1.25	.48	.....	1.00	1.00	.48	1.25	.....	.38
Greenville	Greenville	.26	.....	.26	.75	.75	.75	.45	.45	.75	.45	.....	.....	.75	.75	.75	1.00	.45	.....	1.00	1.00	.45	.45	.....	.34
Anderson	Anderson	.22	.....	.22	.75	.75	.65	.38	.38	.75	.38	.....	.....	.50	.65	.75	.75	.38	.....	.75	.75	.38	.75	.....	.28
Abbeville	Abbeville	.19	.....	.19	.60	.50	.50	.30	.30	.50	.30	.....	.....	.50	.50	.60	.60	.30	.....	.60	.60	.30	.60	.....	.24
South Dakota:																									
Minnehaha	Sioux Falls	.40	.....	.37	1.37	.90	.80	.42	.54	.90	.42	.42	.54	.....	.80	1.20	1.00	.42	.....	.54	.54	.....	.80	.....	.40
Brown	Aberdeen	.40	.42	.37	1.37	.80	.80	.42	.52	.90	.42	.42	.52	.....	.80	1.20	1.00	.42	.....	.52	.52	.....	.80	.....	.40
Brookings	Brookings	.40	.41	.37	1.37	.80	.80	.41	.50	.90	.41	.41	.50	.....	.80	1.20	1.00	.41	.....	.50	.50	.....	.80	.....	.40
Tennessee:																									
Davidson	Nashville	.30	.....	.30	1.50	1.00	1.25	.42	.42	1.12	.42	.42	1.00	1.25	1.00	1.37	1.25	.42	.....	.65	1.00	.42	1.25	1.25	.65
Shelby	Memphis	.30	.....	.30	1.62	1.12	1.12	.42	.42	1.25	.65	.62	1.25	1.00	1.00	1.56	1.37	.42	.....	1.00	1.12	.42	1.37	1.25	.75
Knox	Knoxville	.30	.....	.30	1.25	1.00	1.00	.42	.42	1.25	.42	.42	1.00	1.00	.80	1.25	1.25	.42	.....	1.00	1.00	.42	1.25	1.37	.42
Washington	Johnson City	.26	.....	.26	.60	.60	.60	.34	.34	.60	.34	.34	.60	.60	.60	.60	.60	.34	.....	.60	.60	.34	.60	.60	.60
Sullivan	Bristol	.21	.....	.21	.50	.50	.50	.28	.28	.50	.28	.28	.50	.50	.50	.50	.50	.28	.....	.50	.50	.28	.50	.50	.50
Coffee	Tullahoma	.18	.....	.18	.40	.40	.40	.23	.23	.40	.23	.23	.40	.40	.40	.40	.40	.23	.....	.40	.40	.23	.40	.40	.23
Texas:																									
Harris	Houston	.35	.55	.29	1.50	1.12	1.25	.55	.55	1.50	.55	.55	1.12	1.12	1.12	1.50	1.50	.55	1.12	1.12	1.50	.55	1.50	1.12	.55
Dallas	Dallas	.35	.55	.29	1.50	1.00	1.00	.55	.55	1.25	.55	.55	1.00	1.00	1.00	1.50	1.50	.55	1.00	1.00	1.37	.55	1.50	1.00	.55
Bexar	San Antonio	.30	.45	.29	1.50	1.00	1.00	.45	.45	1.25	.45	.45	1.00	1.50	1.00	1.50	1.50	.45	1.00	1.00	1.25	.45	1.50	1.25	.45
McLennan	Waco	.30	.45	.27	1.50	1.00	1.00	.45	.45	1.00	.45	.45	1.00	1.00	1.00	1.25	1.00	.45	1.00	1.00	1.00	.45	1.00	1.00	.45
Potter	Amarillo	.30	.45	.26	1.50	1.00	1.00	.45	.45	1.25	.45	.45	1.00	1.00	1.00	1.50	1.25	.45	1.00	1.00	1.00	.45	1.25	1.00	.45
Bell	Temple	.25	.40	.22	.75	.75	.75	.40	.40	.75	.40	.40	.75	.75	.75	.75	.75	.40	.75	.75	.75	.40	.75	.75	.40
Bee	Beeville	.30	.45	.20	.75	.75	.75	.45	.45	.75	.45	.45	.75	.75	.75	.75	.75	.45	.75	.75	.75	.45	.75	.75	.45
Utah:																									
Salt Lake	Salt Lake City	.50	.....	.50	1.25	1.10	1.10	.65	.60	1.10	.65	1.10	.....	1.25	1.10	1.50	1.10	.65	.....	1.10	1.10	.65	1.10	.....	.65
Weber	Ogden	.50	.....	.50	1.25	1.10	1.10	.65	.60	1.10	.65	1.10	.....	1.25	1.10	1.50	1.10	.65	.....	1.10	1.10	.65	1.10	.....	.65
Utah	Provo	.50	.....	.50	1.25	1.10	1.10	.65	.60	1.10	.65	1.10	.....	1.25	1.10	1.50	1.10	.65	.....	1.10	1.10	.65	1.10	.....	.65
Carbon	Price	.50	.....	.50	1.25	1.10	1.10	.65	.60	1.10	.65	1.10	.....	1.25	1.10	1.50	1.10	.65	.....	1.10	1.10	.65	1.10	.....	.65
Vermont:																									
Washington	Montpelier	.40	.....	.35	1.00	.86	.75	.....	.50	.90	.50	.....	.70	.....	.75	1.00	.90	.50	.....	.....	.....	.....	.....	.....	.45
Chittenden	Burlington	.40	.....	.35	1.25	.86	.75	.....	.50	.90	.50	.....	.70	.....	.75	1.25	.90	.50	.....	.....	.....	.....	.....	.....	.45
Addison	Middlebury	.32	.....	.32	.70	.65	.55	.....	.40	.90	.40	.....	.60	.....	.55	.70	.70	.40	.....	.....	.....	.....	.....	.....	.35
Virginia:																									
Norfolk	Norfolk	.28	.41	.28	1.37	.90	.60	.50	.50	.90	.50	.50	.60	.....	.80	1.25	1.10	.50	.....	.75	.75	.50	1.10	.80	.45
Henrico	Richmond	.28	.41	.28	1.25 .51	.70 .51	.70 .51	.41	.50	.80 .51	.41	.41	.80	.....	.70 .51	.90 .51	.80 .51	.41	.....	.80 .51	.....	.41	.80 .51	.90	.41
Roanoke	Roanoke	.30	.38	.27	.90	.47 .65	.47 .65	.38	.38	.65	.38	.38	.65	.....	.47 .65	.62	.65	.38	.....	.65	.65	.38	.65	.90	.40
Dinwiddie	Petersburg	.26	.34	.26	.44 1.00	.44 .60	.44 .50	.34	.34	.75	.34	.34	.75	.....	.44 .60 .71	.75	.75	.34	.....	.60	.60	.34	.75	.70	.34
Arlington	Alexandria	.25	.38	.25	.80 .60	.45 .60	.45 .60	.38	.38	.70	.38	.38	.....	.....	.40 .65	.80	1.00	.38	.....	.70	.60	.38	1.00	.80	.38
Halifax	South Boston	.19	.25	.19	.78 .95	.31 .50	.35 .50	.25	.40	.70	.25	.25	.85	.....	.31 .45	.60	.78	.25	.....	.60	.50	.25	.78	.60	.30
Washington:																									
King	Seattle	.58	.....	.46	1.50	1.24	1.24	.....	.73	1.50	.....	1.24	1.24	1.50	1.24	1.50	1.50	.....	1.24	1.24	1.35	.....	1.50	1.35	1.09
Spokane	Spokane	.51	.....	.51	1.50	1.24	1.35	.....	.61	1.24	.....	1.09	1.24	1.50	1.24	1.50	1.35	.....	1.24	1.02	1.24	.....	1.35	1.50	.89
Pierce	Tacoma	.58	.....	.46	1.50	1.29	1.35	.....	.73	1.50	.....	1.24	1.24	1.50	1.24	1.50	1.50	.....	1.29	1.24	1.35	.....	1.50	1.35	1.00
Snohomish	Everett	.50	.....	.40	1.46	1.23	1.23	.....	.66	1.46	.....	1.07	1.17	1.46	1.23	1.46	1.46	.....	1.17	1.23	1.30	.....	1.46	1.30	.98
Yakima	Yakima	.46	.....	.37	1.17	1.00	1.17	.....	.53	1.05	.....	.88	.75	1.17	1.17	1.17	1.11	.....	1.17	1.17	1.05	.....	1.11	1.24	.75
Pacific	Raymond	.48	.....	.34	1.31	1.08	1.02	.....	.69	1.23	.....	.97	1.23	1.08	1.15	1.31	1.31	.....	1.15	.97	1.23	.....	1.31	1.31	.92
West Virginia:																									
Cabell	Huntington	.45	.....	.45	1.25	1.00	1.25	.55	.55	1.12	.55	.55	1.00	1.00	1.00	1.00	1.25	.55	.80	1.00	1.00	.55	1.00	1.35	.80
Kanawha	Charleston	.45	.....	.45	.80	.80	.80	.55	.55	.80	.55	.55	.80	.80	.80	.80	.80	.55	.80	.80	.80	.55	.80	.80	.80
Harrison	Clarksburg	.45	.....	.45	.80	.80	.80	.55	.55	.80	.55	.55	.80	.80	.80	.80	.80	.55	.80	.80	.80	.55	.80	.80	.80
Berkeley	Martinsburg	.40	.....	.40	.80	.80	.80	.50	.50	.80	.50	.50	.80	.80	.80	.80	.80	.50	.80	.80	.80	.50	.80	.80	.80
Greenbrier	Alderson	.40	.....	.40	.80	.80	.80	.50	.50	.80	.50	.50	.80	.80	.80	.80	.80	.50	.80	.80	.80	.50	.80	.80	.80
Wisconsin:																									
Milwaukee	Milwaukee	.85	.....	.50	1.45	1.20	1.30	.....	.87	1.30	.....	.95	1.35	1.38	1.12	1.38	1.35	.....	1.25	1.00	1.20	.....	1.36	1.38	.86
Dane	Madison	.61	.....	.50	1.38	1.10	1.02	.....	.70	1.30	.....	.75	1.00	1.22	1.02	1.25	1.25	.....	1.24	.99	1.10	.....	1.25	1.38	.65
La Crosse	La Crosse	.54	.....	.46	1.25	1.00	1.00	.....	.62	1.00	.....	.75	1.00	.89	.89	1.11	1.20	.....	1.00	.66	.89	.....	1.20	1.00	.60
Marinette	Marinette	.50	.....	.42	1.00	.80	.80	.....	.54	.71	.....	.54	1.00	.80	.71	1.00	.80	.....	.80	.54	.71	.....	.80	.80	.50
Door	Sturgeon Bay	.48	.....	.42	.80	.71	.71	.....	.59	.71	.....	.54	1.00	.71	.71	.71	.71	.....	.71	.54	.71	.....	.71	.71	.50
Wyoming:																									
Laramie	Cheyenne	.42	.....	.42	.61	.61	.61	.....	.61	.61	.48	.48	.61	.61	.61	.61	.61	.48	.61	.61	.61	.48	.61	.61	.48
Natrona	Casper	.42	.....	.42	.61	.61	.61	.....	.61	.61	.48	.48	.61	.61	.61	.61	.61	.48	.61	.61	.61	.48	.61	.61	.48
Albany	Laramie	.42	.....	.42	.61	.61	.61	.....	.61	.61	.48	.48	.61	.61	.61	.61	.61	.48	.61	.61	.61	.48	.61	.61	.48
Carbon	Rawlins	.42	.....	.42	.58	.58	.58	.....	.58	.58	.47	.47	.58	.58	.58	.58	.58	.47	.58	.58	.58	.47	.58	.58	47

[1] All fractions of cents dropped.

UNITED STATES DEPARTMENT OF LABOR,
WAGE AND HOUR DIVISION,
Washington, D. C.

SURVEY OF COMPARATIVE LIVING COSTS

A survey of comparative living costs in five small southern cities and five northern cities of similar size, just completed by the United States Bureau of Labor Statistics for Administrator Elmer F. Andrews, of the Wage and Hour Division, United States Department of Labor, found the average was 3.1 percent lower for the five southern cities.

The study was undertaken by the Bureau of Labor Statistics at the request of Mr. Andrews, who wanted all pertinent information on questions that may come before him in conducting hearings and passing upon the minimum-wage recommendations of the various industry committees. The questions of wage differentials in favor of the South and of living costs in the South, as compared with the North, have already come up before some of these committees.

The report of the Bureau of Labor Statistics showed that while, on the average, rents in the five southern cities surveyed is 7.6 percent lower than for similar housing in the North and fuel costs are 34.2 percent lower, there was no essential difference in food costs. The cost of clothing was 2 percent higher in the five southern cities surveyed; furniture, furnishings, and equipment 3.8 percent higher, and miscellaneous items 3 percent higher.

Rents for company houses were not included in the survey of cities in either region because the Fair Labor Standards Act provides that the wages required under the act may include "the reasonable cost, as determined by the Administrator, to the employer of furnishing such employee with board, lodging, or other facilities." The rents tabulated were for houses of four, five, and six rooms having, as a minimum, running water, inside flush toilets, and electricity for lighting.

Families in both regions have adapted their expenditures to local prices, consuming more of the goods which are relatively cheap in the locality, and less of those goods and services which are relatively more expensive. Thus, based on the prices of goods consumed by an average family of an employed wage earner in the North, the Bureau of Labor Statistics finds that the cost of such a northern budget is 1 percent less in the five southern cities surveyed than in the northern cities surveyed. In dollars, the cost is $1,387 in the northern cities and $1,374 in the southern cities. Wage-earner families in the five southern cities, on the average, would have to spend $13 less annually than wage earners in the five northern cities to live on the same standard.

On the other hand, it is pointed out, the cost of goods consumed by an average family of an employed wage earner in the South was found to be 5.3 percent less in the five southern cities than in the five northern cities.

Since these differences reflect essentially contrasts in buying habits and tastes, rather than in the quality of the living involved, the Bureau of Labor Statistics presents an average of the two patterns of expenditure. The difference of buying habits and of costs was most pronounced in the case of specific foods. Thus the price of corn meal in the five northern cities was almost twice that in the five southern cities covered, and the consumption of corn meal by northern wage-earner families is less than 2 percent of that in the South. Sweet potatoes averaged about 2½ cents less per pound in the southern cities but southern consumption is almost three times as high as northern. Milk prices averaged 2 cents higher per quart in the five southern cities but only half as much milk is consumed by southern wage-earner families. The average price of white bread was 25 percent higher in the South than in the North but southern consumption of this item was only one-third of that in the North.

You will note that in California a common laborer gets 81 cents an hour in San Francisco, and so on down the line until he only gets for the same class of work 45 cents an hour in Fort Bragg. A plasterer gets $1.67 an hour in San Francisco and only 84 cents an hour at Fort Bragg, a difference of approximately 100 percent.

I could go on down through almost the entire list of States and point out similar conditions more outstanding in some cases than in others. In the State of Delaware a common laborer in the city of Wilmington gets 41 cents an hour. In the city of Dover he gets only 25 cents an hour.

In the State of Illinois, whose Representatives appear so pleased with present conditions, it appears that a common laborer in Peoria, the residence of our good friend, the gentleman from Illinois [Mr. DIRKSEN], gets 50 cents an hour. In the county of Clay he gets only 31 cents an hour. It also appears that in that State in the city of Chicago, a plumber gets $1.70 an hour; in the county of Clay the same laborer, doing the same kind of work, gets only 61 cents an hour.

In the State of Iowa it appears that a common laborer in the city of Des Moines gets 67 cents an hour, whereas in the town of Eagle Grove he gets only 35 cents an hour. In New York City a plasterer or a plumber gets $2 per hour; in Lowville, N. Y., the plasterer gets $1 per hour, and a plumber only 65 cents. In Covington, Ky., a reinforced-steel worker is paid $1.37 per hour, while the same worker, if he has a job in Shelbyville, Ky., gets only 35 cents per hour.

The CHAIRMAN. The time of the gentleman from Georgia [Mr. TARVER] has expired.

Mr. TARVER. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection?

Mr. SHAFER of Michigan. Mr. Chairman, I object.

Mr. TARVER. Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. TARVER. Mr. Chairman, I am sorry that it is not possible to go into all of these discriminations, but we are seeking to do something here to correct them.

I have invited the subcommittee who had this matter under consideration to work out some plan itself in connection with the W. P. A., but it has not done so. If the plan that I suggest here is not a fair plan, it may be changed to some other plan when the bill reaches the Senate, or the matter may be worked out in conference; but certainly a situation in which the same class of labor in different sections of the same State is paid wages differing in amount anywhere from 100 to 400 percent, ought to be corrected, not to speak of the outrageous differentials between States and sections and particularly against the South.

This amendment was submitted to the Committee on Appropriations. Eighteen members of the committee supported it and nineteen opposed it. Every Republican on the committee opposed and a large majority of the Democrats favored it. The same thing will be true here today so far as the Democrats are concerned. It only lost in the committee by a majority of 1 vote. It seems to me, and I appeal to the House at this time, that the basis of fixing these wages set out in my amendment is a fair basis and ought to be adopted by the Congress. If it should not be adopted, then certainly an amendment of like character ought to be written into the bill in order that further consideration on this subject may be assured before the Senate when the bill reaches that body.

Why men who voted on the passage of the wage-hour bill that southern industry should be allowed no differentials at all in wages should vote for their W. P. A. constituents to have four or five times as much in some instances as men doing the same work in the South is beyond my comprehension. [Applause.]

[Here the gavel fell.]

Mr. WOODRUM of Virginia. Mr. Chairman, I ask unanimous consent that all debate on this amendment may close in 10 minutes.

The CHAIRMAN. Is there objection?

Mr. NICHOLS. Mr. Chairman, reserving the right to object, I do not object to the limitation of time, but so far on this bill I have not used one minute of time. I would like to have 5 minutes on this amendment.

Mr. WOODRUM of Virginia. The hour is getting somewhat late. I would dislike to have the House remain here until midnight.

Mr. SCHAFER of Wisconsin. Regular order, Mr. Chairman.

The CHAIRMAN. Is there objection?

Mr. HOOK. Mr. Chairman, I object.

Mr. WOODRUM of Virginia. Mr. Chairman, I renew my request, and will make it 15 minutes, and I would like to reserve 2 minutes of that.

The CHAIRMAN. The gentleman from Virginia asks unanimous consent that all debate on the pending amendment be confined to 15 minutes, the gentleman from Virginia reserving 2 minutes for himself. Is there objection?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Oklahoma [Mr. NICHOLS].

Mr. NICHOLS. Mr. Chairman, I know the Committee is getting restless and probably would like to dispose of this matter and get away. I am as anxious as anyone to do that. I cannot see, though, why a provision of this kind, something approaching this type of provision, was not placed in the bill by the committee.

It is going to be right interesting for me to listen to members of the committee oppose this amendment. This amendment provides that wage differentials shall not vary greater than the cost of living. So far as I am concerned, I can think of no more equitable proposition than that. Of course, costs of living over the United States do vary. For instance, down in the rural sections of my district some people live cheaper than they do in the cities, but it is not anything like the differential paid for W. P. A. labor as between the cities and the rural sections or the cities and the small towns. Within my State county lines, imaginary lines, with a neighbor living on one side and a neighbor on the other, doing exactly the same work, there is a differential in some instances of as much as 20 percent in the amount that one on one side receives as against the one on the other side. There is no sense in such a situation. No one can explain it. No administrator of W. P. A. will attempt to justify it, except to say that it is an arbitrary rule laid down by the W. P. A.

Mr. ZIMMERMAN. Will the gentleman yield?

Mr. NICHOLS. I yield.

Mr. ZIMMERMAN. After all, is not the purpose of this whole legislation to give people a living, and the cost of living should be considered in fixing the wage to be received?

Mr. NICHOLS. It is not anticipated here that we will make work on W. P. A. so attractive that they will make it a livelihood, or make it a life pursuit; and unless you are going to place some limitation on differentials of wage scales similar to this, then those favored sections of the United States which enjoy a dollar-an-hour labor are employing labor at such a high wage that you are making it as attractive to them to be on W. P. A. as it is for them to be in private employment; and this should not be the situation.

Mr. MURDOCK of Arizona. Mr. Chairman, will the gentleman yield?

Mr. NICHOLS. I yield.

Mr. MURDOCK of Arizona. Does not this differential between localities cause misunderstanding and discontent?

Mr. NICHOLS. Of course it causes discontent. It causes lack of content among neighbors actually across an imaginary line which divides them.

Mr. RANDOLPH. Mr. Chairman, will the gentleman yield?

Mr. NICHOLS. I yield.

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from West Virginia [Mr. RANDOLPH] for 2½ minutes.

Mr. RANDOLPH. Mr. Chairman, I sought to make an observation in the time of the gentleman from Oklahoma because I did not understand that I was allotted time. I reemphasize the fact which has been emphasized by the previous speaker and I give an example. In Monongalia County, W. Va., the wage paid W. P. A. workers is lower than the amount paid W. P. A. workers just across the line in Greene County, Pa. Living conditions, climatic conditions, all conditions are identical in these two counties, one in West Virginia where a lower rate is paid, and the other in Pennsylvania where a higher rate is paid. This is absolutely wrong and certainly not in the spirit of a fair work-relief program. In the past, as now, I have joined my colleagues in an attempt to right this wrong which exists.

In West Virginia we find a higher wage paid in one county than in another. This same situation exists in many, many sections of West Virginia and in other States. I certainly hope, and believe, that the membership of this Committee is going to try at this time to vote for this amendment as it has been offered by the gentleman from Georgia [Mr. TARVER], or, if not such an amendment, certainly some proposal which will tend to cure the evil which exists today in connection with wage differentials paid to W. P. A. workers. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. HOOK] for 2½ minutes.

Mr. HOOK. Mr. Chairman, I certainly favor this amendment. As an illustration, in the State of Michigan, in the Upper Peninsula of Michigan, the wage scale for common labor is $44, but in lower Michigan, and especially around the metropolitan areas, it runs as high as $60. W. P. A. officials attempt to justify that differential on the ground that it costs less to live in our section than it does in the metropolitan area. With the long winters and with the extra clothes and all that is needed up in our section, it certainly justifies the same wage scale as any other part of the State.

I think the amendment that has been offered cures this situation to a certain extent, but there still will be a differential based on the argument of the W. P. A. that there is a difference in the cost of living.

I am offering an amendment also that will set a rate exactly the same throughout the State. I hope that this amendment passes, but I am offering an amendment a little later to see that the same wage scale is set throughout the State and that there be no differentials within the bounds of the State. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The gentleman from Texas [Mr. POAGE] is recognized for 2½ minutes.

Mr. POAGE. Mr. Chairman, it seems to me that we have come at last to an amendment on which there should be no difference of opinion. We are not asking for any additional money. The passage of this amendment will not add one dollar of expense to the Treasury or to the taxpayers. The passage of this amendment will simply say that we are trying to do justice to everyone, regardless of the locality in which they live. It will simply say that the United States Government intends in this operation to apply the same rule it has required by its laws that the citizens of this Nation apply when dealing one with another. The citizens who work for private industry in my State draw, under the Wage and Hour Act, the same wage in the same industry that they draw in other States, without regard to cost of living, but this amendment would say we want to be just, we want to go further than the Wage and Hour Act and say that we will give to the man who lives in the industrial section, where the costs of living are high, a higher wage in order that he may meet the cost of living.

We will give to the man who lives in the big city more money than we will give to the man who lives in the country, because it takes more to live in the city, and we will give him in exact equality and with even-handed justice the same percentage payment in proportion to the cost of living as it bears in either section.

I hope we will not find a division here down this middle aisle when the vote is taken. I realize that on the committee vote every Republican member of that committee voted against this amendment. If this amendment is voted down, it will be because of those gentlemen on this side. If defeated it will be voted down on that side of the aisle, just as it was in committee. I cannot understand how my Republican friends can go home and say to their people who are not drawing the same wage in proportion to the cost of living in their community that is being drawn in other communities, "We voted to keep you from getting your fair share—from enjoying the same opportunity to earn a living that other citizens of the United States have."

Let the United States deal justly with all our people, regardless of where they live.

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Virginia [Mr. WOODRUM].

Mr. WOODRUM of Virginia. Mr. Chairman, the question of wage differentials is one of the most difficult problems not only that the W. P. A. has to contend with but that industry has to contend with. Wage differentials exist in private in-

dustry, maybe not to the same extent, but it exists just the same, and it is an extremely important matter. I do not know what the effect of this amendment may be. But when you undertake to fix this sort of standard for a wage, I am confident it will do one thing. It will cut down the number of jobs that may be given by the W. P. A. Why do I make that statement? Because I am sure no one's wages will be lowered. Whatever will be done will be to raise the level and when you raise the lower wages you cut down the number of jobs to be obtained.

There is a provision later on in this bill, which the committee hopes will be sustained by the House, recommended by the W. P. A., and it is the President's idea, that we get back to a security wage with a 130-hour month, rather than the prevailing rate of wages with a shorter-hour month. The W. P. A. feels this will, to a large extent, relieve some of this discrimination in the way of wage differentials, although not altogether. The W. P. A. feels it will be a long step in that direction.

I hope the committee will not adopt the pending amendment, because while I am most sympathetic with the objective which my friend has in mind, I am quite confident it will have the effect of materially decreasing the number of jobs which will be at the disposal of the W. P. A. program.

Mr. Chairman, I hope the amendment will be defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Georgia [Mr. TARVER].

The question was taken; and on a division (demanded by Mr. TARVER) there were—ayes 80, noes 122.

Mr. TARVER. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed Mr. O'NEAL and Mr. TARVER to act as tellers.

The Committee again divided; and the tellers reported there were—ayes 111, noes 159.

So the amendment was rejected.

Mr. McKEOUGH. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. McKEOUGH: Page 17, strike out the whole of subsection (b) of section 16, beginning on line 19 or page 17 and ending on line 6 of page 18, and insert in lieu thereof the following:

"(b) Employable persons who have been certified as in need of employment for a period of 6 months or more, and who have not in that period been given employment on work projects, shall have preference in employment over persons who have been in active employment status on such work projects for a period of 3 years or more."

Mr. McKEOUGH. Mr. Chairman, before I discuss the amendment I propose in lieu of that which has been submitted by the committee, I would like to direct the attention of the House to the very fine achievements that the deliberations of this body today have accomplished in the direction apparently set out by the Appropriations Committee at the time of its deliberations and study with relation to the fiscal appropriation for W. P. A. for the year 1939–40. You have listened, as have I, in one instance to the chairman, the distinguished gentleman from Virginia, refer in great praise to the splendid accomplishments of the W. P. A., and in the next indicate that with relation to certain of the activities that had been supervised by the W. P. A., the expenditure of money has been a complete loss with relation to the activities which he enumerated.

I say with all respect to the entire membership of the Appropriations Committee, and particularly to the subcommittee that made a study of the W. P. A., that insofar as the objective you have deliberately sought to achieve is concerned, which is a complete restriction of the W. P. A. activities to the point of complete sabotaging of this great agency of the Federal Government, on the success you achieved, I pay you my high compliments.

I also wish to direct the attention of the members of the Committee that apparently the Appropriations Committee felt quite confident as to its ability to achieve the result I now so highly praise it for; and not content alone with the destruction of the W. P. A. I wish to direct the attention of the members of the Committee to the fact that with relation to another great agency of the present national administration of Government of the United States, the P. W. A., they have accomplished practically the same result.

May I direct attention to what was accomplished by the $125,000,000 which was taken from the $1,477,000,000 recommended by the President and approved by the Budget, to which reference has been so frequently made by those who discussed the fact that in this instance the Appropriations Committee stood by the President? They brought in the amount the President recommended, failing to indicate that in taking down $125,000,000 of it, allocating that to the P. W. A., they have failed to bring in the $1,477,000,000 the President asked for, in that they have diverted $125,000,000 to the P. W. A.

All I ask you to do is recall that when this Congress was convened on the 3d day of January this year there was offered a recommendation from the President that the deficiency appropriation for the W. P. A. be $875,000,000.

[Here the gavel fell.]

Mr. SABATH. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. McKEOUGH. I thank the members of the Committee for this generous contribution of an additional 5 minutes. I really feel, however, I need offer no apology because for the 5 years I have been here I have inflicted myself on the House on only two other occasions.

I feel deeply about what has been done today. I say that the W. P. A. program for next year has been sabotaged. I say that in view of the previous appropriations by the Congress of our country to the extent of approximately $5,000,000,000 for P. W. A., a child 5 years old must know that $125,000,000 in the direction of the P. W. A. program stultifies and destroys that sort of a program. So we can say to the Appropriations Committee, and with particular emphasis not to my Republican colleagues on the left but to those of my Democratic faith on the right who joined with the Republicans in bringing in this sort of a program, that they will answer to the people, not alone of their respective districts but of the country, in that they have stabbed their leader in the back. I still believe that the people of America love Franklin D. Roosevelt more than they love any Representative in this House. [Applause.]

I say to the Republicans who booed instead of cheered that you will not have long to wait. We will meet in convention about a year from now and the Republican Party will be in as great a state of confusion wherever they meet for their national convention as they have been in the last 10 years since you elected Herbert Hoover in 1928. I say to you again—and I welcome your boos—who will the distinguished representative of your political philosophy be that you will nominate? Will it be the daring young prosecutor of New York? [Applause.] Fine, and I hope he is nominated. But I want to say to my Republican friends that if the Republican candidate is the young gentleman of New York, who was given his opportunity to make his place in the sun because of the great, broad outlook on matters of civil government by the present distinguished Democratic Governor of New York, the Honorable Herbert Lehman, I have no worry as to the result, in spite of the fact there will be some on the Republican side of this House who will take the cry to the country, "No third term for a President." Some of you will have to "eat crow" in that event, at least the distinguished Member from New York, Hon. HAMILTON FISH, who defended in 1912 a third-term candidate. So we welcome the issue.

I wish it could be established tonight that the people of America would be asked to decide between any Republican, whether he be Dewey, Vandenberg, Taft, or anyone else. [Applause.] Oh, I trust there will be a better spirit of sportsmanship. Because of the applause from the Republican side I failed to complete the list. Maybe you will have to go back to the distinguished citizen of California, Herbert

Hoover, or possibly you may come out to Chicago and select him who was the Republican candidate 2 years ago for Vice President, who is well known in the city of Chicago as the "carpetbagger from New Hampshire," Frank Knox, the publisher of the Chicago Daily News.

I say to you Republicans, this is your inning this afternoon. You have done a dastardly job. I am sorry there were any Democrats who made this double assassination of the W. P. A. and P. W. A. a possibility. I repeat, let us have Hoover in '40 against Franklin Delano Roosevelt and I know what the verdict of the people will be. [Applause.]

[Here the gavel fell.]

Mr. WOODRUM of Virginia. Mr. Chairman, I should like to see if we can agree on a limitation of time on this section. There has already been 10 minutes of debate on the section. I ask unanimous consent, Mr. Chairman, that all debate on this section and all amendments thereto close in 20 minutes, and I would like to have 3 minutes of that time.

Mr. O'TOOLE. I object, Mr. Chairman.

Mr. WOODRUM of Virginia. Mr. Chairman, I move that all debate on this section and all amendments thereto close in 20 minutes.

Mr. O'TOOLE. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. O'TOOLE. How many amendments to this section are on the Clerk's desk?

The CHAIRMAN. At least 30 amendments.

Mr. WOODRUM of Virginia. Not to this section, Mr. Chairman.

The CHAIRMAN. The Chair may state, in answer to the parliamentary inquiry of the gentleman from New York as to the number of amendments to this particular section, that the Chair's statement referred to the title. There are about 30 amendments to the title. The Chair is informed that there are about 13 amendments to this particular section.

Mr. SCHAFER of Wisconsin. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. SCHAFER of Wisconsin. In view of the fact that we have over 13 amendments to this section and it is proposed to limit debate to 20 minutes, can we be assured that 10 minutes of that debate will not be taken up in making a Democratic Presidential nomination speech like the last one?

Mr. PARSONS. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. PARSONS. To what section does the pending motion pertain?

The CHAIRMAN. The Chair may state that the motion applies to section 16.

Mr. PARSONS. To section 16 only?

The CHAIRMAN. That is the understanding of the Chair.

Mr. MARTIN of Colorado. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. MARTIN of Colorado. How does it happen that we are amending section 12 and later sections when amendments pertaining to section 11 are undisposed of?

The CHAIRMAN. The Chair will state that those amendments can be offered later.

The question is on the motion of the gentleman from Virginia that all debate on this section and all amendments thereto close in 20 minutes.

The motion was agreed to.

Mr. COCHRAN. Mr. Chairman, I offer a substitute amendment.

Mr. HOOK. Mr. Chairman, I offer a preferential motion.

The CHAIRMAN. The gentleman will state his preferential motion.

Mr. HOOK. Mr. Chairman, I move that the Committee do now rise.

The question was taken; and on a division (demanded by Mr. HOOK) there were—ayes 67, noes 222.

So the motion was rejected.

The Clerk read as follows:

Amendment offered by Mr. COCHRAN as a substitute for the amendment offered by Mr. MCKEOUGH: On page 17, line 19, strike out all of subsection (b).

Mr. COCHRAN. Mr. Chairman, if my amendment does not carry, every person who has been certified on W. P. A. in the United States who has been on the roll for 18 months, regardless of whether he or she has 1 or 10 dependents, will go off of the rolls and cannot be restored for 60 days.

I cannot conceive how the committee could put such a provision in this bill. Imagine a man or woman with five or six dependents, who has been on W. P. A. for 18 months, put off the rolls for 60 days with no job, no way to feed his family.

You have on page 19, subsection (g), a provision that investigations must be made from time to time, not less than once in every case every 6 months and take workers off the rolls who are not entitled to be there.

I want to purge the rolls of W. P. A. of everyone who does not belong there, and place those on the roll who should be there. I will join you in such an effort, but I say you make a mistake when you take a man or woman with a family off the rolls for 60 days simply because they have been on W. P. A. for 18 months.

When the investigations are made that you provide for in subsection (g), you are going to purge the rolls of those who do not belong there, but do not make those suffer who have wives and children at home and cannot secure work in private industry. When you remove those from the roll not entitled to certification you make room for those who are.

I appeal to you to give some thought to this provision, and I maintain that this subsection should be stricken from the bill.

Let us rely upon subsection (g) to purge the rolls. That is fair. I know you have people certified who have never been able to get an appointment and I would like to see those persons recognized, but not at the expense of a man with a wife and several children who cannot get work in private industry. If the W. P. A. will make subsection (g) work then you will make room for worthy cases but to serve notice now to men and women with dependents that August 31 you must, regardless of the conditions in your home, get off the roll is unfair and will cause untold suffering. Let us be reasonable and not go to such extremes. Those of us who come from the large cities know very well what this provision will mean. It is too drastic and should be stricken from the bill especially when you have another provision that makes it sure investigations are to be made to determine who should and who should not be recognized.

Mr. JOHNSON of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. COCHRAN. I yield to the gentleman from Oklahoma.

Mr. JOHNSON of Oklahoma. Is it true that this amendment will not only work a hardship on these men with families, but in the case of sewing-room projects, on which are employed needy widows, many of whom have children, who have been on the rolls for more than 6 months, this provision would automatically force all of them off the rolls?

Mr. COCHRAN. It would force them off of the rolls and even if they were recertified the next day, under the provisions of this subsection, they could not get back for 60 days.

In my city, St. Louis, W. P. A. itself is in charge of certifications. Up to August 1938 the State and cities took care of certifications but the money ran out and it was necessary to turn over the work to W. P. A. At that time I pleaded with the W. P. A. officials, city, State, and the Administrator in Washington, to set up an efficient certification system. Those they did place in the office were efficient but I regret to be forced to admit they did not detail a sufficient number of investigators to do the job as it should be done.

On the W. P. A. relief rolls you will find honest men and women—intelligent, capable of making proper investigations, and they will do just as good a job as the nonrelief worker or the social worker if given an opportunity. I cannot conceive of a better W. P. A. project than a sufficient number of competent investigators to continually look into the home conditions of the workers who have been certified. Set up such a project to carry out subsection (g) of this section and you have no need of the provisions of subsection (b), which I seek to strike from the bill. You set up the machinery to do a real job under subsection (g). I appeal to the membership to support my substitute and not make honest men, women, and children suffer by taking their food and shelter from them, as you will do if you leave the provisions I refer to in the bill.

Mr. VOORHIS of California. Mr. Chairman, I offer an amendment to the amendment offered by the gentleman from Illinois [Mr. McKEOUGH].

The Clerk read as follows:

Amendment offered by Mr. VOORHIS of California to the amendment offered by Mr. McKEOUGH: At the end of such amendment add the following: "*Provided*, That veterans and persons 45 years of age and over shall not be removed from employment under the terms of this subsection."

Mr. VOORHIS of California. Mr. Chairman, the most clear-cut proposal you have before you is the substitute amendment of the gentleman from Missouri [Mr. COCHRAN], for which I shall certainly vote. I offer my amendment in order to give you a chance to perfect the amendment of the gentleman from Illinois, which I believe needs to be perfected in this manner, but I shall certainly vote for the substitute motion of the gentleman from Missouri and for every other measure which will change or make less drastic this vicious and cruel provision from the bill.

This is the one provision in the bill that I cannot understand the committee putting in. It means that 700,000 people, many hundreds of thousands of them heads of families, will arbitrarily, without consideration, be immediately dropped from the rolls. I do not think you can administer a thing like that. I do not think you can defend it. I can understand the committee's reason for wanting to rotate employment, but you cannot do it in this way without completely disrupting work on every project and without untold hardship.

The amendment of the gentleman from Illinois would make rotation possible on a decent, workable basis, but with the House in the frame of mind it is now the only thing you can do in a clear-cut fashion is to adopt the substitute of the gentleman from Missouri and be done with this kind of effort until we have time to do it in some decent way so it will not work this hardship to a great percentage of people who would be affected by this provision, including many men of 45 years of age or over.

I have a table here but, obviously, there is no time to read it, but I can show that the percentage of people employed for longer periods goes up until it reaches 29 percent of those people, 60 years of age or over, who have been on the rolls this length of time. These are the people who will be affected by this measure and not the people who could get other jobs. Most of them have already done so.

Obviously, I am not speaking very well because I feel pretty deeply about this and I think it is too bad we have to consider a thing like this at such a late hour when the livelihood of so many American citizens is immediately at stake. [Applause.]

[Here the gavel fell.]

Mr. WOODRUM of Virginia rose.

The CHAIRMAN. Does the gentleman from Virginia desire to address the Committee?

Mr. WOODRUM of Virginia. I understood the Chair had reserved 5 minutes for me.

The CHAIRMAN. A number of amendments are pending. If there is no further debate on the McKeough amendment and the substitute, the Chair will put the pending amendment to a vote so that other pending amendments might be considered.

Mr. WOODRUM of Virginia. I will take my time now, if the Chair will give it to me.

The CHAIRMAN. The gentleman is recognized for 5 minutes.

Mr. WOODRUM of Virginia. Mr. Chairman, please let the House be assured that I have no personal interest in keeping them here any longer than they desire to stay. Whenever the Committee wishes to rise, and, of course, the Committee could do it, anyway, I am perfectly satisfied. The Members are not being ridden by anybody, but are doing what evidently the majority of the Committee desires to do, namely, stay here and complete the bill.

About this amendment, my good friend from Illinois [Mr. McKEOUGH] waxes himself into a lather, chastising the Committee on Appropriations about not giving time to consider this important bill and his amendment, and he takes 10 minutes' time making a political speech and never even mentions his amendment. I am not sure that we have not some amendments in this bill against political coercion that could almost be brought up against my friend from Illinois. Talk about putting politics in relief.

Mr. McKEOUGH. Oh, if I thought I were half as efficient in political activities as the gentleman from Virginia, I would never worry about being reelected.

Mr. WOODRUM of Virginia. I appreciate my friend's good humor.

I must not overlook the fact that my good friend spanked the committee about sabotaging the P. W. A. program. Think of it, the committee sabotaging the P. W. A. program. Why, the President has not sent one penny of Budget estimate here for the P. W. A. program. It has not been sabotaged.

Mr. McKEOUGH rose.

Mr. WOODRUM of Virginia. Oh, I cannot yield any further. The Starnes bill was referred to the Budget, and they reported that it was not in accordance with the President's financial program. The Committee on Appropriations has not sabotaged any P. W. A. program.

Mr. COCHRAN. Mr. Chairman, will the gentleman yield? I would like to hear the gentleman dispute what I said about this provision and the effect of it.

Mr. WOODRUM of Virginia. Very well, I will dispute it "good" for you. Mr. Chairman, the most humane thing written into this bill is this amendment requiring rotation of W. P. A. workers. [Applause.] Let me say this: If the Government were undertaking to give a job to every person out of work, if the program of the administration were to provide a job for every person eligible for a W. P. A. job, what these gentlemen say about the inhumanity of taking them off the rolls would be eminently true, but the program has never called for doing more than giving a job to about one in every three or four entitled to it.

What has happened? People have gotten on this program in some places and have remained there for months. In the city of New York 44 percent of the people on W. P. A. have been there since the beginning of the program. What about the inhumanity, what about the starving, what about the hundreds of that army of people standing in line in New York City who would like to have some of the benefits of this Government program that you will not let get on the program because you want to perpetuate the people already there?

Mr. COCHRAN and Mr. MARCANTONIO rose.

Mr. WOODRUM of Virginia. Oh, no; I cannot yield. The whole effort here is to perpetuate, to freeze upon the W. P. A. rolls the people already there. Why not shed a few tears for the deserving American citizens who have never had a meal from the W. P. A. in the whole three and a half years? [Applause.]

What does the committee ask them to do? It asks them, after they have been there for 18 consecutive months with a Government job, to stand aside and give those people in line who have not had a job an opportunity, and if, at the end of 60 days, the certifying agency says that they should be sent back to W. P. A., then send them back and put them to work.

I cannot see the inhumanity of that. It seems to me that is eminently proper and fair. It gives a fair chance and opportunity to people to have the benefits of this program rather than giving those benefits to just a favored few.

Mr. CASEY of Massachusetts. Mr. Chairman, I would like to ask a serious question.

Mr. WOODRUM of Virginia. If the gentleman is going to ask a serious question, I shall have to yield.

Mr. CASEY of Massachusetts. When they go back at the end of 60 days, what will you do with those on the rolls at that time?

Mr. WOODRUM of Virginia. I am very glad the gentleman has asked that question. There is a monthly turnover of from 100,000 to 150,000 on the pay roll.

They are on and off for one reason or another. In addition to that, under the 18 months' provision there will be people going off every month, having served during 18 months, standing aside and giving some other poor fellow a chance. And, ladies and gentlemen, listen to this: Some of the most deserving cases tonight, people who honestly and sincerely deserve more Government help than anybody in the United States are not the people who are on the rolls. They are people who have fought and fought and fought, who have scraped the bottom of the barrel, who have exhausted every possible means to keep from asking for Government help. And here we are objecting to some fellow who has had 18 months of it standing aside while they have a chance to get up. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The Chair desires to state for the information of the committee that there is about 11 minutes left and there are 12 or 13 amendments pending. The gentleman from Oklahoma [Mr. JOHNSON] is a member of the committee seeking recognition. The gentleman from Massachusetts, another member of the committee, is seeking recognition. Under the rules the Chair is compelled to recognize those gentlemen.

The gentleman from Oklahoma [Mr. JOHNSON] is recognized for 2 minutes.

Mr. JOHNSON of Oklahoma. Mr. Chairman, it occurs to me that the gentleman from Virginia [Mr. WOODRUM] did not really mean what he said in declaring that those of us who do not agree with him want to freeze everybody on the relief rolls who are now employed on the W. P. A.

I feel that it is only fair to say that not one Member of this body has advocated freezing anyone on the relief rolls. If any Member of this body desires to do such a thing it has not even been hinted during all this discussion. Such a statement is simply begging the question. We are inclined to go from one extreme to the other. That some would like to make a career of the W. P. A. cannot be denied. There have, of course, been abuses of relief. These abuses should and will be corrected in an orderly way. I think it is fair to say that the average Member of this House feels there should be some kind of practical humane rotation on the W. P. A. If his hard and fast rule is written into law, however, you will thereby do a gross injustice to many desperately needy people who are unable to help themselves.

Let me give you the practical effect of this harsh provision: In nearly every county of every State there have been established W. P. A. sewing rooms, established for and operated by women, all of whom were unemployed and unskilled. It has been my observation that a very large percentage of the ladies in those sewing rooms are needy widows with children. These sewing-room projects have been the means of feeding many hungry mouths and of making it possible for thousands of children to attend school, many of whom would otherwise suffer. If such deserving people are arbitrarily taken from the relief rolls, if they are thrown out into the streets, many will be unable to secure jobs. That is what I am thinking of in this harsh provision. That is certain to be the practical result of such provision. Surely some compromise can be worked out when this body is in a happier mood whereby those deserving people can be taken care of in a fair and humane manner. [Applause.]

Mr. COCHRAN. Will the gentleman yield?

Mr. JOHNSON of Oklahoma. I yield.

Mr. COCHRAN. Under subsection (g), which provides for investigation, you will purge the rolls and then you will give an opportunity to those who are waiting to get on the rolls to go on?

Mr. JOHNSON of Oklahoma. Oh, yes. That can and is being done under the excellent leadership of Colonel Harrington.

Mr. KELLER. Mr. Chairman, will the gentleman yield?

Mr. JOHNSON of Oklahoma. I yield.

Mr. KELLER. Why do we not appropriate sufficient to take in those who have not had a chance as well as those who have?

Mr. JOHNSON of Oklahoma. The gentleman's point is well taken. I feel very deeply that this Congress should make every possible effort to appropriate sufficient funds to take care of as many of our unemployed as possible. Especially should we strain every effort to aid those who are so desperately in need of assistance. I again remind Members that no one class of people are more deserving or more sincerely grateful than are a vast majority of those good women employed on the W. P. A. sewing projects.

Mr. SHORT. Mr. Chairman, will the gentleman yield?

Mr. JOHNSON of Oklahoma. I yield to the very distinguished and clever gentleman from Missouri who probably desires to make some facetious observations about the Missouri mule. [Laughter.]

Mr. SHORT. No; I was simply wanting to interrogate my neighbor from Oklahoma, since we have so many sewing rooms in Missouri that cost from $3 to $4 to manufacture a dress which can be bought from a private enterprise at 79 cents; and those taxpayers——

Mr. JOHNSON of Oklahoma. Oh, the gentleman has told those fairy stories until he has almost convinced himself that they are true. But, of course, he is only jesting. I am unwilling to believe him to be serious. Let me say to him that the sewing rooms I have visited, and I have visited a great many in several States, including some in Missouri, the sewing rooms have more than justified their existence aside from taking care of thousands of those who are unable to find jobs elsewhere. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The gentleman from Massachusetts [Mr. CASEY] is recognized.

Mr. CASEY of Massachusetts. Mr. Chairman, I sympathize with the gentleman from Virginia [Mr. WOODRUM] in what he is trying to accomplish, namely spreading the work all around. However, I do not think this is the method to take care of that. I think it is too harsh.

For example, this provision, if enacted into law, will mean that on August 31 about 750,000 individuals on all projects will be fired overnight. The proposal is mandatory. That is why I say it is too harsh. It provides for no exceptions; it allows no discretionary action whatsoever. Regardless of private jobs available, regardless of need, regardless of the number of dependents, regardless of money available for local relief, regardless of any reference to veterans, regardless of age, everyone who has been employed for 18 months must be fired for a period of 60 days.

Let me call attention to the fact that among these 750,000 who will go there are 250,000 persons who have families of 5 or more persons dependent upon them. Let me repeat, there are 250,000 persons who will be fired overnight who have depending upon them 5 or more persons. It would seem just as reasonable to provide that those receiving aid to dependent children, old-age assistance, aid to the blind, and so forth, should be removed from participation for a period of 60 days if they had received these benefits for 18 months. What are you going to do with them during that 60 days? Are you going to let them starve? Are you going to let them shift for themselves? There is no softening of the blow. I ask and I entreat you to vote for this amendment in the interest of ordinary decency and humane treatment of those who need it. [Applause.]

[Here the gavel fell.]

Mr. VOORHIS of California rose.

The CHAIRMAN. For what purpose does the gentleman from California rise?

Mr. VOORHIS of California. Mr. Chairman, I ask unanimous consent that my amendment be read.

The CHAIRMAN. The gentleman from California asks unanimous consent that the amendment of the gentleman from California to the amendment offered by the gentleman from Illinois be read. Is there objection?

Mr. HOLMES. Mr. Chairman, I object.

Mr. COCHRAN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. COCHRAN. Where do I find myself, in between the gentleman from California and the gentleman from Chicago? My amendment seeks to strike out the subsection entirely. When will my amendment be acted upon?

The CHAIRMAN. The Chair will state that the gentleman from Missouri offered a substitute amendment to the amendment offered by the gentleman from Illinois. The gentleman from California has offered an amendment to the amendment offered by the gentleman from Illinois. The perfecting amendment offered by the gentleman from California is the first amendment to be voted upon.

The Clerk will report the amendment offered by the gentleman from California to the amendment offered by the gentleman from Illinois.

The Clerk read as follows:

Amendment offered by Mr. VOORHIS of California to the amendment offered by Mr. MCKEOUGH: At the end of such amendment add the following: "*Provided*, That veterans and persons 45 years of age and over shall not be removed from employment under the terms of this subsection."

The CHAIRMAN. The question is on the amendment to the amendment.

The question was taken; and on a division (demanded by Mr. VOORHIS of California) there were—ayes 83, noes 128.

So the amendment was rejected.

The CHAIRMAN. The question recurs on the substitute amendment offered by the gentleman from Missouri [Mr. COCHRAN].

The question was taken; and on a division (demanded by Mr. COCHRAN) there were—ayes 70, noes 155.

Mr. SHANNON. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed as tellers Mr. O'NEAL and Mr. COCHRAN.

The Committee again divided; and the tellers reported that there were—ayes 83, noes 153.

So the substitute amendment was rejected.

The CHAIRMAN. The question recurs on the amendment offered by the gentleman from Illinois [Mr. MCKEOUGH].

Mr. BURDICK. Mr. Chairman, I offer a preferential motion. I move that the Committee do now rise.

The CHAIRMAN. The gentleman from North Dakota moves that the Committee do now rise.

The question is on the motion.

The motion was rejected.

The CHAIRMAN. The question recurs on the amendment offered by the gentleman from Illinois [Mr. MCKEOUGH].

The amendment was rejected.

The CHAIRMAN. The gentleman from Michigan [Mr. RABAUT] offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. RABAUT: On page 18, line 6, after the period at the end of the line, insert "No part of this subsection (b) shall be applicable to heads of families aged 45 years and over."

The CHAIRMAN. The gentleman from Michigan is recognized for 1½ minutes.

Mr. RABAUT. Mr. Chairman, I shall be very brief.

Mr. Chairman, this section refers to the 60-day lay-off period for those working 18 months or more. I ask that heads of families, men or women with dependents, 45 years of age or over, be exempted from this section. I would like the Committee to support this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan.

The question was taken; and on a division (demanded by Mr. RABAUT) there were—ayes 124, noes 129.

Mr. RABAUT. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed as tellers Mr. O'NEAL and Mr. RABAUT.

The Committee again divided; and the tellers reported that there were—ayes 138, noes 132.

So the amendment was agreed to.

Mr. TAYLOR of Tennessee. Mr. Chairman, I offer a preferential motion.

The CHAIRMAN. The gentleman will state his preferential motion.

Mr. TAYLOR of Tennessee. Mr. Chairman, we have now been in session for almost 10½ hours on one of the most important pieces of legislation that has come before this House.

The CHAIRMAN. The gentleman will state his motion.

Mr. TAYLOR of Tennessee. Mr. Chairman, I move that the Committee do now rise.

The CHAIRMAN. The question is on the motion of the gentleman from Tennessee.

The question was taken; and there were on a division (demanded by Mr. TAYLOR of Tennessee)—ayes 52, noes 179.

So the motion was rejected.

Mr. CASE of South Dakota. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. CASE of South Dakota: Page 17, line 20, after the words "all relief workers", insert "timekeepers and foremen."

Mr. CASE of South Dakota. Mr. Chairman, this amendment is simple. What is good for the relief workers is also good for timekeepers and foremen, and the amendment proposes to add those words to apply the rotation idea to timekeepers and foremen as well as to the relief workers.

The CHAIRMAN. The question is on the amendment offered by the gentleman from South Dakota [Mr. CASE].

The amendment was rejected.

Mr. DIRKSEN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. DIRKSEN. Mr. Chairman, under a previous agreement it occurs to me that the time on section 16 and all amendments was fixed at 20 minutes. Does that exhaust all debate on pending amendments?

The CHAIRMAN. The Chair may say that at the expiration of that time it will exhaust debate on the amendments pending to that particular section, section 16.

Mr. DIRKSEN. May I inquire whether the amendments now pending to section 16 are debatable?

The CHAIRMAN. There are several amendments pending, and the Chair is endeavoring, insofar as the Chair can, to have as many Members who have amendments pending given an opportunity to speak upon them.

Mr. FAY. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. FAY: Page 17, line 20, after the words "all relief workers", insert "excepting veterans."

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. FAY].

The question was taken; and on a division (demanded by Mr. WOODRUM of Virginia) there were—ayes 145, noes 80.

So the amendment was agreed to.

Mr. VAN ZANDT. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. VAN ZANDT: Strike out the language in lines 8 to 18, inclusive, and insert in lieu thereof the following:

"SEC. 16. (a) In employing, assigning, or retaining for employment on Works Projects Administration work projects preference as to all employment under this title shall be given in the following order: (1) Veterans of the World War and the Spanish-American War and veterans of any campaign or expedition in which the United States has been engaged (as determined on the basis of the laws administered by the Veterans' Administration), the wives of such veterans as are themselves unemployed and not qualified for such employment, and the widows of such veterans who have been certified as in need of such employment by any governmental agency who are qualified and available therefor and who are American citizens: *Provided*, That the fact that a person is entitled to or has received

either adjusted-service bonds or a Treasury check in payment of an adjusted-compensation certificate shall not be considered in determining actual need of such employment: *Provided further*, That if a veteran's income from compensation or pension is less per month than the amount to which he would be entitled per month if assigned to a Works Projects Administration works project for which he is qualified, then he shall be certified as in need of such employment; (2) other American citizens, Indians, and other persons owing allegiance to the United States who are qualified and available therefor on the basis of their relative need for such employment."

Mr. TABER. Mr. Chairman, will the gentleman yield for a question?

Mr. VAN ZANDT. I yield to the gentleman from New York.

Mr. TABER. Why does the gentleman strike out the provision with reference to relative need? Does the gentleman want to prevent this bill from being a relief program?

Mr. VAN ZANDT. Mr. Chairman, I will answer the gentleman in my discussion.

Mr. Chairman, I speak for the several veterans' organizations of the United States who requested an opportunity to appear before the committee, and were denied the privilege. Today, as a representative of these veterans' organizations, I have patiently waited for an opportunity to discuss before the committee an amendment on veterans' preference. At this time, Mr. Chairman, I ask unanimous consent to continue for a period of 5 minutes to discuss this amendment.

Mr. WOODRUM of Virginia. Reserving the right to object, Mr. Chairman, I will be pleased to see the gentleman have the 5 minutes if I could have 5 minutes to explain his amendment myself. As far as I am concerned, I would be pleased to see him have the 5 minutes if I could have 5 minutes also to comment upon the amendment.

Mr. VAN ZANDT. Mr. Chairman, I ask unanimous consent to proceed for 5 minutes and that thereafter the gentleman from Virginia may be permitted to proceed for 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. VAN ZANDT. Mr. Chairman, ever since the inception of relief for the unemployed there has been a preference in the various laws for the veteran. There is hardly a Member of this body who has not from time to time received a communication from a veteran, from the wife of a veteran, or from some veterans' organization calling to his attention that those charged with the responsibilty of administering the affairs of the relief agencies have deliberately ignored veterans' preference.

A number of years ago a Member of Congress asked that teeth be placed in the law, and that was done. Recently Members of Congress as well as veterans' organizations suggested preference for the veteran be made very definite in the Relief Act of 1939–40. When a copy of the bill we are now discussing was received a few days ago, representatives of the several veterans' organizations sat down for the purpose of analyzing it, after which this amendment I now offer was perfected. My amendment will give the veteran of this country the preference this Congress and the American people feel he is entitled to. There are no "ifs" and there are no "ands" in it. It honestly gives him preference.

There is nothing new in this amendment. Let us first refer to the adjusted-service certificates or a Treasury check in lieu thereof. It is in the present law and all we are doing is writing it in this proposal. The Veterans' Administration tells us there are 147,929 veterans who have yet to collect their adjusted-service certificates, commonly known as the bonus. Fifty-five thousand eight hundred and fifty veterans have not yet cashed their certificates or turned them into bonds. There are today $287,008,150 worth of bonds still in circulation and yet to be cashed. Therefore, we are simply protecting the veterans who hold these so-called bonus bonds to the extent of making them eligible for W. P. A.

The next point concerns the wives and the widows of veterans. In another section of this bill this committee has given preference to the wives and the widows of veterans living in the District of Columbia. There is your precedent. If you give it to the wives and the widows of veterans in the District of Columbia, why not give it to the wives and the widows of veterans all over the United States?

Then there is another section concerning veterans who receive a pension or compensation. The average pension received by the service-connected veteran of the World War is $39.97. Nonservice connected, the average is $26.49. In many States the veteran is denied the privilege of receiving relief or going on the W. P. A. because he is the recipient of this meager pension or compensation check from his Government. Some States have made the veteran eligible, but by writing this section into this bill the veteran who receives pension or compensation will be eligible for W. P. A. anywhere in the United States.

May I say that we have deliberately stricken from this provision of the bill what we call the relative-needs clause because we feel that the provision would have placed in the hands of the supervisors too much discretionary power. Our intentions, Mr. Chairman, is to write in this bill a provision giving the veteran absolute preference. Once again let me say I am speaking for the veterans of this country and veterans' organizations, and plead with you at this time to support this amendment and by doing so give the veteran the preference to which he is entitled.

Mr. GEYER of California. Mr. Chairman, will the gentleman yield?

Mr. VAN ZANDT. I yield to the gentleman from California.

Mr. GEYER of California. Does the gentleman not believe that this amendment is universally desired throughout the Nation?

Mr. VAN ZANDT. Yes. The American people want it.

Mr. GEYER of California. I believe that is true.

Mr. PETERSON of Florida. Mr. Chairman, will the gentleman yield?

Mr. VAN ZANDT. I yield to the gentleman from Florida.

Mr. PETERSON of Florida. Does this amendment have the endorsement of the major veterans' organizations?

Mr. VAN ZANDT. It has. A major veterans' organization of the United States prepared this amendment.

Mr. PETERSON of Florida. I have an amendment which has been prepared for the purpose of clarifying subsequent sections. Under one of the sections as now construed a person might get benefits under the social-security program of only $9, yet he would be cut off.

Mr. VAN ZANDT. That is right.

Mr. PETERSON of Florida. My purpose is to clarify the section and correct that situation. I bring this to the attention of the Members now because I understand the time is limited.

Mrs. ROGERS of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. VAN ZANDT. I yield to the gentlewoman from Massachusetts.

Mrs. ROGERS of Massachusetts. The veteran has been discriminated against thus far, has he not?

Mr. VAN ZANDT. That is correct. No one in this House knows the veteran problem better than you, Mrs. ROGERS. [Applause.]

[Here the gavel fell.]

Mr. O'NEAL. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I shall try to be very brief. I appreciate the zeal which the gentleman from Pennsylvania [Mr. VAN ZANDT] has always displayed for the veteran. We know his heart is in that work. We know he is thinking in terms of the veterans probably more than in terms of any other class of citizen.

I personally do not believe that the veteran, if he understood this proposition, would ask Congress to pass it. I think I know something of the psychology of the veteran and I do not believe that he would ask that he be given preference over a man or a woman with six or eight children who is in much greater need than he. [Applause.] I do not believe that is the attitude of mind of the veteran. The group to which the gentleman from Pennsylvania referred

probably was composed of representatives of the various veterans' organizations, but I do not believe their act was in any way an official act of any veterans' organization.

Let me tell you what the committee has attempted to do. We recognize the country's obligation to the veterans. We believe this obligation should be recognized, and the veterans have many preferences. They have hospitalization and advantages of that sort. We believe that if any real soldier had thought about the matter—and I mean no reflection on anyone—he would say that the first need to be taken care of is the need of those who are hungry and who have children who have to be fed and taken care of. That should be the law, and it is in the law as the committee has written it. The first thing required should be need. We say that where the needs are the same the preference should be given to the veteran. I believe that is what the people of America want and that is what the veteran wants, and that is what the bill says. I trust that the amendment will be voted down and the committee's position sustained.

We have written a fair provision in this bill. There are some of the provisions of the amendment that I shall not go into in detail, but I notice toward the end of the amendment it is provided:

If a veteran's income from compensation or pension is less per month than the amount to which he would be entitled per month if assigned to a Works Progress Administration works project for which he is qualified, then he shall be certified as in need of such employment.

In other words, if he was drawing some form of pension but it was not quite as much as he might draw as a relief worker, he would still get preference over someone who had no income, someone with children or someone with other dependents. I say we have attempted here to write a fair provision based on need. The veteran is to have the advantage over anyone else where the needs are the same. I believe that is perfectly fair. I believe that is how far the committee should go, and I hope you will vote down the amendment. This will give the veteran, in my opinion, not only what is fair, but what I believe he would choose if he had knowledge of this subject from all angles.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. VAN ZANDT].

The question was taken; and on a division (demanded by Mr. SHANNON) there were—ayes 57, noes 147.

So the amendment was rejected.

Mr. O'TOOLE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. O'TOOLE: On page 19, after line 18, insert the following new subsection:

"(h) Any person violating the provisions of this section shall be immediately removed from the position or office held by him, and thereafter no part of the funds appropriated by this title shall be used to pay the compensation of such person. The provisions of this section shall be in addition to, not in substitution for, any other sections of existing law, or of this title."

Mr. O'TOOLE. Mr. Chairman, this bill provides for the hiring, retention, and the mode for dismissing veterans in the W. P. A., but it fails to provide any penalty against any supervisor who illegally discharges a veteran.

We have learned from experience in the city of New York and in many other cities that communistically inclined supervisors have in many cases illegally dismissed veterans. This amendment provides that in the event of such illegal dismissal the penalty shall be that the supervisor or administrator himself or herself shall lose their position.

[Here the gavel fell.]

The CHAIRMAN. All time has expired. The question is on the amendment offered by the gentleman from New York.

The question was taken; and on a division (demanded by Mr. O'TOOLE), there were—ayes 82, noes 124.

Mr. O'TOOLE. Mr. Chairman, I demand tellers.

The CHAIRMAN. The gentleman from New York demands tellers. Those in favors of ordering tellers will rise and stand until counted. [After counting.] Eighteen Members have arisen, not a sufficient number, and tellers are refused.

Mr. PARSONS rose.

The CHAIRMAN. For what purpose does the gentleman rise?

Mr. PARSONS. Mr. Chairman, I rise to make the point of order against sections 29, 30, and 31, on page 27, on the ground that this is an appropriation bill, and the sections mentioned are legislation on an appropriation bill. Also, I make the point of order that in addition to its being legislation on an appropriation bill contrary to existing law, the language seeks to enact penalties involving far-reaching consequences to practically everyone outside of the W. P. A. appropriation bill. This point was brought up 1 year ago when something like the same language was used in this bill, and the language was ruled out on a point of order.

The CHAIRMAN. The Chair is prepared to rule. On May 21, 1937, in connection with the W. P. A. relief bill, which was under consideration at the time, the Chairman, Mr. O'Connor, ruled on the identical question which the gentleman from Illinois has raised and on that occasion the Chairman said:

The bill in question is not a general appropriation bill and, therefore, clause 2 of rule XXI does not apply.

Following that precedent, the Chair overrules the point of order.

Mr. PARSONS. But, Mr. Chairman, the Chair does not take into consideration the point I raised that the language seeks to impose penalties involving every person outside of the W. P. A.

The CHAIRMAN. The ruling which the Chair has just quoted applies also to the point of order raised by the gentleman on the matter of penalties.

Mr. PARSONS. Mr. Chairman, I offer a series of amendments, which I send to the desk.

The CHAIRMAN. The Chair informs the gentleman from Illinois that a number of amendments are pending to section 16, and while the time for debate has expired on the amendments, the amendments will first have to be disposed of before other amendments to the sections in title 2 may be considered.

Mr. PARSONS. Then, Mr. Chairman, may I ask that I be recognized upon the conclusion of the voting on the amendments pending to section 16?

The CHAIRMAN. That is something which the Chair does not consider a parliamentary inquiry and he is unable to answer it at the present time. The gentleman from California [Mr. VOORHIS] offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment by Mr. VOORHIS of California: Page 17, line 19, strike out all of subsection (b) of section 16 and insert the following:

"In making any reductions in Works Projects Administration work-relief employment which may be necessary as a result of the passage of this resolution, relief workers who have been continuously employed for 3 years or longer shall be the first to be dropped from employment. After September 1, 1939, if in any work relief certifying area there are relief workers who have been continuously employed for 3 years or longer on Works Projects Administration or Works Progress Administration work projects and there are employable persons who have been certified as in need of employment for a period of 6 months or more and who have not in that period been given employment on work projects, the latter shall have preference in employment., and, if necessary, a corresponding number of relief workers who have been employed continuously on Works Projects Administration or Works Progress Administration work projects shall as rapidly as is consistent with orderly administration, be removed from employment in order to provide employment for such persons who have been certified for 6 months or longer and who have not in that period been given employment: *Provided, however*, That no provision of this subsection shall apply with regard to relief workers who are 45 years of age or older, nor with regard to veterans of any war of the United States."

The CHAIRMAN. All time for debate has expired. The question is on the amendment offered by the gentleman from California.

The question was taken, and the amendment was rejected.

The CHAIRMAN. The gentleman from Florida [Mr. PETERSON] offers an amendment which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. PETERSON of Florida: Page 19, line 6, strike out the period at the end of the line and insert a comma and the words "except as provided in section 16 (a) (1)."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Florida.

The question was taken; and on a division (demanded by Mr. PETERSON of Florida) there were—ayes 12, noes 89.

So the amendment was rejected.

Mr. NICHOLS. Mr. Chairman, a point of order.

I make a point of order, Mr. Chairman, against section 30 of the bill and direct the attention of the Chair to that language in section 30 of the bill, in line 23, which reads, "or any other act of the Congress"; for the reason that it is legislation on an appropriation bill and it goes far beyond the purview of the instant bill under consideration and is not germane to this bill.

The CHAIRMAN. The point of order raised by the gentleman from Oklahoma is substantially the same point of order that was raised by the gentleman from Illinois.

Mr. NICHOLS. No.

The CHAIRMAN. If the gentleman desires to appeal from the decision of the Chair he has the right to do so, but the Chair is rendering his opinion.

Mr. NICHOLS. The gentleman presumed that the gentleman might be heard on the point of order.

The CHAIRMAN. Does the gentleman desire to be heard?

Mr. NICHOLS. I do.

The CHAIRMAN. The Chair will be very glad to hear the gentleman.

Mr. NICHOLS. Of course, I thoroughly understood the ruling of the Chair on the point of order raised by the gentleman from Illinois. I want to read, for the benefit of the Chair, despite the fact that I presume the Chair has read the section, section 30:

It shall be unlawful for any person, directly or indirectly, to promise any employment, position, work, compensation, or other benefit, provided for or made possible by this title—

Up to that point I quite agree with the ruling of the Chair—

or any other act of the Congress—

Which is the part of the section to which I direct my point of order.

Now, this bill is brought to the floor of the House by the Committee on Appropriations. While I have been a Member of this body only a limited number of years and while I have no disposition to argue with the ruling of the Chair, if my feeble conception of the rules of the House has taught me anything it has taught me that legislation in an appropriation bill can only place a limitation on the appropriation.

Mr. WOODRUM of Virginia. Mr. Chairman, will the gentleman yield?

Mr. NICHOLS. In just a moment. I want to get the Chair to listen.

Mr. WOODRUM of Virginia. The gentleman has an improper premise. This is not an appropriation bill. It is a general legislative bill.

Mr. NICHOLS. Mr. Chairman, I want to say to the Chair that this is quite a liberal education to me as a country Congressman—a beginner here, as it were. I did not know before my distinguished friend from Virginia informed me that it was possible for the Committee on Appropriations to bring to this floor a general legislative bill.

Now, I am aware of the fact that the title of this bill probably attempts to make it a legislative bill. However, the title still provides for appropriations, and I do not think it is broad enough to make it general legislation. Now, maybe you can do that. If you can, then I say I am receiving a liberal education here this evening. If it is an appropriation bill, surely this language is legislation on an appropriation bill.

The CHAIRMAN. The Chair is prepared to rule.

Mr. EBERHARTER. Mr. Chairman, will the Chair indulge me to make an observation on the point of order?

The CHAIRMAN. The Chair will be glad to hear the gentleman briefly on the point of order.

Mr. EBERHARTER. I just want to call the attention of the Chair to the title of the bill, which reads:

Joint resolution making appropriations for work relief, relief, and to increase employment by providing loans and grants for public-works projects, for the fiscal year ending June 30, 1940.

The title of the bill says nothing whatever about regulation or legislation in any respect whatsoever, and is nothing except an appropriation bill under its title. [Applause.]

The CHAIRMAN (Mr. MCCORMACK). The Chair is prepared to rule. The Chair will state that the title of a bill is merely for the purpose of identification. The position taken by the gentleman from Oklahoma, as well as that taken by the gentleman from Illinois, would have been correct, in the opinion of the Chair, if applied to a general appropriation bill; but in the opinion of the Chair there is a clear distinction between a general appropriation bill and the joint resolution pending before the Committee today, which is a combination of appropriation and legislation.

When this bill was introduced on June 13 it was referred by the Speaker to the Committee on Appropriations and reported by the Committee on Appropriations and is being considered now as the result of a unanimous-consent agreement.

This bill not being a general appropriation bill, but being legislative in character, the Chair is constrained to rule that the point of order of the gentleman from Oklahoma is not well taken.

For the reasons stated the point of order is overruled.

Mr. HOFFMAN. Mr. Chairman, I offer a preferential motion.

The Clerk read as follows:

Mr. HOFFMAN moves that the Committee do now rise and report the bill back to the House with the recommendation that the enacting clause be stricken out.

Mr. HOFFMAN. Mr. Chairman, while the Chair just stated that this was a combination appropriation and legislative measure, so many of us may have been laboring under the delusion that it was an appropriation of Federal funds that I want to call the attention of the House to different sections of the bill. In line 19, on page 4, appear the words:

The funds appropriated in this section.

Then, beginning in line 6, on page 11, we find the words:

In order to provide for administrative expenses incidental to carrying out the purpose of this title, there is hereby appropriated to the following agencies.

On page 12, line 17, appear the words:

The funds appropriated in this section.

In line 7 on page 13, appear the words:

There is hereby appropriated to the Executive Office of the President.

On page 13, line 19, appear the words:

There is hereby appropriated to the National Resources Planning Board.

Page 14, line 5, reads as follows:

Funds appropriated in this title.

Mr. CELLER. And line 3, also.

Mr. HOFFMAN. Yes; and many more. I have given just a few quotations because some of us who came down here recently want to know what an appropriation bill is.

Page 22, line 4:

The appropriations in this title for administrative expenses.

Page 23, line 15:

Under the appropriations in this title—

And so on through page after page after page.

As long as we have been here today thinking that this was an appropriation bill, and the Committee of the Whole having disregarded the work of the Committee on Appropriations by freezing into the bill all those who are now on relief, and denying relief to heads of families who are over 45 years of

age, if there is not room for all, it might be well to think that over and find out whether it is an appropriation bill or not before we proceed with our discussion.

It might be well if we determine whether the bill as now amended will give relief to those who have not been able to get on relief, and continue on the rolls indefinitely many who have been on for 3 years.

Are we to give relief permanently to a few or are we to treat all fairly, give all a chance?

I favor an equitable program rather than one for the few.

Mr. MARCANTONIO. Mr. Chairman, I rise in opposition to the motion.

Mr. HOFFMAN. Mr. Chairman, I ask unanimous consent to withdraw my motion.

The CHAIRMAN. The gentleman from Michigan asks unanimous consent to withdraw the motion to strike out the enacting clause.

Mr. MARCANTONIO. I object.

The CHAIRMAN. Objection is heard. The gentleman from New York is recognized for 5 minutes.

Mr. MARCANTONIO. Mr. Chairman, I realize that the hour is late and that everybody wants to go home.

Mr. BENDER. No.

Mr. MARCANTONIO. But also I realize that people back home who are going to be dismissed from W. P. A. rolls will go home to suffer. Some will not even be given direct relief in certain States, and in other States they will have to suffer going through a needs test, suffer humiliation, and will have to suffer being put back on the dole and on direct relief. I think it is not remiss, therefore, that we not go home so soon; that we pause and give those people some thought; and that is why I have taken these few minutes in the close of the debate on this bill to remark on certain tactics that were used throughout the debate.

First of all, every time some amendment was offered on behalf of the unemployed of this country, and every time the gentleman from Virginia got up here to oppose it, he always took a shot at New York City. This proved to be very effective strategy. May I say to the gentleman from Virginia, however, that despite him and the others who have attacked New York City, that New York City, nevertheless, remains the greatest city in the world, as well as the most progressive city in the world. [Applause.] May I also say this—and it will come up shortly in connection with the Federal Theater Project—the gentleman from Virginia charged that there was no literary quality and no dramatic quality to some of the plays that have been produced by that most deserving project. This may be so. I am not a dramatic critic, I do not know; but one does not have to be a dramatic critic or a literary critic to know that the gentleman from Virginia is a great dramatist. I congratulate him on his great literary quality. He, in my opinion, wrote the greatest American tragedy of 1939 when he wrote this bill. [Applause.]

[Here the gavel fell.]

Mr. BENDER. Mr. Chairman, I rise in opposition to the motion.

The CHAIRMAN. All time has expired on the motion.

Mr. BENDER. I did not understand that debate had been limited on the motion.

The CHAIRMAN. The Chair will state for the information of the gentleman from Ohio that under the rules debate on a motion to strike out the enacting clause is limited to 10 minutes.

Mr. BENDER. Mr. Chairman, I rise to a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. BENDER. The gentleman from New York who has just spoken misunderstood me when I said "No." Instead of saying "Vote," as he stated, I said "No," and the reason I said "No" was because a few moments ago I went outside and it was hotter than the hinges of hell.

The regular order was demanded.

The CHAIRMAN. The Chair may say that is not the subject of a point of order.

The question is on the motion offered by the gentleman from Michigan [Mr. HOFFMAN].

The motion was rejected.

Mr. VAN ZANDT. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. VAN ZANDT: Page 19, line 6, after the period, insert "*Provided*, That 60 days' notice shall be given to any such person before his severance from the service."

The amendment was rejected.

Mr. VAN ZANDT. Mr. Chairman, I offer another amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. VAN ZANDT: Page 19, line 18, after the period insert the following: "*Provided*, That all persons employed under the provisions of this act shall receive 2 weeks' notice before separation from the service."

The amendment was rejected.

Mr. VAN ZANDT. Mr. Chairman, I offer another amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. VAN ZANDT: Page 18, after period, insert the following: "*Provided*, That persons who are residents of any State or political subdivision thereof be given preference on such projects if they are delinquent in their tax payments to such State or political subdivision thereof: *Provided further*, In the employment of such delinquent taxpayers, first preference shall be given to those who agree to assign all of their compensation from such employment to the tax collector responsible for the collection of such delinquent taxes. Such assignment is to be applied to the delinquent taxes of the taxpayer who is so employed. Second preference in such employment shall be given to those delinquent taxpayers who are willing to assign one-half of their compensation to the tax collector responsible for the collection of such delinquent taxes. Such assignment is to be applied to the delinquent taxes of the taxpayer who is so employed. Whenever any public highway, road, or thoroughfare is being improved as a relief project, financed in whole or in part through Federal funds or as a project financed in whole or in part through loans and/or grants of the Work Projects Administration, and where a charge or other assessment is being levied for the improvement thereof, against the property abutting thereon, preference in employment on such improvements shall be given to the owner of such property, or members of his family, until the assessment against the property concerned has been paid: *And provided further*, The person or persons employed under this provision shall assign the compensation received from such work to the appropriate tax collector for the payment of such assessment. The total amount of money paid to any person or persons employed in accordance with this proviso shall not exceed 5 percent of the total labor cost of the project involved."

The amendment was rejected.

Mr. VAN ZANDT. Mr. Chairman, it is difficult for me to conceive of anyone so heartless that they fail to sympathize with the people whom circumstances have forced to seek a bare living on the relief rolls. Relief agencies offer a meager existence, at best. Butter and bacon become semiluxuries to go with bread and beans. More's the pity that good American citizens, who are entitled to an opportunity to provide for themselves and their families, should be forced into such a position in a land of plenty, where surplus production of many necessities of life have become a problem.

Despite any disagreement over policies of the Government, which some of us believe have contributed to the necessity of creating, expanding, and continuing the relief agencies, there is general sympathy with the objectives of relief of human misery. And despite the criticism that has been leveled most properly and justly at the waste, inefficiency, and political practices in connection with relief, that has not lessened our sympathies for the unfortunate people it was designed to sustain. Some of these abuses have been corrected in the past, and I trust this measure will serve to adjust other causes for criticism.

It is not my purpose to go over that familiar ground of criticism at this time. I wish to raise another issue, which I believe has been neglected in the past by the Congress and the States. I do not raise this issue in any faultfinding sense. I offer what I hope may prove to be constructive criticism to the end that we will correct a deplorable defect in our relief system.

In any event, no criticism should lie against the Federal relief agencies, necessarily. The fault may lie with the States. For instance, in my own State of Pennsylvania, in an effort to prevent abuses and protect the taxpayers, the Commonwealth has laid down regulations regarding eligibility for relief certification which are working a hardship among a considerable number of people who are actually in dire distress and whom I believe are entitled to relief. The same conditions, I understand, exist in many other States.

I refer to the real property owners—the home owners and the owners of commercial property—who are unable to qualify for governmental assistance by reason of the mere ownership of property and despite their dire distress. I have found that a considerable number of property owners in Pennsylvania, for instance, are unemployed, entirely or partially. By reason of their ownership of property, these people are unable to qualify for relief under the rules and regulations governing the program.

In some cases persons in need of relief, and therefore, I believe, entitled to it, are unable to obtain eligibility certifications because of a small income from some source. Others are barred because of small savings. Still others cannot qualify because some member of the family has a job at a small wage which is inadequate to provide for the needs of the family. In some of the latter cases I have heard that persons with part-time employment which does not pay enough to care for the needs of a family have quit their jobs or deliberately brought about their own discharge in order to be in a position to apply for Government assistance, which offered a more adequate living for themselves and their families. Such instances, however, I understand, are rare, and that is not the situation I am seeking to reach at this time.

I am endeavoring to aid the property owners, and especially the home owners, who are in need of relief and unable to get it. These property owners, who are jobless and without other sources of income, are often unable to pay their taxes. Some of the people in this class already have lost their homes and commercial properties, which have remained unrented for long periods of time—for years in some instances—and therefore have become a drain on their resources rather than a source of income.

I have gone to considerable effort to learn the number of persons who fall into these classes and the extent of this condition in the country. I am sorry to say that I have not met with much success. I have sought information from a number of Federal agencies, State officials, and private corporations which deal with such matters as home and farm ownership and tax delinquents. From none of these sources have I been able to obtain data directly responsive to my inquiries and bearing directly on this point. Therefore I am unable to furnish all the facts and figures I should desire to paint a complete picture of this condition.

However, I believe there will be no dissent from the statement that the American home owner and the property owner constitute the backbone of our country. The very fact that a citizen invests his savings in a home or a piece of business property raises the presumption of thrift on his part. Home owners certainly represent the highest type of American citizenship. When a citizen buys a home in which to live and rear a family he thereby expresses his faith in his country and its government. Such citizens certainly are entitled to special consideration when circumstances make it impossible for them to maintain themselves and their families.

Naturally more sentiment is attached to the home, but the purchaser of business property expresses the same degree of confidence in his country, and he, too, is entitled to special consideration. And, despite the howl we hear about taxes, most citizens pay their taxes on real property more cheerfully than any other levy. As a general rule, citizens will sacrifice all other assets before they will let their home go under the sheriff's hammer or part with a piece of business property.

Inasmuch as home ownership, property holding, makes for good citizenship, I believe we should do everything possible to encourage the acquisition of homes and other property, and, once acquired, we should make it possible for citizens to continue to hold their homes and farms and business properties rather than allow such properties to be sacrificed for taxes.

In pursuance of that thought, I have offered an amendment to this bill. It is designed to assist property owners, the owners of homes, farms, and business properties, who now are delinquent in their tax payments to meet their obligations. This could be done without imposing any additional costs upon the Government. I am convinced it would have a far-reaching economic and social effect in the country.

Under this amendment, it is proposed to employ a certain percentage of property owners, who otherwise are unable to pay their taxes, on all W. P. A. and P. W. A. projects sponsored by all political subdivisions and school districts. In view of the fact that I have been unable to obtain any accurate figures on the number of property owners who would be eligible for certification for such employment, I have set down the arbitrary figure of 5 percent of the total number of all employees on each project. The information I have been able to gather leads me to believe that fully 5 percent of employees on public-works projects of various kinds should be property owners. I am equally sure that property owners, who are unable to pay their back taxes and current levies in any other way, would welcome the opportunity for work which enabled them to meet this obligation of our citizens.

In the employment of these delinquent taxpayers, the amendment provides that first preference shall be given to persons who agree to assign all of their compensation from such employment to the tax collector responsible for the collection of such delinquent taxes. This assignment of wages would be fixed by the terms of employment of such property owners.

Second preference in the employment of the delinquent taxpayers under the amendment would be given to those delinquent taxpayers who are willing to assign one-half of their compensation to the tax collector responsible for the collection of such delinquent taxes.

Under this amendment preference in employment would be given to owners of property on which a charge or other assessment is being levied for the improvement thereof or against the property abutting thereon. In the event the owner of the property is unemployable or is otherwise disqualified for certification and employment, the amendment provides for the employment of members of his family until the assessment against the property concerned has been paid.

Under all three of these employment preference sections, the provision is made that the total amount of money paid to property-owning relief workers shall not exceed 5 percent of the total labor cost of the project involved.

The preference provisions in all three classes included in the amendment would apply only to local political subdivisions such as county, city, borough, township, and school district. All of these governmental units have considerable sums of money tied up in delinquent taxes. In no case would the preference apply to those delinquent in Federal or State taxes.

These suggested changes are designed especially to help collect delinquent taxes in order to permit the various political subdivisions and school districts to continue to sponsor projects. Unless something is done to aid in the collection of delinquent taxes in many of the various political subdivisions throughout the country, I am informed that there soon will be no W. P. A. projects sponsored by these political subdivisions and school districts. At least there is a real danger of a sharp reduction in the number of projects sponsored.

In any event it would be a calamity in many communities in my district if there was any reduction in sponsored projects. That not only would deny work to nonproperty owners but afford no opportunity to delinquent taxpayers to meet their obligations.

If my amendments fail to meet any objection that may be raised against them, I am not only willing but anxious that they should be perfected here and now on the floor of this House. I have no pride of authorship. My only desire is to aid worthy citizens to meet their obligations to the po-

litical subdivisions of the various States and thereby aid the communities in which they live, as well as the good citizens themselves.

My amendments are by no means designed to militate against unfortunate persons who do not own property. My purpose is quite the contrary. It is my desire to aid nonproperty owners as well as the property owners by providing employment which otherwise they would not get if the Government is unable to get sponsors for these various projects.

In the Commonwealth of Pennsylvania, the ownership of residential property which is not of substantial or unusual value does not affect eligibility for assistance, provided that such property is used by the owner as his home. Inasmuch as the owner is eligible for assistance under these circumstances, he is also eligible for certification to W. P. A.

However, in Pennsylvania the ownership of business property renders its owner ineligible for assistance and consequently for W. P. A. certification, unless the property is offered for sale on the open market and cannot be sold for a sum approximating its present value.

Naturally it follows from that statement of the situation in Pennsylvania that no one who is eligible for State assistance has been denied W. P. A. certification because of the ownership of business or residential property in accordance with the requirements already mentioned.

I am informed, however, that what used to be termed "land poor" now applies to many owners of modest city homes and small farm homes. By reason of circumstances beyond their control the owners, or owners of equity in these homes and farms, and many small business establishments are unable to meet their city, county, and other local taxes and either have lost their property already or are now in danger of losing it. In many instances this property represents a man's life savings. When his home or farm or a little store building is sold for taxes he is wiped out. Everything he has struggled years to purchase is gone, and the effect on many men disillusioned under such circumstances does not make for good citizenship.

I appeal to the Members of the House to give their sympathetic consideration to these amendments. I am sure the adoption and application of this plan to aid the home owners and other property owners at this time will go far toward making better citizens and strengthen the economic and financial structure of the Nation.

Mr. JOHNSON of Indiana. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. JOHNSON of Indiana: At the end of line 18, page 17, add the following: *"Provided*, That no person whose need for employment has not been certified as provided in section 16, subsection (d), shall be employed as timekeeper, boss, or supervisor, on any Works Projects Administration works project if there are persons unemployed whose need for employment has been certified as provided in said section 16, subsection (d), who are qualified and capable of performing the duties of timekeepers, bosses, or supervisors."

The amendment was rejected.

Mr. MARCANTONIO. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. MARCANTONIO: On page 17, strike out lines 19 to 24, inclusive, and on page 18 strike out lines 1 to 6, inclusive.

The amendment was rejected.

Mr. RAMSPECK. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr RAMSPECK: Page 18, line 1, after the comma, strike out "and" and insert "or."

The amendment was rejected.

Mr. PARSONS. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk reads as follows:

Amendment offered by Mr. PARSONS: Page 27, line 8, strike out lines 8 to 13, inclusive, and insert the following:

"It shall be unlawful for any person employed in any administrative or supervisory capacity in the Works Projects Administration knowingly to solicit, or knowingly be in any manner concerned in soliciting, any assessment, subscription, or contribution for the campaign expenses of any individual or political party from any certified person receiving compensation or employment provided for by this title: *Provided*, That any certified worker shall not be prohibited from making voluntary contributions to any party campaign he desires."

Mr. PARSONS. Mr. Chairman, I ask unanimous consent to have all of my amendments reported, in order to conserve time, and I also ask unanimous consent to proceed for 10 minutes on the five amendments, so that we can vote on all of them en bloc.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

Mr. HOLMES. Mr. Chairman, I object.

Mr. PARSONS. Mr. Chairman, I ask unanimous consent that all of the amendments may be reported and considered en bloc, and I will ask for only 5 minutes to explain them.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois [Mr. PARSONS]?

There was no objection.

The Clerk read as follows:

Amendments offered by Mr. PARSONS:

Page 27, line 22, after the word "for", strike out the word "or" and insert "certified workers"; and line 23, after the comma, strike out "or any other act of the Congress."

Page 28, line 5, after the word "person", insert "employed in any administrative or supervisory capacity in the Works Projects Administration"; and in line 6, after the word "any", insert "certified."

Page 28, line 19, after the word "the", strike out "Federal Government" and insert "Works Projects Administration"; and in line 22, after "election", insert a period and strike out "or affecting the results thereof"; and in line 24, after the word "privately", insert "and publicly."

Page 29, strike out lines 1 and 2 and insert "in management of political campaigns or in political conventions."

Mr. PARSONS. Mr. Chairman, as one Member of Congress who has never in his public life solicited one dime of contributions from any person and has never promised a position of any kind or nature or assisted in the securing of any project of any kind or nature to court political favor with a single constituent in my district, I believe I am in position to offer these amendments to sections 29, 30, and 31. [Applause.]

The only changes these amendments I have offered make in this bill are that they confine the prohibition on political activity to W. P. A., and that is all the Committee on Appropriations, handling this bill, has the right to bring in for the House to vote on at this time.

The amendment to section 29 limits the unlawful acts to those who are in an administrative or supervisory capacity in the W. P. A., so they cannot solicit or make assessments upon certified workers. The amendment to section 30 provides that the certified worker, if he chooses to make a contribution to the Socialist Party, the Republican Party, or the Democratic Party, has a right to do so voluntarily, but absolutely not by coercion. The change that is made in section 30 is the same as above. It applies to certified workers as far as promising any position for a political consideration is concerned.

In subsection (b) on page 28 the amendment again applies to the administrative and supervisory force and to the certified worker, so that no supervisor or foreman can intimidate any certified worker on account of race, color, creed, or political affiliation.

The amendment to section 31 again confines the "administrative or supervisory" force to the agency of the Works Progress Administration, eliminating the other agencies of the Federal Government, which in my opinion should be eliminated from this bill. This gives those persons an opportunity to express both publicly and privately their own political ideas upon political subjects, but does prohibit them from in any way managing a political campaign or taking part in political conventions.

I do not believe we should even mention the political situation in this bill, but in view of the fact the committee has brought in the sections here we on this side believe we should amend them to apply only to the Works Progress Administration. Therefore, I hope that the chairman of the committee

will accept these amendments because we have sought to do with these amendments what I believe the bill sought to do, that is, to eliminate as far as possible politics in W. P. A. [Applause.]

Mr. Chairman, I yield back the balance of my time and ask for an immediate vote in order not to consume any additional time.

Mr. WOODRUM of Virginia. Mr. Chairman, I ask unanimous consent that all debate on these amendments close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. WOODRUM of Virginia. Mr. Chairman, I am not out of sympathy with what the gentleman says, but I should like the Committee to know before it takes action on these amendments what the effect of them will be. Both parties, all parties, have inveighed against politics in relief. The provisions the gentleman seeks to strike out of the bill are the so-called Hatch amendments, which were put into the bill in the Senate at the beginning of this session of Congress when they had up Public Resolution No. 1, the $725,000,000 deficiency for W. P. A. for this fiscal year. These provisions were thoroughly debated at the time, the conferees brought them back to the House, and they were debated again in the House, and they were adopted in the House, although I opposed their adoption at the time for the same reason the gentleman did. The amendments the gentleman seeks to strike out of this bill are now in existing law.

Mr. PARSONS. Mr. Chairman, will the gentleman yield just for a question?

Mr. WOODRUM of Virginia. I yield to the gentleman from Illinois.

Mr. PARSONS. The gentleman knows I am not seeking to strike these out. I am only limiting the provisions in this section to the W. P. A.

Mr. WOODRUM of Virginia. The gentleman is limiting them; all right. The effect is that in this relief bill you will be loosening and lightening and lessening the inhibitions against political activity. However laudable your motives and the motives of the Congress may be, I question whether that should be done. This is existing law as the committee has brought it here. In my judgment we should certainly not back-track any on it. I do not believe it will be understood.

I believe it will be very hard for any Member of Congress to understand how he has sought to eliminate politics from relief and yet has voted to undo and to take out of the bill inhibitions and restrictions which have been put into the law for the purpose of protecting relief against politics.

Mr. CELLER. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield to the gentleman from New York.

Mr. CELLER. Will not the amendment offered by the gentleman from Illinois take politics out of the W. P. A.? Will not his amendment have exactly the effect the Hatch amendment sought?

Mr. WOODRUM of Virginia. I do not know what the effect of it would be, I may say to the gentleman. I certainly do not want to take the responsibility. Even with these amendments in the bill, if they are too stringent, certainly there is still a lot of politics in it. Certainly, there is no argument for loosening or lightening it. I cannot see any argument for that. [Applause.] I certainly cannot see why we want to take that action.

Mr. CELLER. Under the present wording of the bill, if Mr. Farley or the head of the Republican Party would write a letter merely inviting a W. P. A. worker or a W. P. A. administrative official to a dinner, he would incur liability to a fine of $1,000 and could be sent to jail for the commission of a felony, although he might do it perfectly innocently.

Mr. WOODRUM of Virginia. I do not know what the effect of it would be.

Mr. PARSONS. Mr. Chairman, will the gentleman yield for one more question?

Mr. WOODRUM of Virginia. I yield.

Mr. PARSONS. The gentleman said we are loosening the regulations. We positively are not loosening the regulations upon the W. P. A. We have included in these three sections that are in here now that even a Member's secretary could not go out and work for the success of his Congressman, because you include in that compensation under any act of the Congress of the United States. We are not loosening here the restrictions on the W. P. A.

Mr. WOODRUM of Virginia. I do not question the gentleman's motives in offering the amendments, but the fact remains that you are here repealing certain provisions of the law that were deliberately written into the law for the purpose of trying to take politics out of relief, and I do not believe we should change it in this bill. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendments offered by the gentleman from Illinois [Mr. PARSONS].

The question was taken; and on a division (demanded by Mr. PARSONS) there were—ayes 96, noes 181.

Mr. PARSONS. Mr. Chairman, I demand tellers.

Tellers were ordered; and the Chair appointed as tellers Mr. PARSONS and Mr. WOODRUM of Virginia.

The Committee again divided; and the tellers reported that there were—ayes 123, noes 176.

So the amendments were rejected.

Mr. ANDERSON of Missouri. Mr. Chairman——

The CHAIRMAN (Mr. WARREN). For what purpose does the gentleman from Missouri rise?

Mr. ANDERSON of Missouri. Mr. Chairman, I offer a preferential motion. This body has been legislating for 12 hours without a rest——

The CHAIRMAN. The gentleman will state his preferential motion.

Mr. ANDERSON of Missouri. Mr. Chairman, I move that the Committee do now rise.

The question was taken; and on a division (demanded by Mr. ANDERSON of Missouri) there were—ayes 27, noes 162.

So the motion was rejected.

Mrs. NORTON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mrs. NORTON: On page 25, beginning in line 1, strike out all of section 25.

Mrs. NORTON. Mr. Chairman, I do not believe that anything anyone can say tonight is going to change the temper of this House, but I beg of you before proceeding with this bill to stop and consider just what you are doing to 9,000 men and women working on these theater projects. It has been said so many times that the men and women on the theater projects should not be paid out of Government funds because they are members of the Communist Party. I do not believe that. I certainly would not be here tonight speaking for them if I had any idea that this were true. It is very easy to pin a label on anyone. Many of you gentlemen here tonight may have a label pinned on you before very long, but I want to say to you that it is much more difficult to have a label removed than to pin one on anyone; and when I consider the men and women I know who have been working on these projects, the time they have given, and the necessity they are, I cannot believe that the gentleman from Virginia is serious when he insists that section 25 be retained in this bill.

Mr. O'TOOLE. Mr. Chairman, will the gentlewoman yield?

Mrs. NORTON. I will be glad to yield to the gentleman.

Mr. O'TOOLE. May I inform the gentlewoman from New Jersey that this afternoon I received a telegram from the St. Ephrem Roman Catholic Church Club, asking for a continuation of the Federal theater project.

Mrs. NORTON. And I may say to the gentleman that I have received many telegrams not only from Catholics, but from Protestants and from members of every religious denomination. This is not a question of religion, it is a ques-

tion of simple justice to 9,000 men and women who need employment. If they are removed from their employment on W. P. A. there is no place for them to go. They are trained in the arts, they are trained in the work of the theater, and they have given great satisfaction in the work they have been doing. I beg of you to support me in striking out section 25 and give these needy people a chance to live. I have heard employers of labor criticized on the floor of this House, but I venture to say the most cold-blooded employer would hesitate to discharge his employees with no notice whatsoever.

I do not know when I have felt so much concerned about anything as about this terrible thing that the Committee is attempting to do to 9,000 helpless men and women who are struggling for an opportunity to work in order to protect themselves and their families.

I sincerely hope the Committee will pause long enough before casting their vote to think of how they would feel if they were placed in the same position these men and women are in tonight, realizing that in less than 10 days, unless you strike out this section, they will not know where to go to secure their daily bread. So I beg of you tonight, before you go to your comfortable homes, to think twice before, by your vote, you deprive 9,000 persons of their right to a home. That is the sort of thing responsible for communism.

Some of my reasons for offering my amendment are—

First. Because the abolition of the project represents discrimination within the administration.

Second. Because it represents discrimination against a recognized form of professional work.

Third. Because its abolition is proposed on the basis of testimony before the investigating committee that concentrated on the work of the New York City unit of the project, and therefore presented an inadequate picture and was, in addition, false and misleading.

Fourth. Because public support for the project, represented by an audience of over 30,000,000 people and by box office receipts amounting during the present calendar year to 10 percent of the total operating cost, testifies to its importance in American life.

Fifth. Because its preservation and rehabilitation of the skills of its employees is attested to by the mere fact of its having returned to private industry 2,650 people out of an average employment of 9,000, and because the skills of its workers would deteriorate and disappear without proper outlet.

Sixth. Because the project's services to the underprivileged, constituting 65 percent of the total audience, is worthy of continuance.

Seventh. Because abolition would mean the end of the cultural and educational advantages that the project has been able to offer both to its workers and to its audiences.

Eighth. Because the Federal theater in recapturing a lost audience for the theater and discovering a new one has stimulated the commercial theater and has therefore kept off the relief rolls many who would otherwise be on them without this extension of activities by the commercial theater.

The allegations made against the Federal theater project are chiefly these:

(1) That the project does not employ qualified professional theater people in need, but employs a great number of amateurs who have no professional ability and no need for relief.

This statement is absolutely false, as can be verified by consultation with the heads of theatrical unions now in Washington to fight for this project. Ninety-five percent of the entire personnel of the project came from relief rolls, and the vast majority of people in the theatrical category on the project are highly qualified professionals by virtue of both training and experience. If this project were full of amateurs, keeping jobs away from professionals, you can be quite sure that these professional theater unions would be fighting against the project and not for it.

(2) Charges have been made that the Federal theater is communistic in its leadership, the plays that it gives, and in the audience which supports it.

All three of these charges are absolutely untrue. The people in policy-making positions on the project are not Communists. The director of the national project is a registered Democrat, and has been for many years a member of the Congregational Church. She was born in Redfield, S. Dak., educated in the public schools of Iowa, at Grinnell College, Iowa, and at Ratcliffe in Massachusetts. She has worked in the theater profession in New York for the past 10 years. On the basis of some forty plays which she directed at Vassar College, she was sent as a representative of the Guggenheim Foundation to study the relationship of government to the theater in 12 different European countries. She was the first woman to receive a Guggenheim Fellowship.

Her assistants in this great enterprise are, for example, George Kondolf, director for New York City, born and educated in Rochester, N. Y., a well-known producer and a Catholic; Harry Minturn, director for Chicago and the Midwest, a resident of Illinois and a producer and director of his own midwest stock company for a quarter of a century; the Los Angeles project is directed by Alexander Leftwich, formerly with the Shuberts, for many years well-known in Broadway productions; projects in Seattle, Denver, Boston, San Francisco, Philadelphia, New Orleans, and other cities are directed by well-qualified producers with from 10 to 25 years' experience in show business.

One of the most important policy-making posts, the Director of the Play Bureau, is held by Emmet Lavery, well-known playwright and author of one of the most successful plays in years, the First Legion. Mr. Lavery is a resident of New York State, dramatic critic, lawyer, and is active in civic affairs in his home city of Poughkeepsie.

I call your attention to these details to show that the Federal theater projects are in the hands of reputable people of sound political and religious convictions.

PLAYS

To go on to the plays given by this project. In 4 years the project has produced 1,200 plays, a list of which is available to any Member of this body who asks for it. These plays include the greatest number of classic, religious, and children's plays ever given by any theater organization in the United States. This list also includes a great many American plays from early days, as well as modern plays in techniques which have been highly praised by the critics and to a noticeable extent adopted by commercial producers. Some modern American plays are of course controversial in nature, just as the majority of good plays in the commercial theater today are apt to deal with current problems.

This has been true of any drama of any value since the time of Euripides, Shakespeare, and Ibsen. A theater which does not at least occasionally deal with such problems is not a living theater. Many of these plays have been highly original in subject matter and method. And why not? Surely it would have been stupid to believe that all of these people could be reemployed in exactly the same kind of plays which landed them on relief. Proof of the fact that the project has been wise in its choice of plays and has stimulated the commercial theater is shown in the incontrovertible fact that over 2,600 people have returned to private industry.

AUDIENCES

It has been alleged that the audiences for the Federal theater are communistic. This statement has been repeatedly disproved by evidence. While it is true that no one can stand at the entrance of a theater and question people coming in as to their political faith, it is equally true that the Federal theater has on the record an imposing list of audiences, including organizations of every political faith and every religious creed.

Statements have been made about the Federal theater project both before the investigating committee and on the floor of this House which, to my certain knowledge, are grossly untrue. I now propose to make statements in refutation, and every one of my statements is based on fact.

It has been alleged that the Federal theater is composed chiefly of amateurs who have no right to relief under the guise of professional theater people. Ninety percent—90 percent, let me repeat—of the performers on the Federal theater are professionals by training and experience; people who have hitherto made their living in some form of the theater. The remaining 10 percent are workers in categories necessary to the high standard of production required for the project. Allow me to present figures—accurate, recorded figures—regarding the New York unit of the Federal theater, to which this allegation of amateurism has been chiefly directed. Of the 1,150 actors on the pay roll of the Federal theater in New York, 85 percent belong to one or another theatrical union of long standing, the majority of them to Actors' Equity, others to Chorus Equity, and to the American Federation of Actors, and so forth. Actors' Equity, as you know, is the recognized actors' union and is an affiliate of the American Federation of Labor. Union affiliation, as you also undoubtedly know, is the accepted standard of professionalism.

The professional quality of these people is further attested by their having not only received positions in Broadway plays, Hollywood film companies, on radio networks, but received grants of various sorts from the Rockefeller Foundation, the Carnegie Corporation, the Guggenheim Foundation, Yale University, the University of North Carolina, the University of Syracuse, and many other educational institutions.

It has been alleged that the Federal theater project is dominated by communism, chiefly in New York. Do you know that the director of that project in New York is a Catholic and that the director of the National Service Bureau is a Catholic? You know, I think, how the Catholic Church stands with regard to communism. Do you know that of the plays produced by the Federal theater not one can rightly be accused of approving or promoting subversive activities and the brief prepared by the project for inclusion in the record of the Dies committee hearings—a brief that, incidentally, the committee did not see fit to include in its record—refuted point by point the allegations made by irresponsible witnesses against certain plays of the Federal theater? Do you know that the complete and official list of the organizations which have sponsored Federal theater in New York City through the medium of theater parties clearly gives the lie to the accusation that the audience for Federal theater is communistic?

This list of organizations, also a part of the Dies brief, includes 263 social clubs and organizations, 264 welfare and civic organizations, 271 educational organizations, 95 religious organizations, 21 organizations from business and industry, 82 professional unions, 29 fraternal organizations, and so forth.

It has been alleged that the Federal theater has done very few plays, and those of no merit. The number of plays presented by Federal theater since the first curtain went up in the autumn of 1935 is, in round numbers, 1,200. By no stretch of the imagination can this be called "very few plays." It is record-staggering in its size, in its geographic spread, in its high average of success. It includes such unquestioned hits as the poetic play, Murder in the Cathedral; the cavalcade of vaudeville called Two a Day; the classic melodrama, Dr. Faustus; the living newspaper on housing conditions called One-third of a Nation; the touching chronicle of the young Abraham Lincoln entitled "Prologue to Glory," which incidentally was the only play—commercial or otherwise—to receive four stars in the season of 1937–38 from Burns Mantle, dean of New York's drama critics. The record includes the marionet shows given to more than 200,000 people over a 50,000-mile circuit throughout the State of Oklahoma; the Nativity plays given every Christmas in the parks and squares of the Nation before audiences numbering hundreds of thousands; the children's plays that have brought happiness to the youth of our depression and have taught them that there is more to theater than shadows on a screen.

The list includes plays like Twelfth Night and She Stoops to Conquer that the Federal theater took over the turpentine circuit in Florida to regions so remote that people came barefooted, their oxcarts lighted by kerosene lamps, that they might have the opportunity to see flesh-and-blood actors. This is important theater, real theater, that can enthrall such people—these millions who have been starved for living drama and who would never have had the means or the opportunity to see any theater at all without this project.

It has been alleged that the Federal theater has no public support. I think you will realize from the above what kind of public support Federal theater gets. Thirty million people have seen Federal theater plays. If you could reach them, I think you would find very few voices that would not urge you to continue Federal theater, that it might go on to entertain, to amuse, to instruct, to bring some measure of cheer into lives that have sadly lacked it. But let me also present some figures to reinforce this statement. The Federal theater has, through its box-office receipts, brought over $3,000,000 into the United States Treasury. How many other W. P. A. or other Government projects can point to such a record? The money expended by Federal theater has not been expended on shows; it has been expended on human beings, the human beings for whose relief Congress voted money. Nine out of every ten dollars has gone to these people in wages, leaving only $1 out of every $10 for scenery, costumes, lights, properties, theater rentals, royalties, and all the other expenses involved in production.

Furthermore, the box-office receipts of the Federal theater show a steady increase. In the first year of operation 3½ percent of the operating cost of the project was met through admissions collected. In the present calendar year, admissions have increased to an amount equaling 10 percent of total operating costs. In other words, Federal theater has an active public sponsorship that can be measured in cold figures: Sponsorship amounting to 10 percent of the cost of the project. On the basis of the record it is logical to assume that this would continue to increase. What better sponsorship can be asked?

Finally, it has been alleged that these people on the Federal theater project do not need work. Why is a professional actor, a director, or designer, a stagehand any different from a laborer, an engineer, a writer, a bricklayer? Their skills are equally worthy of preservation, and can get equally rusty without the appropriate work to keep them up to par. The personnel of the Federal theater is just as worthy as personnel in any other field, just as needful and desirous of work. And in the last 3½ years these people have had the blessing of work, work that restored their self-respect, work that revived and sharpened their capabilities in order to fit them for a responsible return to private industry. And the project has actually returned 2,650 of them already to private employment. These people of the Federal theater project are not fakes, they are not "relief racketeers," they are not chiselers. They are members of an important and respected profession. To take away their chance to work at that profession is to condemn them to despair and ruin.

Mr. DIRKSEN. Mr. Chairman, I rise in opposition to the amendment. I fancy that at some time or other every Member of Congress in his high-school and college days has indulged in amateur theatricals and has taken a fling at the Thespian art. I fancy that in their days everyone has become acquainted with the cultural value of the theater.

Mr. O'TOOLE. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. Not now. I fancy that every Member of this House appreciates the cultural value of the theater, but there comes a time when the theater can be prostituted by suggestion and otherwise, and I think that has been done by

the theater project under the W. P. A. If you need any other proof you may examine some of the titles of the plays that have been foisted on the American public in the name of culture.

It is a rather long and engaging list, but I have jotted down just a few. On page 128 of the hearings on the relief appropriation bill considered by the committee in March of this year, you will find a list of the plays produced by the Federal theater project from 1935 to 1939. They were produced in 41 cities in 21 States. There you will find nine pages of plays. I have one here—A New Deal for Mary, which is a grand title. Then there is The Mayor and the Manicure, and Mother Goose Goes to Town. Also, A New Kind of Love. I wonder what that can be? It smacks somewhat of the Soviet. Then there is Up in Mabel's Room. There is an intriguing title for you. That is from the pen of Avery Hopwood, who inflicted such stuff on the public a few years ago. I think I knew him years ago. Here is another, Be Sure Your Sex Will Find You Out. [Laughter.]

Then the State Department might well take note of this—A Boudoir Diplomat. Then there is, Around the Corner. That must be the elusive prosperity we have been seeking for some 6 or 7 years. Correspondent Unknown. Then there is Cheating Husbands. That would be well for the front page of some Washington daily. Next we have Companionate Maggie, and then this great rhetorical and intriguing question, Did Adam Sin? Another one that they have dished up is Go Easy Mabel, and still another that would strike the fancy of anybody—Just a Love Nest. Here is one that is surely adapted to the tempo of modern age, Lend Me Your Husband. And then this very happy title, Love 'Em and Leave 'Em. Also we have Mary's Other Husband.

Now, if you want that kind of salacious tripe, very well, vote for it, but if anybody has an interest in decency on the stage, if anyone has an interest in real cultural value, you will not find it in this kind of junk, and I suggest that we leave the bill as it is and vote down the amendment of the gentlewoman from New Jersey. [Applause.]

Mr. CASEY of Massachusetts rose.

The CHAIRMAN. The gentleman from Massachusetts is recognized for 5 minutes.

Mr. WOODRUM of Virginia. Mr. Chairman, I ask unanimous consent that debate upon this section and all amendments thereto close in 5 minutes. [Cries of "Vote!"] I withdraw my request.

Mr. CASEY of Massachusetts. Mr. Chairman, we have here a proposition that means the very existence of some 9,000 men and women who are employed now in the theater projects, Federal art projects. It is nice to see the House in such a fun-loving mood at this hour, but still this is a serious proposition. I do not know where the gentleman from Illinois [Mr. DIRKSEN], from Peoria, Ill., got all of his ability and knowledge as a dramatic critic. He has read some titles that are humorous. We have had a little slightly off-color display in the House—some ribald humor. I just want to match the gentleman from Peoria, Ill. [Mr. DIRKSEN], and his knowledge of the drama with the knowledge of the following men and what they say about the Federal arts, because I have here a letter which reads as follows:

Open letter to Congressmen:

We, the undersigned dramatic critics, deny the statement made in Congress on June 14 by Congressman CLIFTON A. WOODRUM to the effect that "every theatrical critic of note has expressed his disapproval of these]Federal theater project[productions" and that "the theater project has never presented any production of distinction except the Swing Mikado." We declare that we have had many occasions to praise productions of the Federal theater in New York, many of which have been distinguished contributions to the art of the theater and others of which have been creditable in many respects. If Mr. WOODRUM had looked up the record, he could not possibly have made this statement concerning critical reaction to Federal theater productions in New York. If a fair and impartial estimate of the work of the theater project had been wanted, we should have been glad to give him our opinion for what it was worth—in consensus, that the theater project in New York, at least where we are most familiar with it, has been, on the whole, an institution of great value to the life of the community and that, apart from its Broadway productions, it has performed many less conspicuous services whose value could not be estimated. We believe emphatically that the project should not be abolished.

Brooks Atkinson, dramatic critic, New York Times; Burns Mantle, dramatic critic, New York Daily News; Sidney Whipple, dramatic critic, New York World-Telegram; Allene Talmey, dramatic critic, The Vogue; Wolcott Gibbs, dramatic critic, New Yorker magazine; Otis Ferguson, dramatic critic, New Republic; John Gassner, dramatic critic, Forum magazine; Paul Peters, Life magazine; Joseph Wood Krutch, The Nation magazine; Mrs. Euphremia Van Rensselaer Wyatt, representative, the Catholic World; Kelcey Allen, Daily News Record and Women's Wear; Arthur Pollack, dramatic critic, Brooklyn Daily Eagle.

Whose opinion will you take? The answer is in your hands. [Applause.]

Mr. SIROVICH rose.

The CHAIRMAN. The gentleman from New York is recognized for 5 minutes.

Mr. WOODRUM of Virginia. Mr. Chairman, I ask unanimous consent that all debate close at the end of 5 minutes on this one amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

Mrs. NORTON. Mr. Chairman, I object.

Mr. WOODRUM of Virginia. Mr. Chairman, I move that all debate on this amendment and all amendments thereto close in 5 minutes.

Mr. SIROVICH. Mr. Chairman, a point of order. I have not yielded for that and I have the floor.

The CHAIRMAN (Mr. WARREN). The gentleman from New York had already been recognized, but preceding that the Chair had recognized the gentleman from Virginia [Mr. WOODRUM], chairman of the committee. This would not take the gentleman from New York from the floor.

The gentleman from Virginia [Mr. WOODRUM] moves that all debate on this section and all amendments thereto close in 5 minutes.

The motion was agreed to.

The CHAIRMAN. The gentleman from New York [Mr. SIROVICH] is recognized for 5 minutes.

Mr. SIROVICH. Mr. Chairman, everything that has ever been written regarding the education, the culture, and the civilization of the world is found in the writings of nature, art, and science.

Nature is the life of the universe. Art represents the thoughts of man. Science typifies correct thinking and observation.

The keys that open the secret mysteries hidden in the bosom of nature are mechanics, chemistry, physics, and mathematics. They are responsible for the development of science. Science is universal and general. There are no geographical and natural frontiers to science, born of the analytical mind. The scientific mind has a universal logic which expresses itself everywhere in the same form. Throughout the civilized world, in every school, college, and university, they teach the same mathematics, the same chemistry, the same physics, and the identical laws of mechanics. Very frequently two scientists working in different parts of the world have simultaneously, independent of each other, made the same scientific invention or discovery. Art, on the other hand, is individualistic. It is subjective. It represents the soul of each individual. While science has no frontiers or boundaries, art in every way typifies the soul of a nation. It portrays the creative imagination of the individual. It represents the independent illusion of the individual mind and records the heart beats or the deepest emotions in the soul of the individual.

Art may be divided into five divisions. The drama and its allied arts. Music and its allied arts. The graphic arts. The plastic arts. Painting and its allied arts. Never in the history of the world has it ever happened that two dramatists

have written the same, identical plays, using the same words and identical expressions in every scene or act. Never have two musical composers created the same identical musical compositions. Never have two painters or sculptors painted the same canvas or sculptured alike the same object or form. Never have two novelists written the same identical novel, using the same words and phrases. In other words, Mr. Chairman, ladies and gentlemen of the House, art is individualistic. It has its own boundaries and frontiers. You may have American drama, Italian music, Greek sculpture, French painting, English novels, but science has no boundaries, no frontiers.

The distinguished chairman of the Subcommittee on Appropriations, my good friend CLIFTON WOODRUM, of Virginia, and his associates on that committee have assassinated the fine arts of the W. P. A. Nine thousand people working in that division of the W. P. A. have received the death sentence for their indefatigable toil and labor in trying to preserve American culture. The Government's experiments in the drama, music, painting, and literature have created a cultural revolution in America. They have brought the American artist and the American audience face to face for the first time in their respective lives. The arts have become the possession of millions of people in every section of our country who never before had the means or the opportunity to enjoy the benefits of American culture, the result of the extension and expansion of the American mind. Twenty-five million people in 22 States have witnessed Federal theater productions. Sixty-five percent of this audience had never ever witnessed productions of the living, spoken drama. In the music project Federal musicians, working on the W. P. A. rolls, have played to aggregate audiences of 92,000,000 persons in 273 cities in 42 States. They have taught grown-ups and little ones to play the piano, violin, saxophone, mandolin, and countless other musical instruments; to learn to appreciate the melodies, harmonies, symphonies, and compositions of the great masters. Eleven million people have witnessed art exhibits or have been taught in art classes to love, criticize, and analyze the masterpieces of the great creative geniuses of the past. The American Historical Guidebook series, that gives the history of all the historic places in our country, that would stimulate the patriotism of local communities, has brought happiness and pleasure to millions of our citizens. The recommendation of the Committee on Appropriations is that all this good work performed by the fine arts division of the W. P. A. be destroyed. Every civilized nation in the world fosters, stimulates, and subsidizes its fine arts. America, the richest and greatest nation in the world, through the action of its Subcommittee on Appropriations, would destroy the potentialities for the development and perfection of American culture.

Mr. Chairman, no matter how you look at a pancake, whether thick or thin, it has two sides. My beloved colleague and friend from Illinois [Mr. DIRKSEN], a member of the Appropriations Committee, ridiculed, jeered at, laughed at, excoriated, and denounced the diversified plays presented by the theatrical divisions of the W. P. A. It was unworthy of his fine, brilliant, and splendid mind. It may trouble his just conscience in days to come. It was flippant, tactless, picayunish. He went from the sublime to the ridiculous as he explored the dramatic gutter and dilated upon the worst aspects of the drama, forgetting that many of the plays he enumerated had long been played by various theaters for the past generation. His vehement denunciation, coupled with the action of the Subcommittee on Appropriations, will spell the death knell for 9,000 good Americans to maintain themselves, to be self-supporting and self-respecting, by providing for their wives, children, and loved ones.

Mr. Chairman, it was my privilege to see three great plays in the theater project of the W. P. A. One was Murder in the Cathedral, a play by T. S. Eliot, an Anglicized American. Most of the dramatic critics of our city recognized this poetic production as one of the great plays of this generation. I thought this play was sublime. Over 60,000 people witnessed its performances.

A Prelude to Glory characterized the early life and career of America's great and martyred President, Abraham Lincoln. The tenderness, sweetness, and humanness that expressed the early life of our heroic President, made a most profound and indelible impression upon my mind. For virility and nobility of character, for courage, for idealism and heroism, few plays have stirred my imagination more than this simple patriotic production of the early and tragic life of Abraham Lincoln in the story of the Prelude to Glory.

Then came one-third of a Nation, which portrayed the tragedy of the dwellers in the slums of our city. The dialog, characterization, and action of the play gripped the audience. On many an occasion I unconsciously found the tears rolling down my cheeks. I was overwhelmed. Bitterness and rancor urged me as a public official to vote to abolish these pest holes that exploit and commercialize the lifeblood of our fellow man, that ethics and religion teach us to love, honor, and respect.

Mr. Chairman, I appeal to the generous and kindly hearts of my colleagues to replace the fine-arts provision within the framework of the P. W. A. that will refuse to relegate 9,000 innocent men and women from becoming the victims of hunger, penury, and want.

Mr. Chairman, I know you are all actuated by the highest motives in your deliberations and activities, and I trust you will not crucify the Federation of Arts Unions, which is composed of 14 A. F. of L. and C. I. O. unions, with a membership of 75,000 in Greater New York. The 14 organizations represent some 8,000 members on the Federal arts projects in New York City, none of whom have one communistic member, and no one of whom is a member of the Workers Alliance.

Mr. Chairman, the modern theater is an escape from the hard realities of life created by the machine age. It enables our fellow citizens to run away from the boredom, tedium, and monotony of the mill, mine, loom, and factory, and from the world of reality to the world of phantasy, imagination, and illusion.

Every civilized nation of the world subsidizes the theater and its allied arts to grow, prosper, and flourish. By your actions and vote today you will determine whether America has culturally arrived at the age of maturity or whether dead property in the guise of economy is superior to human rights. [Applause.]

The CHAIRMAN. The time of the gentleman from New York has expired.

All time has expired.

The question is on the amendment offered by the gentlewoman from New Jersey [Mrs. NORTON].

The question was taken; and on a division (demanded by Mr. CASEY of Massachusetts) there were ayes 56 and noes 192.

So the amendment was rejected.

Mr. JENKS of New Hampshire. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JENKS of New Hampshire: On page 17, line 2, add "*Provided*, That all unskilled labor, certified from the relief rolls, shall hereafter be paid weekly."

Mr. JENKS of New Hampshire. Mr. Chairman and ladies and gentlemen, the W. P. A. employs more people than any other organization in this country. They are paid today semimonthly. This amendment provides that these workers be paid the same as all other industries in this country pay their labor—that is, weekly. The amendment speaks for itself. I have waited almost 12 hours to offer this amendment, which affects almost 3,000,000 people.

Mr. McKEOUGH. Mr. Chairman, will the gentleman yield?

Mr. JENKS of New Hampshire. I yield.

Mr. McKEOUGH. I compliment the gentleman on his anxiety to get the money to these W. P. A. workers as quickly as possible. I wonder if the gentleman voted on the last amendment to dismiss 9,000 of them from the pay roll?

Mr. JENKS of New Hampshire. I did.

Mr. McKEOUGH. I thank the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Hampshire [Mr. JENKS].

The amendment was rejected.

Mr. WOODRUM of Virginia. Mr. Chairman, I ask unanimous consent that all debate on title I, which is the title we have just been considering for 3 or 4 hours, that all debate on title I and all amendments thereto close in 10 minutes.

Mr. MARTIN of Colorado. Mr. Chairman, reserving the right to object, how many amendments are there to title I? I have had an amendment pending to section 11 for the last 4 hours. We have been all over the bill since then.

The CHAIRMAN. The Chair will be glad to answer the gentleman's inquiry. Eight amendments are pending at the desk.

Mr. WOODRUM of Virginia. Mr. Chairman, I modify my request and ask unanimous consent that debate close on this title and all amendments thereto in 15 minutes.

Mr. MARTIN of Colorado. Mr. Chairman, reserving the right to object, will not the gentleman modify his request to allow 2 minutes of debate for each amendment?

Mr. WOODRUM of Virginia. Mr. Chairman, I modify my request and ask unanimous consent that all debate on this title and all amendments thereto close in 16 minutes.

Mr. CASE of South Dakota. Mr. Chairman, reserving the right to object, and I shall not object, will not the gentleman from Virginia state for the RECORD his interpretation of paragraph (e) at the top of page 19 with regard to the striking off of persons who are eligible for social-security benefits? If he will take time to do that I shall not object.

Mr. WOODRUM of Virginia. That means if they are eligible for social-security benefits and if there are funds available to pay those benefits.

Mr. CASE of South Dakota. That would mean that the States have funds with which to pay benefits in order to make Federal funds available?

Mr. WOODRUM of Virginia. That is correct.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia that all debate on this paragraph and all amendments thereto close in 16 minutes?

There was no objection.

Mr. RAMSPECK. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. RAMSPECK: Page 22, line 23, before the word "the", insert "in or connected with the Works Projects Administration", and on page 23, line 1, after the word "any", insert the word "such."

The CHAIRMAN. The gentleman from Georgia is recognized for 2 minutes.

Mr. RAMSPECK. Mr. Chairman, the purpose of this amendment is to put this bill in the same condition we attempted to place the similar bill in January of this year, and that was to prohibit civil service for the employees of the Works Progress Administration only. There are paid from funds under this bill employees in the Treasury Department, in the Agricultural Department, and in various other agencies of the Government that have no connection with the Works Progress Administration. If my amendment is adopted it will limit the exclusion of civil service to the Works Progress Administration only, as the House attempted to do in January of last year. The Senate changed that provision last year and it was agreed to in conference.

Mr. WOODRUM of Virginia. Will the gentleman explain a little further, pointing out specific examples?

Mr. RAMSPECK. It will let the employees of the Agricultural Department and other agencies, the Treasury Department and the General Accounting Office, come under civil service. They are covered in section 6.

Mr. WOODRUM of Virginia. The National Youth Administration?

Mr. RAMSPECK. Yes; it will let the National Youth Administration employees come under civil service.

Mr. WOODRUM of Virginia. The Farm Credit Administration?

Mr. RAMSPECK. The Farm Credit Administration.

Mr. WOODRUM of Virginia. It will let all of them in under civil service.

Mr. RAMSPECK. Yes; that is the effect of the amendment, and that is what the gentleman from Virginia undertook to do in January here, but the Senate changed it. I hope that the House may approve this amendment and give the President the opportunity of extending civil service to those employees not connected with the Works Progress Administration.

[Here the gavel fell.]

The CHAIRMAN. The time of the gentleman from Georgia has expired.

The question is on the amendment offered by the gentleman from Georgia.

The amendment was rejected.

Mr. WALTER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WALTER: Page 21, line 16, after the period, insert "No portion of the appropriation made under this resolution shall be used to pay the salary of any person who advocates, or who is a member of an organization that advocates, the overthrow of the Government of the United States through force or violence."

The CHAIRMAN. The gentleman from Pennsylvania is recognized for 2 minutes.

Mr. WALTER. Mr. Chairman, in just a few words, this amendment makes it impossible to pay the salaries of anyone advocating the overthrow of our form of government through force or violence. I think there is not as much to fear from this small group of people as some would have us think. I feel, however, that our Government ought not to support and maintain people who advocate its overthrow through force or violence. [Applause.] You need but look at the hearings briefly to be convinced that there is in W. P. A. a considerable group who belong to this class of people. Let them go on and preach their doctrines, let them sing their hymns of hate against America, but let them find support from a place other than the public pay roll. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

The question is on the amendment offered by the gentleman from Pennsylvania.

The amendment was agreed to.

Mr. HOOK. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. HOOK: On page 16, line 16, after the figure "1", insert "and such a monthly earning schedule shall provide that the same rate of pay be paid for similar work in all sections of any State, Territory, possession, or the District of Columbia."

The amendment was rejected.

Mr. MARTIN of Colorado. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. MARTIN of Colorado: Page 14, line 24, strike out paragraph (c), beginning on page 14, line 24, down to and including line 13, page 15.

ON A MOTION TO STRIKE OUT A PARAGRAPH WHICH INCREASES AND TIGHTENS UP SPONSORS' CONTRIBUTIONS THE MOTION WAS DEFEATED

Mr. MARTIN of Colorado. Mr. Chairman, this amendment proposes to strike out the paragraph which increases the contributions of sponsors and tightens up the contribution of sponsors on non-Federal projects. The paragraph penalizes poverty. This provision of the bill discriminates against the

poorer States, counties, and municipalities. If this provision of the bill is honestly and impartially enforced, it will wipe whole Southern States off the W. P. A. map. It will wipe out the drought-stricken States of the West. It will wipe out hundreds of communities and districts throughout the country. The committee report makes it plain it intends this language shall be construed to both increase and tighten up sponsors' contributions.

In order to make sure about this, let me give you just two brief quotations from the report. On page 21 the report says:

Under the present law sponsor's contributions are authorized. The joint resolution adds the requirement that the contribution be an adequate one.

And on page 22 is the following:

The committee believes that sponsors' contributions should be increased. The Works Progress Administration has spent nearly $7,000,000,000, and a very large part of it has gone as grants in the form of public projects to States and local communities. Their sponsors' contributions have been increased but are not yet a fair proportion of the cost.

Now, just set these plain statements over against existing conditions, which ought to be known to every Member of Congress who knows anything about what is going on in his district. If I do say it myself, when I go out home I get out on the ground to find out how this money is working.

I have found two things which are pertinent here. One is that most of the best and most desirable W. P. A. projects in my district could not have been built under the $40,000 Federal grant grudgingly yielded by the committee to head off a fight and which I discussed here on the floor earlier in the day; and the other is that some of them could not have been built under the stiffer requirements laid down in the pending bill.

I know how even the present looser requirements have had to be stretched to the limit in order to give many poor communities any project at all. I really wonder sometimes how much some really able Members of Congress know about how these recovery and relief programs have operated on the ground. I wonder if they ever put in many weary hours with an efficient and resourceful W. P. A. director, who salvaged old mining machinery and equipment from abandoned mines and set up a plant, and made his own brick, and his own oil mix for street and road jobs, and taught his unskilled workers how to make their own material and build the buildings, so that they even became able to build their own homes.

I wonder if they have been through the W. P. A. school buildings in remote and isolated settlements, where the children have been given some of the advantages of children in the better towns and cities, and where the school building has become the center of community life and maybe the only decent building in the place. That sort of thing will be largely stopped under this bill. Perhaps in many cases you could not look too closely into what went to make up the poor sponsors' contribution under existing law. Maybe it got a very liberal allowance on sand and gravel furnished free by Mother Nature.

This paragraph is in favor of the rich sponsor and against the poor sponsor. Under this provision of the bill, to him that hath shall be given, and from him that hath not shall be taken away even that he hath.

You may vote down my amendment, and I know you will, but I want to say right now that you are going to learn a whole lot about it before Congress convenes again in January 1940. [Applause.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Colorado [Mr. MARTIN].

The question was taken; and on a division (demanded by Mr. MARTIN of Colorado) there were—ayes 33, noes 141.

So the amendment was rejected.

Mr. HOUSTON. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. HOUSTON: Page 28, line 2, after the period, insert "That no recommendations of any persons who shall apply for office or place under the provisions of this act which may be given by any Senator or Member of the House of Representatives, except as to the character or residence of the applicant, shall be received or considered by any person concerned in making any appointment under this act."

Mr. HOUSTON. Mr. Chairman, I want to enlighten the public and take the pressure off the Members of the House. Almost every unemployed man and woman thinks a Congressman can get someone displaced and he or she put in that place any time the Congressman wants to do so. If he does not do it, then he is to blame. I want to either have the authority or else let the public know we do not have that authority. [Applause.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kansas [Mr. HOUSTON].

The amendment was agreed to.

Mr. FAY. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. FAY: Page 23, line 25, after the words "efficient administration", add "*Provided*, That as to all administrative and supervisory positions, preference of appointment shall be given to veterans who are qualified therefor."

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. FAY].

The question was taken; and on a division (demanded by Mr. FAY) there were—ayes 43, noes 71.

So the amendment was rejected.

Mr. JOHNSON of Indiana. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JOHNSON of Indiana: At the end of line 16, page 21, add the following: "*Provided*, That the Works Projects Administration shall not employ any person whose need for employment has not been certified as provided in section 16, subsection (d) in any position, if there is available for employment persons whose need for employment has been certified as provided in section 16, subsection (d), and who are capable and qualified to perform the duties of said positions."

Mr. JOHNSON of Indiana. Mr. Chairman, this amendment simply proposes that if people are certified for employment according to the provisions of this bill they shall be employed, and that no one who is not certified shall be employed in any position as long as people who are certified are unemployed if they are capable and qualified to perform the duties of the position. It is simply a question whether we want relief money and relief work to go to the relief worker or to someone put on relief who is a nonrelief worker and who does not need the work.

Mr. Chairman, I hope the amendment is agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana.

The question was taken; and on a division (demanded by Mr. JOHNSON of Indiana) there were—ayes 110, noes 134.

So the amendment was rejected.

Mr. COFFEE of Washington. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COFFEE of Washington: Page 29, beginning in line 10, strike out all of section 32.

Mr. COFFEE of Washington. Mr. Chairman, the amendment I propose strikes out that part of the bill known as section 32, which denies to a W. P. A. supervisor, administrator, or anyone in an executive position the opportunity to run for any political office or to be a campaign manager for any candidate for office. As far as I am personally concerned, I do not believe that when a man goes on relief or works for the W. P. A. he should forfeit his American citizenship. If a man wants to run for justice of the peace, wants to run for member of a park board, or wants to run for a nonsalaried position, it seems to me that we should not prohibit him from exercising that right.

That is not politics in relief; that is a man exercising his prerogative as an American citizen to run for a position in public life in the United States. If he were bringing political influence to bear on subordinates, if he were

exercising undue influence on those who would come immediately under his sway, there would be justification then, it seems to me, for such a provision as is in the bill, but my amendment provides for striking out an interference with what I deem to be an American's right to exercise his prerogatives of citizenship.

Mr. Chairman, I hope my amendment will be agreed to. [Applause.]

The CHAIRMAN. The time of the gentleman from Washington has expired. All time has expired.

The question is on the amendment offered by the gentleman from Washington.

The question was taken; and on a division (demanded by Mr. DUNN) there were—ayes 61, noes 158.

So the amendment was rejected.

The Clerk read as follows:

TITLE II—PUBLIC WORKS ADMINISTRATION PROJECTS

SEC. 201. (a) In order to increase employment by providing for useful non-Federal public works projects of the kind and character which the Federal Emergency Administrator of Public Works has heretofore financed or aided in financing, pursuant to title II of the National Industrial Recovery Act, the Emergency Relief Appropriation Act of 1935, the Emergency Relief Appropriation Act of 1936, the Public Works Administration Extension Act of 1937, or the Public Works Administration Appropriation Act of 1938, the sum of $125,000,000 transferred from section 1, together with the unexpended balance of the appropriation made under section 2"1 of such act of 1938, shall be available until June 30, 1941, and may be expended by the Commissioner of Public Works (hereinafter referred to as the "Commissioner"), subject to the approval of the President, for (1) the making of loans or grants, or both, to States, Territories, possessions, political subdivisions, or other public bodies (herein called public agencies), or (2) the construction and leasing of projects, with or without the privilege of purchase, to any such public agencies.

(b) No amount available under this title shall be allotted for any project which, in the determination of the Commissioner, cannot be commenced prior to March 1, 1940, or the completion of which cannot be substantially accomplished prior to July 1, 1941: *Provided*, That this limitation upon time shall not apply to any project enjoined in any Federal or State court.

(c) Under the funds available in this title, no grant shall be made in excess of $225,000 or in excess of 45 percent of the cost of any project, and no project shall be constructed for lease to any public agency unless the Commissioner shall determine that the nonrecoverable portion of the cost of such project shall not exceed $225,000 and shall not exceed 45 percent of the cost thereof.

(d) No moneys for a non-Federal project shall be paid from the funds made available by this title to any public agency unless and until adequate provision has been made, or in the opinion of the Administrator is assured, for financing such part of the entire cost thereof as is not to be supplied from Federal funds.

(e) Not more than $2,875,000 of the amount available under this title may be used for administrative expenses of the Administration during the fiscal year ending June 30, 1940, in connection with this title; such amount shall be available for administrative expenses thereof during such fiscal year for the purposes set forth for such Administration in the Independent Offices Appropriation Act, 1940. The Commissioner shall reserve from the amount available under this title an adequate sum for administrative expenses of the Administration in connection with this title for the fiscal year ending June 30, 1941, subject to authorization hereafter by annual appropriation acts for the utilization thereof.

SEC. 202. Moneys realized from the sale of securities acquired by the Federal Emergency Administration of Public Works or the Public Works Administration, or the proceeds of such securities, may be used by the Commissioner for the making of loans in connection with projects under this title, notwithstanding any previous limitation on the total amount of such securities or proceeds thereof that may be used for loan purposes.

SEC. 203. The Public Works Administration is hereby continued to the close of the fiscal year ending June 30, 1942, and is hereby authorized to continue to perform all functions which it is authorized to perform on July 1, 1939.

SEC. 204. Section 206 of the Public Works Administration Extension Act of 1937, as amended by the Public Works Administration Appropriation Act of 1938, is hereby amended to read as follows:

"SEC. 206. No new applications for loans or grants for non-Federal projects shall be received by the Administration after September 30, 1939: *Provided*, That this section shall not apply to applications amendatory of applications for projects received prior to October 1, 1939, and such amendatory applications shall be confined to projects, which, in the determination of the Administrator, can be started and completed within the time limits specified in section 201 (b) of the Public Works Administration Appropriation Act of 1939."

SEC. 205. This title may be cited as the "Public Works Administration Appropriation Act of 1939."

Mr. WOODRUM of Virginia. Mr. Chairman, title II, which runs down through pages 30, 31, 32, and part of 33, is the familiar Public Works Administration part of the bill. I ask unanimous consent, Mr. Chairman, that title II may be considered as having been read and be printed in the RECORD, and that it be open for amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. WOODRUM of Virginia. Mr. Chairman, I offer a committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. WOODRUM of Virginia: On page 31, line 20, after the word "agency", insert "unless such agency agrees to require that at least 25 percent of the labor to be employed on such project shall be taken from relief rolls and."

Mr. RAMSPECK. Mr. Chairman, I offer a substitute for the committee amendment.

The Clerk read as follows:

Substitute offered by Mr. RAMSPECK for the committee amendment: Page 31, line 20, after the word "agency", insert "unless such agency will require that at least 25 percent of the labor employed on such project will come from relief rolls if such labor, in the opinion of the Commissioner of Public Works, is available and qualified and will not unreasonably interfere with the construction of such project and."

Mr. RAMSPECK. Mr. Chairman, the difference between my substitute and the committee amendment is simply that under the committee amendment if the 25 percent relief labor is not available or no qualified relief labor is available the project cannot proceed. Under the substitute amendment I have offered, if, in the opinion of the Commissioner of Public Works, who would be the person in charge of P. W. A., the labor is not available or is not qualified, then other labor can be used as is the case under the present law.

I believe we ought not to tie the hands of whoever is to direct these P. W. A. projects so as to make it impossible for them to operate by requiring 25 percent relief labor. In some parts of the country you will find that the necessary skilled workers needed for such construction as P. W. A. often does are not to be found and cannot be had, and to insist on such a requirement would mean that P. W. A. projects could not be constructed in many of the rural sections of this country.

I hope the Committee may see fit to accept the amendment.

Mr. WOODRUM of Virginia. If the gentleman will yield, while I cannot speak for anybody but myself, I may say that as far as I am concerned I have no objection to the gentleman's amendment. I cannot speak for the committee, I may say to the gentleman.

Mr. RAMSPECK. I thank the gentleman. I do not believe this will interfere with the purpose of the committee.

The CHAIRMAN. The question is on the substitute offered by the gentleman from Georgia to the committee amendment.

The question was taken; and on a division (demanded by Mr. SCHAFER of Wisconsin) there were—ayes 162, noes 21.

So the substitute to the committee amendment was agreed to.

The CHAIRMAN. The question now recurs on the committee amendment offered by the gentleman from Virginia, as amended by the substitute of the gentleman from Georgia.

The committee amendment was agreed to.

Mr. WOODRUM of Virginia. Mr. Chairman, I offer a committee amendment, which I send to the desk.

The Clerk read as follows:

Committee amendment offered by Mr. WOODRUM of Virginia: On page 31, line 21, strike out the word "Administrator" and insert in lieu thereof the word "Commissioner."

The committee amendment was agreed to.

Mr. WOODRUM of Virginia. Mr. Chairman, I offer a further committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. WOODRUM of Virginia: Page 33, line 9, strike out the word "Administrator" and insert in lieu thereof the word "Commissioner."

The committee amendment was agreed to.

Mr. STARNES of Alabama. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. STARNES of Alabama: Page 30, line 9, after "Title II—Public Works Administration Projects", strike out all of sections 201 to 205, inclusive, and insert in lieu thereof the following:

"SEC. 201. (a) In order to increase employment and to provide for the general welfare by providing for useful non-Federal public-works projects of the kind and character which the Federal Emergency Administrator of Public Works has heretofore financed or aided in financing, pursuant to title II of the National Industrial Recovery Act, the Emergency Relief Appropriation Act of 1935, the Emergency Relief Appropriation Act of 1936, the Public Works Administration Extension Act of 1937, or the Public Works Administration Appropriation Act of 1938, there is hereby appropriated to the Public Works Administration (herein called the 'Administration') in the Federal Works Agency, out of any money in the Treasury not otherwise appropriated, the sum of $275,000,000, together with any balance or balances of the appropriation made by the Public Works Administration Appropriation Act of 1938 not reserved or made available by the Congress for administrative expenses of the Administration and not now or hereafter expended pursuant to allotments made prior to the effective date of this act, such sums, together with the sum of $125,000,000 transferred from section 1, to remain available until expended, and, subject to the provisions hereinafter set forth, to be expended at the direction of the Federal Works Administrator (herein called the Administrator), with the approval of the President, for (1) the making of loans or grants, or both, to States, Territories, possessions, political subdivisions, instrumentalities or agencies thereof, or other public bodies (herein called public agencies), for projects of such public agencies; and (2) the construction and leasing of projects, with or without the privilege of purchase, to any such public agencies.

"(b) No funds available under this title shall be allotted for any project which in the determination of the Administrator cannot be commenced prior to April 30, 1940, or the completion of which cannot be substantially accomplished prior to December 31, 1941: *Provided*, That this limitation upon time shall not apply to any project delayed by litigation in any Federal or State court.

"(c) No grant shall be made in excess of 45 percent of the cost of any non-Federal project, and no project shall be constructed for lease to any public agency unless the Administrator shall determine that the nonrecoverable portion of the cost of such project shall not exceed 45 percent of such cost.

"(d) No moneys for a non-Federal project shall be paid from the funds made available by this title to any public agency unless and until adequate provision has been made, or, in the opinion of the Administrator, is assured, for financing such part of the entire cost thereof as is not to be supplied from Federal funds.

"(e) Not exceeding $9,750,000 of the funds available under this title, in addition to the moneys authorized by subsection 201 (f) of the Public Works Administration Appropriation Act of 1938 and the Independent Offices Appropriation Act, 1940, to be used for administrative expenses of the Administration for the fiscal years 1939 and 1940, shall be available to pay administrative expenses of the Administration for the fiscal years ending June 30, 1939, and June 30, 1940. The Administrator shall reserve from the amount available under this title an adequate sum for administrative expenses of the Administration in connection with this title for the fiscal year ending June 30, 1941, subject to authorization hereafter by annual appropriation acts for the utilization thereof.

"SEC. 202. (a) The Administration is authorized to sell any bonds, securities, or other obligations which it has heretofore acquired or hereafter acquires, and to use the proceeds realized from the sale thereof for the making of further loans pursuant to the provisions of this title.

"(b) The Administration is authorized to exchange any bonds, securities, or other obligations which it has heretofore acquired or hereafter acquires for any other bonds, securities, or other obligations of the same or any other public agency.

"SEC. 203. On and after the effective date of reorganization plan No. I, transmitted to the Congress by the President of the United States pursuant to the authority granted by the Reorganization Act of 1939, all laws, Executive orders, and other documents referring to the Federal Emergency Administration of Public Works shall be deemed to refer to the Public Works Administration, and all laws, Executive orders, and other documents referring to the Federal Emergency Administrator of Public Works shall be deemed to refer to the Federal Works Administrator.

"SEC. 204. All limitations of time on the continuance of the Administration, or on the performance of its functions or exercise of its powers, and all limitations as to time on the authority of the Administrator to make allotments or to expend funds or do any other act, under or pursuant to the National Industrial Recovery Act, the Emergency Appropriation Act, fiscal year 1935, the Emergency Relief Appropriation Act of 1935, the Emergency Relief Appropriation Act of 1936, the Public Works Administration Extension Act of 1937, or the Public Works Administration Appropriation Act of 1938, or under any other act, are hereby repealed. The Administration is hereby continued and is authorized to continue to perform all functions which it is authorized to perform on the date of enactment hereof, until otherwise provided by law; and all provisions of law existing on the date of enactment hereof, and relating to the availability of funds for carrying out any of the functions of such Administration, are hereby continued until otherwise provided by law. That portion of section 201 (a) of the Public Works Administration Appropriation Act of 1938 which reads 'to remain available until June 30, 1940,' is hereby amended to read 'to remain available until expended,' and the sum appropriated by said act is hereby made available until such sum is expended.

"SEC. 205. The Adnfinistration is hereby authorized to receive and consider applications for aid under the provisions of this title or of any other act hereinbefore referred to, including applications amendatory of other applications heretofore or hereafter received: *Provided*, That no new applications shall be received by the Administration after April 30, 1940.

"SEC. 206. Section 206 of the Public Works Administration Extension Act of 1937, as amended by section 204 of the Public Works Administration Appropriation Act of 1938, and that portion of section 201 (f) of the Public Works Administration Appropriation Act of 1938 which reads 'for the completion (except liquidation) of the activities of such administration,' are hereby repealed; and the date specified in the Emergency Relief Appropriation Act of 1936, as amended by section 201 of the Public Works Administration Extension Act of 1937 and by section 202 of the Public Works Administration Appropriation Act of 1938, prior to which, in the determination of the Administrator, projects for which moneys made available by such act were authorized to be granted, can be substantially completed is hereby changed from 'July 1, 1940,' to 'December 31, 1941,' and the dates specified in section 201 (b) of the Public Works Administration Appropriation Act of 1938, prior to which, in the determination of the Administrator, projects for which moneys appropriated by such act were authorized to be allotted, could be commenced and substantially completed, respectively, are hereby changed from 'January 1, 1939,' to 'April 30, 1940,' and from 'June 30, 1940,' to 'December 31, 1941,' respectively.

"SEC. 207. (a) There is hereby appropriated to the Administration, out of any money in the Treasury not otherwise appropriated, to remain available until expended, the sum of $75,000,000, to be expended at the direction of the Administrator, with the approval of the President, for the making of allotments to Federal agencies for the financing of Federal construction projects and the acquisition of land for sites therefor, such projects to be selected from (1) projects authorized by law and (2) projects for the enlargement, extension, or remodeling of existing Federal plants, institutions, or facilities.

"(b) No Federal construction project, except flood control and water conservation or utilization projects now under actual construction, shall be undertaken or prosecuted with funds made available by this section unless and until moneys sufficient for the completion thereof shall have been irrevocably allocated or appropriated therefor.

"SEC. 208. No provision of title I hereof other than section 1 (a) shall apply to this title II or to any funds available under this title.

"SEC. 209. This title may be cited as the 'Public Works Administration Appropriation Act of 1939.'"

Mr. WOODRUM of Virginia (interrupting the reading of the amendment). Mr. Chairman, will the gentleman from Alabama ask unanimous consent that the amendment be printed in the RECORD and considered as read?

Mr. STARNES of Alabama. Yes, Mr. Chairman; because it has been published in the RECORD and further because of the fact that each Member has been furnished with a copy of it.

Mr. TABER. Mr. Chairman, reserving the right to object, will the gentleman tell us what the number of the bill is and whether or not it is available for us here?

Mr. STARNES of Alabama. If the gentleman will turn to the CONGRESSIONAL RECORD of Thursday, June 15, he will find the amendment there in full.

Mr. TABER. It is the entire bill that was presented to the Committee on Appropriations?

Mr. STARNES of Alabama. No; it is not the bill, H. R. 4576.

Mr. TABER. What is it?

Mr. STARNES of Alabama. It is a condensed form of that bill and in my remarks I shall give the gist of it to the Members.

The CHAIRMAN (Mr. MCCORMACK). Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. STARNES of Alabama. Mr. Chairman, I ask unanimous consent that I may proceed for 3 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. WOODRUM of Virginia. Mr. Chairman, I ask unanimous consent that all debate on the title and all amendments thereto close in 15 minutes.

Mr. DEMPSEY. I object, Mr. Chairman, I want 5 minutes.

Mr. WOODRUM of Virginia. Mr. Chairman, I ask unanimous consent that all debate on this title and all amendments thereto close in 20 minutes, including the time of the gentleman from Alabama, and I shall ask for 3 minutes of that time.

The CHAIRMAN. The gentleman from Virginia asks unanimous consent that all debate on this title and all amendments thereto close in 20 minutes, the last 3 minutes being reserved by the gentleman from Virginia. Is there objection?

Mr. DEMPSEY. I object, Mr. Chairman.

Mr. WOODRUM of Virginia. I move, Mr. Chairman, that all debate on this title and all amendments thereto close in 20 minutes.

The motion was agreed to.

Mr. STARNES of Alabama. Mr. Chairman, if the members of the committee will turn to page 7251 of the RECORD of June 15 they will find therein the amendment which I am offering in the nature of a substitute for the entire title II of the committee's bill.

To summarize, the amendment which I offer will continue the P. W. A., will provide an additional $275,000,000 for non-Federal projects, and $75,000,000 for Federal projects. It will remove the committee's limitation of $225,000 as the limit for the Government's loan or the Government's grant as a part of the project. It will make the P. W. A. section of this bill conform to the Executive order in keeping with reorganization plan No. I.

This summarizes, briefly, the chief features of the amendment.

If we substitute it for the committee's title II, it will eliminate the provision adopted a moment ago, providing that 25 percent of the labor used on these projects must come from the relief rolls. The experience of the P. W. A. has been that relief labor is unsatisfactory for a number of reasons: First, because these P. W. A. projects are let to private contractors, that the prevailing wage is paid, that the contractor usually obtains his labor from men who are members of organized labor. This situation would be considerably aggravated if you attempted to write in this 25-percent provision. It will eliminate the threat of strikes or labor disturbance which might otherwise impede the progress of the program.

Mr. Chairman, I am very much interested in a sound, constructive public-works program. The Congress has evidenced during the past 6 years by its action, time after time, that it, too, is interested in a sound, constructive public-works program.

No taint of scandal, no breath of suspicion, no complaint of political activity have resulted from the activities of the P. W. A. There are some things that should be called to your attention in respect to the P. W. A. In a P. W. A. program you have a uniform contribution by the community. More than $2,000,000,000 has been raised outside of the Government grants made to P. W. A. during the past 6 years, to stimulate private business and industry. In addition $830,000,000 has been loaned to communities which will be recovered at 4-percent interest. A striking fact was developed in the hearings on this program. That fact is that of the money due today on Government loans for P. W. A., less than 1 percent is now in default after 6 years' operation.

More than two and a half billion dollars' worth of orders have been given to private business and industry in the heavy industries as a result of the P. W. A. program. If you are interested in stimulating private business and industry, my amendment will afford the only opportunity that you will have under this bill, and if you are genuinely interested in private employment behind the firing lines, in the mines, in the fields, in the factories, you will support this public-works program, because two and a half times the number of people who are actually employed on the site are given employment in private business in providing the materials going into these projects.

Mr. MARCANTONIO. Mr. Chairman, will the gentleman yield?

Mr. STARNES of Alabama. Yes.

Mr. MARCANTONIO. I rise simply to state that as an ardent advocate of W. P. A., I am heartily in favor of this amendment.

Mr. STARNES of Alabama. I thank the gentleman.

Mr. SIROVICH. Mr. Chairman, I think the distinguished gentleman from Alabama has offered a very wholesome and constructive amendment which would help every city in the Union and help to reemploy the unemployed.

Mr. STARNES of Alabama. I thank the gentleman.

Mr. RANDOLPH. Mr. Chairman, will the gentleman yield?

Mr. STARNES of Alabama. Yes.

Mr. RANDOLPH. I think it is also a fact that 1,300,000 people are benefited now because of the P. W. A.

Mr. STARNES of Alabama. That is correct. Approximately 1,300,000 people are being employed today as a result of the P. W. A. program. [Applause.] The distinguished gentleman from West Virginia has demonstrated many times his interest in a sound and constructive public-works program.

The CHAIRMAN. The time of the gentleman from Alabama has expired.

Mr. EBERHARTER. Mr. Chairman, I rise in support of the amendment. This is one amendment which I think the Members of the House should be able to vote upon without any doubt in their minds as to whether or not their constituents back home approve of the amendment, because during the year 1938, in every section of the country, in every district practically, in every community in the United States, there were held elections wherein the voters were asked to determine whether or not a bond issue should be authorized so that the local community could take advantage of a P. W. A. grant; 3,210 elections were held and 81 percent of the elections were approved by a majority of the voters, which shows what the people at home think of the P. W. A. program.

These elections covered every conceivable kind of project, and as I said before were held in every kind of district, both Republican and Democrat. The fact is the people back home have approved the P. W. A. program, and I think it is very significant that of 3,210 elections held as to whether they would approve these projects, 2,625 approved them by a majority vote. In the 1938 P. W. A. Act we provided that the projects should be finished before July 1940. It is significant that over 1,000 of the projects were completed 14 months ahead of time, and another thing in connection with the P. W. A. program is that the P. W. A. has never come back to Congress and asked for a deficiency appropriation.

They have done a splendid job. The referendums show conclusively that the people wanted them, that the sentiment is for the P. W. A. There has never been any scandal connected with it. It has done a wonderful job in every respect. Those of you who believe that the sum carried in this bill for work relief is not quite sufficient should vote for this amendment as introduced by the gentleman from Alabama [Mr. STARNES] because it will stimulate construction and help unemployment, promote recovery, and is an amendment that I think the Members of the Committee could vote for without any doubt in their minds as to the good it will do.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

The gentleman from California [Mr. VOORHIS] is recognized for 3 minutes.

Mr. VOORHIS of California. Mr. Chairman, as one who has been concerned all day about the problem of jobs for people and one who has been disappointed on a number of occasions in the way amendments were voted down by this Committee, I rise at this time to urge the support of the House for this constructive amendment.

This amendment will mean, as the gentleman from Alabama [Mr. STARNES] has so ably stated, an increased volume of employment. Much of it is indirect, it is true, but it is an increased volume of employment just the same. It will be a constructive measure for this House to take at this late hour of the night.

It will be something that will mean encouragement to business. It will mean that over half of this money which is provided will be repaid to the Federal Government or else provided by local communities. It is a shame and a thing for which I cannot think of one single decent excuse that we should have to consider a matter of this importance at this hour and with the House in its present utterly unconstructive frame of mind.

As I say, this is an amendment upon which I should think a great number of the Members of this House, whatever their views have been up to this time about these various measures, could agree upon and pass, in order that we may give stimulation and encouragement to the improvement in American business and some few jobs to those who need them and are denied by other provisions of this bill.

Mr. MURDOCK of Arizona. Mr. Chairman, will the gentleman yield?

Mr. VOORHIS of California. I yield.

Mr. MURDOCK of Arizona. Is it not true that if we do not adopt this amendment P. W. A. will be closed out by the legislation we are about to pass?

Mr. VOORHIS of California. At least, it is true that P. W. A. will only have $125,000,000, and certain limitations that the gentleman from Alabama has explained will be put upon it.

If my figures are correct, last year the Congress provided some $965,000,000 for this P. W. A. program. This year, even if the gentleman's amendment is adopted, it will only be $400,000,000. With the W. P. A. cut one-third, I submit that it is most important, therefore, that this amendment should be adopted. We are not going to solve this unemployment problem by a deflationary program. It cannot be done that way. This measure, as I say, is a constructive one and should be adopted.

Mr. RANDOLPH. Will the gentleman yield?

Mr. VOORHIS of California. I yield to the gentleman from West Virginia.

Mr. RANDOLPH. In the first 4 months of 1939 the figures have been brought forward by the Engineering News Record that more than 45 percent of all contracts on public agencies have been brought about through the P. W. A. construction work.

Mr. VOORHIS of California. I thank the gentleman.

Mr. TABER. Will the gentleman yield?

Mr. VOORHIS of California. I yield.

Mr. TABER. This amendment, if adopted, would raise the bill $350,000,000 above the Budget, would it not?

Mr. VOORHIS of California. I do not know that it will be that much. I only know the people of America need this right at this time.

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from New Mexico [Mr. DEMPSEY] for 3 minutes.

Mr. DEMPSEY. Mr. Chairman and members of the Committee, I rise in favor of the Starnes amendment, because I know P. W. A. to be the finest relief agency that has been created by this Congress.

It is rather difficult for me to understand the attitude of the committee. They not only have practically eliminated the P. W. A. but they have destroyed it by putting in provisions making it impossible to operate. Insofar as the cities are concerned, they have put a restriction of some $225,000 on any project insofar as the Federal contribution is concerned. That means that schoolhouses, bridges, or any similar project cannot be constructed in metropolitan districts. The reason for that they only know.

Insofar as the other provision that 25 percent of the workers must come from relief rolls is concerned, they know that that destroys the P. W. A. program. It destroys it for the reason that on the relief rolls they do not have the type of labor necessary to do the work required by P. W. A.

They further know that about $700,000,000 have been voted by States, counties, and cities as the sponsors' contribution, and they expected when they voted this large amount of money that the program would be continued as it operated last year. Now what do we find? A $125,000,000 set-up, about 25 percent of what is needed; and by that I mean there is no part of this country that has not put the stamp of approval upon the P. W. A.

The administrators have been highly trained technical men, most efficient in caliber. There has been no suspicion of politics in connection with a single project on P. W. A. I submit to you, that in all fairness to the people back home who, after all, are paying the bills, whether it be a Federal contribution or a State contribution, if they want a P. W. A. program, that is the program we should give them. [Applause.]

The CHAIRMAN. The gentleman from Virginia [Mr. WOODRUM] is recognized for 3 minutes.

Mr. WOODRUM of Virginia. May I ask, Mr. Chairman, what other amendments to this title are pending?

The CHAIRMAN. There is one other amendment to the title pending, offered by the gentleman from California [Mr. LELAND M. FORD].

Mr. WOODRUM of Virginia. May it be reported for information?

The CHAIRMAN. Without objection, the amendment of the gentleman from California [Mr. LELAND M. FORD] will be reported for the information of the committee.

There was no objection.

The Clerk read as follows:

Proposed amendment by Mr. LELAND M. FORD: On page 31, line 12, after the word "made", strike out the words and figures "in excess of $225,000 or"; and in line 13, after the word "project", insert a period and strike out the remainder of line 13 and all of lines 14 to 17, inclusive.

Mr. WOODRUM of Virginia. The amendment offered by the gentleman from California, if adopted, would enable this small amount of $125,000,000 which we are giving to P. W. A. to be used on a few large projects. The thought of the committee in putting this amount in the bill was that in view of the fact that the money was coming from relief labor and was a small amount, merely an adjunct to the P. W. A. program, that projects larger than $500,000 should not be considered—that it should be spread over the country in small projects.

As to the amendment offered by the gentleman from Alabama, let us be clear on this, if you please. It increases the bill over and above any Budget estimate $275,000,000.

Mr. TABER. Mr. Chairman, if the gentleman will yield, it is $350,000,000.

Mr. WOODRUM of Virginia. Three hundred and fifty million dollars. This is added to the bill over and above the Budget estimates if the Starnes amendment is adopted. I am told—I do not have the figures—but I am told that this would put the total of the public debt above the constitutional debt limit we have in this country.

Mr. ENGEL. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield.

Mr. ENGEL. The President's Budget figures show that on June 30, 1940, the national debt will have reached $44,457,845,210, leaving a leeway of $542,000,000.

Mr. WOODRUM of Virginia. Let us get this straight, if you please. I appreciate the fine work of the Public Works Administration, I appreciate the fine work that the Public Works Administration has done, but we sent the Starnes bill to the White House asking whether or not it was in accordance with the President's program. It is still down there, it has not come back.

I do hope the House will adopt the committee's view that no program of that kind should be embarked upon, certainly unless the President asks us to do so. I think we can follow his leadership on that; and I do hope that the House will not in this relief bill write a public-works program. We have information in the press that great pressure has been brought to bear for a public-works program. So far we have had no information upon the subject from anybody, and I do not believe this House in this relief bill should write a public-works program when it has not been requested, and we have no right to suppose that it is in accordance with the financial plans and program of the President.

Mr. O'NEAL. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield.

Mr. O'NEAL. Is it not true that because of amendments offered to the bill raising the proportion to 45 and 55 the amount that will actually be allowed to W. P. A. will be $289,000,000?

Mr. WOODRUM of Virginia. Two hundred and eighty-nine million dollars will go to this program the way the bill stands. It may be that before this Congress is over there will be some kind of administration policy adopted as to whether or not there should be a public-works program.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I am sorry, I cannot yield.

Mr. Chairman, in this bill we have no Budget estimate, no request from the President. The only Public Works money that has been provided is for the heavy construction work that is taken out of W. P. A. and put into P. W. A.

Mr. Chairman, I hope that the amendment will not be agreed to.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Alabama [Mr. STARNES].

The question was taken; and on a division (demanded by Mr. STARNES) there were—ayes 103, noes 208.

So the amendment was rejected.

Mr. LELAND M. FORD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LELAND M. FORD: Page 31, line 12, after the word "made," strike out the words and figures "in excess of $225,000 or", and in line 13, after the word "project", insert a period and strike out the remainder of line 13 and all of lines 14, 15, 16, and 17.

The CHAIRMAN. The gentleman from California is recognized for 2 minutes.

Mr. LELAND M. FORD. Mr. Chairman, I rise to submit this amendment by reason of the fact that it affects my county. I believe, however, there are many other counties throughout the country that are affected in the same way, namely, that it is restrictive upon our large operations and projects coming within the limitations of the amendment. For instance, we lost 19 bridges in the flood of March 2, 1938, that cost us something like $29,000,000. We have no courthouse. The courthouse was condemned because of the same flood. Under the bill as written we would be tremendously hurt. We could each year put up in the county all those bridges, and build four or five courthouses if it were not for the factor of human need, but relief needs take $43,000,000 out of the $69,000,000 Budget. We cannot use the money for the purpose of building bridges and courthouses but must devote it to so-called "human needs." I believe there are many counties in the country in a similar position.

I rise to ask the Committee to support the amendment and remove this limitation, particularly on those large jobs. Answering my friend and colleague the gentleman from Virginia, it is true that the jobs will be limited to $500,000, but it is on those jobs that we really need the help. I am asking you to vote for my amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California [Mr. LELAND M. FORD].

The amendment was rejected.

The Clerk read as follows:

TITLE III

PROVISIONS COMMON TO ALL TITLES

SEC. 301. No funds appropriated in this joint resolution, whether administered by the Federal Government or by the States or local governmental agencies from funds contributed in whole or in part by the Federal Government, shall be used by any Federal, State, or other agency to purchase, establish, or expand mills, factories, or plants which would manufacture or produce for sale articles, commodities, or products in competition with existing industries.

SEC. 302. None of the funds appropriated by this joint resolution shall be used for the manufacture, purchase, or construction of any naval vessel, any armament, munitions, or implement of war, for military or naval forces, and no funds herein appropriated or authorized shall be diverted or allocated to any other department or bureau for such purpose.

SEC. 303. No part of the funds made available in this joint resolution shall be loaned or granted, except pursuant to an obligation incurred prior to the date of the enactment of this joint resolution, to any State, or any of its political subdivisions or agencies, for the purpose of carrying out or assisting in carrying out any program or project of constructing, rebuilding, repairing, or replanning its penal or reformatory institutions, unless the President shall find that the projects to be financed with such loan or grant will not cause or promote competition of the products of convict labor with the products of free labor.

SEC. 304. In expending appropriations or portions of appropriations, contained in this joint resolution, for the payment for personal services in the District of Columbia in accordance with the Classification Act of 1923, as amended, the average of the salaries of the total number of persons under any grade in any appropriation unit herein shall not at any time exceed the average of the compensation rates specified for the grade by such act, as amended, and in grades in which only one position is allocated the salary of such position shall not exceed the average of the compensation rates for the grade: *Provided*, That this restriction shall not apply (1) to grades 1, 2, 3, and 4 of the clerical-mechanical service, or (2) to require the reduction in salary of any person whose compensation was fixed as of July 1, 1924, in accordance with the rules of section 6 of such act, or (3) to require the reduction in salary of any person who is transferred from one position to another position in the same or different grade in the same or a different bureau, office, or other appropriation unit, or (4) to prevent the payment of a salary under any grade at a rate higher than the maximum rate of the grade when such higher rate is permitted by the Classification Act of 1923, as amended, and is specifically authorized by other law, or (5) to reduce the compensation of any person in a grade in which only one position is allocated.

Mr. TERRY. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. TERRY: Page 33, line 22, after the word "factories", strike out the words "or plants"; and on said line 22 after the word "mills", strike out the comma and insert in lieu thereof the word "and."

Mr. WOODRUM of Virginia. Will the gentleman yield?

Mr. TERRY. I yield to the gentleman from Virginia.

Mr. WOODRUM of Virginia. I am going to accept the amendment.

Mr. TERRY. I may say to the gentleman from Virginia, this is not the amendment he agreed to accept. It is the second one the gentleman is willing to accept. This strikes out the words "or plants."

Mr. WOODRUM of Virginia. That is all right. We will accept this one.

Mr. BATES of Massachusetts. Mr. Chairman, I would like to have the gentleman explain the amendment.

Mr. WOODRUM of Virginia. I think the gentleman ought to explain the amendment in order that the gentlemen of the House may understand what it is.

Mr. BATES of Massachusetts. The members of the Committee do not understand it.

Mr. TABER. What is the object of the amendment?

Mr. TERRY. It is to eliminate the words "or plants."

Mr. TABER. Why does the gentleman want to strike that out?

Mr. TERRY. Because it is in the present law and it may apply to a great many P. W. A. projects that have been approved and allowed and for which funds will be in this $125,000,000 transfer.

Mr. TABER. It says "or plants which would manufacture or produce for sale articles," and so forth.

Mr. TERRY. I leave the word "mills" and "factories" in there. The only words I strike out are "or plants."

Mr. TABER. The gentleman must have some object in mind, and I think he ought to be fair with the House and tell us.

Mr. TERRY. I am perfectly willing to say what my object is. There are a number of small towns over the country that have power plants and water plants for which they have asked P. W. A. allotments. If we leave the words "or plants" in there, we will eliminate any chance of these little towns getting money for these projects.

Mr. TABER. They do not manufacture articles or commodities.

Mr. TERRY. No; but I want to be sure it does not interfere with these allotments.

Mr. TABER. The word "plants" is limited to apply to the following words: "which would manufacture or produce for sale articles, commodities, or products in competition with existing industries." That would not interfere with a power plant.

Mr. TERRY. A power plant produces electricity and I am afraid that with the word "plants" in there, it might take in these small projects.

Mr. BATES of Massachusetts. Will the gentleman yield?

Mr. TERRY. I yield to the gentleman from Massachusetts.

Mr. BATES of Massachusetts. It means under the gentleman's amendment that you can spend public money for the purpose of building industrial plants?

Mr. TERRY. Oh, no. In a great many of the small towns of the country they have P. W. A. applications pending, and the funds have been allotted for the purchase of machinery for small water plants and electric plants and I do not want them to be interfered with by this general language.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Arkansas [Mr. TERRY].

The question was taken; and on a division (demanded by Mr. TERRY) there were—ayes 82, noes 146.

So the amendment was rejected.

Mr. TERRY. Mr. Chairman, I offer another amendment.

The Clerk read as follows:

On page 33, line 24, after the word "existing", strike out the word "industries" and insert the words "mills, factories, or plants, as the case may be."

Mr. TERRY. Mr. Chairman, the purpose of this amendment is just to clarify the language there. In line 22 it refers to mills, factories, or plants. Then it says that they shall not compete with existing industries. These industries may not be mills, factories, or plants, so that in the place of the word "industries" my amendment provides the words "mills, factories, or plants, as the case may be." The amendment, as I understand it, has been accepted by the committee, and it merely clarifies the language.

Mr. WOODRUM of Virginia. Will the gentleman yield?

Mr. TERRY. I yield to the gentleman from Virginia.

Mr. WOODRUM of Virginia. I may say to the gentleman it has not been accepted by the committee. I told the gentleman as far as I was concerned I did not see any objection to the clarifying language being put in, but I did not speak for the committee.

Mr. TERRY. I correct my statement and say that the gentleman from Virginia agrees with me.

Mr. COLMER. Will the gentleman yield?

Mr. TERRY. I yield to the gentleman from Mississippi.

Mr. COLMER. How does this amendment differ from the provision written in the last relief bill?

Mr. TERRY. I may say to the gentleman I am unable to give him that information.

Mr. BATES of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. TERRY. I yield to the gentleman from Massachusetts.

Mr. BATES of Massachusetts. Will the gentleman express to the House his objective in offering this language?

Mr. TERRY. My objective in offering the language was just to make the language apply to mills, factories, or plants, instead of industries generally.

Mr. BATES of Massachusetts. What is the reason the gentleman offers that change in the language? What is the real objective behind the gentleman's amendment?

Mr. TERRY. If the gentleman can understand the English language, he can see what the objective is—to make it apply to factories and plants.

Mr. HOFFMAN. Mr. Chairman, will the gentleman yield?

Mr. TERRY. I yield to the gentleman from Michigan.

Mr. HOFFMAN. The words the gentleman offers are narrower than the term "industries."

Mr. TERRY. Yes.

Mr. MASON. And it conforms to the other.

Mr. TERRY. It conforms to the other part of the section.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Arkansas.

The question was taken; and on a division (demanded by Mr. TERRY) there were—ayes 128, noes 149.

So the amendment was rejected.

Mr. NICHOLS. Mr. Chairman, I offer a preferential motion.

The Clerk read as follows:

MR. NICHOLS moves that the Committee do now rise and report the bill back to the House with instructions that the enacting clause be stricken out.

Mr. WOODRUM of Virginia. Mr. Chairman, I make the point of order that that amendment has already been voted on.

Mr. NICHOLS. Yes; but the bill has been changed since then by amendment, Mr. Chairman.

The CHAIRMAN. The Chair is prepared to rule.

Since a similar amendment was offered before, an amendment has been voted on and intervening action has taken place. Therefore the Chair overrules the point of order.

Mr. NICHOLS. Mr. Chairman and members of the Committee, in the closing hours of the writing of this all-important piece of legislation by the House of Representatives, I take this opportunity to compliment one of the great parties of the United States. I have seen members of that party in the House of Representatives this afternoon in voting on amendments offered to this bill, which would, in my judgment, have made it better legislation, vote in almost solid bloc in voting down those amendments. I wish to compliment and pay just tribute to the Republican Members of the House of Representatives for the tenacity with which they have driven to their objective. [Applause.] I believe they have accomplished a purpose, and that purpose has been to make this bill less beneficial to the people on relief in the United States than it would have been had many of the amendments that have been offered been adopted.

Mr. McGRANERY. Mr. Chairman, will the gentleman yield?

Mr. NICHOLS. I yield to the gentleman from Pennsylvania.

Mr. McGRANERY. The gentleman, I suppose, has observed that at no time has a majority of the Democrats on this side of the House gone along on any of the propositions referred to.

[Here the gavel fell.]

Mr. WOODRUM of Virginia. Mr. Chairman, I rise in opposition to the motion.

Now that we have had this nice little lecture on ethics and party loyalty, let me say to my good friend from Oklahoma that this bill, which is about to become law, was the unanimous judgment of the Democrats on the subcommittee, who studied the question, with perhaps one exception on one item to which one of the gentlemen on the subcommittee did not agree. In addition, almost without exception the action taken by the House today has been concurred in by our distinguished leader. In one instance our distinguished Speaker disagreed. At no time upon any major amendment that was not adopted did as many as 100 Members of the House vote against the action taken, and there are over 200 Democrats here.

Mr. BOLAND. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield to the gentleman from Pennsylvania.

Mr. BOLAND. I just want to inform the gentleman that I am one of the Members of the House here that did not agree with his viewpoint on this bill. [Applause.]

Mr. THOMAS F. FORD. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield to the gentleman from California.

Mr. THOMAS F. FORD. I wish to say also that I am one of the Democrats on this side who did not agree. [Applause.]

Mr. WOODRUM of Virginia. I have observed a very peculiar complex that Members of Congress have. If a Member has an amendment which he wishes adopted, I have never

observed any of my partisan friends over here turning down any assistance from the other side of the aisle if he could get it. [Applause.] I have never observed the members of my party on election day running the Republicans away from the polls who came to vote for Democratic candidates.

Mr. JOHNSON of Oklahoma. When did the Republicans generally ever vote the Democratic ticket either here or at the polls?

Mr. WOODRUM of Virginia. When did they do it? They did it in 1932.

Mr. O'TOOLE. What did they do in 1928?

Mr. WOODRUM of Virginia. And what will they do in '40? [Laughter and applause.]

Mr. SABATH. They will again vote the Democratic ticket.

Mr. WOODRUM of Virginia. I think they will, too. I think it will be all right.

I deplore the idea that we make personalities out of these things and that they make partisanship out of it. It seems to me that we ought to try to follow the course that seems right to us. In the 16 years that I have been in Congress I have often wanted to see these gentlemen do the right thing. I am glad that today they have done it so many times.

We have brought here a program that I feel perfectly confident carries out the humanitarian policies which the Democratic Party wanted to put into effect, to wit, to make this relief program operate for the benefit of project workers all over the country and to give them jobs, and I believe that this project does that.

Mr. NICHOLS. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. Yes; I yield to the gentleman from Oklahoma.

Mr. NICHOLS. Does not the gentleman join me, then, in paying a tribute to the Republican Party in that it takes practically their solid vote in order to get us to do the humanitarian thing that the gentleman speaks of? [Applause.]

Mr. O'NEAL. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield to the gentleman from Kentucky.

Mr. O'NEAL. I would like to say personally and as a member of the committee, that although there has been some implied criticism of the very able and distinguished gentleman from Virginia, that there has always been a majority, and often a two-thirds majority, of the Democrats and a large number of the Republicans standing behind him on every issue. This showed the confidence of the Members not only in his character, but in his ability, and is a finer tribute than any which has been paid in my experience in Congress to any man handling a bill in the House. [Applause.]

Mr. PATRICK. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield.

Mr. PATRICK. May I respectfully call the attention of everybody here to the fact that it is now 12:30 a. m.?

[Here the gavel fell.]

Mr. NICHOLS. Mr. Chairman, I ask unanimous consent to withdraw the motion.

The CHAIRMAN. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. DINGELL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DINGELL: Page 33, line 24, change the period to a colon and add "*Provided, however*, That this section shall not apply to the use of funds available under section 201 (a) for non-Federal public works projects of the kind and character which the Federal Emergency Administrator of Public Works has heretofore financed or aided in financing."

Mr. DINGELL. Mr. Chairman, I hope I may have the attention of the Members on the left-hand side of the aisle. I am going to reach out for a few votes here and I think I can get them.

I had hoped that possibly the distinguished chairman of the committee would accept this amendment. It has for its purpose the continuance of the practice on the part of the Public Works Administration of permitting cities, towns, and States to build the kind of projects they have built heretofore. It has nothing whatsoever to do with any competitive industrial plants, but simply permits the Public Works Administration to grant the cities, municipalities, and counties the right to build waterworks, power plants, hospitals, and such public improvements as heretofore permitted under the law.

The first section of title III, section 301, provides that no funds made available by the joint resolution shall be used to purchase, establish, or expand any plants which would manufacture or produce for sale articles, commodities, or products in competition with existing industries. Because of the manner in which this provision is drafted, it is applicable to the Public Works Administration as well as to the Works Projects Administration. In a more restricted form it appeared in the first deficiency bill enacted in March of this year; but it was there made applicable only to W. P. A. As applied to W. P. A. it is a necessary and desirable provision to prevent the use of Federal relief funds for the purpose of establishing industries competitive with private factories and plants.

However, as applied to the Public Works Administration, this provision will have an effect which everyone will recognize as undesirable. For example, it will prevent cities, towns, and villages from building, with Federal aid, their own water systems, regardless of how urgent it is for the health and welfare of their citizens, and irrespective of how desirable it is from the viewpoint of relieving unemployment.

The language of the provision in the present bill is also so broad that cities and towns may not be able to build hospitals with Federal aid because they may compete with private institutions; dormitories in State universities, because they may compete with private rooming houses and restaurants; certain park facilities in competition with private amusement centers; and irrigation works in competition with privately owned water companies. The adoption of this provision as it is written, particularly in its relation to the P. W. A. program, could effectively block a considerable portion of the program and make impossible a large number of needed facilities, the construction of which would put non-Federal funds to work, turn the wheels of private industry, and relieve unemployment.

In order to correct this obviously serious situation I intend to offer the following amendment to section 301, which will retain the provision as fully applicable to W. P. A., but will make it inapplicable to P. W. A. financing of projects of the kind which it has heretofore financed:

Change the period to a colon and add: "*Provided, however*, That this section shall not apply to the use of funds available under section 201 (a) for non-Federal public-works projects of the kind and character which the Federal Emergency Administrator of Public Works has heretofore financed or aided in financing."

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan.

The amendment was rejected.

Mr. YOUNGDAHL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. YOUNGDAHL: On page 33, line 22, after the word "factories", insert the word "stores", and in line 23, after the word "manufacture", insert the words "handle, process."

Mr. YOUNGDAHL. Mr. Chairman, after this long session until the wee hours of the morning I feel like Jonah did when he found himself in the mouth of the whale—this is an awful spot to be in. However, I ask your indulgence for just 2 or 3 minutes because I feel that my amendment should have the support of both sides of the House.

This amendment is intended to help the small-business man. I congratulate the committee on putting section 301 into this bill, because I do not believe that our relief funds should be used to set up competitive government industries as against private industry. During the last few months we have heard a great deal from the small-business men of this country. These small-business men have

asked Congress to do something for them in their present plight. I can see no reason why, if there should be protection for the mill operator and the manufacturer, and I believe there should, why the operator of a small elevator in a small town, a creamery operator, a poultry operator, or a cannery operator should not have the same protection. I do not believe that relief funds should be used in any instance in competing with private industry. [Applause.]

There is one agency in the Government administering relief which I think is guilty of some of these abuses, and in support of this contention I desire to read the following affidavit:

I, Joe Webber, Dickinson post office, North Dakota, being duly sworn, do depose and say that one Joe Kubista came to and solicited for the sale of stock in the Farmers Union Creamery, advising that there were two ways in which the stock might be purchased: The one by borrowing the money from the Resettlement, and the other by giving a claim note to the creamery itself. In either case the note would be for $27.50. I told him I would join if the note were to be made to the creamery and with the understanding that the dividends would apply and would pay the note. About 3 weeks later, which was early this spring, I received a letter notifying me that a check was at the creamery for me to endorse for the stock. This was a Government check. I went in and told them I wouldn't sign the check, as I had told Kubista that I would only join by giving the note to the creamery. I never signed the check, and I told them to send it back. I haven't been to the Resettlement office nor have I seen any of them, as they are not giving me grants any more. I was satisfied with the grants I got, but I wasn't notified when they were to be discontinued.

Subscribed and sworn to before me this 27th day of May, 1939.

FRAYNE BAKER,
Notary Public of Burleigh County, N. Dak.

My commission expires May 26, 1945.

John Maher, of Morristown, S. Dak., post office, farming in Sioux County, N. Dak., being first duly sworn, does depose and say that he had his truck working on a W. P. A. project under Ray Nehl for a period of 10 months beginning in May of 1938, and that he averaged pay for the use of the truck about $40.80 a month, and out of this he had to pay for gas and oil and keep the truck in repair, and the repairs were more than $100; that he could not afford to rent the truck out, as he was not employed with the truck; that in February 1939 he found it necessary to take the truck off the W. P. A. project and tried to get a personal assignment to W. P. A.; that early in March he applied for relief grants; that he did get a grant for the month of March and understood that he was to receive the same grant for each of the months of April and May, but that he has received nothing since the grant for March; that the information has been put out generally in this locality that in order to participate in the mutual-aid benefits or relief projects that you must be active in or at least join the Farmers Union organization; that there are seven activities relating to farmers' operations in Sioux County, which seven include Soil Conservation, F. S. A., Mutual Aid, Water Conservation, A. A. A., Farmers' Union, and county commissioners; and that insofar as the farmers are concerned these activities are dominated and run by the same three men—James J. Maiher, Ray Nehl, Zale Palmer, combined with Oliver Dahl, secretary of the Farmers Union; that there is a project now being sponsored by the Farmers Union, a land-buying program, which has for its purpose the elimination of all farmers in the community above the ratio of one section for each farmer, and that even though the project has not yet become effective, that talk is current to the effect that the names of the farmers to have these projects are already selected, and that for this reason grants, loans, or assistance are not being provided for those not chosen to remain, and that Soil Conservation checks have even been held up; that the affiant had previously had medical-aid cards and that the cards were allowed to expire before new ones were issued, and that each time in the interim medical assistance had been required, but even though the cards expired through no fault of the affiant, medical bills incurred were refused of payment; that James J. Maiher, Ray Nehl, and Zale Palmer all have Resettlement loans; that the same three have put crops in the ground this year but have done none of the farming themselves; in other words, they are not farming farmers. That of the personal knowledge of the affiant, Zale Palmer, above described, has qualified land for crop insurance by merely running a drill over the weed field without seeding grain properly.

JOHN MAHER.

Subscribed and sworn to this 1st day of June 1939 before me, Frayne Baker, notary public of Burleigh County, N. Dak.

[SEAL] FRAYNE BAKER.

My commission expires May 26, 1945.

I, George Koeffler, Dickinson, N. Dak., post office, being duly sworn, do depose and say that: I don't belong to any union or organization, and don't want to join any. Mr. Kubista, who sells stock for the Farmers Union Creamery, came out to see me about joining the union. I signed a receipt, but I don't know that I signed any note, but I was advised by the Farm Security Administration that there was a check for me to sign for my stock in the Farmers Union. This was a Government check which I saw, and was for $27.50. But I wouldn't, and I haven't signed this check. They told me there wouldn't be any interest to pay, but if I signed a note I understand that there is supposed to be interest on it. Mr. Kubista told me that if I didn't sign the check they might not give me a grant when I needed one, or a Government loan. I haven't had any grants this year and haven't any Government loan, but I did get grants last year. Several of my neighbors, Joe Webber, Valentine Webber, and Tom Steier, who I have talked to, have checks downtown, but they won't sign them either. These are the only neighbors I have talked to and know about. I talked to the manager when he wrote me the first letter, the manager from the Farmers Union Creamery. I went in and told them I am not signing that check, but he said we couldn't force you to sign the check, but we would like to have your help; we would like you to help us out; we need the money to run that creamery. You never have to pay it; just haul my cream and they will take the amount of the dividend off the note. When they sold those shares they always told the same story.

GEORGE KOEFFLER.

Subscribed and sworn to, this 27th day of May 1939, before me, Frayne Baker, notary public of Burleigh County, N. Dak.

[SEAL] FRAYNE BAKER.

My commission expires May 26, 1945.

Mind you, gentlemen, that is a sworn statement. Just because he would not buy a share of stock in a creamery, he could not get a relief grant from the Farm Security Administration. These small-business men have to pay for this relief bill in taxes, and they are entitled to your protection as against the setting up of any competitive business created by relief funds in their community. [Applause.]

I sincerely hope that you will seriously consider this amendment.

Mr. PITTENGER. Mr. Chairman, will the gentleman yield?

Mr. YOUNGDAHL. Yes.

Mr. PITTENGER. Does the gentleman's amendment eliminate these political abuses?

Mr. YOUNGDAHL. It will.

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

Mr. BOLLES. Mr. Chairman, I move to strike out the last word. I rise in support of the amendment of the gentleman from Minnesota [Mr. YOUNGDAHL]. It removes a racketeering business supported by the Farm Security fund. We have in the State of Wisconsin a certain gentleman who has been on the pay roll of the A. A. A. for many years, who desires to put in factories, storage warehouses, and so forth, out of Farm Security stock. What we want from Farm Security is the man on the farm to be aided and helped, to be made to rehabilitate himself on the farm, and not be engaged in building hosiery factories, manufacturing plants, warehouses, storage plants, and all sorts of things. This is the best amendment offered to this bill today.

I have supported this bill. I believe in the gentleman from Virginia [Mr. WOODRUM] not only in his magnificent sincerity but in the manner in which he has taken charge of this bill today, and after many years of sitting up in this Press Gallery and looking over this House, watching his performances, I can say that this has been a great day, because I believe that the Democratic side and the Republican side are working together for those needy persons and they will now have an opportunity to give more aid to these people on the farms. Unless you have seen it, you cannot imagine the distress in a drought area where a man's farm has been swept away, where all of his possessions are gone. He must have aid. He needs it. He needs every dollar of it, and he does not need a lot of manufacturing racketeers. I am ready to vote. I shall vote for this bill.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. WOODRUM of Virginia. Mr. Chairman, it is hard to tell just casually the full import of the additions made to this section 301 by the amendment which has been suggested. Let me say that section 301 as it stands without this amendment, is the strongest statement against business being interfered with by these Government operations that we have ever had in this law. I think it goes far enough. The

gentleman undertakes to put in here "stores," and then to insert the words "handled and processed." I am unable to say how far that goes and how much it might interfere with this program. I do not believe we ought to enlarge upon that section.

I ask you to vote down the amendment.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Minnesota [Mr. YOUNGDAHL].

The question was taken; and on a division (demanded by Mr. YOUNGDAHL) there were ayes 114 and noes 171.

So the amendment was rejected.

Mr. WOODRUM of Virginia. Mr. Chairman, I move that the Committee do now rise and report the resolution back to the House with sundry amendments, with the recommendation that the amendments be agreed to and the resolution as amended do pass.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. MCCORMACK, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration House Joint Resolution 326, directed him to report the same back to the House with sundry amendments, with the recommendation that the amendments be agreed to and the resolution, as amended, do pass.

Mr. WOODRUM of Virginia. Mr. Speaker, I move the previous question on the resolution and all amendments to final passage.

The previous question was ordered.

The SPEAKER. Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the resolution.

The resolution was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the resolution.

Mr. TABER. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the resolution?

Mr. TABER. I am.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. TABER moves to recommit House Joint Resolution 326 to the Committee on Appropriations with instructions to report the resolution back to the House with the following changes in those parts of the joint resolution relating to relief and its administration by Works Progress Administration: Provide for allocation of funds to States, Territories, and the District of Columbia by grants-in-aid to enable them to carry out the relief programs determined and administered by them, and in which they participate through reasonable financial and other contributions.

Mr. WOODRUM of Virginia. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER. The question is on the motion of the gentleman from New York [Mr. TABER] to recommit the resolution.

The motion to recommit was rejected.

The SPEAKER. The question is on the passage of the resolution.

Mr. WOODRUM of Virginia. Mr. Speaker, on that I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 373, nays 21, answered "present" 1, not voting 36, as follows:

[Roll No. 95]

YEAS—373

Alexander	Arends	Barry	Blackney
Allen, La.	Arnold	Bates, Ky.	Bland
Andersen, H. Carl	Ashbrook	Bates, Mass.	Bloom
Anderson, Calif.	Austin	Beam	Boehne
Anderson, Mo.	Ball	Beckworth	Boland
Andrews	Barden	Bell	Bolles
Angell	Barnes	Bender	Boren
Bradley, Mich.	Ford, Miss.	Leavy	Rutherford
Bradley, Pa.	Ford, Thomas F.	LeCompte	Ryan
Brooks	Fries	Lemke	Sabath
Brown, Ga.	Gamble	Lesinski	Sacks
Brown, Ohio	Garrett	Lewis, Colo.	Sandager
Bryson	Gartner	Lewis, Ohio	Sasscer
Buck	Gathings	Ludlow	Satterfield
Buckler, Minn.	Gavagan	McAndrews	Schaefer, Ill.
Buckley, N. Y.	Gearhart	McArdle	Schafer, Wis.
Bulwinkle	Gehrmann	McCormack	Schiffler
Burdick	Gerlach	McDowell	Schuetz
Burgin	Geyer, Calif.	McGehee	Schulte
Byrne, N. Y.	Gibbs	McGranery	Schwert
Byrns, Tenn.	Gilchrist	McKeough	Scrugham
Byron	Gillie	McLaughlin	Seccombe
Caldwell.	Gore	McLeod	Secrest
Cannon, Fla.	Gossett	McMillan, John L.	Seger
Cannon, Mo.	Graham	McMillan, Thos. S.	Shafer, Mich.
Carlson	Grant, Ala.	Maas	Shanley
Carter	Grant, Ind.	Maciejewski	Shannon
Cartwright	Green	Magnuson	Sheppard
Case, S. Dak.	Gregory	Mahon	Simpson
Chandler	Griffith	Maloney	Sirovich
Chapman	Griswold	Mapes	Smith, Conn.
Chiperfield	Gross	Marcantonio	Smith, Ill.
Church	Guyer, Kans.	Marshall	Smith, Maine
Clark	Gwynne	Martin, Colo.	Smith, Ohio
Clason	Hall	Martin, Ill.	Smith, Wash.
Claypool	Halleck	Martin, Iowa	Smith, W. Va.
Clevenger	Hare	Martin, Mass.	Snyder
Cochran	Harness	Mason	Somers, N Y.
Coffee, Nebr.	Harrington	Massingale	South
Coffee, Wash.	Hart	May	Sparkman
Cole, Md.	Harter, N. Y.	Merritt	Spence
Collins	Harter, Ohio	Michener	Springer
Colmer	Hartley	Miller	Starnes, Ala.
Connery	Havenner	Mills, Ark.	Steagall
Cooley	Hawks	Mills, La.	Stearns, N. H.
Cooper	Healey	Mitchell	Stefan
Corbett	Heinke	Monkiewicz	Sullivan
Costello	Hess	Monroney	Sumner, Ill.
Creal	Hinshaw	Moser	Sutphin
Crosser	Hobbs	Mott	Sweeney
Crowe	Holmes	Mouton	Talle
Crowther	Hook	Mundt	Tarver
Culkin	Hope	Murdock, Ariz.	Taylor, Tenn.
Cullen	Horton	Murdock, Utah	Tenerowicz
Curtis	Houston	Murray	Terry
D'Alesandro	Hull	Myers	Thill
Darden	Izac	Nelson	Thomas, N. J.
Darrow	Jacobsen	Nichols	Thomas, Tex.
Delaney	Jarman	Norrell	Thomason
Dempsey	Jarrett	Norton	Thorkelson
DeRouen	Jeffries	O'Brien	Tibbott
Dickstein	Jenkins, Ohio	O'Connor	Tolan
Dingell	Jenks, N. H.	O'Leary	Treadway
Dirksen	Jensen	Oliver	Van Zandt
Disney	Johns	O'Neal	Vincent, Ky.
Ditter	Johnson, Ill.	Osmers	Vinson, Ga.
Dondero	Johnson, Ind.	O'Toole	Voorhis, Calif.
Doughton	Johnson, Luther A.	Pace	Vorys, Ohio
Douglas	Johnson, Lyndon	Parsons	Vreeland
Dowell	Johnson, Okla.	Patrick	Wallgren
Doxey	Johnson, W. Va.	Patton	Walter
Duncan	Jones, Ohio	Pearson	Ward
Dunn	Kean	Peterson, Fla.	Warren
Durham	Kee	Pfeifer	Weaver
Dworshak	Keefe	Pierce, N. Y.	Welch
Eaton, Calif.	Keller	Pittenger	Wheat
Eaton, N. J.	Kennedy, Martin	Poage	Whelchel
Eberharter	Kennedy, Md.	Polk	White, Idaho
Edmiston	Kennedy, Michael	Powers	White, Ohio
Elliott	Keogh	Rabaut	Whittington
Ellis	Kerr	Ramspeck	Wigglesworth
Elston	Kilday	Randolph	Williams, Mo.
Engel	Kinzer	Rayburn	Winter
Englebright	Kitchens	Reece, Tenn.	Wolcott
Evans	Kleberg	Reed, Ill.	Wolfenden, Pa.
Faddis	Knutson	Rees, Kans.	Wolverton, N. J.
Fay	Kocialkowski	Rich	Wood
Fenton	Kramer	Risk	Woodruff, Mich.
Fernandez	Kunkel	Robinson, Utah	Woodrum, Va.
Fish	Lambertson	Robsion, Ky.	Youngdahl
Flaherty	Landis	Rogers, Mass.	Zimmerman
Flannagan	Lanham	Rogers, Okla.	
Flannery	Larrabee	Romjue	
Ford, Leland M.	Lea	Routzohn	

NAYS—21

Burch	Ferguson	Reed, N. Y.	Tinkham
Casey, Mass.	Hoffman	Robertson	Wadsworth
Celler	Luce	Rockefeller	Williams, Del.
Cole, N.Y.	McLean	Short	
Crawford	O'Day	Smith, Va.	
Drewry	Peterson, Ga.	Taber	

ANSWERED "PRESENT"—1

Barton

NOT VOTING—36

Allen, Ill.	Boykin	Cox	Fitzpatrick
Allen, Pa.	Brewster	Cummings	Folger
Andresen, A. H.	Cluett	Curley	Fulmer
Bolton	Courtney	Dies	Gifford

Hancock	Jones, Tex.	Owen	Richards
Hendricks	Kelly	Patman	Rodgers, Pa.
Hennings	Kirwan	Pierce, Oreg.	Sumners, Tex.
Hill	McReynolds	Plumley	Taylor, Colo.
Hunter	Mansfield	Rankin	West

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Barton (for) with Mr. West (against).
Mr. August H. Andresen (for) with Mr. Cox (against).

General pairs:

Mr. Rankin with Mr. Bolton.
Mr. McReynolds with Mr. Allen of Illinois.
Mr. Mansfield with Mr. Gifford.
Mr. Patman with Mr. Plumley.
Mr. Jones of Texas with Mr. Brewster.
Mr. Boykin with Mr. Rodgers of Pennsylvania.
Mr. Fulmer with Mr. Cluett.
Mr. Dies with Mr. Hancock.
Mr. Allen of Pennsylvania with Mr. Hendricks.
Mr. Hennings with Mr. Richards.
Mr. Sumners of Texas with Mr. Cummings.
Mr. Owen with Mr. Pierce of Oregon.
Mr. Hill with Mr. Courtney.
Mr. Taylor of Colorado with Mr. Curley.

Mr. COFFEE of Washington changed his vote from "nay" to "yea."

Mr. BARTON. Mr. Speaker, I was paired with the gentleman from Texas, Mr. WEST. I withdraw my vote of "yea" and vote "present." The gentleman from Texas, if he were here, would vote "nay."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Mr. BEAM. Mr. Speaker, my colleague the gentleman from Illinois, Mr. KELLY, is ill. Were he here, he would have voted "yea."

Mr. SWEENEY. Mr. Speaker, my colleagues the gentleman from Ohio, Mr. HUNTER, and the gentleman from Ohio, Mr. KIRWAN, were unavoidably absent. Had they been present, they would have voted "yea."

Mr. O'NEAL. Mr. Speaker, my colleague the gentleman from Pennsylvania, Mr. ALLEN, was unavoidably detained. Had he been present, he would have voted "yea" on the relief bill.

Mr. DOUGHTON. Mr. Speaker, my colleague the gentleman from North Carolina, Mr. FOLGER, was unavoidably absent. Had he been present, he would have voted "yea."

EXTENSION OF REMARKS

Mr. WOODRUM of Virginia. Mr. Chairman, I ask unanimous consent that all Members may have 5 legislative days within which to extend their own remarks upon the relief bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. THOMAS F. FORD. Mr. Speaker, I ask unanimous consent to include in the remarks I made in the Committee of the Whole today a telegram from the engineer of my city.

The SPEAKER. Without objection it is so ordered.

There was no objection.

THE TAX BILL

Mr. DOUGHTON, from the Committee on Ways and Means, reported the bill (H. R. 6851) to provide revenue, equalize taxation, and for other purposes, which was referred to the House Calendar and ordered to be printed.

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent that on Monday when the bill H. R. 6851, the tax bill, is taken up for consideration that general debate to be confined to the bill shall continue not to exceed 3 hours, the time to be equally divided and controlled by the gentleman from Massachusetts [Mr. TREADWAY] and myself.

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, do I understand that this is agreeable to the gentleman from Massachusetts [Mr. TREADWAY]?

Mr. DOUGHTON. Yes; this was agreed upon by the gentleman from Massachusetts and myself.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

COMMITTEE ON FOREIGN AFFAIRS

Mr. BLOOM. Mr. Speaker, I ask unanimous consent that the Committee on Foreign Affairs have until 12 o'clock midnight on Saturday to file a report.

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, does that mean both majority report and minority views?

Mr. BLOOM. Yes. I understand the minority views have already been filed.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

EXTENSION OF REMARKS

Mr. BLOOM. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD by inserting speeches made at the Palestine Exhibition at New York City, May 28. I have a report from the Public Printer, inasmuch as it takes over two pages. I now renew my request.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. TENEROWICZ asked and was given permission to extend his own remarks in the RECORD.

ANNOUNCEMENT OF VOTE

Mr. LEAVY. Mr. Speaker, my colleague the gentleman from Washington, Mr. KNUTE HILL, is unavoidably absent. Had he been here he would have voted "yea" on the bill just passed.

EXTENSION OF REMARKS

Mr. LEAVY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on the subject of Father's Day.

The SPEAKER. Is there objection to the request of the gentleman from Washington [Mr. LEAVY]?

There was no objection.

ANNOUNCEMENT OF VOTE

Mr. BRADLEY of Pennsylvania. Mr. Speaker, the reason for the absence of the gentleman from Ohio, Mr. KIRWAN, is that he was called away suddenly to Ohio this afternoon. If present, he would have voted "yea," as stated by the gentleman from Ohio [Mr. SWEENEY].

EXTENSION OF REMARKS

Mr. HEALEY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a telegram.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts [Mr. HEALEY]?

There was no objection.

ANNOUNCEMENT OF VOTE

Mr. BLOOM. Mr. Speaker, the gentlemen from New York, Mr. CURLEY and Mr. FITZPATRICK, were detained from the floor. If present, they would have voted "yea."

CORRUPTION AND CORRECTION

Mr. SMITH of Illinois. Mr. Speaker, I ask unanimous consent to address the House for 17 seconds.

The SPEAKER. Is there objection to the request of the gentleman from Illinois [Mr. SMITH]?

There was no objection.

Mr. SMITH of Illinois. Mr. Speaker, with our routine duties nearly done and with pressing measures of many kinds now off our hands, the House shortly faces two matters unobstrustive enough in form but of major moment for the integrity of the Nation.

I

The Hatch bill from the Senate, nervously awaiting action by us, is negatively second to nothing in importance. It faces us with the hard decision as to whether we believe enough in the constitutional way of doing things to cure our democratic ills before they grow chronic and become fatal. Corruption of relief in any form is unmitigatedly pernicious. Party victory won by any sort of cheating sticks in the craw of every patriot; but victory won by prostituting the pride of

the W. P. A. worker or by making appear venal the hunger of the poor is plainly pusillanimous.

As a partisan I apologize for my own party where it is guilty of this, and as a patriot I apologize to the country for the Republican Party when it is guilty of this. But the only apology that sincerely applies is an unfaltering voice raised against such meanness and a prompt vote for its immediate correction. I welcome this chance indeed to put myself down as a Democrat who believes this purification more important than Democratic success in 1940; and I wish to be known as a politician who presumes an election with honor to be infinitely more important than his own reelection. We cannot make it too hard on "vote rustlers," despicable "jack rollers" as they are of our political hustling. They are indeed the immoral equivalent of the cattle rustlers whom in the Texas of my youth we treated to the limb of a tree, without ceremony and without apology. In this spirit I welcome the chance to vote for Senator HATCH's proposal to make penal the offense of using relief to influence elections.

The season is most opportune for the Federal Government to nurture the civic quickening now stirring in our municipalities. Let Chicago remember Kansas City and let Pittsburgh imitate Cincinnati. Let our Nation march with the best of its members to correct corruption in all of its members, but first of all corruption in its own service. This bill is our best chance this session to show the country that we dare to be decent in the face of temptation to win the easy way.

II

Significant as the Hatch bill is, however, its importance is negative and limited. Purity in politics is not enough. We need potency as well as purity. There is work to be done, and skill is required for the doing. To correct corruption without providing for improvement is merely to splurge. The Hatch bill would correct one corruption without correcting what causes corruption.

We are fortunate in having on the way a bill which furthers positively the cause to which the Hatch bill is negatively devoted—the cause of potent purity. I refer to the Ramspeck bill, H. R. 960. I am happy to take my hat off to this quiet southerner, the gentleman from Georgia [Mr. RAMSPECK], for bringing to the birth a bill so important. Without drama but with determination, the gentleman from Georgia [Mr. RAMSPECK], has pursued the unspectacular for the lasting good of his country. As at the beginning of my service I rated the Civil Service Committee of the House more important for me than the Committee on Foreign Affairs, so now I rate the forthcoming bill—fathered and mothered by the gentleman from Georgia—as the most important measure for all of us that will come before the House this session. Only a little perspective is required to see its importance. We as individuals come and go, the Federal services go on, we hope, forever. Who works for the improvement of this service extends the weight of his influence beyond his narrow span of years. Let us lift our eyes with the gentleman from Georgia [Mr. RAMSPECK] to "the ramparts that we guard."

Leaving for the proper time a detailed analysis of the bill to our colleague from Georgia, I beg you in advance to reduce still further the role of patronage in politics. This bill lays another ax to the tap root of our ancient evil. The popular will to get jobs by "pull" is the root of our worst political corruption, and the rotten fruit which we Representatives willy-nilly contribute is our will to win with the aid of those who have already lost their civic independence to us. At election time we push around those who earlier pulled our legs for jobs. Now, this is politics at the lowest possible pitch, the politics, for short, of pull-and-push. It is democracy functioning indeed at or near a dead level with its twin enemies, communism and fascism; for patronage is the pull of fear on the one side and the push of intimidation on the other. It is a practice twice belittling; it belittles him who takes and him who gives.

It was De Tocqueville, the clear-eyed Frenchman, who matched Andrew Jackson's blindness with these words of light upon America five score and five years ago:

> The universal and inordinate desire for place is a great social evil; * * * it destroys the spirit of independence in the citizen, and diffuses a venal and servile humor throughout the frame of society * * * a government which encourages this tendency risks its own tranquillity and places its very existence in great jeopardy.

Most of us politicians derive less pleasure from this profanation of our noble calling than our people think. The error of most of us is not in enjoying it but in lacking courage to stop the foolishness. The few who do get pleasure out of playing this game of joint belittlement are enemies of democracy, however much they pose as friends of the people. The civic art unmatched in its majesty they make to mean using the sacred ballot to club themselves a path to personal power. The bully is ill concealed in such action. Such vulgar peasants of politics should not be allowed permanently to degrade the high opportunity offered the rest of us by public life. Just as there are pleasures gonadic and pleasures gastronomic which civilized men control through standard ideas of conduct, so the moronic pleasure of wielding power over job holders and the ironic pleasure of serving a bully must both be corrected in politics at a level where ideas of voters can count for more than the orders of bosses.

Politics is a game that can be played by decent individuals for the stakes of enlarging public decency and expanding private happiness. But the moronic impulse which turns power into poison must be curbed before we reach a level where a great many things now allowed simply are not done. As many employers, subsequently grateful, fight the industrial decency of collective bargaining, so many politicians, destined to be grateful to the gentleman from Georgia [Mr. RAMSPECK], fight still the spread of political decency toward affairs administrative.

III

It is only a lack of perspective which still permits patronage to be called practical politics. Many Republicans show this short-sightedness by opposing extension of civil service on the ground that the Democrats now have most of the jobs. Many Democrats feel that from their long years in power the Republicans still have more Federal jobs than Democrats. Which of us is right I do not know. But I know which of us is wrong—both of us. For any settlement which perpetually provokes another fight reflects an attitude of mind that dooms politics to preoccupation with its own machinery instead of freeing it for the ends it professes: enhancement of life, enlargement of liberty, embracement of happiness.

We Democrats and Republicans can answer each other perpetually and adequately, and never settle a thing for the better, if we keep our eyes lowered to the level of grab. Indeed, we have been thus answering each other adequately since the beginning of the Republic. Thomas Jefferson started the argument when upon accession to power in 1800 he found all offices in the hands of his political enemies. He argued: "If a due participation of office is a matter of right, how are vacancies to be obtained? Those by death are few; by resignation, none. Can any other mode than that of removal be proposed?"

Well, no partisan on his side spoke up, and Jefferson was in no mood to hear a patriot. So he spread over the deed to be done these high-sounding words—made less high-sounding by the sacrilege of my brackets—and we were off to a start not yet stopped.

> This is a painful office [with just a tinge of pleasure]; but it is made my duty [it always is], and I meet it as such [brave patriot thus to judge his own partisan cause]. * * * It would have been to me a circumstance of great relief [there's little reason to doubt it], had I found a moderate participation of office [spoils never seem moderate to the partisan until they're monstrous] in the hands of the majority. I would gladly have left to time and accident [let a tear drop on the bier of a dead enemy whose job we want] to raise them to their just share. But their total exclusion [it always seems so] calls for prompter corrections [let there be no delay; the deed must be done]. I shall correct the procedure [or make it worse]; but that done [that done, 'tisn't

Hancock	Jones, Tex.	Owen	Richards
Hendricks	Kelly	Patman	Rodgers, Pa.
Hennings	Kirwan	Pierce, Oreg.	Sumners, Tex.
Hill	McReynolds	Plumley	Taylor, Colo.
Hunter	Mansfield	Rankin	West

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Barton (for) with Mr. West (against).
Mr. August H. Andresen (for) with Mr. Cox (against).

General pairs:

Mr. Rankin with Mr. Bolton.
Mr. McReynolds with Mr. Allen of Illinois.
Mr. Mansfield with Mr. Gifford.
Mr. Patman with Mr. Plumley.
Mr. Jones of Texas with Mr. Brewster.
Mr. Boykin with Mr. Rodgers of Pennsylvania.
Mr. Fulmer with Mr. Cluett.
Mr. Dies with Mr. Hancock.
Mr. Allen of Pennsylvania with Mr. Hendricks.
Mr. Hennings with Mr. Richards.
Mr. Sumners of Texas with Mr. Cummings.
Mr. Owen with Mr. Pierce of Oregon.
Mr. Hill with Mr. Courtney.
Mr. Taylor of Colorado with Mr. Curley.

Mr. COFFEE of Washington changed his vote from "nay" to "yea."

Mr. BARTON. Mr. Speaker, I was paired with the gentleman from Texas, Mr. WEST. I withdraw my vote of "yea" and vote "present." The gentleman from Texas, if he were here, would vote "nay."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Mr. BEAM. Mr. Speaker, my colleague the gentleman from Illinois, Mr. KELLY, is ill. Were he here, he would have voted "yea."

Mr. SWEENEY. Mr. Speaker, my colleagues the gentleman from Ohio, Mr. HUNTER, and the gentleman from Ohio, Mr. KIRWAN, were unavoidably absent. Had they been present, they would have voted "yea."

Mr. O'NEAL. Mr. Speaker, my colleague the gentleman from Pennsylvania, Mr. ALLEN, was unavoidably detained. Had he been present, he would have voted "yea" on the relief bill.

Mr. DOUGHTON. Mr. Speaker, my colleague the gentleman from North Carolina, Mr. FOLGER, was unavoidably absent. Had he been present, he would have voted "yea."

EXTENSION OF REMARKS

Mr. WOODRUM of Virginia. Mr. Chairman, I ask unanimous consent that all Members may have 5 legislative days within which to extend their own remarks upon the relief bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. THOMAS F. FORD. Mr. Speaker, I ask unanimous consent to include in the remarks I made in the Committee of the Whole today a telegram from the engineer of my city.

The SPEAKER. Without objection it is so ordered.

There was no objection.

THE TAX BILL

Mr. DOUGHTON, from the Committee on Ways and Means, reported the bill (H. R. 6851) to provide revenue, equalize taxation, and for other purposes, which was referred to the House Calendar and ordered to be printed.

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent that on Monday when the bill H. R. 6851, the tax bill, is taken up for consideration that general debate to be confined to the bill shall continue not to exceed 3 hours, the time to be equally divided and controlled by the gentleman from Massachusetts [Mr. TREADWAY] and myself.

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, do I understand that this is agreeable to the gentleman from Massachusetts [Mr. TREADWAY]?

Mr. DOUGHTON. Yes; this was agreed upon by the gentleman from Massachusetts and myself.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

COMMITTEE ON FOREIGN AFFAIRS

Mr. BLOOM. Mr. Speaker, I ask unanimous consent that the Committee on Foreign Affairs have until 12 o'clock midnight on Saturday to file a report.

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, does that mean both majority report and minority views?

Mr. BLOOM. Yes. I understand the minority views have already been filed.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

EXTENSION OF REMARKS

Mr. BLOOM. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD by inserting speeches made at the Palestine Exhibition at New York City, May 28. I have a report from the Public Printer, inasmuch as it takes over two pages. I now renew my request.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. TENEROWICZ asked and was given permission to extend his own remarks in the RECORD.

ANNOUNCEMENT OF VOTE

Mr. LEAVY. Mr. Speaker, my colleague the gentleman from Washington, Mr. KNUTE HILL, is unavoidably absent. Had he been here he would have voted "yea" on the bill just passed.

EXTENSION OF REMARKS

Mr. LEAVY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on the subject of Father's Day.

The SPEAKER. Is there objection to the request of the gentleman from Washington [Mr. LEAVY]?

There was no objection.

ANNOUNCEMENT OF VOTE

Mr. BRADLEY of Pennsylvania. Mr. Speaker, the reason for the absence of the gentleman from Ohio, Mr. KIRWAN, is that he was called away suddenly to Ohio this afternoon. If present, he would have voted "yea," as stated by the gentleman from Ohio [Mr. SWEENEY].

EXTENSION OF REMARKS

Mr. HEALEY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a telegram.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts [Mr. HEALEY]?

There was no objection.

ANNOUNCEMENT OF VOTE

Mr. BLOOM. Mr. Speaker, the gentlemen from New York, Mr. CURLEY and Mr. FITZPATRICK, were detained from the floor. If present, they would have voted "yea."

CORRUPTION AND CORRECTION

Mr. SMITH of Illinois. Mr. Speaker, I ask unanimous consent to address the House for 17 seconds.

The SPEAKER. Is there objection to the request of the gentleman from Illinois [Mr. SMITH]?

There was no objection.

Mr. SMITH of Illinois. Mr. Speaker, with our routine duties nearly done and with pressing measures of many kinds now off our hands, the House shortly faces two matters unobstrustive enough in form but of major moment for the integrity of the Nation.

I

The Hatch bill from the Senate, nervously awaiting action by us, is negatively second to nothing in importance. It faces us with the hard decision as to whether we believe enough in the constitutional way of doing things to cure our democratic ills before they grow chronic and become fatal. Corruption of relief in any form is unmitigatedly pernicious. Party victory won by any sort of cheating sticks in the craw of every patriot; but victory won by prostituting the pride of

done] return with joy to that state of things [not yet realized], where the only questions concerning a candidate shall be, Is he honest? Is he capable? Is he faithful to the Constitution? ['Tis a consumation devoutly to be wished.]

Jefferson had some excuse, spite of this grim fun at his expense; and he had the good reason that civil service was not yet born. We have less excuse and hardly any good reason at all for continuing to perpetrate upon public service the inefficiency of patronage and upon our helpless fellow citizens its aristocratic effrontery. Why, the very term itself, "patronage," flouts the patrician patron doling out putrid plums to his "plebs." Little excuse indeed have we and no reason at all, when even the master dispenser of our time, the Honorable James A. Farley, declares in his autobiography:

With time, patience, and hard work, I could construct a major political party in the United States without holding out a single job to deserving partisans.

Mr. Farley has the grace to put the matter honestly, even after his successful and prideful experience with the other way of constructing a major political party in the United States. Says he of his own experience in 1933:

I had anticipated quite a rush of deserving patriots who were willing to help carry the governmental burden, but hadn't the slightest conception of how great the stampede would be.

We need now to call all genuine patriots to our side to furnish the time, patience, and hard work which Mr. Farley prescribes as the conditions of success in this—or, I may add, in any other—worthy enterprise. We are within sight of the formal completion of civil service in the Federal Government; the Ramspeck bill will indeed, but for one exception, complete its extension. But when done in form, the real job of perfecting its spirit remains. That will require more than fair-weather patriots, that will require more than hell-raisers or flag-wavers. [A constituent this week demanded a job of me as payment for carrying one flag, in one parade, for 1 hour!] We friends of merit in government need to rid ourselves of all cult aureoles so as to make what's civil in word civil in deed, what's service in form service in fact. After agitators must come administrators, and fighters abroad are not infrequently critics at home. Security generates its own lethargy, and bureaucracy requires surgeons as well as administrators. A hint to the sufficient is wise.

But our present opportunity is to complete a process long going forward with many sideswipes and not a few head-ons. For just as, in a famous formula, "bad money drives out good money," so the easy virtue of patronage prostitution keeps friends of merit fighting for the honor rather than for the radical improvement of the virtue already achieved. We must not forget the continuing tasks of improvement when the slow advance of a century ends in formal victory. But this final drive may prove the hardest. For already all the old saws are rasping forth their stale stupidities.

And with all the ancient novelties of a century or so comes one new duplicity. We propose to stop corruption in relief through the Hatch bill, but W. P. A. is the one exception we have had to make—for any hope of success—in the Ramspeck bill. We are "agin" corruption, but we are not for correction. It is not even smart to argue so. Nor does it conceal the blowgun caliber of this pop-off of puerile partisans for them to say that W. P. A. may prove temporary. If it has the duration of even a month, we ought to stop whatever corruption is proved; and the only effective way to stop corruption is to make correction; and the way to do this is to provide in manner nonpartisan for all administrative personnel. Let each such partisan look in the mirror and behold in himself a candidate for the council of Wisetown. In Wisetown it was, I think, that the council decreed: First, we will build a new courthouse; second, we will build it of the material in the old courthouse; third, we will not tear the old house down until we have finished the new one.

Of this, why say more? Nobody can fool all the people all the time. The Ramspeck bill, with even this ludicrous exception, will put us way forward on the path of correction. If we do not accept this opportunity to make a gentleman's agreement for the good of the Nation, then I propose a game for all proud partisans to play on the closing day of Congress. It is called "Busting Boobs." You play it in a garden. It is a kind of party, you see. Let each group that loves party advantage more than national welfare line up facing each other not too far apart. Then let each line bow quickly from the hips, to see what boob can "bust" what boob's head in joint deference to partisanship.

Even if this game does not knock any patriotic sense into any partisan's head, it may serve as a common garden-variety party to remind us that even aristocratic England has a better public service than we have been able to effect, in spite of our just pride in business efficiency and in spite of our fine national deference to popular education.

It is high time that we corrected our administrative inferiority, not out of emulation of any foreign power but out of consciousness of our own public power long gone half to waste. The Ramspeck bill, plus other measures from his committee, will complete the larger tasks still before the Federal Government. They will not only regularize the entrance into Federal service, they will also facilitate honorable exit when days of usefulness are done. I do not for the moment speak of that segment of the retirement bill that applies to Congressmen. Sufficient unto that aspect will be our collective wisdom. But to remove from patronage, to put under a merit sign, the remaining jobs of our National Government is to complete our first step toward efficiency in affairs common. It is a long step as well as a first step, though by no means a final step.

IV

What we call civil service is in many a State and not a few cities a virtuous cover-all for the worst iniquities of civic bullies. I know that, and you know that. But to do nothing about it save to be "regusted" is to do nothing about it at all. The Federal civil service will clearly bear improvement, but it has the fine advantage of being for the most part honest. Any equally honest politician, who does not like it, is estopped from crying up its vices until he has himself piped down on patronage. For the patronage system is not only infinitely worse, but it is his patronage encroachment upon the civil service which mostly creates the evils complained of by him in the civil service. Only a clown should be allowed thus to cry aloud his own self-mutilation without being laughed out of court. And the American public is rapidly detecting clownishness in whoever does it. We shall correct the evils of the civil service only by perfecting it in and through the practice of merit in getting and keeping all skilled public employees.

It is no longer time for administrative clowning, with our domestic debt what it is, with our position among the nations what it is, with our relief load what it is. Our best chance to reduce the rate of governmental spending by Republicans or Democrats is to increase efficiency through stopping the avoidable waste of patronage. Our best chance to get intelligent solutions of economic problems through means political is for us politicians to free ourselves from being inefficient employment agencies so that we may have a little time to learn, to think, and to confer on problems of state. A term in Congress should be and could be a liberal education at public expense, but to many it becomes, for this very perversion of its function, a kind of "durance vile." Our best chance to increase our self-respect and respect before the country is to stop doing what we cannot do well and learn to do better what we are here to do, the devising of wise public policies through the compromise of our deep differences.

Some politicians believe it suicide to their own hopes thus to free themselves of patronage. It may be so for them. It may be so for all. But an honorable death is more than comes to every man. It is arguable, on the plane of success, that the best chance of a man to be reelected is to make himself worthy of reelection. That is a faith, yes; but a faith which to forfeit is openly to renounce the democratic way of life. No Representative is worthy of reelection if he steals to get it, nor is he fully worthy unless he is willing to clear his mind for

legislation by sweeping his desk clean of the excrescences of irresponsible job brokerage.

V

The Hatch bill, then, gives us a chance to rid ourselves of vermin. Let us do it. But it will do little good, if that is all we do. Dogs that live with fleas can never gnaw themselves clean. To be afraid to be unclean is no recipe for cleanliness. Nor is it enough for cleanliness merely to want to be clean. We must maintain a housekeeper to keep our cleaned residence spick and span. The civil service is our best national housekeeper for administrative affairs. The Ramspeck bill, extending its domain, can give our will to decency the wit to win through to national cleanliness. Nothing can be done in government save through machinery carefully created and closely watched. The gentleman from Georgia [Mr. RAMSPECK] proposes to extend the machinery for positive improvement and we shall watch it until our Government has as good administration as American business is said to have.

The Hatch bill can be made to cure an abnormal perversion of present politics. The Ramspeck bill can finish the cure of our normal perversion, the practice of personal patronage at public expense. This Congress ought not to go home until both bills are law.

EXTENSION OF REMARKS

Mr. GARRETT. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD with reference to the National Youth Administration, the appropriation for which is included in the bill just passed, together with a few telegrams and letters which I received pertaining thereto.

The SPEAKER. Is there objection to the request of the gentleman from Texas [Mr. GARRETT]?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. VOORHIS of California. Mr. Speaker, I ask unanimous consent to proceed for 20 minutes.

The SPEAKER. The Chair did not understand the request of the gentleman.

Mr. VOORHIS of California. Mr. Speaker, I ask unanimous consent to proceed for 20 minutes.

The SPEAKER. Is there objection to the request of the gentleman from California [Mr. VOORHIS]?

Mr. HOLMES. Mr. Speaker, I object.

JOHN MUIR-KINGS CANYON NATIONAL PARK, CALIF.

Mr. LEWIS of Colorado, from the Committee on Rules, submitted the following privileged resolution, which was referred to the House Calendar, and ordered to be printed:

House Resolution 223

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 3794, a bill to establish the John Muir-Kings Canyon National Park Calif., to transfer thereto the lands now included in the General Grant National Park, and for other purposes. That after general debate, which shall be confined to the bill and continue not to exceed 2 hours, to be equally divided and controlled between the chairman and ranking minority member of the Committee on the Public Lands, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

EXTENSION OF REMARKS

Mr. SNYDER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a report from the United States Commissioner of Education.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania [Mr. SNYDER]?

There was no objection.

Mr. HARRINGTON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include an editorial from the Des Moines Register.

The SPEAKER. Is there objection to the request of the gentleman from Iowa [Mr. HARRINGTON]?

There was no objection.

Mr. MUNDT asked and was given permission to extend his own remarks in the RECORD.

ANNOUNCEMENT OF VOTE

Mr. WHITE of Idaho. Mr. Speaker, my colleague the gentleman from Oregon, Mr. PIERCE, has been in close attendance all day, but, due to his physical condition and the lateness of the hour, it was necessary for him to absent himself. Had he been present he would have voted "yea" on the bill just passed.

EXTENSION OF REMARKS

Mr. ANGELL. Mr. Speaker, I ask unanimous consent to extend my own remarks on the bill H. R. 6853, and to include a copy of the bill—and it is a short bill—and also to extend my own remarks in the RECORD on Flag Day, and to include a certain quotation.

The SPEAKER. Is there objection to the request of the gentleman from Oregon [Mr. ANGELL]?

There was no objection.

Mr. ALEXANDER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein certain magazine and newspaper articles and a letter from a business concern in Minneapolis.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota [Mr. ALEXANDER]?

There was no objection.

ANNOUNCEMENT OF VOTE

Mr. WIGGLESWORTH. Mr. Speaker, the gentleman from Ohio, Mr. BOLTON; the gentleman from Massachusetts, Mr. GIFFORD; the gentleman from Vermont, Mr. PLUMLEY; and the gentleman from Pennsylvania, Mr. RODGERS, were unavoidably absent. If they had been present, they would all have voted "yea" on the relief bill just passed.

EXTENSION OF REMARKS

Mr. SANDAGER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a communication from a woolen mill in Woonsocket, R. I., and some newspaper articles concerning trade agreements.

The SPEAKER. Is there objection to the request of the gentleman from Rhode Island?

There was no objection.

Mr. CHURCH. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD, and to include an address delivered before the Executive Club of Chicago by my colleague, the gentleman from Illinois [Mr. MASON], and to include also the introduction by the president of that club.

The SPEAKER. Is there objection to the request of the gentleman from Illinois [Mr. CHURCH]?

There was no objection.

COMMITTEE ON FOREIGN AFFAIRS

Mr. FISH. Mr. Speaker, I ask unanimous consent to file minority views of the Committee on Foreign Affairs on the neutrality bill, that these views be incorporated with the majority views when filed, and that the minority views be placed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

EXTENSION OF REMARKS

Mr. FISH. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a radio address made by me.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. FISH. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a short address of mine on neutrality.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. VAN ZANDT. Mr. Speaker, I ask unanimous consent to extend my own remarks at the point in the RECORD where I offered three amendments while we were in Committee of the Whole.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. YOUNGDAHL. Mr. Speaker, I ask unanimous consent to revise and extend the remarks I made on the floor this evening and include therein certain additional affidavits.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. KELLY (at the request of Mr. BEAM), on account of serious illness.

To Mr. PACE, for June 19 to 21, inclusive, on account of official business.

ADJOURNMENT OVER

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

CONSENT CALENDAR

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent that business on the Consent Calendar in order on Monday next be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

BILLS AND JOINT RESOLUTION PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, bills and a joint resolution of the House of the following titles:

H. R. 162. An act to make effective in the District Court for the Territory of Hawaii rules promulgated by the Supreme Court of the United States governing pleading, practice, and procedure in the district courts of the United States;

H. R. 312. An act for the relief of Roland P. Winstead;

H. R. 805. An act to extend further time for naturalization to alien veterans of the World War under the act approved May 25, 1932 (47 Stat. 165), to extend the same privileges to certain veterans of countries allied with the United States during the World War, and for other purposes;

H. R. 1363. An act for the relief of George Houston;

H. R. 2058. An act for the relief of Jessie Denning Van Eimeren, A. C. Van Eimeren, and Clara Adolph;

H. R. 2179. An act to ratify and confirm certain interest rates on loans made from the revolving fund authorized by section 6 of the Agricultural Marketing Act, approved June 15, 1929 (46 Stat. 11), and for other purposes;

H. R. 2200. An act to dispense with particular allegations as to renunciation of allegiance in petitions for naturalization and in the oath of renunciation of foreign allegiance by omitting the name of "the prince, potentate, state, or sovereignty" of which the petitioner for naturalization is a subject or citizen;

H. R. 2251. An act for the relief of Russell Anderegg, a minor, and George W. Anderegg;

H. R. 2478. An act for the relief of the Wisconsin Milling Co. and Wisconsin Telephone Co.;

H. R. 2583. An act for the relief of A. W. Evans;

H. R. 2695. An act for the relief of Kenneth B. Clark;

H. R. 3065. An act to amend Public Law No. 370, Seventy-fourth Congress, approved August 27, 1935 (49 Stat. 906);

H. R. 3077. An act for the relief of Adam Casper;

H. R. 3132. An act to authorize the disposal of cemetery lots;

H. R. 3367. An act to define the status of certain lands purchased for the Choctaw Indians, Mississippi;

H. R. 4084. An act to provide for the reimbursement of certain personnel or former personnel of the United States Navy and United States Marine Corps for the value of personal effects destroyed as a result of a fire at the Marine Barracks, Quantico, Va., on October 27, 1938;

H. R. 4745. An act relating to benefit assessments from condemnation proceedings for the opening, extension, widening, or straightening of alleys or minor streets;

H. R. 4940. An act to authorize the furnishing of steam from the central heating plant to the District of Columbia;

H. R. 5066. An act to amend the act entitled "An act to regulate proceedings in adoption in the District of Columbia," approved August 25, 1937;

H. R. 5436. An act to authorize the grant of a sewer right-of-way and operation of sewage-treatment plant on the Fort Niagara Military Reservation, N. Y., by the village of Youngstown, N. Y.;

H. R. 5474. An act to amend the Railroad Unemployment Insurance Act, approved June 25, 1938;

H. R. 5488. An act to provide for the widening of Wisconsin Avenue in the District of Columbia, and for other purposes;

H. R. 5680. An act to amend section 1 of the act entitled "An act to authorize the Philadelphia, Baltimore & Washington Railroad Co. to extend its present track connection with the United States navy yard so as to provide adequate railroad facilities in connection with the development of Buzzards Point as an industrial area in the District of Columbia, and for other purposes," approved June 18, 1932 (Public, No. 187, 72d Cong.);

H. R. 5801. An act to grant permission for the construction, maintenance, and use of a certain underground conduit for electrical lines in the District of Columbia;

H. R. 5933. An act for the relief of Frances Virginia McCloud;

H. R. 5934. An act for the relief of W. Elisabeth Beitz;

H. R. 5935. An act for the relief of Charlotte J. Gilbert;

H. R. 5966. An act to establish a Coast Guard Reserve to be composed of owners of motorboats and yachts;

H. R. 5987. An act to amend the District of Columbia Traffic Act of 1925 (43 Stat. 1119);

H. R. 6109. An act to extend the times for commencing and completing the construction of a bridge across the Niagara River at or near the city of Niagara Falls, N. Y.; and

H. J. Res. 180. Joint resolution to provide that the United States extend to foreign governments invitations to participate in the Seventh International Congress for the Rheumatic Diseases to be held in the United States during the calendar year 1940, and to authorize an appropriation to assist in meeting the expenses of the session.

ADJOURNMENT

Mr. RAYBURN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 1 o'clock and 18 minutes a. m.), under its previous order, the House adjourned until Monday, June 19, 1939, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON THE JUDICIARY

On Monday, June 19, 1939, beginning at 10 a. m., there will be continued a public hearing before the Committee on the Judiciary on the bill (H. R. 6369) to amend the act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory thereof and supplemental thereto; to create a Railroad Reorganization Court; and for other purposes.

There will be continued a public hearing before Subcommittee No. 3 of the Committee on the Judiciary on Wednesday, June 21, 1939, at 10 a. m., on the bill (H. R. 2318) to divorce the business of production, refining, and transporting of petroleum products from that of marketing petroleum products. Room 346, House Office Building.

COMMITTEE ON MERCHANT MARINE AND FISHERIES

The Committee on Merchant Marine and Fisheries will hold public hearings in room 219, House Office Building, at 10 a. m., on the bills and dates listed below:

On Tuesday, June 20, 1939, on H. R. 4307 (committee print), to extend the provisions of the Shipping Act, 1916, and the Intercoastal Shipping Act, 1933, to all common carriers by water in interstate commerce, and for other purposes.

COMMITTEE ON FOREIGN AFFAIRS

There will be a meeting of the Committee on Foreign Affairs in the committee rooms, the Capitol, on Tuesday, June 20, 1939, at 10 a. m., for the consideration of S. 326, for the payment of awards and appraisals heretofore made in favor of citizens of the United States on claims presented under the General Claims Convention of September 8, 1923, United States and Mexico.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

871. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated April 20, 1939, submitting a report, together with accompanying papers and an illustration, on reexamination of Apalachicola, Chattahoochee and Flint Rivers, Ga. and Fla., requested by resolution of the Committee on Rivers and Harbors, House of Representatives, adopted April 28, 1936 (H. Doc. No. 342); to the Committee on Rivers and Harbors and ordered to be printed with an illustration.

872. A communication from the President of the United States, transmitting a proposed provision affecting an existing appropriation for the Bureau of Biological Survey, Department of Agriculture, for the fiscal year ending June 30, 1940 (H. Doc. No. 343); to the Committee on Appropriations and ordered to be printed.

873. A communication from the President of the United States, transmitting a draft of a proposed provision pertaining to existing appropriations for the fiscal year 1939 and prior fiscal years, for the Department of Justice (H. Doc. No. 344); to the Committee on Appropriations and ordered to be printed.

874. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the fiscal year 1939, to remain available until June 30, 1940, amounting to $34,400, for the Department of State (H. Doc. No. 345); to the Committee on Appropriations and ordered to be printed.

875. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for administrative expenses, Federal Housing Administration, for the fiscal year 1940, amounting to $1,500,000, such sum to consist of not to exceed $500,000 from the mutual mortgage insurance fund and not to exceed $1,000,000 from the account in the Treasury comprised of funds derived from premiums collected under title I of the National Housing Act (H. Doc. No. 346); to the Committee on Appropriations and ordered to be printed.

876. A communication from the President of the United States, transmitting a proposed provision affecting the appropriation for the War Department for "acquisition of lands for radio beacons, Army," contained in the Military Appropriation Act, 1939 (H. Doc. No. 347); to the Committee on Appropriations and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

[*Omitted from the Record of January 30, 1939*]

Mr. RANKIN: Committee on World War Veterans' Legislation. House Resolutions 325 and 408, Seventy-fifth Congress. Resolutions on a survey and inspection of soldiers' hospitals and other Veterans' Administration facilities; with amendment (Rept. No. 10). Referred to the Committee of the Whole House on the state of the Union.

[*Submitted June 16, 1939*]

Mr. KELLER: Committee on the Library. House Joint Resolution 159. Joint resolution authorizing the selection of a site and the erection thereon of the Columbian Fountain in Washington, D. C.; without amendment (Rept. No. 848). Referred to the Committee of the Whole House on the state of the Union.

Mr. LUTHER A. JOHNSON: Committee on Foreign Affairs. H. R. 6852. A bill authorizing Federal participation in the commemoration and observance of the four hundredth anniversary of the explorations of Francisco Vasquez de Coronado, establishing a commission for that purpose, and authorizing an appropriation therefor; without amendment (Rept. No. 849). Referred to the Committee of the Whole House on the state of the Union.

Mr. BLOOM: Committee on Foreign Affairs. House Joint Resolution 278. Joint resolution to authorize the appropriation of an additional sum of $851,111.59 for Federal participation in the New York World's Fair, 1939; without amendment (Rept. No. 850). Referred to the Committee of the Whole House on the state of the Union.

Mr. BLOOM: Committee on Foreign Affairs. House Joint Resolution 291. Joint resolution authorizing and requesting the President to accept the invitation of the Government of Norway to the Government of the United States to participate in an International Exhibition of Polar Exploration, which will be held at Bergen, Norway, in 1940, and authorizing an appropriation to cover the expenses of such participation; without amendment (Rept. No. 851). Referred to the Committee of the Whole House on the state of the Union.

Mr. KEE: Committee on Foreign Affairs. House Joint Resolution 320. Joint resolution to amend Public Resolution No. 46, approved August 9, 1935, entitled "Joint resolution requesting the President to extend to the International Statistical Institute an invitation to hold its twenty-fourth session in the United States in 1939"; without amendment (Rept. No. 852). Referred to the Committee of the Whole House on the state of the Union.

Mr. SABATH: Committee on Rules. House Resolution 223. Resolution providing for the consideration of H. R. 3794, a bill to establish the John Muir-Kings Canyon National Park, Calif., to transfer thereto the lands now included in the General Grant National Park, and for other purposes; without amendment (Rept. No. 853). Referred to the House Calendar.

Mr. EATON of New Jersey: Committee on Foreign Affairs. H. R. 6836. A bill to amend the act entitled "An act for the grading and classification of clerks in the Foreign Service of the United States of America, and providing compensation therefor," approved February 23, 1931, as amended; with amendment (Rept. No. 854). Referred to the Committee of the Whole House on the state of the Union.

Mr. DOUGHTON: Committee on Ways and Means. H. R. 6851. A bill to provide revenue, equalize taxation, and for other purposes; with amendment (Rept. No. 855). Referred to the Committee of the Whole House on the state of the Union.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H. R. 6093) for the relief of Irene E. Smith; Committee on Claims discharged, and referred to the Committee on Naval Affairs.

A bill (H. R. 6210) for the relief of George R. Stringer; Committee on Claims discharged, and referred to the Committee on War Claims.

A bill (H. R. 6339) for the relief of Frances Wetterer; Committee on Claims discharged, and referred to the Committee on Invalid Pensions.

A bill (H. R. 6358) for the relief of Ira Ellis Veal; Committee on Claims discharged, and referred to the Committee on War Claims.

A bill (H. R. 6418) for the relief of Ellsworth Grant Waters; Committee on Claims discharged, and referred to the Committee on Invalid Pensions.

A bill (H. R. 6436) for the relief of H. W. Sharpe, trustee for the stockholders of the Joliet Forge Co., and the estates of the Joliet National Bank and the Commercial Trust & Savings Bank, of Joliet, Ill.; Committee on Claims discharged, and referred to the Committee on War Claims.

A bill (H. R. 6463) for the relief of James D. Scott; Committee on Claims discharged, and referred to the Committee on the Civil Service.

A bill (H. R. 6483) for the relief of Henry J. McCann; Committee on Claims discharged, and referred to the Committee on War Claims.

A bill (H. R. 6571) granting a pension to Jesse P. Gaither; Committee on Claims discharged, and referred to the Committee on Invalid Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ALLEN of Illinois:

H. R. 6869. A bill to authorize a preliminary examination and survey of the Plum River and its tributaries in Carroll County, Ill., for flood control, for run-off and water-flow retardation, and for soil-erosion prevention; to the Committee on Flood Control.

By Mr. CLASON:

H. R. 6870. A bill to grant to the Commonwealth of Massachusetts a retrocession of jurisdiction over the General Clarence R. Edwards Memorial Bridge, bridging Watershops Pond of the Springfield Armory Military Reservation in the city of Springfield, Mass.; to the Committee on Military Affairs.

By Mr. HULL:

H. R. 6871. A bill to enable the Secretary of Agriculture more effectively to assist in the voluntary adjustment of indebtedness between farm debtors and their creditors; to provide for the transfer of certain mortgages and foreclosed farm property from the Federal land banks to the Federal Farm Mortgage Corporation, and the refinancing thereof, and for other purposes; to the Committee on Agriculture.

By Mr. KRAMER:

H. R. 6872. A bill to amend sections 4886, 4887, 4920, and 4929 of the Revised Statutes (U. S. C., title 35, secs. 31, 32, 69, and 73); to the Committee on Patents.

By Mr. LANHAM:

H. R. 6873. A bill to amend sections 4904, 4909, 4911, and 4915 of the Revised Statutes (U. S. C., title 35, secs. 52, 57, 59a, and 63); to the Committee on Patents.

By Mr. LUCE:

H. R. 6874. A bill to repeal section 4896 of the Revised Statutes (U. S. C., title 35, sec. 8), and amend sections 4885 and 4934 of the Revised Statutes (U. S. C., title 35, secs. 41 and 78); to the Committee on Patents.

By Mr. MYERS:

H. R. 6875. A bill to amend section 4903 of the Revised Statutes (U. S. C., title 35, sec. 51); to the Committee on Patents.

By Mr. RANDOLPH:

H. R. 6876. A bill to make uniform in the District of Columbia the law on fresh pursuit and to authorize the Commissioners of the District of Columbia to cooperate with the States; to the Committee on the District of Columbia.

By Mr. SIROVICH:

H. R. 6877. A bill to amend the act entitled "An act to provide additional protection for owners of patents of the United States, and for other purposes," approved June 25, 1910 (36 Stat. 851), as amended (40 Stat. 705; 35 U. S. C. 68), so as to protect the United States in certain patent-infringement suits; to the Committee on Patents.

By Mr. VAN ZANDT:

H. R. 6878. A bill to amend section 4894 of the Revised Statutes (U. S. C., title 35, sec. 37); to the Committee on Patents.

By Mr. KRAMER:

H. R. 6879. A bill, Peace Act of 1939; to the Committee on Foreign Affairs.

By Mr. CULLEN:

H. R. 6880. A bill authorizing the Secretary of the Treasury to convey an easement in certain lands to the city of New York, and for other purposes; to the Committee on Public Buildings and Grounds.

By Mr. BLAND:

H. R. 6881. A bill to implement the provisions of the Shipowners' Liability (sick and injured seamen) Convention, 1936; to the Committee on Merchant Marine and Fisheries.

By Mr. CELLER:

H. R. 6882. A bill authorizing the continuance of the prison industries reorganization administration, established by Executive Order No. 7194 of September 26, 1935, to June 30, 1941; to the Committee on the Judiciary.

By Mr. DEMPSEY:

H. R. 6883. A bill to provide for more expeditious payment of amounts due to farmers under agricultural programs; to the Committee on Agriculture.

By Mr. LEA:

H. R. 6884. A bill to encourage travel in the United States, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. GUYER of Kansas:

H. R. 6885. A bill to aid the several States in making, or for having made, certain toll bridges on the system of Federal-aid highways free bridges, and for other purposes; to the Committee on Roads.

By Mr. FADDIS:

H. R. 6893. A bill to promote on the retired list officers who were decorated and recommended for promotion for distinguished service during the World War, and who have not attained the rank to which recommended; to the Committee on Military Affairs.

By Mr. LEMKE:

H. R. 6894. A bill to amend section 186 of the Criminal Code, as amended; to the Committee on the Post Office and Post Roads.

By Mr. CRAWFORD:

H. J. Res. 328. Joint resolution to provide free admission to historic shrines owned by the Federal Government in the District of Columbia and Arlington County, Va.; to the Committee on the Public Lands.

By Mr. BOREN:

H. J. Res. 329. Joint resolution consenting to an interstate oil compact to conserve oil and gas; to the Committee on Interstate and Foreign Commerce.

By Mr. LEA:

H. J. Res. 330. Joint resolution consenting to an interstate oil compact to conserve oil and gas; to the Committee on Interstate and Foreign Commerce.

By Mr. DISNEY:

H. Con. Res. 29. Concurrent resolution to print and bind the proceedings of Congress, together with the proceedings at the unveiling in the rotunda, upon acceptance of the statue of Will Rogers, presented by the State of Oklahoma; to the Committee on Printing.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CULKIN:

H. R. 6886. A bill granting a pension to Mabel Schermerhorn; to the Committee on Invalid Pensions.

By Mr. FITZPATRICK:

H. R. 6887. A bill granting an increase of pension to Cyrus G. Fox; to the Committee on Pensions.

H. R. 6888. A bill for the relief of Esther Jacobs; to the Committee on Immigration and Naturalization.

By Mr. GEARHART:

H. R. 6889. A bill for the relief of Frances M. Hannah; to the Committee on Claims.

By Mr. SACKS:

H. R. 6890. A bill for the relief of Salvatore Spagnuolo; to the Committee on Immigration and Naturalization.

By Mr. VOORHIS of California:

H. R. 6891. A bill for the relief of William M. Irvine; to the Committee on Claims.

By Mr. WEAVER:

H. R. 6892. A bill for the relief of Willard Isham, executor of the estate of Clara H. Isham; to the Committee on the Judiciary.

By Mr. CLUETT:

H. R. 6895. A bill granting a pension to Elizabeth S. Weishaar; to the Committee on Pensions.

By Mr. FAY:

H. R. 6896. A bill for the relief of the Nathan Products Corporation; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3815. By Mr. ASHBROOK: Petition of Lester House, of Coshocton, Ohio, and 231 others, urging passage of the Casey bill (H. R. 6470); to the Committee on Appropriations.

3816. By Mr. CULKIN: Resolution passed by the State of New York in senate and and assembly, petitioning the Congress of the United States to recognize the responsibility of the Federal Government for hospitalization of the alien insane and defective and to take appropriate action to this end; to the Committee on Immigration and Naturalization.

3817. Also, petition of Julia K. Rice, of Oswego, N. Y., and 59 others, asking for the enactment of House bill 5620; to the Committee on Ways and Means.

3818. By Mr. CURLEY: Letter of the Harlem River Towboat Line, Inc., of New York City, opposing the Lea bill, to regulate water transportation; to the Committee on Interstate and Foreign Commerce.

3819. By Mr. CARTER: Senate joint resolution of the California Legislature, No. 23, memorializing Congress to provide for the control of the mud flow of Mount Shasta; to the Committee on Rivers and Harbors.

3820. Also, Senate Joint Resolution of the California Legislature, No. 19, memorializing Congress to construct a breakwater and port of refuge at Pillar Point, San Mateo County, Calif.; to the Committee on Rivers and Harbors.

3821. By Mr. MARTIN J. KENNEDY: Petition of the New York Typographical Union, No. 6, New York City, urging support of House bill 6470, the Casey bill; to the Committee on Appropriations.

3822. By Mr. MICHAEL J. KENNEDY: Petition of the New York Typographical Union, No. 6, New York City, urging enactment of House bill 6470, the Casey bill; to the Committee on Appropriations.

3823. Also, petition of Works Progress Administration Teachers' Union, Local 453, of the American Federation of Teachers, New York City, expressing opposition to certain provisions of the relief appropriation bill for 1940, and urging adoption of House bill 6470, the Casey bill; to the Committee on Appropriations.

3824. Also, petition of the Labor's Non-Partisan League, expressing opposition to certain provisions of the relief appropriation bill for the fiscal year 1940; to the Committee on Appropriations.

3825. Also, petition of the State, County, and Municipal Workers of America, comprising a membership of 13,000 civil employees in the city and State of New York, urging enactment of House bill 6470, the Casey bill; to the Committee on Appropriations.

3826. Also, petition of the Workers Alliance of America, urging enactment of House bill 6470, the Casey-Murray bill; to the Committee on Appropriations.

3827. By Mr. KEOGH: Petition of Bart Manganaro, James Moreschi, Lillian Oriowsky, Charles Davis, Herman Drimer, and Sidney Killner, of New York City, concerning House bill 6470, the Casey bill; to the Committee on Appropriations.

3828. Also, petition of the Building Trades Employer's Association, New York City, concerning Works Progress Administration projects; to the Committee on Appropriations.

3829. Also, petition of the New York Typographical Union, No. 6, favoring House bill 6470, the Casey bill; to the Committee on Appropriations.

3830. Also, petition of the New York Joint Council of the United Office and Professional Workers of America, favoring House bill 6470, the Casey bill; to the Committee on Appropriations.

3831. Also, petition of Works Progress Administration Teachers' Union, New York City, favoring House bill 6470, the Casey bill; to the Committee on Appropriations.

3832. Also, petition of the National Conference of Church-related Colleges, Washington, D. C., concerning Senate bill 1305, the Thomas bill; to the Committee on Education.

3833. Also, Petition of Labor's Nonpartisan League, Washington, D. C., favoring House bill 6470, the Casey bill; to the Committee on Appropriations.

3834. By Mr. KRAMER: Resolution of the Housing Authority of the City of Los Angeles, Calif., relative to Congress authorizing additional loans to local housing agencies, etc.; to the Committee on Banking and Currency.

3835. Also, resolution of the Veterans of the Spanish-American War, G. O. 40 Association, Inc., relative to Maj. Gen. George Van Horn Moseley; to the Committee on Military Affairs.

3836. By Mr. LUDLOW: Petition of members of the Klover Reading Klub of Hancock County, Greenfield, Ind., protesting against the involvement of the United States in any foreign conflict; to the Committee on Foreign Affairs.

3837. By Mr. MOTT: Petition of K. E. Marcy, of Marshfield, Oreg., and 29 others, asking for the enactment of House bill 5620; to the Committee on Ways and Means.

3838. Also, petition of F. J. Austin, of Corvallis, Oreg., and 59 others, asking for the enactment of House bill 5620; to the Committee on Ways and Means.

3839. Also, petition of J. W. Wunn, of Eugene, Oreg., and 29 others, asking for the enactment of House bill 5620; to the Committee on Ways and Means.

3840. Also, petition of George Bowman, of Reedsport, Oreg., and 44 others, asking for the enactment of House bill 5620; to the Committee on Ways and Means.

3841. Also, petition of Charles H. Walter, of Marshfield, Oreg., and 59 others, asking for the enactment of House bill 5620; to the Committee on Ways and Means.

3842. Also, petition of Christ Anton, of Marshfield, Oreg., and 29 others, asking for the enactment of House bill 5620; to the Committee on Ways and Means.

3843. Also, petition of William M. Cox, of Marshfield, Oreg., and 29 others, asking for the enactment of House bill 5620; to the Committee on Ways and Means.

3844. Also, petition of K. E. Marcy, of Marshfield, Oreg., and 59 others, asking for the enactment of House bill 5620; to the Committee on Ways and Means.

3845. Also, petition of F. S. Draper, of Marshfield, Oreg., and 29 others, asking for the enactment of House bill 5620; to the Committee on Ways and Means.

3846. Also, petition of Ewen Gillis, of Eastside, Oreg., and 29 others, asking for the enactment of House bill 5620; to the Committee on Ways and Means.

3847. Also, petition of F. R. Kirk, of Marshfield, Oreg., and 29 others, asking for the enactment of House bill 5620; to the Committee on Ways and Means.

3848. By Mr. PFEIFER: Petition of Works Progress Administration Teachers' Union, Local 453, of the American Federation of Teachers, New York City, favoring House bill 6470, the Casey bill; to the Committee on Appropriations.

3849. Also, petition of the New York Typographical Union, No. 6, New York City, favoring House bill 6470, the Casey bill; to the Committee on Appropriations.

3850. Also, petition of the Labor Nonpartisan League, Washington, D. C., favoring House bill 6470, the Casey bill; to the Committee on Appropriations.

3851. Also, petition of the Ohio River Co., Cincinnati, Ohio, opposing Senate bill 2009, the Wheeler bill; to the Committee on Interstate and Foreign Commerce.

3852. By Mr. SWEENEY: Petition of American Citizens of Irish Lineage, New York City, concerning the arrest and imprisonment of Sean Russell; to the Committee on Immigration and Naturalization.

3853. By the SPEAKER: Petition of the city of Cleveland, Ohio, petitioning consideration of their resolution with reference to House bill 6470, for the relief of unemployment; to the Committee on Appropriations.

3854. Also, petition of the Regular Veterans' Association, Washington, D. C., petitioning consideration of their resolution with reference to House bill 5960, favoring the establishment of a national park on the site of the Battle of Franklin; to the Committee on the Public Lands.

SENATE

MONDAY, JUNE 19, 1939

(Legislative day of Thursday, June 15, 1939)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. ZeBarney T. Phillips, D. D., offered the following prayer:

Eternal Father, as we enter into Thy presence in this sanctuary of prayer to speak our inmost thoughts to Thine understanding heart: Make us conscious of the fact that there is a hidden dignity in our souls and a grandeur about our opportunities awaiting our discovery. Grant to us such insight and enthusiasm that the routine of our days, the unromantic duty, the dull task, the prosaic fellowship, even the whole order of existence, from which the hope of novelty has long since fled, may shine in wondrous light, as, with open eyes, we look into the heart of Thy law. Help us all in these momentous days to see our path and to love it; to be equal to life's highest possibilities; and, in finding Thee once more in our duty, may we also discover Thee in the range and richness and mastery of all our powers. We ask it in the name of Jesus Christ our Lord. Amen.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Thursday, June 15, 1939, was dispensed with, and the Journal was approved.

MESSAGE FROM THE HOUSE DURING RECESS—ENROLLED BILLS AND JOINT RESOLUTION SIGNED

Under authority of the order of the 15th instant, the following message from the House of Representatives was received by the Secretary on June 16, 1939: That the Speaker had affixed his signature to the following enrolled bills and joint resolution, and they were signed by the Vice President:

H. R. 162. An act to make effective in the District Court for the Territory of Hawaii rules promulgated by the Supreme Court of the United States governing pleading, practice, and procedure in the district courts of the United States;

H. R. 312. An act for the relief of Roland P. Winstead;

H. R. 805. An act to extend further time for naturalization to alien veterans of the World War under the act approved May 25, 1932 (47 Stat. 165), to extend the same privileges to certain veterans of countries allied with the United States during the World War, and for other purposes;

H. R. 1363. An act for the relief of George Houston;

H. R. 2058. An act for the relief of Jessie Denning Van Eimeren, A. C. Van Eimeren, and Clara Adolph;

H. R. 2179. An act to ratify and confirm certain interest rates on loans made from the revolving fund authorized by section 6 of the Agricultural Marketing Act, approved June 15, 1929 (46 Stat. 11), and for other purposes;

H. R. 2200. An act to dispense with particular allegations as to renunciation of allegiance in petitions for naturalization and in the oath of renunciation of foreign allegiance, by omitting the name of "the prince, potentate, state, or sovereignty" of which the petitioner for naturalization is a subject or citizen;

H. R. 2251. An act for the relief of Russell Anderegg, a minor, and George W. Anderegg;

H. R. 2478. An act for the relief of the Wisconsin Milling Co. and Wisconsin Telephone Co.;

H. R. 2583. An act for the relief of A. W. Evans;

H. R. 2695. An act for the relief of Kenneth B. Clark;

H. R. 3065. An act to amend Public Law No. 370, Seventy-fourth Congress, approved August 27, 1935 (49 Stat. 906);

H. R. 3077. An act for the relief of Adam Casper;

H. R. 3132. An act to authorize the disposal of cemetery lots;

H. R. 3367. An act to define the status of certain lands purchased for the Choctaw Indians, Mississippi;

H. R. 4084. An act to provide for the reimbursement of certain personnel or former personnel of the United States Navy and United States Marine Corps for the value of personal effects destroyed as a result of a fire at the marine barracks, Quantico, Va., on October 27, 1938;

H. R. 4745. An act relating to benefit assessments from condemnation proceedings for the opening, extension, widening, or straightening of alleys or minor streets;

H. R. 4940. An act to authorize the furnishing of steam from the central heating plant to the District of Columbia;

H. R. 5066. An act to amend the act entitled "An act to regulate proceedings in adoption in the District of Columbia," approved August 25, 1937;

H. R. 5436. An act to authorize the grant of a sewer right-of-way and operation of sewage-treatment plant on the Fort Niagara Military Reservation, N. Y., by the village of Youngstown, N. Y.;

H. R. 5474. An act to amend the Railroad Unemployment Insurance Act, approved June 25, 1938;

H. R. 5488. An act to provide for the widening of Wisconsin Avenue in the District of Columbia, and for other purposes;

H. R. 5680. An act to amend section 1 of the act entitled "An act to authorize the Philadelphia, Baltimore & Washington Railroad Co. to extend its present track connection with the United States navy yard so as to provide adequate railroad facilities in connection with the development of Buzzards Point as an industrial area in the District of Columbia, and for other purposes," approved June 18, 1932 (Public, No. 187, 72d Cong.);

H. R. 5801. An act to grant permission for the construction, maintenance, and use of a certain underground conduit for electrical lines in the District of Columbia;

H. R. 5933. An act for the relief of Frances Virginia McCloud;

H. R. 5934. An act for the relief of W. Elisabeth Deitz;

H. R. 5935. An act for the relief of Charlotte J. Gilbert;

H. R. 5966. An act to establish a Coast Guard Reserve to be composed of owners of motorboats and yachts;

H. R. 5987. An act to amend the District of Columbia Traffic Act of 1925 (43 Stat. 1119); and

H. J. Res. 180. Joint resolution to provide that the United States extend to foreign governments invitations to participate in the Seventh International Congress for the Rheumatic Diseases to be held in the United States during the calendar year 1940, and to authorize an appropriation to assist in meeting the expenses of the session.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Calloway, one of its reading clerks, announced that the House insisted upon its amendment to the bill (S. 1796) to amend the Tennessee Valley Authority Act of 1933, disagreed to

by the Senate; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. MAY, Mr. THOMASON, Mr. HARTER of Ohio, Mr. ANDREWS, and Mr. SHORT were appointed managers on the part of the House at the conference.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1569) to amend the Agricultural Adjustment Act of 1938, as amended.

The message further announced that the House had agreed to the concurrent resolution (S. Con. Res. 19) authorizing the printing of additional copies of House Document No. 272, current session, entitled "Message From the President of the United States transmitting a Report of the Bureau of Public Roads on the Feasibility of a System of Transcontinental Toll Roads and a Master Plan for Free Highway Development," with amendments, in which it requested the concurrence of the Senate.

The message also announced that the House had passed a joint resolution (H. J. Res. 326) making appropriations for work relief, relief, and to increase employment by providing loans and grants for public-works projects, for the fiscal year ending June 30, 1940, in which it requested the concurrence of the Senate.

CALL OF THE ROLL

Mr. MINTON. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Danaher	La Follette	Reynolds
Andrews	Davis	Lee	Russell
Ashurst	Donahey	Logan	Schwartz
Austin	Downey	Lucas	Schwellenbach
Bailey	Ellender	Lundeen	Sheppard
Bankhead	Frazier	McCarran	Shipstead
Barkley	George	McKellar	Slattery
Bilbo	Gerry	Maloney	Taft
Bone	Gillette	Mead	Thomas, Okla.
Borah	Guffey	Miller	Thomas, Utah
Bridges	Gurney	Minton	Tobey
Brown	Harrison	Murray	Townsend
Bulow	Hatch	Neely	Truman
Burke	Hayden	Norris	Tydings
Byrd	Hill	Nye	Vandenberg
Byrnes	Holman	O'Mahoney	Van Nuys
Capper	Holt	Overton	Wagner
Chavez	Hughes	Pepper	Walsh
Clark, Idaho	Johnson, Calif.	Pittman	Wheeler
Clark, Mo.	Johnson, Colo.	Radcliffe	White
Connally	King	Reed	Wiley

Mr. AUSTIN. I announce that the Senator from Oregon [Mr. MCNARY] is absent because of illness, and that the Senator from Massachusetts [Mr. LODGE] is absent on public business.

I ask that this announcement stand for the day.

Mr. MINTON. I announce that the Senator from Virginia [Mr. GLASS] is absent because of illness.

The Senator from Arkansas [Mrs. CARAWAY] and the Senator from South Carolina [Mr. SMITH] are necessarily detained.

The Senator from Rhode Island [Mr. GREEN], the Senator from New York [Mr. MEAD], the Senator from New Jersey [Mr. SMATHERS], and the Senator from Tennessee [Mr. STEWART] are absent on important public business.

The VICE PRESIDENT. Eighty-four Senators have answered to their names. A quorum is present.

ANNUITIES FOR CIVILIANS EMPLOYED IN CONSTRUCTION OF PANAMA CANAL—VETO MESSAGE (S. DOC. NO. 84)

The VICE PRESIDENT laid before the Senate the following message from the President of the United States, which was read, and, with the accompanying bill, referred to the Committee on Interoceanic Canals and ordered to be printed:

To the Senate:

I am returning herewith, without my approval, S. 50, an act "To provide for recognizing the services rendered by civilian officers and employees in the construction and establishment of the Panama Canal and the Canal Zone."

This bill, while extending the thanks of Congress to certain employees of the Panama Canal and the Canal Zone for services performed during the construction period, is designed primarily to grant such employees, whether active or retired, who rendered at least 3 years' service during such period, an annuity of 2 percent of their average salaries for the highest five consecutive years of Isthmian service, multiplied by the total years of such service, not exceeding 30. These annuities would be effective upon the employees' reaching the compulsory retirement age; upon being retired by reason of disability; or upon being retired after 30 years' service on the Isthmus.

The present law, providing annuities to civilian employees in the Canal Zone, effective July 1, 1931, was enacted after careful consideration, and not only gives special benefits to employees in the Canal Zone as compared with civilian employees subject to the Civil Service Retirement Act, but also gives special recognition and additional benefits to employees who served in the Zone during the construction period. Such latter employees are entitled, under the present law, to an additional annuity of $36 for each year of construction service.

The Civil Service Commission, which is responsible for the administration of the Canal Zone Retirement Act, has informed me that it does not feel justified in recommending any further special recognition, by reason of service during the construction period, for this class of employees.

I appreciate the services rendered by these employees during the construction period, and it is with regret that I do not, for the reasons above stated, feel justified in giving this bill my approval.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *June 19, 1939.*

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the petition of Local No. 418, Farmers' Union, of Valier, Mont., favoring the prompt enactment of the bill (S. 2395) to amend the Agricultural Adjustment Act of 1938, as amended, which was referred to the Committee on Agriculture and Forestry.

He also laid before the Senate a resolution of Local No. 496 of the Minneapolis (Minn.) Federation of Adult Education Teachers, protesting against any curtailment of the W. P. A. program or its white-collar and professional projects, which was referred to the Committee on Appropriations.

He also laid before the Senate a resolution adopted by the San Francisco (Calif.) Conference for Work and Security, protesting against the enactment of legislation depriving noncitizens of the right to work on Works Progress Administration projects, to deport certain noncitizens to concentration camps, etc., which was referred to the Committee on Appropriations.

He also laid before the Senate a resolution of the San Francisco Conference for Work and Security and Local G–216, Workers' Alliance, both of San Francisco, Calif., favoring a deficiency appropriation for the Works Progress Administration of $50,000,000 for the remainder of the fiscal year ending June 30, 1939, and a sufficient appropriation to provide an average of 3,000,000 public-works jobs for the fiscal year beginning July 1, 1939, which was referred to the Committee on Appropriations.

He also laid before the Senate a resolution adopted by the Independent Voters League, of Columbus, Ohio, favoring the appropriation of sufficient funds to prevent lay-offs in the Works Progress Administration, which was referred to the Committee on Appropriations.

He also laid before the Senate a resolution of the Council of the City of Los Angeles, Calif., favoring continuation during the next fiscal year of the Works Progress Administration program conducted under the conditions and regulations now in force, which was referred to the Committee on Appropriations.

He also laid before the Senate a resolution of the Workers' Project Association, New Orleans, La., favoring an impartial investigation of the administration of the Works Progress

Administration in Louisiana whereby certain practices complained of may be corrected, which was referred to the Committee on Appropriations.

He also laid before the Senate a resolution of the Chamber of Commerce of Aurora, Ill., favoring amendment of the National Labor Relations Act in several particulars at the present session of Congress, which was referred to the Committee on Education and Labor.

He also laid before the Senate a resolution of the Chamber of Commerce of Aurora, Ill., favoring the enactment of the bill (H. R. 6635) to amend the Social Security Act, and for other purposes, with certain suggested amendments thereto, which was referred to the Committee on Finance.

He also laid before the Senate a resolution of the Chamber of Commerce of Aurora, Ill., making sundry suggestions relative to amendment of pending tax legislation, which was referred to the Committee on Finance.

He also laid before the Senate the petition of Mrs. Jacob Lucking and others, of Hastings, Minn., praying for the enactment of neutrality legislation to keep the United States out of foreign entanglements and war, which was referred to the Committee on Foreign Relations.

He also laid before the Senate the petition of F. A. Hepp, of Tiffin, Ohio, praying for the enactment of neutrality legislation to keep the United States clear of foreign entanglements, which was referred to the Committee on Foreign Relations.

He also laid before the Senate a letter in the nature of a petition from the board of directors of the Children's Bureau, of Dallas, Tex., praying for the enactment of pending legislation to permit refugee children from Germany to enter the United States, which was referred to the Committee on Immigration.

He also laid before the Senate a letter in the nature of a memorial from the Adair County (Mo.) Ministerial Association, remonstrating against the enactment of the so-called Hobbs bill, relative to the sentencing of aliens who cannot be deported to concentration camps, which was referred to the Committee on Immigration.

He also laid before the Senate a resolution of Victory Lodge, No. 1233, Brotherhood of Railway and Steamship Clerks, Freight Handlers, Express and Station Employees, of Milwaukee, Wis., protesting against the enactment of the joint resolution (S. J. Res. 117) to provide for the pooling by railroads of their less-than-carload freight traffic, which was referred to the Committee on Interstate Commerce.

He also laid before the Senate letters in the nature of petitions from the executive board of the New York Public Library Staff Association, and Randolph G. Adams, of the William L. Clements Library, University of Michigan, Ann Arbor, Mich., praying for the confirmation of the nomination of Archibald MacLeish, of Connecticut, to be Librarian of Congress, which were referred to the Committee on the Library.

He also laid before the Senate letters in the nature of memorials from Margaret E. Quigley, Emerson Greenaway, and other members of the Fitchburg Public Library, of Fitchburg; J. L. Harrison, of the Forbes Library, of Northampton; and Hiller C. Wellman, librarian, City Library Association of Springfield, all in the State of Massachusetts, remonstrating against the confirmation of the nomination of Archibald MacLeish, of Connecticut, to be Librarian of Congress, which were referred to the Committee on the Library.

He also laid before the Senate a letter in the nature of a memorial from the Tulare County (Calif.) Farm Bureau, remonstrating against the enactment of legislation to create the Kings Canyon National Park in the State of California, which was referred to the Committee on Public Lands and Surveys.

He also laid before the Senate a resolution adopted by the executive committee, National Council of Administration, Regular Veterans' Association, Washington, D. C., favoring the enactment of pending legislation to establish a national park on the site of the Battle of Franklin in the State of Tennessee, which was referred to the Committee on Public Lands and Surveys.

He also laid before the Senate a resolution adopted by the Council of the City of Bethlehem, Pa., favoring the prompt enactment of the bill (S. 591) to amend the United States Housing Act of 1937, and for other purposes, which was ordered to lie on the table.

Mr. HOLT presented petitions of sundry organizations of Keyser, W. Va., praying for the establishment of a National Guard unit in Keyser, W. Va., which were referred to the Committee on Military Affairs.

He also presented a resolution of the Chamber of Commerce, of Huntington, W. Va., favoring the enactment of House Joint Resolution 304, to terminate the tax on bituminous coal, which was referred to the Committee on Finance.

He also presented a resolution of the Chamber of Commerce of Huntington, W. Va., protesting against the enactment of legislation to establish a Federal Mine Inspection Service, which was referred to the Committee on Mines and Mining.

Mr. WALSH presented petitions of sundry citizens of the State of Massachusetts, praying for the appropriation of adequate funds to continue the Federal arts and so-called white-collar projects under the Works Progress Administration, which were referred to the Committee on Appropriations.

He also presented petitions of sundry citizens of the State of Massachusetts, praying that the United States do not participate in alleged Japanese aggressions, which were referred to the Committee on Foreign Relations.

He also presented petitions of sundry citizens of the State of Massachusetts, praying for the enactment of neutrality legislation to keep the United States out of war, which were referred to the Committee on Foreign Relations.

SUSPENSION OF IMMIGRATION

Mr. REYNOLDS presented a resolution of the Lions Club, of Tallahassee, Fla., which was referred to the Committee on Immigration and ordered to be printed in the RECORD, as follows:

Whereas the Honorable ROBERT R. REYNOLDS, United States Senator from North Carolina, has introduced or is about to introduce into the Congress of the United States measures to suspend all immigration to this country for a period of 10 years, or until every unemployed American is back at work, to deport every alien criminal in the United States and to require compulsory registration and fingerprinting of all aliens; and

Whereas at the present time there are several hundred thousand war veterans registered with employment officers throughout the country and who are seeking jobs which they are unable to find; and

Whereas it is deemed essential that every effort possible be made to relieve the unemployment situation in this country; and

Whereas the immigration of aliens to this country has, among other things, caused a large increase in the ranks of the unemployed and a large increase in crime, and has materially lowered the standard of living of our people; and

Whereas one of the most effective ways to cope with this undesirable situation is to suspend all immigration for a period of 10 years, or until every unemployed American is back at work, and deport all alien criminals, and to require the registration and fingerprinting of all aliens within the country: Now, therefore, be it

Resolved by the Lions Club of Tallahassee, Fla.:

1. That the bill which has been or will be shortly introduced in Congress by the Honorable ROBERT R. REYNOLDS, United States Senator from North Carolina, to suspend all immigration to this country for a period of 10 years, or until every unemployed American is back at work, to deport all alien criminals in America, and to require the compulsory registration and fingerprinting of all aliens, be, and the same is hereby approved;

2. That the Honorable ROBERT R. REYNOLDS, United States Senator from North Carolina, be commended for his foresight and patriotism in sponsoring the above-mentioned measures; and

3. That a copy of this resolution be furnished to the following persons: Hon. ROBERT R. REYNOLDS, United States Senator from North Carolina; Hon. CLAUDE PEPPER and Hon. C. O. ANDREWS, United States Senators from Florida, and to each Member of the House of Representatives in the Congress from Florida.

REPORT OF BOARD OF VISITORS TO MILITARY ACADEMY

Mr. SHEPPARD. Mr. President, I present the report of the Board of Visitors from the Senate Committee on Military Affairs to the United States Military Academy and ask that it be published at this point in the RECORD.

There being no objection, the report was ordered to lie on the table and to be printed in the RECORD, as follows:

JUNE 16, 1939.

The Honorable MORRIS SHEPPARD,
Chairman, Committee on Military Affairs,
United States Senate, Washington, D. C.

DEAR MR. CHAIRMAN: Under authority contained in act of May 17, 1928, the following Senators were appointed members of the Board of Visitors to the United States Military Academy, Seventy-sixth Congress, first session: HARRY H. SCHWARTZ, LISTER HILL, BENNETT CHAMP CLARK of Missouri, WARREN R. AUSTIN, RUFUS C. HOLMAN.

Senators SCHWARTZ, AUSTIN, and HOLMAN visited the academy on April 28, 1939. Due to a prior engagement and illness, Senators HILL and CLARK were unable to accompany the Board.

The Board arrived at West Point at 9:30 a. m., April 28, and were met at Thayer Gate by the Superintendent, Brig. Gen. Jay L. Benedict, United States Army. As the party proceeded to post headquarters, the official salute of 17 guns was fired. At post headquarters additional honors were given the Board by the Second Squadron, Tenth Cavalry, and the United States Military Academy Band. The Senators were then escorted to the Superintendent's office, where the members of the academic board and administrative staff were met. An inspection of the headquarters offices and building, other buildings, and grounds followed.

INFORMATION REGARDING THE ACADEMY

The United States Military Academy is an institution established by the Government for the practical and theoretical training of young men for the military service. Cadets are given a comprehensive and general education of collegiate grade and a sufficient basic military education and training to enable them to pursue their careers as officers of the Army. Supervision of the Military Academy is vested by law in the War Department, under such officers as the Secretary of War may select.

Entrance requirements: Cadets on entrance must never have been married, must be between 17 and 22 years of age, citizens of the United States, physically qualified, and meet the educational qualifications.

Course: The course of study and training covers 4 years; the academic year, September 1 to June 4; the remainder of the year is spent in camp and devoted to military training. At the end of his second year at the academy a cadet is granted a furlough for about 10 weeks, which, outside of a few days during Christmas week of his second, third, and fourth years, is the only extended vacation he receives. Upon graduation he may be appointed as a second lieutenant in the Army.

Authorized number of cadets: Act of June 7, 1935, authorizes 1,960 cadets in number and from sources as follows:

6 from each State at large	288
3 from each congressional district	1,305
3 from each Territory (Hawaii and Alaska)	6
5 from the District of Columbia	5
3 from natives of Puerto Rico	3
1 from Panama Canal Zone	1
172 from the United States at large (of these 3 are appointed by the Vice President, 40 are selected from honor military schools, and 40 from sons of veterans who were killed or died prior to July 2, 1921, of wounds or disease contracted during World War)	172
180 from among the enlisted men of the Regular Army and of the National Guard, in number as nearly equal as practical	180
Total	1,960

Present enrollment of the corps of cadets

Sources of appointments	Authorized strength	Strength on Apr. 28, 1939
Senators (96)	288	274
Congressmen (435)	1,305	1,150
President	89	88
Vice President	3	3
Regular Army [1]	90	88
National Guard [1]	90	88
District of Columbia	5	5
Territories (2)	6	4
Puerto Rico	3	2
Honor schools	40	37
Sons of officers died in World War	20	11
Sons of enlisted men died in World War	20	12
Panama Canal Zone (sons of civilians)	1	1
Total	1,960	1,763
Philippine Islands (native Filipinos)	4	4
Total	1,964	1,767
Foreign cadets (Ecuador)		3
Total		1,770
First class		457
Second class		452
Third class		443
Fourth class		418
Total		1,770

[1] The Regular Army and National Guard, combined, are authorized a total strength of 180, "in numbers as nearly equal as possible."

Authorized number of cadets: Of the 1,960 cadets authorized, it was brought to the attention of the Board that the allotted number of 40 authorized for appointment from sons of officers and enlisted men who died in the World War has not been filled and that in the near future there will be no applicants under this category and that this allotment of 40 should be reallocated to other sources of appointment in order that the maximum capacity of the academy might be reached.

PROGRAM OF INSTRUCTION AND COURSE OF STUDIES

Program of the course of instruction:

First term, September 1 to December 23; 95 periods with Saturday recitations and 80 periods without Saturday recitations.

Second term, January 2 to June 4; 130 periods with Saturday recitations and 109 periods without Saturday recitations.

Semiannual examination, December 26 to 31.

Annual examination, June 5 to 12.

Academic day, 7:55 a. m. to 11:55 a. m. and 1 p. m. to 3 p. m.

Military exercises, all classes, from 3:15 p. m. to 4:15 p. m.

Supervised athletics, from 3:15 p. m. to 4:25 p. m.

Voluntary study hour and additional instruction, 5:10 to 6:10 p. m.

Class and subject	Attendance	Part	Hours
Fourth (first year):			
Mathematics	Whole class daily	Half	7:55 to 9:20 Sept. 1 to Jan. 31.
Do	do	do	9:30 to 10:55 Sept. 1 to Jan. 31.
Do	do	do	7:55 to 9:15 Feb. 1 to June 4.
Do	do	do	10:35 to 11:55 Feb. 1 to June 4.
Gymnasium	do	do	9:20 to 10:05 Sept. 1 to Jan. 31.
Do	do	do	10:55 to 11:40 Sept. 1 to Jan. 31.
Do	Half class daily alternating in attendance with drawing Feb. 1 to June 4.	Fourth	8:30 to 9:15 Feb. 1 to June 4.
Do	do	do	9:15 to 10:00 Feb. 1 to June 4.
Drawing	Half class daily alternating in attendance with gymnasium Feb. 1 to June 4.	do	7:55 to 9:15 Feb. 1 to June 4.
Do	do	do	9:55 to 11:15 Feb. 1 to June 4.
Laboratory	When ordered, half class daily alternating in attendance with gymnasium Feb. 1 to June 4.	do	7:55 to 9:55, Feb. 1 to June 4.
Do	do	do	9:55 to 11:55, Feb. 1 to June 4.
French	Half class daily except Saturday alternating in attendance with English.	do	1:00 to 2:00.
Do	do	do	2:00 to 3:00.
English	Half class daily except Saturday alternating in attendance with French.	do	1:00 to 2:00.
Do	do	do	1:00 to 2:00.
Third (second year):			
Mathematics	Half class daily alternating in attendance with physics.	do	7:55 to 9:15.
Do	do	do	10:35 to 11:55.
Physics	Half class daily alternating in attendance with mathematics.	do	7:55 to 9:15.
Do	do	do	10:35 to 11:55.
Laboratory	When ordered, half class daily alternating in attendance with mathematics.	do	7:55 to 9:50.
Do	do	do	10:00 to 11:55.
History	Half class daily alternating in attendance with French.	do	7:55 to 9:05.
Do	do	do	10:45 to 11:55.
French	Half class daily alternating in attendance with history.	do	7:55 to 9:05.
Do	do	do	10:45 to 11:55.
English	Half class daily except Saturday alternating in attendance with drawing.	do	1:00 to 2:00.
Do	do	do	2:00 to 3:00.
Drawing	Half class daily except Saturday alternating in attendance with English.	Half	1:00 to 3:00.
Second (third year):			
Philosophy	Whole class daily	do	7:55 to 9:15.
Do	do	do	10:35 to 11:55.
Laboratory	As ordered	As ordered	7:55 to 9:50.
Do	do	do	10:00 to 11:55.
Chemistry and electricity.	Whole class daily	Half	7:55 to 9:15.
Do	do	do	10:35 to 11:55.
Laboratory	As ordered	As ordered	7:55 to 9:50.
Do	do	do	10:00 to 11:55.
Spanish	Half class daily except Saturday alternating in attendance with drawing Sept. 1 to Jan. 31; and with tactics Feb. 1 to June 4.	Fourth	1:00 to 2:00.
Do	do	do	2:00 to 3:00.
Drawing	Half class daily except Saturday till Jan. 31, alternating with Spanish.	Half	1:00 to 3:00.

Class and subject	Attendance	Part	Hours
Second (third year)—Con.			
Tactics	Half class daily except Saturday Feb. 1 to June 4, alternating with Spanish.	Fourth	1:00 to 2:00.
Do	do	do	2:00 to 3:00.
First (fourth year):			
Engineering	Whole class daily	Half	7:55 to 9:15.
Do	do	do	10:35 to 11:55.
Ordnance and gunnery.	Half class daily alternating with economics and government.	Fourth	7:55 to 9:05.
Do	do	do	10:45 to 11:55.
Laboratory	As ordered	As ordered	7:55 to 9:50.
Do	do	do	10:00 to 11:55.
Economics and government.	Half class daily except last 28 days of spring term (see Hygiene).	Fourth	7:55 to 9:05.
Do	do	do	10:45 to 11:55.
Hygiene	Replaces economics and government for last 28 days of spring term. Replaces tactics for 16 periods beginning about Jan. 17.	do	7:55 to 9:05.
Do	do	do	10:45 to 11:55.
Law	Half class daily except Saturday alternating in attendance with tactics and riding.	do	1:00 to 2:00.
Do	do	do	2:00 to 3:00.
Tactics and riding.	Half class daily except Saturday alternating in attendance with law.	do	1:00 to 2:00.
Do	do	do	2:00 to 3:00.

Riding periods are 50 minutes each. For lectures and practical exercises in the afternoon periods, replacing the assigned recitation periods, law has half class from 1:45 to 3:00. For applicatory instruction in section room without study preparation the class attends in halves in law or tactics from 1:00 to 3:00.

Schedule of calls in barracks Dec. 1 to Apr. 30

(First call 5 minutes before assembly except for reveille and evening call to quarters when first call is 10 minutes before assembly)

Reveille roll call, week days, assembly	6:00 a. m.
Sundays and holidays, assembly	7:00 a. m.
Police call, week days	6:20 a. m.
Sundays and holidays	7:20 a. m.
Breakfast roll call, week days, assembly	6:30 a. m.
Sundays and holidays, assembly	7:30 a. m.
Sick call—immediately after breakfast at Washington Hall.	
Call to quarters, daily, except Sundays and holidays	7:15 a. m.
Week days, except Saturdays	1:00 p. m.
Daily	7:15 p. m.
Dinner roll call, daily, except Sundays and holidays, assembly	12:10 p. m.
Sundays and holidays, assembly	12:30 p. m.
Review and inspection, Saturdays, inspection only in inclement weather, assembly	1:10 p. m.
Formal guard mounting when review is held, assembly 10 minutes after dismissal of last company from inspection (informal when no review).	
Release from quarters, daily, except Saturdays, Sundays, and holidays	3:00 p. m.
Drill, daily, except Wednesdays, Saturdays, Sundays, and holidays, assembly	3:15 p. m.
Recall from drill	4:15 p. m.
Retreat	4:15 p. m.
Supper, daily	6:20 p. m.
Tattoo, daily	9:30 p. m.
Taps, first	10:00 p. m.
Taps, second	10:30 p. m.
On occasions of general entertainment, first taps will be sounded 20 minutes after the close of the event and second taps 30 minutes after first taps.	
Church on Sundays:	
Catholic chapel, assembly	7:30 a. m.
Early cadet chapel, 1 battalion	8:35 a. m.
Cadet chapel Sunday-school teachers, assembly	9:15 a. m.
Cadet chapel choir, second, third, and fourth classes	9:25 a. m.
Cadet chapel choir, first class	9:50 a. m.
Cadet chapel, assembly	10:40 a. m.

Effective at reveille, Apr. 30, 1939, the following hours for assembly for roll calls and other duties of cadets, except academic duties and instruction went into effect

IN BARRACKS

	Week days	Saturdays	Sundays	Holidays
First call 5 minutes before assembly, except for reveille and evening call to quarters when first call is 10 minutes before assembly.				
Reveille	6:00 a. .m	6:00 a. m.	7:00 a. m.	7:00 a. m.
Police call	6:20 a. m.	6:20 a. m.	7:20 a. m.	7:20 a. m.
Breakfast	6:30 a. m.	6:30 a. m.	7:30 a. m.	7:30 a. m.
Sick call: Immediately after breakfast at Washington Hall.				
Call to quarters	7:15 a. m.	7:15 a. m.		
	1:00 p. m.			
	7:15 p. m.	7:15 p. m.	7:15 p. m.	7:15 p. m.
Dinner	12:10 p. m.	12:10 p. m.	12:30 p. m.	12:30 p. m.
Review and inspection (inspection only in inclement weather)		1:10 p. m.		
Guard mounting when review is held, assembly 10 minutes after dismissal of last company from inspection.				
Release from quarters	3:00 p. m.			
Drill, except Wednesdays	3:15 p. m.			
Recall from drill	4:15 p. m.			
Parade, except Wednesdays	4:35 p. m.			
Parade			5:30 p. m.	
Retreat, when no parade	5:30 p. m.	5:30 p. m.	5:30 p. m.	5:30 p. m.
Supper	6:20 p. m.	6:20 p. m.	6:20 p. m.	6:20 p. m.
Tattoo	9:30 p. m.	9:30 p. m.	9:30 p. m.	9:30 p. m.
Taps:				
First	10:00 p. m.	10:00 p. m.	10:00 p. m.	10:00 p. m.
Second	10:30 p. m.	10:30 p. m.	10:30 p. m.	10:30 p. m.
On occasions of general entertainment, first taps will be sounded 20 minutes after the close of the event and second taps 30 minutes after first taps.				
Church on Sundays:				
Catholic chapel			7:30 a. m.	
Jewish chapel			7:30 a. m.	
Early Cadet chapel (3 companies)			8:35 a. m.	
Sunday-school teachers			8:35 a. m.	
Choir (A squad)			9:25 a. m.	
Choir (B squad)			10:15 a. m.	
Cadet chapel			10:40 a. m.	

Pay, uniform, and supplies: The pay of a cadet is $780 per year and commutation of rations at 75 cents per day, a total of $1,053.75. Upon admission, a cadet deposits $300. This amount, together with his salary, is sufficient to meet his actual needs at the academy. Cadets are required to wear the prescribed uniform. All articles of their uniform and equipment, including bedding, shoes, and underwear, are of a designated pattern and are sold to cadets at regulated prices.

Academic duties: There are two terms of academic instruction: September 1 to December 23, and January 2 to June 4. A semiannual examination is held December 26 to 31, and an annual examination June 5 to 12. At the December examination cadets who are found to be proficient in subjects they have completed during the preceding term are arranged according to merit in each subject. At the June examination they are similarly arranged and they are also assigned general standing in the class as determined by their standings in the various subjects. Cadets deficient in studies at any examination are discharged from the academy unless for special reasons the academic board recommends otherwise.

Total military personnel, United States Military Academy, as of midnight Apr. 26, 1939

Enlisted organizations	Strength today	Authorized detached enlisted men's list	Authorized staff troops	Authorized line troops
Medical and veterinary	99		100	
Eleventh Ordnance Service Company	50		50	
Detachment Quartermaster Corps	47		50	
Company E, Twenty-second Quartermaster Regiment	52		50	
Company A, Thirty-third Quartermaster Regiment	17		18	
Second Squadron, Tenth Cavalry	228			229
U. S. Military Academy Air Corps detachment	14			14
Staff, noncommissioned officers	9	9		
U. S. Military Academy Band	67	68		
Field music detachment	29	29		
Engineer detachment	96	95		
Service detachment	220	220		
Field Artillery detachment	198	188		
Coast Artillery detachment	32	30		
Military Police detachment	71	72		
Signal detachment	38	37		
Total	1,367	748	268	243

Authorized strength:	
Staff Corps	268
Detached enlisted men's list	748
Line organizations	243
Total authorized enlisted strength	1,259
Authorized strength, U. S. Corps of Cadets	1,960

SUMMARY—ACTUAL STRENGTH

Officers	[1] 288
Cadets	1,770
Nurses	12
Warrant officers	2
Civilian instructors	8
Teacher of music	1
Civilian chaplain	1
Enlisted men	1,267
Attached enlisted (from H Troop, Tenth Cavalry)	1
Aggregate	3,350
Public animals	
Cavalry horses	243
Cavalry mule	1
Field Artillery horses	108
Field Artillery mules	3
Total public animals	355

[1] The actual officer strength includes 2 constructing Quartermaster officers; 5 language students abroad; 1 retired officer on active duty as librarian, United States Military Academy; and 1 aide-de-camp, which are not charged to the authorized strength of 279.

COMMENTS OF BOARD

The Board appreciates that a visit of 1 day, with hurried inspections, and a limited time for conference, did not fully qualify the members to speak authoritatively on matters pertaining to the academy. What the Board did see and hear is still vivid in their memory and they were favorably impressed with the administration of the academy as carried on by the present Superintendent.

Buildings and grounds: The buildings and grounds of the academy are maintained at a high standard and at a minimum cost. Construction of buildings has been confined mostly to stone and are fireproof. The style of architecture, the location of buildings, and arrangement of the grounds impresses everyone with its beauty.

ACQUISITION OF ADDITIONAL LANDS

Acquisition of 15,000 acres of land for the expansion of the West Point Military Reservation was authorized by act of March 31, 1931, and funds for this purpose were appropriated in the fiscal years 1937 and 1938.

Located within the area originally considered for acquisition are several areas of approximately 966.53 acres of land, more or less, under the control of the Palisades Interstate Park Commission, which the Government desires to transfer to the West Point Military Reservation, and in exchange therefor 302 acres now part of the West Point Military Reservation, to be transferred to the Palisades Interstate Park Commission as partial payment for the 966.53 acres of land. The value of the 966.53 acres for the purpose of exchange is $43,916.21 and the value of the 302 acres is $19,695.01.

The Palisades Interstate Park Commission is a joint corporate instrumentality of the States of New York and New Jersey, and the legislatures of both these States have passed enabling legislation authorizing the conveyance of park lands to the United States.

The 302 acres now belonging to the military reservation can be readily spared, providing the War Department retains full control of the waters of Popolopen Creek, which is entirely agreeable to the park commission. This acreage comprises a portion of a tract segregated from and at a considerable distance from West Point proper, and protection from forest fires and preservation of wildlife thereon have always been more or less difficult matters of administration for the West Point authorities.

In the exchange of these parcels of land the Federal Government has introduced H. R. 3131, which proposes to authorize the Secretary of War to act in this contemplated exchange.

Upon return of the visiting committee to Washington, it advised the Senate Military Affairs Committee that they approved the proposed exchange of land.

THE CADET LAUNDRY

The authorities at the academy brought to our attention the obsolescence and inadequacy of the cadet laundry. It is estimated that it would cost about $290,000 to rehabilitate this laundry unit and enlarge it to present cadet needs. This cost includes $150,000 for an additional building and a new power plant and $140,000 to modernize the laundry machinery.

General Benedict, Superintendent of the Academy, at our request submitted the following more detailed information in reference to the present laundry and actual need for enlargement, advising, however, that specific recommendation for legislation was for the War Department.

"The plant is 21 years old, having been constructed from appropriated funds in 1918. Most of the machinery was installed at Government expense during the period 1918 to 1921, inclusive. Since that time no Government funds have been appropriated for the upkeep or improvement of the laundry. This work, except for routine building repairs, has been taken care of out of receipts which come almost entirely from cadet patrons.

"The obsolescence of the material is due to its age, as indicated in the preceding paragraph. Much of the present machinery is more than 20 years old. It is inefficient, there are frequent delays from break-downs, and the quality of work cannot be maintained at modern standards.

"The capacity of the plant to meet current demands is below that necessary for efficient operation. The laundry was planned when the strength of the corps was one-half of what it is today. With the increase in the Corps of Cadets there has been a corresponding increase in the whole plant at West Point, causing a corresponding increase in the laundry work done for officers, the hospital, and the cadet mess.

"The plant is badly overloaded. The building is too small. There are not sufficient toilets and washrooms for the personnel. There is no rest room nor is there a place to provide tables at which the personnel can eat their lunches. The available floor space is overloaded with machinery, making it necessary to fill aisle ways with trucks of laundry. The power plant is antiquated, and, although modernized with new grates and driven to capacity, it fails to furnish enough steam to operate the necessary laundry machinery, causing considerable loss of time.

"The modernization of the power plant, the addition to the present building, and the installation of modern machinery will reduce the operating cost approximately 20 percent, or $20,000 a year, by savings in coal, elimination of a second shift, increase in output, and saving in repairs and overtime labor."

ORDNANCE COMPOUND AND PERSONNEL

Enlisted men of the ordnance detachment at the academy now live in very close quarters, and your committee was informed that these quarters do not have the space prescribed by Army regulations. At our request the Superintendent submitted the following statement of plans and needs to remedy this situation:

"The old ordnance compound was constructed in 1840 and is one of the old landmarks at West Point. In the compound are the shops for the maintenance of ordnance matériel on the post, the laboratory for the practical instruction of cadets in ordnance, and the sleeping and messing quarters for the enlisted members of the ordnance detachment. The expansion of the Cadet Corps has caused the compound, like so many of the other utilities on this post, to be very materially outgrown. The plumbing in the compound is antiquated, and the bathing and toilet facilities are wholly inadequate. However, the new ordnance and engineering laboratory, which is nearly completed, will furnish adequate space for the laboratory and shop requirements. The compound will thus be relieved of the necessity of providing any space except for the administration, quartering, and messing of the detachment personnel. Before this can be done, material changes will be necessary to convert the shops into living quarters, and to provide adequate kitchen, messing, recreation, and toilet facilities. The present heating plant is insufficient to provide for the entire compound, and an extension to the steam tunnel which runs from the post powerhouse to the new laboratory, will have to be made. Partitions, floors, doors, new windows, etc., make up the remainder of the remodeling project. The only other means of providing these accommodations would be by constructing new barracks at considerably greater cost."

A NEW AUDITORIUM

In the course of our inspection at the academy your committee was impressed with the need for a large auditorium so designed as to be adapted to serve for (1) an additional memorial hall, (2) an auditorium adequate in size to accommodate the officers and Cadet Corps and their visitors, suitably appointed for motion pictures, lectures, dramatics, concerts, graduation exercises, etc., as well as a hall adequate in size and suitably equipped for cadet hops and entertainments requiring large floor space; for receptions and general gatherings of the post personnel. We speak only of this need, leaving to the Army and the Congress to consider how soon such building shall be provided. We are moved to this recommendation for the following reasons:

First. The beautiful building known as Cullum Memorial Hall (essentially an assembly hall with a small stage) was completed in 1896, erected with funds provided by the will of General Cullum. This building will, of course, continue to be maintained—to the extent of its capacity, for memorial purposes, with its wall inscriptions, trophies, flags, and memorial tablets portraying the deeds of our armies and Military Academy graduates and nongraduates up to and including the War between the States. Already the wall space is crowded. There is no room in this building for additional memorials related to those earlier wars or to the Spanish-American War and the World War. It seems most fitting that, in addition to its utilitarian purposes, the suggested new building should contain these additional memorials which will carry forward to our own time those silent testimonials of our armies' heroic dead which in Cullum Memorial Hall begin with Revolutionary days.

Second. Cullum Memorial Hall floor space is inadequate to accommodate present Cadet Corps and personnel (without mentioning visitors) as a theater, assembly hall, or for graduation exercises. The stage is small. Such necessary accommodation as seats, cloakrooms, and toilet facilities are absent. The lighting and ventilation are poorly adapted for such purposes; acoustics are poor. Using a single room for winter sports, a band concert, or moving-picture show, and a cadet hop, often within a single day by different classes, and necessitating placing and removing of chairs and benches is unsatisfactory and uneconomical. Let it be stated here that there is in probability no institution of higher education or technical training in America where hours of study and technical practical application are as long or as severe as those required of the Cadet Corps at West Point. This is due to

the necessity of completing the prescribed course in 4 years plus the ever-increasing technical demands of Army-officer education and preparation for actual duty. First-year cadets are permitted no vacation, and second-year classmen are allowed only a limited number of days off duty during Christmas holidays. In view of these facts, your committee is of opinion the social and cultural aspects of cadet life are of sufficient importance to be adequately provided for without recourse to those makeshift and unsatisfactory expedients which make a bad impression not only on cadets but upon the constantly increasing number of our citizens who visit the Military Academy.

At present, some of the more largely attended social and instructional meetings are of necessity held in the gymnasium's largest room. This gym room is without seats, gallery, or stage, or available cloakroom or toilet facilities. These latter needed accommodations may, indeed, be found engaged in athletic training or contests.

Inquiry discloses this needed new building is not now in the War Department construction program. We believe the War Department should submit to Congress a report on the need and uses for this additional building, a plan therefor, and an estimate of its cost.

Mess hall waiters: The waiters in the mess hall have been unclassified civil-service employees since 1922. However, in accordance with Executive Order No. 7916, dated June 24, 1938, they will be brought into the civil service as of February 1, 1939. Work has progressed on the project of blanketing these men into the civil service and the present status is as follows:

All employees in the mess hall who are entitled to civil-service classification have completed papers and these papers have been forwarded to the administrative assistant in Washington. About 25 of this group are not entitled to civil-service classification directly in view of the fact that they were not employees of the Government on February 1, 1939. The applications for examinations of this group have been forwarded to the district manager in New York City.

As soon as the foregoing work of classification has been completed, the waiters will be entitled to the 26-day annual leave and 15-day sick leave privileges which other civil-service employees enjoy. They also will be eligible for retirement under existing regulations. Funds have been requested by a deficiency appropriation for the 1940 Budget to permit leave replacements and to bring all waiters receiving less than $60 a month up to that figure. In the meantime it is believed that leave can be taken care of by close supervision in the mess.

Review of cadets: Due to inclement weather and wet field, it was not considered desirable for the corps to parade on the plain where reviews generally are held. However, a review for the Board was held in the quadrangle of the north barracks where the maneuvering space was limited and where it appeared to the Board impracticable to assemble 1,800 cadets. The review was an inspiring sight and the maneuvering of the companies upheld their reputation.

Academic work: The Board believes that the program of instruction and course of studies as now pursued at the academy meet all requirements at the present time. The keen interest and enthusiasm displayed by cadets in the laboratories and classrooms; their quick response and logical answers to problems and questions given them by instructors demonstrated the thoroughness and practicability of instruction.

Cadet mess: This activity gave evidence of careful and efficient management. Members of the Board were very much impressed with the system of accounting for stores in the storerooms and kitchen. Food stores are carefully accounted for when received, stored, and issued, thus insuring against loss and waste. The system enables the keeping of a perpetual inventory of stores on hand. The appearance of the kitchen, including the utensils and equipment, and the efficiency displayed by the cooks, bakers, and other assistants, gave evidence of careful supervision in the preparation of food. Waiters and other mess attendants were neat and clean in their attire. The food served at the noon meal was tasty and wholesome. The Board enjoyed the experience of having lunch with the cadets. After observing the corps assemble outside the mess hall and enter the building, each Senator was assigned to a table with nine cadets, including some from their respective States. Cadets normally are seated 10 to a table with an equal number from each class at a table. One civilian waiter serves the food for three tables and the service at the table is carried on by the cadets.

H. H. SCHWARTZ,
WARREN R. AUSTIN,
RUFUS C. HOLMAN,
Board.

REPORTS OF COMMITTEES

Mr. GILLETTE, from the Committee on Agriculture and Forestry, to which was referred the bill (H. R. 5625) to regulate interstate and foreign commerce in seeds; to require labeling, and to prevent misrepresentation of seeds in interstate commerce; to require certain standards with respect to certain imported seeds; and for other purposes, reported it without amendment and submitted a report (No. 611) thereon.

Mr. BANKHEAD, from the Committee on Agriculture and Forestry, to which was referred the joint resolution (H. J. Res. 247) to provide minimum national allotments for cotton, reported it with an amendment.

Mr. LOGAN, from the Committee on Military Affairs, to which was referred the bill (S. 507) to provide allowances for inactive-status training and for uniforms and equipment for certain officers of the Officers' Reserve Corps, reported it with amendments and submitted a report (No. 612) thereon.

Mr. HILL, from the Committee on Military Affairs, to which was referred the bill (S. 1672) authorizing the Secretary of War to permit Salt Lake City, Utah, to construct and maintain certain roads, streets, and boulevards across the Fort Douglas Military Reservation, reported it without amendment and submitted a report (No. 613) thereon.

Mr. HOLMAN, from the Committee on Military Affairs, to which was referred the bill (S. 2316) for the relief of Emil Navratil, reported it with an amendment and submitted a report (No. 614) thereon.

He also, from the same committee, to which was referred the bill (S. 2370) for the relief of Corinne W. Bienvenu (nee Corinne Wells), reported it without amendment and submitted a report (No. 626) thereon.

Mr. SLATTERY, from the Committee on Military Affairs, to which was referred the bill (S. 2467) authorizing cash relief for certain employees of the War and Navy Departments in the Canal Zone not coming within the provisions of the Civil Service Retirement Act, reported it without amendment and submitted a report (No. 615) thereon.

He also, from the same committee, to which was referred the bill (S. 2174) to provide for the appointment of James W. Grose as a sergeant, 1st class (master sergeant), United States Army, reported it with an amendment and submitted a report (No. 625) thereon.

Mr. WALSH, from the Committee on Education and Labor, to which was referred the bill (S. 1032) to amend the act entitled "An act to provide conditions for the purchase of supplies and the making of contracts by the United States," and for other purposes, reported it with an amendment and submitted a report (No. 616) thereon.

Mr. LUCAS, from the Committee on Agriculture and Forestry, to which was referred the joint resolution (H. J. Res. 248) to provide minimum national allotments for wheat, reported it without amendment.

Mr. BYRNES, from the Committee to Audit and Control the Contingent Expenses of the Senate, to which was referred the resolution (S. Res. 95) directing a study of the telegraph industry in the United States (submitted by Mr. WHEELER on March 8, 1939), reported it with an additional amendment.

He also, from the same committee, to which was referred the resolution (S. Res. 131) to investigate the administration of J. Ross Eakin as superintendent of the Great Smoky Mountains National Park (submitted by Mr. MCKELLAR on May 16, 1939), reported it without additional amendment.

Mr. VAN NUYS, from the Committee on the Judiciary, to which were referred the following bill and joint resolution, reported them each without amendment and submitted reports thereon:

S. 521. A bill for the incorporation of the Ladies of the Grand Army of the Republic (Rept. No. 618); and

H. J. Res. 133. Joint resolution authorizing the President of the United States of America to proclaim October 11, 1939, General Pulaski's Memorial Day for the observance and commemoration of the death of Brig. Gen. Casimir Pulaski (Rept. No. 619).

Mr. O'MAHONEY, from the Committee on Public Lands and Surveys, to which was referred the bill (S. 163) directing the Secretary of the Interior to issue to Albert W. Gabbey a patent to certain lands in the State of Wyoming, reported it without amendment and submitted a report (No. 620) thereon.

He also, from the same committee, to which was referred the bill (S. 878) to amend the act of August 26, 1937, reported

it with an amendment and submitted a report (No. 621) thereon.

Mr. SHEPPARD, from the Committee on Military Affairs, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 2227. A bill for the relief of John B. Jones (Rept. No. 622); and

H. R. 2310. A bill to provide national flags for the burial of honorably discharged former service men and women (Rept. No. 617).

Mr. GURNEY, from the Committee on Military Affairs, to which was referred the bill (S. 2336) to authorize an exchange of lands at the Fort Francis E. Warren Military Reservation, Wyo., reported it with an amendment and submitted a report (No. 623) thereon.

He also, from the same committee, to which was referred the bill (S. 1723) to correct the military record of George M. Ruby, reported it without amendment and submitted a report (No. 624) thereon.

Mr. THOMAS of Oklahoma, from the Committee on Indian Affairs, to which was referred the bill (H. R. 3796) to extend the period of restrictions on lands of the Quapaw Indians, Oklahoma, and for other purposes, reported it without amendment and submitted a report (No. 627) thereon.

Mr. SHIPSTEAD, from the Committee on Indian Affairs, to which was referred the bill (H. R. 3248) authorizing a per capita payment of $15 each to the members of the Red Lake Band of Chippewa Indians from the proceeds of the sale of timber and lumber on the Red Lake Reservation, reported it without amendment and submitted a report (No. 628) thereon.

SURVEY OF EXPERIENCES IN PROFIT SHARING AND POSSIBILITIES OF INCENTIVE TAXATION (REPT. NO. 610)

Mr. VANDENBERG. Mr. President, on behalf of the distinguished senior Senator from Iowa [Mr. HERRING], who is necessarily absent today, and on my own behalf, I submit the final report of the special Senate committee, a subcommittee of the Committee on Finance, which has spent the past 12 months investigating profit sharing and incentive taxation.

In this connection I wish to make a brief statement on my own account.

This investigation proceeded under the terms of a resolution of mine, Senate Resolution 215, Seventy-fifth Congress, which the Senate adopted 1 year ago. The Senator from Iowa [Mr. HERRING] was named chairman of the inquiry. I want to express my great personal gratitude to him for his splendid, sympathetic, and effective cooperation in pursuit of this quest. It has been scrupulously nonpartisan from start to finish. We have developed no profit-sharing panacea. We are specifically reporting that this country is too large and too complex, and its industry is entirely too diversified, to admit of any compulsory, standardized profit-sharing formula. But we have, for the first time, authentically mobilized the far-flung experience of American industry with various forms of profit sharing. We have found that under appropriate circumstances and attitudes profit-sharing systems between employers and employees are often making tremendously useful contributions to equitable and pacific employment relationships and to wholesome commercial democracy. We have found that there is a vast opportunity for the helpful expansion of the profit-sharing ideal. It deserves every possible encouragement.

We submit to the Senate, pursuant to its instructions, our complete report, representing many weeks of hearings and many months of analysis. We also submit the report to American industry and business for their enlightened study and for their voluntary use in the intelligent pursuit of happier, more equitable, and more efficient employee relationships.

I ask that the report, and its accompanying hearings, may be appropriately filed and printed, with illustrations.

The VICE PRESIDENT. Without objection, the report will be received, filed, and printed, with illustrations.

Mr. VANDENBERG. In this connection I ask that there be printed in the RECORD the joint statement made by the Senator from Iowa [Mr. HERRING] and myself, which is found in the first six pages of the report.

The VICE PRESIDENT. Is there objection? The Chair hears none.

The statement is as follows:

AUTHORITY AND OBJECTIVES OF THIS SURVEY

The Senate of the United States, in the third session, Seventy-fifth Congress, adopted Senate Resolution 215, introduced by Senator ARTHUR H. VANDENBERG, of Michigan, the preamble of which stated:

"Whereas the maintenance of the profit system is essential to the preservation of the competitive capitalistic system under which the United States has attained the largest measure of general economic welfare enjoyed by any people in the world; and

"Whereas the exploration of all available means for extending the direct benefits of the profit system to the largest possible number of citizens is highly desirable and important."

The resolution authorized and directed a complete study of all existing profit-sharing systems, between employers and employees, now operative in the United States with a special view—

"(a) to the preparation of an authentic record of experience which may be consulted by employers who are interested in voluntarily establishing profit-sharing plans;

"(b) to the consideration of what advisable contribution, if any, may be made to the encouragement of profit sharing by the Federal Government, including the grant of compensatory tax exemptions and tax rewards when profit sharing is voluntarily established;

"(c) to the consideration of any other recommendations which may prove desirable in pursuit of these objectives."

This committee has concluded the labors assigned to it and submits the following committee report together with statistical tables, industrial charts, and other material prepared by the committee staff. It takes no responsibility for the staff report which is presented solely in the nature of testimony, just as the free testimony of other witnesses is presented.

Particular attention is called to the authoritative résumé of the facts with regard to the history of profit sharing, which was made a part of the hearings of this committee, and therefore is not reproduced in the present text, although valuable and worthy of thoughtful consideration.

In interpreting the data and appraising the value of the factual material herein presented, it is of first importance to remember that the statistical tables and industrial charts are to be construed merely as providing a dependable gage as to various and probable results, and while prepared with great care from reliable sources of information, they are often subject to the usual limitations of all statistics. As used, the data are intended to be illustrative of relative changes in the factors discussed rather than absolute measures of the values expressed.

Under authority of Senate Resolution 215, we have undertaken a limited but thorough investigation of businesses throughout the United States having industrial relations policies with profit sharing and other extra compensation and employee benefit plans.

The appropriation for the survey was insufficient to undertake a canvass of each of the estimated 2,000,000 businesses throughout the country. While our research has thus been limited, we cannot feel justified in seeking an additional appropriation, which, if granted and expended, could only augment the statistical and other factual data already available, and confirm, from a wider investigation of business enterprises, the facts herein presented.

The results are sufficiently tangible and cover enough businesses in various types of industry to justify, we believe, drawing certain definite conclusions with respect to industry generally, and the further conclusion that the experience of those concerns, which we have thoroughly investigated serves as a dependable yardstick by which like businesses having somewhat similar conditions may be measured.

The survey was conducted in a spirit of mutual helpfulness without the issuance of a single subpena, or recourse to any arbitrary means to secure the necessary information.

No authentic list of profit-sharing concerns being available beyond the few outstanding companies famous for their satisfactory employee-relations policies, it was necessary to invite the cooperation of local banks, insurance companies, service clubs, chambers of commerce, farm and labor organizations, and citizens in various cities and towns in the preparation and final compilation of such list.

Busy workers and executives alike gave of their time and thought unremittingly, in their desire to serve the committee and to enable it to accomplish the objects of the survey. Our grateful acknowledgment and thanks are here expressed to each and every one of those who have rendered assistance in the successful conduct of the survey and the preparation of this report.

The several thousand firms with which we have communicated have accorded us every possible consideration. The policy of good will which was shown toward us was found to prevail throughout the business establishments and was reflected in the contented efficiency of the workers with whom we came in contact.

Our efforts have been directed to fact finding, rather than fault-finding, and we have received from business executives and employees complete cooperation in precisely that spirit.

Pursuant to instructions under the resolution, we have sought to ascertain the number of concerns throughout the United States operating a profit-sharing or extra-compensation and employee-benefit

plan of some kind, and to learn all pertinent facts relating to management, personnel policies, and employee relations, particularly in relation to the public welfare.

Without prejudice for or against any specific program or plan of employee relations, we have collected, collated, and analyzed all important facts, information, and opinion.

We submit in the following pages, in as simple and intelligible form as possible, the results of our research. We realize that this information is complete only insofar as it relates to businesses which we have investigated and data which we have accumulated. The conclusions offered are based upon our digest and analysis of that material. It should be accepted merely as pointing the way to a better understanding of the problems of business and as presenting a possible formula by which to meet some of the more pressing questions in the field of employer-employee relations as they affect the general welfare and the national economy.

The staff report is the free report of the staff itself. The committee commits itself only to its own report herewith. It cordially commends the observations of the staff to the consideration of American public opinion. It expresses its great appreciation for the faithful, painstaking work which the staff has done, and hopes for the widest possible distribution of the facts, observations, and conclusions which are herewith presented.

We further express the belief that these documents should stimulate far-flung interest in the examination and adoption of some one of the many various plans which, according to testimony produced herewith, have proved so successful.

This committee recommends no legislation whatever, but in this factual report will be found material of more concrete benefit to employer and employee than might be contained in volumes of legislation. If the committee and its staff had done nothing more than provide this authentic record of American experience with various types of employer and employee benefit relations, broadly classified as "profit sharing," we are convinced that its labors would have been more than justified.

Witnesses representing both employer and employees were heard in public hearings in respect to a wide variety of social-minded relations and in reference to employer and employee benefit systems.

In addition to these hearings, schedules of information have been obtained from industry throughout the entire United States. The transcript of these hearings and the analysis of both hearings and schedules of information by the committee's staff of experts provide the most complete and authentic information ever made available in the United States for the study of industry and labor in respect to this subject. Both the hearings and the analysis are made a part of this report.

The economic life of America is beset by a series of extremely complex problems, of which a fair and equitable distribution of the fruits of industry is one.

It would be unreasonable to assume that profit sharing could either be standardized or solve all of the problems confronting industry. That it is a very real step in the right direction is indicated by the reports of companies employing a successful plan as contrasted with the experience of business concerns having no profit-sharing plans, which have been afflicted by recurring labor disorders.

The profit-sharing theory provides a rational method for dividing the fruits of industry at the source where wealth is created. Each participant is rewarded in proportion to his contribution. By that device numerous persons are invested with economic independence and come into the possession of that measure of material substance which in turn not only encourages but enables them to expand their economic interests, thus creating new and added community values and providing larger opportunities and incentives for others to duplicate their performance.

Individual responsibility is the cornerstone of any sound profit-sharing system.

Profit sharing with employees is not profit sharing unless a fair and just wage is paid before there is a division of net profits, and, technically speaking, the share should be a percentage or sum fixed in advance.

These results, it should be added, are not automatic. There are successful profit-sharing systems and there are also unsuccessful systems. The employer who explores the subject should carefully study the detailed exhibits presented by the committee in conjunction herewith. They point the dangers as well as the advantages. Profit sharing will not succeed if undertaken by the employer as a substitute for the full, going wage in any given enterprise in any community. If thus undertaken, it is a libel on true profit sharing, because true profit sharing is the employee's stake in the net result of a mutual undertaking after normal wages have been paid. Profit sharing will not succeed if undertaken by the employer as a sudden, strategic alternative to unionism or to legitimate collective bargaining as established by law. It must develop by mutual consent. It must contemplate the full, free disclosure of facts respecting the profit operations of an enterprise. Wherever possible, it should develop out of mutual consideration and mutual action.

It is conceivable that without one single piece of legislation industry may reassert its leadership and demonstrate its ability to run itself, through voluntarily placing itself under that measure of self-discipline which will make restrictive measures on the part of government unnecessary. It is well within the power of the industrial leaders of any community to undertake the establishment of a profit-sharing plan, coupled with a program of reabsorbing into private enterprise such workers as are now available as employables, and by the intelligent coordination of effort turn into a community asset tomorrow that which stands as a liability today.

The selection of the plan is an important consideration. Good faith is the essence of any contract. Profit sharing, entered into wholeheartedly by both sides, with a sincere determination on the part of both employer and employee to do his share, will produce results the value of which can be estimated in tangible figures at the end of every fiscal year.

Nor is profit sharing restricted to companies already making a profit, as is popularly believed. The experience of various business concerns reveals that profit sharing has been employed to carry companies out of the red and into the black by securing that measure of enthusiastic cooperation and contented efficiency which is the direct result of a belief on the part of the workers that they will not only be treated fairly by their employers but that they have a material and predetermined interest in the results of the efforts of both workers and management.

It would be folly to assert that a profit-sharing plan without proper management and without absolute sincerity in administration would produce the favorable results which have been found to exist in such companies as Procter & Gamble, Eastman Kodak, Sears-Roebuck, Westinghouse, Joslyn, Nunn-Bush, Jewel Tea, and several hundred other companies whose profit-sharing plans and experience over a long period of years we have carefully studied.

In the committee's opinion there is no standard profit-sharing formula which can be uniformly applied to all American industry and commerce, although there are a few general principles which are rather constant in all successful profit-sharing systems.

The committee finds that profit sharing, in one form or another, has been and can be eminently successful, when properly established, in creating employer-employee relations that make for peace, equity, efficiency, and contentment. We believe it to be essential to the ultimate maintenance of the capitalistic system. We have found veritable industrial islands of "peace, equity, efficiency, and contentment," and likewise prosperity, dotting an otherwise and relatively turbulent industrial map all the way across the continent. This fact is too significant of profit-sharing's possibilities to be ignored or depreciated in our national quest for greater stability and greater democracy in industry.

The profit-sharing ideal, as an ideal, is invincible. The subjoined hearings and analysis present indisputable evidence to sustain this contention.

We are of the opinion that while profit sharing (and we continue to use the term in its broadest sense) may not be practical in its application to all employer-employee relationships, nevertheless it is applicable over a far wider field than has yet been undertaken, and that every employer-employee unit will do well to examine its own opportunities to establish this reality of partnership between capital and labor. Profit sharing is the essence of true cooperation which must embrace not only a wage relationship but also a profits relationship (after labor and capital have both had their fair "wages"). It represents social-mindedness and distinctly comports with the American system because it is business democracy. It appropriately acknowledges the full contribution which employees make to an employer's success; and thus it adds both to the dignity and the rewards of those who, without a direct stake in ownership, make ownership worth while. It carries the spirit of capitalism to mass citizenship. In many instances it provides old-age security without the intervention of government. In all instances it invites an intimate, mutual understanding of the common interest which employer and employee must have in their common enterprise.

In the midst of a tendency generally to condemn private business as selfish and reactionary and unsympathetic, the committee takes pleasure in pointing to the accompanying record as proving that there has been a vast, voluntary experimentation with various types of profit sharing which demonstrates the existence of widespread social-mindedness in American business, and this fact deserves the emphasis we give to it. It should be added that this report carries no implication that profits are not frequently "shared" through the payment of high wages for labor which often leave capital with the short "share" of the partnership. Furthermore, let it always be remembered that profits must be made before they can be shared; that a profit-sharing formula is not a panacea to produce something from nothing; and that this whole ideology is a quest for mutual betterments from mutual cooperation. We simply present the record and the possibilities; and we let them speak for themselves.

A second duty committed to your committee has been to "consider what advisable contribution, if any, may be made to the encouragement of profit sharing by the Federal Government, including the grant of compensatory tax exemptions and tax rewards when profit sharing is voluntarily established." Broadly speaking, this is the subject of "incentive taxation." We do not believe it is practical to apply "incentive taxation" to the profit-sharing motive—at least, not until the theory and principle of "incentive taxation" has been more deeply explored and perhaps subjected to preliminary experiment.

Opinion respecting "incentive taxation" is sharply divided in the committee and in the country. One school of thought insists that the taxing power should never be used for either "incentive" or "punitive" purposes, and that one is the complement of the other. The other school of thought insists that we already have the "punitive" tax, and that—confronting a condition rather than a theory—we should also have the "incentive" tax either as an offset or a substitute. In the latter field of action serious consideration has been given to "incentive taxation" which, by compensatory

tax exemptions and tax rewards, could, for example, encourage plant expansion and equipment replacements in industry. Other appealing examples are indicated in some of the discussions in the staff report.

It is interesting to note from the transcriptions of the hearings subjoined hereto that without exception those witnesses now operating under profit-sharing systems are opposed to "incentive taxation" or "compensatory tax benefits" either as an effort to expand the use of profit-sharing systems or rewarding those now sharing profits with employees.

The committee is agreed that some prudent experiments in "incentive taxation" could be usefully undertaken in a spirit of exploration and experiment. But since there is no agreement upon the appropriate nature of these experiments, and since the authority of the committee in respect to "incentive taxation" is probably confined by Senate Resolution 215 to profit sharing upon which we have already reported, the broader aspects of "incentive taxation" are left to individual members of the committee, in the light of all the appended information, to develop in connection with amendments which may be subsequently offered if, as, and when new tax legislation comes to issue.

The committee renews its expression of appreciation to its staff and to all of the witnesses who voluntarily cooperated with the committee in the creation of this record. We believe the record itself is an epochal achievement which offers the country an invaluable encyclopedia of information and advice upon employer-employee relationships and upon the moot question of taxation.

CLYDE L. HERRING,
A. H. VANDENBERG,
Subcommittee of Senate Finance Committee.

BILLS AND JOINT RESOLUTIONS INTRODUCED

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. GILLETTE:

S. 2629. A bill to authorize the presentation of a Congressional Medal of Honor to Edward J. Zink; to the Committee on Military Affairs.

By Mr. McKELLAR:

S. 2630. A bill to accept the cession by the States of North Carolina and Tennessee of exclusive jurisdiction over the lands embraced within the Great Smoky Mountains National Park, and for other purposes; to the Committee on Public Lands and Surveys.

By Mr. CLARK of Missouri:

S. 2631. A bill to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Arrow Rock, Mo.; to the Committee on Commerce.

By Mr. JOHNSON of Colorado:

S. 2632. A bill to provide for the fingerprinting and registration of individuals within the United States; to the Committee on the Judiciary.

By Mr. BONE:

S. 2633. A bill to amend sections 405 (a) and 504 (a) of the Revenue Act of 1938; to the Committee on Finance.

S. 2634. A bill to reserve to the United States for the Bonneville project a right-of-way across certain Indian lands in the State of Washington, subject to the consent of the individual allottees and the payment of compensation, and for other purposes; to the Committee on Indian Affairs.

By Mr. BANKHEAD:

S. 2635. A bill to amend the Federal Crop Insurance Act; to the Committee on Agriculture and Forestry.

S. 2636. A bill to provide for investigators for the Committee on Appropriations of each House of Congress; to the Committee on Appropriations.

By Mr. SHEPPARD:

S. 2637. A bill for the relief of Sterling Andrew Wilkin; to the Committee on Naval Affairs.

S. 2638. A bill to extend eligibility for disabled emergency officers' retirement benefits to those disabled emergency officers of the World War otherwise entitled thereto who failed to file application therefor within the time provided for in Public Law No. 506, approved May 24, 1928, Seventieth Congress; to the Committee on Military Affairs.

By Mr. MURRAY:

S. 2639. A bill relating to the hours of service of persons employed upon the Government-owned Wiota-Fort Peck Railroad in the State of Montana; to the Committee on Interstate Commerce.

By Mr. KING:

S. 2640. A bill authorizing the Commissioners of the District of Columbia to settle claims and suits of the District of Columbia; and

S. 2641. A bill to make uniform in the District of Columbia the law on fresh pursuit and to authorize the Commissioners of the District of Columbia to cooperate with the States; to the Committee on the District of Columbia.

By Mr. THOMAS of Utah:

S. 2642. A bill for the relief of Leda N. Jones; to the Committee on Claims.

By Mr. LUNDEEN:

S. 2643. A bill for the relief of the International Grain Co., Inc.; to the Committee on Claims.

By Mr. HOLMAN (for Mr. McNARY):

S. 2644. A bill to set aside certain land in the State of Oregon for a summer camp for Boy Scouts; to the Committee on Public Lands and Surveys.

By Mr. HOLMAN:

S. 2645. A bill for the relief of John K. Jackson; to the Committee on Claims.

By Mr. ELLENDER:

S. 2646. A bill for the relief of Haydee M. Ratigan; to the Committee on Finance.

By Mr. PITTMAN:

S. 2647. A bill to implement the provisions of the Shipowners' Liability (sick and injured seamen) Convention, 1936; to the Committee on Foreign Relations.

By Mr. THOMAS of Utah:

S. 2648. A bill to provide additional compensation for employees killed or injured while performing work of a hazardous nature incident to law-enforcement activity, and for other purposes; to the Committee on Education and Labor.

By Mr. BRIDGES:

S. J. Res. 154. Joint resolution expressing the appreciation of Congress to members of the United States submarine *Squalus*, and for other purposes; to the Committee on Naval Affairs.

By Mr. THOMAS of Oklahoma:

S. J. Res. 155. Joint resolution consenting to an interstate oil compact to conserve oil and gas; to the Committee on Mines and Mining.

By Mr. REYNOLDS:

S. J. Res. 156. Joint resolution authorizing the erection of a monument in memory of Gen. William Davidson; to the Committee on the Library.

EXTENSION OF INTERSTATE COMPACT TO CONSERVE OIL AND GAS

Mr. ADAMS. Mr. President, there was referred to the Committee on Public Lands and Surveys a message from the President of the United States, with accompanying papers, in reference to an interstate compact for the conservation of oil and gas. The Public Lands Committee feel that these papers should go to the Committee on Mines and Mining. We, therefore, ask that the Committee on Public Lands and Surveys be discharged from the further consideration of the message and papers and that they be referred to the Committee on Mines and Mining.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. THOMAS of Oklahoma. Mr. President, in connection with the rereference of the interstate oil compact, I desire to state that before the compact can be made valid it must be ratified by Congress, or permission must be granted by Congress for the extension of the compact.

At this time I ask permission to introduce a joint resolution proposing to grant the consent of Congress to the validity of the compact, for reference to the Committee on Mines and Mining.

The VICE PRESIDENT. Is there objection? The Chair hears none.

(See S. J. Res. 155, introduced today by Mr. THOMAS of Oklahoma and referred to the Committee on Mines and Mining.)

HOUSE JOINT RESOLUTION REFERRED

The joint resolution (H. J. Res. 326) making appropriations for work relief, relief, and to increase employment by providing loans and grants for public-works projects, for the fiscal year ending June 30, 1940, was read twice by its title and referred to the Committee on Appropriations.

WORK RELIEF AND RELIEF—AMENDMENTS

Mr. HAYDEN submitted amendments intended to be proposed by him to the joint resolution (H. J. Res. 326) making appropriations for work relief, relief, and to increase employment by providing loans and grants for public-works projects, for the fiscal year ending June 30, 1940, which were referred to the Committee on Appropriations and ordered to be printed.

FIVE-YEAR BUILDING PROGRAM FOR BUREAU OF FISHERIES—AMENDMENT

Mr. SHEPPARD submitted an amendment intended to be proposed by him to the bill (S. 1492) to provide for a 5-year building program for the United States Bureau of Fisheries, which was referred to the Committee on Commerce and ordered to be printed.

AMENDMENT OF SOCIAL SECURITY ACT—AMENDMENTS

Mr. JOHNSON of Colorado submitted amendments intended to be proposed by him to the bill (H. R. 6635) to amend the Social Security Act, and for other purposes, which were referred to the Committee on Finance and ordered to be printed.

STABILIZATION FUND AND WEIGHT OF THE DOLLAR—AMENDMENTS

Mr. TAFT submitted an amendment intended to be proposed by him to the bill (H. R. 3325) to extend the time within which the powers relating to the stabilization fund and alteration of the weight of the dollar may be exercised, which was ordered to lie on the table and to be printed.

Mr. THOMAS of Oklahoma (for himself and Mr. MCCARRAN) submitted an amendment intended to be proposed by them to the bill (H. R. 3325) to extend the time within which the powers relating to the stabilization fund and alteration of the weight of the dollar may be exercised, which was ordered to lie on the table and to be printed.

INVESTIGATION OF METHODS OF HANDLING EXPRESS AND FREIGHT TRAFFIC

Mr. WHEELER (for himself and Mr. REED) submitted the following resolution (S. Res. 146), which was referred to the Committee on Interstate Commerce:

Resolved, That the Committee on Interstate Commerce, or any duly authorized subcommittee thereof, is authorized and directed to make a full and complete investigation and study with respect to (1) the nature and legality of the methods now employed by common carriers by railroad subject to the Interstate Commerce Act for the handling of their express traffic, their forwarder or consolidated carload freight traffic, and their freight traffic in less than carload lots, and (2) the possibility of improving the methods of handling such classes of traffic in the interest of economy and of better service to the public. The committee shall report to the Senate, at the beginning of the next regular session of the Congress, the results of its investigation and study, together with its recommendations, if any, for legislation.

For the purposes of this resolution, the committee, or any duly authorized subcommittee thereof, is authorized to request the Interstate Commerce Commission and any of the executive departments or other agencies of the Government to furnish to it clerical and expert assistance in the conduct of, and any information in their possession with respect to matters within the scope of, such investigation and study.

ADDRESS BY SENATOR PEPPER BEFORE 10 YOUNG DEMOCRATIC CLUBS OF THE DISTRICT

[Mr. LEE asked and obtained leave to have printed in the RECORD an address delivered by Senator PEPPER before the joint meeting of 10 Young Democratic Clubs of the District of Columbia at the Shoreham Hotel in Washington on June 17, 1939, which appears in the Appendix.]

THE ALIEN PROBLEM—ADDRESS BY SENATOR THOMAS OF UTAH

[Mr. MINTON asked and obtained leave to have printed in the RECORD a radio address delivered by Senator THOMAS of Utah on June 18, 1939, on the subject of our alien problem, which appears in the Appendix.]

THE AMAZING SILVER PROGRAM—STATEMENT BY SENATOR TOWNSEND

[Mr. GURNEY asked and obtained leave to have printed in the Appendix a statement on the Amazing Silver Program, by Senator TOWNSEND, which appears in the Appendix.]

ADDRESS BY ATTORNEY GENERAL MURPHY AT GEORGETOWN UNIVERSITY SESQUICENTENNIAL

[Mr. O'MAHONEY asked and obtained leave to have printed in the RECORD an address delivered by Hon. Frank Murphy, Attorney General of the United States, at the sesquicentennial celebration of Georgetown University, which appears in the Appendix.]

THE UNEMPLOYMENT PROBLEM—ADDRESS BY JOHN CECIL

[Mr. REYNOLDS asked and obtained leave to have printed in the RECORD a radio address made by the Honorable John Cecil, president, American Immigration Board, before the Kiwanis Club of New York City, May 10, 1939, on the subject Jobs—The Paramount Issue in America, which appears in the Appendix.]

AGRICULTURAL LEGISLATION—ADDRESS BY GLENN J. TALBOTT

[Mr. MURRAY asked and obtained leave to have printed in the RECORD a radio address delivered on May 21, 1939, by Glenn J. Talbott, president, North Dakota Farmers' Union, on the subject of agricultural legislation sponsored by the National Farmers' Union, which appears in the Appendix.]

DRAFT OF CAPITAL IN TIME OF WAR—FOREIGN POLICIES

[Mr. LEE asked and obtained leave to have printed in the RECORD resolutions passed by the Brotherhood of Railroad Trainmen with reference to the draft of capital in case of war, and the President's foreign policies, which appear in the Appendix.]

NORTH-SOUTH-EAST-WEST—ARTICLE BY FRANK L. PERRIN

[Mr. TOBEY asked and obtained leave to have printed in the RECORD an article by Frank L. Perrin, published in the Christian Science Monitor of June 17, 1939, entitled "North-South-East-West," which appears in the Appendix.]

PRESIDENT WILSON AND COLONEL HOUSE—ARTICLE BY WILLIAM WILMOTH

[Mr. REYNOLDS asked and obtained leave to have printed in the RECORD an article by William Wilmoth entitled "President Wilson and Colonel House," which appears in the Appendix.]

MR. BERLE DIDN'T ADVOCATE IT—EDITORIAL FROM MILWAUKEE JOURNAL

[Mr. WILEY asked and obtained leave to have printed in the RECORD an editorial from the Milwaukee Journal of Saturday, June 10, 1939, entitled "Mr. Berle Didn't Advocate it," which appears in the Appendix.]

JEWISH REFUGEES ON STEAMSHIP "ST. LOUIS"—ARTICLE BY JAMES M. THOMSON

[Mr. CLARK of Missouri asked and obtained leave to have printed in the RECORD an article by James M. Thomson, editor and publisher of the New Orleans Item and Tribune, on the subject of the plight of the Jews on the steamship *St. Louis*, which appears in the Appendix.]

STABILIZATION FUND AND WEIGHT OF THE DOLLAR

The Senate resumed the consideration of the bill (H. R. 3325) to extend the time within which the powers relating to the stabilization fund and alteration of the weight of the dollar may be exercised.

Mr. WAGNER. Mr. President, I hope I may have the indulgence of the Senate while I attempt to present my views as to the pending order of business.

The bill now up for consideration involves extension for a 2-year period of the stabilization fund and of existing monetary powers relative to the gold content of the dollar and the acquisition of newly mined domestic silver for coinage.

This bill differs from the general run of bills in several important respects. It does not call for the expenditure of any public funds; it does not create any new powers, nor does it involve the extension of any powers of control or regulation of business or economic activity. Lastly, it in-

volves no conflict of interests as among various groups in the United States.

The provisions of the bill may be considered under two heads. The first, embracing sections 1 and 2 of the bill, calls for an extension of the stabilization fund; the second calls for an extension of the powers to alter the gold content of the dollar and to provide for the acquisition of newly mined domestic silver.

With respect to the stabilization fund there is virtually no difference of opinion among the Members of either House of Congress. There is almost unanimity of opinion on the desirability of continuing this fund.

The stabilization fund has been in operation for more than 5 years, and the record shows that the fund has in no way been employed for any purpose other than that indicated by Congress in the establishment of the fund. Its uses have been specifically limited to stabilizing the exchange value of the dollar. Instead of increasing economic tensions and antagonisms, the fund has been employed to mitigate economic tensions and to foster the collaboration of important countries. It has been one of the main instruments for maintaining the stability of the dollar in a situation which demanded skill and patience.

No one can doubt that the successful management and operation of the stabilization fund has fully vindicated the action of Congress in establishing it and in delegating its administration to the Secretary of the Treasury.

The 5 years during which this fund was in operation included periods in which currencies were subjected to tremendous pressure—periods in which war scares sent more money scurrying from one country to another in a single month than has ever been true before. During September and October of last year, at the time of the Munich crisis, over a billion dollars of funds flowed to this country. With the aid of the stabilization fund the exchange uncertainties were kept down to a minimum despite that enormous inflow of funds and despite the acute political crisis.

As for the management of the fund and the uses to which it has been put, Secretary Morgenthau has succeeded in handling the fund in a manner completely above suspicion and above criticism. I am glad to have this opportunity publicly to congratulate Secretary Morgenthau upon his efficient and businesslike fulfillment of so enormous a responsibility.

Only one positive suggestion has been made with respect to the stabilization fund—that there should be less secrecy as to its operations. As a matter of fact, there is less secrecy about the activities of our stabilization fund than there is about the activities of similar funds of foreign countries.

Of the whole fund of $2,000,000,000 authorized by Congress, $1,800,000,000 remains in gold in the Treasury and appears regularly in the Treasury daily statement. In other words, complete information with respect to 90 percent of the stabilization fund is reported to the public every day. The only information withheld relates to the day-to-day operations of the working portion of the fund, consisting of only $200,000,000. This information is not revealed to the public because it could be of use only to the professional exchange speculators.

It is unfortunate that a few months ago rumors were circulated to the effect that the fund was being used for purposes not indicated in the act. To put an end to these unwarranted insinuations and baseless rumors the Secretary voluntarily presented before the appropriate committees a balance sheet of the stabilization fund to date. He has stated, furthermore, that he has no objection whatsoever to presenting a similar balance sheet each year and to giving Congress as well as the President an annual report of the operations of the fund.

The only change made in the bill from the measure as I introduced it is that the powers are extended to June 30, 1941, instead of to January 15, 1941, in accordance with the amendments adopted by the House, and that a copy of the annual audit of the fund shall be submitted to Congress as well as to the President.

The third section of the bill, which is the one in which Senators are primarily interested, I take it, extends for an additional 2 years the powers vested in the President to fix the gold content of the dollar and to provide for the unlimited coinage of silver. These powers were first included in paragraph (b) (2) of section 43 of the act of May 12, 1933. This act gave the President authority to reduce the gold content of the dollar down to 50 percent of its former gold content and contained no time limitation upon the exercise of such power. The Gold Reserve Act, which was approved on January 30, 1934, left unchanged the maximum amount by which the President could reduce the gold content of the dollar but provided that he might not fix it at more than 60 percent of its former gold content and also provided that the powers to revalue the dollar and to provide for the unlimited coinage of silver would expire on January 30, 1936, unless extended by the President for an additional year.

The day following the enactment of the Gold Reserve Act of 1934 the President, by proclamation, reduced the gold content of the dollar from 25.8 grains of gold 0.9 fine to $15\frac{5}{21}$ grains of gold 0.9 fine, thereby reducing the gold content of the dollar to 59.06 percent of its former content and increasing the monetary value of gold from $20.67 an ounce to $35 an ounce. The gold content of the dollar and the monetary value of gold have remained unchanged since that date. On January 10, 1936, the President, by proclamation, extended until January 30, 1937, the time in which he could exercise his powers relative to the content of the dollar and to the coinage of silver.

While some controversy is now arising in regard to section 3 of the bill, in January 1937, when the senior Senator from Virginia [Mr. GLASS] had charge of the bill then pending, because I was ill at the time, the Senate by unanimous vote, without a single dissenting vote, extended for $2\frac{1}{2}$ years the very powers sought to be extended again this year for a period of 2 years.

In the discussion considering the provision for altering the gold content of the dollar there are only two pertinent questions that need to be answered: (1) What is the purpose of this power? and (2) Why is it necessary to grant it to the President rather than have it retained solely by Congress?

Before considering these questions let me make one fundamental fact clear. It is impossible for us to maintain stability of the external value of the dollar unless foreign countries cooperate in attaining the same objective with respect to their own currencies. A dollar has a value in the foreign-exchange markets only in terms of foreign currencies. When a foreign country lets its currency decline, then the foreign-exchange value of the dollar rises. An exchange rate is just what the words indicate—a ratio, a rate of exchange, between two currencies. When one of those two currencies declines, then the other ipso facto rises, and when one rises, then the other ipso facto falls. The United States cannot stabilize the foreign-exchange value of the dollar by its own actions alone. The United States can stabilize the external value of the dollar only if the other major countries of the world want to, or agree to, or are forced to, or are induced to, regulate their currency to keep in step with ours—or if we regulate our currency to keep in step with their currency. To ignore this elementary fact is to miss the point of all stabilization operations and to misunderstand the functions and purposes of the pending bill.

The purpose of the Presidential power to lower the gold content of the dollar to 50 percent of the old gold content is to assist in the stabilization of the dollar in the foreign-exchange markets of the world and to protect its position against the disastrous effects of the competitive depreciation of foreign currencies.

Now, how does the possession of the power to alter the gold value of the dollar help to maintain exchange stability? How does it offer any protection to us against competitive depreciation of foreign currencies? It does so simply by providing a defensive weapon which serves to deter other countries from initiating a competitive currency war. When foreign governments know that the President has the power to reduce the gold content of the dollar, they are discouraged from trying

to obtain a competitive advantage through depreciation of their own currency.

As the Secretary of the Treasury has well said, this power fulfills exactly the same function in the sphere of the maintenance of currency stability and in the prevention of competitive attack upon our currency as does the possession of our strong Navy in the maintenance of peace and in the prevention of military attacks against our territory.

Let us see just how that principle operates in the field of international currency. Suppose that a foreign government—let us call it government X—is eager to increase her exports and to reduce the competition of foreign producers in her own markets; that government X, in short, seeks to improve her competitive position in the markets of the world. One of the devices it may resort to in order to gain that advantage is to permit its currency to depreciate.

Bear in mind that almost all foreign governments can use that device without restriction. The executive branch of practically every important country in the world can depreciate its currency through instantaneous administrative action. They need no new legislation. They need no new consent of the legislative body. They need no prolonged public discussion. It is necessary only for such a country to have a cabinet meeting or a meeting of treasury officials on Monday night and on Tuesday morning confront us with a lower currency and ipso facto with a more expensive dollar.

We must remember that when the currency of certain important foreign countries declines it sooner or later pulls with it the currencies of other nations. They are forced to defend themselves either by increasing restrictions on their import trade through higher tariffs or more stringent quota provisions, or by depreciation of their currencies. No country can for long stand the adverse and severe effects that follow the depreciation of an important competing currency without attempting effective countermeasures. Therefore, when we speak of a foreign country depreciating its currency we must bear in mind that that may mean currency depreciation by more than one country. The situation is such now that the depreciation of one important currency may sweep many other currencies along with it. Thus last year when sterling depreciated by some 5 percent, 20 other currencies went down with it.

Let us trace briefly the consequences to the American people which would result from depreciation of important foreign currencies, and this is important, and not always understood, I am sorry to say. The American exporter would find his foreign market curtailed both in the countries which have depreciated their currencies and in those countries that have not. It means that manufacturers of automobiles in Michigan, of machine tools in Ohio, of cotton textiles in New England, who were previously able to compete successfully abroad with their foreign competitors would find that some of those competitors have gained a price advantage overnight in all markets of the world.

Even more serious is the effect on our domestic producers who are exposed to foreign competition. Our domestic market will be subject to the intensified competition of the goods of countries that join the depreciation parade. Our shoe manufacturers, our textile industry, our dairy industry, our cattle growers, meat packers, the lumber industry, and producers right through the thousands of articles we make in competition with foreign producers will be suddenly exposed to the competition of imported goods selling at reduced prices.

The consequences of this sudden attack on our economy must inevitably be falling prices, more unemployment, decreased profits, decreased production, and decreased standards of living for the American people. That was the situation which prevailed in 1932. That is the situation which has confronted country after country at varying times in the last 20 years, and that is the situation which we wish to prevent. Remember that this situation could be created simply by executive act of certain foreign countries. By one stroke of an executive pen or by a telephone order, a foreign government could, if it wished, reduce, or even wipe out the protection provided by our tariff schedules. After a passage of years some of these disadvantages to American manufacturers and American exporters will disappear, but throughout that lengthy period of adjustment the Nation as a whole will suffer from the deflationary effects of our worsened trade position, and of the downward pressure against our price structure.

Nor do we have a single law in our statute books, other than the one now under consideration, that adequately protects the domestic market against such acts. We have antidumping laws; we have laws which protect us against discriminatory treatment; but we have no laws which promptly and effectively protect us against the competitive depreciation of foreign currencies.

Mr. President, I find it most difficult to understand the attitude of some of the Senators who are opposing this section of the bill. They are the first to come to the defense of the American manufacturer when his American market appears to be threatened by foreign producers. They are on record as favoring protection of American industry from low-cost competition from abroad and yet they are opposing a bill which is the only effective defense we have against steps taken by foreign governments which would destroy our protective barriers. They appear to be oblivious of the fact that depreciation of foreign currencies acts to cut down and even wipe out many of our tariff duties.

For example, we have a duty of 33⅓ percent on certain types of woolen goods. Let us see what happens to that duty when a foreign currency depreciates. Let us assume that the sterling-dollar rate is $5 and enough woolen goods to make a suit costs £2 sterling or $10, making the cost to the American importer $10 plus the 33⅓ percent duty or a total of $13.33. Now supposing that sterling depreciates to $4, which can be effected by England overnight. The same ad valorem duty remains in effect. The American importer of British woolens still pays 33⅓ percent, but instead of the cloth costing $13.33 it costs him $10.66. In other words, the protection afforded the home producer by the duty has been almost completely wiped out. It amounts to a reduction in our tariff schedule imposed upon us by a foreign government. Depreciation of foreign currencies can be just as destructive to our domestic industry as a wiping away of tariff schedules.

Mr. President, let me repeat that statement, because some Senators who oppose this provision do not seem to appreciate that point. Depreciation of foreign currencies can be just as destructive to our domestic industry as a wiping away of tariff schedules. In fact, it is even more destructive because, as I pointed out, it hits our exporters as well as producers for the home market, and it lowers the dollar prices of duty-free imports as well as those that are subject to duty.

Just how does the extension of the power further to alter the gold content of the dollar by Presidential proclamation give us protection against foreign currency depreciation of which I have spoken? I wish I could say that the extension of the power of the President to devalue the dollar by some 9 percent of its old gold content is complete insurance against any competitive depreciation by other countries. I wish the bill did give us 100-percent insurance of a dollar stable, in terms of all foreign currencies. But unfortunately the bill before us offers no such absolute protection any more than our Navy offers absolute assurance that our country will never be attacked. Yet, this power is now and has been in the past an effective weapon—in fact our chief weapon—in preventing the initiation of currency wars. To take one example: Last fall the pound fell from $5 to $4.60 in a brief period and it seemed it would continue to fall. It was, of course, not only the pound sterling that was falling.

The whole sterling bloc declined, and many other currencies followed sterling in the decline. The chief important currency that did not decline was the dollar. The decline of sterling and the failure of the dollar to decline changed the exchange rates. Foreign currencies became cheaper, the dol-

lar became more expensive. As sterling fell American businessmen complained more and more of the adverse effects of this decline. It was reported to me, for example, that the American pulp-producing industry appealed for protection against the effects of declining sterling. They stated that when the pound dropped and Finnish currency declined with it, the Finnish pulp-producing companies were able to undersell American pulp-producing companies in the United States, and as a result American pulp-producing companies began to lose money and were faced with the necessity of laying off a large part of their employees. That is but one instance which illustrates the effects of depreciated currencies upon American business. I was also informed that the automobile industry became very apprehensive when the dollar went up and sterling declined.

The knowledge of those potential effects led the Secretary of the Treasury last fall to indicate to the British Government his concern over the falling sterling and its effect on the position of the dollar. He did not have to tell the British officials that the President possessed the power to lower the gold content of the dollar and could thereby neutralize overnight the effect of a lower sterling in the world markets. The British authorities were fully cognizant of the President's powers. I do not know what discussions took place in the British Treasury at that time. I do not know how much further the British pound would have fallen if the President had not possessed the power to defend the dollar against such action. But I do know that within a brief period following the discussions of the Secretary of the Treasury with the British Treasury the fall of the pound was halted and it has not fallen from that point since, despite additional international crises and despite assertions by numerous British industrialists and bankers that a lower price of sterling would be of great assistance to them. I hope that statement makes an impression.

I agree with many Senators that this would be a far better world if no such defensive powers were necessary, if all nations could again return to fixed exchange rates, and to a world condition in which there was neither danger nor expectation of alteration of the exchange value of currencies. Unfortunately, however, there are no indications that such conditions will prevail in the near future. Our policies must be adapted to the world in which we live and not to a world as we would like to have it.

In the world as it is today the danger of changes in the value of foreign currencies cannot be removed. The danger of competitive depreciation, with its consequent disastrous effects on our economy, can be lessened only when the leading countries of the world agree to avoid such acts. Since the United States has the strongest currency in the world, the United States must take the lead in promoting international monetary stability. Secretary Morgenthau has often declared that the United States would be the first to participate in international arrangements seeking to eliminate competitive currency depreciation. We have already joined in one such arrangement in the tripartite accord of 1936, in the creation of which this country took a leading part.

The tripartite accord—which was an understanding between the United States, Great Britain, and France, and to which three other countries adhered—was an important step in the direction of achieving international monetary stability. Yet this understanding would have been much more difficult, if not impossible, to achieve without the Presidential power to devalue. The very existence of this power constituted an effective bargaining weapon in our hands in the negotiations for the consummation of the accord; and the renewal of this power is one of the best ways of assuring the maintenance of the accord.

The essential point to grasp in deciding whether to vote for or against this bill is that we are asking for this power not because we want the dollar devalued, not because we expect the dollar to be devalued, but because we want to avoid being confronted with a situation which would make it necessary for us to choose between the alternatives of depreciating the dollar and of suffering the effects of declining trade and possible serious deflation. This power is an essential instrument to put the United States on an equal footing in the international monetary field with the leading countries of the world. It is a necessary accompaniment to our stabilization fund. It is an important element for the effective continuation of the tripartite monetary arrangement which has done so much to restrain the depreciation of currencies in the past 3 years of international political and economic crisis. This power is an effective weapon with which to defend the exchange value of the dollar. If Congress deprives the Government of this weapon, it will be more difficult to protect American business from unfair foreign competition both at home and abroad.

I now turn to the second question which may be asked about this power: Why is it not sufficient for the power to be retained exclusively by Congress? Why should it be granted to the President?

The power to depreciate a currency is effective as an instrument of defense only if it is granted to the executive branch of the Government. As an instrument of defense, it cannot be effectively administered by the legislative branch. The history of currency depreciations since the war amply supports this view. In this period, legislatures have usually given authority in advance, or have given retroactive approval to action taken. This has been so because it would be harmful to ordinary economic life of the people if the legislature attempted to act on such monetary matters. During a crisis, any disturbance would be intensified by continued public debate as to the nature of the action to be undertaken. Because of the complicated nature of each situation that may arise involving depreciation of currencies, it is necessary that before Congress take action it either rely upon the studies and analyses of the executive branch of the Government or carry out its own analyses and its own studies. In either case consideration of the issues would, of course, provoke extended public debate.

The difference in practice between permitting the power to reside only in Congress and having that power shared by the executive branch is very important. Let us take a specific instance. Let us return to the situation of last fall, when sterling was declining. Everybody knew that the President possessed the power further to devalue. Everybody knew that if the well-being of the United States demanded it action could be taken quickly and promptly. The President and the Secretary of the Treasury could be relied upon to adopt such monetary action as was in the best interest of the people. What would have happened if the power had not been delegated by Congress to the President? In the first place, Congress was not in session, and it might have been necessary to convene it solely for the purpose of considering what monetary action should be taken in defense of the dollar and American business interests. Such an act in itself would have greatly disturbed currency relationships and introduced great uncertainty in the conduct of international business. But even if Congress had been in session, there would have been prolonged public discussions as to what action should be taken. The exchange manipulators would know that Congress could make one of two choices—either take no action or depreciate the dollar. They would realize that if the dollar were to be depreciated there was a simple way to make sure profits. I am speaking of the international currency speculators. They would need only to convert dollars into foreign currencies or into gold held abroad, and reconvert them into dollars after the dollar had been depreciated. There would have been serious disturbances in the money markets as American and foreign holders of dollar balances and dollar assets evidenced their distrust in the dollar. Foreigners would liquidate their assets and their bank accounts which they held in this country, and would rush either into other currencies or into gold. A tremendous outflow of gold from the United States would ensue.

The net result would have been that Congress would have been forced to adopt the very depreciation which it had until then been only considering. The more prolonged the public discussion, the greater the outflow of gold, the greater the

uncertainty, and the greater the probability that such action would have to be taken. In the meantime panic and uncertainty would have impeded the legitimate commercial and financial transactions carried on by United States businessmen, with consequent disturbing effects on domestic business activity.

If Congress retains the power exclusively unto itself, then foreign governments will no longer consider that power effective to meet emergency situations. They will no longer be deterred from depreciating their currencies, because they would not expect Congress to be able to act on monetary matters with the requisite degree of rapidity and precision. So long as the executives of some countries possess that power and the executives of other countries do not possess it, so long will competitive depreciation be one of the devices which will be adopted by some foreign countries to achieve benefits for themselves at the expense of others.

I think it is appropriate at this point to consider the major objections which have been advanced against the bill.

I have heard it emphasized at committee hearings from those who oppose this legislation that the devaluation of the dollar in 1933 accomplished no good; that it did not contribute anything to subsequent recovery; and that, therefore, the power to devalue the dollar should not be continued.

An examination of what took place in this country as well as in the other countries of the world between 1931 and 1936 makes it perfectly clear that dollar devaluation in this country, just as currency depreciation in other countries, was a vital factor in breaking the downward spiral of business and prices.

Let us look at the record.

In September 1931, Great Britain went off the gold standard, and her currency immediately began to depreciate. During the next year, sterling dropped from $4.86 to a low of $3.25. The departure of England from the gold standard, and the depreciation of sterling were preceded or accompanied by similar action on the part of some score of other countries. Japan depreciated her currency by more than 60 percent; the British Dominions, the Scandinavian countries, Argentina, and other Latin American countries depreciated their currencies by 40 percent or more.

What happened to prices in those countries? In practically every one of the twenty-odd countries whose currencies were depreciating during that period prices which had previously been rapidly declining ceased to fall and in some cases actually rose.

What was happening in the United States and in the other countries whose currencies were not depreciating during this period? From the fall of 1931 to the spring of 1933 wholesale prices in the United States fell more than 15 percent. The prices of farm products and the prices of imported goods fell more than 25 percent. In France, Netherlands, and Belgium prices were falling even more rapidly than in the United States; in Germany, Italy, and Switzerland prices fell roughly about as much as they did in the United States. In other words, in those countries which did not lower the value of their currency prices continued to fall, business continued to decline, unemployment continued to increase, and trade continued to drop. Whereas in those countries whose currencies depreciated the deflationary spiral was brought to a halt.

Now, let us take the situation in the United States following the abandonment of the gold standard by the United States in April of 1933 and the depreciation of the dollar which occurred thereafter. We find that the wholesale prices in the United States rose almost 30 percent from March 1933 to September 1934. Farm prices almost doubled during that period.

The downward movement of prices, business, trade, and employment were stopped, and recovery began. While this was happening in the United States those countries which continued to cling to the old value of their currencies continued to experience deflation. These countries hung on until the fall of 1936, when they likewise depreciated their currencies. The same thing happened in those countries after depreciation. Deflation ceased with the depreciation of their currencies.

There is nothing mysterious about this connection between the depreciation of a currency and a rise in prices. In the first place, exports cost much less to the foreign importer; consequently he buys more; there is an increased demand for exports. In 1934, for example, our exports were over 30 percent higher than in 1932, and because of the increased demand there was a tendency for prices to move up on all goods that are exported. In the second place, all imports cost more. They cost more because it required more dollars to buy a given amount of foreign currency than was true before depreciation took place. In the third place, the prices of all goods produced out of imported materials rose. And this helped prices of domestic commodities to rise. In the fourth place, the depreciation of the dollar and the other monetary measures taken in 1933 had the effect of stopping the flight from the dollar, the hoarding of currency, and the collapse of the credit system. This striking of the shackles off the credit and monetary system of the United States, which had been dragging the economy down at an increasing speed, enabled our economic structure to breathe freely again and move forward and upward. In the fifth place, business began to improve as a consequence of the stoppage of disastrously falling prices. Merchants no longer feared to increase their inventories and the increased demand for goods made business better, put more men to work, and better business meant better prices, particularly since they were moving from a very low level.

Failure to recognize the important role played by dollar devaluation in breaking the back of the deflation and of the decline in prices in this country is due to the fact that some people had the notion that there would be a rise in all commodity prices mathematically proportionate to the depreciation of the currency and that this result not having ensued, dollar devaluation was deemed to have been a complete failure. The mere fact that unwarranted claims were made for dollar devaluation is no sound reason for failing or refusing to recognize the important role that currency depreciation played in stopping the rapidly deepening depression in this country.

No one familiar with events in the United States would claim that the lowering of the value of the dollar was the only factor responsible for the rise in prices and the inauguration of recovery. Obviously there were other forces at work. No one can say precisely how much the depreciation of the dollar contributed and how much the other factors contributed. All that we do know is that depreciation was one of the important factors in the price rise. We do know that deflation did not stop and recovery did not begin until we had begun to devalue the dollar.

Mr. TAFT. Mr. President——

The PRESIDING OFFICER (Mr. CLARK of Idaho in the chair). Does the Senator from New York yield to the Senator from Ohio?

Mr. WAGNER. I would rather finish my remarks, and then I will be glad to answer any questions.

We also know that the same thing has happened in most other countries. However, the undeniable fact that depreciation of the dollar in 1933 did substantially contribute to the subsequent improvement does not mean that we indiscriminately want to apply this power to every situation. Conditions change, and each situation has to be examined in the light of the special circumstances.

A second objection that has been raised is that this legislation gives dictatorial powers to the President. This claim is not made with the desire to understand the real issues. It serves only to confuse the thinking on the problem. Congress still retains its full power to regulate the currency of the United States. To call dictatorial the power to reduce the gold content of the dollar by a limited amount is to indict all the democracies of the world, since almost all the democracies have given at least an equivalent power to the executive branch of the Government.

In fact, this bill gives the President less power than is accorded to the executive of any other country, for in no other important country is the power to alter the gold content of the currency restricted within such narrow limits. We are the only important commercial country in the world which

announces that it will not devalue its currency more than 9 percent of its old gold content without prior permissive legislation.

Furthermore, to label as being dictatorial the existence of discretionary power in the executive which increases the efficiency of a democracy is really an attempt to discredit and undermine democracy. Those who would restrict the administrative powers of the executive branch of the Government by crying "dictatorship" are really weakening democracy by denying it the capacity for quick, decisive action in time of danger.

Another objection urged against this bill is that the possession of the power to further devalue the dollar destroys business confidence by creating uncertainty with respect to the future of the dollar. To me the contrary seems true. Instead of destroying the confidence of the businessmen in the future of the dollar, I believe it operates to enhance it. This bill is designed to promote stability in the exchange value of the dollar, and it is a stable dollar that the businessman wants when he is planning for the future.

The businessman now lacks no confidence in the dollar. On the contrary, the one place where the businessman displays more confidence than in any other field is with regard to the soundness of the dollar. This is true not only of American businessmen but of foreign businessmen and bankers as well, and they display their confidence in the way which matters most—by investing their funds in the dollar. I need not remind you, Mr. President, of the billions of dollars of foreign capital which have come to this country to be invested in dollar balances and assets. The bonds of the United States Government which are payable in dollars simply and not in terms of gold are selling at their lowest interest rate in history. The banks in the United States whose deposits are in terms of dollars are attracting more foreign deposits than have ever been attracted before.

I would ask, Mr. President, whether you know of a single instance in which an exporter has refused to sell his goods for 3 months, 6 months, a year, 2 years, or 5 years, or has preferred to put his bill in any currency other than the dollar because he has lacked faith in the dollar. He has lacked faith in other currencies, and has therefore insisted, whenever he had the choice, on making his bill payable in American dollars rather than in foreign currencies. This is true not only of American exporters but even of foreign exporters, who prefer to have their bills paid in dollars rather than in the currencies of their own country. I think we may say that the dollar has now become the leading international currency. So great is the confidence in the American dollar that we find millions of our paper currency leaving our shores to be employed in business transactions and hoarded in foreign countries. The Federal Reserve Board has stated that in the past 2 months alone over $70,000,000 of American paper currency has left this country.

The best way to reduce business confidence in the dollar is to refuse to renew these powers. Why? Because what the businessman is afraid of is a repetition of instability in currency markets, a repetition of falling prices and of a deflationary spiral. He knows that any governmental power which would help prevent such a situation is a cause for added assurance. The power to devalue thus constitutes for the businessman an added assurance that prices will not decline because of depreciation of foreign currencies. I concede at once that it is not a perfect insurance. I grant that notwithstanding the possession of this power it is possible that other countries may be driven to desperate expedients. Yet that fact merely underlies the need for preserving intact the existing power to alter the gold value of the dollar.

Another argument that has been used at great length by the opponents of this bill is that there are no circumstances under which the use of such power would be justified—that, for instance, during the post-war period, when numerous important currencies were depreciating at an astronomical rate, we were able to maintain prosperity in this country without altering the gold content of the dollar. This argument sounds plausible, especially when it is put forth by learned economists who presumably are students of economic history. But in looking into this matter I found that the situation in the post-war years was in no way comparable with that of 1932. The United States in the post-war years was not at a competitive disadvantage in the international markets of the world as a consequence of the depreciation of foreign currencies. During the war years, prices in European countries rose much more than prices in the United States; and at the same time the European currencies were pegged, and not allowed to depreciate. Under such circumstances the United States enjoyed a substantial initial competitive advantage in the world markets. This competitive disadvantage of European currencies was not entirely overcome during the years immediately following the war. Despite the sharp depreciation of their currencies, our competitive position was not impaired, because in those years prices within the countries were rising almost as fast as their currencies were depreciating. Our exports were being maintained at a high level, and we were in a period of rising production and business prosperity. More important, however, was the fact that in the immediate post-war period European countries were engaged in the vast task of economic and social reconstruction. While on the one hand they had an almost unlimited demand for American goods owing to the depletion of their productive equipment resulting from the vast amount of destruction to their economic system in the war period, they were unable to produce increasing amounts for export. Such a comparison of present conditions with those existing in the period immediately after the World War gives a misleading interpretation of both periods.

Opponents of this bill have frequently questioned whether there are any circumstances which would justify the use of the powers granted to the President by this legislation. If the policies of foreign governments are carried out in defiance of any objection on our part, and if their action is not justified and is used solely for the purpose of obtaining a competitive advantage over us, then this power might be used both to protect our markets from imported products which would otherwise come in over the tariff barriers and to help American exporters to maintain their markets abroad. It would be used solely for the protection of American business, and in order to give additional stability to international trade and to international monetary relationships. But I believe that the mere possession of the power will by itself probably be sufficient to deter foreign governments from a course of action which might justify the President's using it.

I do not say it will inevitably be used if other countries depreciate their currencies. For whether or not the depreciation of a foreign currency injures the United States sufficiently for us to take defensive action depends upon a host of factors. It depends upon the trend in prices in the United States and in the country that is depreciating its currency, as well as the importance of that particular currency with regard to United States interests. It depends upon the state of business and of our foreign trade, upon our balance of payments situation, the economic situation abroad, and so forth. There are many cases on record, such as the depreciation of the franc in 1936 and 1937, which for several important reasons did not justify parallel action by the United States.

Continuous study of the factors involved in international trade and in international monetary relationships is necessary in order to provide a safe guide for action by the United States with regard to its currency. There is no danger that the executive branch of this Government would permit the dollar automatically to follow the course of other currencies. It has not done so in the past, and it has no intention of acting without due cause in the future.

Another argument used by opponents of the bill is that the emergency situation which justified granting the powers to the President has passed. It is hard to believe that anybody supposes there is no international emergency. One need only read a few reports coming from foreign countries to tell us

that more countries are planning exceptional measures to increase their export trade and to curtail their imports. The emergency which justified giving these powers to the President is an emergency that has grown in intensity since 1934. Of course, the domestic emergency which existed in March 1933, and which gave rise to the banking holiday, has in large part passed. In view of the legislation that has been enacted within the last 6 years, there is no reason to anticipate a repetition of that critical period. It is chiefly the emergency in the field of international monetary and economic relations which justifies the extension of these powers.

It is sometimes said that the United States should serve as a model for the rest of the world; that if the United States rigidly fixes the gold value of its currency, then other countries would be so impressed by our example that they would follow suit. I am afraid I can find little basis for this hope. It is like saying that if the United States were to give up its Navy, other countries would be so impressed by our desire for peace that they would also give up their navies, and the danger of war would evaporate.

I have heard it stated in committee hearings that depreciation of foreign currencies is not harmful to us, because the American consumer then can buy his imports at a lower price. It is admitted by those who take this position that depreciation of foreign currencies may be bad for the exporter and bad for the domestic manufacturer who sells for the home market, but they say these disadvantages are compensated for by the fact that the American consumer gets his goods at a lower cost. But they forget an important fact. When that happens, the American consumer can buy his imported goods at a lower price only at a terrific cost to himself. He does so at the sacrifice of reduced national income, of falling prices, and increasing unemployment. What avails his ability to buy goods at a lower price when he finds he is out of a job? For example, when foreign currencies were depreciating in 1932 the American workingman could buy imported goods at prices lower than had been seen in this country for decades. Yet he was much worse off than before because of the serious economic repercussions that intensified foreign competition helped to promote.

When we are prosperous, we buy more imports. When we are in a depression, our imports drop. For example, in the year 1932 our imports had fallen to less than half their former level, notwithstanding the fact that imported goods were very low in price. Again, in 1938 our imports fell sharply; and the reason was not that the price of imported goods rose—they had not risen; in fact, they fell a little—but chiefly because we were in a recession.

I have also heard another argument raised in committee hearings on this bill, one that appeared to make an impression on some of the committee members. This argument went as follows: Suppose currencies of other countries do depreciate; that advantage for the foreigner lasts only for a short time. After a while price adjustments will take place which will eliminate that advantage, as follows: In the country whose currency is depreciating, their prices will rise. In our country, prices will fall. They will rise high enough in that country, and fall low enough in our country, to offset the advantage obtained by the depreciation.

This hypothetical chain of events is contrary to the facts. I could cite a number of instances; but let us take the case of Japan. That country depreciated its currency by 60 percent in the 2 years from 1931 to 1933. Yet during that period prices in Japan rose only slightly, and certainly not nearly enough to compensate for the effect of the depreciation. If price adjustments took place with such a degree of rapidity as to offset any competitive disadvantages, then no country would ever attempt to secure a competitive advantage by depreciation and the number of instances of currency depreciation in history would be very small indeed.

The section in the bill dealing with the coinage of silver relates, I would like to point out, only to the power which is now being exercised in the acquisition of newly mined domestic silver. It is under this provision that the President has issued the series of proclamations pursuant to which the Government acquires newly mined domestic silver. The provision of the pending bill is not used to purchase foreign silver.

Last year the Treasury purchased 65,000,000 ounces of domestic silver, for which it paid about $43,000,000, and on which there was a seigniorage accruing to the Government of $43,000,000. It is evident that the economic importance of such an expenditure is quite secondary to the kind of problems I have been discussing with respect to the rest of the bill.

Regardless of its importance, however, there are certain economic advantages that flow from the silver program. In the first place, the coinage of domestic silver does not cost the Treasury or the people of the United States 1 penny. The silver is purchased with the silver dollars that are coined from the silver acquired or with silver certificates secured by the purchased silver. Not only is the acquisition of silver not a loss, but there is, as Senators know, a seigniorage of 64 cents for every ounce of silver acquired; 64 cents which the Treasury can spend when the need arises; 64 cents which when spent makes it necessary to borrow that much less or makes it possible to reduce the outstanding debt by that much.

In the second place, the acquisition of this domestic silver unquestionably adds to employment. I would not venture to say how much. Representatives of the silver States may tell us more about that. I think many of the claims that have been made in this respect have been exaggerated. Nonetheless it cannot be denied that some increase in employment, both direct and indirect, has followed the purchase of domestic silver and that there have been beneficial indirect as well as direct effects. Were the United States to cease acquiring domestic silver, certain communities in our Western States would suffer from the curtailed income in such areas. Unemployment in such areas would increase, and some merchants in those communities would be hard hit. I do not claim that the acquisition of domestic silver is vital to our recovery program or to the maintenance of our national income, but I would not claim that it has no economic advantages.

There are some who concede this and yet fear that the additional acquisition of $40,000,000 worth of domestically mined silver per year added to our monetary base is going to give rise to inflation. The annual acquisitions of newly mined domestic silver are so small in comparison with the magnitude of our monetary and credit structure, that its acquisition hardly presents any danger of inflation.

In conclusion, I consider the continuation of the powers contained in this bill essential for the maintenance of adequate monetary defenses for the United States. It is indispensable to the safeguarding of our export trade and the protection of our home markets. Its enactment will contribute both to domestic recovery and to international monetary stability.

I ask unanimous consent to have printed in the RECORD the majority report on the pending bill.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

The Committee on Banking and Currency, to whom was referred the bill (H. R. 3325) to extend the time within which the powers relating to the stabilization fund and alteration of the weight of the dollar may be exercised, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

STATEMENT

Section 1 of the bill amends section 10 (a) of the Gold Reserve Act of 1934 so as to provide that a report of the annual audit of the stabilization fund which was established by such section shall be submitted to the Congress as well as to the President.

Section 2 of the bill extends the powers of the President and the Secretary of the Treasury with respect to the stabilization fund for an additional period of 2 years, or until June 30, 1941, unless the President shall sooner declare the existing emergency and the operation of the stabilization fund terminated.

Section 3 of the bill provides for a similar extension of the powers of the President under section 43 (b) (2) of the act of May 12, 1933, as amended (the so-called Thomas amendment), which include the power to alter the metallic content of the dollar

and to acquire newly mined domestic silver for coinage and for addition to the monetary stocks.

Your committee believe that the further extension of these powers as provided by the bill will enable the President and the Secretary of the Treasury to meet any world monetary emergency which may arise in the next 2 years, and thus maintain the position of the United States in world trade.

The function of the stabilization fund, consisting of $2,000,000,000, is to prevent undue day-to-day fluctuations in the foreign exchange value of the dollar.

The devaluation power has a dual function. It was originally granted and exercised to stabilize the dollar at its former international level after drastic depreciation of their currencies by other leading nations had seriously altered that level. Stabilization through devaluation could be effected again should further drastic depreciation of the currencies of other leading nations occur. However, the mere existence of the power acts as a strong deterrent to foreign nations contemplating such depreciation and therefore protects against the situation in which further devaluation would be necessary.

During the 3 years immediately preceding the creation of the stabilization fund in 1934, more than 30 nations departed from the gold standard and adopted either floating currencies or exchange controls. It was to meet, in part, these new monetary developments that the fund was created by the Congress. At the present time practically every country in the world has abandoned the pre-1931 gold standard. Consequently the values of foreign currencies depend chiefly upon the day-to-day decisions of governments based upon continually shifting economic, political, and monetary considerations. Under such conditions the operations of the stabilization fund are necessary to protect American trade by maintaining the dollar's position in the world market.

For about 2½ years after the passage of the Gold Reserve Act of 1934, our stabilization fund acted independently in attempting to stabilize the exchange value of the dollar. In 1936 France was confronted with a monetary crisis and depreciation of its currency seemed imminent. To minimize the disturbing effects of such depreciation on the international economy, to prevent currency depreciation wars, and to facilitate cooperation between the great commercial countries of the world looking toward the "restoration of order in international economic relations" and the maintenance of "the greatest possible equilibrium in the system of international exchange," the United States joined with the Governments of Great Britain and France on September 25, 1936, in the tripartite declaration of policy providing for cooperation among these nations on international monetary matters. Belgium, the Netherlands, and Switzerland have since become parties to this declaration. It should be pointed out, however, that the agreement does not require the United States to sustain the value of any other currency in relation to the value of the American dollar, and all arrangements under the tripartite declaration are terminable upon 24 hours' notice.

Your committee believes, therefore, that it is definitely in the public interest that this country continue to have the power, by means of the stabilization fund, to participate in the tripartite declaration and the related arrangements on an equal footing with other countries. The fund is, under present conditions, a powerful instrument for the protection not only of our stake in world trade but also of every American producer who competes in the American market with foreign producers. It is an indispensable weapon in preventing foreign exchange speculators from manipulating foreign exchange rates for their own profit to the injury of American business both at home and abroad. The mere presence of the fund deters speculators from attempting undesirable manipulations.

Secrecy as to the day-to-day operation of the fund is necessary to its success. That the Congress may be informed as to its operations, however, the bill provides that a report of the annual audit of the fund be submitted to Congress as well as to the President.

As a complement to the stabilization fund powers, section 3 of the bill extends the present authority of the President to alter the gold content of the dollar between 50 and 60 percent of its pre-1934 weight. On January 31, 1934, the President exercised this authority by reducing the gold content of the dollar from 25$^{8}/_{10}$ grains nine-tenths fine to 15$^{5}/_{21}$ grains nine-tenths fine, which was approximately 59 percent of its former weight. The gold content of the dollar has remained unchanged since that time. The Secretary of the Treasury testified before the committee that there is neither desire nor intent on the part of the administration further to alter the gold value of the dollar except under circumstances which clearly demand such action.

Within the past 5 years over 50 nations have changed the value of their currencies. Recurrent political crises and the danger of further political crises, and war, make it impossible at the present time to work out arrangements for the definitive stabilization of currencies. Furthermore there is no guaranty that other countries will not again depreciate their currencies in order to acquire for themselves a larger share of world trade. In this connection it is to be noted that the value of the currencies of the principal nations of the world may be altered at a moment's notice by action of the executive branch of the Government.

That depreciation of its currency by a leading foreign economic nation is detrimental to American industries producing for domestic or export consumption which compete with foreign producers becomes apparent upon examination of the situation in 1932. At that time the exchange rate on the English pound fell to $3.30. This meant that an article which sold in England for 1 pound and which prior to 1931 would have required $4.86 for its purchase either in England or here could in 1932 be purchased in either country for $3.30. This gave to the English manufacturer a competitive advantage of $1.56 per pound sterling. In addition, ad valorem duties calculated on the dollar value of commodities were in effect substantially reduced. This combination of cost reduction and its consequent effect on tariffs greatly stimulated the importation into this country of English-made goods. The same was true with respect to the products of other countries to the extent that their currencies had been depreciated.

On the other hand, an English importer who prior to 1931 had been able to purchase $4.86 worth of American goods per pound sterling could in 1932 purchase goods worth only $3.30 for his pound. This acted as a severe deterrent to the export of goods from this country to England as well as to other countries having depreciated currencies.

With respect to commodities such as wheat, cotton, sugar, etc., the prices of which are determined in the world market, American producers also suffered greatly as a result of the depreciation of foreign currencies. For example, an American cotton producer, who received 1,000 pounds sterling for a given shipment of cotton could previously convert his pounds sterling into $4,860. When the pound depreciated in terms of the dollar, and the exchange rate fell to $3.30 the same American cotton producer could exchange his 1,000 pounds sterling for only $3,300. This situation also served to depress the domestic prices of such commodities.

Because of the importance of international monetary stability to American producers and because of the present unsettled international economic conditions, as the Secretary of the Treasury has stated, for the United States to surrender any of its instruments for dealing adequately and promptly with international economic and monetary problems as they arise, would tie our hands at a time when immediate action might be crucial. Countries tempted to further depreciate their currencies in order to acquire competitive advantages in the world markets are discouraged from undertaking such action when the United States is ready to meet promptly any such challenge. As a result in the present unsettled international situation, stability, rather than instability, is given to international exchange rates by the existence of the power in the United States to deal promptly and effectively with any currency depreciation.

The power to revalue the dollar in association with the stabilization fund powers has been a dominant factor in helping to maintain favorable ratios between foreign currencies and the dollar, and has given added protection to our world trade.

Your committee agrees with the views expressed by the President of the United States in his communication of January 19, 1939, to the President of the Senate, that the international monetary and economic situation is still such that it would not be safe to permit the powers granted by the legislation creating the stabilization fund and the authority of the President to alter the weight of the dollar, within certain limits, to be terminated.

In view of the foregoing, your committee concludes that the need for continuing the powers of the President and the Secretary of the Treasury as provided in the bill has been established, and accordingly recommends that the bill be enacted.

Mr. McCARRAN. Mr. President——

The PRESIDING OFFICER (Mr. LUCAS in the chair). Does the Senator from New York yield to the Senator from Nevada?

Mr. WAGNER. I yield.

Mr. McCARRAN. I wonder whether the Senator from New York will kindly tell the Senate why the United States should annually take a profit of 50 percent on domestically mined silver, when, as a matter of fact, silver is by law made a part of the monetary metal of this country.

Mr. WAGNER. The only answer I can give is that it has been the custom of the United States, ever since silver has been mined, and of other countries which indulge in the coinage of silver, to affix a governmental charge for coining silver.

There is this to be said, I think, that, even with that charge, the price the Government is paying for silver, I think the Senator will agree, is above the world market price of silver at the present time.

Mr. McCARRAN. Of course, the Senator from New York is entirely mistaken. The Senator from Nevada could not agree with the statement made by the Senator. The per ounce price of the silver in the American dollar is fixed by law, that law having been enacted with the mintage law, as it was enacted in this country——

Mr. WAGNER. I think the Senator misunderstood me. I was talking about the price of silver bullion on the market; I was not talking about the American silver dollar, because that dollar will buy the same that any other dollar in our currency will buy.

Mr. McCARRAN. I agree that it may buy as much, but the Senator misconstrues the value of an ounce of silver in the American dollar. Evidently the Senator has not read the law regarding the value of an ounce of silver nine-tenths fine in the American dollar, because that is fixed by law at $1.29.

Mr. WAGNER. I agree with that. I was talking about what silver would bring in the market. I was not talking about the price fixed by the Government, or what price the Government puts on it. Let me ask the Senator this question, if the price of silver were not fixed by the Government, what would be the market price of silver as bullion? I am not speaking of the dollar.

Mr. McCARRAN. I would answer that in the Yankee way: What would be the price of gold if it were not fixed by the Government? Gold and silver are the basic metals in the money of the country; and when we eliminate gold we eliminate one of the basic elements of the money of this country; and when we eliminate silver we eliminate another of the basic elements of the money of this country.

Let me answer just a little further while the Senator is on the floor.

Mr. WAGNER. Will not the Senator speak in his own time?

Mr. McCARRAN. No; I want the Senator to answer, though I know he is tired, and I do not want to delay him too long.

Mr. WAGNER. That is all right. The Senator realizes, of course, that I am for the continuation of the power to purchase domestically mined silver, so I do not want to be classed in opposition to the Senator, although I do not think I will be able to vote for the proposal that the Government should be required to pay $1.04 per ounce for silver.

Mr. McCARRAN. Why should it not pay $1.04 when it monetizes it at $1.29? Will the Senator kindly explain that to me?

Mr. WAGNER. The Senator compares gold and silver. As a matter of fact, there is another thing which is not generally understood——

Mr. McCARRAN. I did not compare anything in the question I just propounded. Why should the Government pay less than $1.04 for silver when it monetizes the same commodity at $1.29?

Mr. WAGNER. I cannot answer that question.

Mr. McCARRAN. I know the Senator cannot answer it, and I appreciate his whole position.

Mr. WAGNER. That is a matter of monetary policy. The Senator referred to gold a moment ago. Some statements have been made here which are misleading; for instance, that we are getting so much gold in this country at this time—and we have about sixteen billion—because we are paying a high price for gold. That is not a fact, because every other country in the world pays the same price for gold that we pay.

Mr. McCARRAN. Why have not the other countries acquired the gold?

Mr. WAGNER. Because those who own the gold, those who possess it, want a safe haven, a safe refuge, a place where the gold will be safe. They therefore bring it to this country, as a matter of safety.

Mr. McCARRAN. We have become a great depository for gold.

Mr. WAGNER. We are a depository of some gold brought here by governments and by central banks.

Mr. McCARRAN. Let me make one more statement——

Mr. WAGNER. I want to explain the matter, because the Senator referred to it, and I do not want any confusion.

Mr. McCARRAN. I want the Senator to explain the whole thing at one time, and I should like to ask him another question.

Mr. WAGNER. The Senator spoke about our being a depository for gold. That has nothing to do with the $16,000,000,000 in gold which the United States owns.

Mr. McCARRAN. But we own only one billion of the sixteen billions. Will the Senator admit that?

Mr. WAGNER. No.

Mr. McCARRAN. According to what the Senator has just stated, the rest is only a part of the deposit that has come into this country from foreign countries.

Mr. WAGNER. No. There is on deposit in the United States about $800,000,000, and that has nothing to do with the sixteen billion about which we are talking.

Mr. McCARRAN. One billion.

Mr. WAGNER. I say sixteen billion. That eight or nine hundred million is not owned by the United States Government at all.

That is simply brought here for safekeeping. We are merely a custodian of gold belonging to other countries. That has nothing to do with gold brought to the United States by individuals which at once is sold to the Government. The United States owns that gold. The two propositions are entirely different, but they are sometimes confused.

Mr. McCARRAN. I may say to the Senator that, as I understand the report, less than $1,000,000,000 of the gold is actually owned by the Government of the United States.

Mr. WAGNER. Oh, no; the Senator has been misinformed.

Mr. McCARRAN. No; I have not been misinformed. I take as my authority the records which I propose to introduce.

While the Senator from New York is on his feet I wish to ask him a question. Only a billion dollars of gold is owned by the United States. The remainder is variously earmarked, some to the Federal Reserve bank and some to foreign governments which have brought the gold to the United States to be placed in charge. If the Senator would make a further study of that matter—and I want to be frank with the Senator, and say that I think he tried to make a study—I believe he will come to the same conclusion to which I have come.

Mr. WAGNER. I can only rely on the records of the Treasury of the United States. The Senator is talking about two different things. The money that is earmarked belongs not to the United States but to foreign governments which have brought it over here.

Mr. McCARRAN. That is correct.

Mr. WAGNER. That is gold brought over here simply for safekeeping. Our Government has nothing to do with it. But billions of dollars of gold have come into the United States which the United States has acquired—of course, the individual cannot keep it—and that is the property of the United States. In all, there are some $16,000,000,000 of this gold.

Mr. McCARRAN. Which belongs to the United States?

Mr. WAGNER. Which belongs to the United States.

Mr. McCARRAN. Sixteen billion dollars?

Mr. WAGNER. Mr. President, I have just sent for a pamphlet containing a letter I addressed to the Secretary of the Treasury on this subject.

Mr. BONE. Mr. President, while the Senator is seeking for the matter to which he just referred may I inquire of him about one matter?

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Washington?

Mr. McCARRAN. Mr. President, may I ask the Senator from Washington to desist for just a moment? I wish to go back to the silver question, and then I will not hold the floor any longer by way of inquiry.

Mr. WAGNER. In the letter to the Secretary of the Treasury, to which I just referred, I asked the question:

> Who owns the gold now in the Treasury?

The answer was:

> The title to all gold held by the Treasury, now amounting to about $15,000,000,000, is vested in the United States.

The amount has increased somewhat since this was written.

Mr. McCARRAN. Mr. President, does the Senator think the Secretary of the Treasury correctly answered his question?

Mr. WAGNER. Yes; I think he did.

Mr. McCARRAN. Of course, I do not think he did. I think the Secretary avoided the Senator's question. In other words, title is one thing and ownership is another.

Mr. WAGNER. I think the Secretary of the Treasury intended them to mean the same thing.

Mr. McCARRAN. I do not think they are. I do not think even the able Senator from New York ever thought so.

Mr. WAGNER. If the Senator is speaking of absolute ownership and title, they are exactly the same thing. If the Senator is talking about conditional ownership, that is another thing.

Mr. McCARRAN. No; title may be one thing and ownership is another. I may have title to a piece of real estate, but I may not own it. I may hold it in trust.

Mr. WAGNER. Then the Senator is not the owner but is the trustee.

Mr. McCARRAN. No; I am the title owner.

Mr. WAGNER. The Senator is the title owner as trustee.

Mr. McCARRAN. The United States has title to all the gold in the United States today except something less than $1,000,000,000.

Mr. WAGNER. The $16,000,000,000 of gold is owned by the Government, and the Government has issued its gold certificates for it. Of course, all sorts of technical questions may be raised.

Mr. McCARRAN. I believe the Senator would not stand by the statement that the Government has issued certificates for it.

Mr. WAGNER. Certificates were issued to the former owners—to those who sold it. If you have gold and you sell it to the Government, you are going to get paid for it.

Mr. McCARRAN. What has become of those certificates?

Mr. WAGNER. They are probably deposited in the Federal Reserve banks.

Mr. McCARRAN. In the Federal Reserve banks?

Mr. WAGNER. I do not want to be held to that answer because I am not sure about it.

Mr. McCARRAN. The certificates are not in circulation. Let us put it that way. Am I correct that those certificates are not in circulation?

Mr. WAGNER. The individual who sells the gold undoubtedly is entitled to the use of the money which he secures from the Government. The certificates are probably on deposit somewhere.

Mr. McCARRAN. No; let us be frank with each other. The gold certificates are not permitted to come into circulation.

Mr. WAGNER. The gold certificates are not; that is true.

Mr. McCARRAN. That answers the question. Let us now come back to the silver question. The Senator, I take it, does not believe, or I would put it this way—at least he cught not believe that the Government should acquire 50-percent profit on a basic monetary metal.

Mr. WAGNER. I did not quite grasp that question. May I ask the Senator to repeat it?

Mr. McCARRAN. I do not think the able Senator from New York believes that the Government should acquire a 50-percent profit on that which is a basic monetary metal.

Mr. WAGNER. Does the Senator feel then that instead of charging $1.29 per ounce we should charge only $1 per ounce, so that the Government charge for seigniorage will be less?

Mr. McCARRAN. Yes; I believe so, because that is the way the Government sells or puts out the money to the individual, to the Senator, and to me and to the fellow in the street. It is put out at $1.29 to the fellow in the street. Why should the Government charge 64 cents for putting out a dollar for which it charges the fellow on the street $1.29?

Mr.' WAGNER. What I was trying to find out is this: Of course seignorage is the profit, is it not, that is charged for the minting?

Mr. McCARRAN. Not necessarily.

Mr. WAGNER. It is usually a profit to the Government.

Mr. McCARRAN. It was originally charged for mintage.

Mr. WAGNER. I understand.

Mr. McCARRAN. And it was very much less than it is now. But down through history that seignorage has been increased to a point where now it involves not only the cost of producing a dollar, which is not 64 cents, but it includes a profit to the Government which is charged on the books as a profit to the Government.

Mr. WAGNER. That is what I was trying to say to the Senator. It represents both the minting charge and profit to the Government. Is it now the Senator's idea that we should reduce that charge which the Government makes to the producer, but at the same time not to increase the price which the Government now pays to the miner for the silver which the Government purchases?

Mr. McCARRAN. Yes. I may explain to the Senator that when I produce an cunce of silver it is worth $1.29 in monetary value. The Government puts it cut at $1.29. However, when I produce it and bring it to the mint the Government says, "We will give you 64.64 cents for it. That is all we will give you. But we will put the money out to you—we will hand you the dollar right back today at $1.29." Does the Senator believe that is a correct procedure?

Mr. WAGNER. It would be correct if the Government is justified in charging 64 cents as seigniorage.

Mr. McCARRAN. Seigniorage service represents the cost of minting.

Mr. WAGNER. Is it the Senator's idea that we should keep the price at 64 cents because that is generally conceded to be a fair price?

Mr. McCARRAN. No, no.

Mr. WAGNER. Does the Senator propose that we add to what the producer gets for the silver the amount by which we reduce the seigniorage?

Mr. McCARRAN. Absolutely. Why should the Government acquire a profit on a bushel of corn? Why should silver be considered a commodity when its monetary value is fixed by law? Why should it be considered to be a commodity the same as a bushel of corn or a bushel of wheat?

Mr. WAGNER. We agree that the Government ought to purchase this silver. The only question is as to the matter of price. It may be difficult to defend. I wish to hear from other Senators. My mind is open on the question, because I know what the Senator from Nevada is driving at. He wishes to get more money per ounce of silver for the producer. Is that not true?

Mr. McCARRAN. No; I beg the Senator's pardon.

Mr. WAGNER. Then what is it?

Mr. McCARRAN. I want more money put into circulation, which in turn will give to the producer of silver more for his product.

Mr. WAGNER. Well, then, is the Senator willing to give the producer more for his product? In other words in place of 64 cents per ounce which he now receives, as I understand the amendment, the Senator proposes that the Government pay him $1.04 per ounce?

Mr. McCARRAN. That is correct; leaving 25 cents for mintage.

Mr. WAGNER. Putting it in plain English, that is an increase per ounce to the producer from 64 cents to $1.04.

Mr. McCARRAN. No; it is a decrease from $1.29 down to $1.04.

Mr. WAGNER. Well, whichever way you put it.

Mr. ADAMS. Mr. President, will the Senator yield?

Mr. WAGNER. I have finished. Before the Senator begins I may say that the Senator from Washington [Mr. BONE] asked me to yield a moment ago just for a question.

Mr. McCARRAN. Before the Senator concludes may I thank the Senator from New York? I know he is tired. He has been on his feet for a long time and I did not mean to heckle him at all.

Mr. WAGNER. Not at all, Mr. President. I enjoy these discussions because the subject is a very interesting one.

Mr. McCARRAN. I thank the Senator from New York.

Mr. WAGNER. But I have not yet been persuaded that the Government ought to give a higher sum.

Mr. McCARRAN. I thank the Senator from New York for holding an open mind, and if the Senator wishes to be persuaded we will get a vote from New York State.

Mr. BONE and Mr. ADAMS addressed the Chair.

The PRESIDING OFFICER. Does the Senator from New York yield; and if so, to whom?

Mr. WAGNER. I yield to the Senator from Washington.

Mr. BONE. From the moment it became the legislative policy of the Government to take possession of all the gold in the country, and to impound it and bury it at Fort Knox, it has not been made plain on the floor of the Senate or the House either, so far as I recall, who owns this gold. I think we have not yet clarified that question and I believe the people of the country ought to know about it.

The Senator from New York says the Government issued certificates for the gold. I take it he simply means that the Government issued gold certificates which have now passed into the hands of private banks. I do not know what that procedure indicates. Does the Senator imply that it is a sort of bailment, and that we are holding the gold in trust?

A certificate must have some meaning, or be utterly meaningless. If it is a certificate of deposit, or a form of bailment, then the private bankers own the gold and the Government does not own it.

As a Member of the Senate I should like to know who owns the gold in the country. If the certificates are outstanding and the gold has not been paid for with lawful money of the United States, such as ordinary Treasury certificates, but the Government holds the gold, with a number of certificates outstanding in the hands of private bankers, obviously the certificates, if they mean anything at all, mean that the Government is holding the gold, and it is simply in the form of a bailment.

Perhaps I am assuming too much; but when we employ the term "certificate," if certificates have been issued and are now in the hands of bankers, I think that situation carries the implication that the gold actually and honestly belongs to the bankers.

That condition raises the question which the Senator from Nevada [Mr. McCARRAN] raised. Who owns the gold? If certificates are issued to private bankers, obviously they have a claim on the gold. Otherwise we would merely give them lawful money of the United States and let not only the naked title but the actual ownership in fee simple rest in the United States Government.

I should like to have that question cleared up by someone.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. WAGNER. I yield.

Mr. TAFT. With respect to the approximately $16,000,000,000 in gold, title to which is in the Government, is it not true that certificates are issued to the Federal Reserve banks, and that the Government in effect owes $13,000,000,000 of it to the Federal Reserve banks? It does not appear in the Government statements in one way or the other. The Government owns only some $3,000,000,000, of which $2,000,000,000 is in the stabilization fund, the remainder being in the general balance.

Is not that the general situation?

Mr. WAGNER. I do not entirely agree with that statement. We are again getting down to technicalities. The question is similar to the question which was once discussed, as to who owns the cotton when the Government makes a loan upon cotton. In that case the Government did not own it. The producer still owned the cotton, and the Government simply held the cotton as collateral. In this case the Government takes the gold. You cannot have it. I cannot have it. The Government takes the gold and issues certificates against it. That gold may subsequently be used. It may be withdrawn only for certain specific purposes, principally the settlement of international balances.

Mr. TAFT. Under the law the certificates may be held only by the Federal Reserve banks.

Mr. WAGNER. That is true.

Mr. TAFT. The Federal Reserve banks may obtain the gold only in order to export it from time to time.

Mr. WAGNER. To pay international balances.

Mr. TAFT. I should like to ask the Senator another question. I listened to his long and scholarly address; and I understood him to take the position that devaluation of the dollar is a desirable means of raising domestic prices. He stated that devaluation was done by one country after another, and that each time it succeeded in increasing prosperity. Am I now to understand the Senator to be claiming that the proposed power should be given to the President so that if he thinks domestic prices are too low, or if he thinks devaluation is the way out of the depression, he may devalue the dollar?

Mr. WAGNER. No; and I made no such statement. A number of factors entered into our recovery, beginning with 1933, when we were in the midst of a terrific deflation. At that time our deflation continued because other countries had already depreciated their currencies. Our dollar was high, and for that reason other countries had an advantage over our exporters in the markets of the world and had an advantage over our producers in our domestic markets as well because the tariff barriers were reduced to the extent to which foreign currencies were depreciated, and thus foreign products came in and competed with our domestic products. In a decade there had not been such low prices paid for exported commodities as well as imported commodities.

Mr. TAFT. If the Senator thinks——

Mr. WAGNER. Permit me to finish. That condition continued. We were going down and down. Then we left gold. From the time we started off the gold standard until we actually devalued, the deflationary movement stopped, and prices began to go up.

Mr. CONNALLY. Mr. President, will the Senator yield.

Mr. WAGNER. I yield.

Mr. CONNALLY. The Senator says we went off the gold standard. I do not think the statement of the Senator is accurate. The gold standard still exists, at 59 percent of what the gold standard has always been. What the Senator means is that we discontinued gold payments.

Mr. WAGNER. We stopped gold payments.

Mr. CONNALLY. The gold standard is still in existence.

Mr. WAGNER. I do not want to become too technical about words. Accurately speaking, we did not go off the gold standard, but we did stop payments in gold; and from that time on the price of gold began to go up and the price of the dollar began to go down; and in January 1934 we devalued down to 59 percent. Whether or not one says there were other factors—and I will not dispute that statement—the fact is that our deflationary spiral stopped when we devalued, and prices began to go up, and they have held up pretty well ever since.

Mr. TAFT. We are now in another depression. Would the Senator go through the same process again?

Mr. WAGNER. No; we are not in another depression, whatever the Senator may say. Perhaps the Senator was not paying much attention to national affairs in 1932 and 1933. If he says the condition of the country in 1933 is comparable with the present condition, then he has not been a student of our economic trends.

Mr. TAFT. If the Senator is satisfied with 10,000,000 people out of work, we might as well go home and let the country alone and not try to do anything about legislation.

Mr. WAGNER. Since 1929 about 5,000,000 persons have been added to our eligible working population. So today we have as many employed as we had in 1929, but many young men have since become of age. Approximately 600,000 or 700,000 young men become of age every year, which makes a difference. There will be other times to enter into that discussion.

The Senator has asked a question. I do not think anyone will deny that our deflationary trend—and it was terrific at the time; it was on the point of economic disintegration—was halted. We stopped paying in gold and finally devalued.

Mr. TAFT. I deny that that circumstance had anything to do with what happened, if the Senator would like a denial.

Mr. WAGNER. The denial is not as important to me as it is to the Senator, much as I appreciate his views upon that subject. The Senator apparently believes that the result was a mere coincidence.

Mr. TAFT. Before the committee Secretary Morgenthau advocated——

The PRESIDING OFFICER. Does the Senator from New York further yield to the Senator from Ohio?

Mr. WAGNER. The Senator has asked me a question, which I should like to answer.

The PRESIDING OFFICER. The Senator must observe the rules of debate.

Mr. WAGNER. Considering wholesale prices of all commodities in the United States, taking 1928 as 100, February 1933 shows a level of 61. The prices of many commodities went up. Many farm commodities doubled in price, as the Senator heard from representatives of the farm organizations before our committee. That is why those organizations are so strongly urging the continuation of this power as a matter of defense. I do not want to become too partisan about the matter, but Mr. Frank Gannett, who is an eminent member of the Senator's party, the other day made an address in which he said that we are not devaluing enough; that if we want to help the farmer to obtain better prices we should devalue further.

Mr. TAFT. I am asking whether or not the Senator is now advocating a devaluation of the dollar to raise prices.

Mr. WAGNER. We have not devalued since 1934. The only reason why I want the power continued is for the same reason that a unanimous Senate wanted it continued 2 years ago. There was not a dissenting vote 2 years ago when we extended the power. I want it to be used as a possible weapon against efforts of other countries to depreciate their currencies and seek a competitive advantage over our exporters, as well as in our domestic market. I am sure the fact that the President has had the power to devalue has prevented several efforts to depreciate currencies, which in my opinion would have been executed but for the power which the President had.

The Senator characterized my address as a scholarly address. I know it is not. The Senator merely wanted to be kind. However, I tried to present the facts. As the Senator knows, only a short time ago England began to abandon its pound, and the pound began to go down. Our Government began to inquire what the intention of England was. We wanted to know whether or not she intended to continue to let the pound drop. England was reminded that the President had power to meet any effort to gain advantage over our business people. England stated that the business people of England, particularly the exporters, wanted devaluation to obtain an advantage in the markets of other countries. One advantage which was sought was against our business people. We had the power to devalue, and England knew that if she started a monetary war we had power to come down at least 9 percent further to meet any effort at depreciation; and England stopped that effort.

I want this power for the same reason that we have a navy. No Senator would want to use our Navy unless it were necessary. We want to be in a position to say to other countries, "Do not try to attack us, for we have a navy." The result is that we are not being attacked.

There are some people in this country who say we ought to set an example to the rest of the world by not having a navy. I do not think we are prepared to do that. There are some who say let us not repose this power in the President.

Mr. TAFT. What power?

Mr. WAGNER. The power to devalue the dollar in case other countries should undertake to devalue their currencies. We have been going on for all these years without any effort at devaluation, although we have been watching very alertly the action of other governments.

France abandoned the franc, and it went down; but we did not then devalue our dollar. The stabilization fund was sufficient to take care of that situation, because our business with France was not sufficiently great to justify any further action than simply going in and supporting the franc.

Mr. TAFT. Mr. President, will the Senator yield further?

Mr. WAGNER. I have not as yet read the prices.

Mr. TAFT. In the statement of the Secretary of the Treasury the only possible reason he gave for exercising this power was the possibility of meeting a competitive devaluation by England. I was considerably alarmed when the Senator from New York during his speech apparently considered devaluation as a means of meeting depressions and raising domestic prices entirely independent of any other action.

Mr. WAGNER. No; the Senator is not correct in that suggestion.

Mr. TAFT. Of course, once we grant the power, it is true the President may adopt that theory again, as he did once before, may he not?

Mr. WAGNER. It was a very serious international situation that finally compelled us to devalue our dollar and reduce the gold content of our dollar. If the Senator will do me the honor to read what I have said, he will find that I spoke only of an international monetary crisis, and that I want the power to exist only as a possible weapon for use if other countries should depreciate their currencies sufficiently to affect our business.

In other words, we ought to have laws upon the statute books to protect our businessmen and to provide a stable international exchange. The power conferred by this bill helps to stabilize that exchange. We are not seeking a monetary war; on the contrary, we joined the tripartite agreement. As a matter of fact, I think it was initiated by this country. Why? In order to provide a stable ratio between the different currencies. That agreement is now in existence, but it is something no country is bound to adhere to. However, we are doing everything possible to prevent the depreciation of currencies of other countries and to maintain a stable dollar in international exchange.

Mr. TAFT. Mr. President, will the Senator yield for one more question?

Mr. WAGNER. I have not answered the first question yet. The Senator refers to prices and raises a query whether the devaluation of the dollar has made any difference in prices. I have here the record of the increase in prices. If the Senator is interested I will read them. Is the Senator interested in prices?

Mr. TAFT. I think I have them already, but I will be glad to hear them stated.

Mr. WAGNER. I thought the Senator made the point about the effect on prices. I have the figures here from 1932, including all commodities. The figures are as follows:

In 1933, 61; 1934, 76; 1935, 82; 1936, 83; 1937, 89; 1938, 82; and the present year 79 plus.

Mr. TAFT. We have raised prices from 60 to 78 by devaluing the dollar 41 percent. Is that about the effect?

Mr. WAGNER. I said during the course of my remarks that I did not contend that devaluation of the dollar was the only factor; there were other factors which entered into it but the devaluation of the dollar was an important factor.

Mr. TAFT. It was a strangely ineffective factor if it could only cause an increase from 60 to 78 when the dollar was devalued 41 percent.

Mr. WAGNER. Is not that a pretty good increase—from 61 to nearly 80? I think that is a very substantial increase, considering all commodities. It is something which I think should not be ignored.

Mr. TAFT. One more question. What is exactly the emergency that justifies our delegating this constitutional power? I could not understand from the Senator's speech just what that emergency is.

Mr. WAGNER. Does not the Senator appreciate there is a chaotic condition in the world today?

Mr. TAFT. Certainly, war is one thing; but under war conditions no nation would undertake to devalue the dollar.

Mr. WAGNER. We read every day of different countries attempting to increase their exports so as to get credit in other countries and doing everything to increase their trade in the foreign markets. Currency depreciation has been a very effective method of gaining export trade in the past. With other countries having devaluation in mind, and discussing it and making actual efforts to devalue—England made one not very long ago and the pound dropped slightly, but England supported the pound after discussions with our officials. I say that we have an emergency, and, if anything, it has been intensified since 1933.

Mr. TAFT. Does the Senator see any reason why that emergency is not going to last for the next 15 years, and does he see any reason to suppose that that condition is not perfectly normal under world conditions, and will be for a long time to come?

Mr. WAGNER. We are asking for an extension of the power for 2 years. We are not asking this extension for 15 years. We will have to meet the situation when the time comes.

Mr. ADAMS obtained the floor.

Mr. CONNALLY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Danaher	La Follette	Reynolds
Andrews	Davis	Lee	Russell
Ashurst	Donahey	Logan	Schwartz
Austin	Downey	Lucas	Schwellenbach
Bailey	Ellender	Lundeen	Sheppard
Bankhead	Frazier	McCarran	Shipstead
Barkley	George	McKellar	Slattery
Bilbo	Gerry	Maloney	Taft
Bone	Gillette	Mead	Thomas, Okla.
Borah	Guffey	Miller	Thomas, Utah
Bridges	Gurney	Minton	Tobey
Brown	Harrison	Murray	Townsend
Bulow	Hatch	Neely	Truman
Burke	Hayden	Norris	Tydings
Byrd	Hill	Nye	Vandenberg
Byrnes	Holman	O'Mahoney	Van Nuys
Capper	Holt	Overton	Wagner
Chavez	Hughes	Pepper	Walsh
Clark, Idaho	Johnson, Calif.	Pittman	Wheeler
Clark, Mo.	Johnson, Colo.	Radcliffe	White
Connally	King	Reed	Wiley

The PRESIDING OFFICER. Eighty-four Senators having answered to their names, a quorum is present.

Mr. ADAMS. Mr. President, I send to the desk an amendment to the pending bill and ask that it may be read.

The PRESIDING OFFICER. The amendment offered by the Senator from Colorado will be stated.

The CHIEF CLERK. On page 2, it is proposed to strike out lines 3 to 13, both inclusive, and to insert in lieu thereof the following:

SEC. 2. The second sentence added to paragraph (b) (2) of section 43, title III, of the act approved May 12, 1933, by section 12 of said Gold Reserve Act of 1934, as amended, is further amended to read as follows: "The powers of the President specified in this paragraph shall be deemed to be separate, distinct, and continuing powers, and may be exercised by him, from time to time, severally or together, whenever and as the expressed objects of this section in his judgment may require; except that the powers so specified which relate to the alteration of the weight of the dollar and subsidiary coins shall expire June 30, 1939, and the powers so specified which relate to the issuance of silver certificates and the coinage of silver dollars and subsidiary coins shall expire January 15, 1941, unless the President shall sooner declare the existing emergency ended."

Mr. ADAMS. Mr. President, the amendment which is offered would strike out the second portion of the pending bill.

The pending bill contains two basic things: One is the extension of the stabilization fund and the powers for its exercise. This amendment does not touch that matter. The second portion of the bill seeks to continue the power of the President to devalue the currency of the United States. This amendment would strike out that power, so that the power to devalue would terminate on the 30th of June.

The domestic purchase of silver does not enter into this particular question, because if this amendment is not agreed to the domestic purchase of silver will continue under the pending bill. The amendment I have submitted excepts the domestic purchase of silver, and continues that power, so that the silver question does not enter into this discussion.

I am speaking in a sense representing the conclusion of one-half the membership of the Banking and Currency Committee, which had extensive hearings upon this question. No member of the Banking and Currency Committee is responsible for the reasons which I ascribe, but they did agree as to the conclusion. There was an even division; and it seemed to me that when one-half of the committee felt that this power should not be extended, it was eminently proper that a minority report should be submitted, and that the views of that half of the Banking and Currency Committee should be submitted to the Senate.

In my judgment, two things are essential to economic recovery in the United States. The first is confidence in the soundness and the just purposes of our Government and in the economic future of our country. Until we have in the minds of the American people a condition of confidence in the soundness and just purposes of their Government and in the economic future of our country, we shall have no recovery. The second essential is the establishment and the maintenance of consumer buying power. There must be not only the need and the desire to purchase goods, but the capacity to pay for them.

In my judgment, devaluation of the currency strikes down or impairs both of these essentials to recovery. It tends to promote uncertainty and instability. No man may safely make a contract on Monday if he has no assurance that the medium of payment on Tuesday will be that which he contemplated when his contract was made. Men put money in the bank on Monday. With the devaluation power existing, no man knows that his bank deposit will not be devalued 15 percent when he goes on Tuesday morning to get it. The result is that contracts and commercial operations within and without the country are in a state of uncertainty; and one essential of all commercial progress is certainty.

The situation as to consumer purchasing power, I think, may well rest upon the statement of the Chief Executive, who said on May 22 of this year:

> In the last analysis, therefore, consumer buying power is the milk in the coconut of all business.

He further said in the same address, which was delivered to the American Retail Federation in their national convention:

> I tell my visitors—

He was speaking of those who came to see him at the White House—

> I tell my visitors that never so long as I am President of the United States will I condemn * * * the business enterprises of the United States to the loss of millions of dollars' worth of customer purchasing power.

In my judgment, the devaluation of the gold dollar in 1934 destroyed a large part of the consumer purchasing power of the country; and it is now proposed to add a further 15 percent to that impairment and destruction.

In my judgment, one of the major impediments to recovery, one of the great obstacles which have slowed down this country in its forward movement along economic lines, has been the necessity of overcoming the impairment and destruction of the purchasing power of the consumers of the country through the devaluation of their currency.

In 1933 and 1934 the United States took over all the gold in the land. They took from the Federal Reserve banks their vast accumulations. Every citizen was ordered to bring in his gold. The citizen was paid approximately $20 an ounce. The Federal Reserve System had acquired its gold upon the established gold prices. The Government, having reduced to its own possession and ownership all the gold in the United States at the then current prices, proceeded to reduce the content of the gold dollar 41 percent, and thus increased the dollar value of the gold in its possession 41 percent. It therefore took from the citizen his gold

pieces, paid for them on the basis of gold at 25 grains to the dollar, and gave to the citizen Federal Reserve certificates or some other form of money on a basis of 15 grains to the dollar; and the Government proceeded to appreciate the gold which it had bought by 41 percent, thus depreciating by 41 percent the currency with which it had paid the citizen. The Federal Reserve banks hold in a sort of an uncertain way gold certificates of deposit.

The Senator from Washington made inquiry a while back as to the ownership of the gold. The daily statement of the United States Treasury of June 15, which I have before me, includes as an asset of the United States Government gold to the amount of $16,027,705,918.54. It offsets as liabilities gold certificates outstanding, outside of the Treasury, in the amount of $2,887,667,279. It includes the gold certificate fund—Board of Governors, Federal Reserve System, $10,625,275,119.95; redemption fund—Federal Reserve notes, $9,466,544.33; gold reserve, $156,039,430.93; exchange stabilization fund, $1,800,000,000; working balance and gold in the general fund, $549,257,544.33.

Answering the Senator's question perhaps a little more literally than he wishes, the title to the gold in the United States. There are certain certificates outstanding upon which, under certain conditions, gold may be obtained, but the Federal Reserve bank, and no one else except the United States, owns any of this gold. There is certain earmarked gold which is not included in this statement.

Mr. BONE. Mr. President, will the Senator yield?

Mr. ADAMS. Certainly.

Mr. BONE. We have set up a status, but I find it difficult to get a clear picture of it. What do these certificates imply? Do they imply the right of a bank ultimately to have the gold? I am not asking this in a critical spirit; I am merely seeking information. Suppose we changed this status and went back to the status which existed before the Government seized the gold? Then what would be the status of the gold? Would the private banks be entitled to have the gold on the basis of the certificates outstanding? If we should reverse the whole process and go back to the situation in 1933, who would own the gold, and how much would be privately owned and how much Government owned?

Mr. ADAMS. The Senator is trying to penetrate some of the mystic rites of the Treasury. As a member of the Committee on Banking and Currency, I have tried repeatedly to penetrate those mysteries myself.

Mr. BONE. I am sure the Senator will agree that if there is any group on the face of the earth entitled to penetrate this veil of mystery, it is the United States Senate and the House of Representatives. If we are unable to learn anything about these mysteries, certainly the average man in the street would be hopelessly befuddled. I think the Senator will agree that we are entitled to know, and I am no more informed now than I was when I first asked the question as to who owns the gold for which there are outstanding certificates, which to me imply a bailment of some sort.

Mr. ADAMS. The United States Government owns the gold. It is not a bailment. The Government has a clear title to the gold. There are certain curious things in our financial set-up. For instance, originally, when the Federal Reserve banks were established, we provided that they should issue Federal Reserve notes based upon a gold coverage of 40 percent, so that every Federal Reserve note was redeemable in gold, and the gold was in the Federal Reserve bank to redeem it. Today the Federal Reserve currency is redeemable only in Federal Reserve currency. We may go back as often as we please and have it redeemed in its own kind. We cannot get an ounce of gold. We are on a gold standard, I think unquestionably on a gold standard, which is the unit of value, the thing by which we measure values. But it is not possible to obtain any of the metal which constitutes the unit of value.

In the Federal Reserve banks there are certain so-called gold certificates. They have taken the place of the actual gold which was there, and in some way, undefined, it is expected that some day, if the Federal Reserve banks need the gold, the Treasury Department may let them have it upon these certificates. But the certificates do not entitle them to go and get the gold. They are, however, under the law, used as the coverage for the Federal Reserve notes.

Mr. BANKHEAD. Mr. President——

The PRESIDING OFFICER (Mr. TRUMAN in the chair). Does the Senator from Colorado yield to the Senator from Alabama?

Mr. ADAMS. I yield.

Mr. BANKHEAD. On that point I should like to ask the Senator what rights the Federal Reserve banks have under those gold certificates. Is it not true that if the impounding of the gold by the Government were abandoned, the Federal Reserve banks, under those certificates, would have the right both to the possession and title to the gold?

Mr. ADAMS. I should think so.

Mr. BANKHEAD. Then it is not true that the Government has an absolute title in the gold?

Mr. BONE. Mr. President, will the Senator yield?

Mr. ADAMS. We differ. Let me read a bit of the statute at this point. The Gold Reserve Act contains this provision:

> Upon the approval of this act all right, title, and interest, and every claim of the Federal Reserve Board, of every Federal Reserve bank, and of every Federal Reserve agent, in and to any and all gold coin and gold bullion shall pass to and are hereby vested in the United States.

Mr. BONE. Mr. President, will the Senator yield?

Mr. BANKHEAD. There is another provision authorizing the Treasury to provide regulations covering the transfer, and under the regulations provided under that statute the Federal Reserve has a right to recover that gold.

Mr. ADAMS. In the same section the law proceeds to provide that—

> In payment therefore credits in equivalent amounts in dollars are hereby established in the Treasury in the accounts authorized under the sixteenth paragraph of section 16 of the Federal Reserve Act, as heretofore and by this act amended. * * * Balances in such accounts shall be payable in gold certificates, which shall be in such form and in such denominations as the Secretary of the Treasury may determine.
>
> All gold so transferred, not in the possession of the United States, shall be in custody for the United States, and delivered upon the order of the Secretary of the Treasury, and the Federal Reserve Board, the Federal Reserve banks, and the Federal Reserve agents shall give such instructions and shall take such action as may be necessary to assure that such gold shall be held and delivered.

Mr. KING. Mr. President, will the Senator from Colorado yield?

Mr. ADAMS. I yield.

Mr. KING. Does not the Senator believe that there is an element of trusteeship, or a fiduciary relationship between the Federal Government and the Senator and myself, if the Government comes and takes our gold? If we do not accept that view, then it seems to me we endorse a policy of confiscation, accept the view that the Government may seize our property, and, by giving us a little certificate, deprive us of our ownership, and not impose upon itself the element of trusteeship, or the relationship of a fiduciary to his client.

Mr. BORAH. Would not the element of trusteeship be a mere delusion?

Mr. KING. It may be, under the attitude of some of the elements today in this administration, but actually it would not be, and in morals and in ethics it ought not to be.

Mr. BONE. Mr. President, I think the answer to the question of the Senator from Alabama makes plain that there is still a string attached to the gold, that there is still an element of private ownership in the gold. I am neither affirming my own allegiance to that viewpoint nor denying its validity as a viewpoint worth while, but if the Government intends to take possession of this gold and to own it in fee simple, why would it not have been the proper course for the Government to give Treasury certificates for it, which are actually legal tender, money of the United States, instead of these so-called certificates which carry the implication of a bailment or string attached to the gold? It has not been made plain what these certificates are, but I take it they do convey some sort of possible claim to the use of

the gold at some time. I do not think any of this matter has been made plain, or that any of us are convinced in our own minds as to who owns the gold.

Mr. ADAMS. Mr. President, the United States Government took into its possession all of the gold. It paid for the gold at the then standard rate. After it had taken the gold dollars, it devalued them, so the gold certificates represent what the Federal Reserve banks hold, and conceding there is a string attached, it is a string on 59 percent of the gold which was taken over when the Government got all of the gold. In other words, the Federal Government asserted the right to take possession and pay the Federal Reserve gold certificates at 59 percent of the value of the gold which it took.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator from Colorado yield?

Mr. ADAMS. I yield.

Mr. THOMAS of Oklahoma. In connection with the remarks made by the Senator, I ask unanimous consent to place in the RECORD at this point a copy of the law seeking to establish the ownership in the gold. The Senator has read just one section. There are two sections in the law. The first section authorizes the Treasury to take the gold. The second section referred to the Gold Reserve Act, which tried to place the ownership in the Treasury of the United States, namely, in the people of the United States.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Oklahoma?

There being no objection, the matters were ordered to be printed in the RECORD, as follows:

Section 3 of Public, No. 1, Seventy-third Congress, approved March 9, 1933, contains the following language:

"Whenever in the judgment of the Secretary of the Treasury such action is necessary to protect the currency system of the United States, the Secretary of the Treasury, in his discretion, may require any or all individuals, partnerships, associations, and corporations to pay and deliver to the Treasurer of the United States any or all gold coin, gold bullion, and gold certificates owned by such individuals, partnerships, associations, and corporations. Upon receipt of such gold coin, gold bullion, or gold certificates, the Secretary of the Treasury shall pay therefor an equivalent amount of any other form of coin or currency coined or issued under the laws of the United States * * *."

Section 2 of Public, No. 87, Seventy-third Congress, known as the "Gold Reserve Act," and approved January 30, 1934, contains the following language:

"SEC. 2. (a) Upon the approval of this act all right, title, and interest, and every claim of the Federal Reserve Board, of every Federal Reserve bank, and of every Federal Reserve agent, in and to any and all gold coin and gold bullion shall pass to and are hereby vested in the United States; and in payment therefor credits in equivalent amounts in dollars are hereby established in the Treasury in the accounts authorized under the sixteenth paragraph of section 16 of the Federal Reserve Act, as hertofore and by this act amended (U. S. C., title 12, sec. 467). Balances in such accounts shall be payable in gold certificates, which shall be in such form and in such denominations as the Secretary of the Treasury may determine * * *."

Mr. THOMAS of Oklahoma. Mr. President, I hold in my hand a copy of the rules and regulations of the Treasury Department relative to the ownership of gold and the handling of gold. I myself have seen a gold certificate of the kind mentioned in the discussion. These certificates are of the exact size of the bills which my colleagues have in their pockets if they are lucky enough to have bills in their pockets. They are like silver certificates, Treasury notes, or Federal Reserve notes. These certificates are printed on the same paper exactly as the bills which Senators have. They are of the same size, and if Senators were to see one of them and not make a close examination, they would think they were the old gold certificates which were in circulation prior to the devaluation of gold. On one side they are printed exactly the same as the gold certificates were printed, and on the other side in yellow. In addition to being of the same size, on the same kind of paper, and printed in the same color ink, the certificate contains the following wording:

This is to certify that there is on deposit in the Treasury of the United States of America—

Then the number of dollars. The smallest amount is $100, the next is $1,000, the third is $10,000, and the fourth is $100,000. One of those figures appears on each of these certificates that have been printed—

This is to certify that there is on deposit in the Treasury of the United States of America ——— dollars in gold payable to bearer on demand as authorized by law.

To the left of the picture on the gold certificates we find the word "gold" in large type above, and about an inch below that the word "certificate." Between the two words "gold" and "certificate" we find this language:

This certificate is legal tender in the amount thereof in payment of all debts and dues, public and private.

It is my interpretation that this certificate is in every sense a gold certificate as we now remember seeing them in earlier days, save in one particular. This certificate contains the words "as authorized by law." Of course, the rules and regulations provide the authorization. These certificates are to be placed only with the Federal Reserve banks. No one else is authorized to receive a gold certificate. If in the possession of anyone else they would be considered to be counterfeit, although the Federal Reserve banks have these certificates to the extent of a few billion dollars.

Mr. ADAMS. Mr. President, I do not wish to get into an extended discussion of gold.

Mr. BONE. Mr. President, I should like to ask the Senator from Oklahoma a question, if I may.

Mr. ADAMS. I yield to the Senator from Washington.

Mr. BONE. What, in the Senator's judgement, is implied, so far as ownership is concerned, by the existence of certificates of that kind in the hands of private banks? In the judgment of the Senator, does it imply ownership—equitable ownership at least—in those banks?

Mr. THOMAS of Oklahoma. At a later hour, if not today, then tomorrow, I shall hope to have the floor in my own right. At such time I shall try to answer such questions as may be propounded. I may state in answer to the question just propounded by the Senator from Washington that these certificates come as nearly retaining ownership and title in the Federal Reserve banks as it is humanly and ingeniously possible for a certificate to be drawn. If we have a change of administration and the so-called conservatives get into control, in my judgment, the gold would be turned back to the holders of these certificates.

Mr. ADAMS. Mr. President, just one additional word in relation to the gold situation. It is unlawful under the present state of the law for any individual or any private corporation to have in its possession any gold. In other words, the Federal Reserve banks, even though they could get the gold, could not pay it out unless the law should be amended.

Mr. BANKHEAD. Mr. President, before we leave that point I should like to make a statement. During the consideration of the bill before the Committee on Banking and Currency I discovered for the first time that there was a controversy about the ownership of gold, and I tried to clear the matter up the best I could. I addressed a letter to the chairman of the committee [Mr. GLASS] and asked him to call on the Secretary of the Treasury and the Governor of the Federal Reserve System for a statement on that subject. I have letters from each of them addressed to the Senator from Virginia, and without taking the time of the Senate now, but merely as a part of the present debate in order to keep the subject as clear as we can, I ask to have those letters incorporated in the RECORD at this point.

Mr. ADAMS. I am very glad to have that done.

The PRESIDING OFFICER (Mr. TRUMAN in the chair). Without objection, it is so ordered.

The letters are as follows:

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM,
Washington, April 24, 1939.

HON. CARTER GLASS,
United States Senate, Washington, D. C.

DEAR SENATOR GLASS: In reply to the questions raised in Senator BANKHEAD'S letter of March 21, which you enclosed with your letter

of March 30, the Board wishes to state that title to gold held in the Treasury is vested in the United States. The great bulk of this gold has been indirectly added to the money supply of the country through the issuance of gold certificates against it. In the following paragraphs there is a brief discussion of several phases of this question:

1. Of the $15,500,000,000 of gold which the Treasury holds $12,700,000,000 is pledged as security against an equal amount of outstanding gold certificates—including credits payable in such certificates. Under existing law this gold cannot be used for any other purpose so long as the certificates are outstanding. In addition, $156,000,000 is held by the Treasury, pursuant to law, as a reserve against United States notes.

2. All but a small amount of the gold certificates now outstanding have been issued by the Treasury to obtain gold or credits from the Federal Reserve banks. The Federal Reserve banks acquired $3,600,000,000 of new gold certificates in exchange for their gold reserves which they transferred to the Treasury in January 1934. The remaining gold certificates which they hold have been issued largely for gold purchased by the Treasury since that time. The gold is paid for by drafts on the Treasury's account with the Federal Reserve banks. Having acquired the gold, the Treasury then replenishes its account at these banks by issuing gold certificates to them. The results of the operation are that (1) the Treasury has acquired the gold, (2) the Federal Reserve banks have acquired gold certificates, (3) the Treasury's balances at the Reserve banks have been maintained, (4) an equivalent amount of reserve funds has been paid out and added to member bank reserves, and (5) deposits held by the public and available for payments either by check or in currency have increased. In brief, the effect of the gold inflow on the banking and credit situation has been the same as would have been that of an inflow of gold under the automatic gold standard.

3. Since January 31, 1934, more than $8,000,000,000 of gold has been purchased in this manner and member-bank reserves have increased from about $2,000,000,000 to $9,600,000,000. This increase in member-bank reserves presents a serious potential problem from the point of view of control of an inflationary situation if one should develop.

4. About $2,500,000,000 of gold in the Treasury has not yet been put to active use and is therefore at the free dispostion of the Treasury. The stabilization fund holds $1,800,000,000 of this gold, representing a portion of the profit realized when the gold content of the dollar was reduced and the price of gold was raised from $20.67 an ounce to $35. The remainder of the unused gold, about $700,000,000, is in the general fund of the Treasury. To the extent that the Treasury puts this $2,500,000,000 to use in the form of gold certificates, additional funds will be disbursed and member-bank reserves will be further increased.

5. Since the existing supply of currency and deposits in the hands of the public is considerably greater than in 1929, and is not being actively used, since the commercial banks have an unprecedented volume of excess reserves readily available for a further expansion of currency and deposits, and since the Federal Reserve System stands ready to supply additional funds whenever such action will serve the public welfare, the Board believes that additional issues of Treasury currency to the public, whether related to the gold stock now held or not, can serve no useful monetary purpose at this time and would make the problem of excessive bank reserves in the future more difficult to handle.

Sincerely yours,

M. S. ECCLES, *Chairman.*

APRIL 24, 1939.

DEAR MR. CHAIRMAN: Reference is made to your letter of March 30, 1939, enclosing a copy of a letter from Senator BANKHEAD, with respect to the ownership of the gold held by the Treasury.

The Treasury holds at the present time about $15,000,000,000 in gold. Title to all of this gold is vested in the United States.

A large part of the gold held by the Treasury ($12,336,858,533 on March 15, 1939) is held as security for gold certificates (or credits payable in gold certificates) issued to and held by the Federal Reserve banks pursuant to the Gold Reserve Act of 1934.

Section 6 of the Gold Reserve Act provides in part:

"Except to the extent permitted in regulations which may be issued hereunder by the Secretary of the Treasury with the approval of the President, no currency of the United States shall be redeemed in gold: *Provided, however,* That gold certificates owned by the Federal Reserve banks shall be redeemed at such times and in such amounts as, in the judgment of the Secretary of the Treasury, are necessary to maintain the equal purchasing power of every kind of currency of the United States * * *."

Section 28 of the provisional regulations issued under the Gold Reserve Act of 1934 provides in part:

"The Federal Reserve banks may from time to time acquire from the United States by redemption of gold certificates in accordance with section 6 of the act, such amounts of gold bullion as, in the judgment of the Secretary of the Treasury, are necessary to settle international balances or to maintain the equal purchasing power of every kind of currency of the United States * * *."

In other words, the gold certificates held by the Federal Reserve banks may be redeemed in such amounts of gold bullion as, in the judgment of the Secretary of the Treasury, are necessary to settle international balances or to maintain the equal purchasing power of every kind of United States currency.

The remainder of the gold held by the Treasury is accounted for as follows:

Gold reserve—held pursuant to law as a reserve against United States notes and Treasury notes of 1890	$156,039,430
Allocated to the stabilization fund	1,800,000,000
Gold in general fund (against which gold certificates or credits have not as yet been issued):	
(a) Balance of increment resulting from reduction in the weight of the gold dollar	142,288,196
(b) In working balance	547,899,564

The Treasury Department disposes of gold in the following ways:

(a) For use in industry, profession, or art. Any person needing gold for any such purpose can purchase gold from the United States mints and assay offices.

(b) For the purpose of meeting the international balance of payments. To this end the Treasury sells gold to the members of the Tripartite Accord and to their stabilization funds and fiscal agencies. The Treasury also may sell gold to foreign central banks upon application and under special conditions.

Neither Americans nor foreigners can obtain gold from the Treasury for the purposes of hoarding.

Very truly yours,

(Signed) JOHN W. HANES,
Acting Secretary of the Treasury.

Hon. CARTER GLASS,
Chairman, Subcommittee on Monetary Policy, Banking, and Deposit Insurance of the Committee on Banking and Currency, United States Senate

Mr. ADAMS. Mr. President, the United States made a profit of $2,800,000,000 on the gold which it held and that which it impounded from the Federal Reserve banks and from its citizens. It did that by changing the gold content of the dollar. It reduced the gold content of the dollar from 25.8 grains to 15.21 grains of gold. That profit resulted to the United States.

There was another phase to this devaluation. By this devaluation which then took place there was, in my judgment, a reduction of 41 percent in the intrinsic value of every dollar of money in the United States and of every item of credit in the United States. In the banks there were $40,000,000,000 of deposits belonging to 50,000,000 American citizens. The devaluation at that time reduced the intrinsic value of those deposits 41 percent. I am using the word "intrinsic" for this reason. Dollars in the United States are theoretically redeemable in gold. We are on the gold standard. That is the measurement of the value of our dollars. The dollar which the depositor had in the bank before devaluation entitled him to 25 grains of gold. The day after devaluation it entitled him to 15 grains of gold.

There was a reduction in purchasing power of the consumers of America. Every bond in the United States became payable in a dollar of lesser value. Every insurance policy, the premiums upon which were paid in full-value dollars, became payable in devalued dollars. There are 64,000,000 insurance policies in the United States. Every book account, every credit, every note became worth less as a matter of intrinsic worth by 41 percent.

With the President I agree that recovery must be based upon increased consumer purchasing power. You cannot increase consumer purchasing power by reducing the purchasing power of his money, of his credits, of his bonds, of his insurance policies. And now it is proposed that we authorize a further devaluation of 15 percent. The term "devaluation" is a very accurate term.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. THOMAS of Oklahoma. What would be the price of wheat today had the dollar not been devalued in 1934?

Mr. ADAMS. I will say to the Senator that I have lost my glass globe. I cannot look into the magic ball and see.

Mr. THOMAS of Oklahoma. What would be the price of cotton today had the dollar not been devalued in gold in 1934?

Mr. ADAMS. I will say in answer to the Senator's question that if I had a thousand yards of cloth, my stock in trade, and Congress were to pass a law that hereafter the yard should be 24 inches instead of 36 inches long, I would

then have 1,500 yards of cloth instead of my original 1,000 yards of cloth, but I would have no more cloth. It would not be exchangeable for anything in addition.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield further?

Mr. ADAMS. I yield.

Mr. THOMAS of Oklahoma. I have figures here which have been worked out by a mathematician, and, if the Senator will permit, I should like to place a few of those figures in the RECORD. Wheat and cotton are known to be world commodities. Those two commodities are measured each day of the year in terms of gold throughout the world, and the price does not vary on the world exchange market save for the cost of transportation, insurance, and things of that character.

In 1934, before the gold dollar was devalued, the price of cotton was 8.21 cents a pound. Had we not devalued the gold dollar, that same pound of cotton would be selling today for 4.84 cents.

In 1934 wheat was selling for 73½ cents a bushel. The record shows that had we not devalued the gold dollar a bushel of wheat today would be selling for 43.6 cents.

Later I shall go through the whole list and show how the devaluation of the gold dollar raised the price of all world commodities correspondingly and comparably with the percent of devaluation.

Mr. ADAMS. Mr. President, I have before me a volume of Agricultural Statistics, a Federal publication, covering the index numbers of farm values, figuring the price of July 1914 as 100.

In 1932 the average of the grains was 44. In 1933—that was before devaluation—they increased to 62. In 1934 they increased to 93. The same proportion of increase occurred after devaluation as before. As one goes through the tables one will find that there were increases, yes, but the increases in my judgment may not be ascribed entirely to devaluation. I grant that it had some influence; but there were other things of great significance affecting prices. If we go back to the time before devaluation, we find that the unit price of grains in 1925 was 157. In 1926 it was 131; in 1927, 128; and in 1928, 130. In other words, the devaluation did not bring these prices back to their level under the stabilized dollar.

Important as the amount of gold in a dollar may be, I am not willing to concede that that factor, in and of itself, accounts for the change in price. As I was seeking to illustrate, if we merely change the yardstick in measuring our cloth, we do not determine the price of cotton or grain merely in terms of dollars when we say it will bring more dollars, if the dollars received for the commodity are in the aggregate worth as little as or less than the larger dollars which would previously have been received. The prices of the grains, cotton, and other agricultural products did not increase, even in dollar price, in proportion to the 41-percent devaluation.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator further yield?

Mr. ADAMS. I yield.

Mr. THOMAS of Oklahoma. Let me ask the Senator a categorical question. If the Congress should proceed to exercise its power and place more gold in the dollar, and place the new dollar in circulation, would not that have the effect of decreasing the price of world commodities such as cotton and wheat?

Mr. ADAMS. In terms of the then dollar; not necessarily in terms of exchange into other forms of wealth.

Mr. THOMAS of Oklahoma. I am talking about world commodities like cotton and wheat. They are known to be world commodities.

Mr. ADAMS. Yes.

Mr. THOMAS of Oklahoma. I now make the converse inquiry. If we should decrease the amount of gold in the dollar, making the dollar smaller in terms of gold, and then place that new dollar in circulation, would not that have the effect of increasing the prices of wheat and cotton in dollars?

Mr. ADAMS. I will say frankly to the Senator that so far as actual dollars are concerned, in terms of quantity of gold, I think the change would be practically nothing. If we change our standard of measurement, and one day it is a 15-grain gold dollar, and another day a 25-grain gold dollar, which is the standard, we shall have price fluctuations, but we shall not have value fluctuations, measured in the international markets in terms of exchange into other commodities.

Mr. SCHWELLENBACH. Mr. President, will the Senator yield?

Mr. ADAMS. Gladly.

Mr. SCHWELLENBACH. Does not the Senator realize that in his answer prior to the last question he has negatived the argument he previously made as to the result of the devaluation? A few minutes ago the Senator said that on the day after the devaluation the intrinsic value was decreased by 41 percent.

Mr. ADAMS. In terms of money, credits, and things of that type.

Mr. SCHWELLENBACH. For practical purposes, does not the value have to be translated into terms of domestic commodities indices?

Mr. ADAMS. Not at all.

Mr. SCHWELLENBACH. Why not?

Mr. ADAMS. Because what we are dealing with is a measuring standard. As I have tried to illustrate with my thousand yards of cloth, if Congress should say that the yard should be 24 inches, then we should have 1,500 yards of cloth where we had only a thousand before; but the cloth would be of the same value as it was before.

Mr. SCHWELLENBACH. In order to make the analogy of value, would not we have to barter the cloth for something else? If we could obtain the same amount of shoes for that amount of cloth, would there be any practical result from the change in the measuring instrument so far as the cloth is concerned?

Mr. ADAMS. When translated into terms of shoes, no; in terms of dollars, yes. We could reach the same result if we had a certain price and changed our dollar. If we reduced the gold content of our dollar to 50 percent, of course, we would double the number of dollars it would take to buy that particular roll of cloth.

Mr. SCHWELLENBACH. When we come to the next step we find that even though the number of dollars is different we obtain the same number of shoes we would have obtained before the change in the measure of the cloth. There would be no practical effect.

Mr. ADAMS. That is correct.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. ADAMS. Certainly.

Mr. TYDINGS. Taking the Senator's illustration of translating a thousand yards of cloth into 1,500 yards of cloth, the same illustration would apply to translating a thousand pairs of shoes into 1,500 pairs of shoes, would it not?

Mr. ADAMS. Certainly.

Mr. TYDINGS. So if one man had the cloth and another had the shoes, after devaluation the money in buying or selling would be only an incident to the transaction, a medium of exchange.

Mr. ADAMS. Yes. Let me translate it into terms.

Mr. LEE. Mr. President, will the Senator yield?

Mr. ADAMS. I shall be glad to yield in a moment.

I am now assuming that we have 1,000 yards of cloth. Let us assume that its price is a dollar per yard, or $1,000. Then we devalue the dollar 41 percent. To buy the thousand yards of cloth would require $1,695. Conversely, if we take the thousand yards before devaluation, it could be bought for $1,000. After devaluation it would cost $1,695. The converse of the situation is applicable.

Mr. LEE. Mr. President, will the Senator yield?

Mr. ADAMS. Let me complete my statement. After devaluation 1,000 devalued dollars would buy only 590 yards of the cloth.

I now yield to the Senator from Oklahoma.

Mr. LEE. Following the same illustration, as between the man who sells shoes and the man who sells the finished cloth, the illustration would work. However, when we come to the farmer who produces the raw product he would have to produce a third more cowhides to make enough dollars to pay his debts or pay his taxes, and he would have to produce a third more cotton to make enough dollars to pay the interest on his debts, insurance premiums, and all other fixed charges.

Mr. TYDINGS. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. SCHWELLENBACH in the chair). Does the Senator from Colorado yield to the Senator from Maryland?

Mr. ADAMS. I yield.

Mr. TYDINGS. Of course, if the farmer sold his wheat and was paid in devalued dollars, he would have a third more dollars in devalued money than he would have in sound money; but when he came to buy shoes he would require a third more dollars to pay for the shoes in devalued money than in sound money. So in the end, when the transaction was completed, it would require just as much wheat to buy a pair of shoes as it did before the devaluation.

Mr. ADAMS. Let me try to answer the Senator from Oklahoma by following along the line that the distinguished, able, learned, and resourceful Senator from New York [Mr. WAGNER]—and I mean every word of it—pursued.

Mr. WAGNER. If the Senator's estimate were only half true it would be very flattering.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. ADAMS. Certainly.

Mr. NORRIS. I wish to follow up the Senator's calculations on dollars with respect to the cost of the hides. The Senator from Maryland says that if a man wanted to buy shoes, he could not buy any more shoes after devaluation than before. Suppose a farmer who had $1,500 instead of $1,000 wanted to pay his debts, which were payable in dollars: Could he not pay more debts?

Mr. ADAMS. The devaluation would unquestionably provide a cheaper medium for the payment of debts. The man who worked day by day in the mill or factory would save, say, $1,000, representing labor, sweat, and thrift, and put it in a savings bank. After devaluation he could be paid back with the equivalent of $590. In other words, the bank could pay him back much more cheaply.

Mr. LEE. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. LEE. Would not the same reasoning apply to the payment of the farmer's taxes?

Mr. ADAMS. Yes.

Mr. LEE. Would it not require much more of his commodity to pay his taxes under the high dollar than under the cheaper dollar?

Mr. ADAMS. We cannot translate the dollar in that way. I am going on, if the Senator will excuse me.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield for one further question?

Mr. ADAMS. If the Senator will pardon me, I merely wish to make an explanation which will give my view of the situation.

The argument presented by the Senator from New York [Mr. WAGNER] is that devaluation is beneficial to export trade; that it is a weapon to meet devaluation in other countries. I will say to the Senator from New York that if the other countries have an advantage over us when they devalue their currency, it is because then they pay less for their materials and less for their labor. The sum total of the argument of the Senator from New York is that we should do the same thing. The only way we can meet them is by devaluing the dollar, thereby paying less in wages and less to the farmer and those who produce the raw materials. Then by paying less for wages and for material, we can sell more cheaply in the European markets. We can sell more cheaply only if we can produce more cheaply, and the only way we can produce more cheaply is to cut wages and the prices we pay to the producers of the raw materials.

That is what happens right down the line. Why? It is based on the psychological theory that the workman, the farmer, has been getting so many dollars a week; that is his standard; when the dollar is devalued his wages are not raised in proportion but he continues to get the same wage in dollars. The result is he is producing for a lesser wage. That is the only way in which devaluation can put us on a par with foreign countries which undertake devaluation, and which, because of devaluation, are able to produce more cheaply.

The Senator is probably correct that there is advantage temporarily. If an increase merely in the tonnage of exports is an advantage, but the worth of an export is not to be determined by the value of that which we send out, but by the value of that which comes in in exchange for it. That is the test. We do not simply want to send out our cotton and our wheat, regardless of what comes in. The important thing is what we get for the cotton and the wheat which we export. We could get an enormous export trade if we would cut our prices. All we would have to do would be to cut our prices sufficiently low and we could readily dispose of our cotton and our wheat. Our problem is to see how much we can get for them and not how little we can get for them. Devaluation tends to get us less and not more. Devaluation may result in sending our products abroad, but it puts the burden on the back of the worker, the producer, of lowered returns for our exported products, and reduces our standard of living.

Mr. BARKLEY. Mr. President, will the Senator yield there?

Mr. ADAMS. Certainly.

Mr. BARKLEY. Taking the illustration the Senator has just given of a foreign country devaluing its currency and ours remaining static, may it not result not only in impeding the exportation of American products and forcing us to retain them at home, but also in lowering the bars still further to the importation of the foreign product made through cheaper labor and cheaper material? So we would have the disadvantage of maintaining all our production without any ability to export, and we might also be flooded with cheaper products from foreign countries. So that we would have all that we could produce here without an export market for it, and all that they could ship in under a cheaper currency to compete with what we have here at home. Would not that be the result, and would that condition not have resulted if we had not taken the action we did take in regard to the devaluation of our currency?

Mr. ADAMS. The Senator has been a leading actor in legislative matters here for many years. He knows that the President of the United States is empowered today to change the tariff to meet differences in cost of production at home and abroad. If the cost abroad is reduced by the devaluation of foreign currencies, the President now has the authority to raise the tariff wall to protect us against the lower-priced foreign product.

Mr. BARKLEY. Only to a limited extent—50 percent. The President can, of course, on the recommendation of the Tariff Commission, increase the tariff 50 percent.

Mr. ADAMS. The Senator says the President has authority to increase the tariff 50 percent. Certainly the only devaluation possible under the pending bill is 15 percent.

Mr. BARKLEY. I understand that; there is no controversy over that question; but that is 9 percent, represented by the difference between 50 and 59 percent, more than the dollar has been devalued. The President did not cut to the full extent in devaluing the dollar, and there is 9 percent of the original value which is left, which is 15 percent of the Senator's 59-cent dollar, as he contends. The point is that, if a foreign country can cheapen its currency and get an advantage over us in the foreign market, the same sort of advantage will accrue in our domestic market, so that we will have all that we can produce and that otherwise we might ship out in addition to what foreign countries might ship in; and I doubt very seriously whether any President would exercise the right to raise the tariff rate sufficiently to counteract that influence.

Mr. ADAMS. The Senator will recognize and concede, will he not, that the price of any product is made up principally of the elements of labor cost and the cost of raw material?

Mr. BARKLEY. Oh, yes; that is so.

Mr. ADAMS. So that if there is to be any impairment of prices in any way it can come as a result of lower labor costs or of lower cost to those who produce the raw material?

Mr. BARKLEY. If that be true, and if it be admitted, for the sake of the argument, that we would have to adjust our cost of production to correspond with the cheapening of production in other countries, might we not be driven to the point where we would either have to consider doing that or consider the possibility of having the value of our labor lowered even more by an enormous importation of products from other countries that otherwise could be kept out by a stabilized currency between the two?

Mr. ADAMS. If the Senator is not willing to have the tariff bars put up—I happen to be a high-tariff Democrat, and I am in favor of putting up the tariff—if foreign countries devalue their currencies and produce that condition, I would favor raising the tariff high enough to prevent the depreciation of our labor and our farmer and our producer.

Mr. BARKLEY. We have now the highest tariff, on the average, that we have ever had in this country, and, of course, world conditions have made it impossible to deal with the tariff question in detail as we have heretofore done, for it required 18 months to get through Congress the last tariff law that was enacted. If we were to undertake a comprehensive revision of the tariff law again, under world conditions as they now are, it might take even longer; and when we had finished we might not have done anything because of the more or less kaleidoscopic changes that occur in economic conditions in the world. I do not know from what the Senator has said whether he would be in favor of a general raising of tariff walls above what they now are or whether, on specific articles that might justify, in his judgment, an increase in tariff, he would follow such a course.

Mr. ADAMS. I would rather raise the tariffs, if necessary, piecemeal against certain nations than, in order to meet devaluation by one nation, destroy the value of our bank deposits, our insurance policies, our credits, and bonds, and things of that kind.

Mr. BARKLEY. Of course, I do not agree that devaluation would do that.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. TYDINGS. Is it not a fact that whenever one country has provided a high tariff every other country in the world has later on enacted a high tariff; and is it not a fact that whenever one country has depreciated its currency eventually every other country has depreciated its currency? If that is a fact, what would be the advantage of depreciating our currency? Does anyone think it would be more than a year before England, France, and other countries would devalue their money so as to remain on the same parity they are today? Would we not then all be in the same fix we are now? We would not accomplish anything for anybody.

Mr. ADAMS. The United States of America is the only nation which, in a sound condition and not threatened with a financial catastrophe, has ever devalued its currency.

Mr. O'MAHONEY. Mr. President——

Mr. TYDINGS. Mr. President, is it not a fact that the first nation in the world that depreciated and devalued its money was France; and that it was immediately followed by Belgium and Switzerland and England and other countries? I do not refer to Germany or the countries that were defeated in the World War; I refer to the victor nations. Eventually we devalued our money, and then what happened? They devalued their money again and that was the reason for the international stabilization fund. We were the first nation to raise our tariff. Then the other countries of the world raised their tariffs. So if anybody assumes that there is going to be an advantage in world trade if we devalue our dollar, they reckon upon the mistaken idea that there are not smart men in other countries who no sooner than we devalue our money will devalue theirs in order to occupy the same relative position which they occupy today.

Mr. ADAMS. I will say to the Senator from Maryland that the first devaluation did not take place at the time he suggests. If he will read English history, French history, and Italian history, the Senator will find that there a devaluation took place in the twelfth century, in the thirteenth century, and in the fourteenth century, and on down. In England it was a very common practice for the King to call in the currency and proceed to conduct a physical devaluation, either by remelting it, or recoining it, or by the crude process of clipping. We have not done that in this country. A great, rich, wealthy Nation, we have borrowed money; many of our corporations in this period have signed and issued bonds, and then you and I and men in the other branch of Congress and at the other end of the Avenue proceeded to provide that those debts could be paid at 59 cents on the dollar. We, a solvent, rich, powerful Nation, were the first great Nation in the world that ever even partially repudiated its debts.

Mr. TYDINGS. Mr. President, will the Senator yield for just one more question?

Mr. ADAMS. I must first yield to the Senator from Wyoming.

Mr. TYDINGS. I wish to ask the Senator merely one more question.

Mr. ADAMS. No; the Senator from Wyoming is my neighbor.

Mr. O'MAHONEY. Mr. President, I was hoping that the Senator from Colorado, in response to the Senator from Kentucky, might point out that every effort is being made by way of reciprocal trade agreements to cut down the tariff wall. Then I was going to ask the Senator whether, in his opinion, there is any uniformity or congruity between a program which cuts down the tariff walls to all the nations of the world under the most-favored-nation clause and at the same time proposes a devaluation of the dollar?

Mr. ADAMS. The Senator knows that he and I are in entire accord on that question.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. ADAMS. I want to make a statement, and then I will yield. We have in this bill two provisions. One takes $2,000,000,000 of money which we acquired by devaluing the gold dollar and makes of that sum a stabilization fund. For what purpose? To stabilize the American dollar throughout the world. We do not want it changed. The second provision of the bill gives the President the power to unstabilize the dollar.

We have these two powers. Perhaps what we want to do is to find out which is the more potent—the power to unstabilize or the power to stabilize. To me the two things are utterly inconsistent and incompatible, and one or the other should go out of the bill and out of our country's policy. For my own individual choice I have been unwilling to take out the stabilization fund, which is honestly administered for purposes of world economy and stabilization, and substitute for it a policy which I do not think it honest.

Mr. TYDINGS. Mr. President, the Senator now has commented on the very matter I wanted to suggest to him, namely, how silly it is to have a $2,000,000,000 stabilization fund to stabilize world currencies, and in the same bill provide that we may unstabilize ours, which will bring on another currency war in no time at all.

Mr. BARKLEY. Mr. President, will the Senator yield at that point?

Mr. ADAMS. Certainly.

Mr. BARKLEY. It is not my interpretation or understanding that the $2,000,000,000 stabilization fund was primarily designed to stabilize the American dollar any more than to stabilize other currencies that come in competition in world trade with the American dollar. Of course, the Senator may take the term he pleases. In the case of a seesaw with a man on each end, when one end goes down the other end goes up. It is impossible to operate one end without affecting the other.

But the stabilization fund has been used infinitely more to stabilize other currencies that come in competition with ours in world trade than to stabilize the American dollar.

Mr. ADAMS. May I get the Senator straight on that point? The provision of the act is that the fund is created for the purpose of stabilizing the exchange value of the dollar.

Mr. BARKLEY. Yes.

Mr. ADAMS. That is the only purpose for which the stabilization fund was created.

Mr. BARKLEY. But the way in which that has been done very largely has been by using the stabilization fund to buy other currencies, so that they would not depreciate to such an extent as to throw the American dollar out of a proper status with respect to other currencies.

Mr. ADAMS. Will the Senator tell me how the unstabilization of the mark in Germany, or some other foreign currency, is going to unstabilize the American dollar if it is based on a definite amount of gold, which is recognized as the unit of value throughout the world?

Mr. BARKLEY. I suppose the Senator is referring to the practical elimination of the value of the mark soon after the World War.

Mr. ADAMS. Then take the case of some other country.

Mr. BARKLEY. I happened to be in Berlin 1 week——

Mr. ADAMS. There was no connection between the two, I am sure. [Laughter.]

Mr. BARKLEY. Not at all; but it took a wheelbarrow to transport to the hotel enough marks to exchange for $100 of American money. If we had been engaged at that time in any large transaction in world commerce with Germany the depreciation of the German mark would have been very effective in its relationship to the American dollar.

These two things, instead of being antagonistic and conflicting, as I construe them, are absolutely in harmony. The stabilization fund is for the purpose of bringing about a stabilization of currency because of more or less abnormal fluctuations of values with respect to various currencies, not by any governmental action, but by reason of world conditions or fear or suspicion, or things of that sort, when, by reason of economic conditions in a foreign country, the franc or the pound or some other currency might go down to a point where it would undermine the foundation and the stability of American commerce. The devaluation provision, which may or may not be used—the Senator is assuming that it will be used, and therefore is basing his argument upon that assumption.

Mr. ADAMS. I would not take a lot of trouble to get something when I did not want to use it.

Mr. BARKLEY. But the use of devaluation is a weapon only in the event that some other government does a thing within its own power that would materially and disastrously affect the value of the American dollar. The two powers are not conflicting; they are not antagonistic; but they are in harmony, one to be used in ordinary fluctuations in the value of currency if they go beyond bounds without any action of the Government; the other to be used in the event another government takes action by the devaluation of its own money to such an extent as to affect our currency.

Mr. ADAMS. The Senator has absorbed the philosophy of the distinguished Senator from New York [Mr. WAGNER].

Mr. BARKLEY. Mr. President——

Mr. ADAMS. I will take back that suggestion if the Senator resents it. [Laughter.]

Mr. BARKLEY. No; I do not resent it. I am proud to associate myself with the Senator from New York in this association of ideas. I agree with the contention of the Senator from New York upon the subject. I happen to disagree with my very dear friend from Colorado upon the subject, as I did in 1934.

Mr. ADAMS. I think perhaps I was wrong in 1934.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. ADAMS. I yield to the Senator from New York; that is, I assume the Senator is going to follow the same course.

Mr. WAGNER. The same course in what respect?

Mr. ADAMS. Any respect. Go ahead. I will not put any limitation on the Senator.

Mr. WAGNER. I do not want to annoy the Senator from Colorado.

Mr. ADAMS. The Senator could never annoy me. I have known him for many years, and never in a single instance has he done other than compliment me by paying attention to what I have said.

Mr. WAGNER. The Senator said a moment ago that this power is sought because we contemplate exercising it. Of course, the President now has the power, but he has not exercised it; but the Senator asked, "Why should we want the power if we do not intend to exercise it?" Why do we want a Navy? Not because we want to go to war, but we want to have the Navy as a defense in case of attack by other countries.

Mr. ADAMS. Let me ask the Senator a question: Why should we want a volcano? In other words, I regard the devaluation power as an evil. I think it can only be disastrous to our country; and, therefore, the Senator and I differ as to the matter. The Senator thinks it is like a pistol under one's pillow to protect him against burglars.

Mr. WAGNER. I understand that we cannot agree upon our philosophy regarding this matter, so I do not want to pursue that line any further.

Mr. ADAMS. Of course, my mind is always open to the Senator from New York, and I trust his mind is equally open.

Mr. WAGNER. I have studied this question thoroughly; I have studied the facts; and I think it was to the great advantage of the country that we devalued at the time we did.

The Senator talked about the stabilization fund being sufficient to take care of any possible depreciation of the currencies of other countries. I desire to ask the Senator a question in that connection.

Assume that England and France together—I am not giving a case that has not reality to it—should decide suddenly to devalue, say, the pound sterling down to the point where it once was, $3.25 from $4.86, and assume that the franc fell with it: Does the Senator think there is enough money in the stabilization fund, without meeting and neutralizing the effect of that action by devaluation, to buy enough pounds and francs to keep up the pound and the franc so as not to increase too high the value of our dollar in the international market?

Mr. ADAMS. I will say to the Senator that it is not any of our business to keep up the franc or to keep up the pound. There is no reason under the shining sun why we should take the money of the American taxpayer and go to Europe and endeavor to protect the countries of Europe against their local economic conditions or their domestic or international troubles. I do not care how high the American dollar goes in the economy of the world. What I want is to see the American dollar stabilized as the one single outstanding standard of all commerce in the world.

Mr. WAGNER. Then I understand the Senator to say that no matter how the other countries might attempt, as they did before 1933, to depreciate their currencies so as to obtain advantages in foreign markets, that is none of our affair, and our dollar should stay right up where it is, and we should not concern ourselves with the matter at all. If that is the Senator's philosophy, we are as far apart as the North and South Poles.

Mr. ADAMS. We are quite a distance apart.

Mr. WAGNER. I should not want our businessmen to be subject to that sort of a situation.

Mr. LEE and Mr. BARKLEY addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Colorado yield; and if so, to whom?

Mr. ADAMS. Just one moment, please. For more than a hundred years Great Britain maintained the pound sterling as the unit of value and exchange throughout the world. The United States gradually has gone forward until we have

displaced England as the leading commercial nation. We went through the panic of 1893, we went through the depression of 1907, we went through the depression of 1921–23, and we did not devalue the dollar, and we came out of those depressions more rapidly, and got upon sound ground sooner than we are getting out of this one. It is my sincere judgment that one of the things that has impeded our progress has been the impairment of producer purchasing power of the citizens of the United States by devaluing the dollar with which they buy commodities.

Mr. LEE. Mr. President, will the Senator yield at that point?

Mr. ADAMS. Certainly.

Mr. LEE. The Senator said a while ago, or at least I understood him to say, that the relation of the dollar to the raw products produced in this country is not so interesting to him as its relation to the finished products.

Mr. ADAMS. Oh, no; I did not say that.

Mr. LEE. I understood the Senator to say that he was not interested in the relative value of other moneys of the world to our money.

Mr. ADAMS. No; the Senator again misunderstood me.

Mr. LEE. I hope the Senator will clear up the matter, because I understood the Senator to say "I do not care where the pound goes."

Mr. ADAMS. No; I did not say that. I hope the Senator will get me somewhere near correctly.

Mr. LEE. I want the Senator, then, to straighten out the matter, because I understood the Senator to say, "I want to stabilize the dollar"—stabilize the dollar with relation to what? The Senator would have to have in mind the comparative value of other moneys of the world or the comparative value of the raw products of the country.

Mr. ADAMS. Not at all. I want to see a dollar which represents so many grains of gold, one that is a fixed standard recognized in every land on the globe. I am concerned about the figure to which the pound and the franc go, but I said that it was not the duty of the United States to take the money of its citizens and go abroad and seek to rescue foreign lands from their economic troubles.

Mr. LEE. Does the relation of the dollar to gold——

Mr. ADAMS. What does the Senator mean by "dollar"?

Mr. LEE. Does that help the farmer as much as the relation of the value of a dollar to the purchase of wheat, or cotton, or hogs, or corn? Would that not be more helpful than the relation of the number of grains of gold to a dollar?

Mr. ADAMS. Let me ask the Senator this question, Would it make any great difference to the Senator, in the purchase of a bushel of wheat, if he had $1 containing, say, 30 grains of gold, which would buy a certain quantity, or twice the number of dollars containing 15 grains, in other words, the same number of grains of gold? There is no difference between selling wheat for two half dollars or one silver dollar.

Mr. LEE. I agree to that, but it makes a great deal of difference, when the farmer goes to sell, if it takes 5 bushels of wheat to get $1, or he can get a dollar for 1 bushel, when he goes to pay his taxes, or to pay his debts, or to pay the interest on his debt.

Mr. ADAMS. I am in accord with the Senator; I do not think the farmer should have a dollar of one value today, and tomorrow find that the dollar has been changed, so that the dollar he dealt with on Monday is a different dollar from the one which confronts him on Tuesday.

Mr. LEE. Then the Senator will agree with me that the dollar should be stabilized at a hundred-cent level, instead of figuring on the grains of gold, that it should be stabilized at a 100-cent level in terms of the commodities with which we deal in this country.

Mr. ADAMS. I should like to see that condition prevail.

Mr. LEE. There is only one index for that, and that is the index furnished by the Labor Statistics Bureau, which gives us the all-commodity index, including 784 most used commodities in this country. If the dollar were stabilized on that basis today, would not the dollar come down some thirty-odd cents?

Mr. ADAMS. I have been intrigued with that dream from time to time. With all due respect to the Senator from Oklahoma, in fact, to both Senators from Oklahoma, who know so much more than I do about these matters, I have never been able to see how that could be brought about. I have simply had to tie myself, in my simple way, to a dollar which represented so many grains of gold, and leave that as the standard. We must either let commodities shift in relation to the dollar as there are conditions of plenty or conditions of scarcity, or the dollar will shift. It is not possible to maintain both commodity prices and the content of the dollar without any relative change. One is seeking an impossibility when he attempts to do that.

Mr. BONE. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. BONE. If the Senator achieved the stabilized dollar of the character he has described, would it not be necessary to make that dollar redeemable in gold?

Mr. ADAMS. I am talking about a gold dollar.

Mr. BONE. Would it not be necessary to revamp our entire fiscal policy, and make the stabilized dollar payable on demand in gold?

Mr. ADAMS. I am in favor of having the currency of the United States redeemable and payable in gold today.

Mr. BANKHEAD. Mr. President, I should like to ask the Senator a question.

Mr. ADAMS. Or silver, I should say.

Mr. BANKHEAD. Is it not true that the United States is the only Nation in all the world which has its dollar tied to gold by weight?

Mr. ADAMS. My knowledge is not sufficiently broad to enable me to answer that. That statement was made in our hearings.

Mr. BANKHEAD. Does the Senator know of any other nation in the world which maintains its currency in gold by weight, as the United States does?

Mr. ADAMS. I do not, and that is one reason why I want this one country to continue to be the lodestar of world finance, so that there will be one standard to which every nation can repair when they want to know what values are.

Mr. THOMAS of Oklahoma. Mr. President——

The PRESIDING OFFICER. Does the Senator from Colorado yield to the Senator from Oklahoma?

Mr. ADAMS. Always with apprehension.

Mr. BANKHEAD. The nations have been waiting 4 or 5 years, and have not resorted to our method, have they?

Mr. ADAMS. All the nations have gotten into their devalued position because of distress. They have had troubles which we do not have, and I do not know why we should imitate those who are in financial disaster and distress. Just because someone else has a carbuncle on the back of his neck is no reason why we should go and get one.

Mr. BANKHEAD. Has the Senator heard anyone indicating that there was a desire that we imitate other nations?

Mr. ADAMS. Yes; I have.

Mr. BANKHEAD. The Senator has not heard it in the committee, for I was present, and I heard no such suggestion. He has not heard anyone on the floor of the Senate say so. The whole argument, the Senator knows, is that we merely wish to preserve our right to protect our country against devaluation.

Mr. ADAMS. No; the argument is that when any country is in financial distress and devalues its currency, we must follow suit and devalue ours, or that country will have an advantage over us; in other words, the greater the economic distress of the country, the faster we should hurry into the same situation, because that economic distress will be to our disadvantage. I cannot conceive of the desirability of producing home-made distress when it is not necessary, and when it means incalculable complexities and trouble.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield for a question?

Mr. ADAMS. I yield.

Mr. THOMAS of Oklahoma. A short time ago the senior Senator from Maryland [Mr. TYDINGS] interjected the words "sound money" into the discussion.

Mr. ADAMS. The Senator is not going to get me into that. [Laughter.]

Mr. THOMAS of Oklahoma. Then I will ask the Senator from Colorado if he will not define "sound money."

Mr. ADAMS. In 1896 I stood on a street corner and saw a sound-money parade which nearly broke my heart.

Mr. TYDINGS. Mr. President, I shall be glad to define the term to the Senator.

Mr. THOMAS of Oklahoma. Since the Senator from Colorado declines to answer my question, may I propound another?

Mr. ADAMS. Certainly; probably it was because I could not answer.

Mr. THOMAS of Oklahoma. Does the Senator from Colorado favor Congress passing legislation fixing a definite content for the dollar in terms of gold?

Mr. ADAMS. Yes, and throwing the key away so that it cannot be changed.

Mr. THOMAS of Oklahoma. Can the Senator not agree, then, that the value or buying power of gold itself changes from time to time?

Mr. ADAMS. That is a question, of course. It just depends on what we take as our standard. If we take cotton as the standard, everything else changes with that. If we take gold as the standard, I will say, no; it does not change.

Mr. THOMAS of Oklahoma. The Senator comes from a great gold-producing State and a great silver-producing State; he comes from the West, where gold and silver are produced in large quantities. Does not history show that when we produce gold in quantity faster than the demand exists for it, gold as a commodity becomes cheaper, causing prices to rise? Referring specifically to the record in California, in 1849 and 1850, when the great gold production occurred, gold came into circulation, much of the gold was coined, the gold that was not coined was weighed, and as a result of the production of gold in California in 1849, 1850, and the years immediately after, is it not a fact that because the gold came into circulation, making gold more plentiful, it became cheaper in terms of property, and therefore a given quantity of gold depreciated in value as measured by a given quantity of commodities such as corn, wheat, cotton, and so forth? Is not that the record of the production of gold? If so, it is shown that gold itself changes in value in terms of commodity values, as any other property does, depending on the law of supply and demand.

Mr. ADAMS. Of course, because we never have been able to fix gold as a definite standard. All things are relative one to another, and there are shifts in the price of gold as in commodity prices.

Mr. BARKLEY. Mr. President, will the Senator from Colorado yield?

Mr. ADAMS. I yield.

Mr. BARKLEY. The Senator stated a while ago that he wishes the Government would fix the gold content of the dollar, and then throw the key away so that it could never be changed again.

Mr. ADAMS. Perhaps that is going a little far.

Mr. BARKLEY. The Senator's argument seems to me to be in harmony with the loss of the key in that particular "key" situation. Does the Senator mean to say that he believes that under the Constitution Congress ought once to have fixed the gold content of the dollar, and then, regardless of any changes in the production or the price of gold, regardless of any changes in economic conditions in our country or in the world, the content of the dollar should have remained indefinitely and forever at the point fixed by Congress, so that it could never change at all?

Mr. ADAMS. Well, in a certain sense. I think when we establish the yard or the meter or something which we are using as a standard of measure we ought to stand by it. I am thinking of gold in terms of the measure of value. I do not think we ought to unstabilize this standard of measurement.

Mr. BARKLEY. Mr. President, I do not think there is any analogy between the illustration with reference to the 36-inch yard and the 24-inch yard and the number of grains of gold in the dollar, because I imagine that if all the other nations in the world should pass a law making 24 inches a yard instead of 36 inches, and ours was the only nation which still maintained the 36-inch yard, we might even have to do something about that, so that when we sold a yard of goods to any foreign country we would not have to put in parentheses "36 inches" so they would know what kind of a yard they were getting. I do not think it is quite a fair analogy to say that when you fix 24 inches as a yard you should put in parentheses "36 inches." If all the other nations recognized 24 inches to the yard, it would not be long before our merchants and manufacturers would raise the question whether we ought to stick to the 36-inch yard so long as we are doing business with the rest of the world.

If we were a hermetically sealed-in nation, so that it did not make any difference what happened anywhere else, and the repercussions on our commerce and our values were of no consequence, I can agree that we could do as we pleased about that; but, in my judgment, we cannot with respect to money.

When the Constitution authorized the Congress to fix the content of gold or silver and the value thereof in the matter of coining money, it did not contemplate that Congress would have to make the content of that value static so it could never change under any conditions, but that it must authorize from time to time, under the exercise of a continuing power, a change in the content of the dollar, either of gold or silver, to adjust it to conditions as they might exist from century to century.

Mr. ADAMS. I do not have to go that far. I simply say to the Senator that I do not think we ought to make changes to our own disadvantage.

Mr. BARKLEY. I do not either.

Mr. ADAMS. Let me go back to my roll of cloth. If the Senator were a merchant down in Paducah and he put in an order for a thousand yards of carpet from the wholesaler or the manufacturer, how would he like to have the Congress the day after he signs his contract provide that 24 inches should constitute a yard?

Mr. BARKLEY. If I were selling goods to a foreigner and he was selling goods of a different type to me, and I exchange a yard of satin or wool for a yard of silk, I would want to know whether in exchange for a 36-inch yard I was getting back a 24-inch yard.

Mr. ADAMS. We have gone this far, the Senator will note, where people have made contracts under which one man borrowed money and said, "I agree to pay back this money in gold of so many dollars at the present standard of weight and fineness." They have even gone so far as to put multiple currency provisions in the contract and to say that the borrower had the option to demand guilders in place of dollars, and Congress, having said it had that authority, provided that you do not have to pay what you agreed to pay, that Congress can release you of 41 percent of your obligation. They have said that the United States can get away with it; that we cannot just do it lawfully, but nobody has yet found a way to show that they were damaged by it, so the United States Government has borrowed money and paid back 59 cents on the dollar of what it borrowed.

Mr. BARKLEY. Unless that were true, there would never come any time in a thousand years when Congress could change the gold content of the dollar, because there will never be a day on which all contracts end simultaneously so there would not be an overlapping of contracts that would be affected by any change. If the Senator's theory were correct and carried out, Congress could never change the content of the dollar, because sometime, somewhere down the line, some contract would be affected by it, which would freeze the content of the dollar at what it has always been,

so it could never be changed at all, and the power to regulate money and fix the value thereof would be completely destroyed.

Mr. BONE. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. BONE. I take it that the Senator is well aware of the fact that over his lifetime, or over the lifetime of everyone in this Chamber, we have witnessed a violent fluctuation of prices under a gold standard, and there was no stability then in prices. They were high one year and very low the next year.

Mr. ADAMS. How did the Senator measure the prices? The Senator says there was a variation in prices. How did he measure the prices?

Mr. BONE. It makes no difference.

Mr. ADAMS. How did he know there was a difference? He measured the prices in terms of the fixed standard of the gold dollar.

Mr. BONE. If I am going broke, I am going to lose everything I have in this world. It makes no difference whether I lose it under a gold standard or under a system such as is now proposed to be imposed. The point is that I have lost it. I think there is no virtue in assuming—I say this with all due regard for the opinions of the Senator from Colorado, which I value very highly—that there is stability under a gold standard. In my lifetime I have seen prices fluctuate so violently under the gold standard as to make a man a success one day and break him the next and put him in the bankruptcy court. There never has been stability and there never will be in all probability, either under the system we have now or the system which we call the gold standard.

Go back to the panics of 1873, and 1893, and 1907, or 1921, and you will find these ghastly and violent fluctuations of prices that broke nearly everyone in the country, and yet you had your fixed standard of money. We operated under a gold standard. However, it afforded no stability. It was a frail reed to lean on. There is no value in anchoring a dollar with a certain number of grains of gold.

Mr. ADAMS. Mr. President, the Senator is thinking of two different things at the same time. That is, when he speaks of fluctuations in prices, which we have seen, the fluctuation was in the terms of the standard. If you are going to fluctuate your standard at the same time that you fluctuate your prices, you simply aggravate the situation; you get into a condition of commercial vacillation, where there is no safety, or no stability in any commercial intercourse, because all commercial intercourse practically is conducted in terms of dollars. That is as something is bought or something is sold it is in terms of dollars.

My complaint is that we are rendering unstable both ends of the transaction. The Senator from Kentucky [Mr. BARKLEY] wanted to know if we wanted the standard to be permanent so it could not be changed. We changed it in 1934, and now it is desired to change it again. That is what the bill says.

Mr. WAGNER. The power has been in effect.

Mr. ADAMS. Yes; but the power has been in Congress. Congress in its lumbering way at least discusses things. I very carefully avoided any reference as to whether the power was in the Congress or the President. I have not been discussing the question as to the propriety of lodging the power. My discussion has been based on the impropriety of devaluation, whether by Congress or by the President. I think devaluation is unwise. I think it is disastrous.

Mr. BONE. If anchoring the dollar to gold gives the stability which the Senator seeks, I think in common with all others who are patriotic and thoughtful citizens, how then are we going to find an explanation for the panics of 1873, of 1893, of 1907, and of 1921, if there is safety and security in the formula which the Senator from Colorado now suggests?

Mr. ADAMS. I have suggested no formula. I have not said there is any stability. I am merely in favor of reducing the extent of the instability.

Mr. BONE. We had stability then.

Mr. ADAMS. No; we did not.

Mr. BONE. We had stability if we had a fixed gold content in the dollar, and we had all the stability which the law could give to our dollar, measured in the amount of gold in the American dollar, and yet it did not afford a bulwark of defense against depression. I am not saying that there were no other causes at all, but I am saying that there is little merit in the thought that merely changing the gold content in the dollar affords security or causes insecurity. I think it does not have nearly so much to do with prosperity or lack of prosperity in the country as other economic factors.

Mr. LEE. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. LEE. I am sure that if the Senator from Colorado borrowed a sack of flour, and when the Senator went to pay it back he had to pay back 5 sacks of flour he would feel very much abused. Under the gold standard which the Senator seems to think stabilizes money I had the personal experience of borrowing money when I was producing wheat that brought a dollar and twenty-five cents a bushel. When I went to pay that back wheat was selling for 25 cents per bushel; therefore, I had to pay back 5 bushels of wheat for every bushel of wheat that I had borrowed. That was under the system which the Senator thinks is going to stabilize the dollar.

Mr. ADAMS. No; I have not said it would.

Mr. LEE. I borrowed 1 bushel of wheat and had to pay back 5.

Mr. ADAMS. I have not said any such thing. I have merely been trying to stabilize one end of the transaction. I realize you cannot stabilize it all. I am not going to yield any more until I have completed the few things I wish to say.

The majority opinion in the report that came in contains this statement. The exchange rate of the English pound fell in 1932 to $3.30. And then this is a quotation from it:

> An article * * * which prior to 1931 would have required $4.86 for its purchase could in 1932 be purchased in either country for $3.30.
>
> "Of course, the English product at $3.30 would sell more easily than at $4.86. But if the cost of production declined from $4.86 to $3.30, English workmen and producers of raw material were suffering a decrease in wages and prices of $1.56. English labor and producers consequently were standing a reduction in purchasing power equal to the reduction in price of the article. Surely not a profitable transaction for England."

Here is a quotation from the report:

> An English importer who prior to 1931 had been able to purchase $4.86 of American goods per pound sterling could in 1932 purchase goods worth only $3.30 for his pound.

What is the result of that?—

> Consequently devaluation reduced the purchasing value of the pound, thus by devaluation English workmen and producers received only $3.30 for that which they had formerly received $4.86, and when buying abroad could only get $3.30 worth of merchandise when they formerly received $4.86. Naturally the reduced purchasing power lessened imports. As a practical matter, therefore, for a time England produced and exported goods at so great a reduction as to constitute a loss, and if she imported she did so at an increased cost equivalent to a loss compared with previous importations.

In the report was another illustration based upon a cotton situation. The report states:

> An American producer who received 1,000 pounds sterling for a given shipment of cotton could previously convert his pounds sterling into $4,860. When the pound depreciated in terms of the dollar and the exchange rate fell to $3.30 the same American cotton producer could exchange his 1,000 pounds sterling for only $3,300. But as was pointed out in the example above, the English purchaser could no longer get $4.86 for American goods for his pound but only $3.30 worth, so he could only purchase 330/486 as much cotton for his 1,000 pounds.

In other words, a shipment of cotton which could have been bought for a thousand pounds before devaluation would have cost the Englishman 1,472 pounds after English devaluation. The depreciation of the pound therefore reduced the consumer purchasing power of the English Nation, as has always been the result, and always will be the result of every devaluation in any country.

Do we want to engage in a contest to see which nation in the world can reduce its wages the most and sell its products the cheapest? In order that the United States may increase the dollar value of our gold 15 percent, or about two and one-fourth billion dollars, do we wish to devalue by 15 percent the deposits of 50,000,000 people, the insurance policies of 64,000,000 citizens, the wages of 40,000,000 workers, and every bit of currency, every bond, and every credit item in the United States? Our people do not adjust themselves readily or rapidly to the true values, but the European markets respond instantly. They therefore buy American exchange at the devalued figure and pay debts and purchase American property below its value in the United States.

I wish briefly to call attention to some provisions in the minority views filed on behalf of half of the Banking and Currency Committee—a rather paradoxical minority. I ask, Mr. President, that for the purpose of the RECORD the minority views be incorporated as part of my remarks. I understand the majority report will be incorporated as a part of the remarks of the Senator from New York [Mr. WAGNER], so that the two reports will be in their proper places.

The PRESIDING OFFICER (Mr. BILBO in the chair). Is there objection to the request? The Chair hears none, and it is so ordered.

The minority report is as follows:

MINORITY REPORT BY MR. ADAMS ON H. R. 3325—DEVALUATION OF DOLLAR AND STABILIZATION FUND

One-half of the members of the Banking and Currency Committee, to whom was referred H. R. 3325, a bill to extend the time within which the powers relating to the stabilization fund and alteration of the weight of the dollar may be exercised, voted to eliminate from the bill the provisions extending the power of the President to devalue the dollar.

It seems therefore proper, in view of the evenly divided opinion of the Banking and Currency Committee, that there be presented to the Senate a statement in support of the elimination of this power.

The following statement is therefore submitted in support of the conclusion reached by half of the membership of the committee that the power of devaluation of the dollar by the President should not be continued. This statement, however, is not intended as a complete statement of the reasons which led different members of the committee to this conclusion, nor as necessarily accurately expressing the individual views of all members who concur in the conclusion.

I

Devaluation of its currency by a nation is an evidence of weakness and not of strength. It has been resorted to many times by nations when confronted by financial disaster.

II

The purpose and effect of the devaluation clause is inconsistent with the purpose and effect of the stabilization fund. The stabilization fund was created "for the purpose of stabilizing the exchange value of the dollar." Its purpose is to maintain the United States dollar at a fixed value in the markets of the world. The purpose and effect of the devaluation clause is to unstabilize the dollar and to make it an uncertain and changeable standard of value. The pending bill, therefore, is inconsistent within itself; either the stabilization fund should be abandoned or the devaluation policy allowed to lapse.

III

It is argued that the Executive should have power to devalue the dollar in order to meet disadvantages to our commerce from devaluation of currencies by foreign governments. In the past few years at least 50 governments have devalued their currency to some degree. If it is the purpose of our Government to meet each devaluation, even by a major country, with an equivalent devaluation our currency would vacillate so greatly as to no longer be accepted as a standard of value in the markets of the world.

The United States dollar should be stabilized and made the one outstanding, unchangeable standard of commercial value in the world. The result would be that all international exchanges would be made in terms of the American dollar. In the long run this is the just, the sound, and the profitable national policy.

In the early twenties devaluation took place in Russia, Germany, France, and other nations, but the United States maintained the standard of its dollar and did not even consider a policy of devaluation. There may be no connection between this fiscal policy and the fact that the United States recovered more rapidly at this time from the depression than any nation in the world, but at least it demonstrates the fact that devaluation was not essential to recovery or maintenance or expansion of our export trade.

IV

The so-called advantage which a foreign country enjoys in its export trade from devaluation of its currency is due to the fact that as a result of devaluation it can produce its exports at a lower cost. This simply means that, as a consequence of devaluation, wages and raw-material costs are reduced and therefore it can sell its products at a lower price in the world market.

If devaluation by the United States will enable it to meet the advantage given foreign competition by devaluation, it is only because devaluation in the United States will operate as it has in the foreign country by reducing the cost of raw materials and reducing wages so that the United States can reduce the price of its products so as to compete with the reduced costs of the foreign product.

The reduction in wages and material costs is due to the fact that the workman and producers for a time continue to receive the same number of dollars for a given amount of work or material as before devaluation, regardless of the fact that the intrinsic value of the dollar has been reduced in value by the proportion of the devaluation.

Any trade stimulation from devaluation is temporary and ultimately costly. Devaluation is primarily at the expense of the wage earner, salaried employees, and those with fixed incomes.

A study of export statistics of the United States shows that no increase in price of our export commodities was received commensurate with our devaluation of the dollar. The unit price of the major exported commodities from the United States did not increase on the average in an amount equal to the devaluation of our dollar. The consequence has been that the foreign purchasers have actually been able to purchase American commodities for less on the average subsequent to devaluation than before. The foreign-exchange value of the dollar immediately responded to the devaluation so that the foreign purchaser could purchase American dollars after devaluation at 59 percent of their previous cost.

Similarly, after devaluation, foreign debtors, private or public, were in a position to pay debts due to American creditors for 59 percent of what it would have cost them before devaluation.

V

The burden of devaluation falls heavily upon all those who work for wages or salaries or any form of fixed compensation. The workman is a creditor. His work is performed before he is paid. If he is employed in a period of declining value of the dollar, his payment at the end of his pay period is less than it would have been at the beginning of the period. No one is more interested and more concerned in the maintenance of a sound and stable currency than the workman.

Under a policy of devaluation the deposits which have been made in banks in full-valued dollars are repaid in depreciated dollars. The banks do not suffer but their depositors do. Insurance companies which have received premiums in full-valued dollars will pay their losses in depreciated dollars. Similarly, investments of the insurance companies from which their income is derived are made in full-valued dollars and their income is received in depreciated dollars. Educational institutions and hospitals, whose funds for maintenance and operation are derived from income from endowments and invested funds, find themselves greatly injured by receiving their income in devalued dollars.

VI

A policy of devaluation is not only unsound but it is inevitably disastrous to the country indulging in it. A country in distress may, by devaluing its currency, meet obligations which it has incurred at a reduced cost by what is really a process of partial repudiation.

The policy of devaluation is disapproved by a vast majority of financiers and economists. Fifty-five members of the Economists' National Committee on Monetary Policy, including the economists of many of the leading universities of the United States, say upon this subject:

"There are no adequate reasons for further extension of the President's power to change the gold content of the dollar. Since the devaluation of the dollar in January 1934 was close to the minimum specified in the Gold Reserve Act, any further alteration in the weight of the dollar would necessarily be in a downward direction. Further devaluation would be opposed to the best interests of the country and should not be permitted. Continuance of the President's authority to devalue the dollar still further implies that there are sound reasons for a better or stronger currency pursuing a weaker one in its downward course, whereas no such sound reasons exist.

"In reply to the frequently heard argument that depreciating foreign currencies might suggest the desirability of continuing the power of the President to lower the gold content of the dollar, we wish to call attention to the fact that during the period from 1919 to 1923, when the pound was unstable, when the French and Belgian francs and the Italian lira were falling rapidly in value, and when the German mark was plunging toward a trillionth of its former value, the dollar remained firmly anchored to gold at an unchanged weight. This firmness of the dollar was both a source of great strength to this country and a stabilizing factor in the world economy. If any adequate reason for devaluing the dollar should arise in the near future, a situation which is difficult to envision considering our huge supply of gold, it should be done by act of Congress, as provided by the Constitution, and not by an administrative order of the President."

VII

It is generally believed that what is most needed in America is increased purchasing power among the people.

Previous devaluation decreased the intrinsic purchasing value of the bank deposits of the 50,000,000 people who had on deposit in banks over $40,000,000,000 by 41 percent, or over $16,000,000,000.

It decreased by 41 percent intrinsic value of wages and salaries.

It decreased the intrinsic value of the assets of the insurance companies of America by 41 percent.

It decreased the intrinsic value of all bonds, notes, book accounts, and credits by 41 percent.

It decreased by 41 percent the intrinsic value of all dividends paid by corporations and all payments made by insurance companies to beneficiaries.

The United States made a profit on its gold stock of $2,800,000,000, but at a cost of from 10 to 20 times that amount to the American people.

Devaluation as operated in the United States was in effect deflationary and in the judgment of many has been one of the major factors impeding recovery.

We are now asked to authorize a further devaluation of 15 percent. This power should not be granted.

It is conceded by those who advocate the measure that there is no present need or desire to exercise the power. The passage of an act extending this emergency power will inevitably have some tendency to indicate a purpose to use it and thereby leave or bring an undesirable element of uncertainty in our economic affairs.

ALVA B. ADAMS.

Mr. ADAMS. Finally, my own theories have largely been stated in answer to two questions. I think it is a grave mistake for us to consider devaluing the dollar. It is a bit of weakness. It is an evidence of lack of confidence in our own system. I think that devaluation inevitably means disaster. It is a course which, when once entered upon, cannot be stopped.

I think one thing should be made clear, and that is that some of those who believe in an increased supply of money are misled. Remember, the process suggested has not resulted in an increase in the supply of money. Those who think increasing the supply of money will increase prices may be correct. We have a definite amount of money in circulation. We did not increase the amount of money in circulation by our policy. In fact, we reduced it, because we took the gold back into the Treasury. It ceased to circulate. Every $10 bill in circulation became a bill for $5.90. Every dollar that was in circulation became a 59-cent dollar. We actually reduced the intrinsic purchasing qualities of the money by the devaluation. So the effect is not inflationary but deflationary. We have paid the penalty for what was in real effect a deflationary devaluation. The only profit that came out of it was to the United States Treasury upon its gold. It lost money upon every dollar of taxes paid in. Mind you, $6,000,000,000 in taxes are being paid in every year, and we are already losing 41 percent in intrinsic value in that connection.

We devalued several billion dollars in bank deposits of the Federal Government, along with other people's gold. In order that we might obtain a bookkeeping profit of $2,800,000,000, we destroyed real values in the United States of not less than $40,000,000,000. Bank deposits, insurance policies, bonds, every credit instrument, and every bit of circulating medium were devalued by 41 percent.

It is now proposed to authorize a further devaluation of 15 percent. Such devaluation would give the Treasury another $2,000,000,000; but what would it do to the bank depositor? What would it do to the wage earner? The wage earner of the United States is a creditor. He goes to work on Monday, and he is not paid for 2 weeks, sometimes for a month. If there is a falling price for money during the period of his employment, he is paid in a devalued dollar. When he buys his insurance he pays, perhaps, in a full-valued dollar; and after his death or disability his family will be paid in a devalued dollar.

There are some who profit. The banks do not lose. They can pay their depositors in the devalued dollar. The insurance companies can pay in the devalued dollar. But there is no compensation for the depositor who receives the devalued dollar, or for the widow or orphan who receives the devalued dollar from an insurance policy. School teachers and those who put their savings into bonds are being paid in devalued dollars, with less purchasing power, and we are lessening the capacity of our people to buy, either at home or abroad. We are disregarding what the President said was the milk in the coconut of commerce—consumer purchasing power. Devaluation is nothing more nor less than lessening the consumer purchasing power of the American people.

Mr. LUNDEEN. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. LUNDEEN. I have listened to the very able statement of the Senator that we should not support and sustain foreign currencies. I think the American people will be glad to have his statement. I am wondering if the Senator has placed in the RECORD any statistics or information as to how much we have done along that line, and by what means we have proceeded. I remember reading about the New York Federal Reserve Bank supporting the British pound in the world market. I did not pursue the question to see whether or not that statement was correct, but I have often wanted to see some information in that connection, and I wondered whether or not the Senator's speech contained anything along that line.

Mr. ADAMS. No. Before the Banking and Currency Committee there were some statements made by Secretary Morgenthau to the effect that not to exceed $200,000,000 of the stabilization fund had been used, and that they had bought and sold some foreign currencies. However, we have no detailed information.

Mr. LUNDEEN. The Senator is not familiar with any other means of supporting the foreign currencies?

Mr. ADAMS. The statement was made that foreign currencies were being bought. If there was an attack on the foreign currency in the market, the Treasury stepped in and supported the market.

Mr. LUNDEEN. I thank the Senator from Colorado.

CONGRESSIONAL RETIREMENT SYSTEM

Mr. BANKHEAD. Mr. President, I desire to interrupt the discussion on gold devaluation for a short time for the purpose of submitting some remarks on a congressional retirement system.

For some time a group of Senators, together with some Members of the other House, have been thinking about the need for a retirement system for Members of Congress. Congress has made provision for the retirement, on income, of Federal employees in the civil service who become disabled or grow old while in the service. It has provided retirement benefits for the officers and men of the Army, the Navy, the Coast Guard. It has likewise taken care of the members of the Federal judiciary. Finally, it is now about to provide substantial benefits for many millions of the citizens of this country, just as legislation has been in effect making provision for benefits, aggregating already more than $150,000,000 to retired railroad men. The aggregate cost to the Federal Government for taking care of its own employees in the executive and judicial branches runs into many tens of millions of dollars annually. It is altogether natural that in considering the problems of so many millions of the citizens of this country Members of the Congress should stop for a minute or two to inquire whether or not it may be wholly justifiable to think about some of their own problems.

There have been times in this country when the Members of Congress were thought of as being a peculiarly fortunate group who drew a sizable salary without rendering therefor any very large amount of labor. I think that idea has pretty much disappeared. The very great amount of work which we are called upon to perform is now generally recognized. Indeed, I think that most people wonder how Congressman can find time to answer the flood of mail from their constituents, sit at numerous committee hearings considering a large volume of important legislation, and become familiar with the great volume of other legislation arising in other committees and of equal importance to that considered by their own, in order to be able to pass judgment on it.

It is my opinion also that there is now a widespread recognition of the fact that the Members of the House and of the Senate have to bear many financial burdens which are far greater than those of ordinary citizens. We have elec-

tion expenses. Most of us have the expense of maintaining more than one place of residence. Many of our constituents feel free to call upon us for services which require expenditures of one sort or another on our own part. We do not need to remind ourselves that most of us come here in the prime of life. Because of the extraordinary demands on our time, we must cut loose from the associations and means of making an income which we possessed before coming here. If we leave Congress, even after a relatively brief service, those associations and connections are gone and we must build anew.

We hear a great deal of the plight of the man who is over 45. Most of those who talk about the difficulties of those who are 45 in getting a job are thinking about the men who work in factories or in shops or in industry or business generally. All of us know, from the experience of our friends who have served with us here and have left, that the employment handicap applies not only to industry and business, but also to the professions. We know, too, that if we cease to be members of Congress, the fact that we have served here will not help us very much whether as lawyers, businessmen, or whatever we may be in private life.

Most of us cannot possibly hope during our service in Congress to do very much toward securing from our own salaries any funds which would give us even a minimum income when we become old. One of the great benefits which often flow from the retirement system is that of giving ease of mind and freedom from worry to those who benefit by it. Most of us, necessarily, have to give some thought every now and then to our own future, and I think the great majority of us have cause, from time to time, to worry about it. I would be the last to reflect in any way upon the time or work we are called upon to devote to public service, but I cannot help feeling that we might sometimes be better off if we knew that, despite any action which we might take here, there is some reasonable assurance that our own families would not suffer. I believe that if we were protected by an adequate retirement system, we would view many matters from a more detached point of view than is now possible for us to achieve; and all of us and the country would benefit thereby.

Before we can go very far in thinking about a retirement system, we have to get down to details, and there are many details. At what age should retirement benefits be available? Should they be available to everybody, or should only those who have served a period of years be eligible? Should the Members of Congress themselves pay for part of the cost? If Members of Congress pay for part of the cost, what should happen when the Members withdraw from Congress before reaching retirement age? Should their contributions be refunded, or should they retain rights to receive some pro rata annuity when they attain retirement age? What is a fair amount of annuity? Should we pay the same amount of retirement annuity to everybody? If not, should it vary according to age of retirement, or according to the number of years of service?

The answers to all these questions would depend, to a considerable degree, on what a retirement system having a given set of particular provisions would cost. We all know that if a system were started tomorrow, providing for retirement benefits rather less than our salaries, very few of us would retire until the end of our current terms; that is, the year 1941 for Members of the House and one-third of the Senate, and still later for the other two-thirds of the Senate. But we know, too, that over a period of years, more and more Members would be on the retired list, and the payments would increase for a period of years. What we want to look at when we think about cost, therefore, is not so much how much would be spent under the system a year from now or even 5 years from now, but rather what would be the average level, taking into account interest at a reasonable rate over a period of years.

In getting at what various kinds of systems would cost, we asked Murray Latimer, chairman of the Railroad Retirement Board, to help us out. Mr. Latimer was good enough to agree to do this, and he has had several of his staff working with him for some months now collecting data which would be useful in making estimates of costs. Estimates of costs are made by looking at past experience, making whatever adjustments in that past experience are definitely known to be affected by factors which themselves have changed from the past; and making the general assumption that with these adjustments past history will repeat itself in the future. We know, to start with, that past history does not repeat itself exactly. But we ought to make the best possible use of experience, realizing that, from time to time, adjustments will have to be made, taking into account changed conditions which, in common with all other human beings, we cannot foresee with exact precision.

In securing the data on which to make cost estimates a record has been made of every person who has been in Congress at and since the beginning of the Fifty-seventh Congress, which took office March 4, 1901. For each of the 2,871 Members of the House and Senate since that time a record has been made of the date of birth, the length of service in both Houses, and the date of death if the Member is not now living. In this connection the records kept by Mr. Ansel Wold, particularly the Biographical Directory of the Congress, covering the years 1774 to 1927, were invaluable.

One of the factors to be taken into account in calculating cost is the possibility that some Members of Congress who are not now in service may return later on, and probably under any reasonable plan they would be given credit for their service up to now. In calculating cost a study was made of intermittent service on the part of some Congressman, and an attempt has been made to allow for the possibility that some former Member of Congress not now in the service may later return and become eligible for retirement incomes. It is appropriate to say at this point that in all the plans for which cost calculations have been made it has been assumed that the present Members of Congress would receive credit for their past service. For example, a Member now 65 with 25 years of service when the plan begins to operate could retire immediately on whatever benefits the plan provided for a Member aged 65 with 25 years all served after the beginning date. But none of the plans contemplates providing any benefits for Members of Congress not in service when the system starts and who never return later.

A study of these records of the Members of the Congress shows up and down fluctuations with respect to some of the important factors which have a bearing on cost. One of the most important factors is that of the age at which Members of Congress are elected initially. If all of us were elected at 25 and served continuously until 65, the cost would be much less than if, on the average, we were elected first at the age of 50. The records show that the typical Member of the House who was serving his first term in 1901 was just over 45 years old. The figure fell to 43$^{9}/_{10}$ in 1903, and except in 1911, when the average for new Members was 48$^{1}/_{10}$, kept within the range of from 44 to 46 until 1917; thereafter it rose to over 49 in 1929 and 1931, but has since fallen to just over 45. The results would be slightly different if it were assumed that the ages of new Members would be 45 rather than 50. As a matter of fact, in the actual calculations it was assumed that new Members would enter at various ages, averaging 46$^{7}/_{10}$.

Similarly in the Senate, the average age upon entering membership ranged from as low as 44$^{7}/_{10}$ (in 1907) to as high as 59$^{9}/_{10}$ (in 1931). Again, in the actual calculations it has been assumed that new Senators would be elected at various ages, averaging 53$^{1}/_{10}$ years. Insofar as experience in the future deviates from these assumptions, costs will vary from those that have been estimated, unless the variation in the age factor is offset by changes in other figures in a direction having an opposite effect on cost.

The mortality experience of Members of Congress has also been studied, because mortality both while in service and out of service is a most important factor in the calculation of costs. Mortality on so small a group as the membership of the House and Senate is likely to vary rather widely from time to time. From 1901 to and including the Members elected to the present Congress last November, 2,871 persons

have been Members of Congress in both House and Senate. This number is too small, even though taken over a period of years, for the law of averages to apply, particularly when this number is divided down, as it must be, into the different ages.

Moreover, mortality in the population in general has changed very greatly since the turn of the century. This is probably just as true of the Members of Congress as it is of any other group of the population. In order to get any mortality figures which could justifiably be used so far as the future is concerned, it appeared that it would be undesirable to take mortality experience further back than 1920. So far as mortality among Members in active service is concerned, it appears that the 1937 Standard Annuity Mortality Table is a reasonably good basis. In the period from 1920 to 1938, at the age of from 40 to 49, 5 percent fewer Members of Congress died than would have been the case if the Standard Annuity Table had been exactly followed. At ages 50 to 59, 2 percent fewer died. At ages 60 and over, however, from 6 to 10 percent more Congressmen died than would have been expected under the Standard Annuity Table. This means, as a matter of fact, that Members of Congress who remain in service have a somewhat lower mortality than does the population generally. The Standard Annuity Mortality Table of 1937 is compiled from among a rather select group, whose mortality is somewhat lower than for all men in the population. Congressional experience is, of course, primarily a male experience. So few women have served in Congress that their experience has practically no weight in the total.

Apparently, however, Members of Congress die somewhat more rapidly than do men in the total population of the country, once they have left Congress. This is probably due in part to the fact that Members wear themselves out in the service, do not return, or are unable to return; and it was to be expected that the mortality among such former Members would be rather high on the average. There may be other factors here also. Of course, the average rate of mortality among Congressmen is much higher than the average rate for all men in the population, because the average age of Congressmen is higher by a good many years than the average age for all men in the United States.

If the retirement benefit is to be paid only to the Members who complete a certain number of years of service in Congress, the chance of serving that number of years is a highly important factor in the determination of costs. In calculating the chances of a Member serving a given period of years, it was thought desirable to break the period from 1901 to date into several parts to see whether or not shifts from one administration to another had had any decided effect on changing the probable periods of service. The periods selected were from 1900 to 1910; from 1911 to 1918; from 1919 to 1930, and from 1931 to 1939. Although some slight differences were discovered, the chances of a Member serving a given number of years have been remarkably constant over a period of time. There are, of course, some differences. For example, the chances of a Member who comes to Congress at the age of 30 serving 20 years or 30 years are much greater than the chances of a Member who was first elected at the age of 50 serving that number of years. This is largely because the chances of a man aged 30 living 20 or 30 years are materially greater than the chances of a man of 50 living for a like period of time. But apart from the factor of mortality, the chances of reelection each 2 years or each 6 years appear to have been rather uniform over the years. For example, for a Congressman elected at age 45, there are 78 chances out of 100 that he will serve his term and be reelected to a second term. The chances are 60 out of 100 that he will serve his second term and be reelected for a third term. The chance are 36 out of 100 that he will complete 8 years of service and be reelected for a fifth term. But the chances are only 7 out of 100 that he will complete 20 years of service and be elected for an eleventh term.

The chances of remaining in the Congress are naturally somewhat higher for Members of the Senate. If elected first at the age of 48, a Senator has about 59 out of 100 chances of completing his first term and being reelected for a second. The chances of finishing his second term and being elected for a third are only 33 out of 100. The chances of completing a third term and being reelected for a fourth are only 18 out of 100; and the probability that the Senator will complete 24 years and be reelected for a fifth term are only 9 out of 100. Thus, if a retirement benefit is to be paid only to Members who have completed 20 years of service, only about 10 percent would qualify; and if, in addition to completing 20 years of service, the Member must have attained the age of 65 while in service in order to qualify, a still smaller percentage of the Members would be eligible to receive any benefits.

In order that Members of Congress might be able to come to some conclusion as to whether they wish a retirement system, and, if so, what its provisions should be, cost figures have been worked out for a large number of plans. Basically, however, these plans fall into four main types.

There is, first of all, a group of plans which provides for benefits upon the completion of a period of years of service and attainment of a given age, figures having been worked out for 6, 8, and 10 years of service, with retirement ages of 50, 55, 60, and 65. The amounts of annuity for persons retired at a given age and after a specified length of service have been made uniform, irrespective of service above the minimum requirements. Thus, in the first group of plans the amounts of benefit are varied according to age at retirement, the amounts to those retiring at 65 or over being the largest, smaller amounts being paid to those retiring at ages from 60 to 64, still less from 55 to 59, and with a further reduction in the amounts of benefit payable upon retirement at ages 50 to 54. Three sets of amounts have been used for each age in order to indicate the effect on cost in paying more or less annuity. Further figures are given for each combination of these several factors with the Government paying all the cost, and with the Member paying 3½ or 5 percent of their salaries as a contribution, with the Government paying the balance.

If Members contribute, it has been assumed that in the event they withdraw from Congress before becoming eligible for retirement benefits they would receive as a lump-sum refund the total amount of their contributions, together with interest compounded at the rate of 4 percent per annum. In the event of death before retirement, the survivors would receive a like amount. In the event of death after retirement, the balance, if any, of the amount of the death benefit as of retirement age, less annuities received by the deceased, would also be paid to the survivors.

A second set of plans provides for annuities varied according to the number of years of service. For example, if a Member retires after 20 years of service at a specified age, he will receive twice the amount of annuity that will be paid to a person who retires at the same age, but with only 10 years of service. In the basic set of calculations under this type of plan, it is assumed that the Member who withdraws from Congress will not receive a cash refund, but will retain the right to receive the amount of benefit credits earned by him for his service, beginning at the usual age of retirement. These Members will have the right, however, to have the annuity begin at a date earlier than the usual retirement age at an amount lower than what would be paid at the usual retirement age, to allow for the longer period in which payments would be made. For example, if a Member retired from Congress at the age of 50 and had accumulated credits amounting to $200 per month payable beginning at age 65, he could ask for an annuity beginning at age 60 in the amount of about $127 per month, and that amount could be paid at the age of 60 without any effect on the cost. If the Member died before reaching retirement age, or before receiving in annuities an amount equal to his death benefits,

he would be given a refund just as was described in connection with the first set of plans.

In the second set of plans, costs are again calculated on three bases: One with the Government paying for the whole cost; the second with the Members contributing 3½ percent of their salaries and the Government paying the balance; and the third with the Members paying 5 percent and the Government paying the balance.

A third set of plans dealt with the cost of a flat amount of one-half of the salary payable at only age 65 or 70, after varying periods of service, without any contributions by Members.

A fourth group shows the cost of paying annuities to retired Members after a given number of years of service, irrespective of age, the minimum service being 15 years, with high amounts payable to those who retire after 20 or more years of service.

The cost of these various plans on the different bases, and the assumptions underlying the calculations, are presented in an appendix to these remarks.

The number of officers on the retired list of the United States Army as of June 30, 1938, was 3,532. The number of warrant officers and nurses was 777. The amount of retirement pay for the fiscal year 1938 was $11,386,200 for officers and $1,163,800 for warrant officers and nurses.

In the Navy Department the record shows the average number of officers in the United States Navy on the retired list for the fiscal year 1938 to be 2,928, and the retirement pay was $8,789,878.31.

Officers of the Army and Navy are paid 75 percent of the salary received at time of retirement. Age of retirement is 64 years. Contribution payments are not required.

The number of retired Federal judges on the retirement roll April 30, 1939, was 30 and the retirement pay for the fiscal year 1938 was $307,250. The retirement age is 70. They make no contributory payments to a retirement fund. They are paid the full salary received at time of retirement.

The number of Foreign Service officers on the retired list in the State Department for the fiscal year 1938 was 92; the retirement pay for the last fiscal year was $262,328.64. These officers contribute 5 percent of their basic salaries and may retire at the age of 64. After 15 years of service, retirement is compulsory at the age of 65, and they may be retired if totally disabled for useful and efficient service by reason of disease or injury not due to any misconduct of the officer so disabled.

Total annual annuities or retirement pay for officers of the Army and Navy, Federal judges, and Foreign Service officers of the State Department for the last fiscal year amounted to $21,909,456.95.

I am putting the material collected by Mr. Latimer in the RECORD for the information of the Members of Congress who may be interested in the subject.

I desire to take this occasion to thank Mr. Latimer and his staff of assistants for the thorough and painstaking research performed in collecting the data necessary for the presentation of the different retirement systems which are covered by the statement that I am submitting for the RECORD. Mr. Latimer and his assistants have manifested a thorough knowledge of the subject of retirement plans and it is evident that the Government has in its Railroad Retirement Board not only a most capable director but also a competent and worthy staff of assistants.

Mr. Latimer will gladly respond to requests that Members of Congress may make of him for further general or detailed information relating to the subject of congressional retirement systems.

I ask unanimous consent to have printed in the RECORD immediately following my remarks the Appendix on Costs of a Congressional Retirement System, and also the memorandum on the costs of that system, both of which were submitted by Mr. Latimer.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

APPENDIX ON COSTS OF A CONGRESSIONAL RETIREMENT SYSTEM

POSSIBLE NUMBERS OF MEMBERS OF CONGRESS ON RETIRED LIST IF A RETIREMENT SYSTEM WERE ESTABLISHED

The cost of a retirement system for any group of individuals depends on three factors:

1. The numbers of individuals who are placed on the retired list year by year;

2. The length of time which such individuals remain on the retirement list; and

3. The amount of retirement pay which they receive.

In practice, under usual circumstances, the number retired year by year is not the same; the length of time intervening between retirement and separation from the retired list, which ordinarily results only from death, varies from person to person; and the amount of retired pay is not uniform. Cost estimates are usually made by assuming a certain amount of uniformity based on the average experience over a period of time with regard to all three factors. Studies on which to base such averages are now under way.

As a rough indication pending completion of the more detailed studies, certain figures which are of interest are presented here. These figures indicate the number of Members of Congress who would be on the retired list in 1939 if retirement had taken place at the age at which it did in fact take place in the absence of the pension system. This assumption is open to question because of the fact that had a retirement system providing a reasonable level of retired pay been in effect in the past doubtless many Members of Congress who continued to serve would have elected rather to retire. It is doubtful, however, if any reasonable retirement system would have caused any Member of Congress to continue in service to an older age than that at which retirement would take place in the past. The figures presented here, therefore, probably represent the minimum numbers on the retired list had a plan been in effect from the years indicated on the table.

Another set of figures can be worked out showing the numbers on the retired list if it is assumed that members will retire as soon as they become eligible for the full retirement pay, with perhaps some retiring earlier if smaller amounts of pay are available at an age earlier than that which might be called the "normal" retirement age. This set of figures would indicate the probable maximum numbers on the retired list. The calculations underlying this second set of figures involve an assumption relating to the ages at which new Members are elected to Congress and their length of service. In the past many Members have, of course, remained in service for considerable periods of years after 65; had they retired, a successor would have been elected, and some of these successors would have qualified and retired by 1939 or even earlier, depending on the age at time of election. Of course, some of those elected to replace those who retired would have served for only a short period, and if a service requirement is involved as a prerequisite for receipt of retired pay, some of such successors would not have qualified for retirement pay. Basic tables showing the ages of new Members, the rates of leaving Congress at ages under those at which retirement pay is granted, and the rates of mortality are now being prepared, so that a complete study of both maximum and minimum costs of various proposals can easily be made.

It is believed that the accompanying table is self-explanatory. It shows, for example, that if a retirement system had been begun in 1901 and if retired pay would have been allowed to Members attaining age 70 who had completed 10 years of service, the number on the retired list in 1939 would have been 35. If the system had started in 1911, the number now on the roll would also be 35. If the system started only in 1931, the number would have been 25. Thus it appears that if any system is adopted the number on the retired list will increase rapidly for 20 years and thereafter rise quite slowly.

Of course, as the retirement age is lowered the number on the retired list will increase. If the same service requirement were adhered to and the retirement age were fixed at 65 rather than 70, 43 more would be on the retired list now, had a system been started in 1901, than if 70 were the retirement age, or a total of 78. Lowering the age to 60 without changing the other factors would have increased the retired list by 49 to 127.

If a system were established now, probably few Members would retire until the end of the current session. There are, however, fairly substantial numbers of Members at the present time who would be eligible for retirement if qualifications were 10 years of service and any age from 65 on down. A summary of the ages of older Members who have 10, 8, and 6 years of service or more is as follows:

Age	10 or more years of service	8 or more years of service	6 or more years of service
70 and over	27	31	32
65 to 69	31	36	39
60 to 64	23	31	44
55 to 59	25	29	40
50 to 54	15	20	36
Under 50	20	32	52
Birth date unknown	1	4	7
Total	142	183	250

Theoretical number of Members of Congress on retired list

Retirement age	Year system was assumed to have begun	10 years of service required for retirement		8 years of service required for retirement		6 years of service required for retirement	
		Number on retired list in 1939	Additional number resulting from lower retirement age	Number on retired list in 1939	Additional number resulting from lower retirement age	Number on retired list in 1939	Additional number resulting from lower retirement age
70	1901	35	----------	39	----------	42	----------
	1911	35	----------	39	----------	42	----------
	1919	35	----------	39	----------	42	----------
	1931	25	----------	27	----------	29	----------
65	1901	78	43	93	54	109	67
	1911	77	42	92	53	108	66
	1919	76	41	91	52	107	65
	1931	51	26	61	34	69	40
60	1901	127	49	155	62	193	84
	1911	125	48	152	60	190	82
	1919	121	45	147	56	182	75
	1931	80	29	99	38	121	52
55	1901	173	46	219	64	292	99
	1911	168	43	212	60	284	94
	1919	159	38	203	56	265	83
	1931	101	21	137	38	172	51
50	1901	212	39	271	52	372	80
	1911	205	37	258	45	356	72
	1919	193	34	246	43	327	62
	1931	117	16	158	21	198	26

The figures which are presented in this appendix assume the creation of a congressional retirement system financed on a reserve basis. Under the ordinary retirement system, whether private or public, the number of persons who retire on annuity after the beginning of operation is small relative to the total number of persons who are covered by the system. A congressional retirement system would be no exception to this rule. This is indicated by the data which have already been presented, showing that less than one-quarter of the present membership in Congress has had a service period of 10 years or more and attained the age of 50 or over. Moreover, unless the amounts of annuity were far larger than any which have previously been considered, a very considerable portion of those who are eligible for annuity would not retire immediately—probably almost none until the end of the congressional term which is now being served.

The reserve system in essence contemplates the payment into a fund, when the retirement system begins to operate, of amounts larger than will be paid out currently in annuities. The excess is invested and the interest reinvested, so that in the early years the amount in excess increases both by reason of additional payments, year by year, and by the interest on the previous accumulations, less, of course, whatever amounts are paid in annuities. After the system has been in operation for some years, the annuity payments will exceed net receipts from contributions. If the contributions have been properly calculated and if the interest earnings on the reserve equal the anticipated rate, such interest on the accumulated reserve will make up the difference between payments of annuities and contributions. For example, in plan 1, as given below, the minimum annual cost on a reserve basis is estimated at $668,000. Even if all those who are eligible retire immediately, the payments of annuity in the first year would only be about $350,000; thus more than $300,000 would accumulate at interest and be added to the reserve in the first year. Since it is probable that far less than half would retire, the reserve would in all probability accumulate with even greater rapidity. In arriving at this and other cost figures presented later, it was assumed that Members would retire, when eligible, only at the end of the congressional session to which they were elected. In all the calculations which have been made it has been assumed that interest would be earned on the reserve fund at the rate of 4 percent per annum, compounded annually.

No attempt is made in this memorandum to go into detail regarding the various considerations which are involved in deciding whether a congressional retirement system should be financed on a reserve or a so-called pay-as-you-go basis. It may be said, however, that among the major factors is the question as to whether or not the system will be one under which Members of Congress will contribute toward the cost. If Members do contribute, it would probably be desirable that the rate of contribution be uniform rather than varied, either with respect to the ages of the Members or with respect to time as, for example, is done in the schedule of taxes under the Social Security and Railroad Taxing Acts. If the members of a fund are to contribute, obviously the creation of a reserve fund is proper for receipt of those contributions, since any reasonable member contribution rate is likely to be in excess of the annuity payments in the early years of operation. By financing the system on a reserve basis the charges with respect to the direct maintenance of the system are kept at a relatively low figure. Generally speaking, the costs to the employer (in this case the Government) when the system is on a reserve basis will be about half as much as the maximum annuity disbursements. In the case of a congressional system, however, the average age of the members is much higher than is usually the case with retirement systems, so that the ratio of maximum disbursements to cost on a reserve basis would probably not exceed 1.5 to 1. At some future time, probably 30 or more years from the beginning of the system's operations, the number of members on the retired list and the annual payments of annuities will probably become approximately constant. At that time in a system on a reserve basis the disbursements for annuities would just equal the net[1] contributions by the Government and members plus the interest on reserves.

There has been much discussion in the last 2 years about the appropriateness of reserves for annuity systems where the annuity system is public rather than private. Perhaps the single major factor in this discussion has been the enormous size of the reserves which would be accumulated if the old-age insurance system created by the Social Security Act were to be placed on a reserve basis. No such problem is involved in a congressional retirement system. The maximum amount of reserves would probably not exceed $9,000,000 to $12,000,000, depending on the particular system chosen, amounts which could obviously have no effect on our general economic structure one way or the other.

The major assumptions involved in these cost calculations, including those stated above, are—

1. Financial provision on a reserve basis with equal annual contributions.

2. Interest to be earned on reserves at the rate of 4 percent per annum, compounded annually.

3. Participation by all Members of Congress, including the Delegates from Hawaii, Puerto Rico, and Alaska, and Philippine Commissioner—535 in all.

4. Annual salaries of Members of $10,000 per annum.

5. Retirement by eligible employees at the end of the session after attaining age 65.

6. A rate of withdrawal under 65 based on past congressional experience; those eligible to receive benefits upon withdrawal at ages 50 to 64 are assumed to begin receiving them immediately upon withdrawal.

7. Mortality according to the 1937 standard annuity table which appears to apply to the over-all mortality experience of Members of Congress, though it is not precisely accurate at every age.

8. Under all of the plans, service in Congress prior to the beginning of the system counts equally with subsequent service; for example, a Member with 10 years' service and qualified as to age would be entitled to an annuity immediately the system begins to operate. No benefits are provided for former Members who never return to service.

DETAILED PLANS

Group I–A (10 years of service required to qualify)

Plan 1

(a) Retirement on annuity after completion of 10 years of service and attainment of age 50.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over	$4,800
At ages 60–64	3,600
At ages 55–59	2,400
At ages 50–54	2,000

(c) Contribution by Members, none.

(d) Contributions by the Government, $668,000 annually.

Plan 2

(a) Retirement on annuity after completion of 10 years of service and attainment of age 50.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over	$4,800
At ages 60–64	3,600
At ages 55–59	2,400
At ages 50–54	2,000

(c) Contributions by Members, 3½ percent ($350 by each Member annually), $188,000 annually.

(d) In event of death or withdrawal from Congress before beginning to receive an annuity, the former Member or his beneficiaries would receive as a refund, his contributions with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.

(e) Contributions by the Government, $579,000 annually.

NOTE.—When the Members contribute under the type of plan outlined here, the total contributions by Members and the Government are higher than if the Government alone contributes. This results from the fact that contributions by Members who do not qualify for annuity are refunded; that is, only a part of the Member contributions ultimately are applied toward annuities. Plans 1 and 2 provide for identical annuities; presumably, disbursements for annuities under the two plans would be equal. But aggregate annual contributions under plan 2 are estimated at $767,000, $99,000 higher than under plan 1. This amount, $99,000, is a measure of the contributions of Members refunded because of their failure to qualify for an annuity.

[1] If Members contribute, those of them who die before retirement or soon after retirement, or who withdraw from Congress before qualifying for an annuity, should receive (or their beneficiaries should receive) their contributions with interest. Net contributions refers to the total contributions less refund with respect to withdrawing and deceased Members.

Plan 3

(a) Retirement on annuity after completion of 10 years of service and attainment of age 50.

(b) Amounts of annuity after retirement to be as follows:

Retirement:	
At age 65 or over	$4,800
At ages 60–64	3,600
At ages 55–59	2,400
At ages 50–54	2,000

(c) Contributions by members, 5 percent ($500 by each member annually), $268,000 annually.

(d) In event of death or withdrawal from Congress before beginning to receive an annuity, the former Member or his beneficiaries would receive as a refund his contributions with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.

(e) Contributions by the Government, $541,000 annually.

Plan 4

(a) Retirement on annuity after completion of 10 years of service and attainment of age 50.

(b) Amounts of annuity after retirement to be as follows:

Retirement:	
At age 65 or over	$6,000
At ages 60–64	4,500
At ages 55–59	3,000
At ages 50–54	2,500

(c) Contributions by Members, none.

(d) Contributions by the Government, $835,000 annually.

Plan 5

(a) Retirement on annuity after completion of 10 years of service and attainment of age 50.

(b) Amounts of annuity after retirement to be as follows:

Retirement:	
At age 65 or over	$6,000
At ages 60–64	4,500
At ages 55–59	3,000
At ages 50–54	2,500

(c) Contributions by Members, 3½ percent ($350 by each Member annually); $188,000 annually.

(d) In event of death or withdrawal from Congress before beginning to receive an annuity, the former Member or his beneficiaries would receive as a refund, his contributions with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.

(e) Contributions by the Government, $746,000 annually.

Plan 6

(a) Retirement on annuity after completion of 10 years of service and attainment of age 50.

(b) Amounts of annuity after retirement to be as follows:

Retirement:	
At age 65 or over	$6,000
At ages 60–64	4,500
At ages 55–59	3,000
At ages 50–54	2,500

(c) Contributions by Members, 5 percent ($500 by each Member annually), $268,000 annually.

(d) In event of death or withdrawal from Congress before beginning to receive an annuity, the former Member or his beneficiaries would receive as a refund, his contributions with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.

(e) Contributions by the Government, $708,000 annually.

Plan 7

(a) Retirement on annuity after completion of 10 years of service and attainment of age 50.

(b) Amounts of annuity after retirement to be as follows:

Retirement:	
At age 65 or over	$7,200
At ages 60–64	5,400
At ages 55–59	3,600
At ages 50–54	3,000

(c) Contributions by Members, none.

(d) Contributions by the Government, $1,002,000 annually.

Plan 8

(a) Retirement on annuity after completion of 10 years of service and attainment of age 50.

(b) Amounts of annuity after retirement to be as follows:

Retirement:	
At age 65 or over	$7,200
At ages 60–64	5,400
At ages 55–59	3,600
At ages 50–54	3,000

(c) Contributions by Members, 3½ percent ($350 by each Member annually), $188,000 annually.

(d) In event of death or withdrawal from Congress before beginning to receive an annuity, the former Member or his beneficiaries would receive as a refund, his contributions with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.

(e) Contributions by the Government, $913,000 annually.

Plan 9

(a) Retirement on annuity after completion of 10 years of service and attainment of age 50.

(b) Amounts of annuity after retirement to be as follows:

Retirement:	
At age 65 or over	$7,200
At ages 60–64	5,400
At ages 55–59	3,600
At ages 50–54	3,000

(c) Contributions by Members, 5 percent ($500 by each Member annually), $268,000 annually.

(d) In event of death or withdrawal from Congress before beginning to receive an annuity, the former Member or his beneficiaries would receive as a refund his contributions with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.

(e) Contributions by the Government, $875,000 annually.

Plan 10

(a) Retirement on annuity after completion of 10 years of service and attainment of age 55 or over.

(b) Amounts of annuity after retirement to be as follows:

Retirement:	
At age 65 or over	$4,800
At ages 60–64	3,600
At ages 55–59	2,400

(c) Contributions by Members, none.

(d) Contributions by the Government, $587,000 annually.

Plan 11

(a) Retirement on annuity after completion of 10 years of service and attainment of age 55 or over.

(b) Amount of annuity after retirement to be as follows:

Retirement:	
At age 65 or over	$4,800
At ages 60–64	3,600
At ages 55–59	2,400

(c) Contributions by Members, 3½ percent ($350 by each Member annually), $188,000 annually.

(d) In event of death or withdrawal from Congress before beginning to receive an annuity, the former Member or his beneficiaries would receive as a refund his contributions with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.

(e) Contributions by the Government, $517,000 annually.

Plan 12

(a) Retirement on annuity after completion of 10 years of service and attainment of age 55 or over.

(b) Amounts of annuity after retirement to be as follows:

Retirement:	
At age 65 or over	$4,800
At ages 60–64	3,600
At ages 55–59	2,400

(c) Contributions by Members, 5 percent ($500 by each Member annually), $268,000 annually.

(d) In event of death or withdrawal from Congress before beginning to receive an annuity, the former Member or his beneficiaries would receive as a refund, his contributions with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the differences between the accumulated contributions and the annuities would be paid to his beneficiaries.

(e) Contributions by the Government, $487,000 annually.

Plan 13

(a) Retirement on annuity after completion of 10 years of service and attainment of age 55 or over.

(b) Amounts of annuity after retirement to be as follows:

Retirement:	
At age 65 or over	$6,000
At ages 60–64	4,500
At ages 55–59	3,000

(c) Contributions by Members, none.

(d) Contributions by the Government, $734,000 annually.

Plan 14

(a) Retirement on annuity after completion of 10 years of service and attainment of age 55 or over.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over	$6,000
At ages 60–64	4,500
At ages 55–59	3,000

(c) Contributions by Members, 3½ percent ($350 by each Member annually); $188,000 annually.

(d) In event of death or withdrawal from Congress before beginning to receive an annuity, the former Member or his beneficiaries would receive as a refund, his contributions with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the differences between the accumulated contributions and the annuities would be paid to his beneficiaries.

(e) Contributions by the Government, $664,000 annually.

Plan 15

(a) Retirement on annuity after completion of 10 years of service and attainment of age 55 or over.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over	$6,000
At ages 60–64	4,500
At ages 55–59	3,000

(c) Contributions by Members, 5 percent ($500 by each Member annually), $268,000 annually.

(d) In event of death or withdrawal from Congress before beginning to receive an annuity, the former Member or his beneficiaries would receive as a refund, his contributions with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.

(e) Contributions by the Government, $634,000 annually.

Plan 16

(a) Retirement on annuity after completion of 10 years of service and attainment of age 55 or over.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over	$7,200
At ages 60–64	5,400
At ages 55–59	3,600

(c) Contributions by Members, none.

(d) Contributions by the Government, $881,000 annually.

Plan 17

(a) Retirement on annuity after completion of 10 years of service and attainment of age 55 or over.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over	$7,200
At ages 60–64	5,400
At ages 55–59	3,600

(c) Contributions by Members, 3½ percent ($350 by each Member annually), $188,000 annually.

(d) In event of death or withdrawal from Congress before beginning to receive an annuity, the former Member or his beneficiaries would receive as a refund his contributions with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.

(e) Contributions by the Government, $810,000 annually.

Plan 18

(a) Retirement on annuity after completion of 10 years of service and attainment of age 55 or over.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over	$7,200
At ages 60–64	5,400
At ages 55–59	3,600

(c) Contributions by Members, 5 percent ($500 by each Member annually), $268,000 annually.

(d) In event of death or withdrawal from Congress before beginning to receive an annuity, the former Member or his beneficiaries would receive as a refund his contributions with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.

(e) Contributions by the Government, $781,000 annually.

Plan 19

(a) Retirement on annuity after completion of 10 years of service and attainment of age 60 or over.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over	$4,800
At ages 60–64	3,600

(c) Contributions by members, none.

(d) Contributions by the Government, $491,000 annually.

Plan 20

(a) Retirement on annuity after completion of 10 years of service and attainment of age 60 or over.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over	$4,800
At ages 60–64	3,600

(c) Contributions by Members, 3½ percent ($350 by each Member annually), $188,000 annually.

(d) In event of death or withdrawal from Congress before beginning to receive an annuity, the former Member or his beneficiaries would receive as a refund his contributions with interest accumulated at the rate of 4 percent per annum compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.

(e) Contributions by the Government, $440,000 annually.

Plan 21

(a) Retirement on annuity after completion of 10 years of service and attainment of age 60 or over.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over	$4,800
At ages 60 to 64	3,600

(c) Contributions by Members, 5 percent ($500 by each Member annually), $268,000 annually.

(d) In event of death or withdrawal from Congress before beginning to receive an annuity, the former Member or his beneficiaries would receive as a refund his contributions with interest accumulated at the rate of 4 percent per annum compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.

(e) Contributions by the Government, $418,000 annually.

Plan 22

(a) Retirement on annuity after completion of 10 years of service and attainment of age 60 or over.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over	$6,000
At ages 60 to 64	4,500

(c) Contributions by Members, none.

(d) Contributions by the Government, $614,000 annually.

Plan 23

(a) Retirement on annuity after completion of 10 years of service and attainment of age 60 or over.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over	$6,000
At ages 60 to 64	4,500

(c) Contributions by Members, 3½ percent ($350 by each Member annually), $188,000 annually.

(d) In event of death or withdrawal from Congress before beginning to receive an annuity, the former Member or his beneficiaries would receive as a refund his contributions with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.

(e) Contributions by the Government, $562,000 annually.

Plan 24

(a) Retirement on annuity after completion of 10 years of service and attainment of age 60 or over.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over	$6,000
At ages 60-64	4,500

(c) Contributions by Members, 5 percent ($500 by each Member annually); $268,000 annually.

(d) In event of death or withdrawal from Congress before beginning to receive an annuity, the former Member or his beneficiaries would receive as a refund his contributions with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.

(e) Contributions by the Government, $540,000 annually.

Plan 25

(a) Retirement on annuity after completion of 10 years of service and attainment of age 60 or over.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over	$7,200
At ages 60–64	5,400

(c) Contributions by Members, none.

(d) Contributions by the Government, $736,000 annually.

Plan 26

(a) Retirement on annuity after completion of 10 years of service and attainment of age 60 or over.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over	$7,200
At ages 60–64	5,400

(c) Contributions by Members, 3½ percent ($350 by each Member annually), $188,000 annually.

(d) In event of death or withdrawal from Congress before beginning to receive an annuity, the former Member or his beneficiaries would receive as a refund his contributions, with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.

(e) Contributions by the Government, $685,000 annually.

Plan 27

(a) Retirement on annuity after completion of 10 years of service and attainment of age 60 or over.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over	$7,200
At ages 60–64	5,400

(c) Contributions by Members, 5 percent ($500 by each Member annually), $268,000 annually.

(d) In event of death or withdrawal from Congress before beginning to receive an annuity, the former Member or his beneficiaries would receive as a refund his contributions, with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.

(e) Contributions by the Government, $663,000 annually.

TABLE I–A.—*Estimated contributions under various congressional retirement systems—reserve basis for financing—10 years of service required for eligibility for annuity*

Plan No.	Minimum retirement age	Amount of annuity after retirement at ages— 50–54	55–59	60–64	65 and over	Rate of contribution by members (percent of salary)	Amount of annual contribution [1] by— Members	Government
1	50	$2,000	$2,400	$3,600	$4,800	0	0	$668,000
2						[2] 3½	$188,000	579,000
3						[3] 5	238,000	541,000
4		2,500	3,000	4,500	6,000	0	0	835,000
5						3½	188,000	746,000
6						5	268,000	708,000
7		3,000	3,600	5,400	7,200	0	0	1,002,000
8						3½	188,000	913,000
9						5	238,000	875,000
10	55		2,400	3,600	4,800	0	0	587,000
11						3½	188,000	517,000
12						5	268,000	487,000
13			3,000	4,500	6,000	0	0	734,000
14						3½	188,000	664,000
15						5	268,000	634,000
16			3,600	5,400	7,200	0	0	881,000
17						3½	188,000	810,000
18						5	268,000	781,000
19	60			3,600	4,800	0	0	491,000
20						3½	188,000	440,000
21						5	268,000	418,000
22				4,500	6,000	0	0	614,000
23						3½	188,000	562,000
24						5	268,000	540,000
25				5,400	7,200	0	0	735,000
26						3½	188,000	685,000
27						5	268,000	663,000

[1] Assuming participation by all Members.

[2] At the 3½-percent rate, each Member would contribute $350 each year.

[3] At the 5-percent rate, each Member would contribute $500 each year.

NOTE.—Total contributions of Members and Government are higher when Members contribute than they are when the Government alone contributes. This results from the fact that the contributions of the Members who withdraw or die before retirement are refunded, and only part actually go for the payment of annuities. For example, under plans 1, 2, and 3, annuity payments would presumably be equal; but total contributions under plan 2, where Members contribute $188,000 annually, are $99,000 greater than under plan 1; and total contributions under plan 3, under which Members contribute $268,000, are $141,000 greater than the annual contributions under plan 1. These excess amounts indicate the amounts of contributions which would be refunded with respect to Members who do not qualify for an annuity.

The terms and costs of the plans in group I–A are summarized in table I–A.

Group I–B (8 years of service required to qualify)

Plan 28

(a) Retirement on annuity after completion of 8 years of service and attainment of age 50.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over	$4,800
At ages 60–64	3,600
At ages 55–59	2,400
At ages 50–54	2,000

(c) Contributions by Members, none.

(d) Contributions by the Government, $906,000 annually.

Plan 29

(a) Retirement on annuity after completion of 8 years of service and attainment of age 50.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over	$4,800
At ages 60–64	3,600
At ages 55–59	2,400
At ages 50–54	2,000

(c) Contributions by Members, 3½ percent ($350 by each Member annually); $188,000 annually.

(d) In event of death or withdrawal from Congress before beginning to receive an annuity, the former Member or his beneficiaries would receive as a refund, his contributions with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.

(e) Contributions by the Government, $800,000 annually.

NOTE.—When the Members contribute under the type of plan outlined here, the total contributions by Members and the Government are higher than if the Government alone contributes. This results from the fact that contributions by Members who do not qualify for annuity are refunded; that is, only a part of the Member contributions ultimately are applied toward annuities. Plans 28 and 29 provide for identical annuities; presumably, disbursements for annuities under the two plans would be equal. But aggregate annual contributions under plan 29 are estimated at $988,000, $82,000 higher than under plan 28. This amount, $82,000, is a measure of the contributions of Members refunded because of their failure to qualify for an annuity.

Plan 30

(a) Retirement on annuity after completion of 8 years of service and attainment of age 50.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over	$4,800
At ages 60–64	3,600
At ages 55–59	2,400
At ages 50–54	2,000

(c) Contribution by Members, 5 percent ($500 by each Member annually); $268,000 annually.

(d) In event of death or withdrawal from Congress before beginning to receive an annuity, the former Member or his beneficiaries would receive as a refund his contributions with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.

(e) Contributions by the Government, $755,000 annually.

Plan 31

(a) Retirement on annuity after completion of 8 years of service and attainment of age 50.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over	$6,000
At ages 60–64	4,500
At ages 55–59	3,000
At ages 50–54	2,500

(c) Contributions by Members, none.

(d) Contributions by the Government, $1,133,000 annually.

Plan 32

(a) Retirement on annuity after completion of 8 years of service and attainment of age 50.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over	$6,000
At ages 60–64	4,500
At ages 55–59	3,000
At ages 50–54	2,500

(c) Contributions by Members, 3½ percent ($350 by each Member annually); $188,000 annually.

(d) In event of death or withdrawal from Congress before beginning to receive an annuity, the former Member or his beneficiaries would receive as a refund, his contributions with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions

with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.

(e) Contributions by the Government, $1,027,000 annually.

Plan 33

(a) Retirement on annuity after completion of 8 years of service and attainment of age 50.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over	$6,000
At ages 60–64	4,500
At ages 55–59	3,000
At ages 50–54	2,500

(c) Contributions by Members, 5 percent ($500 by each Member annually), $268,000 annually.

(d) In event of death or withdrawal from Congress before beginning to receive an annuity, the former Member or his beneficiaries would receive as a refund, his contributions with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.

(e) Contributions by the Government, $982,000 annually.

Plan 34

(e) Retirement on annuity after completion of 8 years of service and attainment of age 50.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over	$7,200
At ages 60–64	5,400
At ages 55–59	3,600
At ages 50–54	3,000

(c) Contributions by Members, none.

(d) Contributions by the Government, $1,359,000 annually.

Plan 35

(a) Retirement on annuity after completion of 8 years of service and attainment of age 50.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over	$7,200
At ages 60–64	5,400
At ages 55–59	3,600
At ages 50–54	3,000

(c) Contributions by Members, 3½ percent ($350 by each Member annually); $183,000 annually.

(d) In event of death or withdrawal from Congress before beginning to receive an annuity, the former Member or his beneficiaries would receive as a refund his contributions with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.

(e) Contributions by the Government, $1,253,000 annually.

Plan 36

(a) Retirement on annuity after completion of 8 years of service and attainment of age 50.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over	$7,200
At ages 60–64	5,400
At ages 55–59	3,600
At ages 50–54	3,000

(c) Contributions by Members, 5 percent ($500 by each Member annually); $268,000 annually.

(d) In event of death or withdrawal from Congress before beginning to receive an annuity, the former Member or his beneficiaries would receive as a refund his contributions with interest accumulated at the rate of 4 percent per annum, compounded annually In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.

(e) Contributions by the Government, $1,208,000 annually.

Plan 37

(a) Retirement on annuity after completion of 8 years of service and attainment of age 55 or over.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over	$4,800
At ages 60–64	3,600
At ages 55–59	2,400

(c) Contributions by Members, none.

(d) Contributions by the Government, $790,000 annually.

Plan 38

(a) Retirement on annuity after completion of 8 years of service and attainment of age 55 or over.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over	$4,800
At ages 60–64	3,600
At ages 55–59	2,400

(c) Contributions by Members, 3½ percent ($350 by each Member annually), $188,000 annually.

(d) In event of death or withdrawal from Congress before beginning to receive an annuity, the former Member or his beneficiaries would receive as a refund his contributions with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.

(e) Contributions by the Government, $707,000 annually.

Plan 39

(a) Retirement on annuity after completion of 8 years of service and attainment of age 55 or over.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over	$4,800
At ages 60–64	3,600
At ages 55–59	2,400

(c) Contributions by Members, 5 percent ($500 by each Member annually); $268,000 annually.

(d) In event of death or withdrawal from Congress before beginning to receive an annuity, the former Member or his beneficiaries would receive as a refund, his contributions with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.

(e) Contributions by the Government, $671,000 annually.

Plan 40

(a) Retirement on annuity after completion of 8 years of service and attainment of age 55 or over.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over	$6,000
At ages 60–64	4,500
At ages 55–59	3,000

(c) Contributions by Members, none.

(d) Contributions by the Government, $988,000 annually.

Plan 41

(a) Retirement on annuity after completion of 8 years of service and attainment of age 55 or over.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over	$6,000
At ages 60–64	4,500
At ages 55–59	3,000

(c) Contributions by Members, 3½ percent ($350 by each Member annually), $188,000 annually.

(d) In event of death or withdrawal from Congress before beginning to receive an annuity, the former Member or his beneficiaries would receive as a refund, his contributions with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.

(e) Contributions by the Government, $905,000 annually.

Plan 42

(a) Retirement on annuity after completion of 8 years of service and attainment of age 55 or over.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over	$6,000
At ages 60–64	4,500
At ages 55–59	3,000

(c) Contributions by Members, 5 percent ($500 by each Member annually); $268,000 annually.

(d) In event of death or withdrawal from Congress before beginning to receive an annuity, the former Member or his beneficiaries would receive as a refund his contributions with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.

(e) Contributions by the Government, $869,000 annually.

Plan 43

(a) Retirement on annuity after completion of 8 years of service and attainment of age 55 or over.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over	$7,200
At ages 60–64	5,400
At ages 55–59	3,600

(c) Contributions by Members, none.

(d) Contributions by the Government, $1,185,000 annually.

Plan 44

(a) Retirement on annuity after completion of 8 years of service and attainment of age 55 or over.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over	$7,200
At ages 60–64	5,400
At ages 55–59	3,600

(c) Contributions by Members, 3½ percent ($350 by each Member annually); $188,000 annually.

(d) In event of death or withdrawal from Congress before beginning to receive an annuity, the former Member or his beneficiaries would receive as a refund, his contributions with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.

(e) Contributions by the Government, $1,102,000 annually.

Plan 45

(a) Retirement on annuity after completion of 8 years of service and attainment of age 55 or over.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over	$7,200
At ages 60–64	5,400
At ages 55–59	3,600

(c) Contributions by Members, 5 percent ($500 by each Member annually); $268,000 annually.

(d) In event of death or withdrawal from Congress before beginning to receive an annuity, the former member or his beneficiaries would receive as a refund, his contributions with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.

(e) Contributions by the Government, $1,066,000 annually.

Plan 46

(a) Retirement on annuity after completion of 8 years of service and attainment of age 60 or over.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over	$4,800
At ages 60–64	3,600

(c) Contributions by Members, none.

(d) Contributions by the Government, $661,000 annually.

Plan 47

(a) Retirement on annuity after completion of 8 years of service and attainment of age 60 or over.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over	$4,800
At ages 60–64	3,600

(c) Contributions by Members 3½ percent ($350 by each Member annually); $188,000 annually.

(d) In event of death or withdrawal from Congress before beginning to receive an annuity, the former Member or his beneficiaries would receive as a refund his contributions, with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.

(e) Contributions by the Government, $600,000 annually.

Plan 48

(a) Retirement on annuity after completion of 8 years of service and attainment of age 60 or over.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over	$4,800
At ages 60–64	3,600

(c) Contributions by Members, 5 percent ($500 by each Member annually), $268,000 annually.

(d) In event of death or withdrawal from Congress before beginning to receive an annuity, the former Member or his beneficiaries would receive as a refund, his contributions with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.

(e) Contributions by the Government, $573,000 annually.

Plan 49

(a) Retirement on annuity after completion of 8 years of service and attainment of age 60 or over.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over	$6,000
At ages 60–64	4,500

(c) Contributions by Members, none.

(d) Contributions by the Government, $826,000 annually.

Plan 50

(a) Retirement on annuity after completion of 8 years of service and attainment of 60 or over.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over	$6,000
At ages 60–64	4,500

(c) Contributions by Members, 3½ percent ($350 by each Member annually); $188,000 annually.

(d) In event of death or withdrawal from Congress before beginning to receive an annuity, the former Members or his beneficiaries would receive as a refund, his contributions with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.

(e) Contributions by the Government, $765,000 annually.

Plan 51

(a) Retirement on annuity after completion of 8 years of service and attainment of age 60 or over.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over	$6,000
At ages 60–64	4,500

(c) Contributions by Members, 5 percent ($500 by each Member annually), $268,000 annually.

(d) In event of death or withdrawal from Congress before beginning to receive an annuity, the former Member or his beneficiaries would receive as a refund, his contributions with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.

(e) Contributions by the Government, $738,000 annually.

Plan 52

(a) Retirement on annuity after completion of 8 years of service and attainment of age 60 or over.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over	$7,200
At ages 60–64	5,400

(c) Contributions by Members, none.

(d) Contributions by the Government, $992,000 annually.

Plan 53

(a) Retirement on annuity after completion of 8 years of service and attainment of age 60 or over.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over	$7,200
At ages 60–64	5,400

(c) Contributions by Members, 3½ percent ($350 by each Member annually), $188,000 annually.

(d) In event of death or withdrawal from Congress before beginning to receive an annuity, the former Member or his beneficiaries would receive as a refund his contributions with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.

(e) Contributions by the Government, $931,000 annually.

Plan 54

(a) Retirement on annuity after completion of 8 years of service and attainment of age 60 or over.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over	$7,200
At ages 60–64	5,400

(c) Contributions by Members, 5 percent ($500 by each Member annually), $268,000 annually.

(d) In event of death or withdrawal from Congress before beginning to receive an annuity, the former Member or his beneficiaries would receive as a refund his contributions with interest

accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.

(e) Contributions by the Government, $904,000 annually.

TABLE I–B.—*Estimated contributions under various congressional retirement systems—reserve basis for financing—8 years of service required for eligibility for annuity*

Plan No.	Minimum retirement age	Amount of annuity after retirement at ages				Rate of contribution by members (percent of salary)	Amount of annual contribution [1] by—	
		50–54	55–59	60–64	65 and over		Members	Government
28	50	$2,000	$2,400	$3,600	$4,800	0	0	$906,000
29						[2] 3½	$188,000	800,000
30						[3] 5	268,000	755,000
31						0	0	1,133,000
32		2,500	3,000	4,500	6,000	3½	188,000	1,027,000
33						5	268,000	982,000
34						0	0	1,359,000
35		3,000	3,600	5,400	7,200	3½	188,000	1,253,000
36						5	268,000	1,208,000
37	55					0	0	790,000
38			2,400	3,600	4,800	3½	188,000	707,000
39						5	268,000	671,000
40						0	0	988,000
41			3,000	4,500	6,000	3½	188,000	905,000
42						5	268,000	869,000
43						0	0	1,185,000
44			3,600	5,400	7,200	3½	188,000	1,102,000
45						5	268,000	1,066,000
46	60					0	0	661,000
47				3,600	4,800	3½	188,000	600,000
48						5	268,000	573,000
49						0	0	826,000
50				4,500	6,000	3½	188,000	765,000
51						5	268,000	738,000
52						0	0	992,000
53				5,400	7,200	3½	188,000	931,000
54						5	268,000	904,000

[1] Assuming participation by all Members.
[2] At the 3½-percent rate, each Member would contribute $350 each year.
[3] At the 5-percent rate, each Member would contribute $500 each year.

NOTE.—Total contributions of Members and Government are higher when Members contribute than they are when the Government alone contributes. This results from the fact that the contributions of the Members who withdraw or die before retirement are refunded, and only part actually go for the payment of annuities. For example, under plans 28, 29, and 30, annuity payments would presumably be equal; but total contributions under plan 29, where Members contribute $188,000 annually, are $82,000 greater than under plan 28; and total contributions under plan 30, under which Members contribute $268,000, are $117,000 greater than the annual contributions under plan 28. These excess amounts indicate the amounts of contributions which would be refunded with respect to Members who do not qualify for an annuity.

Table I–B summarizes the terms and costs of the plans in group I–B.

Group I–C (6 years of service required to qualify)

Plan 55

(a) Retirement on annuity after completion of 6 years of service and attainment of age 50.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over	$4,800
At ages 60–64	3,600
At ages 55–59	2,400
At ages 50–54	2,000

(c) Contributions by Members, none.

(d) Contributions by the Government, $1,105,000 annually.

Plan 56

(a) Retirement on annuity after completion of 6 years of service and attainment of age 50.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over	$4,800
At ages 60–64	3,600
At ages 55–59	2,400
At ages 50–54	2,000

(c) Contributions by Members, 3½ percent ($350 by each Member annually), $188,000 annually.

(d) In event of death or withdrawal from Congress before beginning to receive an annuity, the former Member or his beneficiaries would receive as a refund his contributions with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.

(e) Contributions by the Government, $986,000 annually.

NOTE. When the Members contribute under the type of plan outlined here, the total contributions by Members and the Government are higher than if the Government alone contributes. This results from the fact that contributions by Members who do not qualify for annuity are refunded; that is, only a part of the Member's contributions ultimately are applied toward annuities. Plans 55 and 56 provide for identical annuities; presumably, disbursements for annuities under the two plans would be equal. But aggregate annual contributions under plan 56 are estimated at $1,174,000, $69,000 higher than under plan 55. This amount, $69,000, is a measure of the contributions of Members refunded because of their failure to qualify for an annuity.

Plan 57

(a) Retirement on annuity after completion of 6 years of service and attainment of age 50.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over	$4,800
At ages 60–64	3,600
At ages 55–59	2,400
At ages 50–54	2,000

(c) Contributions by Members, 5 percent ($500 by each Member annually), $268,000 annually.

(d) In event of death or withdrawal from Congress before beginning to receive an annuity, the former Member or his beneficiaries would receive as a refund, his contributions with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.

(e) Contributions by the Government, $936,000 annually.

Plan 58

(a) Retirement on annuity after completion of 6 years of service and attainment of age 50.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over	$6,000
At ages 60–64	4,500
At ages 55–59	3,000
At ages 50–54	2,500

(c) Contributions by Members, none.

(d) Contributions by the Government, $1,381,000 annually.

Plan 59

(a) Retirement on annuity after completion of 6 years of service and attainment of age 50.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over	$6,000
At ages 60–64	4,500
At ages 55–59	3,000
At ages 50–54	2,500

(c) Contributions by Members, 3½ percent ($350 by each Member annually), $188,000 annually.

(d) In event of death or withdrawal from Congress before beginning to receive an annuity, the former Member or his beneficiaries would receive as a refund his contributions, with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions, with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.

(e) Contributions by the Government, $1,262,000 annually.

Plan 60

(a) Retirement on annuity after completion of 6 years of service and attainment of age 50.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over	$6,000
At ages 60–64	4,500
At ages 55–59	3,000
At ages 50–54	2,500

(c) Contributions by Members, 5 percent ($500 by each Member annually), $268,000 annually.

(d) In event of death or withdrawal from Congress before beginning to receive an annuity, the former Member or his beneficiaries would receive as a refund his contributions, with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions, with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.

(e) Contributions by the Government, $1,212,000 annually.

Plan 61

(a) Retirement on annuity after completion of 6 years of service and attainment of age 50.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over	$7,200
At ages 60–64	5,400
At ages 55–59	3,600
At ages 50–54	3,000

(c) Contributions by Members, none.

(d) Contributions by the Government, $1,658,000 annually.

Plan 62

(a) Retirement on annuity after completion of 6 years of service and attainment of age 50.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over	$7,200
At ages 60–64	5,400
At ages 55–59	3,600
At ages 50–54	3,000

(c) Contributions by Members, 3½ percent ($350 by each Member annually), $188,000 annually.

(d) In event of death or withdrawal from Congress before beginning to receive an annuity, the former Member or his beneficiaries would receive as a refund his contributions with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.

(e) Contributions by the Government, $1,539,000 annually.

Plan 63

(a) Retirement on annuity after completion of 6 years of service and attainment of age 50.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over	$7,200
At ages 60–64	5,400
At ages 55–59	3,600
At ages 50–54	3,000

(c) Contributions by Members, 5 percent ($500 by each Member annually), $268,000 annually.

(d) In event of death or withdrawal from Congress before beginning to receive an annuity, the former Member or his beneficiaries would receive as a refund, his contributions with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.

(e) Contributions by the Government, $1,489,000 annually.

Plan 64

(a) Retirement on annuity after completion of 6 years of service and attainment of age 55 or over.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over	$4,800
At ages 60–64	3,600
At ages 55–59	2,400

(c) Contributions by Members, none.

(d) Contributions by the Government, $938,000 annually.

Plan 65

(a) Retirement on annuity after completion of 6 years of service and attainment of age 55 or over.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over	$4,800
At ages 60–64	3,600
At ages 55–59	2,400

(c) Contributions by Members, 3½ percent ($350 by each Member annually); $188,000 annually.

(d) In event of death or withdrawal from Congress before beginning to receive an annuity, the former Member or his beneficiaries would receive as a refund, his contributions with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.

(e) Contributions by the Government, $846,000 annually.

Plan 66

(a) Retirement on annuity after completion of 6 years of service and attainment of age 55 or over.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over	$4,800
At ages 60–64	3,600
At ages 55–59	2,400

(c) Contributions by Members, 5 percent ($500 by each Member annually), $268,000 annually.

(d) In event of death or withdrawal from Congress before beginning to receive an annuity, the former Member or his beneficiaries would receive as a refund, his contributions with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.

(e) Contributions by the Government, $807,000 annually.

Plan 67

(a) Retirement on annuity after completion of 6 years of service and attainment of age 55 or over.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over	$6,000
At ages 60–64	4,500
At ages 55–59	3,000

(c) Contributions by Members, none.

(d) Contributions by the Government, $1,173,000 annually.

Plan 68

(a) Retirement on annuity after completion of 6 years of service and attainment of age 55 or over.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over	$6,000
At ages 60–64	4,500
At ages 55–59	3,000

(c) Contributions by Members, 3½ percent ($350 by each Member annually), $188,000 annually.

(d) In event of death or withdrawal from Congress before beginning to receive an annuity, the former Member or his beneficiaries would receive as a refund, his contributions with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.

(e) Contributions by the Government, $1,081,000 annually.

Plan 69

(a) Retirement on annuity after completion of 6 years of service and attainment of age of 55 or over.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over	$6,000
At ages 60–64	4,500
At ages 55–59	3,000

(c) Contributions by Members, 5 percent ($500 by each Member annually), $268,000 annually.

(d) In event of death or withdrawal from Congress before beginning to receive an annuity, the former Member or his beneficiaries would receive as a refund, his contributions with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.

(e) Contributions by the Government, $1,042,000 annually.

Plan 70

(a) Retirement on annuity after completion of 6 years of service and attainment of age 55 or over.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over	$7,200
At ages 60–64	5,400
At ages 55–59	3,600

(c) Contributions by Members, none.

(d) Contributions by the Government, $1,407,000 annually.

Plan 71

(a) Retirement on annuity after completion of 6 years of service and attainment of age 55 or over.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over	$7,200
At ages 60–64	5,400
At ages 55–59	3,600

(c) Contributions by Members, 3½ percent ($350 by each Member annually); $188,000 annually.

(d) In event of death or withdrawal from Congress before beginning to receive an annuity, the former Member or his beneficiaries would receive as a refund his contributions with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.

(e) Contributions by the Government, $1,315,000 annually.

Plan 72

(a) Retirement on annuity after completion of 6 years of service and attainment of age 55 or over.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over	$7,200
At ages 60–64	5,400
At ages 55–59	3,600

(c) Contributions by Members, 5 percent ($500 by each Member annually); $268,000 annually.

(d) In event of death or withdrawal from Congress before beginning to receive an annuity, the former Member or his bene-

ficiaries would receive as a refund his contributions with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.

(e) Contributions by the Government, $1,276,000 annually.

Plan 73

(a) Retirement on annuity after completion of 6 years of service and attainment of age 60 or over.

(b) Amounts of annuity after retirement to be as follows:

Retirement:
At age 65 or over $4,800
At ages 60–64 3,600

(c) Contributions by Members, none.

(d) Contributions by the Government, $761,000 annually.

Plan 74

(a) Retirement on annuity after completion of 6 years of service and attainment of age 60 or over.

(b) Amounts of annuity after retirement to be as follows:

Retirement:
At age 65 or over $4,800
At ages 60–64 3,600

(c) Contributions by Members, 3½ percent ($350 by each Member annually), $188,000 annually.

(d) In event of death or withdrawal from Congress before beginning to receive an annuity, the former Member or his beneficiaries would receive as a refund his contributions with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.

(e) Contributions by the Government, $695,000 annually.

Plan 75

(a) Retirement on annuity after completion of 6 years of service and attainment of age 60 or over.

(b) Amounts of annuity after after retirement to be as follows:

Retirement:
At age 65 or over $4,800
At ages 60–64 3,600

(c) Contributions by Members, 5 percent ($500 by each Member annually); $268,000 annually.

(d) In event of death or withdrawal from Congress before beginning to receive an annuity, the former Member or his beneficiaries would receive as a refund, his contributions with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.

(e) Contributions by the Government, $666,000 annually.

Plan 76

(a) Retirement on annuity after completion of 6 years of service and attainment of age 60 or over.

(b) Amounts of annuity after retirement to be as follows:

Retirement:
At age of 65 or over $6,000
At ages 60–64 4,500

(c) Contributions by members, none.

(d) Contributions by the Government, $951,000 annually.

Plan 77

(a) Retirement on annuity after completion of 6 years of service and attainment of age 60 or over.

(b) Amounts of annuity after retirement to be as follows:

Retirement:
At age 65 or over $6,000
At ages 60–64 4,500

(c) Contributions by Members, 3½ percent ($350 by each Member annually); $188,000 annually.

(d) In event of death or withdrawal from Congress before beginning to receive an annuity, the former Member or his beneficiaries would receive as a refund his contributions, with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.

(e) Contributions by the Government, $885,000 annually.

Plan 78

(a) Retirement on annuity after completion of 6 years of service and attainment of age 60 or over

(b) Amounts of annuity after retirement to be as follows:

Retirement:
At age 65 or over $6,000
At ages 60–64 4,500

(c) Contributions by Members, 5 percent ($500 by each Member annually), $268,000 annually.

(d) In event of death or withdrawal from Congress before beginning to receive an annuity, the former Member or his beneficiaries would receive as a refund his contributions, with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.

(e) Contributions by the Government, $856,000 annually.

Plan 79

(a) Retirement on annuity after completion of 6 years of service and attainment of age 60 or over.

(b) Amounts of annuity after retirement to be as follows:

Retirement:
At age 65 or over $7,200
At ages 60–64 5,400

(c) Contributions by Members, none.

(d) Contributions by the Government, $1,142,000 annually.

Plan 80

(a) Retirement on annuity after completion of 6 years of service and attainment of age 60 or over.

(b) Amounts of annuity after retirement to be as follows:

Retirement:
At age 65 or over $7,200
At ages 60–64 5,400

(c) Contributions by Members, 3½ percent ($350 by each Member annually), $188,000 annually.

(d) In event of death or withdrawal from Congress before beginning to receive an annuity the former Member or his beneficiaries would receive as a refund his contributions with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions, with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.

(e) Contributions by the Government, $1,076,000 annually.

Plan 81

(a) Retirement on annuity after completion of 6 years of service and attainment of age 60 or over.

(b) Amounts of annuity after retirement to be as follows:

Retirement:
At age 65 or over $7,200
At ages 60–64 5,400

(c) Contributions by Members, 5 percent ($500 by each Member annually); $268,000 annually.

(d) In event of death or withdrawal from Congress before beginning to receive an annuity the former Member or his beneficiaries would receive as a refund his contributions with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.

(e) Contributions by the Government, $1,047,000 annually.

Table I–C summarizes the terms and costs of the plans in group I–C.

TABLE I–C.—*Estimated contributions under various congressional retirement systems—reserve basis for financing—6 years of service required for eligibility for annuity*

Plan No.	Minimum retirement age	Amount of annuity after retirement at ages— 50–54	55–59	60–64	65 and over	Rate of contribution by Members (percent of salary)	Amount of annual contribution [1] by— Members	Government
55	50	$2,000	$2,400	$3,600	$4,800	0	0	$1,105,000
56						[2] 3½	$188,000	986,000
57						[3] 5	268,000	936,000
58		2,500	3,000	4,500	6,000	0	0	1,381,000
59						3½	188,000	1,262,000
60						5	268,000	1,212,000
61		3,000	3,600	5,400	7,200	0	0	1,658,000
62						3½	188,000	1,539,000
63						5	268,000	1,489,000
64	55		2,400	3,600	4,800	0	0	938,000
65						3½	188,000	846,000
66						5	268,000	807,000
67			3,000	4,500	6,000	0	0	1,173,000
68						3½	188,000	1,081,000
69						5	268,000	1,042,000
70			3,600	5,400	7,200	0	0	1,407,000
71						3½	188,000	1,315,000
72						5	268,000	1,276,000

[1] Assuming participation by all Members.
[2] At the 3½ percent rate, each Member would contribute $350 each year.
[3] At the 5 percent rate, each Member would contribute $500 each year.

TABLE I–C.—*Estimated contributions under various congressional retirement systems—reserve basis for financing—6 years of service required for eligibility for annuity*—Continued

Plan No.	Minimum retirement age	Amount of annuity after retirement at ages— 50–54	55–59	60–64	65 and over	Rate of contribution by Members (percent of salary)	Amount of annual contribution by— Members	Government
73	60			$3,600	$4,800	0	0	$761,000
74						3½	188,000	695,000
75						5	268,000	666,000
76						0	0	951,000
77				4,500	6,000	3½	188,000	885,000
78						5	268,000	856,000
79						0	0	1,142,000
80				5,400	7,200	3½	188,000	1,076,000
81						5	268,000	1,047,000

NOTE.—Total contributions of Members and Government are higher when Members contribute than they are when the Government alone contributes. This results from the fact that the contributions of the Members who withdraw or die before retirement are refunded, and only part actually go for the payment of annuities. For example, under plans 55, 56, and 57, annuity payments would presumably be equal; but total contributions under plan 56, where Members contribute $188,000 annually, are $69,000 greater than under plan 55; and total contributions under plan 57, under which Members contribute $268,000 are $99,000 greater than the annual contributions under plan 55. These excess amounts indicate the amounts of contributions which would be refunded with respect to Members who do not qualify for an annuity.

Group II: Plans in which full annuity is payable at 65 in amounts proportionate to length of service in Congress.

Plan 82

(a) Retirement on full annuity upon attainment of age 65.

(b) Retirement on annuity on an adjusted amount prior to age 65. (At 60, for example, the adjusted amount would be about 63 percent of the full amount payable at 65.)

(c) The amount of annuity to be 2 percent of the salary for each year of service. (For example, after 2 years of service, the annuity beginning at age 65 would be $400; for 10 years of service, $2,000; and 30 years of service, $6,000.)

(d) Contributions by Members, none.

(e) Death benefit, none.

(f) Withdrawal benefit: Members would retain the right to receive annuities earned by service, beginning at retirement age.

(g) Contributions by the Government, $720,000 annually.

Plan 83

(a) Retirement on full annuity upon attainment of age 65.

(b) Retirement on annuity on an adjusted amount prior to age 65. (At 60, for example, the adjusted amount would be about 63 percent of the full amount payable at 65.)

(c) The amount of annuity to be 2 percent of the salary for each year of service. (For example, after 2 years of service, the annuity beginning at age 65 would be $400; for 10 years of service, $2,000; and 30 years of service, $6,000.)

(d) Contributions by Members, 3½ percent ($350 by each Member annually), $188,000 annually.

(e) Death benefit: In the event of death before beginning to receive an annuity, the beneficiaries of the Member would receive as a refund his contributions with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.

(f) Withdrawal benefit: Members would retain the right to receive annuities earned by service beginning at retirement age.

(g) Contributions by the Government, $548,000 annually.

Plan 84

(a) Retirement on full annuity upon attainment of age 65.

(b) Retirement on annuity on an adjusted amount prior to age 65. (At 60, for example, the adjusted amount would be about 63 percent of the full amount payable at 65.)

(c) The amount of annuity to be 2 percent of the salary for each year of service. (For example, after 2 years of service, the annuity beginning at age 65 would be $400; for 10 years of service, $2,000; and 30 years of service, $6,000.)

(d) Contributions by Members, 5 percent ($500 by each Member annually); $268,000 annually.

(e) Death benefit.—In the event of death before beginning to receive an annuity, the beneficiaries of the Member would receive as a refund, his contributions with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.

(f) Withdrawal benefit: Members would retain the right to receive annuities earned by service, beginning at retirement age.

(g) Contributions by the Government, $473,000 annually.

Plan 85

(a) Retirement on full annuity upon attainment of age 65.

(b) Retirement on annuity on an adjusted amount prior to age 65. (At 60, for example, the adjusted amount would be about 63 percent of the full amount payable at 65.)

(c) The amount of annuity to be 3 percent of the salary for each year of service. (For example, after 2 years of service, the annuity beginning at age 65 would be $600; for 10 years of service, $3,000; and 30 years of service, $9,000.)

(d) Contributions by Members, none.

(e) Death benefits, none.

(f) Withdrawal benefit.—Members would retain the right to receive annuities earned by service, beginning at retirement age.

(g) Contributions by the Government, $1,080,000 annually.

Plan 86

(a) Retirement on full annuity upon attainment of age 65.

(b) Retirement on annuity on an adjusted amount prior to age 65. (At 60, for example, the adjusted amount would be about 63 percent of the full amount payable at 65.)

(c) The amount of annuity to be 3 percent of the salary for each year of service. (For example, after 2 years of service the annuity beginning at age 65 would be $600; for 10 years of service, $3,000; and 30 years of service, $9,000.)

(d) Contributions by Members, 3½ percent ($350 by each Member annually), $188,000 annually.

(e) Death benefit: In the event of death before beginning to receive an annuity, the beneficiaries of the Member would receive as a refund his contributions with interest accumulated at the rate of 4 percent per annum compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.

(f) Withdrawal benefit: Members would retain the right to receive annuities earned by service, beginning at retirement age

(g) Contributions by the Government, $908,000 annually.

Plan 87

(a) Retirement on full annuity upon attainment of age 65.

(b) Retirement on annuity on an adjusted amcunt prior to age 65. (At 60, for example, the adjusted amount would be about 63 percent of the full amount payable at 65.)

(c) The amount of annuity to be 3 percent of the salary for each year of service. (For example, after 2 years of service the annuity beginning at age 65 would be $600; for 10 years of service, $3,000; and 30 years of service, $9,000.)

(d) Contributions by Members, 5 percent ($500 by each Member annually), $268,000 annually.

(e) Death benefit, none.

(f) Withdrawal benefit: Members would retain the right to receive annuities earned by service, beginning at retirement age.

(g) Contributions by the Government, $833,000 annually.

The terms and costs of the plans in group II are summarized in table II.

TABLE II.—*Estimated contributions under various congressional retirement systems—reserve basis of financing*

	Age of retirement on full annuity	Number of years of service required to qualify for annuity	Annuity rate for each year of service	Amount of annuity per year for— 2 years' service	5 years' service	10 years' service	20 years' service	30 years' service	Rate of contribution by Members (percent of salary)	Amount of annual contribution [1] by— Members	Government
Plan No:											
82	65	0	2	$400	$1,000	$2,000	$4,000	$6,000	0	0	$720,000
83	65	0	2	400	1,000	2,000	4,000	6,000	3½	$188,000	548,000
84	65	0	2	400	1,000	2,000	4,000	6,000	5	268,000	473,000
85	65	0	3	600	1,500	3,000	6,000	9,000	0	0	1,080,000
86	65	0	3	600	1,500	3,000	6,000	9,000	3½	188,000	908,000
87	65	0	3	600	1,500	3,000	6,000	9,000	5	268,000	833,000

[1] Assuming participation by all Members.

NOTE.—In plans 82 to 87, inclusive, Members withdrawing before retirement age retain the right to annuity credits earned while in service; contributions are to be refunded only in event of death prior to retirement or prior to receiving, in annuities, the amount of contributions, with interest to the date of retirement. For example, if a Member served 10 years from age 35 to 45, he could receive at 65, $2,000. If he died at age 55, he would receive his contributions ($3,500 under a 3½ percent contribution rate, or $5,000 at the 5 percent rate) plus interest at the rate of 4 percent per annum, compounded annually, to the date of death. Annuities payable at 65 can be converted into immediate annuities of the same actuarial value. For example, the Member in the illustration above could convert his annuity of $2,000 payable from age 65 into an annuity of about $1,260 payable from age 60.

Group III—Plans in which retirement benefits are payable only to Members still in service at 65 or 70 and who have specified period of service

Plan 88

(a) Retirement on annuity only at or after age 65.
(b) Annuity payable only after the completion of 5 years of service.
(c) Amount of annuity, $5,000 per annum.
(d) Contributions by Members, none.
(e) Death benefit, none.
(f) Withdrawal benefit, none.
(g) Contributions by the Government, $507,000 annually.

Plan 89

(a) Retirement on annuity only at or after age 65.
(b) Annuity payable only after the completion of 10 years of service.
(c) Amount of annuity, $5,000 per annum.
(d) Contributions by Members, none.
(e) Death benefit, none.
(f) Withdrawal benefit, none.
(g) Contributions by the Government, $370,000 annually.

Plan 90

(a) Retirement on annuity only at or after age 65.
(b) Annuity payable only after the completion of 15 years of service.
(c) Amount of annuity, $5,000 per annum.
(d) Contributions by Members, none.
(e) Death benefit, none.
(f) Withdrawal benefit, none.
(g) Contributions by the Government, $248,000 annually.

Plan 91

(a) Retirement on annuity only at or after age 65.
(b) Annuity payable only after the completion of 20 years of service.
(c) Amount of annuity, $5,000 per annum.
(d) Contributions by Members, none.
(e) Death benefit, none.
(f) Withdrawal benefit, none.
(g) Contributions by the Government, $141,000 annually.

Plan 92

(a) Retirement on annuity only at or after age 65.
(b) Annuity payable only after the completion of 25 years of service.
(c) Amount of annuity, $5,000 per annum.
(d) Contributions by Members, none.
(e) Death benefit, none.
(f) Withdrawal benefit, none.
(g) Contributions by the Government, $50,000 annually.

Plan 93

(a) Retirement on annuity only at or after age 70.
(b) Annuity payable only after the completion of 5 years of service.
(c) Amount of annuity, $5,000 per annum.
(d) Contributions by Members, none.
(e) Death benefit, none.
(f) Withdrawal benefit, none.
(g) Contributions by the Government, $293,000 annually.

Plan 94

(a) Retirement on annuity only at or after age 70.
(b) Annuity payable only after the completion of 10 years of service.
(c) Amount of annuity, $5,000 per annum.
(d) Contributions by Members, none.
(e) Death benefit, none.
(f) Withdrawal benefit, none.
(g) Contributions by Government, $218,000 annually.

Plan 95

(a) Retirement on annuity only at or after age 70.
(b) Annuity payable only after the completion of 15 years of service.
(c) Amount of annuity, $5,000 per annum.
(d) Contributions by Members, none.
(e) Death benefit, none.
(f) Withdrawal benefit, none.
(g) Contributions by the Government, $161,000 annually.

Plan 96

(a) Retirement on annuity only at or after age 70.
(b) Annuity payable only after the completion of 20 years of service.
(c) Amount of annuity, $5,000 per annum.
(d) Contributions by members, none.
(e) Death benefit, none.
(f) Withdrawal benefit, none.
(g) Contributions by the Government, $99,000 annually.

Plan 97

(a) Retirement on annuity only at or after age 70.
(b) Annuity payable only after the completion of 25 years of service.
(c) Amount of annuity, $5,000 per annum.
(d) Contributions by members, none.
(e) Death benefit, none.
(f) withdrawal benefit, none.
(g) Contributions by the Government, $44,000 annually.

The provisions of these plans in group III and the estimated costs are summarized in table III.

TABLE III.—*Estimated contributions under various congressional retirement systems—reserve basis of financing*

	Age of retirement on full annuity	Number of years of service required to qualify for annuity	Amount of annuity per year	Rate of contribution by Members (percent of salary)	Amount of annual contribution [1] by—	
					Members	Government
Plan No.:						
88	65	5	Flat rate of $5,000, payable only to Members in service at or after normal retirement age and having prescribed period of service.	0	0	$507,000
89	65	10		0	0	370,000
90	65	15		0	0	248,000
91	65	20		0	0	141,000
92	65	25		0	0	50,000
93	70	5	do	0	0	293,000
94	70	10		0	0	218,000
95	70	15		0	0	161,000
96	70	20		0	0	99,000
97	70	25		0	0	44,000

[1] Assuming participation by all Members.

Group IV—Plans in which retirement benefit is payable after specified periods of service, irrespective of age

Plan 98

(a) Retirement after a minimum of 15 years of service, irrespective of age.
(b) Amount of annuity: $3,600 for those retiring with from 15 to 19 years of service; $4,800 for those retiring after 20 or more years of service.
(c) Contributions by Members, none.
(d) Withdrawal benefit, none.
(e) Contributions by the Government, $399,000 annually.

Plan 99

(a) Retirement after a minimum of 15 years of service, irrespective of age.
(b) Amount of annuity: $3,600 for those retiring with from 15 to 19 years of service; $4,800 for those retiring after 20 or more years of service.
(c) Contributions by Members, 3½ percent ($350 by each Member annually); $188,000 annually.
(d) In event of death or withdrawal from Congress before beginning to receive an annuity, the former Member or his beneficiaries would receive as a refund his contributions with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.
(e) Contributions by the Government, $360,000 annually.

NOTE.—When the Members contribute under the type of plan outlined here, the total contributions by Members and the Government are higher than if the Government alone contributes. This results from the fact that contributions by Members who do not qualify for annuity are refunded; that is, only a part of the Member contributions ultimately are applied toward annuities. Plans 98 and 99 provide for identical annuities; presumably, disbursements for annuities under the two plans would be equal. But aggregate annual contributions under plan 99 are estimated at $548,000, $149,000 higher than under plan 1. This amount, $149,000, is a measure of the contributions of Members refunded because of their failure to qualify for an annuity.

Plan 100

(a) Retirement after a minimum of 15 years of service, irrespective of age.
(b) Amount of annuity: $3,600 for those retiring with from 15 to 19 years of service; $4,800 for those retiring after 20 or more years of service.
(c) Contributions by Members, 5 percent ($500 by each Member annually); $268,000 annually.
(d) In event of death or withdrawal from Congress before beginning to receive an annuity, the former Member or his beneficiaries would receive as a refund his contributions with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.
(e) Contributions by the Government, $342,000 annually.

TABLE IV.—*Plans which pay benefits after a minimum of 15 years of service, irrespective of age*

	Annuity for—		Rate of contribution by Members (percent of salary)	Amount of annual contribution[1] by—	
	15–19 years of service	20 or more years of service		Members	Government
Plan No.:					
98	$3,600	$4,800	0	0	$399,000
99	3,600	4,800	[2] 3½	$188,000	360,000
100	3,600	4,800	[3] 5	268,000	342,000

[1] Assuming participation by all Members.
[2] At the 3½-percent rate, each Member would contribute $350 each year.
[3] At the 5-percent rate, each Member would contribute $500 each year.

NOTE.—Total contributions of Members and Government are higher when Members contribute than they are when the Government alone contributes. This results from the fact that the contributions of the Members who withdraw or die before retirement are refunded, and only part actually go for the payment of annuities. Under all 3 plans, annuity payments would presumably be equal; but total contributions under plan 99, where Members contribute $188,000 annually, are $149,000 greater than under plan 98; and total contributions under plan 100, under which Members contribute $268,000, are $211,000 greater than the annual contributions under plan 98. These excess amounts indicate the amounts of contributions which would be refunded with respect to Members who do not qualify for an annuity.

MEMORANDUM ON COSTS OF A CONGRESSIONAL RETIREMENT SYSTEM

Except for the terms of the plans, the memorandum makes the same assumptions as those which were outlined in the first memorandum. The plans for which cost figures are given, however, are somewhat different in type from those described in the first memorandum. Plans 28 through 33 provide for annuities varying as to length of service. For example, in plan 28 a Member with 2 years of service would receive $400 annually, whereas a Member with 30 years of service would receive 15 times as much or $6,000 annually. Moreover, in the event that a Member withdrew from service before retirement age, he would not receive the contributions which he had made, plus interest, but instead would retain the right to receive an annuity, in the amount of the credits earned by him for service, beginning in full at the normal age of retirement. For example, a Member elected to Congress at the age of 35 and serving until 45 would have the right under plan 28 to receive $2,000 annually beginning at age 65. Just as in the case of the previous memorandum, however, service prior to the date of the plan would count for participating Members equally with service after the plan was begun. For example, if the plan were begun on January 1, 1940, and a Member at that time had 9 years of service and was not reelected to any following Congress, he would retain rights to receive an annuity based on his 10 years of service.

In the event of death before retirement, however, the contributions made by the Member with interest accummulated at the rate of 4 percent per annum would be returned to his beneficiaries. If death occurred after retirement but before the annuities received equaled the amount of the death benefit at retirement the balance would also be paid the beneficiaries.

Under these 6 plans, 28 to 33, inclusive, the annuities could be made payable in amounts adjusted for the earlier beginning date at ages under 65. This is accomplished by determining the value of the reserve held for the annuity deferred to age 65 and applying that reserve to the payment of an immediate annuity. At age 60, for example, a life annuity payable from age 65 has a value, using the mortality tables on which these cost figures are based and interest at 4 percent per annum, of approximately 63 percent of an immediate annuity in the same amount payable from age 60. Thus a Member having to his credit $2,000 of an annuity beginning at age 65 could receive an annuity of $1,260 payable at age 60 without having any effect on the cost of the plan.

A second group of 10 plans provides for a flat annuity of one-half pay, payable only at age 65 or 70 after varying periods of service. Under these plans, numbered 34 to 43, inclusive, there would be no annuity payable upon retirement before normal age or retirement at or after the normal age with less than the specified number of years of service.

DETAILED PLANS

Plan 28

(a) Retirement on full annuity upon attainment of age 65.
(b) Retirement on annuity on an adjusted amount prior to age 65. (At 60, for example, the adjusted amount would be about 63 percent of the full amount payable at 65.)
(c) The amount of annuity to be 2 percent of the salary for each year of service. (For example, after 2 years of service, the annuity beginning at age 65 would be $400; for 10 years of service, $2,000; and 30 years of service, $6,000.)
(d) Contribution by Members, none.
(e) Death benefit, none.
(f) Withdrawal benefit. Members would retain the right to receive annuities earned by service, beginning at retirement age.
(g) Contributions by the Government, $720,000 annually.

Plan 29

(a) Retirement on full annuity upon attainment of age 65.
(b) Retirement on annuity on an adjusted amount prior to age 65. (At 60, for example, the adjusted amount would be about 63 percent of the full amount payable at 65.)
(c) The amount of annuity to be 2 percent of the salary for each year of service. (For example, after 2 years of service, the annuity beginning at age 65 would be $400; for 10 years of service, $2,000; and 30 years of service, $6,000.)
(d) Contributions by Members, 3½ percent ($350 by each Member annually); $188,000 annually.
(e) Death benefit. In the event of death before beginning to receive an annuity, the beneficiaries of the Member would receive as a refund his contributions with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.
(f) Withdrawal benefit. Members would retain the right to receive annuities earned by service beginning at retirement age.
(g) Contributions by the Government, $548,000 annually.

Plan 30

(a) Retirement on full annuity upon attainment of age 65.
(b) Retirement on annuity on an adjusted amount prior to age 65. (At 60, for example, the adjusted amount would be about 63 percent of the full amount payable at 65.)
(c) The amount of annuity to be 2 percent of the salary for each year of service. (For example, after 2 years of service, the annuity beginning at age 65 would be $400; for 10 years of service, $2,000; and 30 years of service, $6,000.)
(d) Contributions by Members, 5 percent ($500 by each Member annually), $268,000 annually.
(e) Death benefit: In the event of death before beginning to receive an annuity, the beneficiaries of the Member would receive as a refund his contributions with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.
(f) Withdrawal benefit: Members would retain the right to receive annuities earned by service, beginning at retirement age.
(g) Contributions by the Government, $473,000 annually.

Plan 31

(a) Retirement on full annuity upon attainment of age 65.
(b) Retirement on annuity on an adjusted amount prior to age 65. (At 60, for example, the adjusted amount would be about 63 percent of the full amount payable at 65.)
(c) The amount of annuity to be 3 percent of the salary for each year of service. (For example, after 2 years of service the annuity beginning at age 65 would be $600; for 10 years of service, $3,000; and 30 years of service, $9,000.)
(d) Contributions by Members, none.
(e) Death benefit, none.
(f) Withdrawal benefit: Members would retain the right to receive annuities earned by service beginning at retirement age.
(g) Contributions by the Government, $1,080,000 annually.

Plan 32

(a) Retirement on full annuity upon attainment of age 65.
(b) Retirement on annuity on an adjusted amount prior to age 65. (At 60, for example, the adjusted amount would be about 63 percent of the full amount payable at 65.)
(c) The amount of annuity to be 3 percent of the salary for each year of service. (For example, after 2 years of service, the annuity beginning at age 65 would be $600; for 10 years of service $3,000, and 30 years of service $9,000.)
(d) Contributions by Members, 3½ percent ($350 by each Member annually); $188,000 annually.
(e) Death benefit. In the event of death before beginning to receive an annuity, the beneficiaries of the Member would receive as a refund his contributions with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.
(f) Withdrawal benefit. Members would retain the right to receive annuities earned by service, beginning at retirement age.
(g) Contributions by the Government, $908,000 annually.

Plan 33

(a) Retirement on full annuity upon attainment of age 65.
(b) Retirement on annuity on an adjusted amount prior to age 65. (At 60, for example, the adjusted amount would be about 63 percent of the full amount payable at 65.)
(c) The amount of annuity to be 3 percent of the salary for each year of service. (For example, after 2 years of service, the annuity beginning at age 65 would be $600; for 10 years of service $3,000, and 30 years of service $9,000.)
(d) Contributions by Members, 5 percent ($500 by each Member annually); $268,000 annually.
(e) Death benefit, none.

(f) Withdrawal benefit. Members would retain the right to receive annuities earned by service, beginning at retirement age.
(g) Contributions by the Government, $833,000 annually.

Plan 34

(a) Retirement on annuity only at or after age 65.
(b) Annuity payable only after the completion of 5 years of service.
(c) Amount of annuity, $5,000 per annum.
(d) Contributions by Members, none.
(e) Death benefit, none.
(f) Withdrawal benefit, none.
(g) Contributions by the Government, $507,000 annually.

Plan 35

(a) Retirement on annuity only at or after age 65.
(b) Annuity payable only after the completion of 10 years of service.
(c) Amount of annuity, $5,000 per annum.
(d) Contributions by Members, none.
(e) Death benefit, none.
(f) Withdrawal benefit, none.
(g) Contributions by the Government, $370,000 annually.

Plan 36

(a) Retirement on annuity only at or after age 65.
(b) Annuity payable only after the completion of 15 years of service.
(c) Amount of annuity, $5,000 per annum.
(d) Contributions by Members, none.
(e) Death benefit, none.
(f) Withdrawal benefit, none.
(g) Contributions by the Government, $248,000 annually.

Plan 37

(a) Retirement on annuity only at or after age 65.
(b) Annuity payable only after the completion of 20 years of service.
(c) Amount of annuity, $5,000 per annum.
(d) Contributions by Members, none.
(e) Death benefit, none.
(f) Withdrawal benefit, none.
(g) Contributions by the Government, $141,000 annually.

Plan 38

(a) Retirement on annuity only at or after age 65.
(b) Annuity payable only after the completion of 25 years of service.
(c) Amount of annuity, $5,000 per annum.
(d) Contributions by Members, none.
(e) Death benefit, none.
(f) Withdrawal benefit, none.
(g) Contributions by the Government, $50,000 annually.

Plan 39

(a) Retirement on annuity only at or after age 70.
(b) Annuity payable only after the completion of 5 years of service.
(c) Amount of annuity, $5,000 per annum.
(d) Contributions by Members, none.
(e) Death benefit, none.
(f) Withdrawal benefit, none.
(g) Contributions by the Government, $293,000 annually.

Plan 40

(a) Retirement on annuity only at or after age 70.
(b) Annuity payable only after the completion of 10 years of service.
(c) Amount of annuity, $5,000 per annum.
(d) Contributions by Members, none.
(e) Death benefit, none.
(f) Withdrawal benefit, none.
(g) Contributions by the Government, $218,000 annually.

Plan 41

(a) Retirement an annuity only at or after age 70.
(b) Annuity payable only after the completion of 15 years of service.
(c) Amount of annuity, $5,000 per annum.
(d) Contributions by Members, none.
(e) Death benefit, none.
(f) Withdrawal benefit, none.
(g) Contributions by the Government, $161,000 annually.

Plan 42

(a) Retirement on annuity only at or after age 70.
(b) Annuity payable only after the completion of 20 years of service.
(c) Amount of annuity, $5,000 per annum.
(d) Contributions by Members, none.
(e) Death benefit, none.
(f) Withdrawal benefit, none.
(g) Contributions by the Government, $99,000 annually.

Plan 43

(a) Retirement on annuity only at or after age 70.
(b) Annuity payable only after the completion of 25 years of service.
(c) Amount of annuity, $5,000 per annum.
(d) Contributions by Members, none.
(e) Death benefit, none.
(f) Withdrawal benefit, none.
(g) Contributions by the Government, $44,000 annually.

A table summarizing the provisions of these plans and the estimated costs is appended.

JUNE 3, 1939.

Estimated contributions under various congressional retirement systems—reserve basis for financing

	Age of retirement on full annuity	Number of years of service required to qualify for annuity	Annuity rate for each year of service	Amount of annuity per year for—					Rate of contribution by Members (percent of salary)	Amount of annual contribution[1] by—	
				2 years' service	5 years' service	10 years' service	20 years' service	30 years' service		Members	Government
Plan No.:											
28	65	0	2	$400	$1,000	$2,000	$4,000	$6,000	0	0	$720,000
29	65	0	2	400	1,000	2,000	4,000	6,000	3—	$188,000	548,000
30	65	0	2	400	1,000	2,000	4,000	6,000	5	268,000	473,000
31	65	0	3	600	1,500	3,000	6,000	9,000	0	0	1,080,000
32	65	0	3	600	1,500	3,000	6,000	9,000	3—	188,000	908,000
33	65	0	3	600	1,500	3,000	6,000	9,000	5	268,000	833,000
34	65	5	Flat rate of $5,000, payable only to Members in service at or after normal retirement age and having prescribed period of service.						0	0	$507,000
35	65	10							0	0	370,000
36	65	15							0	0	248,000
37	65	20							0	0	141,000
38	65	25							0	0	50,000
39	70	5	do						0	0	293,000
40	70	10							0	0	218,000
41	70	15							0	0	161,000
42	70	20							0	0	99,000
43	70	25							0	0	44,000

[1] Assuming participation by all Members.

NOTE.—In plans 28 to 33, inclusive, Members withdrawing before retirement age retain the right to annuity credits earned while in service; contributions are to be refunded only in event of death prior to retirement or prior to receiving in annuities the amount of contributions, with interest to the date of retirement. For example, if a Member served 10 years from age 35 to 45 he could receive at 65, $2,000. If he died at age 55, he would receive his contributions ($3,500 under a 3½-percent contribution rate, or $5,000 at the 5-percent rate) plus interest at the rate of 4 percent per annum, compounded annually, to the date of death. Annuities payable at 65 can be converted into immediate annuities of the same actuarial value. For example, the Member in the illustration above could convert his annuity of $2,000 payable from age 65 into an annuity of about $1,260 payable from age 60.

Mr. BANKHEAD. Mr. President, in view of the collection of information contained in Mr. Latimer's report I think it would be well to have the statement printed in the form of a public document, and I ask unanimous consent that it be printed as a document and that 2,500 copies of it be made available.

The PRESIDING OFFICER (Mr. BILBO in the Chair). Is there objection? The Chair hears none, and it is so ordered. (S. Doc. No. 85.)

AMENDMENT OF AGRICULTURAL ADJUSTMENT ACT OF 1938—CONFERENCE REPORT

Mr. HATCH submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1569) to amend the Agricultural Adjustment Act of 1938, as amended, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House, and agree to the same.

J. H. BANKHEAD,
CARL A. HATCH,
Managers on the part of the Senate.
MARVIN JONES,
WALL DOXEY,
CLIFFORD R. HOPE,
Managers on the part of the House.

Mr. HATCH. I ask unanimous consent for the immediate consideration of the report.

Mr. AUSTIN. Mr. President, I should like to ask the Senator a question. On what point did the Senate conferees recede?

Mr. HATCH. The Senate conferees receded on a point raised in an amendment of the House which does not change the bill except as to time. The bill as it passed the Senate provided that certain provisions of the Agricultural Adjustment Act which would expire in 1940 should be extended throughout 1941 and 1942. The House changed that, striking out the reference to 1941 and 1942, and making it read "and subsequent years," so that it would not be necessary again to extend the provisions of the act. The Senate conferees agreed to the change.

Mr. AUSTIN. What were the provisions proposed to be extended?

Mr. HATCH. One relates to the 60-percent limitation on the production of cotton. Under the 1938 Agricultural Adjustment Act it was provided in section (E) that no county should have its acreage for cotton reduced to less than 50 percent of its 1937 planting plus diverted acreage. This provision puts a floor under what the Secretary of Agriculture may do in the way of reducing acreage.

Mr. AUSTIN. It relates to the acreage quota?

Mr. HATCH. That is correct.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the report?

There being no objection, the report was considered and agreed to.

COLLECTION OF FOREIGN DEBTS OWED THE UNITED STATES

Mr. REYNOLDS. Mr. President, I should like at this time to call the attention of my colleagues and of the Nation to a bad memory, to one of our semiannual black-letter days, which has just passed, and the great powers now playing in the international poker game "passed" with it, save only the little country of Finland. I am referring to June 15, the date on which our defaulting European debtors dodged again, and only an ever-dwindling few were polite enough to notify us that they were not going to pay. The Japanese are not the only ones who say, "So sorry, excuse please!"

I think it is time that we here in the Senate, always talking about new taxes, new relief bills, new spending, talk about collecting a few billion dollars in behalf of the American taxpayer. I believe the Americans who pay taxes want us to collect these debts. After all, if these debts were paid, our staggering national debt could be retired.

There has recently been agitation to lift the present limit of $45,000,000,000. If our war debts were collected we would not have to worry about that limit. The collections could retire 13 billions in outstanding Federal bonds. Nearly half of those bonds were floated in the dark days of the World War, to raise in America the money from Americans to finance Europe's family quarrel, to save the world for the franc, the pound, and the lira.

Mr. President, I can say that the American citizen everywhere wants us to collect. Just the other day, riding to the Capitol in a taxi, the driver, a war veteran, incidentally, was talking about the visit of the King and Queen of England. He thought the visit was a nice gesture, good for friendship, but he went on to say: "I think England ought to pay its war debt, or at least pay the interest on it. I think all those nations that owe us money ought to pay it. I have to pay my bills; why shouldn't they? I think that if the King had announced over here that England intended to pay her war debt, the good done by his visit would have been a thousand times bigger. They borrowed the money; they owe the money. We ought to be paid!"

That was a taxi driver's interest in war debts. He spoke as a plain American citizen, earning his living by rolling a cab around the streets of Washington. But he is a taxpayer, and he has every right to demand that the American Government collect something for the taxpayers as well as from them.

I am sure all my colleagues would join me in the Senate in cutting our taxes if we could. God knows we do not like to be raising them. If we collected those war debts we could cut our taxes. We could take some of the load off business. We could take some of the burden off the farmer, the working man, the little storkeeper who pays taxes.

I understand there is considerable talk now about lowering the exemption on income taxes so as to make more people pay taxes. In other words, we will have no mercy on our own people, just dip right down into their pockets as deeply as we can get and take all we can find. And we will be dipping down for a lot of it, because we are so generous with $13,000,000,000 these great big nations owe us, which they will not pay. All that Europe wants to send us is refugees. So we get ready to soak our own folks to save somebody else. Big-hearted Uncle Sam! They want to pay us in immigrants, who would take the jobs of Americans; they want to make an initial "payment" to us of 20,000 refugees.

I am not surprised that many taxpayers are disgusted. I am, too. Any such treatment as this looks like asking America to finance the world as well as feed its refugees. They will not pay, but they wish to send their refugees here for us to feed. Why cannot England, France, Russia, Germany, Italy, Poland, and the other nations pay us at least something on account? They have plenty of money with which to buy battleships, to build airplanes, to manufacture cannon, and to stack up rifles.

Mr. President, what would you think of a friend of yours who was so sick he was almost dead and who borrowed a hundred dollars of you and then, when it was time to pay it back, said, "Bill Smith has been saying nasty things about me, so I'm going out to buy a rifle and I can't pay you; you'll just have to wait"? That is, more or less, exactly what has been done to all of us by these friends who were dying until we gave them a transfusion of men and money. Now that they are feeling chipper and cocky again, strutting their armies up and down Europe, the doctor can go to a climate even warmer than we are experiencing in Washington at the present time outside of this air-conditioned Chamber.

Mr. LUNDEEN. Mr. President——

The PRESIDING OFFICER (Mr. LEE in the Chair). Does the Senator from North Carolina yield to the Senator from Minnesota?

Mr. REYNOLDS. I yield.

Mr. LUNDEEN. May I say to my friend, the able Senator from North Carolina, that we must remember that we expended this money to make the world safe for democracy? Should we not forgive them then?

Mr. REYNOLDS. I will say to the Senator in answer to that question that we were led into the war under the guise that we were going to save democracy, and stop anarchy, and stop war for all time.

Mr. LUNDEEN. The distinguished Senator will no doubt bear me out in the statement that we were successful in that respect, were we not?

Mr. REYNOLDS. We were not at all successful in that, and, if the Senator will pardon me, I will say that, as a matter of fact, since the last World War ended November 11, 1918, more than 3,000,000 persons have been killed in battle in Spain, in Ethiopia, and in China.

Mr. LUNDEEN. Then we did not succeed in saving the world? And we did not put an end to all wars? Can that be possible? Were we not the invincible crusaders led on by Woodrow the Great.

Mr. REYNOLDS. Of course not, and as for saving Christianity, the Senator certainly knows that more temples of worship have been razed to the ground and destroyed and more Christian people have been murdered than at any other time within the past 50 years prior to the breaking out of the World War in August of 1914.

Mr. LUNDEEN. I should like to ask the Senator, is there not more democracy in the world now than there was in 1917, or is it possible that there is less democracy and can we really believe the scoundrels who boasted "He kept us out of war;" only to betray us into war?

Mr. REYNOLDS. That depends upon what is considered to be democracy. Since the revolution in Russia, which, according to my recollection, broke out about 1917, the 160,000,000 to 180,000,000 people constituting the population of Soviet Russia claim that their country is a democracy.

Mr. LUNDEEN. May I inquire of the Senator whether the Senator considers the British Empire and the French Empire to be democracies?

Mr. REYNOLDS. In a sense I consider Great Britain to be an imperialistic democracy. I consider France to be a socialistic democracy.

The Senator will recall that the Prime Minister of France, or the War Minister—I believe one man holds both offices—recently was declared a virtual dictator of the Republic of France.

Mr. LUNDEEN. If the Senator will permit I should like to insert in the RECORD at this point in his remarks a short statement as to the so-called democracies of Britain and France—a statement which I made on the floor of the Senate some weeks back and also a definition of Britain's form of government by Sir Anthony Eden.

Mr. REYNOLDS. I should be very much indebted to the Senator from Minnesota if he would do so. I thank the Senator very much for his very excellent contribution.

The PRESIDING OFFICER. Without objection, the statement referred to by the Senator from Minnesota may be printed in the RECORD.

The statement and definition are as follows:

PREDATORY DEMOCRACIES

It seems to me that the nations which are referred to as democracies are empires—worldwide, far-flung empires. France is an empire. That empire has been won by conquest and aggression. The swords of the French imperialists are dripping with blood. They have acquired their territory by aggression. That empire extends into Asia, Africa, and America. It is not European alone; it is worldwide. France is an empire won by aggression and war, and everyone knows it, or should know it.

The far-flung Empire of Britain, scattered over one-third of this mighty earth, upon which the sun never sets, was won by aggression and war. It was won by bloodshed, won by swords dipped into the blood of nations now enslaved by that empire; and yet we hear Senators and Representatives talk about defending these democracies! If that be democracy, God save the word!

We have a democracy here. Let us save that democracy. Let us attend to our own affairs and preserve and protect our own people, including our 12,000,000 unemployed.

If we enter another destructive world war, democracy may disappear from the earth. We may scrap our own institutions. We may ruin the work that our fathers and founders laid down in this country, which they have bequeathed to us, which it is our sacred duty to uphold, and which we are sworn to uphold.

I am weary of hearing about defending democracies which are nothing but bloody, aggressive empires, which hold hundreds of millions of enslaved people under their imperial rule. We are still nursing our wounds from the last war "to save the world for democracy." We are still trying feebly to collect billions of unpaid war debts which the debtors solemnly promised to pay, but never paid; and yet they have the nerve to come over here to us now and ask us again to defend their democracies—democracies, indeed!

THE STATE OF BRITISH DEMOCRACY IN 1928

"We have not got democratic government today. We never had it, and I venture to suggest to honorable members opposite that we shall never have it. What we have done in all the progress of reform and evolution of politics is to broaden the basis of oligarchy."—Anthony Eden.

Mr. REYNOLDS. Mr. President, I take this opportunity to place bouquets where they deserve to be placed. I wish to say that I consider my friend and colleague, the Senator from Minnesota [Mr. LUNDEEN], who has been so kind as to contribute to the few words I had to say upon this subject, to be one of America's greatest patriots, and I wish that all America could hear me say that, because I know of no man in this body who is more thoroughly interested in the American taxpayers and in the future of America than is the distinguished Senator from the great Commonwealth of Minnesota.

Mr. LUNDEEN. I wish to thank the Senator from North Carolina for that statement, for I have vivid recollections of a time when I was called something other than a patriot.

Mr. REYNOLDS. I recall that once upon a time when the Senator was a Member of the House of Representatives he had the courage of his convictions and voted against America's entering the war to save the world for democracy, and to save Christianity, and to stop all war, and when he returned to his State he was threatened with lynching, and people wanted to run him out of town; but later they returned him to the Senate as Minnesota's hero, and I am glad they returned him because the American people have in this body a 100 percent patriotic and courageous citizen.

Mr. President, even though my colleagues are aware of the exact amounts owed by these defaulters—and I apologize to them for taking up their time, for I know that they are more thoroughly familiar with this subject than I am—I want the American people to know just who owes and how much. Then they will know how to answer the war makers and gossipmongers of Europe when they come around again with their little cup begging for help. As certain as it is that we are here today, they will be coming around with their little cups begging again for our money and our men.

I have before me a statement which some months ago I inserted in the CONGRESSIONAL RECORD when I was speaking upon this same subject upon the floor of the Senate. The statement shows the total indebtedness of foreign governments to the United States as of January 31, 1938. I ask that the statement be inserted in the RECORD as a part of my remarks at this point.

The PRESIDING OFFICER. Without objection, it is so ordered.

The statement is as follows:

Statement showing total indebtedness of foreign governments to the United States, Jan. 31, 1938

Country	Total indebtedness	Principal unpaid	Interest postponed and payable under moratorium agreements	Interest accrued and unpaid under funding and moratorium agreements
Funded debts:				
Austria	$26,005,480.99	$25,980,480.66		$25,000.33
Belgium	440,576,360.97	400,680,000.00	$3,750,000.00	36,146,360.97
Czechoslovakia	165,658,603.61	165,241,108.90		417,494.71
Estonia	18,039,718.13	16,466,012.87	492,360.19	1,081,345.07
Finland	8,350,481.00	8,198,489.98	151,991.02	
France	4,121,120,502.59	3,863,650,000.00	38,636,500.00	218,834,002.59
Great Britain	5,263,719,066.73	4,368,000,000.00	131,520,000.00	764,199,066.73
Greece	33,868,484.24	31,516,000.00	449,080.00	1,903,404.24
Hungary	2,316,268.35	1,908,560.00	57,072.75	350,635.60
Italy	2,019,907,055.68	2,004,900,000.00	2,506,125.00	12,500,930.68
Latvia	8,300,896.27	6,879,464.20	205,989.96	1,215,442.11
Lithuania	7,429,514.65	6,197,682.00	185,930.46	1,045,902.19
Poland	252,159,819.66	206,057,000.00	6,161,835.00	39,940,984.66
Rumania	63,971,892.36	63,860,560.43		111,331.93
Yugoslavia	61,663,515.63	61,625,000.00		38,515.63
Total	12,493,087,660.86	11,231,160,359.04	184,116,884.38	1,077,810,417.44
Unfunded debts:				
Armenia	22,705,400.00	11,959,917.49		10,745,482.51
Nicaragua	487,544.98	289,898.78		197,646.20
Russia	375,742,114.78	192,601,297.37		183,140,817.41
Total	398,935,059.76	204,851,113.64		194,083,946.12
Grand total	12,892,022,720.62	11,436,011,472.68	184,116,884.38	1,271,894,363.56

Mr. REYNOLDS. Mr. President, the statement was secured by me from the Secretary of the Treasury, Washington, D. C. It shows the indebtedness of foreign governments to the United States as of January 1938. I may add that since the statement was made Finland has paid on account of the above amount $232,935.50, and Hungary has also reduced her debt as shown on the table by the sum of $9,828.16. That is a small amount, but it is something. It is better than nothing. The indebtedness of Germany is not shown in the above statement provided me by the Treasury Department.

Mr. LUNDEEN. Mr. President, will the Senator yield?

Mr. REYNOLDS. I yield.

Mr. LUNDEEN. It would seem to me that Germany should be held responsible for the Czechoslovakian and Austrian debts.

Mr. REYNOLDS. I am quite in accord with the Senator. In view of the fact that the Senator has suggested that Germany took over Czechoslovakian territory I am thoroughly of the opinion that Germany should be called upon to assume obligations that were made by Czechoslovakia, and I do not see how anyone could argue otherwise.

Mr. LUNDEEN. If I may make a brief statement here I should like to say that great credit is due to the Republic of Finland, which has scrupulously observed its obligations to this Government. It is true that of the original debt they are only paying on about one-half, but that is the amount fixed in the refunding agreement, and they are paying all that is required under that agreement, and Finland is the only nation that is observing that treaty, and it is to the eternal credit and glory of that country and that people that they are doing so.

They have shown their sterling honesty to our country. I will certainly join with the Senator in his statement that we in America could use this money now for the benefit of our people.

I should also like to suggest that along our coast line here, circling the Panama Canal and the Nicaragua Canal region, making an impossible barrier where we cannot even get our ships through without permission from a foreign government in times of war, are islands which ought to be under the American flag. They ought to belong to Uncle Sam. They ought to be American territory. They are American islands, and these foreign governments should turn them over now to apply on the debts that they refuse to pay. The British Empire has nearly one-third of the world under its flag and boasts that it is the greatest empire of all time. This Empire has 600,000,000 people under its flag; this Empire has five times the gold production of the United States. Canada alone produces as much gold as the United States; South Africa four times as much as the United States. They come over here and try to dazzle us with their diamonds and their diadems; their crowns and other royal jewelry. Their royal salary is $5,000,000 a year, whereas our President is paid $75,000 a year.

They paid the commander in chief of their Army, Marshal Haig, a bonus of $500,000 after the war, which I take it was American money; and he never won a great battle in his life. He served under a French general. He did not have the capacity and ability to be commander in chief in the World War, but he absorbed $500,000 of our money.

Mr. REYNOLDS. We paid his salary.

Mr. LUNDEEN. When the war was over we paid him a bonus of $500,000; and he never won an important battle in his life. He served under a French general, Foch. The British paid—I presume with our money—$500,000 to Admiral Beatty, who lost three men and three tons to the Germans' one in the Battle of Jutland, although it must be said to the credit of the British fleet that they succeeded in isolating the German fleet. However, the losses were 3 to 1. He received $500,000, I take it, of American money that we loaned the British. No wonder they are paying these huge amounts and can be so liberal with our money.

Mr. REYNOLDS. And with other people's property. For example, Czechoslovakia is always appeasing at the expense of somebody else.

Mr. President, lest we forget, the figures referred to should be stamped on the memory of every man and every woman in each of our 48 States, thus making it conclusive that our great Uncle Sam will never again—I hope—act as Santa Claus to any ungrateful country or countries.

Think of what happens to one of us when we do not pay our bills. Think of what happens to me when I do not pay my bills. Our creditors are very polite at first. They send us a gentle reminder. Then if we do not pay they begin to get "tough." We receive a strong letter, their attorney telephones, and finally we hear a rap on the door, and there stands the man they sent to collect the debt. That is why, Mr. President, I have taken the floor today to urge upon the Senate that we appoint a collector to collect the money which various countries in Europe owe to 130,000,000 Americans. Why should we go on piling up national debts and carrying a terrific load of international debts? We should not. We should dun Europe until we collect the debts, Mr. President. Why should we not have a collector to rap on the doors of the exchequers of Europe? Why should not some of the cash which Europe is spending for armaments be spent to pay some of its billions upon billions of debt to the 130,000,000 people of the United States?

Mr. LUNDEEN. Mr. President, will the Senator yield?

Mr. REYNOLDS. Gladly.

Mr. LUNDEEN. I wonder if the Senator means that we are not now trying to collect the money?

Mr. REYNOLDS. I have not lately heard anybody ask them to pay us.

Mr. LUNDEEN. Are we only sending over perfumed letters asking what they will do about it, and then receiving another scented note in reply? Or is there any Jacksonian red blood and backbone in the American Department of State? What has become of the Americanism we used to have in this country? Shall we stand idly by, with 12,000,000 idle people starving to death in this country, and permit empires which are spending upward of $10,000,000,000 in rearmament programs to continue to do so, sending out little perfumed notes and allowing them to come back with some little nonessential statement, and then dropping the matter and saying nothing further about it? If that is Americanism, God save the word.

Mr. REYNOLDS. With 12,000,000 out of employment and $13,000,000,000 due us when June 15 came, they did not even have the decency to write letters to the effect that they regretted that they could not liquidate any part of the principal or any portion of the interest.

Mr. CLARK of Missouri. Mr. President, will the Senator yield?

Mr. REYNOLDS. I yield.

Mr. CLARK of Missouri. Mr. President, I noted the same thing the Senator from North Carolina did on June 15 as to the failure of the nations which are in default to us even to acknowledge the fact that they owed us a debt. The thought occurred to me that if we could not get our money we might at least learn a lesson from our past experience. The thought occurred to me that it might be possible for the Congress of the United States to pass a resolution or a bill reciting the facts as to the debts owed us at the conclusion of the last war; as to the example of the United States in possibly the greatest exhibition of generosity which ever took place in international affairs in the history of the world, voluntarily scaling down all those debts to 60 percent; reciting the facts of default; and then setting aside June 15, the due date which has been so much ignored by foreign powers, as a national holiday, a day for meditation and prayer of the American people under the name of "keep-out-of-war day."

Mr. REYNOLDS. I will say to the Senator from Missouri that I shall be very happy indeed to support such a resolution.

Mr. President, On April 13 of this year I introduced Senate Concurrent Resolution No. 12, which provides a practical and businesslike way of collecting the debts. It calls for the employment of Mr. William Griffin, editor and publisher of the New York Enquirer, as a special envoy to the debtor nations for the purpose of assuring their fulfillment of their signed and sealed agreements with America to pay their debts in the manner specified in the agreements. There can be no question as to the qualifications of Mr. Griffin for this mission. His qualifications are set out in detail in my resolution.

Since the introduction of my resolution many distinguished Members of Congress have expressed, in interviews with the public press, their high opinion of Mr. Griffin's capabilities and enlightened patriotism and have warmly advocated his appointment as a special war-debt envoy. Statements regarding Mr. Griffin have been made by many. Among them are many of my colleagues in the Senate, including the Senator from Nevada [Mr. McCARRAN], the Senator from Tennessee [Mr. McKELLAR], the Senator from North Dakota [Mr. NYE], the Senator from Maryland [Mr.

RADCLIFFE], the Senator from Georgia [Mr. GEORGE], the Senator from Delaware [Mr. TOWNSEND], the Senator from Pennsylvania [Mr. DAVIS], the Senator from Colorado [Mr. ADAMS], and many Members of the House, including the Speaker thereof [Mr. BANKHEAD], and the minority leader [Mr. MARTIN]. To my mind the resolution calling for the designation of a special war-debt envoy is of such national importance that it should be acted upon at the earliest possible moment. I bespeak immediate consideration thereof, Mr. President.

Altogether apart from the enormous sums involved, amounting to $13,000,000,000, there is another vital matter at stake in the collection or noncollection of the debts. Mr. President, we hear much nowadays on both sides of the Atlantic concerning the sanctity of treaties and international good faith. It is the utter disregard for the sanctity of treaties and international good faith which animates so many of the Old World countries and which is at the bottom of the terrible ills from which the world today unquestionably is suffering. Our European war debtors, led by England and France, were the first in the post-war days to set an example of total disregard of the sanctity of treaties and international good faith when they decided to defraud Uncle Sam of the billions of dollars he loaned them when their backs were to the wall; and if we do not insist upon the payment of these debts we will place an unheard-of premium on international dishonesty.

Mr. LUNDEEN. Mr. President, will the able Senator yield?

Mr. REYNOLDS. I yield.

Mr. LUNDEEN. In that connection I should like to remind the Senator of the resolution introduced by the minority leader, the Senator from Oregon [Mr. MCNARY], and the Senator from Massachusetts [Mr. LODGE], which proposes to acquire essential war materials to apply on the payment of the debt.

Mr. REYNOLDS. By the way, if the Senator will pardon me for interrupting, I think the able senior Senator from Wisconsin [Mr. LA FOLLETTE] likewise introduced a resolution of that description several weeks ago. I see the Senator from Wisconsin in the Chamber. That is why I mention the matter at this particular time.

Mr. LUNDEEN. I thank the Senator. I was not aware of that fact. It is a very great credit to the able Senator from Wisconsin that he has introduced a resolution along that line.

Mr. REYNOLDS. In that connection I will say to the Senator that I have had in mind the introduction of a similar resolution.

Mr. LUNDEEN. I hope the distinguished and able Senator from North Carolina will do likewise, as he suggests.

Mr. REYNOLDS. I am in thorough accord with that suggestion.

Mr. LUNDEEN. It seems to me there is one very logical, sensible method of obtaining at least a partial payment. I am now making a survey of certain islands on the west coast of the Panama Canal Zone, within a certain circumference which would be within striking distance of bombing planes. I have some information from the War Department in that connection. I find that the French have an island in that vicinity which we could well use; and certain other islands can be acquired by negotiation and purchase. It seems to me that the resolutions which have been introduced looking to the acquirement of essential war materials in payment of the debts are really in the nature of defense measures.

Mr. REYNOLDS. Certainly.

Mr. LUNDEEN. Such measures would serve the Treasury of the United States and save the taxpayers' money. Why not think of American taxpayers once in a while instead of always weeping on the shoulders of Great Britain and France? Other and debtor nations have great quantities of rubber, of bauxite, which is used in the manufacture of aluminum, and of other essential materials that we should have. Let them turn such materials over to our country, and we will give them credit on the debts.

Mr. REYNOLDS. The Senator is quite correct. In that connection I remind the Senator at this time that not so long ago this body passed a bill pertaining to essential war materials which we do not have in this country, to the extent of requiring an appropriation of $100,000,000.

I have suggested, and later in my argument here today shall again suggest, that the debtor countries be provided the opportunity of liquidating, at least in part, their obligation to us in tin and in rubber and in nickel, materials of which we are not possessed in this country; and if they would do that, it would not affect the production or sale of anything of that sort that we have here in the United States.

Mr. President, it is imperative to compel the payment of these defaulted billions. The time has arrived when we must demand payment. The matter now has reached such a stage that it is absolutely necessary for us to send a special envoy to Europe to set the collection wheels turning and assure that they will keep turning until they have ground out the very last cent due the taxpayers of your State of Oklahoma and the taxpayers of all the other States of the Union.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. REYNOLDS. I am glad to yield?

Mr. LUCAS. I am in full sympathy with what the Senator wants to do so far as the debts are concerned. The Senator says the time has come when we should demand payment of the debts. After we make the demand, however, if nothing is done, what are we going to do?

Mr. REYNOLDS. There are many things we could do. As a matter of fact, if Great Britain refused to pay her war debts, in my humble opinion we could seize properties in the United States today belonging to Great Britain or belonging to any of the British people. In addition to that, the British are possessed of considerable wealth in the neighborhood of the United States, and we could bring about considerable embarrassment in that connection. I will say to the Senator from Illinois that if we should demand payment of the moneys which the British Government owes the taxpayers of the United States and should let the British governmental representatives know that we meant business, in the fix that they are now in they would not dare deny payment.

Mr. LUCAS. Am I to understand the Senator now to advocate the seizure of certain properties nearby which belong to England in the event they should refuse to pay their debt?

Mr. REYNOLDS. Not at all; I do not advocate that.

Mr. LUCAS. But I understood the Senator, in his previous remarks to me, to say that that could be done when I asked him, after a demand was made, if there should be a refusal to pay or no evidence of any bona fide intention to pay, what this country would do toward the collection of the debt.

I want to collect the debt just as badly as does the Senator from North Carolina; but I am wondering what vehicle the Senator from North Carolina is going to use in case the demands are refused.

Mr. REYNOLDS. I will say to the Senator that we shall never reach that stage. As I said a moment ago, if we let Great Britain know that we mean business, and that we in this country need the $13,000,000,000 that is due us to take care of our millions of unfortunate people who are out of employment and who are dependent upon the Government of the United States to care for them, Great Britain will liquidate that obligation. We know that Great Britain has the money with which to pay us. We know that she is possessed of the gold with which to pay us, because Great Britain is constantly making loans to various other countries of the world, and spending billions upon billions for armaments in preparing for another war to preserve her empire; but, unfortunately, she is not sufficiently grateful to pay the American people the amounts that she borrowed and that we loaned to her during the trying days of the World War, from 1914 to 1918, when she was participating in that conflict.

Mr. LUCAS. Can the Senator tell me the last time Great Britain made any payment on this obligation?

Mr. REYNOLDS. It has been many years. I do not exactly recall.

Mr. LUCAS. Does the Senator agree with me that we can judge the future only by the past, and that if the British

have not paid any of this indebtedness in the past, and they have all of this property with which to pay, a mere demand by this country is not going to cause them to pay?

Mr. REYNOLDS. I will say to the Senator that I do not believe England has any intention of paying her war debt. Some of the men highest in authority in Great Britain have said that they do not owe us anything; that as a matter of fact we did not do them any good. They have said that if we had not sent our forces over there, they would have settled the war in 1917. Some men high in authority in Great Britain have said that we really were injurious to them, and that if we had not gotten into the war millions of lives would have been saved.

I am very happy the Senator mentioned that matter, because I am going to bring to the attention of the Members of this body a conversation which took place between an American citizen and some of those in authority in Great Britain. I will say to the Senator that I do not believe the British have the slightest intention upon earth of paying us. I say that, first, as a result of the fact that I have been advised of conversations that took place between an American citizen and those in high authority in Great Britain; and, in the second place, because the British are possessed of more wealth than perhaps any other nation upon the face of the earth outside of our own United States, and yet they have never evidenced the slightest desire or inclination to make payment of this obligation, which the Senator from Illinois most certainly agrees with me is due.

Mr. LUCAS. If the Senator will further yield, in view of his last statement that he believes England never intended to pay the debt, what good can be accomplished by sending to England this Ambassador of good will, so to speak, for the purpose of trying to collect it?

Mr. REYNOLDS. There are many times when one who is indebted to another does not pay, and does not really interest himself in making an endeavor to liquidate an obligation, so long as he receives perfumed notes such as were mentioned a moment ago by the Senator from Minnesota [Mr. LUNDEEN], but when the creditor's lawyer gets after him, and then when finally the sheriff knocks on the door, and the debtor knows that the creditor means business, the debtor wakes up and makes an earnest effort to liquidate at least a portion of the obligation.

Mr. LUCAS. I can appreciate the sheriff's knocking on the door in the case of a private obligation between two citizens of this country; but the point I am trying to ascertain from the distinguished and able Senator from North Carolina who is constantly talking upon this question—and I think it is a very good thing for the country—is what the Senator from North Carolina and the Senator from Minnesota are going to do about this matter in the final analysis if England and the other defaulting nations continue to refuse to pay their obligations.

Mr. REYNOLDS. Before we ascertain what procedure we shall take, I think first we should let those in high authority in the debtor nations at least know that we mean business. As a matter of fact, according to my recollection, we have never proposed to them that they deliver or arrange to deliver to us any part or portion of any lands they have in the Western Hemisphere in part payment of their indebtedness.

Mr. LUCAS. It would be fine if they would do that. We could use these islands, of course, or any of the lands that belong to England, as part payment, perhaps; but suppose they say, "No; we are not going to do it"?

Mr. REYNOLDS. Let us not make that supposition until after we have made the request. Let us first ascertain whether or not the debtor nations are really desirous of evidencing their appreciation and demonstrating their honesty by complying with the request. In that connection, I desire to make particular mention of another matter at this time, in view of the fact that the subject was broached a moment ago by the Senator from Minnesota [Mr. LUNDEEN]. He mentioned the fact that Great Britain is the possessor of some islands just beyond gun range of the Panama Canal. In addition to that, as the Senator knows, she owns British Honduras. In addition to that she has a number of islands strung through the West Indies, beginning at Port of Spain, the capital of Trinidad, and reaching around the arc of the West Indies by way of Martinique and the Virgin Islands, Puerto Rico and Haiti, and over to Cuba. She has land there that we want. We have had some discussion upon the floor of the Senate, we have seen much in the columns of the press almost daily, in reference to our national-defense program, in reference to the suggestion that we fortify the circle in order that we may well assure the safety of the entrance to and the locks of the Panama Canal from the Atlantic.

By the way, I might mention something which to my mind is just as important as that. Great Britain owns, within an hours' travel by airplane from Miami, Fla., the islands of Bimini and Nassau; and from there it is only an hour and a half more by plane until we reach the island of Bermuda, the capital of which is Hamilton. Hamilton is a distance of only 500 miles directly east of the coast of North Carolina. I have heretofore suggested that England might be prevailed upon to bring about the transfer of that piece of property to us; and we would be particularly interested in that, for the reason that 95 percent of all the revenue derived by the Government of Great Britain through its capital and seaport of Hamilton comes out of the port of the city of New York; whereas, as the Senator from Indiana [Mr. MINTON], who is present this afternoon, knows, Bimini and Nassau are only a few miles off the coast of Florida.

We do not want to be rude about the matter, we want to be as gracious as we possibly can be; we do not desire to incur any ill feeling if it can be avoided; but let us seriously ask if they would be willing to make transfer of some of this property in the Western Hemisphere which we really need.

In addition to that, of course they might be able to make some arrangement about Newfoundland. There are a couple of islands just north of Newfoundland, and the French also have possessions in the Western Hemisphere.

I shall in a moment bring to the attention of this body some very interesting conversations which took place between an American citizen and officials high in authority in England.

Mr. LUNDEEN. Mr. President, will the Senator yield?

Mr. REYNOLDS. I yield.

Mr. LUNDEEN. I wish to call attention to the fact that the British did pay something up until about 1931.

Mr. REYNOLDS. I do not remember the date of the last payment.

Mr. LUNDEEN. The records of the Debt Commission will show. What we ask them to do now is to resume payments. They did pay some. Let them resume or have they been told they do not need to pay any more? If so, who told them that?

Mr. REYNOLDS. The data I have do not cover the last interest payment.

Mr. LUNDEEN. Why did they stop? Did some one say, "It is all right; it can ride along for a while, and we will not ask you for it"? Is that what happened? Why did we suddenly become so mellow and so kindly and so gentle with this great, huge, warlike empire, upon which the sun never sets, but which has not paid its debts in recent years?

Mr. REYNOLDS. Is there any reason why we should not ask them to pay? Is there any reason why we should not knock at their door every day and request payment?

Mr. MINTON. Mr. President, will the Senator from North Carolina yield?

Mr. REYNOLDS. I yield.

Mr. MINTON. As I have understood the Senator from North Carolina and the Senator from Minnesota, they are advocating taking over the islands they have mentioned. Has it not been our experience that the islands we now have are a liability instead of an asset?

Mr. REYNOLDS. I quite agree.

Mr. MINTON. Then why does the Senator want to have us take on some more?

Mr. REYNOLDS. Our naval authorities and others interested in national defense have suggested that we should erect fortifications, particularly in that area of the Atlantic, which

would provide greater and better protection for the eastern entrance to the Panama Canal.

Mr. LUNDEEN. Mr. President, will the able Senator kindly yield further?

Mr. REYNOLDS. I yield.

Mr. LUNDEEN. I have frequently been met with this statement, "What do you want with those sand bars out there in the West Indies?" Now, I am making an exhaustive research into the resources of these islands of the West Indies, and, with the permission of the Senate, I shall at a later date be glad to present the record of the untold resources of these islands. I cannot hope to give a complete picture of their resources, but at least in part I hope to do so. For instance, in Trinidad there is an inexhaustible asphalt mine. We have recently heard about that in connection with paving matters here in Washington. For a hundred years those operating that mine have taken that substance out of the earth, and it just wells right up to the same level, and, so far as anyone knows, this material, no matter how much is taken out for a thousand years to come, will remain at the same level.

Just today I cut an article out of a paper in which it is stated that the island of Saba, a small island in the West Indies, contains the only pure sulfur mine in the world.

The only pure sulfur mine in the world is on the strange island of Saba, lying south of the Virgin Islands. Saba is a volcanic cone rising from the sea. Eight hundred steps lead up from the beach to the town, curiously called the Bottom, and peopled by an isolated community of thrifty Dutch, who construct seaworthy sloops inside the crater and lower them over the rocks to the sea.—Carl Kulberg.

Consider Bermuda, for instance. Is there any greater tourist point in the Western Hemisphere than Bermuda? Is that not a gold mine in itself? And its American money that pours in there in an ever-increasing tide.

The fishing grounds of the West Indies are world famous and may well prove to be inexhaustible—from the same source I include the following clipping—

The Atlantic Ocean off the Bahama Banks is often less than 30 feet deep and the unusual transparency of the water reveals many sea denizens. About 100 miles north of Puerto Rico is Nares Deep, the deepest known spot—27,972 feet.

Mr. REYNOLDS. What about Jamaica?

Mr. LUNDEEN. Of course. The distinguished Senator is more traveled than I, and is more familiar with these things, but I am somewhat familiar with them. Would anyone think of turning back Puerto Rico? We recently appropriated hundreds of millions of dollars for the fortification of Puerto Rico. Would anyone think of turning back the strategic Virgin Islands, 100 miles farther east than Puerto Rico? Would anyone want to relinquish the protectorate which we have over Cuba? Though that is a free country, yet there is an American protectorate over it, and we would not permit any foreign foe to come there, or any European flag to fly over that great island.

These islands are possessed of great resources, and it is about time that the American people got the information that here are great resources right at our front doorstep, and here we have the finest and best air bases. From Bermuda an enemy nation can strike Baltimore, New York, Philadelphia, or any of the west coast cities within 2 or 3 hours with their bombers. We should have Bermuda as our base. It should be American. It should not be under a foreign flag. It is an American island, and it is and of a right ought to be American.

Mr. REYNOLDS. Let me say to the Senator, in reference to the value of these islands, that, according to my recollection, during the course of the World War the United States paid $25,000,000 for the Virgin Islands, and we would not sell them at any price now, because we desire to fortify them. I thank Senators for their kind inquiries and contributions. If we do not insist upon payment of these debts, we will place an unheard-of premium on international dishonesty.

It is imperative to compel the payment of these defaulted billions of dollars. The matter has now reached a stage where it is absolutely necessary to send a special envoy to Europe to collect the debts.

I wish to call particular attention to a statement by the President of the United States himself. Five years ago the President said concerning the war debts:

These obligations furnished vital means for the successful conclusion of a war which involved the national existence of the borrowers, and later for a quicker restoration of their normal life after the war ended.

The money loaned by the United States Government was in turn borrowed by the United States Government from the people of the United States; and our Government, in the absence of payment from foreign governments, is compelled to raise the shortage by general taxation of its own people in order to pay off the original Liberty bonds and the later refunding bonds.

Mr. LUNDEEN. Mr. President, will the Senator yield again?

Mr. REYNOLDS. I yield.

Mr. LUNDEEN. Then I understand that we are raising money by taxation of our American people to support the British Empire right now?

Mr. REYNOLDS. Certainly.

Mr. LUNDEEN. According to the President's own statement.

Mr. REYNOLDS. Not only that; but they are asking that we take all the refugees from all the earth, all those they do not want in their own countries, and feed them, when there are millions here who are hungry. The President of the United States stated that one-third of our people are undernourished, ill-housed, and improperly clothed. The President continued:

It is for these reasons that the American people have felt that their debtors were called upon to make a determined effort to discharge these obligations. The American people would not be disposed to place an impossible burden upon their debtors—

And we would not—

but are nevertheless in a just position to ask that substantial sacrifices be made to meet these debts.

That is what the President of the United States said in particular reference to the subject I have under discussion at this time. The President continued—and this was 5 years ago:

We shall continue to expect the debtors on their part to show full understanding of the American attitude on this debt question. The people of the debtor nations will also bear in mind the fact that the American people are certain to be swayed by the use which debtor countries make of their available resources—whether such resources would be applied for the purposes of recovery as well as for reasonable payment on the debt owed to the citizens of the United States, for the purposes of unproductive nationalistic expenditure, or like purposes.

Mr. BRIDGES. Mr. President, will the Senator yield?

Mr. REYNOLDS. I yield.

Mr. BRIDGES. The mere fact that the President of the United States, Mr. Roosevelt, made certain statements 5 years ago, would not be any indication that he believes those statements or would stand by them today, would it?

Mr. REYNOLDS. I beg the Senator's pardon?

Mr. BRIDGES. The Senator was referring to some statements made by the President of the United States, Mr. Roosevelt. My question was, judging from our experience, is it the opinion of the Senator, simply because Mr. Roosevelt, President of the United States, made those statements 5 years ago, that would be an indication that he believed them or would stand by them today?

Mr. REYNOLDS. I will say to the Senator from New Hampshire that the President of the United States made those statements then, and I am sure that the President of the United States would today stand by the same statements he then made. But that would be no indication of the fact that the President of the United States is not desirous that Great Britain should pay her war debts. As a matter of fact, I am thoroughly and firmly of the opinion

that the President of the United States is just as desirous of collecting the honest debts that are due to the taxpayers of America as is the Senator from New Hampshire or as I am, if I may say so.

Mr. BRIDGES. My answer to the Senator is that from my personal observation of the President of the United States and his very shifting positions, I would not be at all sure that the fact that he said something 5 years ago would be any indication that he believed the same way today. I should think that he might have changed several times in the meantime, and perhaps may have a wholly different view today.

Mr. REYNOLDS. As a matter of fact, the President of the United States is but human, like the Senator and myself, and conditions change. Many times have I changed my position, and I am convinced that the Senator will agree with me that many times he has changed his position. The position depends entirely upon the shifting of sands, and time has a great deal to do with the shifting of sands.

Mr. BRIDGES. I believe a person should change to meet conditions, but the President for one seems to me personally to be able to shift even faster than conditions shift.

Mr. REYNOLDS. In what particular respect does the Senator mean?

Mr. BRIDGES. In about every respect that I have observed. For instance, on fiscal policies.

Mr. REYNOLDS. I cannot recall at this time any instance in which the President of the United States has shifted without due cause, or for perfect reason, I may say.

Mr. BRIDGES. I did not want to embarrass the Senator in that respect, but I should recall that the President was elected on a platform of economy, and that he took the position that there should be a 25-percent reduction in expenditures, and so on, and it seems to me that he has shifted greatly from that position.

Mr. REYNOLDS. I may say to the Senator that when the President of the United States took office in March 1933, conditions thereafter immediately changed. We had been going from bad to worse, and when the present President of the United States took office he found millions upon millions of unfortunate men and women who were undernourished and improperly clothed, and he found suffering and misery on every hand. Being the great humanitarian that we have found him to be, he endeavored as best he could, as all Americans have endeavored as best they could, to find jobs for those unfortunate people who were not able to find jobs. Industry had not been able to provide them with employment. We had been in a depression, as the Senator recalls, many years before the President took office, a depression which began in October 1929, and I will say to the Senator that the President's position has never shifted from the time he took office in March 1933 up to the present time insofar as being interested in the unfortunate men and women of this country.

Mr. President, I am sure the Senator will go along with me and vote money out of the Treasury of the United States so long as there are empty stomachs to be filled, and so long as there are poor men and women to be cared for.

Mr. BRIDGES. The President probably has not shifted in his feeling toward the unfortunates, but his approach to dealing with those unfortunates has shifted many, many times.

Mr. REYNOLDS. Mr. President, it is my firm conviction that the time for leniency toward our war-debt defaulters has passed. No one can justly say that we have acted like a Shylock. The debtor nations have accused us of being a Shylock. The heart of the whole trouble lies in the fact that our war debtors simply do not wish to pay. And as I stated a moment ago they do not intend to pay. Had they the will to make good they could have made good long ago, and their making good would have been as beneficial to them as it would have been to us. The other day, the outstanding economist, M. S. Rukeyser, whose articles are closely studied daily from coast to coast, hit the nail on the head when he affirmed—I quote from the New York Journal-American:

> The pivotal excuse for the default has been the difficulty of international transfer of large sums, especially in times of depressed trade. However, the argument that payment can only be made in goods and services, or in gold does not reveal the whole truth. Individuals and financial institutions in Great Britain and France own substantial holdings of American securities, tangible property, and bank balances. If the will to liquidate the war debt existed, this could be accomplished by mobilizing these foreign holdings of American assets and turning them over to the American Treasury, thus obviating the awkward necessity for transfer of colossal sums through the foreign exchange market. The British and French Governments could then reimburse their own nationals in their own currency or internal bonds.

That was the answer I gave a moment ago to the senior Senator from the State of Illinois [Mr. LUCAS] when he made inquiry as to how we could bring about the collection of the debt or any portion thereof.

France, England, and Italy, the leaders in the war-debt defaulters' united front, while brazenly asserting that they have not the wherewithal to meet their indebtedness to us, are making loans wholesale to European countries for political and commercial advantage, as was stated a moment ago by the able Senator from Minnesota, who has just risen, and to whom I gladly yield now.

Mr. LUNDEEN. Mr. President, briefly I wish to say that I wonder if the great Empires of Britain and France are not setting a rather bad example to the little nations or smaller nations who owe us money. There are a score of nations who owe us money, and I imagine in their chancelries they will say, "Well, Britain and France are not paying. Why should we?" And so the whole debt structure collapses right there.

Mr. REYNOLDS. Certainly they are setting a very bad precedent, because we know by experience that unless the larger nations pay, the smaller nations are not going to make the slightest gesture toward paying.

Mr. President, on June 6, less than 2 weeks ago, the United Press transmitted a news dispatch from London to the United States which stated:

> Great Britain has extended substantial new credits to Turkey, it was understood today, since Turkey joined the Anglo-French security front. The sum of $46,862,500 was mentioned. It was recalled that Britain lent Turkey $74,980,000 in April 1938.

The temerity of England in carrying out a transaction of this kind less than 2 weeks before the semiannual payment on her war debt to Uncle Sam fell due is beyond the bounds of adequate condemnation.

Mr. LUNDEEN. Mr. President, will the Senator yield?

Mr. REYNOLDS. I yield.

Mr. LUNDEEN. Would it be just to say that, so far as the British Empire is concerned, they have said in effect, millions for the Turks, but not a dollar for America?

Mr. REYNOLDS. Righto.

Mr. President, if it were true that our war debtors were unable to liquidate their indebtedness to us in cash, that would not in the least absolve them from the solemn duty of paying us every cent they owe us. England controls the rubber—referring to the subject mentioned a moment ago by the Senator from Minnesota [Mr. LUNDEEN]—the tin, and the nickel supply of the world. The United States is the largest market for these three products. Had Great Britain the will to pay, she could readily make use of these products in the liquidation of her indebtedness to us, as suggested by innumerable resolutions introduced in Congress. The plain truth of the whole situation is that not one of our war debtors is actuated by good faith, and each is determined to defraud Uncle Sam of his war-debt account if Uncle Sam will only permit it.

We are all Americans, whether we are Democrats or Republicans. There is no such thing as Republican Americanism. There is no such thing as Democratic Americanism. It is just plain Americanism. We all love America, and each of us is at all times eager to serve her to the best of his ability. None of us would knowingly wrong his country.

One of the gravest misfortunes which can befall any nation is that of being contemptible in the eyes of the world. Whether

or not we realize it, the United States of America is regarded with supreme contempt throughout the globe as a gullible nation. In order to show the attitude of our war debtors toward us I wish to give the Senate some information which has been given to me by Mr. William Griffin, the editor and publisher of the New York Enquirer. This information startled me, Mr. President. As a matter of fact, I heard about it only about 3 or 4 months ago, when I was talking with him. I am confident that it will startle the Senate.

During a recent trip to Europe, Mr. Winston Churchill, First Lord of the Admiralty in the British Cabinet during the World War, invited Mr. Griffin to call on him at his home in London. During the course of a long visit Mr. Churchill asked what were some of the questions uppermost in the minds of the American people regarding Anglo-American relations. The questions were asked by Winston Churchill of Mr. William Griffin, his American guest. Mr. Griffin told Mr. Churchill that the outstanding issue in the United States that was disturbing Anglo-American relations was England's failure to pay her war debt.

Mr. Churchill then said to Mr. Griffin:

I think that England should pay every single dollar she has borrowed from your country. But before paying in full she should be allowed to deduct half the cost of all the shot and shell she fired at the Germans from the time America declared war until she put soldiers in the front-line trenches over a year later.

Asked if we allowed England to make the deduction in question, how much would it amount to, Mr. Churchill answered:

I was in a position to know just how much it cost England to carry on the war, and, according to my figures, England should be allowed to deduct $4,900,000,000 from the debt America claims England owes her before a final settlement is made. When you declared war you became partners in war, and therefore your country should be willing to bear its just cost of carrying on the war.

Mr. Griffin then told Mr. Churchill that it was our opinion that America had saved the British Empire from destruction and from overwhelming defeat. Mr. Churchill disagreed with him regarding America's contribution toward winning the war, and stated unequivocally that although he was enthusiastic over our declaration of war, he could now see that it was all a horrible mistake, and that we should have stayed at home and attended to our own business.

Mr. Churchill said England would not have lost the war, because, said he:

We would have made peace with Germany in the spring of 1917, and by so doing would have saved over a million British and French lives.

As I mentioned a moment ago. Mr. Churchill continued—think of the audacity of this—

America's entrance into the war was disastrous not only for your country but for the Allies as well, because had you stayed at home and minded your own business we would have made peace with the Central Powers in the spring of 1917, and then there would have been no collapse in Russia, followed by communism; no breakdown in Italy, followed by fascism; and nazi-ism would not at present be enthroned in Germany. If America had stayed out of the war and minded her own business, none of these "isms" would today be sweeping the Continent of Europe and breaking down parliamentary government.

Now, Mr. President, let us turn to Mr. Lloyd George, wartime Prime Minister of England.

The former British Prime Minister explained to Mr. Griffin, while Mr. Griffin was his guest, that the United States could have brought an end to the World War without sending a single soldier to France, a single ship to the North Sea, or a single airplane to the western front, or, for that matter, spending a single dollar in Europe for war purposes. Said Mr. Lloyd George:

When the World War broke out in 1914 Theodore Roosevelt advocated that the United States raise and equip a standing Army of 1,000,000 soldiers and build the largest and most powerful Navy in the world, and constitute an air force to back up your Army and Navy. If you had adopted that program and had your Army, Navy, and air force ready for war in the summer of 1915 or 1916, and then you had called on the warring nations of Europe to sit down around the council table and talk peace, we would have acceded, because we would not have known which side you might plunge in on, and all the nations in Europe at war would have feared the armed might of America.

In that connection, Mr. President, I wish to take this opportunity to commend the President of the United States and the administration for insisting upon an adequate force of armed men and sufficient supplies of every nature in this country because, in my humble opinion, with strength we shall not experience any difficulty with anybody.

Lloyd George continued:

You went to war with us in 1812 over the freedom of the seas, but I think we offended you just as much by our activities on the high seas during the World War as we did in 1812. On the other hand, the Germans also offended you by their submarine warfare, which resulted in the sinking of a number of American flag ships.

President Albert Lebrun, of France, received Mr. Griffin in the Elysee Palace in Paris and told him that he was always glad to welcome an American to his country because Americans seemed to realize the vast debt that their country owed the great Republic of France. He was sure, he added, that France was the best liked of all the European countries in America, and that it would be impossible for anyone to travel from one end of America to the other and find a person who had any reason to be critical of his country, France.

Lebrun was told America felt that France should pay its war debt to the United States. Lebrun, who had been seated at his desk, bounded out of his chair and declared that France's war debt to America would never be paid, and said that the fact that France was not paying her war debt was all the fault of former President Hoover. He pounded the desk and stated that in 1931 Mr. Hoover, in order to prevent a collapse in Germany—and that was the last year, according to my recollection, in which England made any payment upon the debt—had asked the Allies to grant Germany a moratorium for 1 year on reparations payments, and had agreed that if they would do so the United States would grant them a moratorium on their war-debt payments. President Lebrun declared:

Surely, the United States wouldn't expect us to continue payments on our war debt if we in turn couldn't collect from Germany.

Mr. President, as you know and as we all know, there is a vast difference and distinction between debts of that sort from Germany and the war debts which the Allies contracted with the United States. One is liquidation of damages. The war debts due to the United States represent cash actually loaned by the taxpayers of the United States of America, who are bearing the burden of the payments which are now due.

Mr. LUNDEEN. Mr. President, will the Senator yield for a brief statement?

Mr. REYNOLDS. I yield.

Mr. LUNDEEN. I should like to have the RECORD show at that point the position of Andrew Jackson in regard to the collection of the French war debt of 1800, resulting from an undeclared war which we fought with France at that time. I had the privilege of addressing the Senate two or three times on that subject. That is one of the greatest state papers ever written in the messages and papers of American Presidents.

Instead of holding so many banquets in honor of Andrew Jackson and then failing to follow his doctrines and policies, I wish that at these banquets some of his state papers would be read, and that after the banquet was over we would see the administration follow the policies that Andrew Jackson laid down.

Mr. REYNOLDS. In reference to the paper which has just been mentioned by the Senator, I should be very grateful to the Senator if he would be good enough to bring about the insertion in the RECORD of that particular document, in order that the American people may know the action which Andrew Jackson threatened to take at the time France would not pay.

Mr. LUNDEEN. With the Senator's permission and the Senate's permission, I shall be very glad to do so.

Mr. REYNOLDS. I thank the Senator.

The PRESIDING OFFICER. Without objection, that order will be made.

The matter referred to is as follows:

[From the Congressional Record of June 9, 1933, p. 5511]

ANDREW JACKSON, AMERICAN, AND THE FRENCH DEBT—FAILURE OF FRANCE TO PAY AMERICA INSTALLMENTS DUE ON WORLD WAR AND POST-WORLD WAR DEBTS RECALLS STERN, SUCCESSFUL MEASURES TAKEN BY "HICKORY"

Mr. LUNDEEN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER pro tempore. Without objection the gentleman is recognized for 1 minute.

There was no objection.

Mr. LUNDEEN. Mr. Speaker, there has been a great deal of discussion about how to handle our foreign debts—the French debts and other debts. I ask unanimous consent to revise and extend my remarks to show the wonderful statesmanlike manner in which Andrew Jackson, a real fighting American and a great Democrat, handled a similar situation in his time. [Applause.]

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. LUNDEEN. Mr. Speaker, before the years 1800–1817 a series of unprovoked aggressions upon our commerce was authorized and sanctioned by the Government of France, most of which occurred during the time that Napoleon was conducting his many wars, and particularly his wars against England. There is a striking parallel between the aggressions on our commerce at that time and the aggressions committed on our commerce by the contending parties in 1914, 1915, 1916, and 1917, during the World War; the only difference being a matter of degree, and the fact that lives were lost by reason of the aggressions during this last war.

Our Government during this terrific struggle between the Government of France, headed by Napoleon, and the other European countries, took the attitude that any damage to our commerce or injury that we received by reason of said war could be adjusted after the war was over. As a result, at the conclusion of these wars our Government insisted that the French Government pay for these wrongs perpetrated upon our commerce; and after considerable negotiations a treaty between our Government and the French Government was concluded and signed, on the 4th day of July 1831, by which it was stipulated and set forth as stated in President Jackson's message to Congress, December 1, 1834, that—

"The French Government, in order to liberate itself from all reclamations preferred against it by citizens of the United States for unlawful seizures, captures, sequestrations, confiscations, or destruction of their vessels, cargoes, or other property, engages to pay a sum of 25,000,000 francs to the United States, who shall distribute it among those entitled, in the manner and according to the rules it shall determine."

According to this treaty the French Government was to pay this 25,000,000 francs in six annual installments of 4,166,666 francs and 66 centimes each—

"The first installment to be paid at the expiration of 1 year next following the exchange of the ratification of this convention, and the others at successive intervals of a year, one after another, till the whole shall be paid. To the amount of each of the said installments shall be added interest at 4 percent thereupon * * *."

This treaty was duly ratified by both parties, and the ratification was exchanged at the city of Washington on February 2, 1832.

Jackson in his message goes on to say:

"No legislative provision has been made by France for the execution of this treaty, either as it respects the indemnity to be paid or the commercial benefits to be secured to the United States. * * * Advice of the exchange of ratifications reached Paris prior to April 8, 1832. The French Chambers were then sitting, and continued in session until the 21st of that month, and although one installment of the indemnity was payable on February 2, 1833, 1 year after the exchange of ratifications, no application was made to the Chambers for the required appropriation; and in consequence of no appropriation having then been made, the draft of the United States Government for that installment was dishonored by the Minister of France, and the United States thereby involved in much controversy.

"The next session of the Chambers commenced on November 19, 1832, and continued until April 25, 1833. Notwithstanding the omission to pay the first installment had been the subject of earnest remonstrance on our part, the treaty with the United States and a bill making the necessary appropriations to execute it were not laid before the Chamber of Deputies until April 6, nearly 5 months after its meeting, and only 19 days before the close of the session. The bill was read and referred to a committee, but there was no further action upon it.

"The next session of the Chambers commenced on April 26, 1833, and continued until June 26 following. A new bill was introduced on June 11, but nothing important was done in relation to it during the session.

"In the month of April 1834, nearly 3 years after the signature of the treaty, the final action of the French Chambers upon the bill to carry the treaty into effect was obtained, and resulted in a refusal of the necessary appropriations. * * *

"The refusal to vote the appropriation, the news of which was received from our Minister in Paris about the 15th day of May last (1834), might have been considered the final determination of the French Government not to execute the stipulations of the treaty, and would have justified an immediate communication of the facts to Congress, with a recommendation of such ultimate measures as the interest and honor of the United States might seem to require. But with the news of the refusal of the Chambers to make the appropriation were conveyed the regrets of the King and a declaration that a national vessel should be forthwith sent out with instructions to the French Minister to give the most ample explanations of the part and the strongest assurances for the future. After a long passage the promised dispatch vessel arrived. The pledges given by the French Minister upon receipt of his instructions were that as soon after the election of the new members as the charter would permit the legislative chambers of France should be called together and the proposition for an appropriation laid before them; that all the constitutional powers of the King and his cabinet should be exerted to accomplish the object; and that the result should be made known early enough to be communicated to Congress at the commencement of the present session."

The French Government of 1834 had the decency to apologize for its failure to pay an obligation.

Andrew Jackson, relying upon these pledges, did not communicate the above facts to Congress, relying, as he did, upon the assurances of the French Government. In this message of December 1, 1834, Andrew Jackson goes on to say:

"I regret to say that the pledges made through the Minister of France have not been redeemed. The new Chambers met on July 31 last, and although the subject of fulfilling treaties was alluded to in the speech from the throne, no attempt was made by the King or his cabinet to procure an appropriation to carry it into execution."

Andrew Jackson then makes this emphatic assertion:

"The idea of acquiescing to the refusal to execute the treaty will not, I am confident, be for a moment entertained by any branch of this Government, and further negotiation upon the subject is equally out of question."

And then Andrew Jackson goes on to say:

"Our institutions are essentially pacific. Peace and friendly intercourse with all nations are as much the desire of our Government as they are the interest of our people. But these objects are not to be permanently secured by surrendering the rights of our citizens or permitting solemn treaties for their indemnity, in cases of flagrant wrong, to be abrogated or set aside."

Andrew Jackson was not a man who indulged in fine speech, but when he was through speaking no one could doubt the meaning of his words. For example, he goes on to say:

"There is but one point in the controversy, and upon that the whole civilized world must pronounce France to be in the wrong. We insist that she shall pay us a sum of money which she has acknowledged to be due, and of the justice of this demand there can be but one opinion among mankind."

And a few sentences later in his message he said:

"It is my conviction that the United States ought to insist on a prompt execution of the treaty, and in case it be refused or longer delayed, take redress into their own hands. After the delay on the part of France of a quarter of a century in acknowledging these claims by treaty, it is not to be tolerated that another quarter of a century is to be wasted in negotiating about the payment. The laws of nations provide a remedy for such occasions. It is a well-settled principle of the International Code that where one nation owes another a liquidated debt which it refuses or neglects to pay the aggrieved party may seize on the property belonging to the other, its citizens, or subjects sufficient to pay the debt without giving just cause of war. This remedy has been repeatedly resorted to and recently by France herself toward Portugal, under circumstances less unquestionable."

And, then, listen to the American attitude of a real American when he says:

"Since France, in violation of the pledges given through her Minister here, has delayed her final action so long that her decision will not, probably, be known in time to be communicated to this Congress, I recommend that a law be passed authorizing reprisals upon French property in case provision shall not be made for the payment of the debt at the approaching session of the French Chambers. Such a measure ought not to be considered by France as a menace. Her pride and power are too well known to expect anything from her fears and preclude the necessity of a declaration that nothing partaking of the character of intimidation is intended by us. She ought to look upon it as the evidence only of an inflexible determination on the part of the United States to insist on their rights. That Government by doing only what it has itself acknowledged to be just will be able to spare the United States the necessity of taking redress into their own hands and save the property of French citizens from that seizure and sequestration which American citizens so long endured without retaliation or redress. If she should continue to refuse that act of acknowledged justice and, in violation of the law of nations, make reprisals on our part the occasion of hostilities against the United States, she would but add violence to injustice, and could not fail to expose herself to the just censure of civilized nations and to the retributive judgments of Heaven.

"Collision with France is the more to be regretted on account of the position she occupies in Europe in relation to liberal institutions, but in maintaining our national rights and honor all governments are alike to us."

The result of this message to Congress was the cause of great excitement in France, and the French Government, instead of acknowledging that they were in the wrong and offering to make amends to pay the debt which they had solemnly declared to be due under the treaty, dispatched war fleets to the coasts of the country, and bills were introduced in the French Chambers for increased military activity, looking to war with the United States. In other words, France was on the point of going to war with the United States over 25,000,000 francs rather than pay her honest and acknowledged obligation. However, we had in the White House a man who not only was a real American but one who could not be frightened even in the early days of this Republic by the power and majesty of the French Government.

Without going into further details of this controversy, the firm American attitude of Andrew Jackson resulted in the full payment by the French Government of this obligation within a very short time, and without any war, and the net result was a greater respect for the American Republic on the part of the French Government than they had ever entertained before. It might also be added that during the Jackson administration the American Government had money coming from Denmark, from Spain, from the Two Sicilies, and that Jackson in each and every case insisted on the prompt payment of these obligations; and when he left the Presidency, every foreign debt due the United States had been paid in full with the exception of Portugal's, which was paid in 1851.

It might also be added that during the Revolutionary War France loaned the United States $8,000,000, and when the treaty of peace was signed in Paris, September 3, 1783, the French demand for a payment of this debt reached the United States before news of the signing of the treaty of peace reached our Government. Our American forefathers did not in reply plead poverty, did not shout to high heaven that they had just emerged from a 7-year war in defense of human liberty, and ask for "funding" of the debt on ability to pay. They paid in full and with interest.

France must be taught the lesson in 1933 that a debtor who refuses to pay should be treated accordingly; that we Americans refuse to assume any more of her financial obligations to enable her to strut before the world the most militaristic nation on earth, spending over $500,000,000 a year on armaments, while she has the second largest gold reserve in the world. She must be taught that breaking treaties and solemn obligations is just as dishonorable when perpetrated by France as when indulged in by any other nation; that dishonor is dishonor; that repudiation is repudiation. She must be taught that we have too high a regard for France herself to permit her in such a high-handed manner to flaunt the solemn obligation of her Government; and, lastly, she must be taught that we still believe what Jackson so forcibly said, that "in maintaining our national rights and honor all governments are alike to us." [Applause.]

Mr. Speaker, ladies and gentlemen of the House, let me quote again from Jackson's fourth annual message. Speaking of keeping out of the quarrels of Europe, he said:

"Nor have we less reason to felicitate ourselves on the position of our political than of our commercial concerns. They remain in the state in which they were when I last addressed you—a state of prosperity and peace, the effect of a wise attention to the parting advice of the revered Father of his Country on this subject, condensed into a maxim for the use of posterity by one of his most distinguished successors—to cultivate free commerce and honest friendship with all nations, but to make entangling alliances with none. A strict adherence to this policy has kept us aloof from the perplexing questions that now agitate the European world and have more than once deluged those countries with blood. Should those scenes unfortunately recur, the parties to the contest may count on a faithful performance of the duties incumbent on us as a neutral nation, and our own citizens may equally rely on the firm assertion of their neutral rights."

Andrew Jackson's two terms as President of the United States covered the period from March 4, 1829, to March 4, 1837, and Europe, always on the brink of war, was in a dangerous frame of mind then, as now.

Having followed in the footsteps of the Washington-Jefferson policy, Andrew Jackson was able to say in his fifth annual message, December 3, 1833:

"A large balance will remain in the Treasury after satisfying all the appropriations chargeable on the revenue for the present year."

Jackson, in his sixth annual message, declared the country "free from public debt, at peace with the world."

Mr. REYNOLDS. Mr. President, France will not pay us, she says, until she collects from Germany; but France has loaned billions of francs to Czechoslovakia, Poland, Hungary, Greece, Yugoslavia, Russia, and many other European countries. The truth about the matter is, I think, that France has loaned to Poland more money than has been loaned to Poland by any other country in the world; and France has loaned great sums to Yugoslavia, because the French were expecting to experience the present difficulty with Germany; and France loaned these countries money for fortifications and for arms. If this money had been applied on the American war debt, it would have made a fine impression in the United States, as I related in the outset was stated to me by a taxi driver a few days ago when I was motoring up to the Capitol.

Mr. Griffin told me that as he was leaving President Lebrun remarked:

Of course we are doing a great deal for Americans, and I know from their expressions of appreciation that they feel indebted to us for the way we honor them.

Lord Robert Cecil, president of the League of Nations Union and Minister of Blockade in the British Cabinet during the World War, told Mr. Griffin during a long talk he had with him in Paris that he felt absolutely certain of American cooperation with England in the next European war. When the war debts were brought up, Lord Cecil said that in his opinion they would never be paid. Said he:

Your Government has the legal right to demand payment of the war debt you claim England owes the United States, but you certainly haven't any moral right to the money. Furthermore, if England paid the United States, it would upset international exchange.

Do you think—

Inquired by Mr. Griffin—

that you could use your influence toward having the British Government offer to give us Bermuda, British Honduras, and other territory it controls, including naval bases in the West Indies, to apply on the war debt?

That subject was discussed here a few moments ago by a number of Senators.

Lord Cecil said that he would be opposed to England transferring any of that territory to America, because there are British subjects living in those possessions, and he thought it would be a mistake not only for England but for any country to transfer to another government any territory where it had subjects or citizens. Asked why England took the German colonies after the World War, Lord Cecil replied that that was different, because the Germans were a conquered people.

Talk about honesty, good faith, gratitude, and international peace founded on international justice and good will! As a matter of self-respect, self-interest, and plain common sense, it is surely unnecessary to stress the imperative need of Uncle Sam making those trans-Atlantic superracketeers liquidate their indebtedness and their obligations.

I have told you, Mr. President, about the taxi driver, and the fact that he wants the war debts collected. Besides what he said, which sums up what a number of persons have told me, I have received literally hundreds of letters from over the Nation in the past few weeks, totaling thousands altogether; and I should like to have every American citizen write me his or her opinion about the war debts, and to write every single Member of Congress about the war debts, because I want the people's representatives in Congress to be reminded of what they already know, that the American people are vitally interested in collecting the debts from Europe, in order that that money may be utilized here at home at a time when we need it. Nearly every letter coming in mentions the war debts, Mr. President. The American people are vitally interested in them, and they are somewhat bewildered by the fact that we do not try to collect them. They are honest, God-fearing folks who pay their own bills and know that when they borrow money they have to pay it back. This is the American system. They cannot understand this European system of borrowing from a neighbor's cash box and then thumbing your nose when it comes time to pay back. Every farmer knows that if he mortgages his farm, either the bank or the Government will grab it if he does not pay off.

Look at what the Home Owners' Loan Corporation and the Reconstruction Finance Corporation do when a debtor gets in arrears. They crack down, just like a business house. Is there any logical reason why we should not crack down on our debtors across the seas?

Is it not our obligation and duty as Senators of the United States to look out for America and Americans? Is it not our responsibility to look after our country and our citizens

first? I think it is, and because I think so, I cannot understand this talk about levying new taxes on more of our own people and standing silently by while our foreign debtors default every June 15 and December 15. I cannot understand all this talk about increasing the limit of debt we can pile up in bonds, and not making an effort to collect the $13,000,000,000 the other nations owe us, and using that money to pay off our Government bonds.

I am convinced that if these war debts were to be collected, a lot of our economic ailments could be cured almost instantly. For example, we hear cried on every hand that the 3,000,000 or so little-business men cannot get working capital because the banks are all stuffed up with Federal bonds. Those bonds earn money while they are lying in the vaults. That is the interest burden the American taxpayers have to pay in our National Budget. If we collected the war debts and paid off those bonds, the banks would have to put that money to work. Currency loafing in a vault does not produce more money. It would be available for the banks to lend to business; to make jobs for the millions of unemployed. Those jobs would do away with W. P. A. and these other necessary relief expenditures. Payment of the war debts would pay the costs of W. P. A. for 10 years.

Mr. LUNDEEN. Mr. President, will the Senator yield?

Mr. REYNOLDS. I yield.

Mr. LUNDEEN. The trouble is, is it not, that for 25 years or thereabouts we have been placing Europe first and America last, and is it not about time that we say "America first and forever"?

Mr. REYNOLDS. I quite agree with the Senator. I think we should turn our eyes homeward. I think we should consider America and its citizens first, and the taxpayers of America are demanding today that we do something about that. We have to have some help. We have to levy taxes so long as conditions remain as they are. We are doing all we can. It is nobody's fault in particular; it is just one of the things that happens, but why cannot we have some help for the taxpayers of the country?

Our Budget could be cut pretty sharply. We spend over a billion dollars a year now in interest charges on the national debt. If we did not have that interest to pay, we could cut that item out of the Budget and we could cut it out of the tax bill we give millions of American citizens and businesses every year. We could also cut out of the tax bill the cost of relief if our men and women had jobs. We tax our people to pay interest on bonds sold to get money to lend Europe—and cannot collect from Europe even the interest.

Our citizens have to pay their tax bill—their debt to this Government—or they will have Uncle Sam's collectors of the Bureau of Internal Revenue knocking on the front door. Let us see if we cannot get Europe to pay its bill to the United States—and send our collector over there to rap on the door. That looks like the only way we will ever get it. We cannot be Santa Claus to the world, because the bag of gifts ultimately will empty. America cannot carry the world forever without collapsing. As rich as we are with God's gifts in resources, the fountain from which all these blessings flow will dry up.

In conclusion, Mr. President, I hope sincerely that some serious consideration may be given to the resolution mentioned by me in reference to the appointment of Mr. Griffin as special war-debt envoy to Europe. Let us send someone to Europe to knock on the door of the debtor nations every hour of the day, if necessary, at least to remind them that we have not forgotten about the debt and that 130,000,000 people in this country who are bearing the burden are expecting relief from those so-called friends across the blue waters of the Atlantic.

INVESTIGATION OF PRODUCTION, TRANSPORTATION, AND MARKETING OF WOOL

Mr. BYRNES. From the Committee to Audit and Control the Contingent Expenses of the Senate, I report back favorably without amendment Senate resolution 106 and ask unanimous consent for its present consideration.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

Mr. AUSTIN. Mr. President, will not the Senator from South Carolina explain the resolution?

Mr. BYRNES. A committee was appointed by the Senate 2 years ago to investigate the wool situation. The resolution now reported carries an authorization of $3,000 to complete the investigation.

Mr. AUSTIN. I have no objection.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution (S. Res. 106) submitted by Mr. ADAMS, March 17, 1939, was agreed to, as follows:

Resolved, That the special committee authorized by Senate Resolution 160, Seventy-fourth Congress, agreed to July 10, 1935, to investigate the production, transportation, and marketing of wool hereby is authorized to expend from the contingent fund of the Senate $3,000 in addition to the amounts heretofore authorized for the same purpose.

STUDY OF THE TELEGRAPH INDUSTRY

Mr. BYRNES. From the Committee to Audit and Control the Contingent Expenses of the Senate I report back favorably with an amendment Senate Resolution 95, and I ask for its immediate consideration.

There being no objection, the Senate proceeded to consider the resolution which had heretofore been reported from the Committee on Interstate Commerce with amendments.

The amendments of the Committee on Interstate Commerce were, on page 1, line 3, after the word "industry", to strike out "in the United States"; on page 2, line 2, after the name "Senate", to strike out "as soon as possible" and insert "not later than January 5, 1940"; and in line 6, after the word "industry", to insert "the national defense."

The amendments were agreed to.

The amendment of the Committee to Audit and Control the Contingent Expenses of the Senate to the amendment of the Committee on Interstate Commerce was, on page 2, line 19, after the word "exceed", to strike out "$25,000" and insert "$5,000."

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. AUSTIN. Mr. President, I should like to have an explanation of the resolution.

Mr. BYRNES. Mr. President, this is a resolution reported favorably by the Committee on Interstate Commerce, of which the Senator from Montana [Mr. WHEELER] is chairman. It provides for an investigation recommended by that committee, an inquiry in connection with the proposed merger of telegraph companies. The statement made to me by the chairman of the committee is that they are proceeding with the investigation, and that the sum of $5,000 will be ample to cover the expenses.

Mr. AUSTIN. Does the resolution call for just $5,000?

Mr. BYRNES. Yes. As reported by the Committee on Interstate Commerce the resolution called for the appropriation of $25,000. I have the statement of the chairman of the committee that if the resolution is agreed to with an appropriation of $5,000, it will be satisfactory to him.

The PRESIDING OFFICER. The question is on agreeing to the resolution as amended.

The resolution as amended was agreed to, as follows:

Whereas the telegraph industry plays an important role in the economic life of the Nation and is an arm of the national defense; and

Whereas the telegraph industry is in a precarious financial and economic state and the corporations engaged in such industry are possibly contemplating a merger or consolidation which would result in the creation of a monopoly detrimental to the public, the industry, and labor: Therefore be it

Resolved, That the Committee on Interstate Commerce is authorized and directed to make a thorough and complete study of the telegraph industry, including the economic conditions of the telegraph carriers, their relation to corporations engaged in other forms of communications, and the tendencies toward consolidation and monopoly in such industry. The committee shall report to the Senate not later than January 5, 1940, the results of its study, together with its recommendations for the enactment of any remedial legislation it may deem necessary for the best interests of the public, the industry, the national defense, and labor.

For the purpose of this resolution the committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings; to sit and act at such times and places, either in the District of Columbia or elsewhere, during the sessions, recesses, and adjourned periods of the Senate in the Seventy-sixth Congress; to employ such experts and clerical, stenographic, and other assistants; to require, by subpena or otherwise, the attendance of such witnesses and the production and impounding of such books, papers, and documents; to administer such oaths; and to take such testimony and to make such expenditures as it deems advisable. The expenses of the committee, which shall not exceed $5,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman.

The preamble was agreed to.

INVESTIGATION OF ADMINISTRATION OF J. ROSS EAKIN AS SUPERINTENDENT OF GREAT SMOKY MOUNTAINS NATIONAL PARK

Mr. BYRNES. From the Committee to Audit and Control the Contingent Expenses of the Senate I report back favorably Senate Resolution 131, submitted by the senior Senator from Tennessee [Mr. McKELLAR], May 16, 1939. I ask unanimous consent for the immediate consideration of the resolution.

Mr. AUSTIN. Mr. President, may we have an explanation?

Mr. BYRNES. Mr. President, this resolution was first referred to the Committee on Public Lands and Surveys. The committee struck out all of the resolution with the exception of the last part, which provides for the conduct of the inquiry and authorizes an expenditure not to exceed $5,000.

Mr. AUSTIN. I suggest that the resolution go over, so that we may have an opportunity to examine it.

Mr. BYRNES. I have submitted it to the minority members of the committee, and they have no objection; but I have no objection to giving the Senate an opportunity to look into it.

Mr. McKELLAR. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. McKELLAR. What will become of the resolution?

The PRESIDING OFFICER. It will be placed on the calendar.

Mr. McKELLAR. I ask the Senator from Vermont if he will not examine the resolution promptly, because I may want to bring it up later tomorrow?

Mr. AUSTIN. I shall try to do so.

The PRESIDING OFFICER. The resolution will go over.

INTERLOCKING BANK DIRECTORATES

Mr. O'MAHONEY. Mr. President, during the call of the calendar last week Senate bill 2150 was reached, and I asked that it go over in order that I might have an opportunity to look into it. The bill was about to be passed, as I recall. The Senator from Vermont at that time indicated that the bill was satisfactory to him. It was introduced by the Senator from Virginia [Mr. GLASS], and has the approval of the Committee on Banking and Currency. I have made my investigation; I withdraw my objection; and I now ask unanimous consent that the bill be considered at this time.

There being no objection, the Senate proceeded to consider the bill (S. 2150) to amend section 8 of the act entitled "An act to supplement laws against unlawful restraints and monopolies, and for other purposes," particularly with reference to interlocking bank directorates, known as the Clayton Act, which was read as follows:

Be it enacted, etc., That section 8 of the act entitled "An act to supplement existing laws against unlawful restraints and monopolies, and for other purposes" (38 Stat. 730), approved October 15, 1914, as amended, is further amended by substituting the words "February 1, 1944" for the words "February 1, 1939" in the second paragraph thereof.

Mr. AUSTIN. Mr. President, I have no particular interest in the passage of the bill. I wish simply to have it made clear that I have no objection.

Mr. O'MAHONEY. I understand that the Senator has no objection.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to consider executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. LEE in the chair) laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORT OF A COMMITTEE DURING RECESS

Under authority of the order of the 15th instant,

Mr. SHEPPARD, on June 16, 1939, from the Committee on Military Affairs, reported favorably the nominations of several officers for appointment, by transfer, in the Regular Army.

EXECUTIVE REPORTS OF COMMITTEES

Mr. ADAMS, from the Committee on Public Lands and Surveys, reported favorably the nomination of Leo F. Sanchez, of New Mexico, to be register of the land office at Santa Fe, N. Mex. (Reappointment.)

Mr. ASHURST, from the Committee on the Judiciary, reported adversely the nomination of William S. Boyle, of Nevada, to be United States attorney for the district of Nevada.

Mr. CONNALLY, from the Committee on the Judiciary, reported favorably the nomination of Oetje John Rogge, of Illinois, to be Assistant Attorney General of the United States, vice Brien McMahon, resigned.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

The PRESIDING OFFICER. The reports will be placed on the Executive Calendar.

If there be no further reports of committees, the clerk will proceed to state the nominations on the calendar.

DIPLOMATIC—FOREIGN SERVICE

The legislative clerk read the nomination of Claude G. Bowers, of New York, to be Ambassador Extraordinary and Plenipotentiary to Chile.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Edwin C. Wilson, of Florida, to be Envoy Extraordinary and Minister Plenipotentiary to Uruguay.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Douglas Jenkins, of South Carolina, to be Envoy Extraordinary and Minister Plenipotentiary to Bolivia.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask that the nominations of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations of postmasters are confirmed en bloc.

IN THE ARMY

The legislative clerk proceeded to read sundry nominations in the Army.

Mr. BARKLEY. I ask that the nominations in the Army be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations in the Army are confirmed en bloc.

That completes the calendar.

RECESS

Mr. BARKLEY. As in legislative session, I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 6 o'clock and 2 minutes p. m.) the Senate took a recess until tomorrow, Tuesday, June 20, 1939, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate June 19 (legislative day, June 15), 1939

UNITED STATES DISTRICT JUDGE

Elmer D. Davies, of Tennessee, to be United States District Judge for the Middle District of Tennessee, vice Hon. John J. Gore, deceased.

APPOINTMENTS IN THE REGULAR ARMY

JUDGE ADVOCATE GENERAL'S DEPARTMENT

To be captain with rank from date of appointment

Capt. Joel Burlison Olmsted, Judge Advocate General's Department Reserve.

DENTAL CORPS

To be first lieutenants with rank from date of appointment

First Lt. Francis Emmett Cummings, Dental Corps Reserve.
First Lt. Walter Nicholls Graham, Dental Corps Reserve.
First Lt. Calvin George Hagerman, Dental Corps Reserve.
First Lt. Hal David Oakley, Jr., Dental Corps Reserve.
First Lt. Elbert LaFayette Fenske, Dental Corps Reserve.
First Lt. Richard Jackmond Burch, Dental Corps Reserve.
First Lt. Reginald James Fallis, Dental Corps Reserve.
First Lt. John Peter Christensen, Jr., Dental Corps Reserve.
First Lt. Charles Hightower Traynham, Dental Corps Reserve.
First Lt. Donald Louis Cook, Dental Corps Reserve.
First Lt. Scott Darrow Linn, Dental Corps Reserve.
First Lt. Merle Wayne Ogle, Dental Corps Reserve.

APPOINTMENTS BY TRANSFER IN THE REGULAR ARMY

TO QUARTERMASTER CORPS

Maj. Benjamin Witwer Pelton, Infantry, with rank from July 1, 1937.
First Lt. Samuel Edwin Beggs, Jr., Infantry, with rank from June 12, 1939.

CONFIRMATIONS

Executive nominations confirmed by the Senate June 19 (legislative day of June 15), 1939

AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY

Claude G. Bowers to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Chile.

ENVOYS EXTRAORDINARY AND MINISTERS PLENIPOTENTIARY

Edwin C. Wilson to be Envoy Extraordinary and Minister Plenipotentiary of the United States of America to Uruguay.
Douglas Jenkins to be Envoy Extraordinary and Minister Plenipotentiary of the United States of America to Bolivia.

APPOINTMENT, BY TRANSFER, IN THE REGULAR ARMY

Capt. Lewis Eugene Snell to Quartermaster Corps.

PROMOTIONS IN THE REGULAR ARMY

Vincent Nicolas Diaz to be lieutenant colonel, Infantry.
Joseph Henry Burgheim to be major, Quartermaster Corps.

POSTMASTERS

ARIZONA

Jessie I. Cooper, Chandler.
J. Albert Brown, Saint Johns.
Neal H. Phelps, Springerville.

ARKANSAS

Horace L. Lay, Amity.
Robert W. Moore, Black Rock.
Thomas S. Reynolds, Bradley.
Dewey Carter, Elkins.
Olice F. Huson, Heber Springs.
Frances E. Crouch, Lexa.
Leo D. Perdue, Louann.
Rupert W. Barger, Mansfield.
Romulus Owen Tomlinson, Melbourne.
Mark B. Craig, Russellville.
Horatio J. Humphries, Salem.
Mildred B. Cooper, West Memphis.

CALIFORNIA

Margaret Bernice Fleming, Alleghany.
Raymond E. Ware, Fort Bragg.
Richard S. Gregory, Fullerton.
Magdalena Seawell, Healdsburg.
Arthur N. Renshaw, Hilmar.
William F. Pritchard, Ivanhoe.
Miles E. Goble, Kingsburg.
Asa E. Bishop, Mendocino.
John J. Freeman, North San Diego.
James E. Byrne, Oroville.
Ruth O. Evans, Randsburg.
June E. James, Robbins.
Donald M. Stewart, San Diego.
Charles B. Pearson, Stockton.
Olive L. Edman, Stratford.
Nathan Levy, Visalia.

COLORADO

Earl E. Graham, Canon City.
Elmer B. McCrone, Creede.
Arthur D. Robb, Flagler.
Mollie E. Arbuckle, Fruita.
Harold G. Hawkins, Grand Lake.
Lucia A. Wheatley, Grand Valley.
Charles L. Dunn, Johnstown.
Wilton T. Hutt, Norwood.

CONNECTICUT

John F. Connerty, Washington Depot.

FLORIDA

William L. Hoag, Davenport.
Walter B. Walters, Fort Myers.
Charles W. Peters, Fort Pierce.
George W. Shelton, Lake Alfred.
Major M. Stevenson, Pinellas Park.
Albert W. Kelso, Winter Haven.

GEORGIA

James Rufus Youmans, Adrian.
Thornwell Jacobs, Oglethorpe University.
Duncan E. Flanders, Swainsboro.
Maynard Mashburn, Tate.
William O. Wolfe, Uvalda.
Willie B. Persons, Warm Springs.

IDAHO

William Schlick, Burley.
Jessie L. Kelly, Winchester.

INDIANA

James R. McDonald, Brookville.
Helen B. Fultz, Crothersville.
Clyde F. Dreisbach, Fort Wayne.
Charles D. Manaugh, Hanover.
Edward L. Sacksteder, Leavenworth.
Orville R. Wells, Morgantown.
Henry H. Powell, Newburgh.
Benjamin F. Phipps, Pendleton.
Charles A. Boggs, Veedersburg.

IOWA

Joseph W. Weber, Alta Vista.
Mary Doris Carroll, Clear Lake.
Earl P. Patten, Danbury.
Edward H. Schnebel, Farnhamville.
Gertrude Posten, Gravity.
Frank J. A. Huber, Hawkeye.
James Lowell Carr, Lamont.
Richard A. Dunlevy, Lansing.

KANSAS

Laurence A. Daniels, Ellsworth.
Rachel E. Pierson, Isabel.
Joseph B. Riddle, Wichita.

MARYLAND

Guy K. Motter, Frederick.
William H. Condiff, Solomons.

NEBRASKA

Alfred O. Sick, Blair.
John A. Gibson, Mullen.

NEW JERSEY

Ananette L. Kroh, Brielle.
Joseph Corse, Jamesburg.
Joseph A. Boyle, Jr., Longport.
Whilmena A. Harvey, Oakhurst.
Luella Brown, Old Bridge.
Eleanor H. White, Plainsboro.

NEW MEXICO

Lena B. Sexton, Las Cruces.
Lillian E. Howard, Portales.

NEW YORK

George D. Burgess, Barker.
Mabel L. Cleveland, Bloomville.
Nicholas J. O'Prey, Buchanan.
George C. Gumaer, Cato.
Henry N. Prentice, Chenango Forks.
William J. Porr, Cochecton.
Fred A. Wagner, Delevan.
Peter J. Carpenter, Dobbs Ferry.
William L. Koch, Dunkirk.
Pauline L. Eschrich, East Norwich.
Michael J. Spillane, East Syracuse.
Arthur H. Flint, Eden.
Clarence F. Dilcher, Elba.
Francis D. Van Arman, Ellenburg Depot.
Michael J. O'Connor, Ellicottville.
Euphemia M. Fitter, Far Rockaway.
Joseph A. Mara, Floral Park.
Joseph A. Doyle, Flushing.
Erma S. Finch, Franklin.
William J. Hartnett, Fulton.
Edward F. Higgins, Great Neck.
Matilda L. Probeck, Greenlawn.
Clifford W. Sampson, Harpursville.
McIntyre Fraser, Johnstown.
Leon B. Wright, Lyndonville.
Clarence H. Root, Mannsville.
Charles L. Kelley, Marathon.
Bernard Daley, Mount Kisco.
Eugene S. Fiske, Mount Vernon.
Mark M. Rice, Natural Bridge.
James V. Camely, New Hamburg.
Wilfred D. Cheney, Newton Falls.
William E. Merrill, Nichols.
Jacob Fiddle, Parksville.
Arthur F. Hawkins, Patchogue.
James Herbert Hutchinson, Pittsford.
James J. Moroney, Pleasantville.
Frank J. Leedings, Ravena.
Walter J. Greene, Sayville.
William Winne, Selkirk.
Franklin L. Sweet, Smyrna.
John Lester Kincaid, Spencerport.
Mahlon M. Bomstad, Springwater.
Charles Q. Archdeacon, Stony Brook.
Julia H. Roche, Unionville.
Catherine M. Mills, Wantagh.
Napoleon Ponessa, West Haverstraw.
James W. Hodge, Wingdale.
George F. Powers, Jr., Wyoming.

OHIO

Kathryn Schott, Brewster.
John J. Cawley, Painesville.

OKLAHOMA

Rosa B. Britton, Cyril.

RHODE ISLAND

James V. O'Connell, Washington.
Thomas J. Durand, West Warwick.

SOUTH DAKOTA

Lewis E. Smith, Alpena.
Fred C. Wetterberg, Arlington.
John D. Cannon, Fort Pierre.
Michael J. Matthews, Isabel.
Harry A. Beavers, Jefferson.
Clare Leamy, Letcher.
Mabel M. Fitzgerald, Plankinton.
James R. Crowe, Yankton.

TEXAS

Benjamin A. Borskey, Alvin.
Sam Hagin, Anna.
Aldred H. Clark, Bremond.
Sarah E. Burns, Center.
Ambrose J. Denman, Channing.
James A. Hilburn, Childress.
Bertram D. Wren, Clarksville.
Carl W. Appling, Claude.
Fillmore R. Anderson, Cross Plains.
Mary Y. Guyler, Crystal City.
Zettie Kelley, Diboll.
Mary B. Harper, Eagle Pass.
Marshal E. Kelley, Earth.
Fronie R. Allen, Emory.
Noel J. Reynolds, Ennis.
Noma N. Lokey, Farwell.
Marcellus P. Adams, Lampasas.
Helen L. Hall, League City.
Johnnie R. Back, McLean.
Alexander M. Bowie, San Benito.
Lily A. C. Tyree, Shafter.
Flake George, Shamrock.
Nena M. Iiams, Sugar Land.
Edgar H. McElroy, Waxahachie.
Balser B. Hefner, Weimar.
Faye Jessmyr Hood, Wortham.

UTAH

Brigham Willard Young, Draper.
Wayne K. Sheffield, Kaysville.
G. Leonard Larson, Sandy.

VIRGINIA

Rosa L. Williams, Bassetts.
John D. Webb, Disputanta.
Robert A. Smith, Gordonsville.
Mary Ann Nichols, Hamilton.
Annie R. Walker, Herndon.
Alvin D. Davis, Lorton.
Milton E. Gee, Meherrin.
Hollis H. Howard, Radford.
Thomas E. Frank, Warrenton.
Gipsie B. Cassell, Wytheville.

WASHINGTON

Andrew F. Farris, Cashmere.
Alfred K. Filson, Centralia.
Hubert S. Storms, Chewelah.
Harold W. Kreidel, Cle Elum.
Fred E. Olmstead, Grandview.
Frank H. Lincoln, Kennewick.
Moses S. Brinkerhoff, Okanogan.
Edwin Morris Starrett, Port Townsend.

WYOMING

Albert H. Linford, Afton.
Thomas P. Hill, Jr., Buffalo.
John G. Kelly, Hanna.
Robert B. Landfair, Jackson.
Percy D. Sims, Lovell.
James E. Smith, Riverton.

HOUSE OF REPRESENTATIVES

MONDAY, JUNE 19, 1939

The House met at 12 o'clock noon.

Rev. Edward G. Latch, pastor of the Chevy Chase Methodist Church, Chevy Chase, Md., offered the following prayer:

Almighty God, our Heavenly Father, Creator of the world and Sustainer of the human spirit, we bow in humble reverence before Thee. Upon us this day we invoke Thy blessing. As the leaders of a great nation, help us to lead our people in the way of truth, of goodness, and of righteousness.

Take from us all pride and all selfishness. Grant unto us the spirit of humility and service, the spirit of wisdom and courage, which can make us great and which alone can make us a great nation.

Make us equal to our tasks, just in our exercise of power, and generous in our relationships to one another.

Enable us, we pray Thee, to discharge our duties this day faithfully in the spirit of Jesus Christ our Lord. Amen.

The Journal of the proceedings of Friday, June 16, 1939, was read and approved.

HON. EDWARD T. TAYLOR

Mr. WOODRUM of Virginia. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. WOODRUM of Virginia. Mr. Speaker, on the 19th day of June, 1858, 81 years ago today, in the county of Woodford, Ill., there came into this world a man who has come to be known and to be loved, perhaps, as no other man who has served here during my service of 16 years in this body. I refer to the distinguished gentleman from Colorado, Mr. EDWARD T. TAYLOR, the chairman of the Appropriations Committee. [Applause, the Members rising.] A law student of the University of Michigan, president of his class, elected to the State Senate of Colorado in 1896, where he served with distinction for 12 consecutive years, Mr. TAYLOR came to the Congress on March 4, 1909, and is completing 16 consecutive terms in the House of Representatives. He has run for office in 21 general elections and has never had opposition for the nomination; became a member of the Committee on Appropriations in the Sixty-seventh Congress in 1921.

Some philosopher said that we may grow older, but we do not, of necessity, have to grow old. I think this may be said of our beloved colleague. He has grown older, but not old, and how happy we are today upon his eighty-first birthday to see that he is still strong and vigorous, virile of mind and body; that his great heart beats for the country that he has so nobly served; and that he is still willing to give us the benefit of his long, fine, great public experience.

I am sure I express the sentiments of every Member of this body today when we extend him congratulations, along with the very earnest hope and prayer that there may be many other years of useful public service and of vigorous health and happiness. [Applause, the Members rising.]

Mr. TAYLOR of Colorado. Mr. Speaker and fellow Members of the House, I thank my colleague from Virginia [Mr. WOODRUM] for his most kind and generous tribute, and I sincerely appreciate the cordial expression of good will from all the Members.

As the father of the House in years, I am not only grateful to you for this tribute on my eighty-first birthday but I want to express my sincere appreciation to all the Members of the House on both sides of the aisle for being exceedingly considerate for many years past.

It is a marvelous privilege for all of us to live and be permitted to take a small part in the affairs of the greatest country in the world during the most important period of the entire history of the human race on this planet. The thought that is uppermost in my mind today is my profound gratitude to the people out in my Rocky Mountain home State, the people who have made possible my official career. While Colorado has turned many political somersaults during the past 50 years, my beloved Centennial State has loyally elected me every 1 of the 21 times I have run for office extending over a period of 55 years.

It is not only a pleasure but a very great honor to be a Member of this body, the greatest legislative body in the world, and I feel as grateful to the people of Colorado as anyone can for bestowing this honor upon me for so many years.

It is an old and cynical saying that the last vain and futile hope of man is to be remembered after passing away. Notwithstanding the antiquity of that expression, I do not subscribe to it. The sentiment in the human breast of hoping sometime in some way to do something worth being remembered is what stimulates the progress of the human race. I earnestly hope that each of you young people may live to celebrate your eighty-first birthday and receive as generous and heartfelt a greeting from your associates as I have received today.

My eighty-first birthday wish for all of you is that when you approach the end of the trail down the western slope of life you may each have the gratification of feeling that you have accomplished something that will richly deserve your being remembered for many years to come.

I most earnestly thank all of you for your exceedingly kind expressions of good will. [Applause, the Members rising.]

STATE, JUSTICE, JUDICIARY, AND COMMERCE DEPARTMENTS APPROPRIATIONS BILL, FISCAL YEAR 1940

Mr. THOMAS S. McMILLAN. Mr. Speaker, I ask unanimous consent that the committee may have until midnight tonight to file a conference report and statement on the bill (H. R. 6392) making appropriations for the Departments of State and Justice, and for the judiciary, and for the Department of Commerce, for the fiscal year ending June 30, 1940, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

LEAVE OF ABSENCE

Mr. LUDLOW. Mr. Speaker, I ask unanimous consent to proceed for 30 seconds.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. LUDLOW. Mr. Speaker, Hon. J. W. Boehne, Sr., long an honored former Member of this House, father of our colleague from Indiana, Mr. JOHN W. BOEHNE, Jr., is desperately ill at his home in Evansville, Ind. I ask unanimous consent that indefinite leave of absence may be extended to the gentleman from Indiana in order that he may be at his father's bedside.

The SPEAKER. Is there objection?

There was no objection.

ACCEPTANCE OF STATUE OF WILL ROGERS

Mr. DISNEY. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. DISNEY. Mr. Speaker, the Senate has passed Senate Concurrent Resolution No. 21, a resolution accepting the statue of Will Rogers, now in Statuary Hall. It involves no expense to the Government. I ask unanimous consent for the present consideration of that resolution, which I send to the desk.

The SPEAKER. The gentleman from Oklahoma asks unanimous consent for the present consideration of Senate Concurrent Resolution 21, which the Clerk will report.

The Clerk read as follows:

Senate Concurrent Resolution 21

Resolved by the Senate (the House of Representatives concurring), That the statue of Will Rogers, presented by the State of Oklahoma, now in the Capitol Building, is accepted in the name of the United States, and that the thanks of Congress be tendered to the State for the contribution of the statue of one of its most eminent citizens, illustrious for his distinguished civic services.

Resolved, That a copy of these resolutions, suitably engrossed and duly authenticated, be transmitted to the Governor of Oklahoma.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. The question is on agreeing to the concurrent resolution.

The concurrent resolution was agreed to, and a motion to reconsider laid on the table.

PER TON COST OF MAINTENANCE BY RAIL AND BY WATERWAYS

Mr. MANSFIELD. Mr. Speaker, I ask unanimous consent to address the House.

The SPEAKER. Is there objection?

There was no objection.

[Mr. MANSFIELD addressed the House. His remarks appear in the Appendix.]

AMENDMENTS TO T. V. A. ACT

Mr. MAY. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. MAY. Mr. Speaker, a good many statements have been made in the last few days in the press and otherwise with respect to the effect of the House amendment to Senate bill 1796, relating to the Tennessee Valley Authority. I have prepared what I regard as a fair explanation and analysis of the amendment and ask unanimous consent to include this analysis in my remarks and that it be printed in regular type in the RECORD at this point.

The SPEAKER. Is there objection?

Mr. RAYBURN. Mr. Speaker, I reserve the right to object. The other day an announcement was made that matters concerning things not under consideration in the House at the time must go into the Appendix of the RECORD.

Mr. MAY. The matter is in conference at this time, but on the objection of the gentleman from Texas, our floor leader, Mr. Speaker, I ask unanimous consent that it may be printed in the Appendix of the RECORD.

The SPEAKER. Is there objection?

There was no objection.

EXTENSION OF REMARKS

Mr. SMITH of Virginia. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a radio address recently delivered by my colleague the gentleman from Virginia [Mr. ROBERTSON].

The SPEAKER. Is there objection?

There was no objection.

FOOD, DRUG, AND COSMETIC ACT—CONFERENCE REPORT

Mr. LEA. Mr. Speaker, I call up the conference report upon the bill H. R. 5762, to provide for temporary postponement of the operations of certain provisions of the Federal Food, Drug, and Cosmetic Act, and ask unanimous consent that the statement be read in lieu of the report.

The SPEAKER. The gentleman from California calls up a conference report upon the bill H. R. 5762, which the Clerk will report.

The Clerk reported the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from California that the statement be read in lieu of the report?

Mr. RICH. Mr. Speaker, I reserve the right to object, though I shall not in the end object to this unanimous-consent request. However, are we, for the remainder of the term that we may be in session, going to permit gentlemen to call up these matters by unanimous consent without giving the membership of the House at least 24 hours' notice? If the majority leader does not want anyone to insert anything in the RECORD at this point in the proceedings, such as was requested by the gentleman from Kentucky [Mr. MAY], a matter vital to the remarks that he made, why should we permit to come up on the floor of the House without a moment's notice legislation we do not know anything about, and about whose coming up we have not been advised? If so, I think we do a wrong thing, and I ask the majority leader right now to make a request of the House that a Member who wants to bring up a matter like this should give us 24 hours' notice at least.

Mr. RAYBURN. Mr. Speaker, the gentleman from Pennsylvania has been a Member of the House long enough to know that when we approach the end of a session, and matters have been sent to conference, no one can tell when the conferees are going to agree, and if we gave 24 hours' notice on every conference report, the House would probably adjourn sine die before some of them were adopted.

Mr. RICH. Is the gentleman going to request immediate consideration of bills in which each Member is interested?

Mr. RAYBURN. I am when the majority chairman of the committee has consulted with and has an agreement with the ranking minority member.

Mr. RICH. Is the gentleman then going to expect the majority and minority leaders to be responsible for all legislation that we pass?

Mr. RAYBURN. Not singly. There are 433 other Members of the House.

Mr. RICH. It does not seem to me that that is good practice.

Mr. RAYBURN. It has always been done, and it is the only way in which it can be done in the closing hours of a session.

Mr. RICH. Is the gentleman going to permit such things to come in without notification? I think the Members ought to have at least 24 hours' notice.

Mr. RAYBURN. The program of the House is available to each Member every Saturday morning, if he desires to read it.

But, of course, these matters are emergent and are agreed upon by the conferees and must come in before the sine die adjournment.

The regular order was demanded.

Mr. RICH. Does the gentleman know when we are going to have this sine die adjournment?

The SPEAKER. Is there objection to the request of the gentleman from California [Mr. LEA]?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5762) entitled "An Act to provide for temporary postponement of the operations of certain provisions of the Federal Food, Drug, and Cosmetic Act", having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate numbered 2 and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment, as follows: In lieu of subdivision (b) of the engrossed bill (beginning on line 9 of page 1, and extending down to and including line 16 on page 2) and the Senate amendment numbered 1, insert the following:

"(b) The Secretary of Agriculture shall promulgate regulations further postponing to July 1, 1940 the effective date of the provisions of sections 403 (e) (1); 403 (g), (h), (i), (j), and (k); 502 (b), (d), (e), (f), (g), and (h); and 602 (b) of such Act with respect to lithographed labeling which was manufactured prior to February 1, 1939, and to containers bearing labeling which, prior to February 1, 1939, was lithographed, etched, stamped, pressed, printed, fused or blown on or in such containers, where compliance with such provisions would be unduly burdensome by reason of causing the loss of valuable stocks of such labeling or containers, and where such postponement would not prevent the public interest being adequately served: *Provided*, That in no case shall such regulations apply to labeling which would not have complied with the requirements of the Food and Drug Act on June 30, 1906, as amended."

And the Senate agree to the same.

CLARENCE F. LEA,
VIRGIL CHAPMAN,
CARL E. MAPES,
Managers on the part of the House.

BENNETT CHAMP CLARK,
CLAUDE PEPPER,
CHAS. L. MCNARY,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5762) providing for the postponement of

the operation of certain labeling provisions of the Federal Food, Drug, and Cosmetic Act submit the following written statement explaining the effect of the action agreed on by the conference committee and submitted in the accompanying conference report:

Subsection (a) of section 1 of the bill postpones the effective date of certain labeling provisions of the new act until January 1, 1940. The conference agreement proposes no change in these provisions.

Subsection (b) of section 1 as it passed the House would give the Secretary of Agriculture power under specified conditions to further postpone the effective date of the labeling requirements of some of these sections until July 1, 1940. The purpose of subsection (b) is to permit the use after January 1, 1940, of certain labeling and containers bearing labeling which conform to the present law and where the refusal of the use thereof would be unduly burdensome.

The Senate adopted an amendment providing an additional method of securing a postponement of the effective date of these labeling provisions. It provides in substance, that by filing an affidavit setting up certain facts the applicant would thereupon be entitled "as a matter of right" to postponement until July 1, 1940, without any action by the Secretary.

The substitute recommended by the conference committee eliminates the Senate amendment, more specifically defines the cases in which postponement shall be granted, and directs the Secretary by regulations to grant exemptions within the restrictions specified in the section.

The substitute does not change the substantive law nor extend the date beyond July 1, 1940, as designated in the House bill, nor give the Secretary any greater power of extension.

The House conferees concur in the second of the Senate amendments. That amendment simply provided for grammatical changes to correct what was evidently an inadvertance in subsection (d) of section 502.

We believe it is the desire of the House to pass no act extending postponement beyond the date already approved and to make no changes in the substantive provisions of the new Food, Drug, and Cosmetic Act prior to its effective date. The proposed conference agreement is consistent with those purposes.

CLARENCE F. LEA,
VIRGIL CHAPMAN,
CARL E. MAPES,
Managers on the part of the House.

Mr. LEA. Mr. Speaker, I yield 5 minutes to the gentleman from Michigan [Mr. MAPES].

Mr. MAPES. Mr. Speaker, I have asked for this time largely for the purpose of calling attention to some questions which have been raised in regard to this conference report and to make the record complete, so that there may be no misunderstanding in regard to it.

As the gentleman from California [Mr. LEA] knows, at first some questions were raised in regard to the report because of a fear on the part of some that it discriminated against those using printed labels. The conferees felt there was no such discrimination in fact, and I think those who first raised the question have been satisfied that is true.

Mr. LEA. There is no discrimination. The exemption applies only to labels manufactured prior to February 1 of this year and not to future manufactured labels.

Mr. MAPES. And with the adoption of this conference report all labeling provisions of the law are postponed from going into effect from June 25 to the 1st of January 1940?

Mr. LEA. That is correct; yes.

Mr. MAPES. Now, there is one other question which the conferees have discussed. Of course, there are some people, a limited number to be sure, who would be glad if this law never went into effect. My understanding is that it is the position of the chairman of the committee and the other members of the conference committee, as far as the House members are concerned, and we hope the same may be said of the Senate conferees, although we are not authorized to speak for them, that there shall be no further extension of the law or any material amendments made to it, in the immediate future at least, and that the industries affected by the law should govern themselves accordingly and be prepared to comply with it as now written.

Mr. LEA. The gentleman has correctly stated the view of the conferees. It was our feeling that it is the desire of the House that there be no further extensions before the act goes into effect, or substantive amendments.

Mr. JENKINS of Ohio. Mr. Speaker, will the gentleman yield?

Mr. LEA. I yield.

Mr. JENKINS of Ohio. Would the gentleman mind doing a fine thing for all of us who do not know what he and the distinguished gentleman from Michigan are talking about, because you are both learned men and know what you are talking about, but we do not? What does this report concern?

Mr. LEA. It is an extension of the labeling provisions of the Food and Drug Act, extending the duty to comply with the new act until January 1 of this year; but in the meantime these labels that are permissible must comply with the existing Food and Drugs Act.

Mr. JENKINS of Ohio. As I understand it, it applies to nothing but drugs?

Mr. LEA. And food; the labeling provisions of the Food and Drugs Act.

Mr. JENKINS of Ohio. To what was the gentleman from Michigan referring when he said that certain portions would be postponed until next year?

Mr. LEA. There is discretionary power in the Secretary of Agriculture to extend the use of certain old labels, where they comply with existing law, and the compliance with the new law would be unduly burdensome.

Mr. JENKINS of Ohio. Who were the persons he had in mind when he suggested there were some few people who would be highly displeased with this procedure?

Mr. LEA. I know of nobody who is highly displeased with it.

Mr. JENKINS of Ohio. I thought the gentleman indicated there would be somebody who was not satisfied with what we were doing here today?

Mr. LEA. Oh, he anticipated that in the future other people will want amendments, but I think he could not define them, and I could not define who they would be.

Mr. JENKINS of Ohio. I thank the gentleman.

Mr. LEA. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the conference report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. WOODRUM of Virginia. Mr. Speaker, I ask unanimous consent to extend my remarks by inserting in the Appendix a short statement on the Federal theater project.

The SPEAKER. Is there objection?

There was no objection.

Mr. VOORHIS of California. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein an article on the problem of interstate migration.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. MURDOCK of Arizona. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD in two respects: One, with reference to my appreciation of the chairman of the Appropriations Committee, Mr. TAYLOR; and the other with reference to mining needs in the West.

The SPEAKER. Is there objection?

There was no objection.

PHILIPPINE INDEPENDENCE

Mr. MILLS of Louisiana. Mr. Speaker, I ask unanimous consent to address the House for one-half minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. MILLS of Louisiana. Mr. Speaker, I would like to call the attention of the House to S. 2390, a bill that passed the Senate and is now pending before the Insular Affairs Committee. This bill has to do with amending the bill dealing with the Philippine Islands Independence Act.

I ask unanimous consent to insert in the RECORD a letter I received from Mr. C. C. Hanson, secretary of Association of Southern Commissioners of Agriculture, dealing with this bill. I may also say that this bill affects over one-half of this Nation, as well as the Philippines. If I may have permission, I would like also to insert in the RECORD a statement submitted to the Insular Affairs Committee by

Mr. Sergio Osmena, of the Philippines, dealing with this subject.

The SPEAKER. Is there objection?

Mr. RICH. Mr. Speaker, reserving the right to object, will the gentleman from Louisiana tell us whether the individual who writes this letter is in favor of giving the Philippines their independence?

Mr. MILLS of Louisiana. I may say to the gentleman from Pennsylvania that my remarks on this bill concern the economic rather than the political side of the Philippine question.

Mr. RICH. They want to permit the importation of produce from the Philippines?

Mr. MILLS of Louisiana. That is right.

Mr. RICH. In competition with the American farmer?

Mr. MILLS of Louisiana. Under certain limitation; yes.

Mr. RICH. That is what I wanted to get at; the gentleman is opposed to permitting these things to come in because of the fact they are grown with cheap labor in the Philippines.

Mr. SIROVICH. Mr. Speaker, I demand the regular order.

The SPEAKER. The regular order is demanded. The regular order is, Is there objection to the request of the gentleman from Louisiana?

There was no objection.

RELIEF OF CERTAIN WORLD WAR VETERANS

Mr. RANKIN. Mr. Speaker, I ask unanimous consent that the Committee on World War Veterans' Legislation be discharged from the consideration of the bill (H. R. 5027) for the relief of veterans who served honorably during the World War and were later discharged from the service, and that the bill be rereferred to the Committee on Military Affairs.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

EXTENSION OF REMARKS

Mr. RANKIN. Mr. Speaker, I ask unanimous consent that the gentleman from Florida [Mr. GREEN] may be permitted to extend his remarks on the Florida Canal and to include therein certain letters and excerpts from official documents.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. GEYER of California. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a press release from the National Association of Colored People.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. DIRKSEN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an editorial and short excerpts from the Springfield Register.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. KING. Mr. Speaker, I ask unanimous consent to include, in a revision of the remarks I made on the relief appropriation bill, two concurrent resolutions adopted by the Legislature of the Territory of Hawaii.

The SPEAKER. Is there objection to the request of the Delegate from Hawaii?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. MARTIN of Massachusetts. Mr. Speaker, I ask unanimous consent that on Thursday of this week following the legislative program for the day my colleague the gentleman from Michigan [Mr. DONDERO] may adddress the House for 20 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

EXTENSION OF REMARKS

Mr. MASON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on the subject A Series of Political Prognostications Indicating Which Way the Winds Are Blowing.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

THE WAGNER ACT

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. HOFFMAN. Mr. Speaker, may I have the attention of the Members from the city, such as the gentleman from New York [Mr. BLOOM], to call attention to the fact that when we set a clutch of hen eggs, it takes 3 weeks for them to hatch. It takes longer for duck eggs, and longer yet for goose eggs. The Labor Committee of the House has been sitting on this Wagner Act, which is nothing in the egg line but a doorknob, for about 2 or 3 months. Somebody has been monkeying with the nest, and I suspect it is the Labor Board. They have got the eggs, if there are any, all addled. Why can we not get the Wagner Act out on the floor for amendment? You city fellows ought to see about it. If you do not, it will defeat you in '40. [Applause.]

[Here the gavel fell.]

REPEAL OF SEVENTEENTH AMENDMENT

Mr. THORKELSON. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

[Mr. THORKELSON addressed the House. His remarks appear in the Appendix.]

EXTENSION OF REMARKS

Mr. BLOOM. Mr. Speaker——

The SPEAKER. For what purpose does the gentleman from New York rise?

Mr. RICH. Mr. Speaker——

The SPEAKER. The Chair has recognized the gentleman from New York.

Mr. BLOOM. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein several short articles on neutrality.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. SHAFER of Michigan. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Appendix of the RECORD and to include therein certain excerpts from explanations made by the Department of Agriculture concerning milk bills now before the House.

The SPEAKER. Is there objection to the request of the gentleman from Michigan [Mr. SHAFER]?

There was no objection.

Mr. MURRAY. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks in the RECORD and to include therein an address given by Mr. W. A. Cameron, of Detroit, Mich., and I also ask unanimous consent that if the address consumes more than the allotted space in the RECORD, that it may still be included notwithstanding the extra cost.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin [Mr. MURRAY]?

There was no objection.

Mr. ANDREWS. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a letter received from a citizen of New York which I consider a pertinent outline of the current situation in this country.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. ANDREWS]?

There was no objection.

COMMITTEE ON THE JUDICIARY

Mr. SPRINGER. Mr. Speaker, I ask unanimous consent that permission may be granted the Judiciary Committee to

sit during the session of the House today. This committee is hearing evidence on the railroad reorganization bill.

The SPEAKER. Is there objection to the request of the gentleman from Indiana [Mr. SPRINGER]?

There was no objection.

EXTENSION OF REMARKS

Mr. O'BRIEN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a speech given by Frank Gannett over the radio on June 17 of this year.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. O'BRIEN]?

There was no objection.

Mr. LUDLOW. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a radio address by my colleague the gentleman from Indiana [Mr. BOEHNE].

The SPEAKER. Is there objection to the request of the gentleman from Indiana [Mr. LUDLOW]?

There was no objection.

Mr. RUTHERFORD. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a letter from a corporation in my State on the effect of taxation.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania [Mr. RUTHERFORD]?

There was no objection.

Mr. CRAWFORD. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a letter received from a southern commissioner of agriculture on the Philippine bill.

The SPEAKER. Is there objection to the request of the gentleman from Michigan [Mr. CRAWFORD]?

There was no objection.

HOW CANBY, OREG., DID IT

Mr. PIERCE of Oregon. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Oregon [Mr. PIERCE]?

There was no objection.

[Mr. PIERCE of Oregon addressed the House. His remarks appear in the Appendix.]

NEUTRALITY

Mr. FISH. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. FISH]?

There was no objection.

Mr. FISH. Mr. Speaker, the Republicans in the House will welcome a showdown on the Bloom fake neutrality bill, which promotes war, not peace.

I regard the measure as the most important bill that has come before Congress in many years, involving maybe the lives of millions of Americans and the preservation of our free institutions. It is an unneutral proposal, setting up machinery to permit President Roosevelt to drag us into every European war.

The Bloom bill gives the President the right to determine the aggressor nation, through establishing combat areas, and virtually delegates to him the war-making powers of the Congress. This unneutral bill, dangerous to the peace of America, must not pass.

I believe we have the votes in the House to strike out section 3, regarding combat areas, and probably votes enough to recommit it. The issue will be determined in the House by the number of protests received by Members of Congress from peace-loving Americans who want to keep out of foreign wars and are opposed to giving any one man—like the dictators of Europe—the power to send our youth to foreign lands to fight other people's battles.

RESIGNATION FROM COMMITTEE ON WAR CLAIMS

The SPEAKER laid before the House the following communication:

JUNE 19, 1939.

Hon. WILLIAM B. BANKHEAD,
Speaker, House of Representatives, Washington, D. C.

MY DEAR MR. SPEAKER: I hereby tender my resignation from the Committee on War Claims.

Respectfully yours,

E. C. GATHINGS.

The SPEAKER. Without objection, the resignation will be accepted.

There was no objection.

THE REVENUE BILL OF 1939

Mr. DOUGHTON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 6851) to provide revenue, equalize taxation, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 6851, with Mr. LANHAM in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under previous order, general debate shall consume not to exceed 3 hours, the time to be equally divided and controlled by the gentleman from North Carolina [Mr. DOUGHTON] and the gentleman from Massachusetts [Mr. TREADWAY]. The gentleman from North Carolina is recognized.

Mr. DOUGHTON. Mr. Chairman, I yield 20 minutes to the gentleman from Tennessee [Mr. COOPER].

Mr. COOPER. Mr. Chairman, it has been my privilege to be a member of the subcommittee on taxation of the Committee on Ways and Means since it was first created in 1933. While the work of that committee has been very strenuous and exacting, it has been extremely interesting. When the subcommittee was first created Mr. Sam B. Hill, of the State of Washington, was chairman. The majority members were Mr. Cullen, of New York; Mr. Vinson of Kentucky; and myself. The minority members were Mr. Treadway, of Massachusetts; Mr. Crowther, of New York; and the late Mr. Frear, of Wisconsin.

Following the voluntary retirement of Judge Hill from Congress, Mr. Vinson of Kentucky became chairman. The gentleman from Massachusetts [Mr. MCCORMACK], the gentleman from Oklahoma [Mr. DISNEY], the gentleman from California [Mr. BUCK], and the gentleman from Missouri [Mr. DUNCAN] became majority members, and the gentleman from New York [Mr. REED] became a minority member.

Following the voluntary retirement of Judge Vinson from Congress, it was my privilege to become chairman of this subcommittee. At this session the gentleman from Indiana [Mr. BOEHNE] has been added to the majority side and the gentleman from Michigan [Mr. WOODRUFF] to the minority side of the subcommittee.

As this is the first tax bill reported since I have had the honor to serve as chairman of this subcommittee, I wish to take advantage of this opportunity to express my most grateful appreciation to the members of the subcommittee for their splendid spirit of cooperation and the valuable services they have rendered in this important work, and to thank the members of the full committee for their splendid cooperation and their vote of confidence in the work of the subcommittee in accepting the bill substantially as reported by the subcommittee. I also wish to acknowledge a debt of gratitude to Mr. Hanes, Under Secretary of the Treasury, and his associates, Mr. Stam and the members of the staff of the joint committee on internal-revenue taxation for the valuable assistance given by them, and to Messrs. Beaman and O'Brien of the drafting service for their valuable assistance.

Mr. Chairman, as we now approach the consideration of this revenue bill I believe it is well for us to bear in mind that the best way for us to accomplish real tax relief is to watch more closely the appropriations made by

Congress. It is only by appropriations voted by Congress that money can be taken from the Federal Treasury. After these appropriations are voted, the responsibility then rests upon Congress to provide the revenue to replenish the Treasury. My experience as a Member of this body has convinced me that the Congress responds to the will and the wish of the American people. As long as the American people continue to demand that the Federal Government provide more and more services and that Congress make more appropriations, the responsibility will rest upon us to provide the revenue to pay the bill.

The last three bills presented by the Committee on Ways and Means dealing with taxes have been tax-relief measures. The 1938 Revenue Act was a tax-relief measure. The motivating purpose throughout all the consideration of that bill was to afford tax relief. After we practically scraped the bottom of the barrel in providing tax relief under the 1938 Act, it is obvious that there was little opportunity left for us to provide much further tax relief without endangering the revenue of the Government.

I stated to the House during the consideration of the social-security bill recently passed by this body that that measure provided more real tax relief than any other measure we could hope to pass during this session of Congress. That statement is still true. Under the provisions of the social-security bill as passed by this House approximately $1,710,000,000 in relief of pay-roll taxes is provided for the next three years.

The pending bill, H. R. 6851, is a tax-relief measure, designed and intended to remove certain so-called "deterrents" and "irritants" to the full and free flow of business activity.

Now, with your kind indulgence, I should like to discuss briefly the outstanding provisions of this bill.

The bill provides for the extension for a period of 2 years of the present excise taxes which yield about $544,300,000. The bill also provides for the extension of the present 3-cent postal rate on non-local first-class mail for a like period of 2 years, and continues the power granted to the President, under existing law, to reduce the rate if he finds that it can be done. It is estimated that this provision with respect to the postal rates will provide around $100,000,000 in revenue for the year 1940.

Most of the other provisions of this bill relate to changes in the corporation tax structure. Corporations are permitted to carry over their net operating business loss for a period of 2 years. This is as great a period as they have ever had an opportunity to do that since we have had an income-tax law. This provision will take effect with respect to taxable years beginning after December 31, 1939. However, a corporation which has sustained a net operating business loss in 1939 will be permitted to carry over such net operating business loss in reducing its income for the year 1940 and to carry over any excess of such loss in reducing its income for the year 1941. Personal holding companies get a 1-year carry-over of operating or business losses under existing law, and there is no change made with respect to that.

Next is the capital stock and excess-profits tax. Under the present law $1 per $1,000 is levied as a capital-stock tax. The excess-profits tax provision provides that on net income in excess of 10 percent and not in excess of 15 percent on adjusted declared value the rate is 6 percent, and on net income in excess of 15 percent on the adjusted declared value the rate is 12 percent.

The excess-profits tax rates and the capital-stock tax rates, as provided in existing law, are continued.

Corporations are given the right under this bill to increase their capital-stock tax valuation for the next 2 years; that is, for the fiscal years ending June 30, 1939, and June 30, 1940, but not to decrease such valuation. Under existing law, corporations are entitled to a new declaration, either to increase it or to lower it, every 3 years. They will have the right to make a new declaration for capital-stock tax purposes, for the fiscal year ending June 30, 1941.

Under the provisions of this bill the undistributed profits tax is not extended. Under the present law this tax expires on December 31 of this year and under this bill the tax is not extended.

For corporations with less than $25,000 net income the rates in existing law are continued, and the treatment given excludes intercorporate dividends and Liberty Bond interest. These rates are, on the first $5,000 of net income, a rate of 12½ percent; on the amount of net income from $5,000 to $20,000, or the next $15,000, a rate of 14 percent; on the next $5,000, or the net income from $20,000 to $25,000, a rate of 16 percent. The present effective rate on a corporation with $25,000 net income is 14.1 percent. As I said a moment ago, under the provisions of this bill the tax on corporations with less than $25,000 net income is continued as under existing law.

For corporations with net income above $25,000, the rate under this bill is 18 percent. The present effective rate is 17.25 percent. Of course, it is on corporations with net income above $25,000 that, under the present law, the undistributed-profits tax of 2½ percent applies; in other words, a corporation that distributes all of its net income in the form of dividends to its stockholders pays at a rate of 16½ percent. If it retains all of its net income it pays under existing law a rate of 19 percent. There is that spread of 2½ percent, from 16½ percent to 19 percent under the present law, while under the pending bill a tax at the rate of 18 percent is levied.

Banks, insurance companies, China Trade Act corporations, and corporations in possessions of the United States, such as Puerto Rico and so forth, are taxed the same as all other corporations. Mutual investment companies are taxed at a rate of 18 percent, and under the present law they are allowed a deduction for dividends paid from the tax base. Under the present law these corporations to which I have just referred were not subjected to the undistributed-profits tax, therefore a special provision had to be included in the 1938 act applicable to this group of corporations. Now, since the undistributed-profits tax is not to be continued, they are taxed like all other corporations.

Foreign corporations engaged in trade or business in the United States are taxed on sources of income in the United States at a rate of 18 percent. Under the present law their rate is 19 percent. It has always been the practice to levy on this type of foreign corporations the maximum rate that is paid by our domestic corporations. This principle is followed in the pending bill.

Foreign corporations not engaged in trade or business in the United States, those that obtain dividends, interest, rents, and royalties—income from sources of that type from within the United States—the present rate is 15 percent, except as to dividends, and the rate there is 10 percent, and these rates are continued under the pending bill.

Mr. MASSINGALE. Mr. Chairman, will the gentleman yield?

Mr. COOPER. I would prefer to continue this explanation of the provisions of the bill, if I may, and then I shall be delighted to yield to the gentleman.

Corporations in bankruptcy or receivership, joint-stock land banks, and rental housing corporations are taxed the same as other corporations. These corporations under the present law are allowed a credit of 2½ percent of their adjusted net income. This in effect relieved them from the undistributed-profits tax. Since the undistributed-profits tax is not to be continued, this bill leaves out this special treatment for these corporations, and they are taxed as all other corporations.

This bill repeals the present limitation of $2,000 on capital losses from ordinary income of corporations.

In the case of long-term capital losses, that is, those held more than 18 months, corporations are allowed the loss to be applied in full against ordinary income for the same taxable year in which the loss was realized. In the case of short-term capital losses, that is, those held less than 18 months, corporations are given the same treatment as is accorded individuals in the case of short-term losses, that is, to allow only short-term capital losses to be applied to

short-term capital gains. If short-term capital losses exceed short-term capital gains, the excess short-term capital loss can be applied against the short-term capital gains in the next year.

The CHAIRMAN. The time of the gentleman from Tennessee has expired.

Mr. DOUGHTON. Mr. Chairman, I yield the gentleman 5 minutes more.

Mr. COOPER. Mr. Chairman, that substantially covers the outstanding changes provided in this bill as to the corporation-tax structure. There are a few other matters to which I would like to briefly refer. This bill also provides for a 2-year carry-over for net operating business losses for individuals and partners the same as corporations. This bill also makes certain administrative changes, which afford relief to both the Government and the taxpayer, and I shall briefly refer to some of those.

A corporation which establishes to the satisfaction of the Internal Revenue Commissioner that it is in an unsound financial condition may redeem its bonds, notes, or other evidence of indebtedness in existence on June 1, 1939, at less than their face value, without the recognition of gain, if such redemption occurs after the enactment of this bill and prior to January 1, 1943. In other words, it provides a 3-year period for corporations in an unsound financial condition to be able to buy in their outstanding evidences of indebtedness and not be charged with the gain as between the price at which they buy them in and the face value of those obligations.

Mr. BUCK. Mr. Chairman, will the gentleman yield?

Mr. COOPER. Yes.

Mr. BUCK. In drawing the language of the bill the committee has been very careful to so word it as to avoid opening up any loopholes that might result from people trying to defraud the Treasury by virtue of these new provisions.

Mr. COOPER. That is true. We have tried to safeguard and protect the provisions so that corporations not in financial distress will not be given the opportunity of taking advantage of it.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. COOPER. In just a moment I shall be glad to yield. This provision will materially aid the railroads.

Mr. MAY. That is the question that I had in mind.

Mr. COOPER. And other corporations whose bonds can now be purchased at less than their face value, giving them an incentive to liquidate their indebtedness. I recall a very splendid statement made to your committee by Judge Fletcher, general counsel of the American Association of Railroads. As I recall now, he was of opinion that it might result in a reduction of the outstanding value of these obligations by some $2,000,000,000 to the railroads, which, of course, would involve a great saving of interest charges to the railroads.

Mr. BUCK. Mr. Chairman, will the gentleman yield?

Mr. COOPER. And although it is not an official estimate, other estimates have indicated that it might result in a saving to these corporations of some hundreds of millions of dollars.

Mr. DOUGHTON. Mr. Chairman, will the gentleman yield?

Mr. COOPER. Yes.

Mr. DOUGHTON. The gentleman will recall that a letter was also addressed to the committee by Mr. Jesse Jones, Chairman of the Reconstruction Finance Corporation, recommending the provision which is in the bill.

Mr. COOPER. That is true. The Chairman of the Reconstruction Finance Corporation wrote a very strong letter to the chairman of the committee pointing out that, in his opinion, a provision of this kind would be of great benefit to corporations in the country in financial difficulty.

I shall endeavor now to cover just one or two other points. This bill includes a provision which permits corporations to continue bona fide business reorganizations without being subject to tax by reason of the assumption by one corporation of the outstanding indebtedness of another corporation involved in the reorganization.

The CHAIRMAN. The time of the gentleman from Tennessee has again expired.

Mr. DOUGHTON. Mr. Chairman, I yield the gentleman 2 minutes more.

Mr. COOPER. This was made necessary by the decision of the Supreme Court in the so-called Hendler case.

Another provision of this bill will validate the Treasury Department regulation of long standing, which required that where a stock dividend was declared, the basis of the original shares be apportioned between those shares and the dividend stock for computing the gain or loss on the sale thereof. This provision was made necessary by decisions of the Supreme Court in the Koshland and Gowran cases, and the treatment given here is to allow the practice to continue as it has for many years in dealing with the question of stock dividends.

Another provision included in this bill amends the Federal lien law to provide that such liens shall not be valid in the case of a negotiable instrument in the hands of an innocent purchaser in due course of trade for valuable consideration, without notice of the existence of the lien. This provision was made necessary by a decision of a district court in the State of Michigan which held that in the case of a negotiable instrument transferred to an innocent purchaser the tax lien would follow into the hands of the innocent purchaser. The purpose here is to continue the practice that has always prevailed, to not make the innocent purchaser subject to this lien.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield the gentleman 3 additional minutes out of my time.

Mr. COOPER. I thank the gentleman from Massachusetts.

These provisions that I have endeavored to briefly cover, as well as all other provisions of the bill, are fully covered and explained in the report, and I commend that to the favorable consideration of the Members of the House.

This bill was favorably reported by the unanimous report of your Committee on Ways and Means. It is the opinion of your committee that the bill affords real tax relief to the taxpayers of this country and at the same time will provide substantially the same amount of revenue as is provided under existing law. The excise taxes will yield about $500,000,000 in revenue, and the corporation taxes will yield about $1,000,000,000 in revenue. Your committee believes that this bill is worthy of your favorable consideration and support.

Mr. MICHENER. Mr. Chairman, will the gentleman yield?

Mr. COOPER. I yield.

Mr. MICHENER. The gentleman has made reference to certain concessions made to corporations in financial distress. Is there anything in the bill to define "financial distress"?

Mr. COOPER. That is very largely left to the Commissioner of Internal Revenue. The practical effect of it is, of course, that the corporation will make application to the Commissioner of Internal Revenue for this special treatment provided in the bill and, of course, will make a proper showing to the Commissioner of Internal Revenue as to its financial condition. Of course, from a practical standpoint, if a corporation's bonds are selling down at 20 or 30 and the par value is perhaps two or three times that much, that within itself is considerable evidence that the corporation is in an unsound financial condition. All elements will be taken into consideration, of course, by the Commissioner of Internal Revenue in arriving at a decision as to whether the corporation is really in an unsound financial condition.

Mr. MICHENER. If that is the meaning of the law, then it will be incumbent upon any corporation whose bonds are below par to go to the Commissioner of Internal Revenue and make a complete showing as to the financial condition of the corporation before it can get the relief?

Mr. COOPER. Certainly. How else could it be handled?

Mr. MICHENER. My own judgment would be that they would probably, without any explanation, hold any corporation in financial distress, which was unable to meet the obligations after a court had passed upon the matter, or in case of a railroad, for instance, in reorganization, which

had alleged officially in court that it was unable to meet its obligations, but would not apply to any corporation which, perchance, was just attempting to get along and its creditors were not pushing the obligations.

Mr. COOPER. Of course, it is largely a question of fact as to the financial condition of the corporation. That has to be determined, and discretionary authority has to be vested for the determination of that question.

The CHAIRMAN. The time of the gentleman from Tennessee has again expired.

Mr. TREADWAY. I yield the gentleman 2 additional minutes, Mr. Chairman.

Mr. MICHENER. If the gentleman will yield further?

Mr. COOPER. I yield.

Mr. MICHENER. Some minor amendment at this time might prevent all kinds of confusion and all kinds of loss. I may say that our Committee on the Judiciary is now conducting hearings on reorganization and has heard the railroad-security holders and everybody else. I am telling the gentleman if he will read those weeks of hearings he will find he is placing an insurmountable task upon the Commissioner of Internal Revenue.

Mr. COOPER. I realize it is a considerable task; but the Treasury Department and the Commissioner of Internal Revenue and the Chairman of the Reconstruction Finance Corporation, which, of course, is very much involved in this matter, think they will be able to administer it as we have provided here.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. COOPER. I yield.

Mr. McCORMACK. Of course, the cases referred to by the gentleman from Michigan [Mr. MICHENER] are not covered by this law; because if they go into receivership under 77 (b), then, of course, they would not be subject to taxation.

Mr. COOPER. Of course, there is another provision under existing law, and a provision in the pending bill dealing with corporations in bankruptcy or in receivership.

Mr. BUCK. The very purpose of this amendment is to keep these corporations out of the bankruptcy court entirely.

Mr. COOPER. That, of course, is true.

Mr. BUCK. It is intended to put them on a sound financial basis where they can earn enough money to pay an income tax to the Government.

Mr. COOPER. That is true.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. COOPER. I yield.

Mr. MAY. Mr. Chairman, I hope the gentleman will not regard me as being selfish, but the gentleman will recall that under the reorganization bill the National Bituminous Coal Commission was dissolved by the President and its functions were transferred to the Secretary of the Interior. The law setting up the Coal Commission carried a provision imposing a tax on the coal industry of 1 cent per ton, which amounts to something like $3,500,000 annually. Was the removal of this tax given any consideration by the gentleman's committee? Was it presented to the committee for consideration?

Mr. COOPER. As the gentleman knows, the Coal Act is an entirely different measure.

Mr. MAY. But it imposes a tax.

Mr. COOPER. That is not in any way connected with the 1938 Revenue Act. The Coal Act was a regulatory measure. [Applause.]

[Here the gavel fell.]

Mr. RICH. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. RICH. This may not be exactly a parliamentary inquiry, but I wish to find out whether we cannot get an opportunity to interrogate those who are responsible for this tax bill.

The CHAIRMAN. The gentleman from Pennsylvania knows that debate on the bill has been limited to 3 hours, equally divided between the gentleman from North Carolina and the gentleman from Massachusetts. These gentlemen are in control of the time, and it must be used as they yield it.

Mr. RICH. Mr. Chairman, may I ask the gentleman from North Carolina a question?

Mr. DOUGHTON. Mr. Chairman, if the gentleman from Pennsylvania desires time, I suggest that he apply to the gentleman from Massachusetts.

Mr. TREADWAY. Mr. Chairman, rather than speaking myself, having agreed to yield to the gentleman from Pennsylvania, I now yield him 5 minutes.

Mr. RICH. Mr. Chairman, may I interrogate whomever is going to be the leader on this tax bill on the Democratic side? I suppose it is the gentleman from Tennessee [Mr. COOPER], since he just presented the bill on the floor? How much revenue will this bill raise?

Mr. COOPER. I think my closing statement was that the excise taxes will yield about $544,300,000. The extension of the 3-cent postal rate is estimated to yield about $100,000,000 in 1940. The corporation taxes imposed under the pending bill will run to about $1,000,000,000. This gives an aggregate amount, therefore, of something over $1,600,000,000 provided under the bill.

Mr. RICH. How nearly will the revenue to be raised under this tax bill equal the expenditures already authorized for 1940? As I estimate, up to the present time we have appropriated $9,312,515,000.

Mr. COOPER. The yield under this bill, of course, is in accordance with the Budget message of the President. The gentleman himself is a distinguished and valuable member of the Committee on Appropriations, to which the President's Budget message was referred, and I would yield to him as being in possession of far greater knowledge and understanding about the appropriation phases of it than I could be.

Mr. RICH. Let me say here and now that nobody in charge on the Appropriations Committee seems to have any knowledge of the difference between the amount to be raised by this bill and the amount the Congress is appropriating for the next fiscal year; or, if they have, they are paying no attention to it.

The President's own estimate shows that next year it is expected the Treasury will receive about $5,669,000,000 in taxes. This means we are going to be $4,000,000,000 short under this tax bill which you men have brought in here. Now, how are you ever going to get together on revenues and expenditures?

Mr. COOPER. The gentleman knows, of course, that the pending bill does not represent all of the revenue legislation now on the statute books.

Mr. RICH. Taking all of the revenue, including that expected to be raised by this bill, according to the way I figure the thing out hurriedly here on the floor, you are going to be $4,000,000,000 short.

I ask the chairman of the Committee on Ways and Means: What interest have you taken with the chairman of the Committee on Appropriations to try to get your two committees together to see if we could not get a balanced Budget?

Mr. DOUGHTON. What interest has the gentleman taken in cutting his garment by the cloth?

Mr. RICH. I have tried to cut the suit to fit the man. Have you in any way consulted with the chairman of the Committee on Appropriations? You should have admonished him on his spending.

Mr. DOUGHTON. No; that is not my job. The door is open at any time.

Mr. RICH. Have you consulted with the Speaker of the House? If not, you should have asked for his support in stopping the great spending spree.

Mr. DOUGHTON. The door is always open.

Mr. RICH. Have you consulted with the majority leader?

Mr. DOUGHTON. We consult frequently; yes.

Mr. RICH. Has he suggested that you stop spending? Have you gotten together and tried to coordinate the efforts

of the various committees to the end that we may have a balanced Budget?

Mr. DOUGHTON. I hope we may some time; yes.

Mr. RICH. You hope you may some time. I am asking why you do not get together now. Now is the time. You cannot put it off.

Mr. DOUGHTON. The gentleman says "you." Why does not the gentleman say "we"?

Mr. RICH. That is what we want to do on this side.

Mr. DOUGHTON. Why does not the gentleman say "we"?

Mr. RICH. You control the majority. We want to get these committees together so that our income will equal our outgo; but the gentleman has not got them together. If the gentleman will call them together and will ask me to come in, you bet I will be there. Has the Speaker of the House ever said anything to the gentleman about making your income and your outgo meet? I question if he has.

Mr. DOUGHTON. Oh, he has talked with us frequently.

Mr. RICH. Has he suggested any way whereby the gentleman should get the committees together and try to have the income and outgo equalize each other?

Mr. DOUGHTON. We have very frequent cordial and agreeable conferences; yes.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield the gentleman 3 additional minutes.

Mr. RICH. Mr. Chairman, I want to show where we are today. We are going to be worse off this year with the tax bill than we were during the past fiscal year, or present fiscal year, which closes on the 30th of this month. The income up to this point during the present year has been $5,237,000,000. The outgo has been $8,625,000,000. You are in the hole right now $3,388,000,000, and you will be over three and a half billion in the red for 1939.

In 1940 you are going to be worse off, deeper in the hole, even with this tax bill, than you were in 1939. It is a most horrible, dreadful situation. You are extending the excise taxes and 3-cent postage for 2 years. You better put that on indefinitely, because you will never get out of the red if you do not. You have continued the 3-cent postage for 2 years, but you will never get away from it, because Jim Farley, in the operation of the Post Office Department, has spent more than you will ever get in, so you know you ought to continue that indefinitely.

Mr. BUCK. Will the gentleman yield?

Mr. RICH. I yield to the gentleman from California.

Mr. BUCK. I take it that the gentleman from Pennsylvania is not in accord with the recommendation of the minority members of the Ways and Means Committee that we strike out title I, relating to the continuance of the nuisance taxes, and the 3-cent postage rate? The gentleman wants them carried on. In other words, he thinks the position taken by the minority members of the Ways and Means Committee is indefensible.

Mr. RICH. Yes. You have to get more taxes. You cannot let the people of this country cut down on taxes or you will wreck the Nation, and that will be terrible. The people must pay the bill for the Democratic folly.

The gentleman from North Carolina, the chairman of the Ways and Means Committee, is one of the finest men who ever sat in the House, but he wants to get the chairman of the Appropriations Committee, who has a birthday today and who is another fine gentleman, and work this thing out together. The gentleman should get him to stop his expenditures or else he must bring the taxes up to meet those expenditures.

Mr. DOUGHTON. I think we can both help.

Mr. RICH. Yes. I am trying to get you together.

Mr. DOUGHTON. Is the gentleman prepared to recommend additional taxes to take care of additional appropriations so as to bring the Budget in balance?

Mr. RICH. I say that the Appropriations Committee has gone haywire. You cannot fix them up. They appropriate too much to every request.

Mr. DOUGHTON. We cannot get any help there?

Mr. RICH. No; we cannot get any help there. We have got to get those fellows together and give them a good lecture, and I hope the gentleman will do that.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. RICH. Mr. Chairman, I want to ask the members of the Committee on Ways and Means further questions. You have discontinued the undistributed-profits tax, because you state that is a good thing to do. Two or three years ago we stormed over that tax and said it would do more to the detriment of America and American business than anything that could happen. We were right. Now I certainly congratulate the gentleman on eliminating the undistributed-profits tax. He is having a change of heart on that tax, and he did a good thing. The gentleman from Tennessee [Mr. COOPER] I refer to, and he is one of the finest fellows in the House. I congratulate him now for recognizing that fact. I hope BRUCE BARTON can eliminate a law a day for a month; it should help.

Mr. COOPER. Will the gentleman yield?

Mr. RICH. I yield to the gentleman from Tennessee.

Mr. COOPER. I accept the gentleman's congratulations with deep appreciation. May I say to the gentleman with reference to the question of appropriations and revenue that I have frequently stated to the chairman of the Appropriations Committee, and to many members of that committee, that you can find any man in the street who can spend money faster than the smartest man in the country can make it.

Mr. RICH. The gentleman is correct. He is right there. It takes brains to make money, but any fool can spend it.

Mr. COOPER. The real responsibility, so far as expenditures are concerned, rests more with the gentleman's committee than it does with the Ways and Means Committee.

Mr. RICH. I admit that, and I have done everything in that committee toward that end; so much so that the members of the committee do not like to hear it any more. I have asked them the question time after time, "Where are you going to get the money?" Not a member of the Appropriations Committee can tell me. Nor any other Member of Congress.

Mr. COOPER. I am sure the gentleman has been very diligent in that respect.

Mr. RICH. Not a member of the Ways and Means Committee can tell you where you can get enough out of the people of America to match the appropriations that have been made by the Appropriations Committee. That is why I want to know whether the Speaker of the House, the majority leader, the chairman of the Ways and Means Committee, and the chairman of the Appropriations Committee have gotten together? If not, they ought to go into conference. They ought to call their leaders together and urge a balancing of the Budget. They must find out where we are going to get the money.

Mr. DOUGHTON. I would like to observe that the gentleman from Pennsylvania is one of the most sincere and consistent Members of this House.

Mr. RICH. I appreciate that distinction and honor.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield myself 15 minutes.

Mr. Chairman, the gentleman from Tennessee began his remarks by referring to the subcommittee that has been in existence for a number of years, and he referred to the minority members, two of whom have been on the committee since its inception—namely, the gentleman from New York [Mr. CROWTHER] and myself. It has been a privilege to work with that committee. It is a trying job at best and means many extra hours of work, but I can fairly say that the intent of the members has been to do away with partisanship and confine the work of the committee to what they consider to be for the best interest of the country in the line of taxation. Our present chairman, Mr. COOPER, the gentleman from Tennessee, has been very eager to carry out that purpose.

I am not going to criticize this bill severely. I am going to make some suggestions of change, but there are two matters the gentleman from Tennessee brought up that I wish to refer to before beginning the remarks I intend to make.

The gentleman spoke about saving $1,700,000,000 in the pay-roll tax under the social-security bill. It is begging the question just a little to say that that is a direct saving. This would have been a tax of the future if not changed. Possibly the employer and the employee could have said, "We have to calculate on this tax going into effect in future years," but as far as relief from present taxation is concerned that is more or less of a misnomer in that the tax has never been levied, and therefore the taxpayers, both the employers and the employees, under the Social Security Act, have not actually had to meet that tax. It requires somewhat of a stretch of the imagination, in my opinion, to say that it is a saving. It does not seem to me to quite qualify under that definition.

Mr. COOPER. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. I yield to the gentleman from Tennessee.

Mr. COOPER. I wish to thank the gentleman for his great ccurtesy to me in yielding time. I do wish to say to the gentleman, however, in connection with the social-security tax to which the gentleman has referred and I have referred, that under the present law the people will have to pay that tax.

Mr. TREADWAY. They would have had to pay it, and we of the minority have criticized the excessive pay-roll tax burden that is provided under existing law to build up a mythical and unnecessary reserve of 47 billions.

Mr. COOPER. They will have to pay it unless the bill passes that is now pending in the Senate. They will have to pay that tax, they will have to pay $1,710,000,000 more under the law as it now stands, unless this bill finally becomes law and they are relieved of that burden.

Mr. TREADWAY. Yes; I agree with the gentleman, but let me add that that law is a child of the New Deal's own conception, and the Democratic Party is on trial in tax matters right here and now because the existing law to which the gentleman from Tennessee has been referring is of their own manufacture. When we say that the social-security bill, which recently passed the House, is an improvement on the present law, that is true. The tax bill which is before the House today is a decided improvement over the present law, but the present law was written by the Democratic Party. I want to lay the blame for the mistakes in that law right where it belongs, on their doorstep.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. Did the gentleman vote for the Social Security Act?

Mr. TREADWAY. I did; under protest to a certain extent.

Mr. McCORMACK. The gentleman voted for it?

Mr. TREADWAY. Oh, that is neither here nor there. We of the minority have said all the time that the original act had a lot of bad features in it and you have taken the time and made the effort to correct them.

Mr. HOFFMAN. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. I yield to the gentleman from Michigan.

Mr. HOFFMAN. Is it not true that for the last 5 years on practically every question of major legislation they bring a bill in here and tell us we can take it or leave it and get nothing else?

Mr. TREADWAY. That is the privilege of the majority.

Mr. DISNEY. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. I yield to the gentleman from Oklahoma.

Mr. DISNEY. Is it not a fact that the Social Security Act originally brought into this House was brought in under an open rule and not under a gag rule?

Mr. TREADWAY. What I said to the gentleman from Michigan was that it is the privilege of the majority to write legislation according to their own methods and desires. We are not criticizing that fact. Give us a chance next year and we will show you some changes in legislation mighty quickly.

Mr. DISNEY. Did not the gentleman and a majority of the Republicans vote for the Social Security Act?

Mr. TREADWAY. We did. However, if the gentleman will do us the honor of reading our minority views at that time, and also my remarks at the time, he will find that we did not do it with a great deal of pleasure and satisfaction. We realized the mistakes that the Democratic Party had made in writing the bill.

Mr. HOFFMAN. Mr. Chairman, will the gentleman yield for one more question?

Mr. TREADWAY. I yield.

Mr. HOFFMAN. They bring in a bill; and no matter how rotten it is, no matter what good provisions we may want to put in it, they say, "You take this or nothing." That is their attitude and always has been. We have had to take it.

Mr. TREADWAY. I am not in entire agreement with the views of the gentleman from Michigan. Occasionally we have gag rules, but that does not apply to this bill. It did not apply to the social security bill, which could have been amended if we had had the votes. We did offer some amendments to it, which were voted down. It is not altogether a case of take it or leave it, but the majority as a rule write the legislation and they are invited to an opportunity to do so.

Mr. DISNEY. Mr. Chairman, will the gentleman yield further?

Mr. TREADWAY. Just briefly.

Mr. DISNEY. Is it not a fact that the Social Security Act was in the nature of an experiment, an attempt to relieve conditions in the United States the best way we could, and did not the Republicans work with the Democrats in an attempt to bring in the best possible bill without having had previous experience in writing such legislation?

Mr. TREADWAY. The gentleman is correct in that statement, but nevertheless there were outstanding defects in the original Social Security Act which we pointed out at the time.

Mr. Chairman, I would not have made reference to the Social Security Act, which has been debated long and vigorously here, had it not been for the statement of the gentleman from Tennessee [Mr. COOPER] which I thought was susceptible to slight revision.

One other idea that he mentioned in the course of his remarks is that this is a tax-relief measure. Well, yes and no; it is a tax-relief measure to the extent that it is changing certain methods of taxation. We were told to start with that we must not try to write a bill that did not bring in as much revenue as is brought in under the present law. If the taxpayers have found difficulty in meeting their obligations in certain lines of taxation—and that experience has been voiced to the Ways and Means Committee—you are not relieving taxation a great deal if you simply shift the burden from one taxpayer's shoulders to another's and that is what this bill endeavors to do.

I do not believe the majority are entitled to anything like the credit they want to assume in saying that this is a relief measure. It is a different kind of relief and possibly the people who will now assume this additional burden will be finding fault, so you will be ready to revise it again next year. This is the kind of relief it is, not the type exactly that the gentleman from Tennessee would like to have you think it is.

Now, Mr. Chairman, we are considering here today two bills incorporated in one measure. We have before us the question of removing some of the tax deterrents to business which have grown up under this administration. Let me emphasize that they have grown up under this administration. In the press accounts and the statements put out by the majority side you find no acknowledgment that these deterrents are of their own origin. I spoke of that a moment ago and I want to reiterate the statement.

The other question we have before us is the matter of continuing the expiring nuisance taxes and the 3-cent postage rate.

I am opposed to this latter feature of the bill, as are my Republican colleagues on the committee. The basis of our opposition is the same today as on past occasions when the matter of their extension has been under consideration. The New Deal has not kept faith with the people in continuing, indefinitely, these nuisance taxes and the 3-cent postage rate. You are practically trying to make permanent the nuisance taxes and the 3-cent postage rate.

They were first put on as an emergency measure in 1932 for a period of 2 years, and the law provided they should go out of existence on June 30, 1934. That was as plainly written into the law as anything could be, but when the New Deal spending administration came into power one of the first things it did was to extend these taxes for an additional year even before they had expired the first time. In 1935 another extension was made and this time for 2 more years. In 1937 there was a still further extension, and under existing law they are due to expire on the 30th day of this month. The New Deal now proposes to extend them a fourth time and thereby again break faith with the people. This breach of faith with the people is one reason I am opposed to the extension.

Why mislead the people all this length of time? Congress called them emergency taxes in 1932 when they were first imposed. Perhaps they were, but nevertheless you of the Democratic majority did not try to economize one dollar's worth; and I am going to refer to that in a moment. That is why you are asking to have these nuisance taxes extended and the 3-cent postage rate continued. You are spendthrifts. This is the worst spendthrift administration this country has ever known.

Another objection to these taxes, in addition to the fact you are not keeping faith with the people, is the fact that they are consumption taxes, not based on ability to pay, but which fall most heavily on those with small incomes. The real basis of taxation should be the ability of the person taxed to pay the tax, and certainly you cannot say that any one of these nuisance taxes is of that character. A lot has been said about doing away with indirect and hidden taxes. Here is our chance to do something along that line.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. TREADWAY. Mr. Chairman, I yield myself 10 additional minutes.

The third reason I am opposed to the continuation of these taxes is that I have consistently refused to vote new taxes on the people or extend old ones until the New Deal first makes a definite and sincere effort to reduce expenditures. The only reason that these taxes have had to be continued beyond 1934 is because of this New Deal spending program. Originally the people were promised when this administration came into power a 25-percent reduction in the cost of Government, and that meant reduction of 25 percent below the four and a half billion dollars spent to run the Government in 1932. Instead, the New Deal has more than doubled the cost of Government.

Mr. WHITE of Idaho rose.

Mr. TREADWAY. I cannot yield. That is why the President insists these nuisance taxes be continued. Despite all the taxes the New Deal has piled on the American people, we are still running deficits of three to four billion dollars annually, with no end in sight. It would take over a 50-percent increase in taxation to balance the Budget, without making any provision for retiring the national debt, which the New Deal has increased to the staggering total of nearly $45,000,000,000. The people are entitled to relief from taxation, and the only way they can get it is by reducing expenditures. This does not mean doing away with essential governmental functions, but simply the practice of a little economy and the elimination of waste and extravagance. A reduction of less than 7 percent in the 1940 Budget would offset the amount of money produced by the nuisance taxes, and the extra 1 cent on first-class postage.

How unfair this 1-cent extra postage is. There are $100,000,000 more receipts from the 1-cent postage addition than the cost of carrying the first-class mail. That 100 millions is a direct tax on the users of the mail.

Mr. SHORT. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. Yes.

Mr. SHORT. Our Federal revenues in 1932 were a little in excess of $2,000,000,000, but last year we collected in excess of $6,000,000,000, or more money than ever before collected in peacetime history, and yet we ended the fiscal year with a billion-and-a-half-dollar deficit, and this year it will amount to a deficit of $3,500,000,000.

Mr. TREADWAY. The gentleman is expressing in words better than I can the thought that I am endeavoring to bring to the House.

Mr. SHORT. And that is not considering the hidden, concealed taxes on food and clothing, nor the sales tax, which most of the States have imposed on their citizens.

Mr. TREADWAY. The gentleman is absolutely correct in his statement. His conclusion, I have no doubt, is that we are going into bankruptcy. I thank the gentleman, because he is always accurate in his statements.

Mr. WHITE of Idaho. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. Very briefly. I dislike to refuse any of my colleagues, and the gentleman from Idaho is always so anxious to be heard that I will extend him the privilege.

Mr. WHITE of Idaho. I simply wanted to ask a question. The gentleman said that he was in favor of relief from taxation. I wonder which he regards as the more important, relief from taxation or relief from starvation?

Mr. TREADWAY. What a ridiculous question. The gentleman should realize that if we eliminate tax deterrents, business will be able to provide work for the unemployed and we will not have the necessity for the present large expenditures for relief.

Mr. WHITE of Idaho. But the gentleman was speaking of relief.

Miss SUMNER of Illinois. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. Yes.

Miss SUMNER of Illinois. Does the gentleman feel that any government which is extravagant can be a kind government? Does he not think that any President who goes down in history as the "Great Spender" will be one of whom it shall be said that we do not owe much to him, but we owe a lot on account of him?

Mr. TREADWAY. I think the contribution made by the gentlewoman from Illinois takes rank over the contribution made by the gentleman from Idaho [Mr. WHITE]. I congratulate her on that last remark which she made. The people and their children and grandchildren will owe a great deal as the result of the administration of President Roosevelt.

The issue we are voting on here today under title I, is simply a question of whether we are going to continue to fill the pockets of the New Deal spendthrifts by burdensome taxes on the people, or whether we are going to force the administration to do a little economizing instead of spending the public money without thought of where it is coming from.

Putting the gentlewoman's thought in a little different language, the only way in which we can express ourselves on the issue before us is by refusing to vote new taxes or continue old ones until the administration has first tried to make at least some progress toward a balanced Budget by reducing expenditures. Is that not the principle that the gentlewoman advocates—reducing expenditures?

Mr. HOFFMAN. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. I yield.

Mr. HOFFMAN. But how can we do it when the administration will not reduce expenses?

Mr. TREADWAY. I will tell you how we can do it. The American people will do it in the election of 1940 by continuing in office Republicans who are here now, and adding very materially to their number.

Mr. HOFFMAN. But in the meantime we are all going to get soaked.

Mr. TREADWAY. Yes. You will have to stand the soaking for the time being. I do not know any relief from it, because evidently the motto of the administration is "Spend, spend, spend, and tax, tax, tax."

Mr. HOFFMAN. Well, in between, they borrow a little.

Mr. TREADWAY. I think the gentleman and I are so nearly in accord it would be difficult for us to get into an argument.

Mr. HOFFMAN. But I would rather give them a political hanging now rather than in 1940.

Mr. TREADWAY. However, we want the lesson to go home to the people between now and 1940.

Mr. HOFFMAN. Surely.

Mr. TREADWAY. Of what the administration is doing to them.

Mr. HOFFMAN. We want them to see what they have done and what the people think about it.

Mr. TREADWAY. Absolutely. One way to try to balance the Budget is by doing away with extravagance and reducing expenditures. Another way is to get along without things we do not actually need. That is a very important factor, I think. Do not put all the spending propositions up to the people and tell them how good they are, with no thought of how they are going to pay for them.

Mr. Chairman, I now want to refer to the second feature of the bill, namely, the removal of tax deterrents to business.

Along with my Republican colleagues on the Ways and Means Committee, I am in favor of the proposed changes in the corporate tax structure which seek to remove some of these deterrents. For years we of the minority have been criticizing the restrictive and repressive tax policy of this administration and we are glad to see that it is now admitting its errors and gradually correcting some of its mistakes.

The tax-relief features of this bill are a victory for the Republican minority. The majority are now coming around to our viewpoint.

We vigorously opposed the iniquitous undistributed-profits tax of 1936 and pointed out the disastrous effects it would have. Our predictions turned out to be correct, and in 1938 the New Deal was forced to retreat from this vicious tax principle although a vestige of the tax was retained in the law for 2 years for face-saving purposes.

I use the word "vestige" advisedly. It is defined in Webster's Dictionary as follows:

> A small, degenerate, or imperfectly developed part or organ which has been more fully developed in an earlier stage of the individual or in a past generation.

The tax was a monstrosity at birth, and should never have been allowed to become a part of the Federal revenue system. The majority propose to allow what is left of it to expire at the end of this year. I favor repealing it now, retroactive to January 1. There is no excuse for the postponement of its repeal.

We of the minority refer to some of the reasons for deferment in our supplemental report on the bill, and I shall not go into them here except with respect to one of them. The excuse given by the majority for not repealing the undistributed profits this year, and substituting the 18-percent flat tax is that business has gone along for 6 months under the present tax and had adjusted itself to it.

This, in my opinion, is a very weak excuse. If the change were made, all that business would have to adjust itself to would be to an 18-percent tax instead of a tax of from 16½ to 19 percent. That would not be much of an adjustment, and I am sure business would be glad to do it in order to get rid of the vicious undistributed-profits tax principle which it has so vehemently opposed.

Moreover, it seems rather strange for the Democratic majority to be so solicitous about making retroactive tax changes. They were not so solicitous in 1936 when they passed the undistributed-profits tax late in June and made it retroactive to January 1. That bill involved a complete and revolutionary change in the method of taxing corporations. It imposed penalty rates running up to 27 percent on corporations which for any reason desired or had to retain their net earnings rather than distribute them to stockholders. These penalty rates were imposed on top of a normal corporation income tax.

The Democratic majority did not worry then about upsetting business by a retroactive tax change which required a great deal of readjustment on the part of business.

Business wants the undistributed-profits tax wiped out now. Everyone had expected that this would be done. There is no excuse for not doing it, aside from the desire on the part of the Democratic majority not to offend the President by accelerating the expiration date of the unsound tax which he so strongly espoused. That is the real reason why the tax is not being repealed retroactively.

There also is no excuse for not making the loss carry-over provision effective with respect to 1939 income, so that business concerns which had losses last year could offset them against any taxable gains this year. Under the bill the benefit of this provision is deferred until next year.

It allows business concerns, in figuring their net profit in 1940, to subtract 1939 losses, but this gives business no immediate benefit. Its first effect will be felt when returns are filed in March 1941, covering 1940 income.

We of the minority propose to make the loss carry-over provision effective this year, so that business concerns will get the benefit when they pay their taxes next March on 1939 income.

No good reason can be advanced for deferring this relief. Business needs it now, not next year.

The only excuse given by the Democratic majority for not making the carry-over provison effective now is that the change in the income tax is not effective until next year, and they are counting on the increased revenue from the 18-percent tax to offset the loss of revenue from the loss carry-over. This argument falls to the ground if the 18-percent rate is put into effect this year as the Republican minority advocates. We propose to tie the two propositions together.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. I yield.

Mr. CRAWFORD. In connection with the proposal that is being submitted, if losses are incurred by a corporation in the fiscal year 1938–39—not the calendar year—can those losses be carried forward into the 1939–40 fiscal year?

Mr. TREADWAY. Not if they were incurred in a taxable year beginning prior to January 1, 1939.

Mr. CRAWFORD. Does the bill carry relief for proprietorships and partnerships as well as corporations?

Mr. TREADWAY. Perhaps I will take the balance of my time and speak on that very point. That matter has a very interesting history. We were suddenly informed in the Ways and Means Committee that this bill would be confined to corporations. We were very much astonished at it because we had the pleasure of hearing Secretary Morgenthau, who did not advocate that program. He made reference to partnerships and individuals in business, and all of a sudden it was decided that the great haste necessary in this most important matter required cutting out everything but corporations. The minority members objected most seriously. I moved in the committee that we take up the general subject matter of tax revision, even if it required our presence here during the entire summer period. That was voted down on a strictly partisan vote—10 Republicans voting for a general study of the subject of taxation and 15 Democrats voting against it.

It will be noted in the reported print of the bill that there is a committee amendment extending the benefit of the loss carry-over provision to all business losses, not simply corporate losses.

When the bill was before the tax subcommittee, I offered this same amendment, but it was defeated on a party vote. I contended that to confine this relief to corporations was

indefensible and that the small businesses operated by individuals and partnerships were more in need of it than the big corporations.

The next day the subcommittee was to report the bill to the full Ways and Means Committee. All the Republican members of the committee were in their seats around the committee table promptly at 10 o'clock, but no Democrats were in evidence. Finally, about 10:15, they began to show up. They had been holding a private meeting and apparently were worried about trying to defend their action in restricting the loss carry-over provision to corporations.

I was prepared to again offer my amendment which had been voted down in the subcommittee the day before, but I never had an opportunity to do so. Our Democratic friends had realized their mistake and an amendment along the lines of the one I had offered the day before was promptly proposed by one of their members, and unanimously adopted.

This is just another illustration of how the Democrats consistently oppose and vote down Republican proposals and then eventually come to adopt them. The only difference is that this time it did not take them very long to be converted.

Therefore this loss provision is included in the bill as an amendment, brought in after the bill was in print.

Mr. WOODRUFF of Michigan. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. I yield.

Mr. WOODRUFF of Michigan. The gentleman will agree that the motion, when it was proposed by the majority side, received the unanimous vote of the committee?

Mr. TREADWAY. Oh, yes; finally. They changed their minds overnight, and we welcomed the change. It was a mighty quick move, but it showed a little sense on the part of the Democratic majority. [Applause.]

Mr. Chairman, I do not propose to go into the other details of the bill as they are fully explained in the committee report and they all have our support. There is, however, one other matter to which I desire to refer, and that is the need for a thoroughgoing revision of the tax structure.

During the hearings on the present bill, I called to the attention of the Secretary of the Treasury a joint resolution I had introduced proposing the creation of a Federal Tax Commission for the purpose of making a study of our tax system with a view to recommending changes.

I insert at this point certain extracts from the hearings covering my discussion of the proposal with the Secretary.

Mr. TREADWAY. In view of the fact that you suggest the creation of a small commission, don't you think that there are serious questions involved in the whole tax picture that would deserve an investigation by a nonpartisan commission?

Secretary MORGENTHAU. Well, Mr. TREADWAY, I made this suggestion in order to raise a question which I think is a very important one. And just how Congress, in its wisdom, will handle it, naturally I will leave to them. But ever since I have been in the Treasury I have felt that this question of overlapping taxes is one of the important ones, and I take the liberty of bringing this to the attention of Congress so that you really might do something about it.

Mr. TREADWAY. Well, the modesty of Mr. Jenkins leads me to exhibit a similar modesty, but I call your attention to a measure which I introduced in two Congresses. In the last Congress I introduced a resolution, and repeated it in the Seventy-sixth Congress, extending this Commission's study on a broader scale than what you are suggesting here. Therefore, I would like to ask that House Joint Resolution 35 of the Seventy-sixth Congress also be given the attention of your experts, wherein it is stated:

"It is hereby declared to be the policy of the Congress—

"(1) To establish a stable, more permanent Federal tax policy."

You would agree that that is desirable, would you not?

Secretary MORGENTHAU. Yes.

Mr. TREADWAY. Then, in the second place—

"To raise the necessary revenue for the support of the Government with the least possible burden on individual taxpayers and business enterprises."

I take it this very statement you are making to us this morning is along that very line, is it not?

Secretary MORGENTHAU. I think both aims are laudable.

Mr. TREADWAY. Thank you. Then—

"(3) To give due regard to the natural economic law of diminishing returns in fixing tax rates."

You would approve of that, would you not?

Secretary MORGENTHAU. Yes.

Mr. TREADWAY (reading):

"(4) To base Federal taxes, insofar as may be practicable and expedient, upon the principle of ability to pay."

That is a good policy of the Government, is it not?

Secretary MORGENTHAU. Excellent.

The CHAIRMAN. It sounds like the Democratic platform.

Mr. KNUTSON. It does sound like it, but Mr. TREADWAY wants to carry it into effect.

Mr. TREADWAY. Then—

"(5) To eliminate insofar as may be possible indirect and hidden taxes."

Is there anything worse in our whole tax program than hidden taxes?

Secretary MORGENTHAU. I think we can agree on that.

Mr. TREADWAY (reading):

"(6) To simplify the Federal tax system, including the forms of taxation, the statement of the law, and the methods of administration."

Those are all laudable purposes, are they not?

Secretary MORGENTHAU. Very.

Mr. TREADWAY (reading):

"(7) To alleviate hardships and inequities in the application and administration of the internal-revenue laws."

That is a good doctrine?

Secretary MORGENTHAU. Yes.

Mr. TREADWAY (reading):

"(8) To minimize double taxation by coordinating the Federal tax system with those of the State and local governments."

That is exactly what you are recommending, is it not, in this small board you recommend setting up?

Secretary MORGENTHAU. Yes, sir.

Mr. TREADWAY. So that you approve of that?

Secretary MORGENTHAU. Yes, sir.

Mr. TREADWAY (reading):

"(9) To prevent tax avoidance."

That is the objective of all of us?

Secretary MORGENTHAU. It is.

Mr. TREADWAY. And—

"(10) To make such other changes as will improve the Federal internal-revenue system."

Secretary MORGENTHAU. Fine.

Mr. TREADWAY. Those are the declarations of policy. Then this modest bill of mine, timidly offered for your comment at this time, goes on to set up a Commission composed of two members of the Senate Finance Committee, two members of the Ways and Means Committee, and six members, none of whom hold any office in the Government of the United States or are engaged in activities of any political party, to be chosen by the President.

Secretary MORGENTHAU. Very good.

Mr. TREADWAY. That is a good board, isn't it?

Secretary MORGENTHAU. It sounds very good to me.

Mr. TREADWAY. Then, so far as I can see—the rest of it is more or less detail, method of procedure, and so on—so far as I can gather from your responses to my inquiries, you and I are in hearty accord as to the desirability of setting up such a nonpartisan commission.

Secretary MORGENTHAU. If I again might answer, it seems that you and Mr. JENKINS, the President, and I are all in accord.

Mr. TREADWAY. It looks very like it, and I am very glad to have you come around to our way of thinking.

Mr. Chairman, I would like to ask that my resolution be inserted in the record at this point.

The CHAIRMAN. That may be done.

(H. J. Res. 35, introduced by Mr. TREADWAY, is as follows:)

"[H. J. Res. 35, 76th Cong., 1st sess.]

"Joint resolution establishing a Federal Tax Commission, and for other purposes

"Resolved, etc., That it is hereby declared to be the policy of Congress—

"(1) To establish a stable, more permanent Federal tax policy.

"(2) To raise the necessary revenue for the support of the Government with the least possible burden on individual taxpayers and business enterprises.

"(3) To give due regard to the natural economic law of diminishing returns in fixing tax rates.

"(4) To base Federal taxes, insofar as may be practicable and expedient, upon the principle of ability to pay.

"(5) To eliminate insofar as may be possible indirect and hidden taxes;

"(6) To simplify the Federal tax system, including the forms of taxation, the statement of the law, and the methods of administration;

"(7) To alleviate hardships and inequities in the application and administration of the internal-revenue laws;

"(8) To minimize double taxation by coordinating the Federal tax system with those of the State and local governments;

"(9) To prevent tax evasion and avoidance; and

"(10) To make such other changes as will improve the Federal internal-revenue system.

"SEC. 2. There is hereby established a Federal Tax Commission (hereinafter referred to as the 'Commission'), to be composed of 10 members, as follows:

"(1) Two members who are members of the Committee on Finance of the Senate, one from the majority and one from the minority party, to be chosen by such committee;

"(2) Two members who are members of the Committee on Ways and Means of the House of Representatives, one from the majority and one from the minority party, to be chosen by such committee;

"(3) Six members (none of whom holds any office in the Government of the United States or is engaged in the activities of any political party) to be chosen by the President, by and with the advice and consent of the Senate, one of whom shall be representative of agriculture, one of labor, one of business and industry, one of individual taxpayers and consumers, one of tax lawyers and accountants, and one of tax economists.

"SEC. 3. It shall be the duty of the Commission—

"(1) To make such investigations as it may deem necessary or advisable in order to carry out the purposes of this resolution;

"(2) To publish from time to time, for public examination and analysis, proposed measures for carrying out the policy of Congress herein expressed; and

"(3) To report to the Congress from time to time, and in any event not later than January 3, 1942, the results of its investigations, together with such recommendations as it may have to make.

"SEC. 4. (a) The Commission shall meet and organize as soon as practicable after at least a majority of the members have been chosen, and shall elect a chairman and a vice chairman from among its members, and shall have power to appoint and fix the compensation of a secretary and such experts and clerical, stenographic, and other assistants as it deems advisable. A vacancy in the Commission shall not affect the power of the remaining members to execute the functions of the Commission, and shall be filled in the same manner as the original selection.

"(b) The Commission is authorized to hold hearings and to sit and act at such places and times, to require by subpena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, to have such printing and binding done, and to make such expenditures, as it deems advisable. The cost of stenographic services in reporting such hearings shall not be in excess of 25 cents per hundred words. Subpenas for witnesses shall be issued under the signature of the chairman or vice chairman.

"(c) The Commission is authorized to utilize the services, information, facilities, and personnel of the departments and agencies in the executive branch of the Government, of the Joint Congressional Committee on Internal Revenue Taxation, and of the office of the Legislative Counsel.

"(d) The Commission shall have the same right to obtain data and to inspect returns as the Committee on Ways and Means of the House of Representatives or the Committee on Finance of the Senate, and to submit any relevant or useful information thus obtained to the Congress.

"(e) The members of the Commission shall serve without compensation for such service, but they shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of the duties vested in the Commission.

"(f) There is hereby authorized to be appropriated so much as may be necessary to carry out the purposes of this resolution. Amounts appropriated for the expenses of the Commission shall be disbursed by the Division of Disbursement, Treasury Department, upon vouchers approved by the chairman or vice chairman.

"(g) All authority conferred by this resolution shall terminate on the expiration of 3 years from the enactment of this resolution."

* * * * * * *

Mr. TREADWAY. Just one further reference, if I may, Mr. Secretary. May I ask that House Joint Resolution 35, which we discussed earlier, be given consideration by your Department?

Secretary MORGENTHAU. We will be very glad to give it consideration.

Mr. TREADWAY. And a report made to the committee.

Secretary MORGENTHAU. Delighted.

My purpose in calling attention to my joint resolution at this time is to emphasize the need for a complete revision of our whole revenue system. Piecemeal revisions such as the present bill are all right insofar as they go, but they do not begin to touch the real problem.

In our minority report on the pending bill we suggest the need for an interim study so that at the next session other necessary adjustments in the law may be promptly made. In addition to this interim study, there is need for a broad, long-range tax revision in accordance with the principles set forth in my joint resolution, which the Secretary of the Treasury has endorsed 100 percent.

In conclusion, Mr. Chairman, let me sum up my position on the pending bill:

First. I am opposed to the continuation of the nuisance taxes for the reasons stated.

Second. I favor the tax-relief provisions of the bill as far as they go, but favor making them effective now instead of next year. [Applause.]

The CHAIRMAN. The time of the gentleman from Massachusetts has again expired.

Mr. DOUGHTON. Mr. Chairman, I yield 15 minutes to the gentleman from Massachusetts [Mr. MCCORMACK].

Mr. McCORMACK. Mr. Chairman, at the outset of my remarks I want to pay tribute to the Treasury Department for the very fine work it has done in connection with the recommendations to the subcommittee and to the full committee with reference to the pending bill. Also, for the fine collaboration that it has evidenced in connection with the work of the committee. I want to pay tribute to Secretary Morgenthau for the great work he has done as Secretary of the Treasury. I know of no man in public life who has advanced and grown daily more rapidly than Secretary Morgenthau. Today he stands as one of the strong Secretaries of the Treasury in the history of our country. [Applause.]

I also want to pay tribute to the Under Secretary of the Treasury, John W. Hanes. Mr. Hanes is one of the outstanding businessmen of our country, a man who resigned from at least 30 directorships in business corporations and who left his own field of business activities to enter into the public service of the country, a man of sound mind, a man who has profound common sense. His willingness to leave the serious responsibilities of his own business to enter into public life at great sacrifice to himself is an example to all others, and particularly to many businessmen who are similarly situated.

I listened with a great deal of interest to my distinguished friend the gentleman from Massachusetts [Mr. TREADWAY]. He rather tried to take issue, although he could not, with the statements made by the gentleman from Tennessee [Mr. COOPER] about the tax savings that have been brought about through the Social Security Act that just passed the House. The gentleman from Massachusetts said "it was a saving insofar as any tax is in the future." What is any such tax saving but a saving of future taxes? If we provide for the reduction of an existing tax today the saving would take place in the future, and the saving would be the difference between what is imposed under the reduced tax and what the taxpayer would have had to pay under existing law, if it had been continued, so the gentleman from Massachusetts in his effort to try to get away from even admitting that the Ways and Means Committee, Democrats and Republicans, and I give them both credit—I am not so partisan as to deny credit where credit is due—in his attempt to get away from giving the Ways and Means Committee, in his case the Democratic members, credit for tax savings of $1,710,000,000 during the next 3 years by reason of the amendment of the Social Security Act which passed the House—his very reason for it is an admission that the statement made by the gentleman from Tennessee [Mr. COOPER] is correct. Every one of us knows, of course, that if we reduce taxes we are saving the payment of future taxes the taxpayer would have to pay if the legislation reducing taxes had not been enacted into law.

Oh, we heard from a Member from Illinois referring to President Roosevelt as the "great spender." What about the human resources of this country? Oh, it amuses me—yes; it makes me bilious at times—to hear men take the floor of the House and condemn expenditures only to read in the paper about them telling the people back home how much they love them and how they fought and voted for their interests. Oh, they tell the worker who is unemployed, "I am with you," but when they are in the well of the House they speak against them, and when the roll is called they vote against them. Back home, however, they tell them how much they think of them in their distress, how much they fought for legislation, but "I was for it, with reservations." Oh, yes. Whenever they get a letter from somebody condemning them for voting for the bill, here is what they said I say in my speech: "I was for it with reservations; my reservations were such and such. I agree with you in your position." When somebody writes

urging them to vote for the bill after they have already voted they write back and say, "I voted for the bill." They play both ends against the middle.

Mr. ANDREWS. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. ANDREWS. I have been very much interested in the excellent statement the gentleman is making. I am wondering if the gentleman would vote to overrule a Presidential veto of this bill if one is made.

Mr. McCORMACK. Yes. The gentleman probably remembers that last year the gentleman from Massachusetts who is now speaking led the fight against the "third basket." I have some rather fixed views on taxation. I do not believe, no matter which party is in power, that tax legislation should be passed that interferes with the legitimate exercise of individual initiativeness. I believe our surtaxes are too high. I believe our capital-gains tax should be reduced. I believe that venturesome capital is necessary. I like to see capital invested in productive enterprise. I want to see idle money put to work to employ idle men. Tax legislation can be a deterrent or, on the other hand, it can be an inducement. This, in a general way, sets forth my views on taxation. I am glad the gentleman asked the question, because, if this bill were vetoed, I would vote to override the veto.

Mr. KNUTSON. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. Briefly.

Mr. KNUTSON. I am glad to say that the gentleman from Massachusetts is a very valuable member of the Ways and Means Committee and has an excellent record for favoring a lowering of all taxes.

Mr. McCORMACK. I thank my distinguished friend. I believe it is a good thing to have the people tax conscious. I would like to balance the Budget.

There is no disagreement in this respect, but there might be disagreement as to the method. I do not like to talk too strongly and I do not like to hear others speak too strongly. I do not like to see persons characterized. It is a sign of weakness of argument. Every one of the Members of the House has as much regard for the unemployed as I have. We all want to attain the same objective. However, I like to see consistency in promise and vote.

Mr. O'CONNOR. Will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Montana.

Mr. O'CONNOR. I want to ask a question about our big fortunes.

Mr. McCORMACK. Let us not get into the big fortunes.

Mr. O'CONNOR. These big fortunes go into tax-exempt securities. What prospect have we for having a tax on the income derived from tax-exempt securities?

Mr. McCORMACK. I do not think there is a burglar's chance this year.

Mr. O'CONNOR. What is the trouble?

Mr. McCORMACK. The lateness of the session and the serious questions involved are the main reasons. In the first place I do not know whether I would vote for such a bill or not. I do not know whether I would vote to impose a hundred million dollars in extra interest upon the Federal, State, and local Governments. But my mind is open. I have my own opinion, but, as I stated, my mind is open to the extent I keep it open on any legislation. However, I do not want to get into that now. I want to make a few observations on the minority views.

In the first place, it is entitled "Tax revision, a Republican victory." What I say has no application to the Republican Party as such. However, in my 11 years in the House I have never seen a minority view presented from a party angle. This is the first time I have seen a committee report used for direct political purposes. Of course, it can be done, but the question is, should it be done? I like to see politics fought in the well of the House; hit hard but hit clean. I do not like to see a report used as this report has been used.

I made a report last year on a tax bill. I did not make it as a Democrat. I made it in my own right as a Member of the House. I can talk politics here and I can talk politics outside. But when I make a report I am not going to put strict partisan politics, a political piece of propaganda, into a committee report. I have too much regard for the dignity of a committee report to do that.

Let us analyze a few of the things stated here. The gentleman from Massachusetts complains we did not pass the excise-tax resolution; then he condemns it. He says they should not pass. Why, these excise taxes were put on in 1932. We were trying to write a tax bill then upon the recommendation of former President Hoover. The late Secretary Mills appeared before the Ways and Means Committee. These excise taxes were applied in 1932. I am not going to criticize the Republican Party for doing that in 1932. There was an exigency then. The Republicans did not want them any more than we want to continue them now, but the fact remains the money was needed, and the fact remains the money is needed now. Common sense tells us we have to extend them. I am not going to criticize the Republican Party for putting them in. I am calling to the attention of the Members of the House the fact that the minority Members undertake to condemn the Democratic members of the Ways and Means Committee for extending the taxes that were put on during a Republican administration.

Mr. KNUTSON. Will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Minnesota.

Mr. KNUTSON. If the gentleman from Massachusetts [Mr. McCORMACK] will read the report carefully, he will see that the minority commends the majority for coming around to the minority views.

Mr. McCORMACK. I have read the minority report and I will leave it to any disinterested Member of the minority party, not for public expression, but for private expression, as to whether they think that is a real minority report or a piece of unadulterated political propaganda.

Mr. Chairman, what I say is impersonal. I do not want any misunderstanding as to my state of mind.

Let me go a step further. The minority condemns us for the 2-year carry-over and state it should be retroactive to 1938 losses. Do you know that in 1932 the 2-year carry-over of losses was reduced to 1 year upon the recommendation of the late Secretary Mills? The Republican Party is just as much to blame as the Democratic Party for the present situation of no carry-over. In 1933 the Democratic Party eliminated the 1-year carry-over. We are both to blame. We both should get the credit for trying to bring back the 2-year carry-over of net operating losses, yet the minority report has the affrontery to state a half truth. You and I know that invariably a half truth is worse than a direct lie.

Mr. CRAWFORD. Will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Michigan.

Mr. CRAWFORD. While the gentleman from Massachusetts [Mr. TREADWAY] was on the floor I inquired about fiscal-year loss carry-overs. Can the gentleman tell me whether or not this bill permits the losses of a company operating in the fiscal year 1938–39 to carry losses forward to the 1939–40 fiscal year?

Mr. McCORMACK. No. I am glad the gentleman asked that question. If we were to go back and allow a carry-over of losses for 1939 and apply the 18-percent rate this year, corporations would pay more this year than they will under existing law. If we were to allow 1938 losses to be carried over as against 1939 gains, we would also have to consider in connection with that the 18-percent normal tax and the $2,000 limitation on corporate capital gains that we have eliminated. Yet, the Republican members of the Ways and Means Committee have failed to take that into consideration. Furthermore, most corporations on 1938 business have already paid their taxes. I can safely say that practically all of them have. What we decided to do was to give a clean bill of

health and let the losses for 1939 start in 1940; let the carry-over start as against 1939 losses, that being the fair and equitable thing to do.

In connection with the 18-percent normal tax there is also taken into consideration the carry-over of losses and the elimination of the $2,000 limitation on corporate capital gains. So all that is a completed picture.

My Republican friends attack this course. As a matter of fact, the gentleman from Massachusetts [Mr. TREADWAY] talks about things that happened in the executive sessions. He does not tell you that when he made the motion to impose the 18-percent tax he incorporated with the motion the provision that it should apply to 1939 losses. It happened to be the pleasure of the gentleman from Massachusetts who is now speaking to call to his attention the fact that if his motion carried it would very sharply increase the taxes corporations would pay for 1939 under his motion if enacted into law.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield for a question?

Mr. McCORMACK. I yield to the gentleman from Michigan.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield 2 additional minutes to the gentleman from Massachusetts.

Mr. CRAWFORD. May I summarize my question in this way: As the bill comes to us, then, the undistributed-earnings tax will apply against 1938–39 fiscal year operations.

Mr. McCORMACK. The 1938 fiscal year, of course, laps over into 1939.

Mr. CRAWFORD. Can proprietors and partnerships and corporations apply calendar year 1939 losses against calendar year 1940 profits?

Mr. McCORMACK. Exactly. If on a fiscal basis, it will operate on 1939 fiscal year on the carry-over of losses.

Mr. CRAWFORD. To the point of exhaustion.

Mr. McCORMACK. Yes, absolutely.

We are all concerned about the problems that confront us. We are all concerned about the tax question. The tax question in days of prosperity is of minor concern to legislators, although not of minor concern to businessmen. The easiest thing in the world is to legislate when times are prosperous, for very few great public problems arise then. About the only serious problem concerning legislators, then, is to stop unnecessary expenditures and to have the courage to do so. It is in times of depression that serious problems arise, and it is in times of depression that the ratio of taxes to national income is felt more keenly because the ratio of taxes to national income is higher in a period of depression than in a period of normal or progressive business activity.

Just to illustrate, the cost of government is not confined to the Federal Government alone. Our State and municipal governments collect in taxes far more each year than does the Federal Government. I do not express this as a condemnation of any mistakes on the part of the Federal Government but to illustrate that the tax question is not alone a Federal question; it is a State question; it is a city question. The local taxes are usually more burdensome because they apply to property, and such taxes must be paid whether there is a profit or a loss. The Federal taxes apply generally on income.

In conclusion, Mr. Chairman, this bill is a sound bill. It corrects some of existing detriments and irritants. Further study will be made for further corrections. The bill has been considered thoroughly by the Ways and Means Committee, and it should pass by an overwhelming majority. Its passage will be helpful to business. [Applause.]

[Here the gavel fell.]

Mr. JENKINS of Ohio. Mr. Chairman, the gentleman from Massachusetts [Mr. TREADWAY], who has charge of the time, is temporarily absent from the room and has left the time in my charge and asked me to proceed at this time; therefore, I yield myself 10 minutes.

Mr. Chairman, I am not at all surprised that my good friend from Massachusetts [Mr. MCCORMACK] finds himself very much exercised and disconcerted at the statements contained in the minority report. Nothing disconcerts quite as much as being told the cold truth when you wish it was not true. For the few minutes assigned to me I am going to speak, first, directly to the Republicans. Of course, if the Democrats want to listen, it is all right, because if they had listened to us 2 years ago they would have been much better off today.

The minority report, which is a document of which any Republican might be proud, states this—and the justification for it I will tell you in a minute:

> Insofar as the bill proposes to modify existing taxes which act as business deterrents, it represents another victory for the Republican minority and another retreat by the New Deal.

The justification for this statement is that it is true. It is the simple unadorned truth.

It cannot be gainsaid and it cannot be denied. It is a truth that ought to be told. Proclaim it from the housetops if you wish, for it will always be the same bright truth. It is a truth that you Republicans can tell with a great deal of pride. You can talk about it and you can speak about it. It is a truth that disconcerts you Democrats, but you need not feel completely abased about it, for you did have it in your heart to change the law last year, but your fear of the displeasure of your master was greater than your courage. You wanted to repeal the undistributed-profits tax, but your courage failed you. We Republicans did not vote for last year's tax bill because it contained a very serious defect. It did not abandon the nefarious undistributed-profits tax. You Democrats made a fight to do away with that tax. You felt in your hearts and in your minds that it ought to be done away with, and as a gesture you cut it down from 27½ percent to 2½ percent. However, you did not have the courage to strike it out. Why? Because you were afraid of the man at the other end of the line. You did not strike it out, but you had the courage to reduce it from 27½ percent to 2½ percent under the spur of Republican complaint. When you reduced it, the President was too petulant to approve your actions. What did he do about it? How did he react when you made that reduction and rendered his pet piece of punitive legislation innocuous? He did something to you for which he ought to be forever ashamed.

He slapped you in the face. He would not and did not sign the bill. He pouted and refused to play the game. Like a spoiled child, he would not play. He would not sign the bill; neither would he veto it. That was a strange attitude for a President of the United States to assume. Here is the very unusual case of the President, holding the highest position in the gift of the people of this country—the highest position in the world—refusing to give any heed to a coordinate branch of the Government and the leaders of his own party; refusing to accept or reject their work which they had performed so willingly for him; refusing even to reply to them recognizing their work in any way; choosing rather to make it appear that their work was not superior to the work of school children, for he went before a little group of high-school children out here in some little town in the outskirts of Washington and there delivered his veto message. He told them in simple language that the Congress of the United States under the leadership of the great Ways and Means Committee had passed a tax bill and that it was not good enough to sign and too bad even to veto. In other words, he told them in effect that he did not care what Congress did. At that time we advocated that you Democrats ought to do away with this nefarious undistributed-profits tax. You new Congressman should know what we did at that time. We, a small but militant minority, fought valiantly to have this nefarious tax repealed. They rejected our entreaties, but now they have come to the place that they must admit their error. They went as far as they could, but they would not dare strike it out.

What have they done today? They have today refused to repeal the undistributed-profits tax. They should do it in

this bill. You Democrats have absolutely refused to step up manfully and do away with it. Why? Because you are afraid of the man at the other end of the line, so you are going to let the tax die by expiration of law. You are just going to let it die a natural death, because it does not extend beyond January 1, 1940. The President does not have the courage to admit his egregious sins against the taxpayers, and you do not have the courage to defend it. Why? Because it is indefensible. I say to my good Republican friends, go back to your people and say that what has been written in this minority report is true. Tell them that the best things in this bill that we are considering today have come about because of Republican suggestion. Last year not a single Republican on the Ways and Means Committee voted for the tax bill. Why? Because we took the position that as long as the bill recognized this principle of the undistributed-profits tax we could not vote for it. So I say again to the gentleman from Massachusetts that the truth is our shield and buckler.

Another reason we stood against the 1938 tax bill was that we had taken the position that until the administration reduced expenditures we would not vote any more increased taxes.

The reason we vote for this bill today is that they have taken the position by their silence that they are going to let the undistributed-profits tax die. They have not said a word in here about it, and it dies with the end of this year. They have surrendered; they have capitulated; but they have not had the courage to stand up and say that they made a mistake. We are saying right here and now that they made a mistake, and they are recognizing it, although they will not come forward and strike it out.

Our other reason, as heretofore stated, for voting against the bill was that we would not vote for additional taxes until the administration showed a disposition to reduce expenditures.

Although they have not reduced expenditures, but, on the other hand, they are increasing them every day, still we Republicans feel constrained to vote for this bill, because the Democrats have got the country into such a shape that we must take care of the increasing millions of those who are needy. We must bear with it now while we wait patiently for the day when we hope that the good sense of our people, guided by a kind Providence, will rid us of this plague that has well-nigh exhausted our patience as well as our substance. [Applause.]

This bill has some good features, because it will permit the undistributed-profits tax to die, for one thing; and it does another thing, in that it gives the taxpayer the advantage of this carry-over provision. I am not going into detail and discuss that feature with you, but it does give a corporation a chance to come forward and balance its losses against its gains, and that is a very fine thing to do in these distressful times.

Mr. Chairman, I have no further remarks to make, but inasmuch as I yielded myself my own time I want to ask the privilege of revising and extending my remarks.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield for a question?

Mr. JENKINS of Ohio. I gladly yield to the gentleman, because I know he will ask an intelligent question.

Mr. CRAWFORD. As I understand this proposal, corporations with incomes of $25,000 plus will not have to pay a capital-stock tax?

Mr. JENKINS of Ohio. No; I do not understand that that is the case. No change is made with reference to the capital-stock tax.

If they had passed my bill, it would have done away with the capital-stock tax, but they did not do that. I introduced a bill about 4 months ago that provided for the repeal of the undistributed-profits tax and the capital-stock tax and the excess-profits tax, and provided for a flat corporation tax. This would have reassured business.

Mr. CRAWFORD. Let me put the question in this way: If this bill is adopted, do corporations with incomes of $30,000 or $40,000 or $50,000 a year have to continue to pay a capital-stock tax?

Mr. JENKINS of Ohio. Yes.

Mr. CRAWFORD. And undistributed earnings tax?

Mr. JENKINS of Ohio. They will for this year; yes.

Mr. CRAWFORD. Undistributed-earnings tax does not apply after January 1, 1940.

Mr. JENKINS of Ohio. That is right.

Mr. CRAWFORD. And excess-profits tax?

Mr. JENKINS of Ohio. They pay that.

Mr. CRAWFORD. They continue to pay that?

Mr. JENKINS of Ohio. There is no change made in that respect.

Mr. CRAWFORD. What does the 18 percent against corporation income replace or displace or substitute itself for?

Mr. JENKINS of Ohio. As I understand, there was a sliding scale starting, I think, with 12½ percent and running up to 16½ percent, and this 18 percent applies, as I understand it, to every corporation with net earnings of over $25,000. They pay a flat tax of 18 percent.

Mr. CRAWFORD. A great many have been misled into the belief that the corporations are to pay a flat 18-percent tax in lieu of undistributed earnings, excess-profits and capital-stock taxes, and, as I understand, that is not true.

Mr. JENKINS of Ohio. No, that is not true. Our principal fight was to try to make these changes applicable for this year, but we failed. We expect by our motion to recommit to see whether the House will refuse to make these changes applicable to 1939 and not waiting until 1940. Now is the time to repeal and reduce these deterrent taxes.

Mr. Chairman, I yield back the balance of my time. [Applause.]

Mr. REED of New York. Mr. Chairman, I yield 7 minutes to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Chairman, I take as my text the statement in the committee print on page 3 of the committee report which reads as follows:

> While one purpose of the bill as reported is to stimulate business activity, the committee has sought to accomplish this without endangering the productivity of the existing tax structure.

I believe the Committee on Ways and Means has moved in the right direction in the pending bill to revise taxes, but did not move far enough.

For 6 years and more we have sought the key to recovery. Spend, says one group. Economize and reduce taxes, says another. We have tried spending and it has failed to produce results. To the economizers the President hurls the challenge, "Where would you cut?"

So we continue to spend without results and the debt and deficit mount.

Business and venture capital toward which all eyes are cast for a solution of the problem and relief from our despair notes the increased spending, the mounting deficit, and the mounting debt, and then retreats into its shell. It sees nothing ahead but new taxes to meet, new expenditures. Resolutions are passed calling on Congress to revise taxes downward so that business can go ahead and create jobs. Congress and the President answer by saying that tax irritants can be removed, but the revenue must not be reduced. To reduce it means a larger deficit, more borrowing, and a larger debt. So what?

Removing irritants are all right, but it brings no substantial relief. It is tantamount to removing a cinder from a man's eye as he goes down into the water for the third time. It is like saying that it will be all right for him to drown, but let him have a comfortable demise. The country needs more than a painkiller. It needs a remedy.

The whole web of circumlocation is intriguing. Reduced taxes mean larger deficits; deficits mean increasing borrowing; increased borrowing means a larger debt. A larger debt means increased apprehension. Increased apprehension over the future means curtailed activity; curtailed activity means fewer jobs; fewer jobs mean more relief; more relief means more spending; more spending means more taxes;

more taxes—but what is the use. We are back where we started.

Several things are clear in this picture. We cannot balance the Budget this year or the next or the next. A balanced Budget means increased taxes or reduced spending or both. Yet we are seeking to provide recovery incentives by reducing taxes. As for spending, look at the record of this Congress. How much difference would it make if the Budget were unbalanced a little further for a period of 1 or 2 years? If it makes little difference why not a real, heroic adventure in an effort at recovery by ignoring the revenue and granting real, substantial tax relief?

Business insists that tax reduction must precede recovery and employment upturn. Why should not we, the Congress, take a chance? One year would suffice as a test. Why not reduce the corporate tax rate as a challenge to business and industry? A drop from 18 percent to 15 percent would diminish the revenue by less than $200,000,000 per year on corporations with incomes in excess of $25,000 per year. That would mean a corresponding increase in the deficit. We might even go further. Congress proposed to unbalance the Budget by twice that amount when it passed the agricultural appropriation bill and wrote in $381,000,000 over the Budget. The House added $19,000,000 over the Appropriation Committee's recommendation for N. Y. A.

For the various departments and independent offices we have gone over the Budget and added to the deficit. Shall we then be so squeamish about adding a little more and affording real rather than fanciful relief? If we increase the deficit with such impunity by spending, why not with equal impunity increase it a little more but actually make substantial progress in the field of tax reduction?

For 6 years this subject has been bandied about by Government, by business, and by industry, and by economists without real action. Here is an opportunity to take business at its word. If it works it will be the best thing this Congress ever did. If it fails we will be little worse off than we are now. Is the Congress game? Is it willing to take a chance?

I wonder if the Congress is game and whether it is willing to take a chance to reduce these rates so we will have substantial rather than fanciful tax reduction, which does not actually reduce the revenue and removes only a few irritants. I think this is the greatest challenge that will come before the Seventy-sixth Congress during this session. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I yield 9 minutes to the gentleman from Oklahoma [Mr. DISNEY].

Mr. DISNEY. Mr. Chairman, I do not know how much in earnest the gentleman from Illinois [Mr. DIRKSEN] was in suggesting that we reduce the corporate rates to 15 percent. We might try that. We do not know what effect it would have except a large revenue loss. None of the gentleman's Republican colleagues on the Ways and Means Committee even suggested that we do that.

Mr. DIRKSEN. Mr. Chairman, will the gentleman yield?

Mr. DISNEY. Yes.

Mr. DIRKSEN. With reference to the figure, I talked to Mr. Stam of the committee this morning, and he told me that a reduction of 1 percent on corporations having an income of over $25,000 would make a difference of $50,000,000 to $60,000,000 in revenue, so that a reduction of 3 percent would work out to about the amount I stated.

Mr. DISNEY. The majority of the committee, including the Republicans, decided it was not a safe proposition to attempt to reduce the rate to 15 percent, and there was no serious objection on the part of the Republicans to raising the rate to 18 percent, together with the other features of the bill. So, when the committee reported the bill unanimously, with a few little political by-plays in the minority views, it was the substantial judgment of all the committee that the rate be raised to 18 percent.

A day or two ago there appeared in the local press, and I suppose all over the Nation, a suggestion that we broaden the base and lower the exemptions for the middle class of taxpayers. That might at first sound splendid from the standpoint of raising taxes, but it is not actually feasible to invade the pocketbook of the middle-class taxpayer. The whole thing is superficial, when we come to consider the amount of money it would actually raise. By doing that we would raise only about $135,000,000 additional, which does not begin to do anything substantial in the way of balancing the Budget. If we would change the normal tax rate on the individual from 4 to 5 percent and change the exemption for unmarried persons from $1,000 to $800 and for married persons from $2,500 to $2,000, we would raise only $135,000,000. Congress whoops off more money than that almost any afternoon in Congress when it gets ready. The amount does not really mean anything toward balancing the Budget, and I for one am going to view the prospect of levying on the middle-class taxpayer with a good deal of suspicion, and I shall go into the matter very thoroughly before I would subscribe to anything of that kind.

The Chinese have a saying that one picture is worth 10,000 words. To me this chart, prepared by the Treasury Department, to an extent tells why we have 10,000,000 people out of work. The total expenditures for 1938 were $7,691,000,000, Federal; State expenditures, $4,358,000,000—a jump of two billion over 1932; local expenditures for 1938, $6,158,000,000, or a grand total of $18,196,000,000 for the year 1938, when we had a total national income of $65,000,000,000. Therefore, nearly 30 percent of the national income went into taxes. This shows that with the exception of customs nearly every item has some features of double taxation, State and Federal, with a total lack of coordination in the spending of this money.

Of the $18,000,000,000, you will notice that agriculture, with 30,000,000 spending farmers, if they have any money to spend, get $1,000,000,000. In 1916, as I have stated before, on this floor the Federal Government got along with $1,034,000,000 in Federal expenses, with comparably the same population in the Nation as we have now, and in 1938 the Federal Government expended $7,691,000,000.

Individual income was $1,313,000,000, most of it going to the Federal. The corporate income was $1,448,000,000, Federal.

Motor fuel and vehicles, $293,000,000 Federal and $1,163,000,000 State.

Liquor and tobacco taxes were $1,136,000,000.

Sales taxes and other excises were $287,000,000 Federal and $717,000,000 State.

When we add together the total expenses, both State, local, and Federal, for education, highways, agriculture, social security, we have nearly $9,000,000,000. Now, what did we do toward retiring the debt? We paid in Federal interest in 1938 $926,000,000; State interest of $121,000,000, and local interest of $592,000,000, or a total of $1,639,000,000.

On debt retirement we made the heroic effort of reducing the Federal debt $65,000,000. The States retired $135,000,000, and the local governments retired $529,000,000. The Federal Government borrowed $1,449,000,000. The States borrowed $156,000,000; the local governments borrowed $602,000,000.

To me this illustrates the necessity for coordination of our taxing powers as well as reason for changing the situation as relates to overlapping functions, both of expenses and of administration, on the part of the Federal and State governments.

Mr. RICH. Will the gentleman yield?

Mr. DISNEY. I yield briefly.

Mr. RICH. Do you not think we should have coordination between the Appropriations Committee and the Ways and Means Committee, one on the expenditure of our funds and the other income?

Mr. DISNEY. Many of us have always thought that. The Secretary of the Treasury made that recommendation to the committee not 3 weeks ago, and out of his interest, grew the preparation of this chart. He suggested that we do coordinate our activities here; that the Ways and Means Committee of the House with the Appropriation Committee of the House, and corresponding committees of the Senate, should collaborate and, to use his language,

see how much the Nation needs, and how much the Nation can afford to spend.

Further answering the gentleman's question, you will remember that up to the Civil War the Ways and Means Committee was not only the tax-raising committee but was the spending committee. It would be well to have it that way now.

Mr. RICH. If the Secretary of the Treasury just made that statement 4 or 5 weeks ago, after he has been in office for 6 or 7 years, and he has not made a statement before that time, it seems to me it is one of the most outrageous things that ever happened that you have not gotten together long before this.

Mr. DISNEY. Mr. Chairman, I did not yield for such a tirade as this. The gentleman reminds me of what Macbeth said to the witches:

> Say from whence you owe this strange intelligence, or why upon this blasted heath you stop our way with such prophetic greeting.

[Applause.]

Mr. Chairman, I think we can well study this chart and take the figures involved to carry on a definite, constructive program in the direction of a better tax system for the whole Nation.

The CHAIRMAN. The time of the gentleman from Oklahoma has expired.

Mr. ROUTZOHN. I was wondering if you could get those figures into the RECORD.

Mr. DISNEY. Yes; in my extension of remarks. Copies of these charts will be available in a short while in blotter size for your desk, if you desire them. [Applause.]

Mr. JENKINS of Ohio. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan [Mr. ENGEL].

Mr. ENGEL. Mr. Chairman, whatever can be said for or against President Roosevelt's social program, it is my firm conviction that his financial program as represented in his efforts to bring about recovery is going down in history as the most colossal failure of the century. I listened carefully and intently for nearly 1 hour to his message to the Congress on January 4, and again to his message of April 27. I sincerely hoped that I might hear some new program, some new thought or idea which would finally lead us out of the depression in which we have been for nearly 10 years.

All I heard was the same old philosophy of recovery he has preached now for nearly 6 years—that of trying to borrow and spend ourselves out of the depression. After taking all the political patent medicine in the Marx-Browder-Corcoran-Cohen-Wallace-Ickes-Hopkins patent-medicine chest, the President now offers us the same old medicine without even a change in name, and tells us that the only way to bring us out of the depression is to lift ourselves out by our own boot straps.

Congress will have appropriated more than $65,000,000,000 for the first 7 fiscal years of this administration—a sum that represents nearly 50 percent of the cost of operating this Government during the 144-year period from George Washington down to the New Deal. We will have increased our national interest-bearing debt by nearly twenty-three and one-half billions of dollars from March 4, 1933, to June 30, 1940. It will then have reached an all-time high of nearly $45,000,000,000, representing 34 percent of the assessed valuation of every piece of real and personal property placed upon the assessment rolls by the local assessing officers of the 48 States.

After nearly 6 years of "trial and error"—but mostly error—we find ourselves with nearly as many men unemployed today as we had when we started, and with more individuals and families on relief than when the Roosevelt administration took office on March 4, 1933. The only plan of recovery he advanced in his message was the same old plan of "spending and more spending," "borrowing and more borrowing," which will of necessity be followed by "taxes and more taxes." After 6 years of this type of a program, the President frankly confesses that our national income produced is still $62,000,000,000 or, as he put it, that this is still a "$62,000,000,000 country," and tells us with a look of triumph on his face that he hopes to make it "at least an $80,000,000,000 country." This is indeed a dismal outlook when the history of the past demonstrates that an $80,000,000,000 income produced would, under present conditions, leave us with some seven or eight millions of unemployed and with from fourteen to sixteen millions of people on the relief rolls.

I want to discuss that message today, but before I do so, I think it might be well to take an inventory of the conditions as they exist today. In doing so, I shall quote evidence given either by friends of the administration, by administration officials—taken from their records—or from other impartial sources.

APPROPRIATIONS

Congress will have appropriated for the first 7 fiscal years of the Roosevelt administration an amount equaling 48.5 percent of the assessed valuation of every piece of real and personal property placed on the assessment rolls by the local assessing officers of the 48 States.

The amounts appropriated and to be appropriated, including the amount recommended by the President in his Budget message of January 5, 1939, are as follows:

72d Cong., 2d sess., and 73d Cong., 1st sess., fiscal year 1934 and prior years	$7,692,447,339.17
73d Cong., 2d sess., fiscal year 1935 and prior years	7,527,559,327.66
74th Cong., 1st sess., fiscal year 1936 and prior years	9,579,757,330.31
74th Cong., 2d sess., fiscal year 1937 and prior years	10,336,399,272.65
75th Cong., 1st sess., fiscal year 1938 and prior years	9,356,174,982.92
75th Cong., 3d sess., fiscal year 1939 and prior years	10,928,609,972.02
76th Cong., 1st sess., fiscal year 1940 and prior years (estimated)	10,190,311,483.23
Total appropriated for last 7 fiscal years, including 1940	65,611,259,707.96

DEBT AND TAXES

The records of the United States Treasury show that on February 28, 1933—the last daily statement issued by the Treasury Department before the day President Roosevelt entered office showing the national debt—the national debt was $20,934,729,209.68.

The financial statement of the United States Treasury dated June 15, 1939, shows that the gross debt of the United States Government on that day was $40,349,773,482—an increase of $19,415,044,273 since the Republican Party went out of power. This does not include debts of Government corporations guaranteed by the United States Government. In his recent Budget message the President estimates the national debt at $44,457,845,210 by June 30, 1940.

Receipts, deficit, and national debt for 1920, 1925, and 1930–40

Year ended June 30—	Receipts or taxes and fees paid to Government	Deficit	National debt
1920	$6,694,565,389	+$212,475,198	$24,297,918,412
1925	3,780,148,685	+250,505,239	20,516,272,174
1930	4,177,941,702	+183,789,215	16,185,308,299
1931	3,189,638,632	901,959,080	16,801,485,143
1932	2,605,725,437	2,942,051,451	19,487,069,766
1933	2,079,696,742	2,245,452,980	22,538,672,164
1934	3,115,554,050	3,255,393,297	27,053,085,988
1935	3,800,467,202	3,782,966,360	28,701,167,092
1936	4,115,956,615	4,952,928,957	33,545,384,622
1937	5,293,840,237	3,252,539,719	36,427,091,021
1938	6,241,661,227	4,702,165,600	37,167,487,451
1939 [1]	5,529,100,000	4,072,229,000	41,131,502,010
1940 [1]	5,669,300,000	3,426,363,200	44,457,845,210

[1] Estimated.

Despite the fact that the taxpayers of the United States will have paid into the Treasury from July 1, 1933, to July 1, 1940, the enormous sum of nearly $34,000,000,000, we find that our debt will have increased nearly $24,000,000,000 by July 1, 1940. Dun & Bradstreet's Review for April 1939 shows that the taxpayers of America paid during the fiscal year ending June 30, 1938, $6,028,000,000 Federal, $3,900,000,000 State, and

$4,725,000,000 local taxes, or a total of $14,653,000,000 taxes in 1 year. This is nearly $2,000,000,000 more than the total income produced by all factories and nearly three times the income produced by all the farms in the United States during 1938.

The President in his recent message said the income produced of the Nation was $62,000,000,000 in 1938. This means that the taxpayers of the United States paid in taxes within 12 months a sum that equaled 23.6 percent of the income produced by the entire Nation during 1938.

May I call attention to the fact that much of the State and local spending was encouraged by the Federal Government, and the further fact that Federal aid was and is contingent in many cases on local spending and borrowing.

Summarizing, we find that since February 28, 1933:

First. Congress has appropriated more than $65,000,000,000, including the estimate for the fiscal year ending June 30, 1940.

Second. That our debt will, by June 30, 1940, have reached the colossal sum of nearly $45,000,000,000, with an increase of nearly $24,000,000,000 from February 28, 1933, to June 30, 1940.

Third. That the people of America will have paid nearly $34,000,000,000 in Federal taxes during that time.

Fourth. That in 1938 the total tax bill of America—National, State, and local—amounted to nearly 25 percent of the income produced for that year.

PROGRESS?

In the face of these facts it is a fair question to ask:

First. What progress have we made and how far have we come on the way to recovery?

Second. Have we reduced the number of unemployed?

Third. Have we reduced the relief rolls?

RELIEF AND UNEMPLOYMENT

Col. F. C. Harrington, the W. P. A. Director, in testifying before the Appropriations Committee recently, placed into the record a table showing the number of persons and households receiving various kinds of relief, month by month, from January 1933 to November 1938. This table shows that in February 1933 there were 4,976,000 households and 19,565,000 persons receiving various kinds of relief. His latest record shows that in February 1939 there were 7,278,000 households and 22,781,000 persons receiving various kinds of relief, an increase of 2,302,000 households and 3,216,000 individuals over February 1933.

The American Federation of Labor unemployment figures show that in 1932, the last year the Republican Party was in power, the average number of unemployed was 13,182,000, while the average number of unemployed for 1938 was 10,936,265.

The March American Federationist preliminary figures show that in January 1939 there were 11,523,031 unemployed.

Department of Commerce economists say that in November 1938 there were 54,874,000 persons 15 years old and over employed or seeking gainful occupations.

If we accept these figures as to the number of gainful workers, there was an average of 12,931,000 unemployed for the year 1938 and 13,185,000 unemployed for the month of January 1939. In other words, we had 3,000 more unemployed in January 1939 than the average we had in 1932. The average number of unemployed in 1932 was, according to the American Federation of Labor figures, 13,182,000.

Again summarizing, after spending all this money, appropriating more than $65,000,000,000, and going in debt $24,000,000,000 since March 4, 1933, we find we have about as many unemployed and more people on relief than when we started on this program. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I yield 9 minutes to the gentleman from Missouri [Mr. DUNCAN].

Mr. DUNCAN. Mr. Chairman, I cannot let this opportunity pass without paying my final respects to an old friend. Four years this friend came into existence in this House, a very likely youngster. He has been convicted of being "a tax deterrant" and condemned to be executed on the 31st of December 1939. I am not protesting against this execution because apparently he has outlived his usefulness. I am speaking of the undistributed-profits tax. What I say is not going to be agreed to by a great many Members on either side of this House. Before that youngster even got a start in life he had an arm cut off, and was otherwise maimed and mutilated. He never had a chance in life; he was bemeaned and cussed, slandered and libeled during all that time. No wonder he lost caste and is to die the death of a felon.

I am one who believed and who still believes in the principle of the undistributed-profits tax. I cannot agree with my good friend, the gentleman from Ohio who spoke a moment ago. I believe that an undistributed-profits tax was and is a fair tax. It never had an oportunity to be tried out to determine just what its effect would be. Those of you who were Members of the House in 1935 when we passed the undistributed-profits tax bill will remember that every form of corporation tax was repealed except the undistributed-profits tax: The normal tax, the excess-profits tax, the capital-stock tax, every form of corporate tax was repealed except the undistributed-profits tax.

What is a corporation after all? It is nothing but an aggregation of individuals who by legal fiction are given the right to deal as an individual; and the money the aggregation of individuals turn over to the corporation as a trustee, we might say, is still their money, it is still their funds; and the money those contributions earn are turned back to the people who contributed the capital. Why should not the corporation be placed in the same classification, the same category, as an individual? Why should an individual who makes $1,000,000 be required to pay 79-percent income tax to the Government while the corporation making $1,000,000 pays but 18-percent income tax to the Government, or 15 percent, or 13 percent? That is, if the corporation retains all its earnings and does not distribute them to its stockholders. I can see no very good reason for it. The undistributed-profits tax was intended in a measure to equalize that situation so that a corporation would pay an income tax on that portion of its earnings which it retained. And the distributees would pay on their distributive shares.

Let us not forget that this old friend of mine who suffered so many changes in form and was so much abused, never really did any wrong to anyone. From 1923 to 1935 all the corporations of this country distributed approximately 70 percent of their profits. That class of corporations making $25,000 and above which constitute about 12 percent of all corporations, and which pay approximately 90 percent of the tax, distributed over the same period 75.5 percent, under the Undistributed Profits Tax Act as passed by the House in 1935. If they had distributed those percentages, they would not have paid any more, and many corporations would not have been paying as much taxes to the Federal Government as they were required to pay under the law in effect at the time the Profits Tax Act was passed. So I say there has been a great deal of misunderstanding about it.

When that bill went to the other body it was completely changed. There was imposed a graduated tax, and superimposed upon that was a modified form of undistributed-profits tax; so the true undistributed-profits tax was never put into effect.

Mr. COOPER. Mr. Chairman, will the gentleman yield?

Mr. DUNCAN. I yield.

Mr. COOPER. I am sure the gentleman will recall that the part of the corporation tax put back in the bill by the Senate which had been left out of the House bill amounted to eight times more than the undistributed-profits tax part of the bill.

Mr. DUNCAN. The gentleman is entirely correct. When the undistributed-profits tax finally came back it was a comparatively minor item in the tax bill.

Mr. McCORMACK. Outside of the undistributed-profits tax there is not a thing in this bill that we are remedying for which the Democratic Party is wholly responsible.

Mr. DUNCAN. That is true.

Mr. Chairman, I want to say a word about spending, which we have heard a great deal about today. A very good friend of mine out in Missouri was in my office not long ago discussing this question. He has been for quite a while a member of the advisory committee of the Secretary of Commerce. He is a very outstanding businessman. He was complaining about the great amount of expenditures, and I heartily agreed with him. The day he was here I had read in the newspapers an article condemning the Congress for its large expenditure of funds. I had also received some telegrams from outstanding men in my State asking for additional appropriations. I made a statement to him which I am going to repeat in this House today. Of course, we are all human. We all have to be sent here by the people in the district which we represent; and if we cease to be responsive to the demands of those people, we will not stay here very long.

I said to him: "If you will go back home and get your newspapers, your chambers of commerce, your civic organizations, and all of your public-spirited citizens to use the same amount of influence upon the people generally, urging them to stop demanding expenditures by the Congress, you will not have much trouble with the Congress itself."

Every Member of this House has received hundreds of telegrams from their local chambers of commerce, from business organizations, and from men of responsibility condemning the expenditure of public funds; and then a week later or maybe the next day you receive letters and telegrams from people making up those organizations urging you to increase the appropriation for some particular project in which they are directly interested. Within the last 4 days everyone of us has experienced that identical situation.

Therefore, if these people will urge that the folks back home come to a realization of the situation we are facing, we shall have no trouble in finally balancing the Budget. [Applause.]

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield 10 minutes to the gentleman from Virginia [Mr. ROBERTSON].

Mr. ROBERTSON. Mr. Chairman, sometimes I have voted for bills reluctantly and sometimes I have voted against them reluctantly, but this is a bill for which I will be able to vote with great pleasure. It is a bill that has been very carefully drawn and one which gives a measure of relief to business.

When the undistributed-profits tax was before our committee in 1938—and incidentally I do not have to take much time on that subject, because I never was in favor of it—business interests appeared before our committee and stated that they would rather have a 22-percent flat rate than the undistributed-profits tax. We have given them an 18-percent flat rate.

We have heard a lot about small business and its need for refinancing, need for relief from the existing debt structure, and need to carry over losses from a bad year against an income of a good year. The committee agreed to an amendment that I offered to the bill as originally introduced to permit all indebtedness, not just interest-bearing or registered indebtedness, to be refinanced when the corporation was in an "unsound" financial condition. Some Members have made reference to the fact that that means "distressed financial condition." If you will refer to line 14, page 30, you will find that the word used is "unsound."

What will be the practical effect of that? Say a business owes $100,000 and has difficulty in going ahead. It needs some working capital. It needs relief from interest charges. It will go to the R. F. C. and say, "Will you lend me $50,000 if I can buy in my indebtedness for 50 cents on the dollar?"

The R. F. C. will make an investigation of the condition of that business and if it determines that with $50,000 new capital the business can go ahead it will promise a loan. The business will go to its bank and say, "I can pay you 50 cents on the dollar and that is all I can pay you. I will have to borrow the money from the R. F. C." The bank will make an investigation and will determine it is a good transaction for the bank to cash in at 50 cents on the dollar. You then have the report of the local bank that 50 cents on the dollar is a fair value for the securities. You have the report of the R. F. C. that goes to the Commissioner of Internal Revenue for his approval whether or not the fiscal affairs of this corporation are such that he would be justified in saying it is in an unsound condition, so that when it buys in its obligations at 50 cents on the dollar the difference shall not be charged against it as an income tax.

Mr. ZIMMERMAN. Will the gentleman yield?

Mr. ROBERTSON. I yield to the gentleman from Missouri.

Mr. ZIMMERMAN. Does the gentleman make the same provision for an individual who is engaged in business and who may have the same misfortune?

Mr. ROBERTSON. Not in this case but in net operating loss. That covers everybody that is engaged in business. It does not apply to all private transactions, such as you or I may have, because we are not engaged in business. It is applied to business and business only.

Mr. ZIMMERMAN. In other words, it does not apply solely to a corporation?

Mr. ROBERTSON. No; the net operating loss carry-over may be applied to a partner, it may be an individual merchant—anybody in business.

I have been very glad to hear today the kind words spoken of our Under Secretary of the Treasury, John Hanes, and I fully agree with all the praise that has been given that gentleman today. For a number of years business has been telling us, "We want a practical businessman at the head of our Revenue Department." We have such a man, one who is versed not only in the manufacturing end of business but in the security end of business; a man who has knowledge of business in a big way—not a small way but a big way—who is fair, who is approachable, and who has rendered a great service to our committee in the preparation of this bill.

The Commissioner of Internal Revenue is under the Under Secretary of the Treasury. So if there be any fear that we have not gone far enough in defining what is an unsound business condition, there is the Under Secretary of the Treasury to give advice to the Bureau of Internal Revenue when specific problems come up. Not only that but we have in that Under Secretary of the Treasury a man who proposes to make a full study of our whole tax structure, and that is highly important. He has already prepared for us a splendid chart, which was exhibited here today by our colleague from Oklahoma [Mr. DISNEY].

I am sorry, Mr. Chairman, that in the discussion of such an important matter as this tax bill we have a small attendance, whereas on Friday this Chamber was filled from 11 o'clock in the morning until 1 o'clock at night with Members of the House who could scarcely find time enough to send word back to their districts of how they loved their constituents and proposed to get for them larger and larger appropriations from Uncle Sam. [Applause.] Now we have before us a bill to put on some taxes; and I wish to say that the time to shed crocodile tears for the taxpayers is when the appropriation bills are before the House, not when tax bills are here. [Applause.] I feel I can make this suggestion with as good grace as any Member of this House, because no Member of the House has more consistently than I voted to keep down the expenditures of the Federal Government.

Now just a word for my valued and esteemed colleagues on the Republican side, with whom I enjoy so much service on the Ways and Means Committee. They have said in their report that they do not want to continue the excise taxes, to which we must look for at least $500,000,000 of the revenue of the next fiscal year, revenue which at most will not be $6,000,000,000, as against contemplated expenditures of $10,000,000,000 or more. With all due deference to them, I believe their suggestion that we should drop these excise taxes at this time comes more or less in the nature of a political gesture rather than as a serious position. They all voted to

report out this bill, and as far as I know they will all vote for its passage. Everyone knows that if we dropped every emergency expenditure now contemplated the regular expenditures of the Government alone would exceed the expected revenue, including the $500,000,000 of excise taxes. I am glad, however, that my Republican friends want to continue and make permanent the excise tax on sporting arms and ammunition. And I want to pay tribute to my colleagues, the gentleman from California [Mr. BUCK], and the gentleman from Michigan [Mr. DINGELL], for their fine service in having that provision adopted by the subcommittee and included in the bill as first introduced.

Mr. HARTER of Ohio. Mr. Chairman, will the gentleman yield?

Mr. ROBERTSON. I yield to the gentleman from Ohio.

Mr. HARTER of Ohio. The gentleman understands, does he not, that there are many inequities in these excise taxes?

Mr. ROBERTSON. Oh, I understand that there are inequities in all taxes. When you say to a corporation, "If you are a few hundred dollars less than $25,000, you will get one rate, and if you are a few hundred dollars over $25,000, you will get another rate," that is an inequity; but how can we help it? You cannot frame a tax bill that is absolutely free from inequities.

Mr. HARTER of Ohio. Will the gentleman tell me why there should be an excise tax of from 8 to 12 percent on tires and tubes of automobiles and trucks when you have an excise tax of only 2 percent on other automobile accessories?

Mr. ROBERTSON. I am willing for the RECORD to show that my friend from Ohio has expressed deep concern over the problems that arise in his State and elsewhere concerning tires, but I wish to assure the gentleman that every farmer in Virginia who buys one of these automobiles or one of these tires is paying the tax; it is not coming out of the gentleman's manufacturers.

Mr. HARTER of Ohio. That is quite true. [Applause.]

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield 7 minutes to the gentleman from Michigan [Mr. CRAWFORD].

Mr. CRAWFORD. Mr. Chairman, I feel so keenly about some of these specific taxes that we have heretofore applied against industry that I do not mind going on record at this particular moment and saying that as an individual taxpayer I would be delighted to see the industries in the form of proprietorships, corporations, and partnerships in this country placed in a more favorable position, even if it should result in my being taxed as an individual 25, 50, or 100 percent more. Therefore, I wish to compliment the Republicans and the Democrats on the committee for arranging it so that the industries of this country can carry forward their operating losses even to the end of the second year, as stated in this bill. I believe that is a grand step for this Congress to take.

I also wish to congratulate the committee on the position it has taken in letting the undistributed-earnings tax, which is now applicable, die as of December 31 of this year, so the industries of this country will not be further jeopardized by such an earnings tax as they have been burdened with in recent months and years.

The privilege for corporations to revalue their capital stock upward will in a great many cases assist small and large corporations in meeting their tax obligations and in keeping their businesses going. I do not see any practical way the committee could have permitted the industries to revalue both upward and downward, and I assume that the fact that a taxpayer would be inclined to whipsaw the Treasury is the reason the privilege to revalue upward and downward was not given.

Mr. COOPER. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield to the gentleman from Tennessee.

Mr. COOPER. The gentleman is correct in his analysis of the situation. The capital-stock and excess-profits tax yielded last year approximately $175,000,000 in revenue. Of course, we could not lose that revenue without greatly increasing the normal corporation rates. At the same time, if we allowed corporations the opportunity to redeclare their value downward, we would naturally sustain a great loss of revenue. The treatment here given does give them relief as to the excess-profits tax, which will, of course, be of great assistance to them.

Mr. CRAWFORD. I appreciate what the gentleman has said.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. And the 2 years is practically 3 years because there will be a revaluing in the year 1941.

Mr. CRAWFORD. That is correct, as I understand the bill.

I am not as optimistic about the privileges extended corporations with respect to buying their own securities as is the gentleman from Virginia. I believe that as we move down the road we will find this privilege will be capitalized on very, very little by the private industrial concerns, outside of the railroad class. I believe the R. F. C. will find that it will make an exceedingly small number of loans to corporations in this connection and which can make the showing that is necessary to be made in order to get the privilege of purchasing their outstanding obligations without having to be taxed on the paper profit that is picked up in the liquidation of the obligation outstanding.

So, personally, I do not anticipate any material relief, but I am delighted to find that provision in the bill because I think it will materially help the railroad situation and, particularly, those companies that are in process of reorganization and those that will have to be reorganized at some subsequent date.

Mr. JENKINS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield.

Mr. JENKINS of Ohio. I agree with the gentleman and I want the gentleman to know that there was not general unanimity of opinion on this point, but most of the Members thought it would help the railroads, because all of them can qualify now by showing they are in this kind of condition.

Mr. CRAWFORD. Surely, and it is almost inconceivable that the management of an industry that has its back right up against the wall and fighting will go out and recommend to the R. F. C. or to its board of directors or its stockholders that money should be taken out of working capital and applied against the purchase of some obligation not yet due. They simply do not play the game in that manner, and I repeat that I do not expect any material assistance from this provision insofar as the average corporation is concerned.

Mr. TREADWAY. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield.

Mr. TREADWAY. The gentleman has not referred to putting these changes into operation in the present year. The gentleman is thoroughly in accord with the Republican position on that point, is he not?

Mr. CRAWFORD. I regret very much that this does not retroactively date back to January 1, 1939, so as to enable business to pick up as much as it can between now and December 31.

On the question of capital gains I am delighted to find those provisions in the bill.

On excise tax versus direct tax, I wish I had the privilege to vote this afternoon in favor of the President's proposal, which I understand is in a rough form to spread our tax base and, if necessary, to increase the tax rate on those who have salaries such as we have here as Members of Congress, provided we could do away with all hidden taxes, excise taxes, and luxury taxes; in other words, I wish that my brothers and sisters and my nephews and nieces all had to pay a direct

tax, having first prepared a personal income tax, and then be forced to walk up and pay tribute to their Government.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield the gentleman 1 additional minute.

Mr. CRAWFORD. I do not know of any way to make better citizens out of them, and if we could get rid of hidden taxes, excise taxes, and luxury taxes, and put it in the form of a direct tax and thereby inform the people of their actual taxes, I would be delighted to go along with such a proposition.

Just one other thought; I do not want our friend, Johnny Hanes, to receive praise and glory only from the Democratic side. I think it was a godsend when he landed in the Treasury Department. I hope he will have the courage to stay there through this administration and through the administration to come, because I believe that his contribution to the affairs of Government is worth a very great deal to our people at the present time. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I yield 2 minutes to the gentleman from Virginia [Mr. DARDEN].

Mr. DARDEN. Mr. Chairman, the point I am going to speak on for a very short moment deals only indirectly with this bill. It touches upon an amendment which, unfortunately, the committee felt unable to consider at this particular time.

The tax bill of 1936 carried a provision which permitted for the period of 1 year the payers of the processing taxes heretofore levied and paid to enter the courts of the United States and ask for a refund. There were literally thousands of people throughout the country, small business firms and farmers, who were not advised of this legislation in time to test their rights in the courts. There are approximately 11 bills pending before the Congress today asking that this privilege be reextended to those affected.

I do hope the committee, once this pressing business is passed, will give us an opportunity to be heard on this matter and a chance to present our case. The Treasury in their observations have stated that the measures will entail, probably, a charge of one-half billion dollars against the Government. I doubt seriously that this is accurate. I think the sum is altogether too large, but whether it is too large or not is beside the point. A citizen of the United States should have the unquestioned right to appeal to the courts of the country to determine whether or not he has been justly or unjustly taxed, and if he has been unjustly taxed, he should be given the right to a remedy that would force the Government illegally taking his money from him in the form of an unconstitutional tax to refund it to him. The Government should not be allowed to hide behind a statute of limitation in order to avoid the payment of a just debt.

I want to thank my colleague, the gentleman from Virginia, WILLIS ROBERTSON, for his kindness in granting me a part of his time for the presentation of this important matter. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I yield 6 minutes to the gentleman from California [Mr. BUCK].

Mr. BUCK. Mr. Chairman, during the course of his remarks this afternoon the gentleman from Massachusetts [Mr. TREADWAY] stated that there were two entirely different parts to this bill, one of which might be emergent, the extension of the existing excise taxes, although he expressed his dissent to such extension, and the remaining portions of the bill. I would not like the Committee to go into the reading of the bill and voting on possible amendments without a statement from the majority side of the committee in contradiction of the statement the gentleman from Massachusetts made.

The committee has recognized that there are certain conditions which have arisen as a result of two decisions in the Supreme Court and one decision in a district court that have made it vital, in the interest of the Treasury as well as of individual and corporation taxpayers, to enact remedial legislation immediately.

As a result of these decisions the committee found that the Commissioner of Internal Revenue was actually holding up deficiency assessments against individual taxpayers in some thousands of cases pending any action by Congress on these matters. While on the one hand the Commissioner would be obliged to levy assessments against the taxpayers as a result of both of the Supreme Court decisions other taxpayers might find themselves in the position where they could successfully file claims for refunds from the Treasury. It is quite possible that the Supreme Court decided rightly, according to the way the law was phrased in these two cases, both of which I wish to discuss somewhat briefly, but in each case the Court overturned what had been the uniform policy and consistent practice of the Treasury Department since the particular sections of the income-tax law under which the decisions were rendered were enacted. In the case of the *United States* v. *Hendler* (303 U. S. 564 (1938)), the Court in interpreting the reorganization sections of the income-tax law as it applies to corporations determined that when a corporation taxpayer's liabilities are assumed by another party in what is otherwise a tax-free organization, gain should be recognized to the extent of the assumptions. Hitherto it has been the policy in our income-tax law to give proper consideration in connection with these reorganizations by postponing the recognition of gain realized in such transactions. That is to say, the law provides that such gain is only taxable if the corporation reorganizing or merging receives money or property other than stock in the new or reorganized corporation. The practical effect of the Hendler case is to say that an assumption of a liability is property in the sense that it may be taxable immediately to the first corporation.

In typical transactions changing the form or entity of a business it is not customary to liquidate the liabilities of the business, and these liabilities are almost invariably assumed by the new corporation or the one continuing the old business. The interpretation placed on the existing law by the United States Supreme Court, in the opinion of your committee, is too broad, and we have, therefore, recommended that bona fide transactions of this type shall be carried on hereafter without the recognition of immediate gain taxable to the corporation going through reorganization.

We have safeguarded this provision, which is to be found in section 213 (a), by providing that the committee's interpretation shall not apply where it appears that the principal purpose of the taxpayers, whose liabilities are assumed or who transfer property subject to a liability, was to avoid Federal income tax on the exchange or was not a bona fide business purpose.

Furthermore, we have provided that in the determination of the basis under section 113 (a) (6) of the Internal Revenue Code any liabilities of the taxpayer assumed by the transferee or to which the transfered property is subject shall be considered as money received by the taxpayer upon the exchange. Hence it would be applicable in the reduction of the basis of the property received by the taxpayer on the exchange.

In *Koshland* v. *Helvering* (298 U. S. 441) and *Helvering* v. *Gowran* (302 U. S. 238) the decisions of the Supreme Court again overturned what had been a uniform construction of the Treasury in respect to the basis for imputing gain or loss to the taxpayer upon his selling or exchanging stock or stock rights which had been distributed to him as dividends by some corporation. From 1921 to 1934 the revenue acts provided that a stock dividend should not be subject to tax. The Treasury construed these facts to mean that the basis in the taxpayers' hands of the stock in respect of which a distribution in stock or rights to acquire stock of the distributing corporation was made was to be allocated proportionately between such stock and the stock or rights distributed.

But in these two cases the Supreme Court denied the validity of this construction and held that no part of the cost of the stock in respect of which distribution was made was to be allocated to the stock or rights distributed. Hence the basis of the distributed stock or rights would be zero, and the basis

of the original stock is whatever it would have been if no such distribution had been made. Obviously this rule would produce gross inequities to taxpayers and the Government alike and would result in both claims for refunds and deficiency assessments alike, according to how the distributee might or might not have disposed of either his old or new stock.

The provisions to which I refer are to be found in section 214 of the pending bill. I may add that both the provisions in sections 213 and 214 were urged by the Treasury Department, the American Bar Association, and the Chamber of Commerce of the United States. As far as the committee can find out, there will be no loss of revenue to the Government by the adoption of these two sections, but great inequities will be prevented. The fact that I want to emphasize is that these two corrections are emergency matters and if they are not incorporated in the present bill thousands of people will pay penalties that they could not have anticipated by any line of reasoning, and in many cases the Treasury itself will suffer a definite loss of revenue.

Now, there was also another court decision—a district court decision—which was brought to the attention of the committee—*United States* v. *Rosenfield* (26 F. Supp. 433). This case held that a bona fide purchaser for value of shares of stock from a seller against whom a notice of lien for Federal income taxes had been duly filed prior to the sale of the stock took subject to the lien, even though the purchaser did not have notice or knowledge of the lien. Now, it is all right for the statute to provide that the filing of a notice of a tax lien should constitute notice generally in the case of real property, but, in the opinion of the Ways and Means Committee, it is inequitable for the statute to provide that it constitutes notice as provided securities. It is obviously impossible for a purchaser or a broker to check all the offices in which a notice of the tax lien may be duly filed to determine whether any security is subject to such a tax lien. Similarly, direct sales and over-the-counter transactions in securities are likewise affected. The negotiability of securities would be seriously affected by the interpretation the court gave in the Rosenfield case. Yet there is no doubt in the mind of the committee that the court rightly interpreted the existing law, and, as this lien law was enacted many years ago, it certainly cannot be charged against the present administration. Again I say what we are trying to do is to remedy the situation. It is important that negotiable securities be negotiable immediately, and the proposal of the minority that this remedial legislation, as well as that contained in these sections to which I have previously referred, should be postponed is simply an indication that they do not understand what emergency relief is actually contained in the bill.

Others have covered the subject of the relief to corporations in connection with the discharge of their indebtedness, which is estimated will result in the saving of some $90,000,000 a year interest.

I trust that I have brought home to the Committee the point that I had in mind—that titles II and III and IV, as well as title I, need to be enacted at the earliest possible moment.

Mr. McCORMACK. The Hendler case refers to a law passed in 1924 and the Koshland case relates to several laws passed from 1921 on.

Mr. BUCK. Yes.

Mr. McCORMACK. And in the other case, the Rosenfield case, it relates to a law passed over 60 years ago.

Mr. BUCK. Yes.

Mr. McCORMACK. And our friends in their report say that they are correcting something that the New Deal did.

Mr. BUCK. I thank the gentleman for that suggestion. Of course the New Deal had nothing to do with these decisions. It is trying to remedy their effect. The point I make is that these people who were the victims, if I may use that term, in view of the decisions of the courts in these cases, would have had to pay, literally, hundreds of thousands and perhaps millions of dollars in taxes if we did not act immediately. Certainly, under the Hendler case, I know the deficiency assessments would have run into millions of dollars. The New Deal did not write the laws under which these assessments would be levied, either.

Mr. JENKINS of Ohio. The gentleman surely could not expect us to correct all of the mistakes of the New Deal in one session.

Mr. BUCK. And I have not heard the gentlemen on the minority side suggest any legitimate procedure we were not willing to accept. I am sure he is for these remedial measures.

Mr. REED of New York. I think that we ought to be exact. We are attempting to correct what the New Deal Supreme Court has done.

Mr. BUCK. Oh, I would not say that. It only interpreted the laws it found; we aim to correct them.

Mr. DISNEY. The gentleman said that the Treasury recommended this corrective legislation.

Mr. BUCK. Yes. I should say in addition to that, that I can point out to the committee that the loss is not only to the individual and corporate taxpayer who would be the victims of these assessments, but in many cases the Treasury itself would have had to pay refunds, particularly under the Koshland decision, where the basis of stock dividends was revised under the Supreme Court decision and the taxpayer could claim refund against the Treasury. I do not want to take up the time of the Committee this afternoon, because these are rather technical questions, but you gentlemen will find them discussed thoroughly and completely in the report on the pages beginning on page 18 and running through page 26.

Mr. LEWIS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. BUCK. Yes.

Mr. LEWIS of Ohio. In section 215 I see the term used—

the taxpayer was in an unsound financial condition.

The committee is introducing that term, "unsound financial condition," which is a new term to the law, without defining it. Does the gentleman not think there should be a definition of that?

Mr. BUCK. No, I do not; because this is not a case where you would have to go into a bankruptcy court or any other court. What we are trying to do is to keep these corporations out of a position where they might have to take advantage of the Chandler Act or section 77B, and, therefore, we leave this to the discretion of the Commissioner of Internal Revenue. If it is found to his satisfaction that they are in an unsound condition and perhaps if their bonds are selling away below par it might be taken as evidence of such a condition, they are to be given this relief. I do not think the committee should define the term.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. TREADWAY. Mr. Chairman, I yield 10 minutes to the gentleman from Kansas [Mr. CARLSON].

Mr. CARLSON. Mr. Chairman, during the opening remarks of the discussion this afternoon, the gentleman from Massachusetts [Mr. McCORMACK] called attention to the minority views as they are presented in this report. The statement I am about to read from the majority report is not a misstatement, but it holds out a very subtle hope, in fact, I am afraid it is a forlorn hope, and I want the gentlemen of the committee to notice this statement. They were discussing the continuance of the excise taxes and these are the words that I find:

But their extension for 2 years will not preclude action by the Congress to remove or revise them earlier if the condition of the revenue permits.

I assure you that every citizen of this country hopes that that situation will prevail, but I do not think the majority would contend this afternoon for 1 minute that there is any possibility of removing these taxes within the next 2 years.

Mr. DISNEY. Will the gentleman yield?

Mr. CARLSON. I yield.

Mr. DISNEY. The gentleman was not a member of the committee last year, but you will recall that this very committee recommended that some of these nuisance taxes be removed last year. So that it is not such a forlorn hope, since it was within 12 months of the time when we did take off some of these taxes.

Mr. CARLSON. That is a very fine statement of past performance, and I have a very high regard for the gentleman from Oklahoma, but I do not believe that he or this committee wants the impression to go out to the country that we are going to remove these excise taxes in the near future. I wish we could.

Mr. DISNEY. Then that brings up another question, if the gentleman will yield further. You say in the minority report, on page 55, that you want title I stricken out. You do not mean that?

Mr. CARLSON. We certainly do, and sincerely wish that business was such that our tax burden could be met without excise taxes.

Mr. DISNEY. I want to know if you meant that you wanted to take $550,000,000 out of the Budget and then the day before talk about balancing the Budget? Do you mean to strike out title I?

Mr. CARLSON. Just to show how much we mean to remove it, I want to call the gentleman's attention to some of the excise taxes that are bearing down upon industry.

Mr. DISNEY. Would you prefer not to answer my question?

Mr. CARLSON. I will answer by calling to the attention of the gentleman from Oklahoma [Mr. DISNEY] the serious effect of excise taxes on the oil industry. In our section we have a great oil business. These excise taxes bear down heavily on the oil industry in the United States. For instance, for every permanent employee of the Continental Oil Co. $4,330 was collected in taxes during the year 1938. Think of that. Over $4,000 collected for every permanent employee of the Continental Oil Co. That is representative of the taxes paid by all oil companies. A total of $22,059,252 in taxes, representing $4.70 for each share of stock outstanding. That is a burdensome tax and we would all like to remove it, but I do not believe any of us think it can be done this year. Despite this fact, gasoline prices continued to decrease in 1938.

Mr. DISNEY. Will the gentleman yield further?

Mr. CARLSON. I would rather not yield just at this time. Let me finish this statement, please.

The tax burden on gasoline continues to increase. The total tax exceeded the total pay rolls of the Cities Service Co. and its subsidiaries. The Phillips Petroleum Co. reports that the total taxes collected from the company on its products in 1938 exceeded by more than $7,000,000 the combined amounts paid in wages to employees and dividends to stockholders.

I could continue with these reports, but as I stated, we are concerned about the ever-increasing tax on this industry. We are in for a heavy tax burden in this country. We have labored for so many years with an unbalanced Budget that we forget the fact that from 1920 to 1930 we did have a balanced Budget in this Nation. In 1919, at the close of the World War, we had a national debt of $25,482,034,419. We not only kept our Budget balanced from 1920 to 1930, but we had reduced our indebtedness to $16,185,308,299 by 1930. I, for one, do not believe we are going to spend ourselves into prosperity, nor do I believe we are going to borrow ourselves into prosperity. We must build on a sound fiscal policy.

The national debt has increased from $16,000,000,000 to approximately $45,000,000,000 since 1930. I am advised that if we started trying to take up this national debt which we have incurred in the last 10 years at the same rate that we were taking up our national indebtedness from 1920 to 1930, it would take 33 years' time to do it. Therefore our future for having tax reductions is not very encouraging.

I want to say that, as far as I am concerned, I believe we must have a tax-conscious people before we will ever have tax reductions. You have heard discussions this afternoon about demands from home. We are all faced with that situation, but we must have a tax-conscious people first, and then we will start balancing the Budget, or at least reducing expenditures.

I am informed the State of Colorado has an assessed valuation of all of its mines, factories, homes, and business properties of $1,000,000,000. In the last 10 years we have spent, so to speak, twenty-some billion dollars of borrowed money or 20 States the size of Colorado. I do not think we can continue spending taxpayers' money at that rate without serious consequences. It is a deterrent to business.

Mr. CRAWFORD. Will the gentleman yield to me?

Mr. CARLSON. I yield.

Mr. CRAWFORD. One reason why we cannot spend our way into prosperity is this: For 10 years at a time, and for only 10 years, the Government has been able to compile comparable figures on national income. The first 5-year period which starts with 1929, ending with 1933, shows an average of $57,000,000,000 annual income. The last 5-year period showed an average of $61,000,000,000 per annum national income, and the difference between the two is approximately $4,000,000,000 deficit which we have put in; so where is the spending program taking us other than to damnation?

Mr. CARLSON. I thank the gentleman for his contribution. We have the impression that because of the reduced national income we are not collecting as much in taxes as we used to. The truth of the matter is more Federal revenue was collected in the form of taxes in 1938 than in any other year, notwithstanding the fact that Government spending has increased and that we have enormous deficits. Let us reduce Federal expenditures and make an honest effort to balance the Budget.

Mr. Chairman, I yield back the balance of my time.

Mr. TREADWAY. Mr. Chairman, I yield the balance of my time to the gentleman from New York [Mr. REED].

The CHAIRMAN. The gentleman from New York is recognized for 12 minutes.

Mr. REED of New York. Mr. Chairman, I want to take this occasion to remind the House that the Ways and Means Committee has been a hard-working committee since the first of the year. I think I can see a look of relief coming over the benign countenances of many of the members of the committee now that this bill will soon be in its final stages as legislation. It has been a terrific task. Before I proceed further with what I shall have to say with reference to the provisions of this bill I do want to compliment the chairman and the members of the majority for the fairness with which the minority has been treated. I also want to pay my respects to Under Secretary Hanes, who certainly made a great contribution to the committee. He is fair, he is well informed, and I think he looks at things from a business point of view.

The revenue bill now before the House for consideration is the eleventh tax measure this administration has presented since 1933. These exactions from the pockets of the taxpayers have been made necessary because of the program of extravagance inaugurated under the leadership of the greatest spender of public funds in peacetimes in all history.

Omitting from our calculations the revenue this bill will raise, there has been collected in taxes by this administration up to and including June 14, 1939, the sum of $28,651,783,714.

This amount, though staggering and almost beyond comprehension, does not record by any means the extent to which this administration has perfected the technique of drawing upon the resources of the public for funds to squander and dissipate for fantastic projects, including the use of revenue to obtain and then retain political power. This statement needs no amplification or bill of particulars since the disclosures of waste and corruption made during the debate on the so-called relief bill. The facts, now a matter of public record, fully support the charges of extravagance in the use of public money.

In addition to present taxation as a source of revenue for the new dealers to spend, there has been developed the fine

art of borrowing, the painful effects of which the administration hopes can be deferred and therefore reserved for a generation, not now of voting age, to endure.

Speaking of borrowing, I ought to refresh the recollection of those who have some concern for future generations that aside from the $28,651,788,714 collected under the revenue bills prior to the one before us this administration has obtained by this method $19,425,488,281. Thus in 6 years, up to and including June 14, 1939, there has been raised by taxation and by borrowing a total of $48,077,277,005, all of which has been spent.

I may say that this revenue bill is a vast improvement over preceding revenue measures enacted under this administration. The improvements that appear in it, however, are the result of the unremitting fight of the Republican minority to obtain them. In this connection I am sure that no fair-minded member of the Democratic majority would wish to challenge the wisdom of eliminating the last vestige of the undistributed-profits tax. It is most unfortunate that many business concerns had to be driven into insolvency and 4,000,000 men and women made idle in 1937 to bring this belated relief to industrial enterprise and their employees.

The Republican minority fought this proposal when it was first made in 1936 and again opposed it when the unsound principle was later embodied in the 1938 Revenue Act. The Republican minority warned, then, by calling attention to what we said in 1936 as to the devastating effect such an instrument of reform, rather than a means to obtain revenue, would be likely to have on business and employment.

I repeat what the Republican minority of the Ways and Means Committee said in 1936 as a danger signal to be observed by these reformers who may be inclined to turn to such an expedient in the future. The report said this:

1. Discourage and possibly prevent the accumulation of adequate rainy-day reserves and constitute a direct threat to the security of business, employment, and investments.
2. Cause corporations to restrict the distribution of their existing tax-paid reserves, which could only be rebuilt under penalty.
3. Discourage business rehabilitation and expansion and have a retarding effect upon recovery and reemployment.
4. Hamper the growth of small corporations, impede the development of new enterprises, and foster monopolies.
5. Put a penalty on prudence and a bounty on improvidence and constitute an unwholesome interference with the exercise of sound judgment in the management of business.
6. Accentuate the extremes of future booms and depressions.
7. Oppress business burdened with debts and result in a restriction on corporate credit.
8. Drive capital out of productive enterprise into tax-exempt securities.
9. Violate every sound principle of income taxation, be arbitrary and oppressive in its operation.
10. Crucify financially weak business enterprises, while permitting strong to minimize or entirely escape the tax.
11. Create iniquitous and unfair competitive situation which would be far greater and more real than the imaginary ones purported to correct.
12. Result in the double taxation of all dividends paid out of revenues, whether accumulated in the past or in the future.
13. Abandon an assured revenue of $1,100,000,000 annually for one purely speculative and uncertain, and which promised to be more disappointing in amount, thereby further jeopardizing the Federal revenue.

It is unfortunate that this bill cannot restore to life the small concerns that were destroyed by the 1936 Revenue Act, but the removal of the unsound principle from the bill now before the House is some assurance to surviving concerns that the damage from such a method of industrial discipline has been eliminated.

I assume that many persons who have been irritated and bedeviled by nuisance taxes will be disappointed at the provision extending these taxes 2 years more. It is only natural that they should be disappointed, but they should not be surprised. There must come a time when even the most credulous will no longer rely on political promises. I am sure that after more than 6 years of bitter experience under a regime that has developed tergiversation into a fine art, intelligent citizens throughout the country will no longer be deceived or seduced by promises emanating from such a source. After assurances from the administration and the majority that the irritating nuisance taxes would be lowered or repealed, this bill extends them for 2 years more. These taxes have been extended every 2 years since 1932. Just so long as the administration refuses to reduce expenditures, nuisance taxes and other exactions will continue to plague and bedevil those who have anything left to tax and those who "pay them in the sweat of their brow."

Speaking for one member of the minority, I wish to commend the majority for permitting the minority to make such improvements as now appear in this bill. I hope it will set a precedent which the majority will follow between now and December 31, 1940. If you do, it will add to your prestige and save the country from many heartaches resulting not from willful mistakes but from chronic Democratic incapacity to legislate independently and constructively. I believe it is beginning to dawn even in the benighted circles of the New Deal that the people had a reason for sending Republican recruits to the Seventy-sixth Congress. The people have never failed to send a Republican majority to Congress whenever either the safety or the solvency of the Republic has been threatened. [Applause.]

I am sure that when the citizens see how much can be accomplished that is good by a few Republican recruits, there will be a wholesome majority of them sent here in 1940.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The gentleman from New York yields back 1 minute.

Mr. DOUGHTON. Mr. Chairman, I yield myself the balance of my time.

The CHAIRMAN. The gentleman from North Carolina is recognized for 10 minutes.

Mr. DOUGHTON. Mr. Chairman, I heartily endorse and am in full accord with what the previous speakers have said with respect to the fine cooperative service that has been rendered by the Secretary of the Treasury, Mr. Morgenthau, and Under Secretary Hanes in the preparation of the tax bill now under consideration. Their profound knowledge of the subject, their continuous efforts in assisting in the preparation of this bill have been invaluable, and too much credit cannot be accorded them for the part of the work they have done.

Tax bills ordinarily are written for the purpose of raising additional revenue. This, however, is not the main purpose in the bill now under consideration. The chief purpose of the bill is, as far as reasonably possible, to give relief to the business interests of the country; and I believe when fair consideration is given to what was done in the social-security bill and what will be provided in this bill when it is enacted into law, that all fair-minded people will decide that we have gone as far as it is reasonably possible at this time in giving encouragement to business by removing any deterrent that may exist in our present tax laws.

The Republicans in the minority report take credit for practically everything that is proposed to be done in this bill, and claim that their insistence, or something that they have said or done, has influenced the majority to take the action that was taken. The Republicans always know how to run the country when they are not in power and they always know how to run the country into the ground when they are in power. It seems to me that it takes a good deal of temerity for the party that left the country in the condition we found it in 1933 to criticize whatever we do. We inherited the worst legacy of evils that it ever fell the lot of any administration to correct.

That is the chief reason for our party having so much trouble with matters of taxation. One of their chief subjects of complaint is the undistributed-profits tax, and my friend from Ohio [Mr. JENKINS], an able member of the minority on our committee, waxed eloquent and emotional talking about the nefarious undistributed-profits tax and how it had harmed the business of the country. Facts are always to be relied upon rather than loose statements. In order to show how this so-called nefarious undistributed-profits tax hurt the country I would like to give some statistics showing

the condition of the country in 1932, the last year of the Hoover administration, and 1936, the fourth year of the present administration and the first full year of the operation of the undistributed-profits tax.

Let us take a look at the record and see how disastrous this and other New Deal laws have been to business. I do not know of a better barometer than the facts stated by the taxpayers themselves in their tax returns; so a comparison of business conditions existing in 1932, the fourth, and, thank God, the last year of the Hoover administration, with 1936, the fourth year of the present administration, and the first full year in which the original undistributed-profits tax was in effect, might shed some light and wisdom to our Republican brethren. First, we will take the returns filed by all corporations and look at just a few of the items as shown by the statistics of income, which I think we all will agree reflects business conditions accurately.

Gross sales in 1932 amounted to $53,099,401,000 and in 1936 they were $100,585,887,000, an increase of 89.4 percent; total compiled receipts in 1932 amounted to $81,637,988,000, whereas in 1936 they amounted to $132,722,602,000, an increase of 62.6 percent. In 1932 all corporations had a deficit of $3,829,342,000, whereas in 1936 the Roosevelt administration's tax laws were so disastrous that they resulted in all corporations showing a profit of $7,770,887,000. Their predictions were pathetic rather than prophetic. Now let us take a look at the data shown from tax returns filed by individuals: In 1932 individuals reported income from wages and salaries amounting to $8,136,717,000, whereas in 1936 wages and salaries amounted to $11,661,274,000 and in 1937, as shown by the preliminary statistics, they amounted to $14,028,788,000. Income from business in 1932 amounted to $1,294,952,000; in 1936, $2,374,258,000; and in 1937, $2,520,825,000. Income from partnerships in 1932 amounted to $482,863,000 and in 1936, $1,022,288,000, and in 1937, $1,162,216,000. Total income reported by individuals in 1932 amounted to $14,392,080,000, whereas in 1936 it amounted to $21,888,373,000 and, in 1937, $24,271,501,000, an increase of 68.6 percent.

I shall not further discuss conditions existing under Mr. Hoover in 1932 lest I embarrass my Republican friends who are now posing as the only friends of American business.

Mr. Chairman, the undistributed-profits tax has been allowed to expire. I shall always believe there was an element of soundness in the undistributed-profits tax, but the corporations believed it was prejudicial to their interests. As chairman of the Committee on Ways and Means, I have little complaint as to the operations of the undistributed-profits tax as the law now stands, but the fears of the corporations were that it would spread or be increased. Therefore, they desired that it be repealed; and if they were willing to pay a similar amount of tax in some other form, so far as I was concerned I was willing for them to do so. I said, "All right; if you think it will help business and you are willing to pay a similar amount of taxes in some other form, we will give you the opportunity to try it out."

Mr. Chairman, I hope the relief contained in this bill, together with that in the social-security bill, which recently passed the House, will give business the green light and it will go forward with the full assurance that the Government is anxious to aid in every way reasonably possible.

[Here the gavel fell.]

The CHAIRMAN. All time has expired.

Mr. COOPER. Mr. Chairman, I ask unanimous consent that the bill may be read by title.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee [Mr. COOPER]?

There was no objection.

The Clerk read as follows:

Be it enacted, etc., That this act may be cited as the "Revenue Act of 1939."

TITLE I—EXCISE TAXES AND POSTAL RATES

SEC. 1. Continuation of excise taxes and postal rates.

Sections 1700 (a) (1), 1801, 1802, 3403 (f) (1), 3452, 3460 (a), 3465, 3481 (b), and 3482 of the Internal Revenue Code are amended by striking out "1939" wherever appearing therein and inserting in lieu thereof "1941." Section 1001 (a), as amended, of the Revenue Act of 1932, and section 2, as amended of the act entitled "An act to extend the gasoline tax for 1 year, to modify postage rates on mail matter, and for other purposes", approved June 16, 1933, are further amended by striking out "1939" wherever appearing therein and inserting in lieu thereof "1941."

SEC. 2. Sporting arms and ammunition tax.

Section 3407 of the Internal Revenue Code (relating to the tax on firearms, shells, and cartridges) is amended by adding at the end thereof the following new paragraph:

"The provisions of section 3452 (relating to expiration of taxes) shall not apply to the tax imposed by this section."

Mr. TREADWAY. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. TREADWAY: Beginning on page 1, line 5, strike out all of section 1 and insert in lieu thereof the following:

"SEC. 1. Continuation of import taxes.

"Subchapter B of chapter 29 of the Internal Revenue Code (relating to import taxes) is amended by adding at the end of part I the following new section:

"'SEC. 3426. The provisions of section 3452 (relating to expiration of taxes) shall not apply to the taxes imposed by this subchapter.'"

Mr. TREADWAY. Mr. Chairman, the purpose and effect of this amendment is to allow the nuisance taxes and the extra 1-cent postage rate to expire at the close of this fiscal year, June 30, but to continue indefinitely the import excise taxes on petroleum, coal, lumber, and copper. The amendment will not affect the provisions of section 2 of the bill, which make permanent the tax on sporting arms and ammunition, the proceeds of which go to the support of the Wildlife Conservation Act.

Mr. Chairman, in order to expedite time and the consideration of the bill, I ask unanimous consent to extend my own remarks at this point on the amendment which I have just offered.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts [Mr. TREADWAY]?

There was no objection.

Mr. DONDERO. Will the gentleman yield?

Mr. TREADWAY. I yield to the gentleman from Michigan.

Mr. DONDERO. What is the amount of tax on sporting goods now under the bill?

Mr. TREADWAY. The gentleman from Virginia [Mr. ROBERTSON] is more familiar with that than I am.

Mr. ROBERTSON. For the first 8 months of this year the tax amounted to approximately $2,000,000.

Mr. DONDERO. What is it in percentage?

Mr. ROBERTSON. Ten percent.

Mr. TREADWAY. That is an item on which we are all agreed. I am not taking any exception to that revenue going directly to wildlife conservation.

Mr. MURDOCK of Arizona. Will the gentleman yield?

Mr. TREADWAY. I yield to the gentleman from Arizona.

Mr. MURDOCK of Arizona. Will the gentleman repeat just what items are not affected here?

Mr. TREADWAY. The items not affected by the repeal are the import excise taxes on petroleum, coal, lumber, and copper. Those would be made permanent under my amendment.

Mr. HARTER of Ohio. Will the gentleman yield?

Mr. TREADWAY. I yield to the gentleman from Ohio.

Mr. HARTER of Ohio. Is it the purpose of the gentleman's amendment to continue the excise taxes with the exceptions he has named for the fiscal year ending June 30, 1940?

Mr. TREADWAY. No. My amendment is directed to allowing the nuisance taxes to expire on June 30 this year.

Mr. COCHRAN. Will the gentleman yield?

Mr. TREADWAY. I yield to the gentleman from Missouri.

Mr. COCHRAN. Will the gentleman advise the House just exactly the amount of revenue the Government would lose during the next fiscal year as a result of his amendment, in the event his amendment is agreed to?

Mr. TREADWAY. I cannot give the gentleman the exact figures. It is estimated that so far as the postal item is concerned it would be $100,000,000 in excess of what it is

actually costing the Government to carry first-class postage. That is an unfair tax.

Mr. COCHRAN. Certainly on an amendment of such far-reaching importance the gentleman should be in a position to give the House information with reference to the loss of revenue.

Mr. TREADWAY. The loss of revenue will be offset, we hope, by economy in expenditures. That is where the savings will be.

Mr. COCHRAN. All we can do is hope?

Mr. TREADWAY. Yes; we cannot do more than hope as long as the gentleman's party is in control.

Mr. COCHRAN. I do not think it would be any better if the gentleman's party were in control.

Mr. TREADWAY. The motion I have made is in accordance with the report of the minority members of the Ways and Means Committee.

The elimination of the nuisance taxes was assured the people in 1934, but the New Deal has ignored that assurance by continuing them 5 years beyond that date and it now proposes to extend them for another 2 years.

Why try to deceive the people? Why not admit that these taxes are permanent for all practical purposes as long as the New Deal remains in power?

These 1- and 2-year extensions are getting to be ridiculous, but the Democratic majority apparently do not have the courage to face the facts and admit that the revenue from these taxes cannot be given up while the New Deal spenders hold the purse strings.

The people in 1932 were promised a reduction in Federal spending and relief from the moderate tax burden then in effect. Instead they have seen the Federal cost of government doubled, to a point exceeding nine billions annually.

They were promised an end to the relatively small deficits which had been incurred in 1931 and 1932, but instead they have seen deficit financing become a permanent New Deal policy.

At the end of the next fiscal year, the New Deal will have increased the national debt from twenty-one billions to forty-five billions. In other words, it will have spent that much more than it has raised in revenue by burdensome taxes on the people, which have been constantly increased since the New Deal has been in power.

The nuisance taxes and the additional 1-cent tax on first-class postage fall most heavily on those with the least means. This administration professes to be interested in basing taxes on ability to pay, but these taxes fall equally on rich and poor.

The relief worker pays a 1-cent tax on the letters he mails the same as the multimillionaire.

He also pays a 1-cent tax on his gasoline, the same as the man who rides in a limousine.

He is taxed at the same rate on his auto tires, on his radio, on his movie ticket, and on his toilet articles as the man with millions to burn.

It is not fair.

These indirect and hidden consumption taxes should be eliminated from our tax system. They should be replaced by taxes based on ability to pay.

As previously stated, the amendment I have offered would allow these taxes and the 3-cent rate on postage to expire at the end of this month.

The import excise taxes, which in reality are tariffs and not taxes, would be continued indefinitely under my amendment.

Under existing law, they are subject to the same expiration date as the nuisance taxes.

We of the minority oppose the extension of the nuisance taxes, and say that as an offset you should economize in government. [Applause.]

[Here the gavel fell.]

Mr. COOPER. Mr. Chairman, I rise in opposition to the amendment.

As I understood the reading of the gentleman's amendment, it provides for the extension and making permanent of the so-called import-excise taxes and repeals all the other excise taxes covered in the bill.

Mr. TREADWAY. It allows them to expire.

Mr. COOPER. It allows them to expire. The gentleman's amendment also repeals the increase from 2 cents to 3 cents of the first-class postage rate on nonlocal mail.

Mr. TREADWAY. The gentleman is correct.

Mr. COOPER. Mr. Chairman, the part of the so-called import-excise taxes that would be continued under the gentleman's amendment yields only about $8,000,000 a year, and most of this money is used in the form of draw-backs, so the Treasury really realizes very little of the tax yield as far as revenue is concerned. This would mean, then, a loss of $535,000,000 in revenue from the excise taxes and would mean a loss of around $100,000,000 in the year 1940 on the postage-rate item; so, in effect, the amendment offered by the gentleman from Massachusetts would mean a loss of revenue to the Federal Government of about $635,000,000. Certainly it is realized by everybody that the Federal Treasury cannot sustain any such loss of revenue as that at this time. Of course, the gentleman offers nothing whatever to replace that revenue, so the simple question is presented here whether the Federal Treasury can now stand a loss of $635,000,000 in revenue, and I believe the answer is obvious to every Member of the House.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield.

Mr. COOPER. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. I call the attention of the gentleman to the fact that these excise taxes were imposed in 1932.

Mr. COOPER. Of course, these excise taxes were imposed in 1932, under the administration of Mr. Hoover.

Mr. TREADWAY. For how long?

Mr. COOPER. Some of them have been repealed from time to time. About nine excise taxes were repealed during the last session of Congress in a bill reported by the Ways and Means Committee.

Mr. TREADWAY. Mr. Chairman, will the gentleman yield?

Mr. COOPER. I yield to the gentleman from Massachusetts.

Mr. TREADWAY. The gentleman has made reference to the taxes being imposed first in 1932. I made that statement early in the day. We appreciate that fact, but they were put on then as an emergency tax. There have been extensions for 1 and 2 years regularly since then. Does the gentleman believe it is keeping faith with the people to tell them they are having imposed on them an emergency tax that is going to run only temporarily and then practically make the tax permanent by continuing it from year to year in every tax bill that is brought in? That is one of the reasons I am opposing the continuation of these nuisance taxes.

Mr. COOPER. The reason that has required the extension of these excise taxes applies with the same force and effect today that it has heretofore. We simply cannot lose that much revenue. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts [Mr. TREADWAY].

The amendment was rejected.

Mr. HARTER of Ohio. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HARTER of Ohio: On page 1, line 10, strike out "1941" and insert in lieu thereof "1940" and on page 2, line 4, strike out "1941" and insert in lieu thereof "1940."

Mr. HARTER of Ohio. Mr. Chairman, the sole purpose of this amendment is to extend these so-called nuisance or excise taxes for a period of 1 year instead of 2 years. The bill, as brought to us by the committee, extends these hidden taxes for a period of 2 years. Under the amendment offered here there would be no diminution of revenue from this source for the next fiscal year.

I believe that all of us who are familiar with these excise taxes realize that while they may be burdensome in the matter of accounting to certain industries, it is the people generally who have to pay these hidden taxes. The money raised, and it is very substantial in amount, is not paid by industry but comes out of the pockets of the taxpayers of this country. On page 15 of the committee's report you will find this language:

> Your committee recommends that these temporary provisions be extended for a period of 2 years. These temporary provisions are not regarded as ideal ingredients of our tax structure, but because their administration has been perfected, and because our economy has been adjusted to them, it is deemed inadvisable to sacrifice at this time the revenue they produce.

The committee further states:

> Your committee is sensible of the general undesirability of these taxes, but their extension for 2 years will not preclude action by the Congress to remove or revise them earlier if the condition of the revenue permits.

If we keep on continuing these taxes for periods as long as 2 years at a time we shall never get any relief from them. It is true that certain nuisance taxes from time to time have been eliminated but they were not nearly as burdensome to the great majority of the people as some of the excise taxes which are in force today. A glance at these excise taxes past and present is interesting.

I call your attention to the excise taxes that were repealed a year ago:

Tax on furs, tax on phonograph records, tax on sporting goods, tax on cameras, tax on chewing gum, tax on brewers' wort, and the tax on various other articles.

How does this compare with the tax to be continued under the new act on lubricating oils, on gasoline, on electric energy, on tires and tubes, toilet preparations, automobile trucks, passenger automobiles and motorcycles, parts and accessories for automobiles, and radio sets. These are the articles that are used generally by nearly all of the people of this country more or less indiscriminately and these are the products which bear these hidden taxes at this time. Why should they be continued for more than a year?

The great Ways and Means Committee will have ample time within which to go into this matter of a revision of these taxes. I have seen reports in the current press that the chairman of the committee is going to call either his full committee or a subcommittee together during the recess of Congress or after adjournment so that the matter of a revision of these taxes can be considered, and it is generally understood throughout the country and by the press of the country that there should be a revision in this type of taxes. All agree these taxes are unsound in principle. [Applause.]

[Here the gavel fell.]

Mr. KNUTSON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I do not think the criticism of my colleagues on the Republican side against the continuance of these nuisance taxes is justified and I say this because the condition of the country and of the Federal Treasury is more serious today than it was in 1932 when these taxes were first imposed.

According to the American Federation of Labor there are more unemployed in this country today than there were in 1932. The national debt is twice what is was in 1932. Today the interest charge on our national debt is over $1,000,000,000, and as long as this unfortunate situation continues, we must raise money by some means, and I can think of no better way than continuing these nuisance taxes, and I hope my Republican colleagues will desist from any further criticism.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. KNUTSON. I yield to the gentleman from Pennsylvania.

Mr. RICH. It will be impossible for us to get along if we do not have some taxes and get revenue from some place. I agree with the gentleman from Minnesota and while we do not want taxes, if we are going to try to keep this Nation from being sunk, we will have to go along with the gentlemen on the other side to get the taxes. They are responsible for this great spending spree that we are in, and we would rather have them go ahead and raise the money by taxation than to sink the Nation, and for this reason I say we must go along and collect the taxes. [Applause.]

Mr. KNUTSON. Let me say to my good friend from Pennsylvania that we are going to bale out in 1940, and we are not going to sink unless we get 4 more years of New Deal.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. KNUTSON. I yield to the gentleman.

Mr. McCORMACK. Is the gentleman for or against the pending amendment?

Mr. KNUTSON. I am for it.

Mr. McCORMACK. Did the gentleman in committee seek to have them extended for 1 year?

Mr. KNUTSON. I do not think——

Mr. McCORMACK. Did the Republican Members offer any objection to this or make any reservation of objection?

Mr. KNUTSON. No; because the Republicans——

Mr. McCORMACK. It is a rather strange situation when members of a committee sit together and in executive session unanimously agree upon something, and there is no reservation made, to then see the minority come in and take a position in opposition to what they agreed upon in committee.

Mr. KNUTSON. My dear sir, I did not yield for a speech.

Mr. McCORMACK. I have never done that myself.

Mr. KNUTSON. Let me say to the gentleman that I refuse to yield further. My time is almost up, and I want to reply to the gentleman.

Mr. McCORMACK. You did not do it, did you? You did not reserve the right?

Mr. KNUTSON. Mr. Chairman, I refuse to yield further. Let me say to the gentleman from Massachusetts that he entirely misses the point. What I am saying is that these nuisance taxes under present conditions are needed and must be continued because of the extravagance of the New Deal.

Mr. COCHRAN. Then you are going to vote for them?

Mr. KNUTSON. I am going to vote for them, certainly. I have no alternative, as I see it.

[Here the gavel fell.]

Mr. RICH. Mr. Chairman, I rise in opposition to the pro forma amendment, but I am going to vote for these taxes. We must have money to operate the Government or else it will be wrecked. I am, however, more in favor of stopping the ridiculous expenditures of Government money. The waste and inefficiency in Government at this time is just terrible. We should curb and cut our expenses to the bone or soon there will be no one to pay taxes. Because the Appropriations Committee and because the Members of the House of Representatives and Senate have gone haywire and have spent and spent and spent, I realize that it is very essential in order to maintain our form of government, to have taxes. We are forced into it, we have to vote for that. If we want to be honest, if we want to be sincere, if you want to try to do the right thing, we must go back to the people of this country and say, "You have got to pay the bill for your folly of coming to Congress and asking us to spend this money; you are not wholly responsible for spending this money, but you are responsible for coming in now and saying that you have got to pay taxes." Just because you so foolishly have spent money. Somebody has to pay this bill, and you fellows on the democratic side of the aisle are responsible for spending this money. You fellows are responsible for having your constituents come to us and say, "Give me a handout," and you gave it to them; now you should tell them that they have to pay the bill, and that here is the assessment for your folly of the New Deal.

Mr. COCHRAN. Mr. Chairman, will the gentleman yield?

Mr. RICH. Yes.

Mr. COCHRAN. Will the gentleman put a list in the RECORD of appropriation bills he has voted against?

Mr. RICH. Oh, the gentleman said that he was going to put a list in, and I welcome it. My record is the best of any Member of the House, or just as good. I am proud of it.

Mr. COCHRAN. Oh, no. I do not do that nor did I say I would.

Mr. RICH. Oh, yes; the gentleman did. I want the gentleman to speak for himself. I have voted for hardly any of them, and this is the second time the gentleman has come on the floor and challenged me. I suggest that the gentleman look up the record, and he will find that I am right. A good record for economy in government is mine.

Mr. BUCK. How did the gentleman vote on Friday last on the matter of W. P. A.?

That vote was at 1:15 Saturday morning.

Mr. RICH. I voted for that bill on Friday because you took away a lot of power from the President, and because of the way that you are running this Government I realize that you have to take care of some of the poor people of the country. When it comes to voting, there is not a vote that I cannot explain and sustain, but you fellows have been so wishy-washy and so wobbly that you do not know half the time where you are. [Applause and laughter.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio.

The question was taken; and on a division (demanded by Mr. HARTER of Ohio) there were—ayes 57, noes 83.

So the amendment was rejected.

Mr. COCHRAN. Mr. Chairman, I move to strike out the last word. When this bill was pending in the last Congress I made some remarks on the subject of labor-saving and labor-displacing devices. I had introduced a resolution, referred to the Committee on Ways and Means, which provided for an investigation by the Treasury and other Government agencies to determine to just what extent new inventions had displaced manpower. I could not offer my resolution as an amendment to the bill then, nor can I do it now because it is subject, as I know, to a point of order. When the bill reached the Senate a year ago the senior Senator from my State [Mr. CLARK] added the provision to the bill, but it was eliminated in conference. The explanation I received for that action was it would have a tendency to disturb business. Of course, it would disturb business, but the question is of such importance it cannot much longer be delayed. I admit the thought was in my mind that if the information obtained justified it, consideration could be given to the question of taxing the machines that displaced manpower.

Recently I called attention of the House to the installation of 26 machines in a steel plant in Pittsburgh, which, when operated by 600 men, did the same amount of work as had previously been done by 85,000 men. Who is going to take care of the 84,400 men and their families?

I read in the St. Louis Post-Dispatch of June 18—yesterday—an article telling how machines have finally arrived in the Ozarks of Missouri that are displacing the tiff miners of that section. Ten men operating a machine in southeast Missouri about 40 miles south of St. Louis displaces and equals the output of 300 who used the old method of pick and shovel in mining tiff, which is used in the manufacture of paint. I have visited that section, watched the tiff miners work, looked over their homes, if they could be called such, and I am not exaggerating when I tell you there is hardly a tiff miner's family in Missouri that does not consist of eight—the husband, wife, and six children. That is a fair average. I know this is hard to believe, but, nevertheless, it is the truth. They generally live, the entire family, in one or two rooms.

One old miner, who spent his life at this work, said he knew they could not fight progress, that they could not stand in the way of progress, but, nevertheless, their living was being taken away from them by progress.

Just to show you what happens to the community, I cite the statement that in Washington County, Mo., there is a population of 15,000, and 3,600 are receiving direct relief, exclusive of 600 on W. P. A. and 200 in the Civilian Conservation Corps.

The machines would probably have never been installed had it not been that the miners organized and demanded and secured $1.50 a ton for that which they mined with pick and shovel. At times it would take the entire family to mine a ton a day.

That you will realize how serious this is I am quoting the article from the Post-Dispatch as part of my remarks. It follows:

MACHINES DRIVE HAND MINERS OF TIFF FROM JOBS—MECHANISM OPERATED BY 10 MEN NEAR POTOSI, MO., ABLE TO DO WORK OF 300 WHO USE OLD METHOD—WASHINGTON COUNTY RELIEF ROLLS GROW—HALF OF POPULATION THERE RECEIVING AID, IT IS ESTIMATED—FINDING NEW EMPLOYMENT A PROBLEM

(By Spencer R. McCulloch)

POTOSI, Mo., June 17.—Progress, in the form of machinery, has cut the ground from beneath the tiff miners of Washington County. Their means of livelihood, precarious at best, is disappearing with increasing widespread use of washers and steam shovels, which strip tiff from the soil, leaving jobless miners in their wake.

Desperate and perplexed, the tiff diggers don't know what to do about it. Relief rolls are mounting. Families are in dire straits. Chances for employment in other fields are negligible. An unskilled generation, brought up to do nothing but dig tiff, finds itself destitute with scant hope for the present and none for the future. But for Government aid, hundreds would find themselves facing actual starvation.

MACHINES DISPLACE MEN

Machine-made gashes upon the red clay hills of this countryside, for generations the center of barite mining in the United States, symbolize the impending end of hand mining of tiff. Miners who were jubilant 4 years ago when they broke precedent and struck and won a $1.50-a-ton increase in pay find themselves disunited now when confronted with an economic problem affecting the entire community. A major national social problem—the displacement of men by the machine—has found complete expression in the confines of this rural county.

Capacity of mechanized outfits differ with size. They cost from $6,000 to $20,000. Some operators run several of them. It is estimated that 1 mechanized outfit, employing a crew of 10 men in an 8-hour day, can duplicate the work of 300 hand miners and send cleaner tiff to market. Operators, when the market permits, run day and night on three shifts. Mechanical methods also enable the producer to go over land previously mined by the diggers and glean tiff from earth so lean that it wouldn't pay a digger to attempt to mine it. One producer figured on reclaiming 2,000 tons to the acre from such land. The area he was mining resembled "no man's land" in barren reaches of upturned earth and red clay trenches.

RELIEF ROLLS GROWING

Washington County miners, with their market already sharply reduced and every indication it may vanish entirely, are in more desperate straits than ever before. Relief rolls in May increased by 254 families. Another 100 have been added this month. About 3,600 persons in a county of 15,000 population are receiving direct relief, exclusive of 600 on the W. P. A. rolls and about 200 in C. C. C. camps. It was estimated that half the county's population are directly or indirectly dependent upon relief.

All elements, from chamber of commerce directors to tiff miners, indicated that they realized relief funds represent a temporary stopgap and are appalled at the possibilities if such aid should be discontinued. In the meantime, relief money has created an artificial purchasing power and this county seat looks prosperous, with a new motion-picture theater, hotel, night club, and brick fronts along the main street.

OPERATORS' SIDE OF IT

Operators who have turned to machinery assert that they must compete with mechanized fields. Development of mechanized tiff mining is akin to the growth of strip mining in the Illinois coal fields, which drove thousands of miners from the mines. It is cheaper and easier to mine tiff in large quantities with machinery than by hand. Mechanization, too, at this stage of its development lessens the probability of labor trouble. It is significant that a wider use of washers has come into being in the Washington County field since the strike 4 years ago.

Machinery, in itself, is nothing new in the tiff field. The National Pigments & Chemical Co., a subsidiary of the National Lead Co., which dominates the Washington County field, has operated washers before. So have some other large operators. But until now the hand miner found a ready market for his tiff. Before the 1935 organization—something new in the tiff fields—competitive conditions were different. It was nearly as cheap to buy hand-mined tiff. The mineral itself was quickly mined by hand. Now many surface veins have been depleted. The miner accumulates dead-time sinking shafts, which often lead to nothing.

WASHERS IN GENERAL USE

Now washers are coming into general use. Small operators have purchased outfits. The market is being glutted. The hand miner is being frozen out. Increasingly, operators aren't buying hand-mined tiff. Their machines and relatively small crews do the work.

Operation of a typical washer is simple. An ordinary gas or steam shovel fills a truck with tiff-laden dirt in jig time. Three big scoops,

3 minutes, and the load is ready to go to the washer. A ton of clean tiff usually is derived from four such truckloads.

The truck is driven over a grating at the washing plant. There its load is dumped. It passes through to a sort of paddle wheel, known as a log, swirling in water under high pressure, which throws the dirt and water one way and diverts tiff and gravel against a big breaker. The breaker, resembling a revolving boiler with holes punched in it, crushes and washes the tiff and separates it from the gravel. The crushed tiff, still in need of processing, pours from chutes like streams of white marbles.

COMPANY CUTS PURCHASES

More than ever the lead company, as it is generally termed here, represents a crucial factor. It is the major market for most producers. And it is still buying tiff from about 600 miners who dig on its property. It is paying them $7 a ton—more than they can get elsewhere, and, in the face of impending cuts, has announced it would stand by the 1935 agreement and not institute a cut without 30 days' notice. But on May 1 it cut the quota of its outside purchases by one-third.

Mechanized operators, who sold the bulk of their output to the company, met the cut by curtailing their production and dropping altogether such miners as they had continued to buy from. Stacked about the company's Fountain Farms plant, headquarters of its 10,000-acre tiff field, are 64,000 tons of tiff. That is twice its normal stock pile and is sufficient to take care of its requirements for several years, regardless of labor or market conditions. The company not only converts tiff into a paint base and other commercial uses but holds a patent on a preparation widely used in sealing oil wells. The patent will expire shortly. Possibility of tapping the increasing market in the oil fields may have been an influence in inducing other operators to enter the mechanized field.

MINERS FACE PROBLEM

Tiff miners, nominally members of the International Union of Mine, Mill, and Smelter Unions, a Congress of Industrial Organizations affiliate which absorbed them after the strike, told the writer of their futile fight against the machine. Miners in one section, at Palmer, requiring trucking to the weighing scales, the writer was told, had averaged only about $4.75 in the last 90 days.

What to do about it? In their hillside shacks and a store used as union headquarters, miners anxiously discuss ways and means. In stores and offices chamber of commerce members mull over the problem. Miners and businessmen met amicably recently in the courthouse and are serving on a joint committee to try to find means of taking care of the unemployed surplus. Thus far no solution has been found.

AS TO THE FUTURE

Ultimate exclusive use of machines, it was conceded by both operators and miners, would result in a relatively small number of men at work steadily at wages ranging from 25 cents to 75 cents an hour and the entire elimination of child labor in the tiff fields. How many of about 3,000 miners in the county would be forced to try to find other work has not been established, although it was regarded as probable that mechanization would not take care of more than a small percentage of them.

Operators, storekeepers, dependent largely on miner trade, are seeking means to divert miners into other industries. Thus far this has been mainly wishful thinking. It is still necessary, usually, to send to St. Louis for a bricklayer or skilled mechanic. A shoe factory was induced to open here after the chamber of commerce had raised a guaranty, but thus far its promises of employment to local men have not materialized. Other suggestions range from raising goats to strawberries.

Ernest Pearce, one of the mechanized operators, is constructing a brick and pottery plant and hopes to furnish employment to some of his miners displaced by the machines. But his individual efforts cannot begin to absorb the surplus even if his expectations are realized.

The plight of the miners was realistically expressed recently by George Bourbon, elderly miner who has spent a lifetime digging tiff. Bourbon arose at a meeting of miners and businessmen, ran his hand through his thatch of gray hair, said: "The washers may be progress. It looks like they have come to stay. We can't stand in the way of progress. But our living is gone."

Mr. Chairman, yes, business no doubt was disturbed at my suggestion, but not half so much disturbed as the workers whose source of employment is taken from them by the labor-saving and labor-displacing devices.

Who, I ask, is going to take care of the men and their large families, not one of which has ever followed any other occupation in their lives?

The answer is the Government, through W. P. A. or some other form of relief.

I hope the Committee on Ways and Means will report out my resolution and let us get the facts. [Applause.]

The CHAIRMAN. The time of the gentleman from Missouri [Mr. COCHRAN] has expired.

Mr. PETERSON of Florida. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, ladies and gentlemen of the Committee, the statement that has been made by my friend the gentleman from Missouri [Mr. COCHRAN] illustrates in that particular section what is being done by labor-saving devices. What he said is equally true with reference to one of the large industries in my district, the cigar industry, and which extends into many other States of the Union.

For a long period of time this industry tried to manufacture the higher priced hand-made cigars, and gradually the competition was such that many were forced to the machine-made cigars to meet ever-increasing competition. The margin of profit became closer and closer, and this brings us to the question of tax relief, and I use this time to call the attention of the House to a bill which I have pending to reduce the tax on class A cigars one-half. Class A represents cigars which are to retail at not more than 5 cents. Now the tax on class A cigars is bringing in about twice what it was originally estimated it would bring, for the reason that at the time the tax was fixed upon the class A cigars, the class A cigars represented only 46.09 percent of the output of cigars in 1926; but the increase is such that today the class A cigar represents 89 percent of all the cigars manufactured. Whereas in the original estimate the great number of class A were originally retailed at 5 cents, today the increase in the lower-priced cigars in class A has been such that the two-for-five and three-for-five cigars are greater in proportion than the 5-cent cigars.

They are today paying the same tax as at the 5 cents originally. I am hopeful that in the course of this Congress we may be able to get action upon that particular bill. I am deeply appreciative of the courtesy which the committee has extended to me. I realize their problem. I realize their problem with reference to the extension of the excise taxes generally, and in this particular bill could not take up all the details of individual cases. However, I wanted to present these facts to you today, so that when the matter does come up you may be familiar with it and help us reduce this tax. The difference in tax means the difference between profit and loss. In some cases it may be the difference which necessitates use of machines; in some cases it may mean the question of the actual continuation in business. Other taxes have since been added to tobaccos and cigars. The point of diminishing returns has been reached. My bill will enable a continuation and the payment of taxes. Unless relief is granted both labor and industry will suffer. These cigar workers are skilled workmen—many too old to learn other trades. Workmen who take pride in their handicraft. Give them a chance. I believe you can see the fairness of the bill. I invite your attention to two tables which I will include in the RECORD. This matter affects many of your States. I hope the committee can help us. [Applause.]

The tables referred to are as follows:

United States production of cigars and percentage of cigar production by classes

[Class A cigars are those which are made to retail for not more than 5 cents; class B, more than 5 cents but not more than 8 cents; class C, more than 8 cents but not more than 15 cents; class D, more than 15 cents but not more than 20 cents; class E, more than 20 cents]

Year	Cigars weighing more than 3 pounds per 1,000	Cigars weighing not more than 3 pounds per 1,000	Class A	Class B	Class C	Class D	Class E
1926	6,498,641,000	412,315,000	46.09	13.74	37.56	2.17	0.44
1927	6,519,005,000	439,419,000	50.17	11.00	36.17	2.18	.48
1928	6,373,182,000	415,535,000	53.21	9.57	34.60	2.11	.43
1929	6,518,533,000	419,880,000	56.34	8.50	32.64	2.12	.40
1930	5,863,860,000	383,070,000	62.30	6.37	29.03	1.95	.35
1931	5,347,921,000	308,997,000	70.85	3.07	24.32	1.53	.23
1932	4,382,723,000	278,748,000	79.61	1.13	17.95	1.20	.11
1933	4,360,045,000	269,515,000	85.64	.74	12.50	1.00	.12
1934	4,507,192,000	221,411,000	86.21	1.24	11.63	.84	.08
1935	4,765,884,000	179,233,000	88.13	1.34	9.67	.77	.09
1936	5,182,899,000	179,054,000	88.65	1.01	10.09	.76	.09
1937	5,317,437,000	198,890,000	87.95	1.03	10.18	.75	.09
1938 [1]	4,288,918,141		89.00	1.00	9.30	0.7	

[1] 10 months.

Cigars weighing more than 3 pounds per thousand: Number removed tax paid, by classes, calendar year 1936, by collection districts and by States

District	Class A (manufactured to retail at not more than 5 cents each) tax paid at $2 per thousand	Class B (manufactured to retail at more than 5 cents each and not more than 8 cents each) tax paid at $3 per thousand	Class C (manufactured to retail at more than 8 cents each and not more than 15 cents each) tax paid at $5 per thousand	Class D (manufactured to retail at more than 15 cents each and not more than 20 cents each) tax paid at $10.50 per thousand	Class E (manufactured to retail at more than 20 cents each) tax paid at $13.50 per thousand	Total	Value of stamps used
	Number	*Number*	*Number*	*Number*	*Number*	*Number*	
Alabama	544,590	600	850			546,040	$1,095.23
Arkansas	579,850	3,825	1,650			585,325	1,179.43
First California	36,721,982	314,100	2,530,551	23,100	555	39,590,288	87,289.06
Sixth California	10,751,765	591,670	15,107,612	12,650	5,465	26,469,162	99,023.20
Colorado	787,795	4,050	91,575	100	100	883,620	2,048.02
Connecticut	26,704,485	341,080	6,385,665	900		33,432,130	86,369.99
Delaware	180,950	3,600	9,675			194,225	421.07
Florida	595,757,501	9,826,124	92,929,054	21,838,488	280,137	720,631,304	1,918,724.62
Georgia	11,627,077	8,375	489,780	26,525		12,151,757	26,006.69
Idaho	87,875		16,825			104,700	259.87
First Illinois	20,103,169	459,097	9,902,259	336,775	12,518	30,813,818	94,800.05
Eighth Illinois	6,363,570	154,375	298,600			6,816,545	14,683.27
Indiana	63,140,940	207,725	14,537,034	8,400	1,375	97,895,474	239,696.99
Iowa	3,774,855	243,500	86,150		984	4,105,489	3,724.24
Kansas	169,575	300	925			170,800	344.68
Kentucky	4,540,600	41,850	228,281		10	4,810,741	10,348.29
Louisiana	56,849,126	577,225	14,436,770	72,675	650	71,936,446	188,385.64
Maine	1,362,575	113,150	737,515			2,213,240	6,752.17
Maryland	12,074,168	251,420	490,311		200	12,816,099	27,356.85
Massachusetts	28,462,045	580,780	12,557,450	31,450	1,150	41,632,875	121,709.43
Michigan	186,562,451	862,870	35,489,934	72,575	11,250	222,009,080	554,077.09
Minnesota	11,741,257	3,000	318,430			12,065,687	25,089.66
First Missouri	5,446,374	7,250	574,475	3,500	4,400	6,035,999	13,883.02
Sixth Missouri	22,395,595	95,700	494,060			22,985,355	47,548.59
Montana	135,850	900	137,050			273,800	959.65
Nebraska	714,050	4,750	24,500			743,300	1,564.85
Nevada	87,950		34,744			122,694	349.62
New Hampshire	50,927,010	37,750	10,803,009	1,075		61,768,844	155,993.60
First New Jersey	143,201,948	3,892,990	55,008,194	1,912,234	26,950	204,042,316	593,566.12
Fifth New Jersey	313,692,969	18,320,500	74,110,998	1,447,771	34,525	407,606,763	1,068,570.11
First New York	65,640,553	1,320,298	5,360,469	184,325	3,675	72,509,320	164,029.37
Second New York	22,643,243	1,532,444	5,034,759	609,820	30,861	29,851,127	81,877.35
Third New York	42,989,042	2,443,883	23,167,353	1,512,577	114,057	70,227,212	226,571.48
Fourteenth New York	58,583,971	2,381,855	7,922,353	18,425	675	68,907,279	164,127.85
Twenty-third New York	4,854,940	11,100	585,350			5,451,390	12,669.93
Twenty-eighth New York	6,579,175	148,400	733,825			7,461,400	17,272.67
North Carolina	35,926,400	50				35,926,450	71,852.95
North Dakota	57,750					57,750	115.50
First Ohio	27,645,318	193,953	1,035,501	1,200	512	28,876,484	61,069.51
Tenth Ohio	157,043,852	4,339,852	2,891,222			164,274,869	341,563.20
Eleventh Ohio	15,830,866	36,092	38,780			15,905,738	31,963.91
Eighteenth Ohio	48,031,524	351,669	1,010,238	1,945		49,395,376	102,189.67
Oklahoma	30,825					30,825	61.65
Oregon	401,125		76,250			477,375	1,183.50
First Pennsylvania	1,446,272,407	3,191,238	105,267,702	1,001,945	18,010	1,555,751,302	3,439,220.60
Twelfth Pennsylvania	231,838,779	70,700	10,068,068	19,385	500	241,997,450	514,440.38
Twenty-third Pennsylvania	56,756,612	27,200	39,010			56,822,822	113,789.87
Rhode Island	7,349,475		32,275			7,381,750	14,860.32
South Carolina	250,507,913	15,400	43,650			250,566,963	501,280.28
South Dakota	248,350	200	23,950			272,500	617.05
Tennessee	2,099,690	19,000	221,510	200		2,340,400	5,366.03
First Texas	8,421,005	9,425	2,482,945	16,775	1,300	10,931,450	29,478.70
Second Texas	59,900	17,300	100			77,300	172.20
Utah	718,225		285,473			1,003,698	2,863.81
Vermont	18,000		50			18,050	36.25
Virginia	261,064,424	32,450	323,900			261,420,774	523,845.70
Washington	372,600	1,550	18,100			392,250	840.35
West Virginia	88,922,554	12,000	1,600	2,500		88,938,654	177,915.36
Wisconsin	23,449,574	124,675	3,084,237	90,406	900	26,749,792	63,655.77
Wyoming	5,000		2,400			7,400	22.00
Total, 1936	4,499,856,039	53,229,233	517,585,014	29,248,021	550,759	5,100,469,066	12,061,864.31
Total, 1935	4,120,595,333	66,401,339	464,598,295	25,937,966	525,466	4,678,058,399	11,042,828.59
Increase	379,260,706		52,986,719	3,310,055	25,293	422,410,667	1,019,035.72
Decrease		13,172,106					

The Clerk read as follows:

TITLE II—INCOME TAX AMENDMENTS

SEC. 201. Corporation tax in general.

Sections 13, 14, and 15 of the Internal Revenue Code are amended to read as follows:

"SEC. 13. Tax on corporations in general.

"(a) Definitions: For the purposes of this chapter—

"(1) Adjusted net income: The term 'adjusted net income' means the net income minus the credit provided in section 26 (a), relating to interest on certain obligations of the United States and Government corporations.

"(2) Normal-tax net income: The term 'normal-tax net income' means the adjusted net income minus the credit for dividends received provided in section 26 (b).

"(b) Imposition of tax: There shall be levied, collected, and paid for each taxable year upon the normal-tax net income of every corporation the normal-tax net income of which is more than $25,000 (except a corporation subject to the tax imposed by section 14, section 231 (a), Supplement G, or Supplement Q) whichever of the following taxes is the lesser:

"(1) General rule: A tax of 18 percent of the normal-tax net income; or

"(2) Alternative tax (corporations with normal-tax net income slightly more than $25,000): A tax of $3,525, plus 32 percent of the amount of the normal-tax net income in excess of $25,000.

"(c) Exempt corporations: For corporations exempt from taxation under this chapter, see section 101.

"(d) Tax on personal holding companies: For surtax on personal holding companies, see section 500.

"(e) Improper accumulation of surplus: For surtax on corporations which accumulate surplus to avoid surtax on shareholders, see section 102.

"SEC. 14. Tax on special classes of corporations.

"(a) Imposition of tax: There shall be levied, collected, and paid for each taxable year upon the normal-tax net income of the following corporations (in lieu of the tax imposed by section 13) the tax hereinafter in this section specified.

"(b) Corporations with normal-tax net incomes of not more than $25,000: If the normal tax net income of the corporation is not more than $25,000, and if the corporation does not come within one of the classes specified in subsection (c), (d), or (e) of this section, the tax shall be as follows:

"Upon normal-tax net incomes not in excess of $5,000, 12½ percent.

"$625 upon normal-tax net incomes of $5,000, and upon normal-tax net incomes in excess of $5,000 and not in excess of $20,000, 14 percent in addition of such excess.

"$2,725 upon normal-tax net incomes of $20,000, and upon normal-tax net incomes in excess of $20,000, 16 percent in addition of such excess.

"(c) Foreign corporations:

"(1) In the case of a foreign corporation engaged in trade or business within the United States or having an office or place of business therein, the tax shall be an amount equal to 18 percent of the normal-tax net income, regardless of the amount thereof.

"(2) In the case of a foreign corporation not engaged in trade or business within the United States and not having an office or place of business therein, the tax shall be as provided in section 231 (a).

"(d) Insurance companies: In the case of insurance companies, the tax shall be as provided in Supplement G.

"(e) Mutual investment companies: In the case of mutual investment companies, as defined in Supplement Q, the tax shall be as provided in such supplement.

"(f) Exempt corporations: For corporations exempt from taxation under this chapter, see section 101.

"(g) Tax on personal holding companies: For surtax on personal holding companies, see section 500.

"(h) Improper accumulation or surplus: For surtax on corporations which accumulate surplus to avoid surtax on shareholders, see section 102."

SEC. 202. Tax on banks and trust companies.

Section 104 (b) of the Internal Revenue Code (relating to the tax on banks) is amended to read as follows:

"(b) Rate of tax: Banks shall be subject to tax under section 13 or section 14 (b)."

SEC. 203. Tax on life-insurance companies.

Section 201 (b) of the Internal Revenue Code (relating to the tax on life-insurance companies) is amended to read as follows:

"(b) Imposition of tax—

"(1) In general: In lieu of the tax imposed by sections 13 and 14, there shall be levied, collected, and paid for each taxable year upon the normal-tax net income of every life-insurance company a tax at the rates provided in section 13 or section 14 (b).

"(2) Normal-tax net income of foreign life-insurance companies: In the case of a foreign life-insurance company, the normal-tax net income shall be an amount which bears the same ratio to the normal-tax net income, computed without regard to this paragraph, as the reserve funds required by law and held by it at the end of the taxable year upon business transacted within the United States bear to the reserve funds held by it at the end of the taxable year upon all business transacted.

"(3) No United States insurance business: Foreign life-insurance companies not carrying on an insurance business within the United States and holding no reserve funds upon business transacted within the United States, shall not be taxable under this section but shall be taxable as other foreign corporations."

SEC. 204. Tax on insurance companies other than life or mutual.

Section 204 (a) of the Internal Revenue Code (relating to the tax on insurance companies other than life or mutual) is amended to read as follows:

"(a) Imposition of tax—

"(1) In general: In lieu of the tax imposed by sections 13 and 14, there shall be levied, collected, and paid for each taxable year upon the normal-tax net income of every insurance company (other than a life or mutual insurance company) a tax at the rates provided in section 13 or section 14 (b).

"(2) Normal-tax net income of foreign companies: In the case of a foreign insurance company (other than a life or mutual insurance company), the normal-tax net income shall be the net income from sources within the United States minus the sum of—

"(A) Interest on obligations of the United States and its instrumentalities: The credit provided in section 26 (a).

"(B) Dividends received: The credit provided in section 26 (b).

"(3) No United States insurance business: Foreign insurance companies not carrying on an insurance business within the United States shall not be taxable under this section but shall be taxable as other foreign corporations."

SEC. 205. Tax on mutual insurance companies other than life.

Section 207 (a) of the Internal Revenue Code (relating to the tax on mutual insurance companies other than life) is amended to read as follows:

"(a) Imposition of tax.—

"(1) In general: There shall be levied, collected, and paid for each taxable year upon the normal-tax net income of every mutual insurance company (other than a life insurance company) a tax at the rates provided in section 13 or section 14 (b).

"(2) Foreign corporations: The tax imposed by paragraph (1) shall apply to foreign corporations as well as domestic corporations; but foreign insurance companies not carrying on an insurance business within the United States shall be taxable as other foreign corporations."

SEC. 206. Tax on resident foreign corporations.

Section 231 (b) of the Internal Revenue Code (relating to the tax on resident foreign corporations) is amended to read as follows:

"(b) Resident corporations: A foreign corporation engaged in trade or business within the United States or having an office or place of business therein shall be taxable as provided in section 14 (c) (1)."

SEC. 207. Tax on corporations entitled to the benefits of section 251.

Section 251 (c) (1) of the Internal Revenue Code (relating to tax on corporations deriving a large part of their income from sources within a possession) is amended to read as follows:

"(1) Corporation tax: A domestic corporation entitled to the benefits of this section shall be subject to tax under section 13 or section 14 (b)."

SEC. 208. Tax on China Trade Act corporations.

Section 261 (a) of the Internal Revenue Code (relating to the tax on China Trade Act corporations) is amended to read as follows:

"(a) Corporation tax: A corporation organized under the China Trade Act, 1922, 42 Stat. 849 (U. S. C., 1934 ed., title 15, ch. 4), shall be subject to tax under section 13 or section 14 (b).

SEC. 209. Tax on mutual investment companies.

Section 362 (b) of the Internal Revenue Code (relating to the tax on mutual investment companies) is amended to read as follows:

"(b) Imposition of tax: There shall be levied, collected, and paid for each taxable year upon the Supplement Q net income of every mutual investment company a tax equal to 18 percent of the amount thereof."

SEC. 210. Technical amendments made necessary by change in corporation tax.

(a) Section 21 (b) of the Internal Revenue Code is amended to read as follows:

"(b) Cross references: For definition of 'adjusted net income' and 'normal-tax net income' see section 13."

(b) Section 141 (j) of the Internal Revenue Code (relating to affiliated corporations in bankruptcy or receivership) shall not apply with respect to a taxable year beginning after December 31, 1939.

(c) Section 262 of the Internal Revenue Code (relating to additional credits of China Trade Act corporations) is amended by striking out "sections 14 and 600" and inserting in lieu thereof "sections 13, 14, and 600"; and by striking out "section 14" wherever it appears and inserting in lieu thereof "section 13 or 14."

SEC. 211. Net operating losses.

(a) Section 23 of the Internal Revenue Code (relating to deductions from gross income) is amended by inserting at the end thereof the following:

"(s) Net operating loss deduction: In the case of a corporation, for any taxable year beginning after December 31, 1939, the net operating loss deduction computed under section 122."

(b) The Internal Revenue Code is amended by inserting after section 121 the following new section:

"SEC. 122. Net operating loss deduction.

"(a) Definition of net operating loss: As used in this section, the term 'net operating loss' means the excess of the deductions allowed by this chapter over the gross income, with the exceptions and limitations provided in subsection (d).

"(b) Amount of carry-over: The term 'net operating loss carry-over' means in the case of any taxable year the sum of:

"(1) The amount, if any, of the net operating loss for the first preceding taxable year; and

"(2) The amount of the net operating loss, if any, for the second preceding taxable year reduced by the excess, if any, of the net income (computed with the exceptions and limitations provided in subsection (d)) for the first preceding taxable year over the net operating loss for the third preceding taxable year.

"(c) Amount of net operating loss deduction: The amount of the net operating loss deduction shall be the amount of the net operating loss carry-over reduced by the amount, if any, by which the net income (computed with the exceptions and limitations provided in subsection (d)) exceeds the normal tax net income (computed without such deduction);

"(d) Exceptions and limitations: The exceptions and limitations referred to in subsections (a), (b), and (c) shall be as follows:

"(1) The deduction for depletion shall not exceed the amount which would be allowable if computed without reference to discovery value or to percentage depletion under section 114 (b) (2), (3), or (4);

"(2) There shall be included in computing gross income the amount of interest received which is wholly exempt from the taxes imposed by this chapter, decreased by the amount of interest paid or accrued which is not allowed as a deduction by section 23 (b), relating to interest on indebtedness incurred or continued to purchase or carry certain tax-exempt obligations;

"(3) No net operating loss deduction shall be allowed;

"(4) The deduction on account of long-term capital losses shall not exceed the amount of the long-term capital gains, and the deduction on account of short-term capital losses shall not exceed the amount of the short-term capital gains.

"(e) No carry-over from year prior to 1939: As used in this section, the term 'third preceding taxable year', 'second preceding taxable year', and 'first preceding taxable year' do not include any taxable year beginning prior to January 1, 1939."

(c) Denial of deduction to section 102 corporations: Section 102 (d) (1) of the Internal Revenue Code (relating to the definition of sec. 102 net income) is amended by striking out "The term 'section 102 net income' means the net income minus the sum of" and inserting in lieu thereof "The term 'section 102 net income' means the net income, computed without the net operating loss deduction provided in section 23 (s), minus the sum of."

(d) Denial or deduction to foreign personal holding companies: Section 336 (b) of the Internal Revenue Code (relating to disallowed deductions in computing net income of foreign personal holding companies) is amended by inserting at the end thereof the following:

"(3) Net loss carry-over disallowed: The deduction for net operating losses provided in section 23 (s) shall not be allowed."

(e) Denial or deduction to mutual investment companies: Section 362 (a) of the Internal Revenue Code (relating to definition of Supplement Q net income) is amended to read as follows:

"(a) Supplement Q net income: For the purposes of this chapter the term 'Supplement Q net income' means the adjusted net income, computed without the net operating loss deduction provided in section 23 (s), minus the basic surtax credit computed under section 27 (b) without the application of paragraphs (2) and (3)."

(f) Denial of deduction to domestic personal holding companies: Section 505 of the Internal Revenue Code (relating to definition of

subchapter A net income) is amended by inserting at the end thereof the following:

"(c) Net loss carry-over disallowed: The deduction for net operating losses provided in section 23 (s) shall not be allowed."

(g) Technical amendment: Section 26 (c) (2) of the Internal Revenue Code (relating to operating loss credit) is amended by striking out "chapter" and inserting in lieu thereof "section."

SEC. 212. Corporation capital losses.

(a) Limitations: Section 117 (d) of the Internal Revenue Code (relating to limitation on capital losses) is amended to read as follows:

"(d) Limitation on capital losses: Long-term capital losses shall be allowed, but short-term capital losses shall be allowed only to the extent of short-term capital gains."

(b) Net short-term loss carry-over: Section 117 (e) of the Internal Revenue Code (relating to the 1-year carry-over of net short-term capital loss) is amended to read as follows:

"(e) Net short-term capital loss carry-over: If any taxpayer sustains in any taxable year, beginning after December 31, 1937, in the case of a taxpayer other than a corporation, or beginning after December 31, 1939, in the case of a corporation, a net short-term capital loss, such loss (in an amount not in excess of the net income for such year) shall be treated in the succeeding taxable year as a short-term capital loss, except that it shall not be included in computing the net short-term capital loss for such year."

(c) Capital losses of foreign personal holding companies: Section 336 of the Internal Revenue Code (relating to definition of Supplement P net income) is amended by inserting at the end thereof the following new subsection:

"(c) Capital losses: The net income shall be computed without regard to section 117 (d) and (e), and losses from sales or exchanges of capital assets shall be allowed only to the extent of $2,000 plus the gains from such sales or exchanges."

(d) Capital losses of domestic personal holding companies: Section 505 of the Internal Revenue Code (relating to definition of subchapter A net income) is amended by inserting at the end thereof the following new subsection:

"(d) Capital losses: The net income shall be computed without regard to section 117 (d) and (e), and losses from sales or exchanges of capital assets shall be allowed only to the extent of $2,000 plus the gains from such sales or exchanges."

SEC. 213. Assumption of indebtedness.

(a) Assumption of liability not recognized: Section 112 of the Internal Revenue Code (relating to recognition of gain or loss) is amended by adding at the end thereof the following new subsection:

"(k) Assumption of liability not recognized: Where upon an exchange the taxpayer receives as part of the consideration property which would be permitted by subsections (b) (4) or (5) of this section to be received without the recognition of gain if it were the sole consideration, and as part of the consideration another party to the exchange assumes a liability of the taxpayer or acquires from the taxpayer property subject to a liability, such assumption or acquisition shall not be considered as 'other property or money' received by the taxpayer within the meaning of subsection (c), (d), or (e) of this section and shall not prevent the exchange from being within the provisions of subsection (b) (4) or (5); except that if, taking into consideration the nature of the liability and the circumstances in the light of which the arrangement for the assumption or acquisition was made, it appears that the principal purpose of the taxpayer with respect to the assumption or acquisition was a purpose to avoid Federal income tax on the exchange, or, if not such purpose, was not a bona fide business purpose, such assumption or acquisition (in the amount of the liability) shall, for the purposes of this section, be considered as money received by the taxpayer upon the exchange. In any suit or proceeding where the burden is on the taxpayer to prove that such assumption or acquisition is not to be considered as money received by the taxpayer, such burden shall not be considered as sustained unless the taxpayer sustains such burden by the clear preponderance of the evidence."

(b) Amendment to definition of reorganization: Section 112 (g) (1) of the Internal Revenue Code (relating to definition of reorganization) is amended to read as follows:

"(1) The term 'reorganization' means (A) a statutory merger or consolidation, or (B) the acquisition by one corporation, in exchange solely for all or a part of its voting stock, of at least 80 percent of the voting stock and at least 80 percent of the total number of shares of all other classes of stock of another corporation, or (C) the acquisition by one corporation, in exchange solely for all or a part of its voting stock, of substantially all the properties of another corporation, but in determining whether the exchange is solely for voting stock the assumption by the acquiring corporation of a liability of the other, or the fact that property acquired is subject to a liability, shall be disregarded, or (D) a transfer by a corporation of all or a part of its assets to another corporation if immediately after the transfer the transferor or its shareholders or both are in control of the corporation to which the assets are transferred, or (E) a recapitalization, or (F) a mere change in identity, form, or place of organization, however effected."

(c) Requirement of substantially proportionate interests: Section 112 (b) (5) of the Internal Revenue Code (relating to requirement of substantially proportionate interests) is amended by adding at the end thereof the following new sentence: "Where the transferee assumes a liability of a transferor, or where the property of a transferor is transferred subject to a liability, then for the purpose only of determining whether the amount of stock or securities received by each of the transferors is in the proportion required by this paragraph, the amount of such liability (if under subsection (k) it is not to be considered as 'other property or money') shall be considered as stock or securities received by such transferor."

(d) Basis of property: Section 113 (a) (6) of the Internal Revenue Code (relating to basis of property) is amended by inserting before the last sentence thereof the following: "Where as part of the consideration to the taxpayer another party to the exchange assumed a liability of the taxpayer or acquired from the taxpayer property subject to a liability, such assumption or acquisition (in the amount of the liability) shall, for the purposes of this paragraph, be considered as money received by the taxpayer upon the exchange."

(e) Taxable years to which applicable: The amendments made by subsections (a), (b), (c), and (d) shall be applicable to taxable years beginning after December 31, 1938.

(f) Assumption of liability not recognized under prior acts:

(1) Where upon an exchange occurring in a taxable year ending after December 31, 1923, and beginning before January 1, 1939, the taxpayer received as part of the consideration property which would be permitted by subsection (b) (4) or (5) of section 112 of the Revenue Act of 1938, or the corresponding provisions of the Revenue Act of 1924 or subsequent revenue acts, to be received without the recognition of gain if it were the sole consideration, and as part of the consideration another party to the exchange assumed a liability of the taxpayer or acquired from the taxpayer property subject to a liability, such assumption or acquisition shall not be considered as "other property or money" received by the taxpayer within the meaning of subsection (c), (d), or (e) of section 112 of the Revenue Act of 1938, or the corresponding provisions of the Revenue Act of 1924 or subsequent revenue acts, and shall not prevent the exchange from being within the provisions of subsection (b) (4) or (5) of section 112 of the Revenue Act of 1938, or the corresponding provisions of the Revenue Act of 1924 or subsequent revenue acts; except that if, in the determination of the tax liability of such taxpayer for the taxable year in which the exchange occurred, by a decision of the Board of Tax Appeals or of a court which became final before the ninetieth day after the date of enactment of the Revenue Act of 1939, or by a closing agreement, gain was recognized to such taxpayer by reason of such assumption or acquisition of property, then for the purposes of section 112 of the Revenue Act of 1938, and corresponding provisions of the Revenue Act of 1924 or subsequent revenue acts, such assumption or acquisition (in the amount of the liability considered in computing the gain) shall be considered as money received by the taxpayer upon the exchange.

(2) Paragraph (1) shall be effective with respect to the Revenue Act of 1924 and subsequent revenue acts as of the date of enactment of each such act.

(g) Definition of reorganization under prior acts:

(1) Section 112 (g) (1) of the Revenue Acts of 1938, 1936, and 1934 are amended to read as follows:

"(1) The term 'reorganization' means (A) a statutory merger or consolidation, or (B) the acquisition by one corporation, in exchange solely for all or a part of its voting stock, of substantially all the properties of another corporation, but in determining whether the exchange is solely for voting stock the assumption by the acquiring corporation of a liability of the other, or the fact that property acquired is subject to a liability, shall be disregarded; or the acquisition by one corporation in exchange solely for all or a part of its voting stock of at least 80 percent of the voting stock and at least 80 percent of the total number of shares of all other classes of stock of another corporation, or (C) a transfer by a corporation of all or a part of its assets to another corporation if immediately after the transfer the transferor or its shareholders or both are in control of the corporation to which the assets are transferred, or (D) a recapitalization, or (E) a mere change in identity, form, or place of organization, however effected."

(2) The amendments made by paragraph (1) to the respective acts amended shall be effective as to each of such acts as of the date of enactment of such act.

(h) Substantially proportionate interests under prior acts:

(1) Section 112 (b) (5) of the Revenue Acts of 1938, 1936, 1934, 1932, and 1928, and section 203 (b) (4) of the Revenue Acts of 1926 and 1924 are amended by inserting at the end thereof the following: "Where the transferee assumes a liability of a transferor, or where the property of a transferor is transferred subject to a liability, then for the purpose only of determining whether the amount of stock or securities received by each of the transferors is in the proportion required by this paragraph, the amount of such liability (if under section 213 of the Revenue Act of 1939 it is not considered as 'other property or money') shall be considered as stock or securities received by such transferor. If, as the result of a determination of the tax liability of the taxpayer for the taxable year in which the exchange occurred, by a decision of the Board of Tax Appeals or of a court which became final before the ninetieth day after the date of the enactment of the Revenue Act of 1939, or by a closing agreement, the treatment of the amount of such liability was different from the treatment which would result from the application of the preceding sentence, such sentence shall not apply and the result of such determination shall be deemed proper."

(2) The amendments made by paragraph (1) to the respective acts amended shall be effective as to each of such acts as of the date of enactment of such act.

(i) Basis under prior acts:

(1) Section 113 (a) (6) of the Revenue Acts of 1938, 1936, 1934, 1932, and 1928, and section 204 (a) (6) of the Revenue Acts of 1926 and 1924 are amended by inserting before the last sentence thereof the following: "Where as part of the consideration to the taxpayer another party to the exchange assumed a liability of the taxpayer or acquired from the taxpayer property subject to a liability, such assumption or acquisition (in the amount of the liability) shall, for the purposes of this paragraph, be considered as money received by the taxpayer upon the exchange."

(2) The amendments made by paragraph (1) to the respective acts amended shall be effective as to each of such acts as of the date of enactment of such act.

SEC. 214. Basis of stock dividends and stock rights.

(a) Basis under Internal Revenue Code: Section 113 (a) of the Internal Revenue Code (relating to the unadjusted basis of property) is amended by inserting at the end thereof the following new paragraph:

"(19) (A) If the property was acquired by a shareholder in a corporation and consists of stock in such corporation, or rights to acquire such stock, acquired by him after February 28, 1913, in a distribution by such corporation (hereinafter in this paragraph called 'new stock'), or consists of stock in respect of which such distribution was made (hereinafter in this paragraph called 'old stock') and

"(i) the new stock was acquired in a taxable year beginning before January 1, 1936; or

"(ii) the new stock was acquired in a taxable year beginning after December 31, 1935, and its distribution did not constitute income to the shareholder within the meaning of the sixteenth amendment to the Constitution;

then the basis of the new stock and of the old stock, respectively, shall, in the shareholder's hands, be determined by allocating between the old stock and the new stock the adjusted basis of the old stock; such allocation to be made under regulations which shall be prescribed by the Commissioner with the approval of the Secretary.

"(B) Where the new stock consisted of rights to acquire stock and such rights were sold in a taxable year beginning before January 1, 1939, and there was included in the gross income for such year the entire amount of the proceeds of such sale, then, if before the date of the enactment of the Revenue Act of 1939 the taxpayer has not asserted (by claim for a refund or credit or otherwise) that any part of the proceeds of the sale of such new stock should be excluded from gross income for the year of its sale, the basis of the old stock shall be determined without regard to subparagraph (A); and no part of the proceeds of the sale of such new stock shall ever be excluded from the gross income of the year of such sale.

"(C) Subparagraph (A) shall not apply if the new stock was acquired in a taxable year beginning before January 1, 1936, and there was included, as a dividend, in gross income for such year an amount on account of such stock, and after such inclusion such amount was not (before the date of the enactment of the Revenue Act of 1939) excluded from gross income for such year.

"(D) Subparagraph (A) shall not apply if the new stock or the old stock was sold or otherwise disposed of in a taxable year beginning prior to January 1, 1936, and the basis (determined by a decision of a court or the Board of Tax Appeals, or a closing agreement, and the decision or agreement became final before the ninetieth day after the date of the enactment of the Revenue Act of 1939) for determining gain or loss on such sale or other disposition was ascertained by a method other than that of allocation of the basis of the old stock."

(b) Distributions not treated as dividends: Section 115 (d) of the Internal Revenue Code (relating to distributions applied in reduction of basis) is amended to read as follows:

"(d) Other distributions from capital: If any distribution made by a corporation to its shareholders is not out of increase in value of property accrued before March 1, 1913, and is not a dividend, then the amount of such distribution shall be applied against and reduce the adjusted basis of the stock provided in section 113, and if in excess of such basis, such excess shall be taxable in the same manner as a gain from the sale or exchange of property. This subsection shall not apply to a distribution in partial or complete liquidation or to a distribution which, under subsection (f) (1), is not treated as a dividend, whether or not otherwise a dividend."

(c) Taxable years to which applicable: The amendments made by subsections (a) and (b) shall be applicable to taxable years beginning after December 31, 1938.

(d) Basis under prior acts: The following rules shall be applied, for the purposes of the Revenue Act of 1938 or any prior revenue act, as if such rules were a part of each such act when it was enacted, in determining the basis of property acquired by a shareholder in a corporation which consists of stock in such corporation, or rights to acquire such stock, acquired by him after February 28, 1913, in a distribution by such corporation (hereinafter in this subsection called "new stock"), or consisting of stock in respect of which such distribution was made (hereinafter in this subsection called "old stock") if the new stock was acquired in a taxable year beginning before January 1, 1936, or acquired in a taxable year beginning after December 31, 1935, and its distribution did not constitute income to the shareholder within the meaning of the sixteenth amendment to the Constitution.

(1) The basis of the new stock and of the old stock, respectively, shall, in the shareholder's hands, be determined by allocating between the old stock and the new stock the adjusted basis of the old stock; such allocation to be made under regulations which shall be prescribed by the Commissioner with the approval of the Secretary.

(2) Where the new stock consisted of rights to acquire stock and such rights were sold and there was included in the gross income for the taxable year of the sale the entire amount of the proceeds of such sale, then, if before the date of the enactment of this act the taxpayer has not asserted (by claim for refund or credit or otherwise) that any part of the proceeds of the sale of such new stock should be excluded from gross income for the year of its sale, the basis of the old stock shall be determined without regard to paragraph (1) and no part of the proceeds of the sale of such new stock shall ever be excluded from the gross income of the year of such sale.

(3) Paragraph (1) shall not apply if the new stock was acquired in a taxable year beginning before January 1, 1936, and there was included, as a dividend, in gross income for such year an amount on account of such stock, and after such inclusion such amount was not (before the date of the enactment of this act) excluded from gross income for such year.

(4) Paragraph (1) shall not apply if the new stock or the old stock was sold or otherwise disposed of in a taxable year beginning before January 1, 1936, and the basis (determined by a decision of a court or the Board of Tax Appeals, or a closing agreement, and the decision or agreement became final before the ninetieth day after the date of the enactment of this Act) for determining gain or loss on such sale or other disposition was ascertained by a method other than that of allocation of the basis of the old stock.

Sec. 215. Discharge of indebtedness.

(a) Income from discharge of indebtedness: Section 22 (b) of the Internal Revenue Code (relating to exclusions from gross income) is amended by adding at the end thereof the following new paragraph:

"(9) Income from discharge of indebtedness: In the case of a corporation, the amount of any income of the taxpayer attributable to the discharge, within the taxable year, of any indebtedness of the taxpayer or for which the taxpayer is liable evidenced by a security (as hereinafter in this paragraph defined) if it is established to the satisfaction of the Commissioner that at the time of such discharge the taxpayer was in an unsound financial condition, and if the taxpayer makes and files at the time of filing the return, in such manner as the Commissioner, with the approval of the Secretary, by regulations prescribes, its consent to the regulations prescribed under section 113 (b) (3) then in effect. In such case the amount of any income of the taxpayer attributable to any unamortized premium (computed as of the first day of the taxable year in which such discharge occurred) with respect to such indebtedness shall not be included in gross income and the amount of the deduction attributable to any unamortized discount (computed as of the first day of the taxable year in which such discharge occurred) with respect to such indebtedness shall not be allowed as a deduction. As used in this paragraph the term 'security' means any bond, debenture, note, or certificate, or other evidence of indebtedness, issued by any corporation, with interest coupons or in registered form in existence on June 1, 1939. This paragraph shall not apply to any discharge occurring before the date of the enactment of the Revenue Act of 1939, or in a taxable year beginning after December 31, 1942."

(b) Basis reduced: Section 113 (b) of the Internal Revenue Code (relating to the adjusted basis of property) is amended by adding at the end thereof the following new paragraph:

"(3) Discharge of indebtedness: Where in the case of a corporation any amount is excluded from gross income under section 22 (b) (9) on account of the discharge of indebtedness the whole or a part of the amount so excluded from gross income shall be applied in reduction of the basis of any property held (whether before or after the time of the discharge) by the taxpayer during any portion of the taxable year in which such discharge occurred. The amount to be so applied (not in excess of the amount so excluded from gross income, reduced by the amount of any deduction disallowed under section 22 (b) (9)) and the particular properties to which the reduction shall be allocated, shall be determined under regulations (prescribed by the Commissioner with the approval of the Secretary) in effect at the time of the filing of the consent by the taxpayer referred to in section 22 (b) (9). The reduction shall be made as of the first day of the taxable year in which the discharge occurred except in the case of property not held by the taxpayer on such first day, in which case it shall take effect as of the time the holding of the taxpayer began."

(c) Taxable years to which applicable: The amendments made by this section shall be applicable to taxable years beginning after December 31, 1938.

SEC. 216. Foreign tax credit.

(a) Disallowance of credit to section 102 corporations: Section 131 (a) of the Internal Revenue Code (relating to allowance of foreign tax credit) is amended by striking out "If the taxpayer signifies in his return his desire to have the benefits of this section, the tax imposed by this chapter shall be credited with" and inserting in lieu thereof "If the taxpayer signifies in his return his

desire to have the benefits of this section, the tax imposed by this chapter, except the tax imposed under section 102, shall be credited with."

(b) Limit on credit: Section 131 (b) of the Internal Revenue Code (relating to the limit on foreign tax credit) is amended to read as follows:

"(b) Limit on credit: The amount of the credit taken under this section shall be subject to each of the following limitations:

"(1) The amount of the credit in respect of the tax paid or accrued to any country shall not exceed the same proportion of the tax against which such credit is taken, which the taxpayer's net income from sources within such country bears to his entire net income, in the case of a taxpayer other than a corporation, or to the normal-tax net income, in the case of a corporation, for the same taxable year; and

"(2) The total amount of the credit shall not exceed the same proportion of the tax against which such credit is taken, which the taxpayer's net income from sources without the United States bears to his entire net income, in the case of a taxpayer other than a corporation, or to the normal-tax net income, in the case of a corporation, for the same taxable year."

(c) Foreign subsidiary: Section 131 (f) of the Internal Revenue Code (relating to credit for taxes of foreign subsidiary) is amended by striking out "entire net income" and inserting in lieu thereof "normal-tax net income."

Sec. 217. Exemption of certain Federal employees' organizations.

(a) Section 101 of the Internal Revenue Code (relating to exemptions from tax on corporations) is amended by adding at the end thereof the following new paragraph:

"(19) Voluntary employees' beneficiary associations providing for the payment of life, sick, accident, or other benefits to the members of such association or their dependents or their designated beneficiaries, if (A) admission to membership in such association is limited to individuals who are officers or employees of the United States Government, and (B) no part of the net earnings of such association inures (other than through such payments) to the benefit of any private shareholder or individual."

(b) The amendment made by this section shall be applicable to taxable years beginning after December 31, 1938.

Sec. 218. Definitions of gross income of certain insurance companies for personal holding company tax.

(a) Section 507 of the Internal Revenue Code is amended to read as follows:

"Sec. 507. Meaning of terms used.

"(a) General rule: The terms used in this subchapter shall have the same meaning as when used in chapter 1.

"(b) Insurance companies other than life or mutual: Notwithstanding subsection (a), the term 'gross income,' as used in this subchapter, means, in the case of an insurance company other than life or mutual, the gross income, as defined in section 204 (b) (1), increased by the amount of losses incurred, as defined in section 204 (b) (6), and the amount of expenses incurred, as defined in section 204 (b) (7), and decreased by the amount deductible under section 204 (c) (7) (relating to tax-free interest)."

(b) Taxable years to which applicable: The amendments made by this section shall be applicable to taxable years beginning after December 31, 1938.

Sec. 219. Taxable years to which amendments applicable.

Except the amendments made by sections 211, 213, 214, 215, 217, and 218, the amendments made by this title to the Internal Revenue Code shall be effective only with respect to taxable years beginning after December 31, 1939.

Mr. MOTT. Mr. Chairman, I ask unanimous consent to return to title I for the purpose of offering an amendment, and I give this as my reason for doing so: I understood the gentleman from Washington [Mr. LEAVY] intended to offer an amendment restoring the excise and import tax on shingles and spruce and other wood products from Canada. The gentleman does not seem to be here and did not offer the amendment, and I would like to offer it myself.

The CHAIRMAN. The gentleman from Oregon asks unanimous consent to return to title I for the purpose of offering an amendment. Is there objection?

Mr. COOPER. Mr. Chairman, I regret exceedingly having to do so, but I must object to returning to title I after we have already passed it.

The CHAIRMAN. Objection is heard. The Clerk will report the committee amendments to title II.

The Clerk read as follows:

Committee amendment: Page 11, line 1, after the word "deduction", strike out the remainder of the line and the words "of a corporation, for", in line 2, and insert the word "For."

The committee amendment was agreed to.

The Clerk read as follows:

Committee amendment: Page 11, line 21, after "(d)" insert "(1), (2), (3), and (4)."

The committee amendment was agreed to.

The Clerk read as follows:

Committee amendment: Page 12, line 6, strike out all of line 6 and the words "such deduction", in line 7, and insert "(d) (1), (2), (3), and (4)) exceeds, in the case of a taxpayer other than a corporation, the net income (computed without such deduction), or, in the case of a corporation, the normal-tax net income (computed without such deduction)."

The committee amendment was agreed to.

The Clerk read as follows:

Committee amendment: Page 13, line 9, strike out the word "gains." and insert "gains;" and the following:

"(5) Deductions otherwise allowed by law not attributable to the operation of a trade or business regularly carried on by the taxpayer shall (in the case of a taxpayer other than a corporation) be allowed only to the extent of the amount of the gross income not derived from such trade or business."

The committee amendment was agreed to.

The Clerk read as follows:

Committee amendment: Page 31, line 6, strike out "with interest coupons or in registered form."

The committee amendment was agreed to.

Mr. TREADWAY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. TREADWAY: Page 10, line 14, strike out "1939" and insert "1938."

Page 11, line 3, strike out "1939" and insert "1938."

Page 13, lines 16 and 20, strike out "1939" and insert "1938."

Page 15, line 23, strike out "1939" and insert "1938."

Page 35, strike out lines 20 to 23, inclusive, and insert in lieu thereof the following:

"The amendments made by this title to the Internal Revenue Code shall be effective with respect to taxable years beginning after December 31, 1938."

Mr. TREADWAY. Mr. Chairman, I think the business world will be very much disappointed at the action the House is taking today unless it adopts this amendment. The entire line of argument has been for immediate tax relief and the removal of tax deterrents to present-day business. When it was found that the proposed changes were not to be put into effect until 1940 I am certain that business was very much depressed.

It is a mistake not to start this relief now. The amendment I have offered is simply to accomplish this purpose. If we are right in doing away with the undistributed-profits tax and changing the corporation tax to 18 percent and making the various other changes, then it is right to do it in the year 1939 so that the taxpayer making up his tax return next March will have that much advantage. This year's income will not be affected by the bill. It is no excuse to say that we have passed the half-year mark, and that therefore this would be retroactive legislation. So much the better if it is.

As I have indicated, the purpose of my amendment is to make all the relief provisions of title I effective with respect to 1939 incomes, the tax on which is due and payable in March 1940. Under the bill as drafted, certain provisions will not become effective before the taxable year 1940, so that the first relief which will be felt will be when corporations come to pay their 1940 taxes in March 1941.

Mr. Chairman, if we are going to give business the relief from tax deterrents which the bill provides, what justification is there for postponing it so long?

"Eventually, why not now," as the saying goes. Business has been promised this relief for a long time. Everyone has anticipated that when it was given it would be given at once and not held off until sometime in the future.

If we are not going to give the benefits of the relief provisions to this year's business operations, then why all the rush to pass this bill and get it on the statute books? Even though the nuisance-tax extension must be passed before June 30, this is not the case with respect to the income-tax provisions of the bill.

We of the minority, in our supplemental views on the bill, have challenged the majority to give a valid and compelling reason for postponing the effective date of the tax changes. The excuse that business has gone along for 6 months under the present law and could not adjust itself to the changes proposed is pure bunk.

Business would be delighted to adjust itself to the changes proposed.

The excuse that there would be a loss of revenue if the relief were made effective this year can be offset by making the 18-percent rate effective at the same time, as provided in my motion.

In his appearance before the committee, the Secretary of the Treasury stated that the proposals he made were in the interest of removing deterrents which were likely to hinder business expansion and investment. If that is the case, then the sooner these deterrents are removed the sooner we may expect this hoped-for expansion of business and investment.

The Democratic majority, by arbitrarily deferring the relief, are putting themselves in the position of deferring business recovery at the same time.

The country has grown impatient waiting for business recovery under the New Deal. Repressive taxation is merely one means by which New Deal policies have hampered business and postponed recovery.

When even the Treasury now admits that its tax policies have been wrong, and when it admits that they should be corrected, and when the Ways and Means Committee proposes to correct them, what excuse can there be for not making these corrections now?

Congress has an opportunity to do something for business and reemployment under this bill. Let us not fumble the ball by holding off relief too long.

There is no loss in revenue under the change in provisions; it is simply a square deal for business, and that is why I am offering the amendment making the bill effective now rather than a year from now. [Applause.]

Mr. Chairman, I ask unanimous consent to revise and extend my remarks at this point on this subject.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. DOUGHTON. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, one of the chief complaints about taxes is the uncertainty as to what the future taxes will be. As it is, half of this calendar year is gone and the corporations have arranged their businesses on present tax rates and schedules. To change in the middle of the year would result in disarrangement of business. Many of them have passed the taxes on to the consumers, added them on to their cost of doing business. At present rates the taxes on undistributed profits run from 16½ to 19 percent. Under the amendment there would be an 18-percent flat rate. I am informed that 88 percent of the corporations have incomes less than $25,000; so if this amendment goes into effect on this year's business many of this 88 percent will pay more for this year in taxes than they would pay under existing law. So in order to make the bill applicable to 1939 would result in many paying a greater tax than they anticipated when they arranged their business for 1939.

The carry-over provisions of the present bill already apply to 1939. So not only do they get the benefit of the carry-over provision, but it is now asked to make the tax provisions retroactive for the benefit of some corporations and penalize other corporations. There is no justice in that, Mr. Chairman. The gentleman surely does not ask that.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. McCORMACK. Furthermore, the 18-percent tax takes into consideration the elimination of the $2,000 limitation to corporations on capital gains which this amendment does not even consider.

Mr. DOUGHTON. Certainly. It is certain you cannot do two things at the same time. You cannot write a tax bill as important and far reaching as this, as important to the taxpayers, as important to the Treasury, as important to the country, here on the floor of this House; and the gentleman from Massachusetts knows it. Much as I admire him, highly as I respect him, it looks like an effort to play politics rather than to help the Treasury of the United States or to help the taxpayers.

Mr. Chairman, I ask that the amendment be voted down. [Applause.]

Mr. JENKINS of Ohio. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, we all know that under a proper appraisal of the facts there is absolutely no reason why this amendment should not prevail. There is absolutely no reason why if this is a good tax bill it should not go into effect on 1939 business. It is very easy to make this retroactive for the year 1939. We do not make out our income taxes until after the 1st of January 1940. The argument is made that it cannot be made retrocative. This is not true. It can be retroactive. Many times we have enacted tax laws that were made retroactive for the year. They provide that the 18-percent rate is effective on 1939 taxes. Then why should not the other features of the bill be made applicable? If this is a good bill for 1940, why wait until 1940 to put it into effect? If it is a good bill for 1940, we should make it apply to 1939. No sophistry, no eloquence, and no apology, and no demagoguery or misrepresentation can change the simple proposition that what is good for 1940 is good for 1939. Any talk that some corporations have already paid their taxes for 1938 would make the application of the law inadvisable is specious. That argument is specious, for we could easily allow them a credit for what has been paid or we can exempt the 1938 tax. This is just another excuse just as they made last year and the year before, when they claimed they could not repeal the undistributed-profits tax. You see that last year they reduced the undistributed-profits tax from 27½ to 2½ percent, and this year they let it die and they have buried it in an unmarked grave. They are ashamed of it and would deny the responsibility for it if they could.

The business interests in my State—I speak for the State of Ohio, and that State is typical of every State that does a great amount of all kinds of business. Over in my State they want tax relief, and they want it this year; they want it now. This bill does not give any tax relief this year. Do not go away from here today and write a letter to your constituents saying that you have voted for a bill that gives tax relief this year, for it does not, and it will not unless you adopt this amendment. Tell them the truth. Tell them that F. D. R. is still holding his club over business and that the majority are afraid to do what should be done. There is absolutely no reason why this amendment should not be adopted. It is what the business people want and have been promised; it is consistent with past legislation; it is consistent with good, common sense; and you ought to vote for it. [Applause.]

Mr. McCORMACK. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I realize the probable way in which the vote will divide, but for the record may I say that the statement just made by the two preceding Members on the minority side clearly shows that in a desire to oppose they are even willing to try to drive down the throats of the people the thought they are helping business and at the same time offer an amendment which will be harmful to business.

No matter how you may vote, this amendment will cost business more for this year than business will pay under the existing tax. The amendment attempts to go back to 1938 with a carry-over of losses against 1939 profits. It does not take into consideration going back to 1938 in applying the elimination of the $2,000 limitation on corporations on capital gains that exist under the present law, and giving such corporations the benefit in 1939 returns.

Mr. JENKINS of Ohio. Will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Ohio.

Mr. JENKINS of Ohio. If this bill that we are voting on today is good for business in 1940, why is it not good for business in 1939?

Mr. McCORMACK. The answer to that is very simple.

Mr. JENKINS of Ohio. I hope the gentleman will find it as simple as he says it is.

Mr. McCORMACK. The gentleman's hope is a matter that I hope I will disappoint him on.

In the first place, the chairman of the Ways and Means Committee has stated that corporations have already paid their taxes for the 1938 business.

Mr. JENKINS of Ohio. Not on 1939.

Mr. McCORMACK. I said 1938. The effect of this amendment is to go back to 1938 and allow the losses for 1938 to be offset against 1939 gains. That is what this amendment means.

We are providing in this bill for 1939 losses being offset against 1940 gains. If we wait until next year it means this carry-over is only deferred 1 year longer. What the gentleman from Ohio [Mr. JENKINS] argues for is to allow the carry-over of losses to go back to 1938, starting with January 1, 1938, and including all losses for the current year or all losses of corporations that have a fiscal year starting any time in 1938. Those corporations have paid their taxes. The great majority of them have paid their 1938 corporation taxes to date. Most of them are payable upon a current basis, on March 15, 1939.

In applying the 18-percent normal rate we gave not only a 2-year carry-over of losses as an advantage to business, but that is only one of the reasons why we stepped up the normal rate. The other is the elimination of the $2,000 limitation on corporate capital gains. Remember, Mr. Chairman, the effective rate under existing law for corporations for a net income over $25,000 a year is 17.25 percent. In other words, by effective rate I mean that all the corporations under the present law, based on their last returns, that earned income over $25,000, if you group them all together, paid an average of 17.25 percent. We are stepping up for all those corporations the corporate tax of three-quarters of 1 percent, but we are giving them the compensating advantage of a carry-over of loss for 2 years and also the elimination of $2,000 capital-gains limitation. That $2,000 elimination means a lot to business. The carry-over of losses for 2 years means a lot to business.

The amendment offered by the gentleman from Massachusetts [Mr. TREADWAY] would result in a tremendous loss in revenue. It would discriminate between corporations that have paid their taxes for 1938 and those few that have not, and it would not give the corporations this year any consideration so far as the $2,000 limitation of capital gains is concerned, to which I have referred on several occasions.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts [Mr. TREADWAY].

The question was taken; and on a division (demanded by Mr. TREADWAY) there were—ayes 65, noes 109.

So the amendment was rejected.

Mr. COOPER. Mr. Chairman, I have three clarifying amendments of a technical nature which I want to present, and I ask unanimous consent that they may be considered en bloc. They are only technical clarifying amendments.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee [Mr. COOPER]?

There was no objection.

The Clerk read as follows:

Committee amendments offered by Mr. COOPER: Page 13, strike out lines 5 to 9, inclusive, and insert:

"(4) Long-term capital gains and long-term capital losses shall be taken into account without regard to the provisions of section 117 (b). As so computed the amount deductible on account of long-term capital losses shall not exceed the amount includible on account of the long-term capital gains, and the amount deductible on account of short-term capital losses shall not exceed the amount includible on account of the short-term capital gains;

Page 13, line 15, after the period insert: "For the purposes of this paragraph deductions and gross income shall be computed with the exceptions and limitations specified in paragraphs (1) to (4) of this subsection."

Page 13, after line 20, insert:

"(c) Allowance of deduction to estates, trusts, and participants in common trust funds: The Internal Revenue Code is amended by inserting after section 169 the following new section:

" 'SEC. 17. Net operating losses.

" 'The benefit of the deduction for net operating losses allowed by section 23 (s) shall be allowed to estates and trusts under regulations prescribed by the Commissioner with the approval of the Secretary. The benefit of such deduction shall not be allowed to a common trust fund, but shall be allowed to the participants in the common trust fund under regulations prescribed by the Commissioner with the approval of the Secretary.'

"(d) Allowance of deduction to partners: The Internal Revenue Code is amended by inserting after section 188 the following new section:

" 'SEC. 189. Net operating losses:

" 'The benefit of the deduction for net operating losses allowed by section 23 (s) shall not be allowed to a partnership but shall be allowed to the members of the partnership under regulations prescribed by the Commissioner with the approval of the Secretary.'

"(e) Allowance of deduction to insurance companies:

"(1) Section 203 (a) of the Internal Revenue Code (relating to deductions of life insurance companies) is amended by inserting at the end thereof the following new paragraph:

" '(8) The amount of the net operating loss deduction provided in section 23 (s).'

"(2) The Internal Revenue Code is amended by inserting after section 207 the following:

" 'SEC. 208. Net operating losses:

" 'The benefit of the deduction for net operating losses allowed by section 23 (s) shall be allowed to insurance companies subject to the taxes imposed in this supplement under regulations prescribed by the Commissioner with the approval of the Secretary.'"

Page 13, line 21, strike out "(c)" and insert "(f)"; page 14, line 4, strike out "(d)" and insert "(g)"; page 14, line 12, strike out "(e)" and insert "(h)"; page 14, line 22, strike out "(f)" and insert "(i)"; page 15, line 4, strike out "(g)" and insert "(j)."

Mr. SMITH of Ohio. Mr. Chairman, I rise in opposition to the amendments.

Mr. Chairman, the amendments are rather extensive and there are a lot of us who do not understand what they mean. We would like to have an explanation.

Mr. COOPER. I will ask the gentleman's indulgence for only a moment. These amendments are purely of a technical and perfecting nature. The drafting service found it necessary to make certain provisions to conform or fit in with certain other provisions.

The amendments are to make it possible for the net loss carry-over for individuals and partnerships to conform to the treatment that is accorded to corporations.

Mr. TREADWAY. Mr. Chairman, will the gentleman yield?

Mr. COOPER. I yield to the gentleman from Massachusetts.

Mr. TREADWAY. I should like to say to the gentleman from Ohio, who made this inquiry of the gentleman from Tennessee, that in a bill like this there are bound to be technical corrections made at almost any stage of the consideration of the bill. I do not have a definite comprehension of just what these changes are, but I may say to the gentleman from Ohio that I have so much confidence in the drafting service, as represented by Mr. O'Brien, from his work during all the period we have had this bill under consideration, that I am sure there is nothing in these amendments that in any way changes the policy in the bill. I believe they arise simply from the necessity he has found of making corrections so the bill may be properly drawn.

Mr. REED of New York. Mr. Chairman, will the gentleman yield?

Mr. COOPER. I yield to the gentleman from New York.

Mr. REED of New York. I just wanted to bring out for the benefit of the gentleman from Ohio that it was decided at a very late moment to put in the bill the provisions to which he refers, and the drafting service has not had an opportunity to work them out completely and technically until the last minute.

Mr. COOPER. The gentleman is correct in that statement.

Mr. REED of New York. These changes, of course, were suggested by our side.

Mr. COOPER. No change in policy whatever is involved. These are purely technical, clarifying, and perfecting provisions.

The first amendment relates to the computation of capital gains and losses of individuals for computing the net-loss deduction.

The bill extends the benefits of the net operating loss provision to taxpayers other than corporations. Under the present law an individual in computing his gain from sales or exchanges of long-term capital assets takes into account only the percentages specified in section 117 (b) (ranging from 50 percent to 100 percent) of the gain. In computing his deduction for long-term capital losses the amount of the loss is reduced by the same percentage. As a result, his actual gain will often be greater than the amount included on account of the long-term capital gains and his actual loss may be greater than the amount deductible. The effect of this amendment is to make him compute, for the purposes of the net operating loss deduction, his long-term capital gains and his long-term capital losses without regard to such percentages. The object of the amendment is to reach a truer figure representing the individual's economic income than the bill provides. Since corporations are not subject to the percentage provisions the amendment in no way affects them.

The second amendment is a technical amendment to make it clear that in computing the limitation in paragraph (5) (limiting nonbusiness deductions to the amount of nonbusiness gross income) the reference to deductions and gross income means deductions and gross income computed with the exceptions and limitations specified in the preceding provisions of section 122 (d).

The third series of amendments provides the special technical provisions necessary to allow the deductions to life-insurance companies, and for estates and trusts, and to disallow it to partnerships and give it to the partners, and to disallow it to common trust funds and give it to the participants in the fund. These amendments are very similar to the provisions of the 1928 act, which allowed a similar carry-over to insurance companies, estates and trusts, and partners.

[Here the gavel fell.]

The CHAIRMAN. The question is on the committee amendments offered by the gentleman from Tennessee.

The committee amendments were agreed to.

Mr. VOORHIS of California. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. VOORHIS of California: On page 35, line 23, after section 219, insert a new section to read as follows:

"SEC. 220. Notwithstanding any other provisions of this act or of any other law to the contrary, income derived by a taxpayer from securities issued by the Federal Government or by a State, Territory, or any agency, instrumentality, or political subdivision thereof, shall be included in the taxpayer's gross income and shall be taken into account in computing the tax of such taxpayer: *Provided, however,* That against the total tax so computed there shall be allowed a credit equal to the amount of tax which would have been payable under this act if such taxpayer had a net income equal in amount to the actual income, if any, derived by such individual from securities issued by a State or Territory, or any agency, instrumentality, or political subdivision thereof, prior to the enactment of this act."

Mr. COOPER. Mr. Chairman, I reserve a point of order against the amendment.

Mr. VOORHIS of California. Mr. Chairman, I anticipated that that would be the case, and I thank the gentleman from Tennessee for his generosity in reserving the point of order.

Mr. Chairman, this is almost the same amendment I offered last year, when in the consideration thereof the members of the committee stated that it was a matter the committee intended to take up for future consideration. Far be it from me to suggest that the Ways and Means Committee could possibly have done more in this session of Congress than they have done, but I am convinced this is a matter of basic importance and I should like to explain the amendment briefly.

This amendment does not make taxable income from tax-exempt securities. What it does is provide that income from tax-exempt securities must be taken into account in determining gross income, so that the exemption is taken on the lower brackets of the income instead of on the very highest brackets of the income.

I can explain the amendment better by quoting from a statement of Mr. CARTER GLASS when he was Secretary of the Treasury:

It is intolerable that taxpayers should be allowed, by purchase of exempt securities, not only to obtain exemption with respect to the income derived therefrom, but to reduce the supertaxes upon their other income and to have the supertaxes on their other income determined upon the assumption, contrary to fact, that they are not in possession of income derived from State and municipal bonds.

My amendment includes income from Federal as well as State and local bonds.

Mr. CELLER. Mr. Chairman, will the gentleman yield?

Mr. VOORHIS of California. I yield to the gentleman from New York.

Mr. CELLER. Why does not the gentleman go the whole way and take off the exemptions entirely?

Mr. VOORHIS of California. Because I do not believe you can do that with bonds that are already outstanding inasmuch as they have been issued with the understanding on the part of the purchaser that they will be exempt under certain circumstances.

Mr. CELLER. You could do it for all future issues.

Mr. VOORHIS of California. I believe we could do that, but after all, that is in our hands as far as Federal bonds are concerned. We can refuse to authorize the issuance of any future tax-exempt bonds. If we get this principle written into law I will be well content, namely, the principle that tax exemption shall never be carried to the extent of enabling people to reduce the surtaxes on their income, and requiring in effect that the exemption they do get must be an exemption in the lower tax brackets rather than at the very top. I believe furthermore that as a measure for encouraging investment a measure of this kind would be an extremely salutary one.

Mr. COOPER. Mr. Chairman, I make the point of order against the amendment that it is not germane to this title of the bill.

The CHAIRMAN (Mr. LANHAM). In the opinion of the Chair, this title dealing with income-tax amendments with reference to corporations and the amendment offered by the gentleman from California dealing with income taxes on individuals, the amendment clearly is not germane to this title. The Chair, therefore, sustains the point of order.

Mr. JONES of Ohio. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JONES of Ohio: Page 10, line 22, strike out "(relating"; line 23, strike out "to deductions from gross income)"; page 10, line 24, after the colon, add:

"(o) Charitable and other contributions: In the case of an individual, contributions or gifts payment of which is made within the taxable year to or for the use of:

"(1) the United States, any State, Territory, or any political subdivision thereof, or the District of Columbia, for exclusively public purposes;

"(2) a domestic corporation, or domestic trust, or domestic community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual, and no substantial part of the activities of which is carrying on propaganda, or otherwise attempting to influence legislation;

"(3) the special fund for vocational rehabilitation authorized by section 12 of the World War Veterans' Act, 1924, 43 Stat. 611 (U. S. C., title 38, par. 440);

"(4) posts or organizations of war veterans, or auxiliary units or societies of any such posts or organizations, if such posts, organizations, units, or societies are organized in the United States or any of its possessions, and if no part of their net earnings inures to the benefit of any private shareholder or individual; or

"(5) a domestic fraternal society, order, or association, operating under the lodge system, but only if such contributions or gifts are to be used exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals;

to an amount which in all the above cases combined does not exceed 25 percent of the taxpayer's net income as computed

without the benefit of this subsection. Such contributions or gifts shall be allowable as deductions only if verified under rules and regulations prescribed by the Commissioner, with the approval of the Secretary."

Mr. COOPER. Mr. Chairman, I reserve a point of order against this amendment.

Mr. JONES of Ohio. Mr. Chairman, I thank the gentleman from Tennessee for reserving the point of order.

The amendment I have just proposed is the same provision that was in the 1938 Income Tax Act and in the new codification in 1939, with the exception that it grants an exemption of 25 percent to the donor instead of 15 percent. The purpose of this amendment is to return to the cities and villages and the municipalities and the local State governments, and to the churches, the benefit societies, and all the local agencies, the heritage they had for nearly 150 years before this administration came into power.

Without this amendment, 15 percent of a donor's income is exempted for contributions to churches, veterans' organizations, municipalities, and universities. The amendment would give an exemption of 25 percent of a donor's income. The 25-percent exemption would enlarge contributions to these worthy causes just 10 percent. We must save these worthy institutions which are a part of the fabric of American tradition. This Congress must observe the old adage that "you can lead a horse to water but you cannot make him drink." We must face the facts and meet the issue with this kind of an exemption to save the warp and woof of American local community life, municipal entity, State sovereignty, and Federal sovereignty.

I offer this amendment for the purpose of restoring to the local communities their heritage of a little less than 150 years. I refer to the contributions to community chests, churches, municipal governments, universities, and schools by men who are interested in the culture of our country, in the religious well-being of our country, in the endowment of our youth with educational facilities, in the endowment of our cities and towns with libraries, our police departments with equipment for the apprehension of criminals, for the purchase of laboratory equipment, for the endowment of hospitals and relief of the suffering, for the study of diseases.

For years great universities have been founded, builded, and sustained by endowments. Many of these endowments have been invested in bonds of commercial enterprises that are nonproductive, the value of the endowments have gone down; there has been no encouragement on the part of the Federal Government to help build them up and to appeal to men like Andrew Carnegie, Henry Ford, and John D. Rockefeller, who made large fortunes before Government disbelieved in private enterprise, to contribute to these great humanitarian measures. In some instances for every dollar that is contributed over the 15-percent exemption to a community chest, municipality, or a church, the donor has to pay a 67-cent bounty to the Federal Government because the present provision gives only an exemption of 15 percent of a person's income for such worthy contributions.

You gentlemen from New England know of the devastating storm and what it did to your churches and your schools. I know that one denomination alone had a fund of two and a half million dollars collected together over a period of years by donations of devout religious people that was used by the several churches of the Congregational denomination to rebuild these edifices destroyed by the storm in New England.

You folks along the river valleys that have been flooded in the last few years have had to face similar situations. Extraordinary floods have destroyed your beautiful edifices.

We have almost made it impossible for local communities to take care of their relief problem because we have closed the avenue of inducement to individuals who could and would pay to these worthy causes if they were given any inducement by the Federal Government. We, since the inception of this administration, have inaugurated a system of taxation that is prohibitive for the great community chests to get the large contributions from the larger brackets because we have put up a barrier between the success of a drive for money on behalf of these humanitarian organizations and the Federal Government. We have reached out the hand of the Government, and we have said "no" to the local agencies that have handled relief for years, and we have said "Your Government can take care of the misery and human suffering better than anyone else," and we have turned the relief of misery and suffering over to politicians. Every one of you knows that if private agencies like the family societies and community chests in the small towns and cities throughout the United States were given one-half of the money that was handed out from the very beginning by the Federal Government to political appointees of the Federal relief agencies that the local organizations would have done a better job to relieve suffering. The Federal Government would have been saved from the graft and corruption of the political Pendergasts and his kind.

I appeal to you to support this amendment in order to help these private social agencies to carry on the work that you want to turn back to the States. Cut the necessity for Federal taxation. Rehabilitate private relief agencies that have been nearly destroyed during the last 4 years. Let us offer an inducement to private individuals to buy modern equipment for our police departments. Let us encourage those who are able to make gifts and donations and endowments to hospitals and clinics.

I hope you will support the amendment and that the gentleman will withdraw his point of order.

Mr. COOPER. Mr. Chairman, I make the point of order against the amendment.

The CHAIRMAN. For the reasons cited in ruling on the last point of order against the amendment offered by the gentleman from California, the Chair sustains the point of order made by the gentleman from Tennessee to the amendment offered by the gentleman from Ohio.

The Clerk read as follows:

TITLE III—CAPITAL STOCK AND EXCESS PROFITS TAXES

SEC. 301. Declaration of value for capital-stock purposes, 1939 and 1940.

Section 1202 of the Internal Revenue Code (relating to declaration of capital-stock value) is amended by inserting at the end thereof the following new subsection:

"(e) Additional declaration years: In the case of any domestic corporation, the year ending June 30, 1939, and the year ending June 30, 1940, shall each, if not otherwise a declaration year, constitute an additional declaration year if with respect to such year (1) the taxpayer so elects (which election cannot be changed) in its return filed before the expiration of the statutory filing period or any authorized extension thereof, and (2) the value declared by the taxpayer is in excess of the adjusted declared value computed under paragraph (1) of subsection (b). If, under this subsection, the year ending June 30, 1939, is a declaration year, the computation, under paragraph (1) of subsection (b), of the adjusted declared value for the year ending June 30, 1940, shall be made on the basis of the value declared for the year ending June 30, 1939."

Mr. CELLER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, in the Revenue Act of 1934, by section 351, the Congress enacted surtaxes upon a certain class of corporations defined as personal holding companies. This surtax was introduced for the first time in the Revenue Act of 1934 in the above-mentioned section.

This tax grew out of such testimony before the Ways and Means Committee conducted by special representatives of the Treasury Department, and is disclosed as set forth in the report of Hon. ROBERT L. DOUGHTON, our chairman, before the Committee on Ways and Means (1939), Accumulative Bulletin 9–9737, page 23, and under subsection 4 of that report, carrying the title "Personal Holding Companies," is found the following statement by the committee:

Perhaps the most prevalent form of tax avoidance practiced by individuals with large incomes is the scheme of the "incorporated pocketbook." That is, an individual forms a corporation and exchanges for its stock his personal holdings in stock, bonds, or

other income-producing property. By this means the income from the property pays corporation tax, but no surtax is paid by the individual if the income is not distributed.

* * * * * * *

Thus, a corporation which falls within this section because of the nature of its business and the number of its stockholders can always escape this tax by distributing to its stockholders at least 90 percent of its adjusted net income. The stockholder will, of course, be subject to the graduated surtaxes upon such distributions. Thus, the section should work no real hardship upon any corporation except one which is being used to reduce surtaxes upon its shareholders.

The effect of this system recommended by your committee is to provide for a tax which will be automatically levied upon the holding company without any necessity for proving a purpose of avoiding surtaxes. It is believed that the majority of these corporations are in fact formed for the sole purpose of avoiding the imposition of the surtax upon the stockholders.

No mention was made by the committees of Congress who drafted the Revenue Act of 1935 about any taxation problem upon personal holding companies, though a number of representations were made to various members of the committee by the representatives of such companies and border-line problems.

After the issuance of the regulations under the Revenue Act of 1934 in regard to personal holding companies, pleas were made both to the administrative authorities and to the appropriate Members of Congress, that the matter of administration included not only companies which constituted "incorporated pocketbooks," and which in no sense of the word were companies to which individuals had transferred their holdings in stocks, bonds, or other income representing profits, but were including corporations originally formed to carry on businesses, and were direct operating companies starting from scratch.

One of these groups were small-loan companies, who dealt with hundreds of thousands of people and with hundreds of personnel, and a multiplicity of transactions.

As a result of the petition, these small-loan companies did business under special State statutes, some States adopting a policy of declaring all charges by them "interest," other States setting up a system of "interest and expenses" such as Massachusetts, Tennessee, Ohio, and California.

In any event we gave relief to these small-loan companies of section 402 of the act of 1938, and said in so many words, that they were not "personal holding companies," provided 80 percent or more of their income was "interest."

Now, some States hold all charges of such companies as "interest." But other States, like Massachusetts, Ohio, Tennessee, and California, separate "interest" from other charges.

The only intake or income these companies have is so-called "interest" but some States do not call that intake, entirely "interest," others do. Some States attribute that income to "interest and other charges" like rent, advertising, labor, reports, commissions, bad debts, and so forth. Thus said income in some States may not be 80 percent "interest." In such States the Internal Revenue Bureau claims these small-loan companies to be "personal holding companies." That is serious to such companies. Thus one company in one State is exempt from being called a "personal holding company" and does not have to pay the huge punitive tax of such "incorporated pocketbook," yet across the river in the neighboring State a company doing the self-same small-loan business in exactly the same way is thus penalized.

That discrimination is absurd. The Internal Revenue Department must stop it. It must heed the reports of our committees in interpreting statutes.

Mr. DISNEY. Mr. Chairman, will the gentleman yield?

Mr. CELLER. I yield.

Mr. DISNEY. These small-loan operating finance companies have not been considered personal holding companies.

Mr. CELLER. I think the gentleman is correct, but some of these companies have been deemed personal holding companies by the Internal Revenue Bureau. I think such interpretation is erroneous, and I rise today to indicate to the Internal Revenue Bureau their error. It is ridiculous to classify any of them as "incorporative pocketbooks" no matter what the State law may be concerning "interest."

Mr. DISNEY. It was not the intention of the committee, as I recall the discussion, to include any operating finance companies and make them "personal holding companies."

Mr. CELLER. I think it would be grievously wrong to do so, but they have done so because of the definition of "interest" under various State practices, and for that reason I do hope the Internal Revenue will take heed in this connection.

Mr. BOLAND. No changes have been made to section 402 in the present bill, because, as a member of the Ways and Means Committee, I say it is generally conceded that it does not apply to commercial business. It has been clarified and developed since originally introduced as section 351 of the Revenue Act of 1934. Such sections were never intended to apply to operating financial companies.

Mr. CELLAR. I thank the gentleman. Let me continue with the history of this matter.

These companies, I repeat, never did fall within the definition or the objective described in the report of the Committee on Ways and Means, which I mentioned before, and they always thought themselves not within the statute. They, however, realized that owing to the multiplicity of definition and content of many words, such as "interest" that seems to have a varying content of meaning in almost each of the 48 jurisdictions that they might be so included, and when the Commissioner of Internal Revenue so declared, they thought best to file a petition for clarification of the statute in regards to themselves.

This petition was heard, and the objectives granted by an amendment to the Revenue Act of 1936, and is mentioned in the report of the Senate Finance Committee (1939), Accumulative Bulletin No. 5–9697, page 30, where the following comments were made:

The House bill omitted section 351 of existing law imposing a surtax upon personal holding companies. Your committee has retained, with changes, the provisions of existing law as this section has proved very effective in preventing accumulations in corporations to prevent the imposition of surtax on shareholders. The following changes have been made over existing law:

* * * * * * *

(2) An exemption has been granted small-loan companies making loans to individuals in principal not exceeding $300 outstanding at any one time in the case of any individual, if such interest is lawful, is not payable in advance or compounded, and is computed only on unpaid balances. These companies are subject both to normal tax and the 7-percent undistributed-profits tax applicable to ordinary corporations.

In the meantime, Senator CONNALLY, of Texas, had persuaded the committees of Congress that their definitions of personal holding companies were including companies that in truth did not fall within the definition and description of the committee report of 1934 that dealt in oil royalties, and this change was made in prior legislation.

In the Revenue Act of 1938 rearrangement was made, and section 351 and following sections became section 401 and following sections, and there were minor amendments made regarding consolidated returns in their relation to personal holding companies, and certain deductions which were commented upon by Senator HARRISON, of the Senate Committee on Finance, are found in (1939) Accumulative Bulletin No. 2–9669, page 39.

Also in the Revenue Act of 1938 other changes were made regarding rent, dividend carry-over, and certain other limitations, and a coordination of personal finance company sections with other sections of the statute against unreasonable accumulation of surplus and undivided profits; namely, section 102.

This resulted in a legislative contest and was finally eliminated from the Revenue Act of 1938, and the only changes commented upon by the finance committee were adopted. This legislative contest disclosed that it was never the intention of the Congress that genuine operating companies should be subject to special surtax where their accumulations were reasonable, and for needs of the business this

same idea has been passed upon by the courts in numerous cases, and there seems to be a general unanimity of opinion.

Attention has been called to the Committee on Ways and Means from numerous sources of classification of corporations that were in no sense of the word thought of or availed of to avoid surtax upon their shareholders but were necessary for the compliance with State laws or of State or Federal laws, such as using the corporate form as a liquidating process of slow and delinquent notes after the bank emergency of 1933, many situations being found where responsible directors used such a legal process in order to minimize loss, and promising and contracting to make up the difference, or to meet some statutory requirements as to ownership carrying on a commercial business of development and of enterprise.

Mr. REED of New York. Mr. Chairman, I move to strike out the last word.

Mr. COOPER. Mr. Chairman, will the gentleman yield?

Mr. REED of New York. Yes.

Mr. COOPER. Mr. Chairman, I ask unanimous consent that all debate upon the title and all amendments thereto close in 5 minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. REED of New York. Mr. Chairman, without casting any reflection upon the ability of any Member of this House, I think that its membership will agree with me that there is no more persuasive man in the House when he takes the floor than the gentleman from Massachusetts [Mr. McCORMACK]. He has made a very plausible but not convincing argument with reference to the motion recently made to make this bill apply to taxation for 1939. Let us not be misled nor deceived, and I am sure that he did not wish to deceive. I would not charge him with that, but perhaps the atmosphere is becoming a little surcharged with politics. What we in the minority are interested in doing, as we have been through all of the deliberations of the committee, is to endeavor to bring about changes in the revenue law that will be beneficial to business, not a year or two hence, but now. Members of the House on either side who have been to their home districts in recent weeks know that the conditions at home are far different from what they are here in Washington. Business has its back to the wall. It is fighting for a chance to survive. It is looking to this Congress for some appeasement, for some help, and here we have an opportunity by passing a motion to recommit similar to the motion to amend offered by Representative TREADWAY, of Massachusetts, to make this bill effective for the taxpayer in 1939, and that is precisely what we ought to do if we are sincere in our effort to help business. [Applause.]

The CHAIRMAN. Without objection, the pro forma amendment will be withdrawn and the Clerk will read.

The Clerk read as follows:

TITLE IV—MISCELLANEOUS AMENDMENTS

SEC. 401. Tax liens on securities.

Section 3672 of the Internal Revenue Code is amended to read as follows:

"Sec. 3672. Validity against mortgagees, pledgees, purchasers, and judgment creditors.

"(a) Invalidity of lien without notice: Such lien shall not be valid as against any mortgagee, pledgee, purchaser, or judgment creditor until notice thereof has been filed by the collector—

"(1) Under State or Territorial laws: In accordance with the law of the State or Territory in which the property subject to the lien is situated, whenever the State or Territory has by law provided for the filing of such notice; or

"(2) With clerk of district court: In the office of the clerk of the United States district court for the judicial district in which the property subject to the lien is situated, whenever the State or Territory has not by law provided for the filing of such notice; or

"(3) With clerk of District Court of the United States for the District of Columbia: In the office of the clerk of the District Court of the United States for the District of Columbia, if the property subject to the lien is situated in the District of Columbia.

"(b) (1) Exception in case of securities: Even though notice thereof has been filed in the manner prescribed in subsection (a), such lien shall not be valid with respect to a security, as defined in paragraph (2), as against any mortgagee, pledgee, or purchaser, of such security, for an adequate and full consideration in money or money's worth, if at the time of such mortgage, pledge, or purchase such mortgagee, pledgee, or purchaser is without notice or knowledge of the existence of such lien.

"(2) Definition of security: As used in this subsection the term 'security' means any bond, debenture, note, or certificate, or other evidence of indebtedness, issued by any corporation (including one issued by a government or political subdivision thereof), with interest coupons or in registered form, share of stock, voting trust certificate, or any certificate of interest or participation in, certificate of deposit or receipt for, temporary or interim certificate for, or warrant or right to subscribe to or purchase, any of the foregoing; negotiable instrument; or money.

"(3) Applicability of subsection: Except where the lien has been enforced by a civil action which has become final before the date of enactment of the Revenue Act of 1939, this subsection shall apply regardless of the time when the mortgage, pledge, or purchase was made or the lien arose."

SEC. 402. Tax on transfers of worthless securities by executor, etc.

Section 1802 (b) of the Internal Revenue Code (relating to the tax on transfers of capital stock and similar interests) is amended by inserting at the end thereof the following new paragraph:

"The tax imposed by this subsection shall not be imposed upon any delivery or transfer by an executor or administrator to a legatee, heir, or distributee of shares or certificates of stock if it is shown to the satisfaction of the Commissioner that the value of such shares or certificates is not greater than the amount of the tax that would otherwise be imposed on such delivery or transfer."

Mr. MILLER. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. MILLER: Page 39, after the period on line 15, insert a new section, as follows:

"It shall be unlawful for any person to sell, offer for sale, or circulate, for any consideration whatsoever, any copy or reproduction of any list, or part thereof, authorized to be made public by this act or by any prior act relating to the publication of information derived from income-tax returns; and any offense against the foregoing provision shall be a misdemeanor and be punishable by a fine not exceeding $1,000, or by imprisonment not exceeding 1 year, or both, at the discretion of the court: *Provided*, That nothing in this sentence shall be construed to be applicable with respect to any newspaper or any other periodical, publication, entitled to admission to the mails as second-class mail matter."

Mr. COOPER. Mr. Chairman, I make the point of order that the amendment of the gentleman from Connecticut is not germane to the title under consideration.

Mr. MILLER. Mr. Chairman, I realize that the hour is getting late, and I shall take only 2 or 3 minutes. I think there is not a member of this Committee who does not realize the situation that exists, namely, that information is turned over to the Federal Government by the taxpayers, and that that information is getting into the hands of not only those who are making a living selling these so-called sucker lists, but more important than that, getting into the hands of racketeers, and others who use the information for definitely unlawful purposes. I know that some who have studied this situation feel sure that back of the wave of kidnaping we had in this country 2 years ago was the fact that so much information could be obtained from the Internal Revenue Department.

If this amendment be ruled out on a point of order, I hope that before Congress adjourns we may do something to stop this information from getting into the hands of these racketeers. The amendment I have offered does exempt newspapers, periodicals, that are allowed to go through the United States mail, but it would to quite an extent, I believe, correct this evil.

Mr. COOPER. Mr. Chairman, I make the point of order against the amendment upon the ground that it is not germane.

The CHAIRMAN. The title under consideration deals with transfers of worthless securities. The amendment offered by the gentleman from Connecticut [Mr. MILLER] deals with making public the names of income-tax payers. The amendment is clearly not germane to the section or the title under consideration, and the Chair, therefore, sustains the point of order.

Mr. MILLER. Mr. Chairman, do I understand the Chair to state that the amendment is not germane to section 402?

The CHAIRMAN. It is not germane to title IV.

Mr. MILLER. I intended to have it read as a new section.

The CHAIRMAN. The Chair understood it was a new section under title IV, and the amendment offered by the gentleman is not germane to the subject matter of title IV.

Mr. MILLER. Would it be in order to ask the Chair this question: Where or when could such an amendment be offered?

The CHAIRMAN. It is not within the province of the Chair to state that.

Mr. MOTT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MOTT: On page 39, in line 15, insert a new section, as follows:

"Section 3424 is amended by striking out the following:

" 'The tax imposed by this subsection shall not apply to lumber of northern white pine (Pinus strobus), Norway pine (Pinus resinosa) and western white pine.' "

Mr. COOPER. Mr. Chairman, I make a point of order against the amendment. It is certainly not germane. If germane at all it would have been germane under title I, which was passed long ago.

Mr. MOTT. I would like to be heard on the point of order, Mr. Chairman.

The CHAIRMAN. The Chair will hear the gentleman from Oregon.

Mr. MOTT. Mr. Chairman, this amendment has nothing to do with title I. Title I simply extends the provision of existing law on the subject covered by title I. In the last Congress an amendment was made in committee to the tax bill, in which amendment the import excise tax on certain species of lumber was taken off. This is a tax bill covering the same general subject, and as a new section to this tax bill I offer this as an amendment to section 3424 of the existing tax law, and not as an amendment to any part of title I of the pending bill. It does not have anything to do with title I of the pending bill.

Mr. COOPER. Mr. Chairman, of course title I of the pending bill covers excise taxes, including the excise tax on imported lumber, to which the amendment of the gentleman from Oregon relates. Certainly the amendment is not germane at this point in the bill.

The CHAIRMAN (Mr. LANHAM). The Chair is ready to rule. An amendment must be germane to the title under which it is offered. Otherwise it would be subject to a point of order.

Section 3424 of the revenue law, sought to be amended by the amendment offered by the gentleman from Oregon, is classified in the general revenue law under "Manufacturers' excise and import taxes."

Title IV now under consideration has to do with taxes on securities. In the opinion of the Chair, if the amendment had been germane it would have been germane to title I rather than to title IV of the bill under consideration. The Chair sustains the point of order.

Mr. MOTT. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. MOTT. Suppose this amendment were offered as a new title in the pending bill; would it then be germane or not?

The CHAIRMAN. In the opinion of the Chair, that would make no difference, because the bill as presented contains an excise tax title.

Mr. MOTT. Mr. Chairman, if I may make this observation, the amendment I am now seeking to offer does not have anything to do with excise taxes.

The CHAIRMAN. The Chair will state to the gentleman that in the Internal Revenue Code it is so incorporated, section 3424, under "Manufacturers' excise and import taxes," whereas title IV deals with an entirely different subject matter.

Mr. MOTT. It strikes out certain provisions, or makes an exception to the provision having to do with import excise taxes. I do not understand there is any limit to the number of titles there may be to a bill. Did the Chair answer my parliamentary inquiry?

The CHAIRMAN. If the Chair understands the gentleman's parliamentary inquiry, the Chair will state in reply that in the Internal Revenue Code, section 3424, sought to be amended by the amendment offered by the gentleman from Oregon, is under the classification of "Manufacturers' excise and import taxes." Title IV has nothing to do with that subject, but excise taxes are dealt with under title I of the pending bill. Consequently, if the amendment had been germane it would have been germane under title I of the bill rather than under title IV. It would not be in order or germane as a new title, by reason of the fact there is already a title in the bill dealing with the subject matter to which the amendment would have been germane.

Mr. DOUGHTON. Mr. Chairman, I move that the Committee do now rise and report the bill back with sundry amendments, with the recommendation that the amendments be agreed to and the bill, as amended, do pass.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. LANHAM, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H. R. 6851) to provide revenue, equalize taxation, and for other purposes, directed him to report the same back to the House with sundry amendments, with the recommendation that the amendments be agreed to and the bill, as amended, do pass.

Mr. DOUGHTON. Mr. Speaker, I move the previous question on the bill and all amendments to final passage.

The previous question was ordered.

The SPEAKER. Is a separate vote demanded on any amendment? If not, the Chair will put them en gross.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

Mr. TREADWAY. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. TREADWAY. I am opposed to certain features of it.

The SPEAKER. The Clerk will report the motion.

The Clerk read as follows:

Mr. TREADWAY moves to recommit the bill (H. R. 6851) to provide revenue, equalize taxation, and for other purposes, to the Committee on Ways and Means, with instructions to report the same back to the House forthwith with the following amendments:

Page 10, line 14, strike out "1939" and insert "1938."

Page 11, line 3, strike out "1939" and insert "1938."

Page 13, lines 16 and 20, strike out "1939" and insert "1938."

Page 15, line 23, strike out "1939" and insert "1938."

Page 35, strike out lines 20 to 23, inclusive, and insert in lieu thereof the following:

"The amendments made by this title to the Internal Revenue Code shall be effective with respect to taxable years beginning after December 31, 1938."

Mr. DOUGHTON. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

Mr. HOOK. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. HOOK. Is it in order for a Member to offer a motion to recommit who does not state he is opposed to the whole bill? The gentleman from Massachusetts stated that he was opposed to only certain features of it.

The SPEAKER. Had any Member risen stating that he was unqualifiedly opposed to the bill as a whole he would have qualified in preference to the gentleman from Massachusetts. In the absence of such action the gentleman, under the rule, was permitted to make his motion to recommit on his statement that he was opposed to some section of the bill.

The question is on the motion to recommit.

The question was taken; and on a division (demanded by Mr. TREADWAY) there were—ayes 125, noes 183.

Mr. TREADWAY. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 150, nays 205, not voting 76, as follows:

[Roll No. 96]

YEAS—150

Alexander	Fenton	Kinzer	Sandager
Allen, Ill.	Fish	Knutson	Schafer, Wis.
Andersen, H. Carl	Ford, Leland M.	Kunkel	Seccombe
Anderson, Calif.	Gamble	Landis	Seger
Andresen, A. H.	Gartner	LeCompte	Shafer, Mich.
Andrews	Gearhart	Lemke	Short
Angell	Gerlach	Lewis, Ohio	Simpson
Arends	Gilchrist	Luce	Smith, Maine
Barton	Gillie	McDowell	Smith, Ohio
Bates, Mass.	Graham	McLean	Springer
Blackney	Grant, Ind.	McLeod	Stearns, N. H.
Bolles	Griswold	Maas	Stefan
Bolton	Gross	Mapes	Sumner, Ill.
Brown, Ohio	Guyer, Kans.	Marshall	Sutphin
Carlson	Gwynne	Martin, Iowa	Taber
Carter	Hall	Martin, Mass.	Talle
Case, S. Dak.	Halleck	Mason	Taylor, Tenn.
Chiperfield	Hancock	Michener	Thill
Church	Harness	Miller	Thorkelson
Clason	Hawks	Monkiewicz	Tibbott
Clevenger	Heinke	Mott	Tinkham
Cole, N. Y.	Hess	Mundt	Treadway
Corbett	Hinshaw	Murray	Van Zandt
Crawford	Hoffman	O'Brien	Vorys, Ohio
Crowther	Holmes	Oliver	Vreeland
Culkin	Hope	Pittenger	Wadsworth
Curtis	Horton	Plumley	Welch
Darrow	Jarrett	Powers	Wheat
Dirksen	Jeffries	Reece, Tenn.	White, Ohio
Ditter	Jenkins, Ohio	Reed, Ill.	Wigglesworth
Dondero	Jenks, N. H.	Reed, N. Y.	Williams, Del.
Douglas	Jensen	Rees, Kans.	Winter
Dowell	Johnson, Ill.	Rich	Wolfenden, Pa.
Dworshak	Johnson, Ind.	Risk	Wolverton, N. J.
Eaton, Calif.	Jones, Ohio	Rodgers, Pa.	Woodruff, Mich.
Elston	Kean	Rogers, Mass.	Youngdahl
Engel	Keefe	Routzohn	
Englebright	Kennedy, Md.	Rutherford	

NAYS—205

Allen, La.	Dempsey	Kennedy, Michael	Peterson, Ga.
Allen, Pa.	DeRouen	Keogh	Pfeifer
Anderson, Mo.	Dingell	Kerr	Pierce, Oreg.
Ashbrook	Disney	Kilday	Poage
Barden	Doughton	Kitchens	Polk
Barnes	Doxey	Kleberg	Rabaut
Barry	Drewry	Kocialkowski	Ramspeck
Bates, Ky.	Duncan	Kramer	Randolph
Beam	Durham	Lanham	Rankin
Beckworth	Eberharter	Larrabee	Rayburn
Bell	Edmiston	Lea	Robertson
Bland	Elliott	Leavy	Robinson, Utah
Bloom	Ellis	Lesinski	Romjue
Boland	Fay	Lewis, Colo.	Sacks
Boren	Ferguson	Ludlow	Sasscer
Brooks	Fernandez	McAndrews	Satterfield
Brown, Ga.	Flaherty	McArdle	Schaefer, Ill.
Bryson	Flannagan	McCormack	Schuetz
Buck	Flannery	McKeough	Schulte
Buckler, Minn.	Folger	McLaughlin	Schwert
Bulwinkle	Ford, Thomas F.	McMillan, John L.	Shanley
Burch	Fries	McMillan, Thos. S.	Sheppard
Burgin	Fulmer	Maciejewski	Sirovich
Byrne, N. Y.	Garrett	Mahon	Smith, Conn.
Byrns, Tenn.	Gathings	Maloney	Smith, Va.
Byron	Gavagan	Marcantonio	Smith, Wash.
Cannon, Fla.	Gehrmann	Martin, Colo.	Smith, W. Va.
Cannon, Mo.	Geyer, Calif.	Martin, Ill.	Snyder
Cartwright	Gibbs	Massingale	South
Casey, Mass.	Gore	May	Sparkman
Celler	Gossett	Merritt	Spence
Chandler	Grant, Ala.	Mills, Ark.	Steagall
Chapman	Gregory	Mills, La.	Tarver
Claypool	Griffith	Monroney	Tenerowicz
Cochran	Hare	Moser	Terry
Coffee, Nebr.	Harrington	Mouton	Thomas, Tex.
Coffee, Wash.	Harter, Ohio	Murdock, Ariz.	Thomason
Cole, Md.	Havenner	Murdock, Utah	Tolan
Collins	Healey	Nelson	Vinson, Ga.
Colmer	Hill	Nichols	Voorhis, Calif.
Connery	Hobbs	O'Connor	Wallgren
Cooley	Hook	O'Day	Walter
Cooper	Houston	O'Leary	Ward
Costello	Hull	O'Neal	Warren
Creal	Hunter	O'Toole	West
Crosser	Jacobsen	Owen	Whelchel
Crowe	Jarman	Parsons	Williams, Mo.
Cullen	Johnson, Luther A.	Patman	Wood
Cummings	Johnson, Lyndon	Patrick	Zimmerman
D'Alesandro	Johnson, Okla.	Patton	
Darden	Johnson, W. Va.	Pearson	
Delaney	Kee	Peterson, Fla.	

NOT VOTING—76

Arnold	Boykin	Burdick	Cox
Austin	Bradley, Mich.	Caldwell	Curley
Ball	Bradley, Pa.	Clark	Dickstein
Bender	Brewster	Cluett	Dies
Boehne	Buckley, N. Y.	Courtney	Dunn
Eaton, N. J.	Jones, Tex.	Norton	Smith, Ill.
Evans	Keller	Osmers	Somers, N. Y.
Faddis	Kelly	Pace	Starnes, Ala.
Fitzpatrick	Kennedy, Martin	Pierce, N. Y.	Sullivan
Ford, Miss.	Kirwan	Richards	Sumners, Tex.
Gifford	Lambertson	Robsion, Ky	Sweeney
Green	McGehee	Rockefeller	Taylor, Colo.
Hart	McGranery	Rogers, Okla.	Thomas, N. J.
Harter, N. Y.	McReynolds	Ryan	Vincent, Ky.
Hartley	Magnuson	Sabath	Weaver
Hendricks	Mansfield	Schiffler	White, Idaho
Hennings	Mitchell	Scrugham	Whittington
Izac	Myers	Secrest	Wolcott
Johns	Norrell	Shannon	Woodrum, Va.

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Eaton of New Jersey (for) with Mr. Woodrum of Virginia (against).
Mr. Wolcott (for) with Mr. Sullivan (against).
Mr. Osmers (for) with Mr. Boehne (against).
Mr. Robsion of Kentucky (for) with Mr. Whittington (against).
Mr. Ball (for) with Mr. Norrell (against).
Mr. Cluett (for) with Mr. Smith of Illinois (against).
Mr. Bender (for) with Mr. Secrest (against).
Mr. Bradley of Michigan (for) with Mr. Fitzpatrick (against).
Mr. Harter of New York (for) with Mr. Arnold (against).
Mr. Austin (for) with Mr. Pace (against).
Mr. Hartley (for) with Mr. Scrugham (against).
Mr. Gifford (for) with Mr. Martin J. Kennedy (against).
Mr. Schiffler (for) with Mr. Courtney (against).
Mr. Johns (for) with Mr. Magnuson (against).
Mr. Pierce of New York (for) with Mr. Hennings (aganist).
Mr. Lambertson (for) with Mr. Somers of New York (against).
Mr. Rockefeller (for) with Mr. Burdick (against).
Mr. Thomas of New Jersey (for) with Mr. Dickstein (against).

General pairs until further notice:

Mr. Caldwell with Mr. Brewster.
Mr. Cox with Mr. Myers.
Mr. Jones of Texas with Mr. Evans.
Mr. Mansfield with Mr. Bradley of Pennsylvania.
Mr. Dies with Mr. Faddis.
Mr. Starnes of Alabama with Mr. Keller.
Mr. Weaver with Mr. Hart.
Mrs. Norton with Mr. Ford of Mississippi.
Mr. McReynolds with Mr. Buckley of New York.
Mr. Boykin with Mr. Ryan.
Mr. Taylor of Colorado with Mr. Dunn.
Mr. Green with Mr. Sweeney.
Mr. Sumners of Texas with Mr. Kelly.
Mr. Hendricks with Mr. Shannon.
Mr. Richards with Mr. Kennedy of Maryland.
Mr. McGehee with Mr. Vincent of Kentucky.
Mr. Clark with Mr. Izac.
Mr. McGranery with Mr. Mitchell.

Mr. BURDICK. Mr. Speaker, I desire to vote.

The SPEAKER pro tempore (Mr. RAYBURN). Does the gentleman qualify?

Mr. BURDICK. I do not know whether I qualify or not.

The SPEAKER pro tempore. Was the gentleman in the hall listening at the time his name was called?

Mr. BURDICK. No; I came in after the Clerk had passed my name.

The SPEAKER pro tempore. The gentleman does not qualify.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore. The question is on the passage of the bill.

Mr. DOUGHTON and Mr. MARTIN of Massachusetts rose.

The SPEAKER pro tempore. The Chair recognizes the gentleman from North Carolina.

Mr. DOUGHTON. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 357, nays 1, not voting 73, as follows:

[Roll No. 97]

YEAS—357

Alexander	Barnes	Bolton	Byrns, Tenn.
Allen, Ill.	Barry	Boren	Byron
Allen, La.	Barton	Brooks	Cannon, Fla.
Allen, Pa.	Bates, Ky.	Brown, Ga.	Cannon, Mo.
Andersen, H. Carl	Bates, Mass.	Brown, Ohio	Carlson
Anderson, Calif.	Beam	Bryson	Carter
Anderson, Mo.	Beckworth	Buck	Cartwright
Andresen, A. H.	Bell	Buckler, Minn.	Case, S. Dak.
Andrews	Blackney	Bulwinkle	Casey, Mass.
Angell	Bland	Burch	Celler
Arends	Bloom	Burdick	Chandler
Ashbrook	Boland	Burgin	Chapman
Barden	Bolles	Byrne, N. Y.	Chiperfield

Church	Gillie	McCormack	Routzohn
Clason	Gore	McDowell	Rutherford
Claypool	Gossett	McGehee	Ryan
Clevenger	Graham	McKeough	Sacks
Cochran	Grant, Ala.	McLaughlin	Sandager
Coffee, Nebr.	Grant, Ind.	McLean	Sasscer
Coffee, Wash.	Gregory	McLeod	Satterfield
Cole, Md.	Griffith	McMillan, John L.	Schaefer, Ill.
Cole, N. Y.	Griswold	McMillan, Thos. S.	Schafer, Wis.
Collins	Gross	Maas	Schuetz
Colmer	Guyer, Kans.	Maciejewski	Schulte
Connery	Gwynne	Mahon	Schwert
Cooley	Hall	Maloney	Seccombe
Cooper	Halleck	Mapes	Seger
Corbett	Hancock	Marcantonio	Shafer, Mich.
Costello	Hare	Marshall	Shanley
Crawford	Harness	Martin, Colo.	Sheppard
Creal	Harrington	Martin, Ill.	Short
Crosser	Harter, Ohio	Martin, Iowa	Simpson
Crowe	Havenner	Martin, Mass.	Sirovich
Crowther	Hawks	Mason	Smith, Conn.
Culkin	Healey	Massingale	Smith, Maine
Cullen	Heinke	May	Smith, Ohio
Cummings	Hess	Merritt	Smith, Va.
Curtis	Hill	Michener	Smith, Wash.
D'Alesandro	Hinshaw	Miller	Smith, W. Va.
Darden	Hobbs	Mills, Ark.	Snyder
Darrow	Hoffman	Mills, La.	South
Delaney	Holmes	Monkiewicz	Sparkman
Dempsey	Hook	Monroney	Spence
DeRouen	Hope	Moser	Springer
Dingell	Horton	Mott	Steagall
Dirksen	Houston	Mouton	Stearns, N. H.
Disney	Hull	Mundt	Stefan
Ditter	Hunter	Murdock, Ariz.	Sumner, Ill.
Dondero	Jacobsen	Murdock, Utah	Sutphin
Doughton	Jarman	Murray	Taber
Douglas	Jarrett	Nelson	Talle
Dowell	Jeffries	O'Brien	Tarver
Doxey	Jenkins, Ohio	O'Connor	Taylor, Tenn.
Drewry	Jenks, N. H.	O'Day	Tenerowicz
Duncan	Jensen	O'Leary	Terry
Durham	Johnson, Ill.	Oliver	Thill
Dworshak	Johnson, Ind.	O'Neal	Thomas, Tex.
Eaton, Calif.	Johnson, Luther A.	O'Toole	Thomason
Eberharter	Johnson, Lyndon	Owen	Thorkelson
Edmiston	Johnson, Okla.	Parsons	Tibbott
Elliott	Johnson, W. Va.	Patman	Tolan
Ellis	Jones, Ohio	Patrick	Treadway
Elston	Kean	Patton	Van Zandt
Engel	Kee	Pearson	Vinson, Ga.
Englebright	Keefe	Peterson, Fla.	Voorhis, Calif.
Fay	Kennedy, Michael	Peterson, Ga.	Vorys, Ohio
Fenton	Keogh	Pfeifer	Wadsworth
Ferguson	Kerr	Pierce, Oreg.	Wallgren
Fernandez	Kilday	Pittenger	Walter
Fish	Kinzer	Plumley	Ward
Flaherty	Kitchens	Poage	Warren
Flannagan	Kleberg	Polk	Welch
Flannery	Knutson	Powers	West
Folger	Kocialkowski	Rabaut	Wheat
Ford, Leland M.	Kramer	Ramspeck	Whelchel
Ford, Miss.	Kunkel	Randolph	White, Idaho
Ford, Thomas F.	Landis	Rankin	White, Ohio
Fries	Lanham	Rayburn	Wigglesworth
Fulmer	Larrabee	Reece, Tenn.	Williams, Del.
Gamble	Lea	Reed, Ill.	Williams, Mo.
Garrett	Leavy	Reed, N. Y.	Winter
Gartner	LeCompte	Rees, Kans.	Wolfenden, Pa.
Gathings	Lemke	Rich	Wolverton, N. J.
Gavagan	Lesinski	Risk	Wood
Gearhart	Lewis, Colo.	Robertson	Woodruff, Mich.
Gehrmann	Lewis, Ohio	Robinson, Utah	Youngdahl
Gerlach	Luce	Rodgers, Pa.	Zimmerman
Geyer, Calif.	Ludlow	Rogers, Mass.	
Gibbs	McAndrews	Rogers, Okla.	
Gilchrist	McArdle	Romjue	

NAYS—1

Tinkham

NOT VOTING—73

Arnold	Eaton, N. J.	Lambertson	Secrest
Austin	Evans	McGranery	Shannon
Ball	Faddis	McReynolds	Smith, Ill.
Bender	Fitzpatrick	Magnuson	Somers, N. Y.
Boehne	Gifford	Mansfield	Starnes, Ala.
Boykin	Green	Mitchell	Sullivan
Bradley, Mich.	Hart	Myers	Sumners, Tex.
Bradley, Pa.	Harter, N. Y.	Nichols	Sweeney
Brewster	Hartley	Norrell	Taylor, Colo.
Buckley, N. Y.	Hendricks	Norton	Thomas, N. J.
Caldwell	Hennings	Osmers	Vincent, Ky.
Clark	Izac	Pace	Vreeland
Cluett	Johns	Pierce, N. Y.	Weaver
Courtney	Jones, Tex.	Richards	Whittington
Cox	Keller	Robsion, Ky.	Wolcott
Curley	Kelly	Rockefeller	Woodrum, Va.
Dickstein	Kennedy, Martin	Sabath	
Dies	Kennedy, Md.	Schiffler	
Dunn	Kirwan	Scrugham	

So the bill was passed.

The Clerk announced the following pairs:

General pairs:

Mr. Woodrum of Virginia with Mr. Eaton of New Jersey.
Mr. Sullivan with Mr. Wolcott.
Mr. Boehne with Mr. Osmers.
Mr. Whittington with Mr. Robsion of Kentucky.
Mr. Norrell with Mr. Ball.
Mr. Smith of Illinois with Mr. Cluett.
Mr. Secrest with Mr. Bender.
Mr. Fitzpatrick with Mr. Bradley of Michigan.
Mr. Arnold with Mr. Harter of New York.
Mr. Pace with Mr. Austin.
Mr. Scrugham with Mr. Hartley.
Mr. Martin J. Kennedy with Mr. Gifford.
Mr. Courtney with Mr. Schiffler.
Mr. Magnuson with Mr. Johns.
Mr. Hennings with Mr. Pierce of New York.
Mr. Somers of New York with Mr. Lambertson.
Mr. Dickstein with Mr. Rockefeller.
Mr. Nichols with Mr. Thomas of New Jersey.
Mr. Kirwan with Mr. Vreeland.
Mr. Caldwell with Mr. Brewster.
Mr. Cox with Mr. Myers.
Mr. Jones of Texas with Mr. Evans.
Mr. Mansfield with Mr. Bradley of Pennsylvania.
Mr. Dies with Mr. Faddis.
Mr. Starnes of Alabama with Mr. Keller.
Mr. Weaver with Mr. Hart.
Mrs. Norton with Mr. Sabath.
Mr. McReynolds with Mr. Buckley of New York.
Mr. Taylor of Colorado with Mr. Dunn.
Mr. Green with Mr. Sweeney.
Mr. Sumners of Texas with Mr. Kelly.
Mr. Hendricks with Mr. Shannon.
Mr. Richards with Mr. Kennedy of Maryland.
Mr. Boykin with Mr. Vincent of Kentucky.
Mr. Clark with Mr. Izac.
Mr. McGranery with Mr. Mitchell.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. COCHRAN. Mr. Speaker, I made some remarks on the revenue bill today and referred to an article in the St. Louis Post Dispatch. I ask unanimous consent to revise and extend my own remarks in the RECORD and to include that article in my remarks.

The SPEAKER pro tempore (Mr. RAYBURN). Is there objection to the request of the gentleman from Missouri [Mr. COCHRAN]?

There was no objection.

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their own remarks in the RECORD on the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina [Mr. DOUGHTON]?

There was no objection.

ANNOUNCEMENT OF VOTE

Mr. DOUGHTON. Mr. Speaker, my colleague the gentleman from North Carolina, Mr. WEAVER, is unavoidably absent. Had he been present, he would have voted "yea."

Mr. COOPER. Mr. Speaker, I desire to announce that the gentleman from Indiana, Mr. BOEHNE, was unavoidably absent on account of the serious illness of his father. If present, he would have voted "nay" on the motion to recommit and "yea" on the passage of the bill.

The gentleman from Mississippi, Mr. WHITTINGTON, was unavoidably absent attending the graduation of his son at Princeton University. He asked me to announce that if present he would have voted "nay" on the motion to recommit and "yea" on the passage of the bill.

OUR PRESENT ECONOMIC TROUBLE AND FUTURE OUTLOOK

Mr. WEST. Mr. Speaker, I ask unanimous consent to extend my own remarks at this point in the RECORD and to include a short statement by the Honorable Robert J. Kleberg, Jr., of Kingville, Tex.

The SPEAKER pro temore. Is there objection to the request of the gentleman from Texas [Mr. WEST]?

There was no objection.

Mr. WEST. Mr. Speaker, in these days of unrest and unemployment, when so many are advocating Government subsidy for each and every one who will not or cannot earn a living, it might be well for thoughtful Americans earnestly

desiring a continuance of our present form of government to contemplate the future. Many, many persons are advocating the theory that the thrifty support the indolent; that others be paid more than they earn, and that everyone have everything he wants. This appeals to some of the unthinking. It is a beautiful theory, but not practical. So long as God in His infinite wisdom endows some with more ability, energy, and thrift than He does others, so long we will have with us those whose earning power is below others, others whose ability to earn is limited. Such conditions are the laws of Nature. The Members of Congress should realize that, try as we may, they cannot repeal the laws of Nature nor the law of supply and demand; that the Government does not owe the average citizen a living, but merely is obligated to provide an equal opportunity to all.

Let us resolve that as long as we are charged with the obligation of running the affairs of government we will do so, not to perpetuate ourselves in office but, rather, consecrate ourselves to the task of perpetuating our present form of free government, so when our course is run we will pass on to our successors the same form of government which was handed to us. Our political success or failure is of no consequence, but the preservation of our free institutions is vital.

In this connection I ask you to carefully read and thoughtfully consider the statement of Hon. Robert J. Kleberg, Jr., manager of the King ranch in Texas. He is a student of economic conditions and the causes thereof. He is recognized as one of Texas' most outstanding and successful citizens. He is experienced in business, and his ideas as expressed are based on experience and not on theory and inexperience. His statement follows:

Our entire modern economic progress is founded on the principle of distributing wealth through continued price reduction and paying higher salaries and wages to management and labor, whenever through efficiency and education or the aid of science they can produce and distribute goods cheaper.

Our economic progress has been retarded by the growth of fixed charges; principally unsound taxation, local, State, and national, and the activities of radical labor and other groups closely akin to racketeering, resulting in the hardening of our great arteries of commerce and interfering with the proper distribution of our wealth.

The value of the total national production of goods and services in 1929, if divided equally among the entire population, would have given to each person approximately $665. Hence it is clear that the consumptive requirements, and especially the wants of the masses of the people, are far from being satisfied. To meet this consumer's demand our entire economic and social system is and should be designed to give the consumer the utmost for his money or expended energy. It is sound and fair that the consumer should be taxed in proportion to what he consumes to defray the cost of all government (local, State, and national) and for any other necessary social purpose. This would be flexible taxation and not fixed or destructive to our economic progress.

In 1929 the national production of goods and services required the utilization of practically all of the labor in the country on a 50-hour-per-week basis to produce approximately $80,000,000,000 worth of goods. It is clear from this that labor will have to be approximately as industrious at this time to supply the consumption demands of the country.

The United States is the richest country in the world. Its natural resources and capital are immense. Far greater than these, however, is its newly found ability to produce unlimited amounts of goods. It can produce almost as much new wealth in a 3-year period as its total capitalization. Ninety-five percent of its market is domestic, only 5 percent is export. Until the 1929 crash and subsequent depression, it had little trouble in finding a ready (95 percent domestic) market for all it produced. During the 10-year period (1919–29) before the depression it undertook the commendable task of providing adequate educational and highway systems for its 120,000,000 citizens. A glaring example of unsound taxation and finance followed. Approximately $50,000,000,000 worth of bonds were issued against agricultural and other real estate, and the proceeds used to carry out these projects. During the time that these bonds were being sold and the improvements made, business generally was stimulated. A high wage scale and level of employment prevailed throughout the country, followed by a tremendous stock-market speculation, which even spread to other countries.

In spite of all this apparent prosperity and attendant high wage scale and high standard of living, agriculture steadily declined as its unfair debt load mounted. It had to pay the interest and sinking funds on these great public improvements.

Since a large part of our population is dependent on agriculture, it is impossible for a country almost wholly dependent on a domestic market to prosper long with so large a part of its consuming market crippled by an unfair tax burden.

The Hoover and Roosevelt administrations have ignored or failed to consider the above facts, and the present administration has repeated our local and State folly on a national scale by still further bonding the country and spending the proceeds to stimulate and create false prosperity. Under these unfair policies, labor practices and other forms of racketeering have sprung up, again increasing fixed charges which prevent the distribution of goods and services at the lowest prices and in the greatest quantities, to the deserving and industrious citizen.

Continually greater consumer demand for goods and services can only be created and stimulated as our scientific, inventive, and administrative genius makes it possible to pay someone more money to produce an article or render a service cheaper, thereby increasing the buying power of the Nation. Education should play a large part in this process, our highway systems should be designed to help, and it should be the duty of our Government to protect property, prevent monopoly, labor or other forms of racketeering, and stimulate foreign commerce. Only in this way can Government, education, and good roads help distribute wealth. They are part of the consumer's costs and should be paid for by the consumer through a consumer's tax. Or, in other words, the citizen would be paying his Government, his highway system, and his educational system for service rendered in helping reduce costs. The measure of value of these agencies should be the amount they contribute toward increasing production and lowering costs. The citizen can thereby determine their value and should be willing to pay a proper percentage on the value of goods he consumes.

Radical labor movements, forms of racketeering, or any other monopolistic tendencies which prevent the citizen from obtaining larger quantities of better goods for his money or his efforts, or which prevent just reward for better educational attainments or inventive genius, should not be permitted or tolerated in a free country.

Once our American system is free of fixed charges, the laws of supply and demand will function normally, with uncertainty eliminated confidence would return, and our prosperity and standard of living will be measured as it justly should, by our individual initiative, energy, and moral qualities.

TRAINING OF CIVIL AIRCRAFT PILOTS

Mr. LEA. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 5619) to provide for the training of civil aircraft pilots, and for other purposes and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Strike out all after the enacting clause and insert:

"That this act may be cited as the 'Civilian Pilot Training Act of 1939.'

"SEC. 2. The Civil Aeronautics Authority is authorized, within the limits of available appropriations made by the Congress, to train civilian pilots or to conduct programs for such training, including studies and researches as to the most desirable qualifications for aircraft pilots. Such training or program shall be conducted pursuant to such regulations as such Authority may from time to time prescribe, including regulations requiring students participating therein to maintain appropriate insurance and to pay such laboratory or other fees for ground-school training, not exceeding $40 per student, as the Authority may deem necessary or desirable: *Provided*, That in the administration of this act none of the benefits of training or programs shall be denied on account of race, creed, or color. Such training or programs may be carried out either through the use of the facilities and personnel of the Authority or by contracts with educational institutions or other persons (as defined in sec. 1 (27) of the Civil Aeronautics Act of 1938).

"SEC. 3. At least 5 percent of the students selected for training under this Authority shall be selected from applicants other than college students.

"SEC. 4. The Authority is authorized to lease or accept loans of such real property, and to purchase, lease, exchange, or accept loans of such personal property, as may be necessary or desirable for carrying out the provisions of this act.

"SEC. 5. For the purpose of carrying out its functions under this act, the Authority is authorized to exercise all powers conferred upon it by the Civil Aeronautics Act of 1938 and to appoint and fix the compensation of experienced instructors, airmen, medical, and other professional examiners and experts in training or research without regard to the provisions of other laws applicable to the employment and compensation of officers and employees of the United States. The provisions of section 3709 of the Revised Statutes shall not apply to contracts with educational institutions and other persons for the use of aircraft or other facilities or for the performance of services authorized by section 2 of this act.

"SEC. 6. Any executive department or independent establishment is hereby authorized to cooperate with the Authority in carrying out the purposes of this act, and for such purposes may lend or transfer to the Authority, by contract or otherwise, or if so requested by the Authority, lend to educational institutions or other persons cooperating with the Authority in the conduct of any such training or program, civilian officials, experts, or employees, aircraft and other property or equipment and lands or buildings under its control and in excess of its own requirements.

"SEC. 7. There is hereby authorized to be appropriated the sum of $5,675,000 for the purpose of carrying out the provisions of this act during the fiscal years 1939 and 1940, and not to exceed the sum of $7,000,000 during each subsequent fiscal year. This act shall expire on July 1, 1944, and all contracts, leases, or other obligations entered into under this act shall expire on or prior to such date: *Provided*, That no alien shall receive training under the provisions of this act."

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California [Mr. LEA]?

Mr. COCHRAN. Mr. Speaker, reserving the right to object, may I ask the gentleman from California if the Senate amendment which he is accepting provides a limitation on the authorization for future years? If he will recall, when this bill was under consideration in the House, at the last moment I discovered it was wide open and that there was no limitation. The Senate, as I recall, placed in the bill a limitation for future years. Is that included?

Mr. LEA. The Senate amendment to be concurred in limits the expenditure to $7,000,000 per year after the fiscal year 1940.

Mr. COCHRAN. I am very glad that the gentleman accepts the Senate amendment.

Mr. MAPES. Mr. Speaker, reserving the right to object, it has been suggested that the gentleman state briefly just how the Senate amendments differ from the House bill.

Mr. LEA. Mr. Speaker, there are two amendments agreed to by the Senate in addition to the House bill. One provides for the limitation of expenditures in future years to $7,000,000 a year, as I have just mentioned, and the other is in reference to the employees of the Commission.

The House provided for temporary employees, which would be an exception to the civil service. The Senate amendment strikes out that provision and authorizes the employment outside of the civil service of experienced instructors, airmen, medical and other professional examiners, and experts in training or research.

Mr. MAPES. Mr. Speaker, the minority members of the Committee on Interstate and Foreign Commerce approve the action of the chairman of the Committee on Interstate and Foreign Commerce in asking unanimous consent that the Senate amendments be concurred in. We feel the Senate has improved upon the House bill and we have no objection.

Mr. SCHAFER of Wisconsin. Reserving the right to object, Mr. Speaker, the gentleman said there is no objection from the minority?

Mr. MAPES. The minority members of the Committee on Interstate and Foreign Commerce.

Mr. SCHAFER of Wisconsin. Yes. What I want to find out now is this: Is it impossible to fill these appointments under the civil service merit system?

Mr. MAPES. It is possible to fill these positions in that way except for certain experts and a few other exceptions.

Mr. SCHAFER of Wisconsin. Are we to understand that excepted positions as embodied in the Senate amendment cannot be filled under the civil service merit system?

Mr. LEA. There is an exemption in this bill from the civil service of the experts mentioned, but it is a limitation on the provision as passed by the House, which was broader in exempting from the civil service.

Mr. SCHAFER of Wisconsin. The Government selects a great many different kinds of experts under the civil service merit system. I do not see why there should be an exception in this case unless the Civil Service Commission is incompetent. Therefore I object.

Mr. MAPES. Will the gentleman withhold his objection for just a moment?

Mr. SCHAFER of Wisconsin. Yes, Mr. Speaker, I withhold the objection.

Mr. MAPES. As the chairman of the committee has stated, the Senate amendment places more positions under the civil service than did the House bill and thus goes a step further in the direction of civil service. Some of us agree with the gentleman's position, but I may say that the Senate bill is an improvement over the House bill in that respect.

Mr. SCHAFER of Wisconsin. I do not believe that we should pass bills creating positions exempt from the civil service merit system. Congress has been flooded with a great deal of propaganda asking us to support the Ramspeck bill which covers into lifetime civil-service positions many thousands of New Deal employees who have received their appointments under a political-spoils system. However, in view of the fact that the Senate bill leans a little more toward the selective civil service merit system, and in view of the fact that we will not be able to put a real merit system into effect until after the 1940 election, I withdraw my objection.

Mr. MAPES. May I say further that, along with the gentleman from Wisconsin, I have fought very consistently for the extension of the civil-service system to cover the appointment of all these officers. We have done the best we could to that end in connection with this bill, and I repeat that the Senate provision is an improvement over the House provision in that respect.

Mr. HOFFMAN. Reserving the right to object, Mr. Speaker, may I ask the gentleman from Michigan if any of the million employees whom Murphy is going to discharge are under the civil service?

Mr. MAPES. We have not discovered any million employees being discharged as yet.

Mr. HOFFMAN. Does the gentleman mean that is just talk?

Mr. MAPES. As far as I know.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

ANNOUNCEMENT

Mr. TERRY. Mr. Speaker, my colleague the gentleman from Arkansas, Mr. NORRELL, is absent today on account of important business. If he were present, he would have voted "nay" on the motion to recommit the revenue bill, and would have voted "yea" on the final passage of the bill.

EXTENSION OF REMARKS

Mr. WALTER. Mr. Speaker, I ask unanimous consent to insert in the CONGRESSIONAL RECORD the peace program of the businessmen's committee of the American Union for Concerted Peace Efforts.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. PETERSON of Florida. Mr. Speaker, I ask unanimous consent to revise and extend the remarks I made today and include therein certain tabulations.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. BARNES. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein an article by Mrs. Sara John English, of Jacksonville.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. SMITH of Connecticut. Mr. Speaker, I ask unanimous consent that the gentleman from Massachusetts [Mr. CASEY] may have permission to extend his own remarks in the RECORD and include therein a letter received by him on the question of relief.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

Mr. D'ALESANDRO. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an article from the Evening Sun on the National Youth Administration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Maryland?

There was no objection.

Mr. HAVENNER. Mr. Speaker, I ask unanimous consent to have inserted in the Appendix of the RECORD an address delivered by the Postmaster General in San Francisco.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

ANNOUNCEMENT

Mr. SCHAFER of Wisconsin. Mr. Speaker, my colleague from Wisconsin, Mr. JOHNS, was unavoidably absent this afternoon on account of illness in his family. If he were present, he would have voted "yea" on both the roll calls this afternoon.

VOTE ON THE REVENUE BILL

Mr. SECCOMBE. Mr. Speaker, my colleague the gentleman from Ohio, Mr. BENDER, is unavoidably absent. Had he been present, he would have voted "yea" on the motion to recommit the revenue bill, and also "yea" on the passage of the bill.

EXTENSION OF REMARKS

Mr. SECCOMBE. Mr. Speaker, I also ask unanimous consent that the gentleman from Ohio [Mr. BENDER] may be permitted to extend his own remarks in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio [Mr. SECCOMBE]?

There was no objection.

Mr. THORKELSEN and Mr. HOFFMAN asked and were given permission to revise and extend their own remarks in the RECORD.

Mr. OLIVER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a copy of a broadcast made by me last Saturday evening.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Maine?

There was no objection.

Mr. FRIES. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include an editorial which appeared in the Illinois State Register, one of the greatest newspapers in the Middle West, with respect to the W. P. A. and its program; and also an ad which was bought and paid for by 33 of the outstanding citizens and businessmen of Springfield, Ill., commending the W. P. A. employees and the W. P. A. administrators for their efficient manner of putting over W. P. A. projects in that particular area.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois [Mr. FRIES]?

There was no objection.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois [Mr. CHURCH] is recognized for 40 minutes.

Mr. CHURCH. Mr. Speaker, at this late hour, in order to complete my statement in perhaps 20 minutes instead of the 40, I ask unanimous consent to extend my own remarks in the RECORD and to include at the places I shall indicate in my address a copy of a letter by the Acting Comptroller General of the United States to the President of the Federal Home Loan Bank Board, together with certain photostatic copies of investigation records furnished me by the General Accounting Office, a copy of two reply letters by the Vice Chairman of the Board, and a letter addressed to me by the Comptroller General of the United States.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois [Mr. CHURCH]?

There was no objection.

Mr. CHURCH. Mr. Speaker, it will be recalled that last year I had occasion to bring to the attention of the House the illegal use of the franking privilege by Horace Russell, the then General Counsel of the Home Owners' Loan Corporation. It will also be recalled that a few hours after that public exposure on this floor he resigned his position.

Since that time I have taken it upon myself to conduct a little private inquiry into the activities of the Home Owners' Loan Corporation. Every Member here has constituents who are borrowers from this corporation and has constituents who hold its bonds for which all taxpayers are indirectly liable. To them we individually and collectively have the duty to protect their interests.

The Home Owners' Loan Corporation, established by the act of June 13, 1933, is directed and operated by the Federal Home Loan Bank Board, set up by the act of July 22, 1932. This same Board also directs and operates the Federal Savings & Loan Insurance Corporation, established by the act of June 27, 1934, as well as controls the 12 Federal Home Loan banks. I might also state, with a view to indicating the financial interrelationship of the two corporations, that under the law the Home Owners' Loan Corporation holds all the $100,000,000 of capital stock of the Federal Savings & Loan Insurance Corporation, purchased by H. O. L. C. bonds. Suffice it to say that the Federal Home Loan Bank Board is one of the most powerful agencies of this Government, conducting financial operations involving billions of dollars. The Home Owners' Loan Corporation itself is authorized to issue bonds in the amount of $4,750,000,000.

My investigation naturally led to an examination of the work of all these interrelated functions of the corporations under the Federal Home Loan Bank Board. Of necessity, the study I have been able to make has been anything but exhaustive. It could not be otherwise, for no individual Member of Congress has the power, the time, nor the resources to make a thorough investigation. Nonetheless, Mr. Speaker, as incomplete as my individual investigation has been, it has brought to light some very startling facts, which I feel obliged to call to the attention of this House.

It is our evident duty to authorize and direct some committee of this House to make a complete audit of all accounts of the H. O. L. C., the Federal Savings and Loan Insurance Corporation, and the Federal Home Loan Bank Board, as well as to investigate the illegal activities and expenditures of certain officials. Mr. Speaker, I have discovered a state of affairs in connection with the H. O. L. C. and the Federal Savings and Loan Insurance Corporation that we must not allow to continue and which warrants the prompt dismissal of a number of officials.

First, I publicly charge Mr. Nugent Fallon, now General Manager of the Federal Savings and Loan Insurance Corporation, with using Government funds to travel to and from his home for his own personal pleasure and personal business. I demand his immediate resignation. His conduct in this regard has been a deliberate fraud, and such a man is not entitled to hold the responsible position that he now holds, where he handles millions of dollars of money belonging to the people you and I represent.

Mr. Nugent Fallon has a home at 74 Greenway Terrace, Forest Hills, N. Y., and he has a summer home at 135 Beach Bluff Avenue, Swampscott, Mass., a suburb of Boston. With these facts in mind, I now wish to read to the House some of the travel performed by Mr. Fallon which he charged to the Federal Savings and Loan Insurance Corporation.

	COST
To New York, Dec. 11 to Dec. 15, 1935 (week end)	$54.64
To New York, Dec. 22 to Dec. 25, 1935 (holidays)	29.06
To New York, Jan. 15 to Jan. 16, 1936	31.89
To New York, Jan. 31 to Feb. 2, 1936 (week end)	32.76
To New York, Feb. 9 to Feb. 10, 1936 (week end)	31.29
To Boston, Feb. 29 to Mar. 3, 1936 (week end)	55.11
To New York, Mar. 7 to Mar. 10, 1936 (week end)	34.43
To New York, Apr. 3 to Apr. 6, 1936 (week end)	38.83
To New York, Apr. 24 to Apr. 26, 1936 (week end)	44.21
To New York, Boston, May 3 to May 18, 1936	78.39
To New York, May 26 to May 31, 1936 (week end)	85.85
To Boston, June 17 to June 29, 1936	121.80
To New York, Boston, July 17 to July 20, 1936 (week end)	57.30
To New York, July 30 to Aug. 12, 1936	54.25
To New York, Boston, Aug. 21 to Aug. 25, 1936 (week end)	65.45
To Boston, Sept. 4 to Sept. 14, 1936	103.10
To New York, Boston, Sept. 22 to Sept. 27, 1936 (week end)	78.65
To New York, Oct. 10 to Oct. 17, 1936 (week end)	74.05
To New York, Nov. 11 to Nov. 13, 1936	32.85
To Boston, Nov. 27 to Nov. 29, 1936 (week end)	49.55
To Boston, Dec. 13 to Dec. 15, 1936 (week end)	50.00
To New York, Dec. 17 to Dec. 18, 1936	24.95
To New York, Apr. 9 to Apr. 10, 1937	24.95
To Boston, Apr. 20 to Apr. 28, 1937 (week end)	113.30

cost—continued

To New York, May 27 to May 29, 1937	$43.45
To New York, June 12 to June 13, 1937 (week end)	32.55
To New York, Boston, June 15 to June 23, 1937	126.05
To Boston, July 1 to July 6, 1937 (holidays)	35.30
To New York, July 9 to July 13, 1937 (week end)	26.05
To New York, July 31 to Aug. 3, 1937 (week end)	25.85
To Boston, Aug. 6 to Aug. 23, 1937	176.80
To Boston, Aug. 31 to Sept. 8, 1937 (week end, holiday)	96.00
To New York, Sept. 28 to Sept. 29, 1937	27.90
To Boston, Oct. 25 to Oct. 28, 1937	69.70
To Boston, Dec. 6 to Dec. 12, 1937 (week end)	152.00
To New York, Boston, Jan. 25 to Jan. 28, 1938	47.95
To Boston, Feb. 7 to Feb. 11, 1938	57.25
To Boston, Feb. 22 to Feb. 24, 1938 (holiday)	46.45
To Virginia, North Carolina, South Carolina, Feb. 27 to Mar. 8, 1938 (2 week ends)	102.30
To New York, Apr. 7 to Apr. 12, 1938 (week end)	42.60
To Norfolk, Va., Apr. 15 to Apr. 18, 1938 (week end)	21.75
To New York, Boston, May 3 to May 5, 1938	45.30
To New York, Aug. 11 to Aug. 15, 1938 (week end)	26.80
To New York, Aug. 31 to Sept. 6, 1938 (holiday)	74.75

The House has no doubt noted how frequently these trips to Boston and New York, where Mr. Fallon has his respective homes, occur on week ends and holidays. How convenient it is to have all Government business to transact on week ends and holidays and in the immediate vicinity of one's home.

In substantiation of my charge, Mr. Speaker, I have asked unanimous consent to have inserted in the RECORD at this point, a copy of a letter addressed by the Acting Comptroller General of the United States to the president of the Federal Home Loan Bank Board under date of November 1, 1938, together with certain photostatic copies of investigation records furnished me by the General Accounting Office.

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, November 1, 1938.

PRESIDENT, FEDERAL HOME LOAN BANK BOARD.

SIR: Examination by representatives of this office of the accounts and records of John Byrns, Treasurer, Federal Savings & Loan Insurance Corporation, brings out matters to which it is thought advisable to invite your attention and which are reported substantially as follows:

In the examination of the vouchers retained by Mr. Byrns it was noted therefrom that most of the travel performed by Mr. H. E. Hoagland, member of the board of trustees of the Federal Savings & Loan Insurance Corporation was to Columbus, Ohio, and vicinity, while Mr. Nugent Fallon, General Manager of the said Corporation, made numerous trips to New York, Boston, and vicinity.

(a) Mr. Hoagland's travel expenses, which were paid by the Federal Savings & Loan Insurance Corporation, were as follows:

Voucher No.	Period	Amount
77	Aug. 16 to Aug. 21, 1934	$71.97
155	May 3 to May 6, 1935	47.98
161	May 7 to May 14, 1935	112.98
201	July 4 to July 7, 1935	53.98
257	Oct. 9 to Oct. 13, 1935	75.31
524	June 18 to June 22, 1936	68.10
544	July 17 to July 20, 1936	64.00
775	Apr. 2 to Apr. 6, 1937	81.85

It is understood that the authority for Mr. Hoagland to incur such travel expense was granted by the board of directors of the Federal Home Loan Bank Board, May 31, 1935, in resolution, in part, as follows:

Be it resolved, That *members of the board of trustees* for Federal Savings & Loan Insurance Corporation * * * be authorized to travel in their discretion on the official business of the Federal Savings and Loan Insurance Corporation and to select such mode of travel and such accommodations in travel and such route or routes of travel as the traveler in each case may determine to be most appropriate * * *." [Italic supplied.]

In view of the fact that Mr. Hoagland apparently arranged a number of his trips so as to be at Columbus, Ohio, his former home, at weekends, frequently using Government transportation requests in connection with such trips, question is raised whether there was a commingling of private and public business. In this connection attention is called to Comptroller General's decision of December 6, 1921 (1 Comp. Gen. 299), wherein it is held that when there is a mingling of private matters with Government business by a Government officer or employee in a travel status the expenses incurred thereby cannot be charged against the Government. Also see paragraph 20 of Standardized Government Travel Regulations approved by the President January 30, 1934, and December 10, 1935, prohibiting the use of Government transportation requests for personal travel.

(b) The travel performed by Mr. Nugent Fallon, the cost of which was paid by the Federal Savings & Loan Insurance Corporation, is as follows:

Period	Voucher No.	Amount
Dec. 11 to Dec. 15, 1935	324	$54.64
Dec. 22 to Dec. 25, 1935	340	29.06
Jan. 15 to Jan. 16, 1936	359	31.89
Jan. 31 to Feb. 2, 1936	383	32.76
Feb. 9 to Feb. 10, 1936	389	31.29
Feb. 29 to Mar. 3, 1936	417	55.11
Mar. 7 to Mar. 10, 1936	423	34.43
Apr. 3 to Apr. 6, 1936	447	38.83
Apr. 24 to Apr. 26, 1936	467	44.21
May 3 to May 18, 1936	484	78.39
May 26 to May 31, 1936	499	85.85
June 17 to June 29, 1936	525	111.80
July 17 to July 20, 1936	542	57.30
July 30 to Aug. 12, 1936	564	54.25
Aug. 21 to Aug. 25, 1936	574	65.45
Sept. 4 to Sept. 14, 1936	595	103.10
Sept. 22 to Sept. 27, 1936	614	78.65
Oct. 10 to Oct. 17, 1936	628	74.05
Nov. 11 to Nov. 13, 1936	653	32.85
Nov. 27 to Nov. 29, 1936	668	49.55
Dec. 13 to Dec. 15, 1936	679	50.00
Dec. 17 to Dec. 18, 1936	687	24.95
Apr. 9 to Apr. 10, 1937	782	24.95
Apr. 20 to Apr. 28, 1937	808	113.30
May 27 to May 29, 1937	844	43.45
June 12 to June 13, 1937	858	32.55
June 15 to June 23, 1937	868	126.05
July 1 to July 6, 1937	886	35.30
July 9 to July 13, 1937	898	26.05
July 31 to Aug. 3, 1937	916	25.85
Aug. 6 to Aug. 23, 1937	942	176.80
Aug. 31 to Sept. 8, 1937	968	96.00
Sept. 28 to Sept. 29, 1937	1001	27.90
Oct. 25 to Oct. 28, 1937	1049	69.70
Dec. 6 to Dec. 12, 1937	1110	152.00
Jan. 25 to Jan. 28, 1938	1177	47.95
Feb. 7 to Feb. 11, 1938	1200	57.25
Feb. 22 to Feb. 24, 1938	1224	46.45
Feb. 27 to Mar. 8, 1938	1247	102.30
Apr 7 to Apr. 12, 1938	1296	42.60
Apr. 15 to Apr. 18, 1938	1297	21.75
May 3 to May 5, 1938	1332	45.30
Aug. 11 to Aug. 15, 1938	1466	26.80
Aug. 31 to Sept. 6, 1938	1486	74.75

The majority of the vouchers above listed cover travel between Washington, D. C., New York City, Boston, Mass., and vicinity, any many of them are for periods including holidays and week-ends.

The authority for Mr. Fallon to incur travel expense is likewise understood to have been granted by the board of directors of the Federal Home Loan Bank Board, May 31, 1935, in resolution, in part, as follows:

"Be it resolved, That members of the board of trustees for Federal Savings & Loan Insurance Corporation *the general manager*, or the acting general manager, and the general counsel of the Federal Savings & Loan Insurance Corporation be authorized to travel in their discretion *on the official business* of the Federal Savings & Loan Insurance Corporation and to select such mode of travel and such accommodations in travel and such route or routes of travel as the traveler in each case may determine to be most appropriate, and such expenses as may be incurred in such travel on such basis are authorized and approved and a per diem in lieu of subsistence for members of the board of trustees, the general manager, or the acting general manager, and the general counsel is authorized and approved in the sum of $7 per diem and such expenditures as are authorized by this resolution are in the discretion of the board proper, and when incurred as herein provided, will have been properly incurred and shall be paid." [Italics supplied.]

While many of the trips were presumably on official business of the Government, in view of the fact that many of them were apparently arranged so as to permit of Mr. Fallon's being at his homes near New York, and at Swampscott near Boston, Mass., question is raised whether there was a commingling of private and public business. See in this connection 1 Comptroller General 299 and Standardized Government Travel Regulations hereinabove referred to, with reference to Mr. Hoagland's travel.

(c) Concerning the travel performed by Mr. Fallon at the expense of the Federal Savings & Loan Insurance Corporation, it was noted that although certain of his vouchers show that he was at one place, he either sent telegrams or received them at a different place, as hereinafter set forth:

Voucher No. 525 shows traveler on duty in Boston, Mass., June 24, 1936; however, a telegram was sent from Marblehead, Mass., signed by the traveler, as follows:

MARBLEHEAD, MASS., *June 24, 1936.*

Miss HARRIET ROACH,
7522 New Post Office Building,
Washington, D. C.:

Please put my name on Woodall increase with notation. Have Broderick put some time on our report to Congress. Tell him his

manuscript should be written so his readers will understand and enjoy reading it. Champlain meeting, more golf than work; Boston meeting very interesting and profitable.

NUGENT FALLON.

Voucher No. 564 shows traveler on duty in New York until 5 p. m., August 3, 1936, and annual leave from 5 p. m., August 3, 1936, to 8 a. m., August 11, 1936; the leave records, however, show Mr. Fallon on leave from August 4, 1936, to August 8, 1936, inclusive, leaving 1 day, August 10, 1936, not reported on leave records. It will be noted that the voucher shows duty in New York until 5 p. m., August 3, 1936; however, a telegram was sent by Mr. Fallon on August 3, 1936, from Marblehead, Mass., reading as follows:

BA 318–38 Gov't Collect XC Marblehead, Mass. 3–12–22P
Miss HARRIET ROACH,
Room 7522, New Post Office Building,
Washington, D. C.:

Advise Armstrong I wish to discuss Wheeling affair with him. I question if it belongs in report of year ending June 30, through delay in settlement with Treasury. Mail blank paper and large envelopes.

NUGENT FALLON.

Voucher No. 886 shows traveler on duty in Boston on July 3, 1937; however, a telegram was sent to Mr. R. K. Bruhn, field representative, reading as follows:

WASHINGTON, D. C., *July 2, 1937.*

Mr. R. K. BRUHN,
% Federal Home Loan Bank of Boston,
111 Devonshire Street, Boston, Mass.:

Please telephone Mr. Fallon early Saturday morning, July 3, at Breakers 5319, Beachbluff, Mass., his request.

SECRETARY TO MR. FALLON.

Voucher No. 968 shows traveler on duty in Boston, Mass., on September 4, 1937, however, Mr. Fallon sent a telegram on that date from Marblehead, Mass., reading as follows:

BA 77 22 Gov't Collect MG Marblehead, Mass., 4–902A.

Miss Harriet Roach, Federal Savings & Loan Insurance Corporation, First Street and Indiana Avenue, Washington, D. C.

Not sending Vermont letter. Nothing must go wrong with book. Advise PFEIFER to personally inspect and ship in New York.

N. FALLON.

Voucher No. 1247 shows traveler arriving in Raleigh, N. C., at 2:30 p. m., February 28, 1938, however, a telegram was sent to Mr. Fallon at Highland Pines Inn., Southern Pines, N. C., on that date by Miss Roach, his secretary, reading as follows:

"No word from Boston today got in touch with Fitzgerald. Mr. Kreutz hopes you can discuss field work and kid with Larogue. Personnel has approved Wilkes appointment; hope to get board action soon."

The following telegram was sent by Nugent Fallon from Southern Pines, N. C., on February 28, 1938:

SOUTHERN PINES, N. C., *February 28, 1938—10:20 a. m.*

OSCAR R. KREUTZ,
Deputy General Manager,
Federal Home Loan Bank Building, Washington, D. C.:

Cleared appointment Tilton Assistant General Manager eight thousand with him and Jones. Please have personnel papers set up with strong justification including possible savings bank work. Please sign and advance them if possible. Leave date entry on duty open.

NUGENT FALLON.

(d) With further reference to travel expenses incurred by Mr. Fallon, the following telegram was sent by Mr. Oscar R. Kreutz of the Federal Savings & Loan Insurance Corporation:

WASHINGTON, D. C., *July 11, 1936.*

Mr. AXEL HAWKINSON,
Secretary, Swedish-American Savings and Loan Association,
919 Walnut Street, Kansas City, Mo.:

Please arrange guest privileges Kansas City Club, Nugent Fallon and B. H. Wooten arriving Monday.

OSCAR R. KREUTZ,
Chairman, Review Committee.

It is inferred that the above telegram was sent in connection with Mr. Fallon's attendance at a meeting of representatives of various savings and loan associations. However, in view of the doubt as to the nature of the meeting, there is a question as to whether the provisions of the act of June 26, 1912, 37 Stat. 184, as amended (U. S. C. 5: 83), are for application in the instant case. Also see in this connection the following decisions pertaining to incurring obligations at the expense of the Government in attending conventions and meetings:

Nov. 1, 1924—4 Comp. Gen. 421.
Jan. 27, 1925—4 Comp. Gen. 630.
Feb. 9, 1926—5 Comp. Gen. 599.
March 20, 1926—5 Comp. Gen. 746.
April 17, 1926—5 Comp. Gen. 834.

It is requested that the Board give consideration to the questions whether all of the travel expense incurred by Messrs. Hoagland and Fallon pertained to the official business of the Federal Savings & Loan Insurance Corporation; whether Mr. Fallon was in fact in a travel status at Government expense while at places different from those shown in his expense vouchers; and whether in view of the statutory prohibition against incurring obligations at the expense of the Government for attending meetings and conventions, the expense so incurred was properly payable from the funds of the Federal Savings & Loan Insurance Corporation.

Respectfully,

R. N. ELLIOTT,
Acting Comptroller General of the United States.

GENERAL ACCOUNTING OFFICE
WASHINGTON

BOSTON, MASS., *September 27, 1938.*

For attention of investigations.
Chief of Investigations.
Re investigation concerning Mr. Nugent Fallon,
135 Beach Bluff Avenue, Swampscott, Mass.

Pursuant to your letter dated September 24, 1938, we contacted Mr. R. F. Butler, superintendent of the post-office branch at Swampscott, Mass., for the purpose of ascertaining the names of the occupants of the dwelling located at 135 Beach Bluff Avenue. There is no postmaster at this post-office branch and Mr. Butler is in charge. Mr. Butler advised us that Mr. Nugent Fallon lived at that address and that it was his summer home and that mail addressed to him (Mr. Nugent Fallon) had been delivered recently at that address. Mr. Butler further stated the post-office authorities had no forwarding address for Mr. Nugent Fallon, that mail was delivered to the residence and forwarded from there. Mr. Butler appeared to be reticent in giving us this information and implied that Mr. Fallon was no longer in Swampscott.

In view of Mr. Butler's attitude we called at 135 Beach Bluff Avenue and without making our identity known asked if Mr. Fallon was in. We were advised by Mrs. Carson, housekeeper at this address, that Mr. Fallon had left Sunday for Washington, and she further stated that Mr. Fallon was the owner of the property (located at 135 Beach Bluff Avenue) which he used as his summer home.

With reference to the records at the Parker House for the period June 19–21, 1937, Mr. Creighton, resident manager, was contacted. Mr. Creighton called his bookkeeper over the telephone and requested him to ascertain whether or not they had a registration card for Mr. Nugent Fallon for the period in question. The bookkeeper advised Mr. Creighton that he was unable to find any record of registration for Mr. Fallon for the whole year of 1937. Acting upon this advice, Mr. Creighton personally went down and rechecked the records and corroborated the statement made by the bookkeeper and also furnished us with a statement to that effect, which is attached herewith as exhibit No. 1.

Respectfully submitted.

ALEXANDER R. SHEPHERD, Jr.,
CARL P. JETTON,
Investigators.

GENERAL ACCOUNTING OFFICE
WASHINGTON

Office of the Comptroller General of the United States.
In reply quote initials.

SEPTEMBER 24, 1938.

Mr. RALPH HALE,
Care U. S. Treasury Department,
76 Ninth Avenue, New York, N. Y.

DEAR MR. HALE: For use in connection with an inspection now being made of the accounts and records of the Federal Savings & Loan Insurance Corporation, Washington, D. C., it is requested that, as soon as practicable, two members of your party be detailed to ascertain from the records of the Waldorf Astoria Hotel, whether a Mr. Nugent Fallon was registered there as a guest on December 11, 1935, and October 10, 1936; also, to ascertain from the records of the Biltmore Hotel whether Mr. Fallon was registered there as a guest on January 15, 1936, and July 31, 1937.

Prompt reply will be appreciated.

Cordially,

S. B. TULLOSS, *Chief of Investigations.*

GENERAL ACCOUNTING OFFICE
WASHINGTON

Office of the Comptroller General of the United States.
In reply quote initials.

NEW YORK, N. Y., *September 26, 1938.*
PG–38

Re: Inspection of Federal Savings and Loan Insurance Corporation, Washington, D. C.
Messrs. Chase and Palsgrove:

Letter from chief of investigations, dated September 24, 1938, attached, is self-explanatory. It is requested that you ascertain the information indicated therein as needed, and draft report thereon to chief of investigations.

This matter should be handled special and should take precedence over all other work that either of you may have pending before you.

RALPH HALE, *Investigator in Charge.*

GENERAL ACCOUNTING OFFICE

WASHINGTON

OFFICE OF THE COMPTROLLER GENERAL OF THE UNITED STATES,
NEW YORK, N. Y., *September 27, 1938.*

In reply quote initials.
Report No. 1383.

CHIEF OF INVESTIGATIONS: Pursuant to memorandum of Mr. Hall of September 26, 1938, assigning for investigation case P G-38—Inspection of Federal Savings & Loan Insurance Corporation, Washington, D. C. (ex. 1) and letter to Mr. Hale of September 24, 1938, from Mr. S. B. Tulloss, Chief of Investigations (ex. 2), I proceeded to the Waldorf-Astoria Hotel, Fiftieth Street and Park Avenue, New York City, where Mr. John H. Klughers, senior assistant manager, was contacted and upon presenting our credentials and stating the object of our visit, checked the hotel's records re Mr. Nugent Fallon having been a guest there on the dates of December 11, 1935, and October 10, 1936. Mr. Klughers stated the only registration of Mr. Fallon of record was October 14–17, 1936. We asked if we might examine all records re this period and he replied we would have to see Mr. Augustus Nulle, treasurer, and directed a bellboy to take us to Mr. Nulle.

Upon stating the information desired, Mr. Nulle phoned Mr. W. F. McDermott, credit manager, that he was sending us down and to let us examine all records pertaining to Mr. Fallon. Examination of the records failed to disclose Mr. Fallon as having been a guest of the hotel on the dates of December 11, 1935, and October 10, 1936. There was a record of Mr. Fallon being registered at 10:05 a. m., October 14, 1936, and departing at 7:57 a. m., October 17, 1936. He was assigned room No. 1701 at a special rate of $5.25 per day. The purpose shown on the registration card was to attend B. and L. (building and loan, title supplied by Mr. McDermott) association convention. Attached hereto is an extract of the account for October 14–17, 1936 (ex. 3).

At the Biltmore Hotel, Forty-third Street and Madison Avenue, attempts were made to contact Mr. W. H. Rorke, the manager, he being away from the hotel; we contacted Mr. F. W. Ehrhardt, assistant to Mr. Rorke, and asked him if we could examine the records of Mr. Nugent Fallon. Examination of the registration records at the Biltmore Hotel failed to reveal Mr. Fallon as having been a guest at the hotel on the dates of January 15, 1936, and July 31, 1937. Further search failed to show any registration of Mr. Fallon at this hotel.

In our examination of the records at the Waldorf-Astoria Hotel there was also disclosed the registration of Mrs. Nugent Fallon, of Forest Hills, N. Y., for 1 night only on April 20, 1936.

Respectfully submitted.

EARL P. CHASE,
WILLIAM G. PALSGROVE,
Investigators.

WASHINGTON, D. C., *July 11, 1936.*

Mr. AXEL HAWKINSON,
Secretary, Swedish-American Savings & Loan Association, 919 Walnut Street, Kansas City, Mo.:

Please arrange guest privileges Kansas City Club, Nugent Fallon and B. H. Wooten arriving Monday.

OSCAR R. KREUTZ,
Chairman, Review Committee.

The above does not appear to be official business, therefore not properly chargeable to official funds.

Numerous telegrams were sent in connection with lobbying for certain legislation; for list of such telegrams see exhibit 1.

There were also some telegrams sent regarding conventions, and paid for from official funds; for list of such telegrams see exhibit 2.

In view of the fact that much of the travel performed by Nugent Fallon covered week-ends in New York and Boston it has been developed that the 1938 New York telephone directory lists Mrs. Nugent Fallon as living at 74 Greenway Terrace, Forest Hills, N Y., and information has been obtained through representatives of this office stationed in Boston, Mass., that Mr. Nugent Fallon is the owner of the property located at 135 Beach Bluff Avenue, Swampscott, Mass., and was used by him as a summer home.

The expense vouchers of Mr. Fallon showed taxi fare from station to certain hotels in New York City and Boston, Mass.; in this connection see exhibits 3 and 4.

T. H. REAVIS,
W. N. CRAWFORD.

It will be noted from the Comptroller General's letter to the President of the Federal Home Loan Bank Board that one Dr. H. E. Hoagland, a member of the board of trustees of the Federal Savings & Loan Insurance Corporation, also made a number of trips to Columbus, Ohio, on alleged Government business at Government expense, but where he had his home. Conveniently enough, the Hoagland trips were also week-end arrangements.

Before Mr. Fallon became general manager of the Federal Savings & Loan Insurance Corporation, at $10,000 a year, he was associated with the Home Owners' Loan Corporation at a salary of $8,500. I have no doubt that if an investigation were made of his travel charges when with the H. O. L. C. the same state of affairs would be revealed.

How does the Federal Home Loan Bank Board look upon the illegal expenditures of Mr. Fallon, General Manager of the Federal Loan Insurance Corporation, and of Dr. H. E. Hoagland, former member of the Board? Mr. Speaker, the Board simply condones them and makes itself a party to the activities. In proof of that statement I ask unanimous consent to have inserted in the RECORD at this point a copy of a letter addressed to the Acting Comptroller General by Mr. T. D. Webb, Vice Chairman of the Board, under date of November 4, 1938, and under date of December 14, 1938.

FEDERAL HOME LOAN BANK BOARD,
Washington, November 4, 1938.

Hon. R. N. ELLIOTT,
Acting Comptroller General of the United States,
Washington, D. C.

DEAR SIR: Your letter of November 1 to the Chairman, regarding the travel record of Dr. H. E. Hoagland, a former member of this Board, and Mr. Nugent Fallon, General Manager of the Federal Savings & Loan Insurance Corporation, has been referred to me.

Be assured that we greatly appreciate the courtesy of your statement, and the submission of your findings to us.

The communication will have the immediate attention of the Board and you will be advised of its conclusions.

In the meanwhile we have requested our Mr. J. B. Richards to confer with you on the subject in the next few days.

Very truly,

T. D. WEBB, *Vice Chairman.*

FEDERAL HOME LOAN BANK BOARD,
Washington, December 14, 1938.

R. N. ELLIOTT, Esq.,
Acting Comptroller General,
General Accounting Office, Washington, D. C.

SIR: Response to your courtecus communication of November 1, 1938, A-47928, suggesting certain questions with regard to travel expenses incurred by Messrs. H. E. Hoagland and Nugent Fallon, former member of the Board of Trustees of the Federal Savings & Loan Insurance Corporation, and general manager of that corporation, respectively, has been delayed until careful consideration and study of these matters could be completed by the Board.

A thorough examination of the travel expense of Mr. Hoagland and of Mr. Fallon reveals that in every case the expense incurred by these gentlemen was pursuant to travel undertaken solely because of necessary official business of the Federal Savings & Loan Insurance Corporation.

You will appreciate that it is necessary for the Insurance Corporation to maintain constant contacts not only with insured institutions, but likewise with associations not yet insured, for the purpose of carrying out and encouraging the desired participation in the Government's program of insurance of savings and loan accounts. In all areas it has been necessary for the Insurance Corporation to maintain a constant check on the current financial and operating status of insured institutions as well as to closely scrutinize those institutions making application for membership in the insurance system. Mr. Fallon's work, in particular, has necessitated a continuous contact with legislative developments, especially in those areas where the volume of savings and loan association investment is large. Attention should be directed to the fact that Columbus, Ohio, and metropolitan Boston, Mass., are two of the country's most busy centers of savings and loan activity. In Ohio, at the outset of the Insurance Corporation's operations, disturbed local conditions in the building and loan field made necessary a closer than ordinary contact with local conditions. In Massachusetts the successful installation and operation of an insurance program has been complicated by the existence of the only State program of building and loan insurance in the country and has required a close and continuing familiarity with the problems and conditions peculiar to that area.

It has quite naturally been the practice of the Board to send its representatives into the various areas of the country where they are best known and where they are most thoroughly familiar with local problems and conditions. A great deal of the necessary contact work incident to the encouragement and establishment of the Government's insurance program in the savings and loan associations of the country has, of course, been conducted over week ends, at which time individuals prominent in the savings and loan field were available for conference.

Investigation has been made of the travel in connection with which the telegram of July 11, 1936, to which reference is made on page 7 of your letter, was sent. Mr. Fallon was not in attendance at any meeting or convention at the time of this travel but was engaged solely on business of the insurance corporation.

I trust that this communication will satisfactorily answer your queries with regard to this matter, and, if there is anything further which the Board can do to clarify matters of this nature, we shall be pleased to have your suggestions.

Very truly yours,

T. D. WEBB,
Vice Chairman, Board of Trustees.

I will not take the time to read these letters to the House, but I do urge every Member to read them. You will find that they represent an evasive attempt to "whitewash" the whole thing. For instance, they explain the matter in this way:

A great deal of the necessary contact work incident to the encouragement and establishment of the Government's insurance program in the savings and loan associations of the country has, of course, been conducted over week ends * * *."

That is how they explain the week-end trips of these officers to their homes at Government expense. They also point out the interesting fact that Boston, Mass., is one of the busy centers of savings and loan activity. And so the Federal Home Loan Bank Board is in collusion with the officers of these agencies of the Government by approving their use of Government funds for week-end trips home. They approve the whole thing with the unique explanation that "contacts are made on week ends" and that it so happens that where the officers' homes are located are "busy centers of savings and loan activity." What nonsense!

I have no doubt but that the foregoing is a mere example of the kind of thing that is taking place in other particulars in connection with the Federal Savings & Loan Insurance Corporation, the H. O. L. C., and the Federal Home Loan Bank Board. An investigation will show some very startling facts.

Apparently, Mr. Fallon, Dr. Hoagland, Mr. Webb, and these other officials connected with the Federal Deposit Insurance Corporation have overlooked the fact that there is a provision of law, placed on the statute books by Congress, which makes it a criminal offense to misapply the Corporation funds. I call attention to section 512 (c) of the act of June 27, 1934, which reads in part as follows:

(c) Whoever, being connected in any capacity with the Federal Housing Administration or the Federal Savings and Loan Insurance Corporation (1) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to the Administration or the Corporation or pledged, or otherwise entrusted to the Administration or the Corporation, or (2) with intent to defraud the Administration or the Corporation or any other body, politic, or corporate, or any individual, or to deceive any officer, auditor, or examiner of the Administration or the Corporation, make any false entry in any book, report, or statement of or to the Administration or the Corporation, or without being duly authorized draws any order or issues, puts forth, or assigns any note, debenture, bond, or other such obligation or draft, bill of exchange, mortgage, judgment, or decree thereof, shall be punished by a fine of not more than $10,000 or by imprisonment for not more than 5 years, or both.

The question probably arises in the minds of a number of Members as to how these things can take place. The answer lies in the fact that in setting up the Federal Savings & Loan Insurance Corporation and the Home Owners' Loan Corporation the Congress granted them special latitude in the expenditure of public moneys and the accounting therefor. They were granted greater freedom in the use of public moneys than is contemplated by the general law or enjoyed by the departments and establishments of the Government generally.

The act of June 13, 1933, which authorized the Federal Home Loan Bank Board to establish the H. O. L. C., states in section 4 (j):

The Corporation * * * shall determine its necessary expenditures under this act and the manner in which they shall be incurred, allowed, and paid, without regard to the provisions of any other law governing the expenditure of public funds * * *.

The act of May 28, 1935, of the Federal Savings & Loan Insurance Corporation, states in section 22:

The Corporation * * * shall determine its necessary expenditures under the act and the manner in which the same shall be incurred, allowed, and paid, without regard to the provisions of any other law governing the expenditures of public funds.

This particular section was not in the original act of June 27, 1934, but rather was an amendment obtained at the instigation of the Federal Home Loan Bank Board who did not wish to have its expenditures checked by the Comptroller General.

Secondly, I here and now charge the Federal Home Loan Bank Board, officers of the Home Owners' Loan Corporation and of the Federal Savings & Loan Insurance Corporation, with deliberate efforts to avoid any complete accounting of their funds. I charge that Board with refusal to comply with the intent and purpose of Executive Order No. 6549, dated January 3, 1934, providing for the audit by the Comptroller General of the United States. That order reads as follows:

By virtue of the authority vested in me as President of the United States, it is hereby ordered and directed that accounts of all receipts and expenditures by governmental agencies, including corporations, created after March 3, 1933, the accounting procedure for which is not otherwise prescribed by law, shall be rendered to the General Accounting Office in such manner, to such extent, and at such times as the Comptroller General of the United States may prescribe, for settlement and adjustment pursuant to title III of the act of June 10, 1921.

Since that order was issued by the President the General Accounting Office has endeavored to secure a complete accounting for all funds, but with little or no success. How the Home Owners' Loan Corporation has resisted such an accounting will be found on pages 25 to 27 of the Report of the Acting Comptroller General for the fiscal year 1937. How the Federal Savings & Loan Insurance Corporation, also under the Federal Home Loan Bank Board, has resisted such an accounting will be found on page 29 of that same report. I suggest that every Member of Congress carefully examine that report.

Mr. Speaker, I have asked unanimous consent to have inserted in the RECORD at this point a letter addressed to me under date of May 29, 1939, by Hon. Fred H. Brown, Comptroller General of the United States, in which he outlines the situation.

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, May 29, 1939.

Hon. RALPH E. CHURCH, M. C.,
House of Representatives.

MY DEAR MR. CHURCH: In reply to request in your letter of May 11, 1939, for the latest audit of the books and affairs of the Home Owners' Loan Corporation and the Federal Savings & Loan Insurance Corporation, there are transmitted herewith copies of correspondence and other data from the files of this office, which it is believed will furnish you the information you desire.

The acts under which the Home Owners' Loan Corporation and the Federal Savings & Loan Corporation were created carried no specific provision therein for the rendition of accounts to the General Accounting Office nor for the audit of the financial transactions of the corporations by this office. However, Executive Order No. 6549, dated January 3, 1934, provided as follows:

"By virtue of the authority vested in me as President of the United States, it is hereby ordered and directed that accounts of all receipts and expenditures by governmental agencies, including corporations, created after March 3, 1933, the accounting procedure for which is not otherwise prescribed by law, shall be rendered to the General Accounting Office in such manner, to such extent, and at such times as the Comptroller General of the United States may prescribe, for settlement and adjustment pursuant to title III of the act of June 10, 1921, 42 Stat. 23."

Pursuant to the provisions thereof this office endeavored to have the accounts of the Corporations rendered here for audit and to secure a complete accounting for all funds of the Corporations, which are wholly owned and controlled by the United States.

Reference to the annual report of the Acting Comptroller General for the fiscal year 1937 (copy herewith) will disclose a full statement as to the failure to render accounts by certain agencies and corporations of the Government, with particular reference to the Home Owners' Loan Corporation and the Federal Savings & Loan Insurance Corporation. (See pp. 16, 17, 20, 21, 25–29, inclusive.) Quoted in part therein are excerpts from correspondence had between this office and the corporations here involved.

As evidenced by the numerous letters between this office and the corporations, all efforts to secure the rendition of accounts to this office were of no avail under the then existing law, and therefore no audits have been made of the accounts of the two corporations prior to July 1, 1938. It was not until the passage of the Independent Offices Appropriation Act, 1939, that accounts covering the administrative expenses of the corporations were rendered to this office. Section 4 of the said act provides as follows:

"None of the funds made available by this act for administrative expenses of the agencies under the caption 'emergency agencies' shall be obligated or expended unless and until an appropriate appropriation account shall have been established therefor pursuant to an appropriation warrant or a covering warrant, and all such expenditures shall be accounted for and audited in accordance with the terms and provisions of the Budget and Accounting Act of 1921, as amended."

Such section has for its purpose to require an audit of the administrative expenses (only) of certain emergency agencies for which appropriations are provided in such act. It is desired to point out in such connection that an audit of a part of the transactions of an agency is ineffective and practically without merit unless some degree of audit control is provided for the remainder of the transactions of such agency. Using as an example an agency to which the provisions, supra, apply, in many instances there is very little distinction between "administrative expenditures" and "nonadministrative expenditures," with the result that, if the agency so desires, expenditures may be switched from the administrative to the nonadministrative category, either to prevent audit by this office or to conserve funds limited in amount for administrative purposes, and this office would be without means of detecting the practice without having access to expenditures under both classes. While it is not claimed that such action has been resorted to by any of the agencies to which section 4, supra, applies, it can readily be seen that such is possible.

Under date of September 7, 1938, representatives of this office made an examination of the accounts and records of Mr. John Byrns, treasurer, Federal Savings & Loan Insurance Corporation, photostatic copy of which is attached hereto for your information, together with copies of correspondence had with officials of the Corporation in regard to certain matters reported therein.

It is hoped that the information furnished herewith fully meets your needs; and if there is required any further data, this office will be pleased to furnish the same upon request.

Sincerely yours,

FRED H. BROWN,
Comptroller General of the United States.

I wish especially to call the attention of this House to the following important statement in that letter:

As evidenced by the numerous letters between this office and the Corporations, all efforts to secure the rendition of accounts to this office were of no avail under the then-existing law and therefore no audits have been made of the accounts of the two Corporations (referring to Home Owners' Loan Corporation and Federal Savings and Loan Insurance Corporation) prior to July 1, 1938.

The time has come when we who represent the people must have some accounting of the extensive operations of the Federal Home Loan Bank Board handling literally billions of dollars of public money. The time has come for a complete audit and a thorough investigation of the illegal activities it and the Corporation officers have been engaging in. Many Members of the House have spoken to me urging an audit and a thorough investigation. They have indicated an interest in seeing that this House pass an appropriate resolution for that purpose.

Mr. Speaker, I wish to point out another example of just what is taking place in this particular establishment. In the course of my investigation it came to my attention that Mr. Charles A. Jones, General Manager of the Home Owners' Loan Corporation, deliberately conducted a campaign at Government expense in opposition to a bill affecting the H. O. L. C. pending in Congress. This matter should be of special interest to Members of Congress who are interested in helping those people who have their homes mortgaged with the H. O. L. C.

In 1937 there was pending in Congress a bill introduced by Congressman Ellenbogen, of Pennsylvania. It was listed as H. R. 6092 and in substance sought to lower the rate of interest on loans made by the H. O. L. C. In order to cause pressure to be brought to bear on Members of Congress, Mr. Charles A. Jones, General Manager of the H. O. L. C., at Government expense, telephoned, long distance, the various regional offices located throughout the United States, instructing them to call the State offices within their jurisdiction and to instruct the State managers to instruct all district managers to contact all local newspapers to get a statement of Mr. Jones a prominent place in every newspaper. I have in my hand a copy of this statement prepared by Mr. Jones. It was sent out under the frank, setting forth reasons why the Ellenbogen bill should not be enacted into law.

Mr. Speaker, by the sending out of this statement under the frank and by long-distance-telephone calls to urge getting it in the press at Government expense, I here publicly charge Mr. Charles A. Jones, General Manager of the H. O. L. C., with violating section 201 of title 18 of the Federal Code, which provides in substance that no money appropriated by any act shall be used directly or indirectly to influence in any manner any Member of Congress on legislation. That provision not only subjects the offending officer with removal, but also subjects him to a fine of not more than $500 or imprisonment of not more than a year.

Mr. BYRNS of Tennessee. Mr. Speaker, will the gentleman yield?

Mr. CHURCH. I yield to the distinguished gentleman from Tennessee [Mr. BYRNS] if he will be brief.

Mr. BYRNS of Tennessee. I would like to say to the gentleman from Illinois that I am familiar with the situation about which he is speaking. From July 1933 until the latter part of May 1939 I was general counsel in Tennessee for the H. O. L. C. I know of my own knowledge that Mr. Jones did make these telephone calls, just as the gentleman has said, and I have seen the statement and I am wondering if the statement to which the gentleman is referring is the 4-page statement prepared by Mr. Jones and sent out under frank, which ends up with seven conclusions by Mr. Jones as to why he thinks this would be a bad bill. Is that the statement to which the gentleman has been referring?

Mr. CHURCH. It is the statement. I have it here for all to see. This is a 4-page memorandum which was prepared and sent out by Charles A. Jones, General Manager of the H. O. L. C., October 23, 1937, and it does end up on page 4, where he states, after he had stated many other things, "An analysis of the situation then leads to these conclusions." I shall not read all of those conclusions——

Mr. BYRNS of Tennessee. They are not worth it.

Mr. CHURCH. The No. 2 conclusion of Mr. Jones states:

The proposed changes would result in heavy losses, which the taxpayers would ultimately have to pay.

May I say to the distinguished gentleman from Tennessee [Mr. BYRNS] and to the House, and to Mr. Jones, in view of this No. 2 conclusion, that his numerous illegal long-distance telephone calls are a violation of the penal statute I have cited, and the peculations of his friend Fallon in 1935–6–7 and through '38, and even yet, I suppose, are heavy losses, and I am quoting from his conclusion No. 2, "which the taxpayers would ultimately have to pay."

Then he says in the other conclusions, Nos. 4 and 5, that the "H. O. L. C. collections are continually improving," and in his conclusion No. 5 "the H. O. L. C. must be permitted to build up reserves to meet losses." I would say to the gentleman and to Mr. Jones that apparently the collections of Mr. Fallon "are continually improving" in permitting him "to build up" his private "reserves."

Mr. BYRNS of Tennessee. Mr. Speaker, will the gentleman yield?

Mr. CHURCH. Yes; briefly.

Mr. BYRNS of Tennessee. At the time of this violation of the law I brought it to the attention of my superiors of the Home Owners' Loan Corporation, and urged that some action be taken against Mr. Jones, citing the statute. I was told at the time that it was none of my business, and I am glad to see that the Congress of the United States is making it its business.

Mr. SCHAFER of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. CHURCH. Yes; I yield to the distinguished gentleman from Wisconsin briefly.

Mr. SCHAFER of Wisconsin. In view of the fact that the Attorney General of the United States, Mr. Murphy, is traveling about the country complaining about the excessive number of employees on the Federal pay roll, I suggest that the gentleman from Illinois send Mr. Murphy a copy of the fine speech he made today and ask Mr. Murphy to present the cases of these embezzlers to the grand jury, and remove them from the public pay roll. If Mr. Murphy would put these fellows in the penitentiary, where they belong it would help reduce the number of Federal employees. Mr.

Murphy now has an opportunity to act to reduce the number of Federal employees as well as talk about the necessity of doing so.

Mr. CHURCH. I assume that this whole subject will come to the attention of the Attorney General, but I am also interested in its coming to the attention of the distinguished members of the Banking Committee of the House, in order that these matters may be corrected.

Mr. SCHAFER of Wisconsin. But this is a matter of embezzlement of public funds, according to the gentleman's statement. It should be presented to a grand jury and the thieves should be put behind the walls of a penitentiary instead of continuing to draw handsome salaries from the taxpayers' Treasury which they have robbed. The Attorney General should put them in the penitentiary and remove them from the Government pay roll. Now is the time to have less talk and more action.

Mr. KEOGH. Mr. Speaker, will the gentleman yield?

Mr. CHURCH. I yield to my friend the distinguished gentleman from New York.

Mr. KEOGH. Let me ask the gentleman this: If I should tell the gentleman that I have introduced a resolution looking toward a study of the question of transferring the holdings of the Home Owners' Loan Corporation to private banks and institutions, and an extension of the Federal Housing Administration insurance, that is of the mortgages, and if I were to ask the gentleman to assume that by doing that the Home Owners' Loan mortgagors would obtain a lower rate of interest, would the gentleman support such a resolution, and would he be desirous of aiding those mortgagors in obtaining their loans at lower rates of interest?

Mr. CHURCH. I think the gentleman's suggestion is commendable, and I think he should take that up with the Banking and Currency Committee of the House.

Mr. KEOGH. Does not the gentleman think that our time would more properly be taken up with what we can do for all those mortgagors than by raising questions that might be the subject of separate study?

Mr. CHURCH. I appreciate the gentleman's contribution. All of these questions should be considered by the Committee on Banking and Currency, but Mr. Speaker, I must hurry on, so I cannot yield further.

Mr. Speaker, in speaking of the actions of Mr. Jones, general manager of the H. O. L. C., I might suggest that the sale to the Federal Home Loan Bank Board of the building here in Washington, formerly owned by the Acacia Life Insurance Co., at a price of $1,060,000 would bear investigating. It has been brought to my attention that the negotiations for the sale were carried on by the General Manager of the H. O. L. C., and that he also acted at the same time in his former capacity as real-estate agent in the District of Columbia.

Unquestionably, Mr. Speaker, the Federal Home Loan Bank Board and the officers of the corporations under its control are literally running wild. It is all a mess. I am especially interested in bringing this to the attention of the members of the Committee on Banking and Currency, who have jurisdiction over all legislation affecting these establishments. I sincerely hope they will assume the initiative and bring in an appropriate resolution whereby their committee or a subcommittee of it may make a complete audit of the Board's operations, as well as that of the H. O. L. C. and the Federal Savings & Loan Insurance Corporation; also a complete investigation of the illegal expenditures of public moneys that have already taken place. [Applause.]

The SPEAKER pro tempore. Under special order of the House, the gentleman from Wisconsin [Mr. GRISWOLD] is recognized for 20 minutes.

THE FARMER AND PARITY PAYMENTS

Mr. GRISWOLD. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include therein excerpts from two or three letters on agricultural matters.

The SPEAKER pro tempore (Mr. RAYBURN). Without objection, it is so ordered.

There was no objection.

Mr. GRISWOLD. Mr. Speaker, we have been experiencing, for the last 6 years, a new and far different agricultural program than this Nation has ever known before. After 6 years, certainly sufficient time has elapsed so that the wisdom or folly of the program can be determined. I want to speak of some of the effects of this program and particularly its effects upon the great dairy section of the United States, of which my State is a part.

The agricultural program was started under the so-called Triple A, and later under parity payments and soil subsidy payments. Billions of dollars have been spent under this program. It will probably be interesting to the Members of this House and the public in general to know what section of the United States received the great bulk of the payments, and the effect upon the people and the crops the payments were supposed to benefit.

Mr. Speaker, I wish to insert in the RECORD at this point a table of farm subsidy payments.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

The table is as follows:

Total farm value—total subsidy payments—percentage of subsidy payments to total farm value

State	Total farm value [1]	Total subsidy payments, years 1933–38 [2]	Percentage of subsidy payments to total farm value [3]
Alabama	$368,000,000	$72,751,409	19
Arizona	133,000,000	7,108,667	5
Arkansas	376,000,000	79,613,675	21
California	2,325,000,000	35,612,497	1
Colorado	419,000,000	33,877,177	8
Connecticut	254,000,000	3,668,913	1
Delaware	51,000,000	1,580,880	3
Florida	321,000,000	7,775,989	2
Georgia	430,000,000	74,927,471	17
Idaho	307,000,000	22,575,084	7
Illinois	2,206,000,000	103,934,352	4
Indiana	1,040,000,000	65,436,424	6
Iowa	2,462,000,000	178,338,535	7
Kansas	1,479,000,000	159,253,517	10
Kentucky	620,000,000	48,243,918	7
Louisiana	296,000,000	63,221,838	21
Maine	143,000,000	2,661,321	1
Maryland	243,000,000	7,077,590	2
Massachusetts	256,000,000	2,482,649	1%
Michigan	826,000,000	27,171,795	3
Minnesota	1,382,000,000	75,701,661	5
Mississippi	371,000,000	85,209,765	22
Missouri	1,099,000,000	81,820,838	7
Montana	376,000,000	41,279,603	10
Nebraska	1,563,000,000	110,640,138	7
Nevada	43,000,000	523,090	1
New Hampshire	67,000,000	461,749	1%
New Jersey	234,000,000	2,194,731	1%
New Mexico	170,000,000	11,742,479	6
New York	1,045,000,000	9,477,423	1%
North Carolina	623,000,000	67,619,824	10
North Dakota	797,000,000	88,844,563	11
Ohio	1,278,000,000	54,407,003	4
Oklahoma	784,000,000	107,552,070	13
Oregon [2]	449,000,000	15,811,455	3
Pennsylvania	862,000,000	11,731,619	1
Rhode Island	35,000,000	74,880	1%
South Carolina	285,000,000	52,248,553	18
South Dakota	692,000,000	76,884,950	11
Tennessee	556,000,000	46,632,995	8
Texas	2,574,000,000	285,250,457	11
Utah	158,000,000	8,119,065	5
Vermont	116,000,000	1,299,423	1
Virginia	594,000,000	16,371,513	2
Washington	551,000,000	26,381,800	4
West Virginia	238,000,000	3,227,200	1
Wisconsin	1,247,000,000	40,365,778	3
Wyoming	167,000,000	8,479,974	5

[1] From U. S. Department of Agriculture Bulletin No. 18.
[2] From U. S. Department of Agriculture, Secretary of Agriculture.
[3] All percentages carried only 2 places.

Mr. GRISWOLD. The first column of the table shows the total farm value in each State. The second column shows the total subsidy payments from the beginning of this program in 1933 up to the close of 1938. The States greatly vary in size and in amount of agricultural land, and the fairest way I know to determine the equality of payments among the several States is in proportion to their total farm value. The

third column of figures represents the percent subsidy payments bear to total farm value.

WHO GETS THE PARITY PAYMENTS

Of the billions of dollars appropriated for agriculture, cotton and the cotton crops alone have received practically $1,000,000,000. Parity payments for cotton acreage are no doubt largely responsible for the great variation in agricultural aid between different States. The State of Mississippi received 22 percent of her total farm value in subsidies. In other words, the Mississippi farmers received as a gift from the Government almost one-fourth of the value of their entire farm. Louisiana received 21 percent, Arkansas 21 percent, Alabama 19 percent, Georgia 17 percent, and other cotton States very large amounts.

In order to make clear both to the Members of this House and the farmers in my State how great the subsidy payments have been I wish to quote from a Georgia county agent as placed in the CONGRESSIONAL RECORD on page 6993 by Senator GEORGE:

DEAR FARMERS OF PERRY COUNTY: We will begin delivering 1938 agricultural conservation checks Friday of this week. Since 1933 farmers in Perry County have received $1,532,780 in A. A. A. benefit payments. You will receive $254,000 this year as cotton-reduction and soil-building payment and approximately $200,000 as a parity payment. The total amount of money received from the Federal Government in benefit payments during the 6 years of A. A. A. amounts to the gross return for the total cotton production in Perry County for the last 3 years.

This statement shows, and this county only happens to be mentioned, and no doubt other counties can show much greater payments, that the cotton farmer received from the Government each year in subsidy payments a sum equal to one-half the gross return for his total cotton production. I am wondering what the farmers in my State or other dairy States would think if the Federal Government would give them a sum equal to one-half their monthly cream check over a period of 6 years. I believe these figures make it very plain to everyone the tremendous amount of subsidy that has been granted certain sections of the United States. Now, what about the farmers in the States who refused to sell their independence for subsidy payments? What did they get in comparison with the 17 to 22 percent certain States received? My State, Wisconsin, got 3 percent. Nine northern dairy States got 1 percent or less. In other words, the great dairy States are good States when it comes to paying taxes, but when it comes to agricultural benefits they get no aid.

THE RUIN OF THE COTTON INDUSTRY

When the program for the cotton farmer was laid out and money spent on it in lavish amounts it would seem great prosperity should result. The cotton farmer sold himself for parity payments and agreed to follow the dictates of an agricultural program that was given him.

I now wish to discuss the effects of the program on the cotton farmer and the great cotton industry that he represents. In this connection, Mr. Speaker, I wish to insert in the RECORD a portion of a letter, dated June 6, 1939, from J. E. McDonald, commissioner of Agriculture of the State of Texas. I quote, as follows:

MY DEAR CONGRESSMAN: As elected representative of the cotton farmers of Texas who produce nearly one-third of the Nation's cotton, I earnestly and respectfully urge that you pronouncedly and actively oppose the proposal to use the taxpayers' money to subsidize cotton exports.

Using public funds as bonus to foreigners for buying our American cotton at the present ridiculously low price, which is under cost of production and far below parity, cannot be justified. If any subsidy or bonus is to be paid they should be paid to Americans and not foreigners.

During the past 6 years Congress has followed Secretary Wallace's cotton suggestions with the result that today the cotton industry of America is in a hell of a fix. Secretary Wallace may be ever so honest and sincere but he has thoroughly demonstrated his inability in solving the cotton problem, and the public should and will condemn any Congressman who will further follow an official whose ideas have proven so impractical and destructive to one of America's greatest agricultural industries.

With cotton exports the smallest since 1884 and with nearly 12,000,000 bales of cotton frozen under Government loans, it is time to stop dilly-dallying about and get on something constructive.

With the administration of the present A. A. A. program, which is unsound and impractical, cotton farmers are being forced to compete with farmers growing other crops which surely will bring on more confusion and demoralization in general agriculture.

Wallace's proposed export subsidy would antagonize foreign cotton producers and result in reprisals which would be disastrous for the American farmer.

While Mr. McDonald is the commissioner of agriculture for the State of Texas, I do not wish to show the conditions of the cotton industry by the testimony of one man, and I now wish to include in the RECORD a portion of a letter dated June 13, 1939, from Mr. Ralph M. Moore, master, Texas State Grange, and I quote as follows:

If the American farmer continues to be used by Secretary Wallace as an experiment, we will soon be forced to quit raising cotton and enter into other lines of agriculture, which are now overcrowded.

No program will ever be successful that does not embody the principles of the American market for the American farmer at an American price; tariff for all or tariff for none.

This testimony, I think, should make clear to everyone, that the agricultural program as bought and paid for by the subsidy payments has brought ruin to the industry it was supposed to benefit. I have selected cotton and have made this case showing the effect of the present policy upon this one branch of agriculture. Corn, wheat, rice, and tobacco have been under the same program though to a much less extent. I believe every farm crop for which a program has been laid out and purchased with parity payments is worse off than it was before.

THE DAIRY INDUSTRY

The dairy industry and the farmers in my State, when they discovered the great amount of money being handed out under parity payments, have wondered if they too should not surrender to the agricultural administration and accept the payments that might be given them. The trade treaties entered into by the administration which allowed cattle, cheese, and other products to enter this country at greatly reduced rates have depressed the price of dairy products. In despair, the farmers in my State have been sorely tempted to ask for parity payments. Some of them feared that perhaps a mistake was made when the agricultural program first came out and Wisconsin did not choose to accept it. If the Wisconsin dairy farmer had entered the program, there is no reason to believe that he would have fared any better than the cotton farmer who did enter the program.

He would have received substantial subsidy payments, but he would have seen the great dairy industry he represents destroyed. Parity payments and control production have been a tremendous and costly failure. This Congress may or may not grant a few additional millions for crop-subsidy payments. Even if they do it will probably be the last crop-parity payment. Those who have enjoyed the greatest payments are beginning to see the folly and ruin of the whole program and are turning against it. We are witnessing the dying struggle of one of the most foolish and costly programs ever inflicted upon the farmers of any nation.

The dairy farmers of Wisconsin did not ask for parity payments, but they do protest against the present program whose failure has forced other sections into the dairy industry. They feel, and I believe rightly so, that the administration should take care of the surplus its own policy has created.

The dairy industry built up and made a place in the American market for their product and resent its being taken away from them by the low tariff of the trade treaties.

I have protested at various times, on the floor of this House, against the lowering of duties on dairy products. The dairy industry cannot stand world competition and survive. The dairy farmer is being ruined under the present trade program. I have discussed, in times past on this floor, the trade treaties in detail. I want now to call attention to just a few items as shown in the April report of foreign-trade statistics. Cattle importations in the first 4 months of this year are 400,967 head. During the month of April just past 125,614 head of cattle were imported. The Union Stock Yards at Chicago, the greatest cattle market in the

world, sold during April 123,240 head. In other words, we are importing more cattle than the total sales in the Chicago yards. During the first 4 months of this year we imported 21,836,213 pounds of canned beef and 16,312,116 pounds of hams, shoulders, and bacon.

How long can such importations continue before they ruin the farmers' livestock market?

During the first 4 months of this year under the new low tariff on eggs 123,244 dozen fresh eggs were imported. Must the poultry industry, the industry that buys the groceries, the industry of the farm wife, also be destroyed?

Barley malt in the first 4 months of this year was imported to the extent of 31,338,627 pounds. What will the farmers in the great barley producing States say to the loss of this market?

I would like to discuss many more farm products, but I realize my time is too limited. We have been told to have patience, that the trade-treaty program would help agricultural exports. I want to read to you from the May 25 release of the Department of Commerce:

The value of agricultural exports at $37,636,000 in April, was 31 percent below the preceding month and 43 percent under the corresponding month of 1933. The chief agricultural exports—cotton, tobacco, and grain—decreased by $7,800,000, $5,700,000, and $2,500,000, respectively, as compared with the preceding months' figures, and by $11,000,000, $1,400,000, and $15,600,000, as compared with the totals in April 1938.

I believe the farmers of this Nation will soon realize the ruination the policies of this administration has brought them. The American farmer is entitled to the American market. No agricultural program can succeed that does not consider this fundamental.

CALENDAR WEDNESDAY BUSINESS

Mr. COSTELLO. Mr. Speaker, I ask unanimous consent that the business in order on Calendar Wednesday may be dispensed with.

The SPEAKER pro tempore. Is there objection?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. DUNN, for 2 days, on account of important business.

To Mr. NORRELL, for 1 week (at the request of Mr. KITCHENS), on account of important business.

ADJOURNMENT

Mr. COSTELLO. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 50 minutes p. m.) the House adjourned until tomorrow, Tuesday, June 20, 1939, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON THE JUDICIARY

On Wednesday, June 21, 1939, beginning at 10 a. m., there will be continued a public hearing before the Committee on the Judiciary on the bill (H. R. 6369) to amend the act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory thereof and supplemental thereto; to create a Railroad Reorganization Court; and for other purposes.

There will be continued a public hearing before Subcommittee No. 3 of the Committee on the Judiciary on Wednesday, June 21, 1939, at 10 a. m., on the bill (H. R. 2318) to divorce the business of production, refining, and transporting of petroleum products from that of marketing petroleum products. Room 346, House Office Building.

COMMITTEE ON MERCHANT MARINE AND FISHERIES

The Committee on Merchant Marine and Fisheries will hold public hearings in room 219, House Office Building, at 10 a. m., on the bills and dates listed below:

On Tuesday, June 20, 1939, on H. R. 4307 (committee print), to extend the provisions of the Shipping Act, 1916, and the Intercoastal Shipping Act, 1933, to all common carriers by water in interstate commerce, and for other purposes.

There will be a meeting of the Committee on Merchant Marine and Fisheries at 10 a. m., Tuesday, June 27, 1939, for the consideration of H. R. 6572, relating to marine war-risk insurance.

COMMITTEE ON FOREIGN AFFAIRS

There will be a meeting of the Committee on Foreign Affairs in the committee rooms, the Capitol, on Tuesday, June 20, 1939, at 10 a. m., for the consideration of S. 326, for the payment of awards and appraisals heretofore made in favor of citizens of the United States on claims presented under the General Claims Convention of September 8, 1923, United States and Mexico.

COMMITTEE ON INDIAN AFFAIRS

There will be a special meeting of the Committee on Indian Affairs on Tuesday, June 20, 1939, at 10 a. m., to hold hearings on H. R. 2775, a bill authorizing the Arapahoe and Cheyenne Indians to submit claims to the Court of Claims, and for other purposes.

There will be a meeting of the Committee on Indian Affairs on Wednesday next, June 21, 1939, at 10:30 a. m., for the consideration of H. R. 909, H. R. 953, H. R. 2738, H. R. 4831, H. R. 6506, and S. 72.

COMMITTEE ON PUBLIC BUILDINGS AND GROUNDS

There will be a meeting of the Committee on Public Buildings and Grounds at 10 a. m., Wednesday, June 21, 1939, for the consideration of H. R. 6830.

COMMITTEE ON IMMIGRATION AND NATURALIZATION

There will be an executive hearing of the Committee on Immigration and Naturalization on Wednesday, June 21, 1939, at 10:30 a. m. for the the consideration of unfinished business.

COMMITTEE ON PATENTS

The Committee on Patents of the House of Representatives will hold a meeting Thursday, June 22, 1939, at 10 a. m. in the caucus room, House Office Building, to consider the following bills: H. R. 6721, classification of patents; H. R. 6618, trade-marks; H. R. 6877, Navy Department, secrecy of inventions; H. R. 6872, H. R. 6873, H. R. 6874, H. R. 6875, H. R. 6878, changes in patent laws.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

There will be a meeting of the miscellaneous railroad subcommittee of the Committee on Interstate and Foreign Commerce at 11 a. m., Tuesday, June 20, 1939. Business to be considered: Continuation of hearing on H. R. 6371, passenger transit bill.

EXECUTIVE COMMUNICATIONS, ETC.

877. Under clause 2 of rule XXIV a letter from the legislative representative, Veterans of Foreign Wars, transmitting the proceedings of the Thirty-ninth National Encampment of the Veterans of Foreign Wars of the United States, held at Columbus, Ohio, August 21–26, 1938 (H. Doc. No. 39), was taken from the Speaker's table, referred to the Committee on Military Affairs, and ordered to be printed, with illustrations.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. BLOOM: Committee on Foreign Affairs. House Joint Resolution 306. Joint resolution, Neutrality Act of 1939; with amendment (Rept. No. 856). Referred to the Committee of the Whole House on the state of the Union.

Mr. KEE: Committee on Foreign Affairs. House Joint Resolution 315. Joint resolution to provide for the adjudication by a Commissioner of Claims of American nationals against the Government of the Union of Soviet Socialist Republics; without amendment (Rept. No. 865). Referred to the Committee of the Whole House on the state of the Union.

Mr. DEROUEN: Committee on the Public Lands. H. R. 1675. A bill to establish a national land policy, and to provide homesteads free of debt for actual farm families; without amendment (Rept. No. 866). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. LESINSKI: Committee on Invalid Pensions. H. R. 6897. A bill granting pensions to certain widows of veterans of the Civil War; without amendment (Rept. No. 857). Referred to the Committee of the Whole House.

Mr. LESINSKI: Committee on Invalid Pensions. H. R. 6398. A bill granting pensions and increases of pensions to certain helpless and dependent children of veterans of the Civil War; without amendment (Rept. No. 858). Referred to the Committee of the Whole House.

Mr. LESINSKI: Committee on Invalid Pensions. H. R. 6899. A bill granting pensions to certain veterans of the Civil War; without amendment (Rept. No. 859). Referred to the Committee of the Whole House.

Mr. LESINSKI: Committee on Invalid Pensions. H. R. 6900. A bill granting pensions to certain former widows of veterans of the Civil War; without amendment (Rept. No. 860). Referred to the Committee of the Whole House.

Mr. LESINSKI: Committee on Invalid Pensions. H. R. 6901. A bill granting increase of pensions to certain widows of veterans of the Civil War; without amendment (Rept. No. 861). Referred to the Committee of the Whole House.

Mr. LESINSKI: Committee on Invalid Pensions. H. R. 6902. A bill granting increase of pensions to certain former widows of veterans of the Civil War; without amendment (Rept. No. 862). Referred to the Committee of the Whole House.

Mr. LESINSKI: Committee on Invalid Pensions. H. R. 474. A bill granting an increase of pension to Grizelda Hull Hobson; without amendment (Rept. No. 863). Referred to the Committee of the Whole House.

Mr. LESINSKI: Committee on Invalid Pensions. H. R. 4574. A bill granting an increase of pension to Adelaide Westover; without amendment (Rept. No. 864). Referred to the Committee of the Whole House.

Mrs. O'DAY: Committee on Immigration and Naturalization. H. R. 4249. A bill for the relief of Stephen Kelen; without amendment (Rept. No. 868). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. RANKIN:

H. R. 6903. A bill to provide for allowance of expenses incurred by Veterans' Administration beneficiaries and their attendants in authorized travel for examination and treatment; to the Committee on World War Veterans' Legislation.

By Mr. TAYLOR of Tennessee:

H. R. 6904. A bill to confer jurisdiction on the Court of Claims to hear, determine, and enter judgment upon the claims of Government contractors whose costs of performance were increased as a result of enactment of the National Industrial Recovery Act, June 16, 1933; to the Committee on Claims.

By Mr. PIERCE of Oregon:

H. R. 6905. A bill to prohibit the use of the mails for the taking of a straw vote; to the Committee on the Post Office and Post Roads.

By Mr. WALLGREN:

H. R. 6906. A bill to amend the Tariff Act of 1930; to the Committee on Ways and Means.

By Mr. FLANNERY:

H. R. 6907. A bill granting the consent of Congress to the Commonwealth of Pennsylvania to reconstruct, maintain, and operate a free highway bridge across the Susquehanna River, from the borough of Wyoming, in the county of Luzerne, Commonwealth of Pennsylvania, to Jenkins Township, county of Luzerne, Commonwealth of Pennsylvania; to the Committee on Interstate and Foreign Commerce.

By Mr. CANNON of Florida:

H. R. 6908. A bill conferring jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claims of all persons who have claims for damages or losses resulting from the construction, further development, and improvement of the intracoastal waterway, Miami to Jacksonville, Fla., and for other purposes; to the Committee on Claims.

By Mr. LESINSKI:

H. R. 6909 (by request). A bill to amend Public Law No. 190 of the Sixty-sixth Congress; to the Committee on Invalid Pensions.

By Mr. GEHRMANN:

H. R. 6910. A bill to enable the Secretary of Agriculture more effectively to assist in the voluntary adjustment of indebtedness between farm debtors and their creditors; to provide for the transfer of certain mortgages and foreclosed farm property from the Federal land banks to the Federal Farm Mortgage Corporation, and the refinancing thereof; and for other purposes; to the Committee on Agriculture.

By Mr. GARRETT:

H. R. 6911. A bill to extend eligibility for disabled emergency officers' retirement benefits to those disabled emergency officers of the World War otherwise entitled thereto who failed to file application therefor within the time provided for in Public Law No. 506, approved May 24, 1928, Seventieth Congress; to the Committee on World War Veterans' Legislation.

By Mr. SHAFER of Michigan:

H. R. 6912. A bill to provide an allowance to civilian officers and employees of the United States permanently transferred to a new post of duty equal to the cost of transporting their family and personal goods to such new post; to the Committee on Expenditures in the Executive Departments.

By Mr. STEAGALL:

H. R. 6913. A bill to extend the period during which direct obligations of the United States may be used as collateral security for Federal Reserve notes; to the Committee on Banking and Currency.

By Mr. ANGELL:

H. R. 6920. A bill to authorize the withdrawal of national-forest lands for the protection of watersheds from which water is obtained for municipalities, and for other purposes; to the Committee on Agriculture.

By Mr. HARTER of Ohio:

H. R. 6921. A bill to waive the age limit for appointment as second lieutenant, Regular Army, of certain persons now on active duty with the Air Corps; to the Committee on Military Affairs.

By Mr. BATES of Kentucky:

H. R. 6922. A bill to create a Milk Control Board for the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

By Mr. WALTER:

H. R. 6923. A bill to protect employees in their right to vote at national elections; to the Committee on the Judiciary.

By Mr. THORKELSON:

H. J. Res. 331. Joint resolution proposing an amendment to the Constitution of the United States repealing the seventeenth amendment; to the Committee on Election of President, Vice President, and Representatives in Congress.

By Mr. BLAND:

H. Res. 224. Resolution for the consideration of H. R. 6746; to the Committee on Rules.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of California, memorializing the President and the Congress of the United States to consider their Assembly

Joint Resolution No. 35, relative to additional Federal aid to dependent children; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. LESINSKI:

H. R. 6897. A bill granting pensions to certain widows of veterans of the Civil War; to the Committee on Invalid Pensions.

H. R. 6898. A bill granting pensions and increase of pensions to certain helpless and dependent children of veterans of the Civil War; to the Committee on Invalid Pensions.

H. R. 6899. A bill granting pensions to certain veterans of the Civil War; to the Committee on Invalid Pensions.

H. R. 6900. A bill granting pensions to certain former widows of veterans of the Civil War; to the Committee on Invalid Pensions.

H. R. 6901. A bill granting increase of pensions to certain widows of veterans of the Civil War; to the Committee on Invalid Pensions.

H. R. 6902. A bill granting increase of pensions to certain former widows of veterans of the Civil War; to the Committee on Invalid Pensions.

By Mr. H. CARL ANDERSEN:

H. R. 6914. A bill granting an increase of pension to Sarah K. Carter; to the Committee on Invalid Pensions.

By Mr. DEMPSEY:

H. R. 6915. A bill for the relief of Mr. and Mrs. John W. Finley; to the Committee on Claims.

By Mr. FLANNERY:

H. R. 6916. A bill for the relief of Leroy Lester Weidow; to the Committee on Naval Affairs.

H. R. 6917. A bill for the relief of Soter L. Johnson; to the Committee on Military Affairs.

By Mr. McKEOUGH:

H. R. 6918. A bill for the relief of Maude Sykes; to the Committee on Claims.

By Mr. TAYLOR of Tennessee:

H. R. 6919. A bill for the relief of R. E. Rule; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3855. By Mr. ANGELL: Petition of Helene Murphy, Portland, Oreg., and 14 others, asking for the enactment of House bill 5620; to the Committee on Ways and Means.

3856. By Mr. HAVENNER: Petition of the United Federal Workers of America, urging Congress to enact House bill 960, Congressman Ramspeck's bill to extend the classified executive civil service of the United States; to the Committee on the Civil Service.

3857. By Mr. KEOGH: Petition of Frederick I. Daniels, general secretary, Brooklyn Bureau of Charities, Brooklyn, N. Y., favoring the passage of House bill 5763; to the Committee on Banking and Currency.

3858. Also, petition of the American Planning and Civic Association, Washington, D. C., concerning the Gearhart bill (H. R. 3794); to the Committee on the Public Lands.

3859. Also, petition of the Plazine Oil Co., Inc., New York City, concerning the Connally bill (S. 1302); to the Committee on Interstate and Foreign Commerce.

3860. Also, petition of the Jewish Social Service Association, Inc., New York City, concerning the new Wagner bill; to the Committee on Labor.

3861. Also, petition of the New York State Bankers Association, New York City, concerning the Postal Savings System, the Federal Budget, Office of the Comptroller of the Currency, Federal savings and loan associations, and the silver-purchase program; to the Committee on Banking and Currency.

3862. Also, petition of the New York State Society of Professional Engineers, Inc., New York City, concerning the Mead bill (S. 2063) and the Starnes bill (H. R. 4576); to the Committee on Appropriations.

3863. Also, petition of the Central Federation of Labor, Albany, N. Y., favoring the passage of the Starnes bill (H. R. 4576); to the Committee on Appropriations.

3864. By Mr. MICHAEL J. KENNEDY: Petition of the New York State Bankers Association, urging the desirability of limiting the Postal Savings System to those communities lacking adequate banking facilities; also favoring the repeal of the Silver Purchase Act; to the Committee on Banking and Currency.

3865. Also, petition of the United Shoe Workers of America, Joint Council No. 13, urging support of the Casey bill; to the Committee on Appropriations.

3866. Also, petition of the Jewish Social Service Association, Inc., favoring the Wagner bill, which would amend the United States Housing Act of 1937, to authorize an additional $800,000,000 for loans; to the Committee on Labor.

3867. Also, petition of the International Brotherhood of Boiler Makers, Iron Ship Builders and Helpers, urging alleviation of the unemployment situation in the city of New York; to the Committee on Labor.

3868. Also, petition of the Newspaper Guild of New York, Local No. 3, American Newspaper Guild, opposing all quota reductions on Works Progress Administration; to the Committee on Appropriations.

3869. Also, petition of the New York State Waterways Association, expressing its opposition to the Lea bill, providing regulation of water carriers; to the Committee on Interstate and Foreign Commerce.

3870. Also, petition of the Plazine Oil Co., opposing Senate bill 1302, known as the Connally Act; to the Committee on Interstate and Foreign Commerce.

3871. Also, petition of the United Photographic Employees, Local Industrial Union No. 415, protesting against the abolition of the Federal Art Project; to the Committee on Appropriations.

3872. Also, petition of the New York State Society of Professional Engineers, Inc., endorsing for immediate adoption the Mead bill (S. 2063) and the Starnes bill (H. R. 4576); to the Committee on Appropriations.

3873. By Mr. PFEIFER: Petition of the Brooklyn Bureau of Charities, Brooklyn, N. Y., favoring consideration and passage of House bill 5763; to the Committee on Banking and Currency.

3874. Also, petition of the American Planning and Civic Association, Washington, D. C., concerning the passage of the Gearhart bill (H. R. 3794); to the Committee on the Public Lands.

3875. Also, petition of the Central Federation of Labor, Albany, N. Y., endorsing the Starnes bill (H. R. 4576); to the Committee on Appropriations.

3876. Also, petition of the Jewish Social Service Association, Inc., New York City, approving the Wagner bill, to amend the United States Housing Act of 1937; to the Committee on Labor.

3877. Also, petition of the Beaver-Ramapo Democratic Club, New York City, urging consideration of House bill 1390, to provide an adequate pension and medal for Matt Henson; to the Committee on Military Affairs.

3878. Also, petition of the New York State Society of Professional Engineers, Inc., New York, endorsing the Mead bill (S. 2063) and the Starnes bill (H. R. 4576); to the Committee on Appropriations.

3879. Also, petition of the New York State Bankers Association, New York City, concerning the Postal Savings System, the Federal Budget, office of the Comptroller of the Currency, Federal savings and loan associations, and the silver purchase program; to the Committee on Banking and Currency.

3880. Also, petition of the Plazine Oil Co., Inc., New York City, urging defeat of the Connolly bill (S. 1302); to the Committee on Interstate and Foreign Commerce.

3881. By Mr. SCHIFFLER: Petition of M. B. McDonough, assistant secretary and treasurer, Committee of United

Works Progress Administration Workers of Brooke County, W. Va., urging that the Northern Panhandle of the State of West Virginia be segregated from the central district rates of wages and placed in the northern district rates of wages in order that they can meet the living costs that compare with the living costs of those who labor in the northern district and who do the same kind and type of work as they are required to perform; to the Committee on Ways and Means.

3882. By Mr. STEARNS of New Hampshire: Petition of certain citizens of Alstead, N. H., supporting House Joint Resolution 168, permitting the entry of 10,000 refugee children from Germany during each of the calendar years 1939 and 1940; to the Committee on Immigration and Naturalization.

3883. By Mr. WELCH: Petition signed by a number of people of San Francisco, urging the passage of House bill 960; to the Committee on the Civil Service.

3884. By the SPEAKER: Petition of the Order of Railroad Telegraphers, San Francisco, Calif., petitioning consideration of their resolution with reference to House bill 6470, Works Progress Administration appropriation; to the Committee on Appropriations.

3885. Also, petition of Charles Forney, of Princess Anne County, Va., petitioning consideration of their resolution with reference to various legislation passed by the United States Congress; to the Committee on the Judiciary.

3886. Also, petition of the San Francisco Committee for Work and Security, San Francisco, Calif., petitioning consideration of their resolution with reference to Works Progress Administration; to the Committee on Appropriations.

3887. Also, petition of Harry Lee Jones, of Los Angeles, Calif., and others, petitioning consideration of their resolution with reference to Kings Canyon National Park; to the Committee on the Public Lands.

3888. Also, petition of the city and county of San Francisco, petitioning consideration of their resolution with reference to electric power; to the Committee on Military Affairs.

3889. Also, petition of the Utility Workers Organizing Committee, San Francisco, Calif., petitioning consideration of their resolution with reference to electric power; to the Committee on Military Affairs.

3890. Also, petition of Rose Spector, of San Francisco, Calif., and others, petitioning consideration of their resolution with reference to House bill 6470, concerning Works Progress Administration; to the Committee on Appropriations.

3891. Also, petition of Joseph Di Caro, of San Francisco, Calif., and others, petitioning consideration of their resolution with reference to House bill 6470, Works Progress Administration legislation; to the Committee on Appropriations.

3892. Also, petition of the Independent Voters League, Inc., Columbus, Ohio, petitioning consideration of their resolution with reference to Works Progress Administration employment; to the Committee on Appropriations.

3893. Also, petition of L. Shrewsbury, of New York, N. Y., petitioning consideration of their resolution with reference to Works Progress Administration projects; to the Committee on Appropriations.

3894. Also, petition of the Workers Project Association, New Orleans, La., petitioning consideration of their resolution with reference to Works Progress Administration legislation; to the Committee on Appropriations.

3895. Also, petition of the New York State Society of Professional Engineers, Inc., New York, petitioning consideration of their resolution with reference to Senate bill 2063 and House bill 4576, public-works projects; to the Committee on Appropriations.

3896. Also, petition of the Council of the City of Los Angeles, Calif., petitioning consideration of their resolution with reference to House bill 4576, concerning Federal Emergency Administration of Public Works; to the Committee on Appropriations.

3897. Also, petition of the Aurora Chamber of Commerce, Aurora, Ill., petitioning consideration of their resolution with reference to National Labor Relations Act (Wagner Act); to the Committee on Ways and Means.

SENATE

TUESDAY, JUNE 20, 1939

(Legislative day of Thursday, June 15, 1939)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. ZeBarney T. Phillips, D. D., offered the following prayer:

Our Heavenly Father, Thou who knowest our frame and rememberest that we are but dust: Turn Thy face from our sins and put out all our misdeeds, as we invoke Thy blessing upon us. May we never forget that, if personal character be the most precious of all jewels, the home is the casket that holds and protects it, and, if the Nation's life be as a river, broad and deep, the home is the spring on the mountainside where the river has its source. Bless and purify, therefore, our homes, these fountains of our national life; may love and tenderness, truth and honor prevail at every hearthstone in America, and lead us, as a people, to the City of God, in the spirit and power of Him who sanctified the home and left His eternal benediction there, Jesus Christ, Thy Son, our Lord. Amen.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Monday, June 19, 1939, was dispensed with, and the Journal was approved.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had agreed to the amendment of the Senate to the bill (H. R. 5619) to provide for the training of civil aircraft pilots, and for other purposes.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5762) to provide for temporary postponement of the operations of certain provisions of the Federal Food, Drug, and Cosmetic Act.

The message further announced that the House had passed a bill (H. R. 6851) to provide revenue, equalize taxation, and for other purposes, in which it requested the concurrence of the Senate.

CALL OF THE ROLL

Mr. BARKLEY. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Danaher	King	Reynolds
Andrews	Davis	Lee	Russell
Ashurst	Donahey	Logan	Schwartz
Austin	Ellender	Lucas	Schwellenbach
Bailey	Frazier	Lundeen	Sheppard
Bankhead	George	McCarran	Shipstead
Barkley	Gerry	McKellar	Slattery
Bilbo	Gillette	Maloney	Taft
Bone	Guffey	Miller	Thomas, Okla.
Borah	Gurney	Minton	Tobey
Bridges	Harrison	Murray	Townsend
Brown	Hatch	Neely	Truman
Bulow	Hayden	Norris	Tydings
Burke	Herring	Nye	Vandenberg
Byrd	Hill	O'Mahoney	Van Nuys
Byrnes	Holman	Overton	Wagner
Capper	Holt	Pepper	Walsh
Chavez	Hughes	Pittman	Wheeler
Clark, Idaho	Johnson, Calif.	Radcliffe	White
Clark, Mo.	Johnson, Colo.	Reed	Wiley

Mr. MINTON. I announce that the Senator from Virginia [Mr. GLASS] is detained from the Senate because of illness.

The Senator from South Carolina [Mr. SMITH] is absent because of illness in his family.

The Senator from California [Mr. DOWNEY], the Senator from Rhode Island [Mr. GREEN], the Senator from New York [Mr. MEAD], the Senator from New Jersey [Mr. SMATHERS], the Senator from Tennessee [Mr. STEWART], and the Senator from Utah [Mr. THOMAS] are detained on important public business.

The Senator from Arkansas [Mrs. CARAWAY] and the Senator from Texas [Mr. CONNALLY] are necessarily absent.

Mr. AUSTIN. I announce that the Senator from Oregon [Mr. MCNARY] is absent because of illness, and the Senator from Massachusetts [Mr. LODGE] is absent on public business.

The VICE PRESIDENT. Eighty Senators have answered to their names. A quorum is present.

TRIBUTE TO THE LATE SENATOR COPELAND

Mr. WALSH. Mr. President, many touching and eloquent tributes have been paid in the Senate and elsewhere to the late Senator COPELAND. Unfortunately, I myself did not have the time or opportunity to pay tribute to him during the time the Senate was holding memorial services. Of all the tributes I have read, none has impressed me more or seems to portray more effectively and beautifully my conceptions of the character of Senator COPELAND than one written by Ernest Risley Eaton, of 53 West Eighty-third Street, New York City, and published in the American Institute of Homeopathy. I ask that this exceptionally fine tribute to Senator COPELAND be printed in the RECORD.

There being no objection, the tribute was ordered to be printed in the RECORD, as follows:

A TRIBUTE TO THE MEMORY OF ROYAL SAMUEL COPELAND

Children liked him; boys felt friendly toward him; young men admired him; working people hung upon his word; many people grown old in years found comfort in what he said to them. He had an alert sympathy and understanding of human problems which drew people to him. In these bewildering and harassing days that have befallen us it does not seem quite right that we shall no longer have the benefit of his honest, kindly counsel and broad insight into our Nation's needs.

ROYAL SAMUEL COPELAND, A. M., M. D., F. A. C. S., achieved the highest distinctions attainable in the medical profession. Eminent specialist in diseases of the eye, dean of the New York Medical College, noted lecturer and author, he was not content to be a physician to the exclusion of all other aims. From the time he was my preceptor in a medical school many years ago I watched him grow in mind and soul under the heavy responsibilities of affairs of state which he so willingly assumed. He was an unusual combination of physician and statesman, and I believe that his commendable career as a statesman can be traced directly to the fact that he was a successful physician.

When COPELAND practiced medicine he looked upon his patients as living human beings. To him the disease exhibited was secondary. Practitioners of medicine recognize the importance of personally meeting the patient and understanding his needs. Textbooks of medicine, published long before the commercialized scientific phase came into vogue, intimate how much can be learned from a study of the patient. This stands out in contradistinction to complicated procedures, many of which have proved to be no better than an armory in which there are a thousand rifles, not one of which can be used to fire a single shot. COPELAND regarded the patient as a person—the patient who is forgotten today—and knew how to meet him when as a stranger he came to him professionally.

COPELAND did not have to read books on how to make friends; instinctively, he made them. His voice, his courtly manners, his obvious sincerity, his open-mindedness, and frankness of manner won him a myriad of friends who never forgot him. He possessed fine bedside manners, and met people easily. They liked him on first glance, and immediately took him into their confidence. Keeping abreast of medical knowledge is not difficult, but for the physician to have real understanding of the patient is a difficult problem. COPELAND understood this important function, and talked about it to his students in the classroom. In his contribution on refraction, he says: "It would be presumptuous to add to the large and growing list of excellent and exhaustive treatises on the subject of refraction * * * it is important for the student to supplement studies by verification on the patient himself." COPELAND was well qualified to thus admonish his colleagues.

When COPELAND became a statesman he chose a career which he thoroughly liked, as he often affirmed, and one in which he knew that he could be useful to others. It is true that on the road to statesmanship he passed through byroads of politics, but for him politics was a means and not an end. I recall an answer he gave me one day to my question as to why he belonged to Tammany. "Eaton," he said, "man is a social being and cannot work without cooperation. Organization is a necessity, and my organization is Tammany. Tammany has many fine qualities deserving of admiration of Democrats and Republicans alike." His conversation on this occasion implied that the party system of this country is a necessity, but must be confined within normal limits.

COPELAND started his political career in Michigan, where he was born in 1868. He was active in civic, educational, and religious affairs of Ann Arbor, of which city he was made mayor in 1901. It was not many years after coming to New York that he found opportunity to increase his capacity for work on behalf of others. This was largely made possible by the position he held as dean of the New York Medical College and Flower Hospital during the most noteworthy period of this institution. He resigned as dean to become commissioner of health in 1918.

In 1903 COPELAND was elected president of the American Institute of Homeopathy, upon which organization he exercised a far-reaching influence for good. He was elected United States Senator in 1923 after filling with distinction the office of commissioner of health of New York City. He passed to his rest suddenly on June 17, 1938.

People who met COPELAND swore by him, and whether a newspaperman, a farmer in upper New York State, a city dweller, or a suburbanite, they were his friends. He became personally known to them and enlisted their loyalty. He was like Franklin D. Roosevelt in this respect. His was the radio voice of a persuasive personality impelling loyalty. Perhaps for the reason that in many respects he was too much like Roosevelt he was constantly in disagreement with Roosevelt and his political policies. There could not be two Roosevelts or two COPELANDS.

People did not think a truant doctor could be a good statesman, and they smiled as they shook their heads and said so. COPELAND proved that the training and experience of a physician is the best foundation for building a political career, spent in significant service on behalf of others. One naturally led to the other. People always depend on the doctor—the person with the common cold, the young man with pneumonia, the father with high blood pressure, the mother half crazed for fear her child will die—they all crave comfort (fortis, strength), and COPELAND prescribed this in politics. He was depended upon as a statesman, and he did his best to fulfill his obligations even among the most simple folk.

Many men in politics make favorable first impressions which are not always easy to live up to. Most men mean well, but with COPELAND it was more than that. He meant more than what he said at the time and did his utmost to carry out his promises. As time went on he did more because he could do more. His magnificent personality was not a failure. Plimsoll's Mark was never submerged with COPELAND. He knew his own political handicaps, and as he grew older he promised less and was able to accomplish more. He did not make the mistake, as many do, in offering strength of feeling for strength of manhood. He made friends and kept them.

He was highly esteemed by those who know him and came to him. As he grew older the imperative need for earning money grew less, and this enabled him to devote more of his time to better things which he had really wanted to do. I can recall very well, just as though it were yesterday, his dignified and cordial friendship with professors and students alike, as dean of the New York Medical College and Flower Hospital. He struggled to make this medical college second to none, drawing students from all parts of the country. He was happy in the thought of this rising school and the men who made its success possible. With ample resources, which the city of New York afforded in money and sick people, his was the only medical school available for students that had an attached hospital for bedside study; he himself was an able lecturer, with decision of thought in opinions he offered at the bedside in surgical clinic and classroom. Even at that time his large practice, writing, hospital work, and executive duties, did not absorb all of his time, and he could be found in his office in the morning, the operating room at noon, and later preoccupied with the duties of college administration. He still found time to write, read, and farm. He paid attention to medical jurisprudence, and as a lecturer he was interesting and popular. He was a friend of the student in every sense of the word.

One of the reasons why this country suffers today is because we have forgotten that the world at large is more indebted to Socrates than to Croesus; to William Cullen than to political plunderers of provinces; to the Great Teacher, rather than to the money changers in the temple. Too little time has been spent in cultivating the ideals and aspirations taught us by all the great teachers. The historian of the future will measure our advancement not by the height of our skyscrapers but by the results teachers have attained in the true education of man; and it is my firm belief that COPELAND, during the period he presided over his medical school, left there a clear imprint of the truth. One student, I well remember, who sought to secure a medical education was helped even to the extent of being loaned money out of COPELAND's meager salary.

Among many positions he held was that of health commissioner of New York under Mayor O'Brien, and an interesting story is told as to how COPELAND came to be appointed. The health commissioner had suddenly resigned that day. In the neighborhood of the city hall subway station the mayor met Commissioner Coler of the department of charities, who, in introducing COPELAND, said, "Here is a real commissioner of health for you." The mayor, visibly impressed at once, offered COPELAND the position. COPELAND accepted the appointment, and the three walked over to the office of the mayor where COPELAND was sworn in.

With his many attainments, he had a horror of undue flattery. Many years ago, upon being introduced as speaker of the evening

in rather extravagant terms by the superintendent of a downtown Sunday school. COPELAND said, "You know, I am reminded of the story of the farmer who attended an agricultural show, wearing a large medal upon the lapel of his coat. When asked by a neighbor how he got the medal, he replied, 'My cow won it in the selfsame show 1 year ago.'" COPELAND said, "Please don't pin any cow medals on me."

This was natural for one who was accorded love and respect such as few men receive. His common sense could not accept such high-sounding phrases. In speaking to the children and parents he lamented the absence of patriotism and chivalry which give championship and protection to the weak and to enemies mercy. He took for his life text the words—the immortal words of the ancient Hebrew prophet—"Love, mercy, do justly, and walk humbly with thy God."

With his knowledge of the classics, science, and wonders of the microscope and spectroscope, his heart and the Bible blended well together. He knew that because truth was above reason it was not necessarily contrary to reason. He believed the Bible, and he knew it perhaps better than any other book, and he was continually quoting its passages. He did not have to be a physician to know that this is a sick world, and that government for the people and by the people has not yet been able to solve the problems created by itself. He saw America in danger and knew that the man who doubted it was blind.

There is no topic of inquiry more completely baffling to the statesman than the attempts to discover means of preventing crime and punishing criminals. Discussions regarding the right to punish offenders and the disposition of them have filled many books. COPELAND was the first statesman who believed in stopping crime before it begins by educating the children correctly in the first place. This is an old philosophy of truth, but not a philosophy of statesmanship, and it is long stretch from deportation by ships as discussed in politics 100 years ago to COPELAND'S plan—the most correct code so far advocated by any lawmaker.

COPELAND had vision extending far beyond other statesmen, when in straight and simple fashion he sought to solve, through the children, the problems of crime. His sympathy was big enough to try to save city people in a better way than by redeeming their losses. To teach children is a solution by prevention—not reconstruction but construction; saving folk before, not after the commission of a crime. He tried to give his aid to the solution of a problem he knew well, and he focussed on the kiddies as offering ways and means by which it could best be accomplished. In his kindly sympathetic manner, it was as if he placed his hand on the forehead of a symbolic sick child and said, "We will not let you suffer; we will prevent your pain and suffering, now and forever."

In a letter I received from him on April 8 of this year, he said: "You will be astonished to learn that for 2 or 3 years I have had it in mind to write a book on Education for Character. As chairman of the Senate Committee on Crime, I became imbued with the idea that America's greatest social problem is juvenile delinquency. Of course, if the home and the church can do the right kind of a job we would not have to leave the solution of the problem to the public school. As it is, however, that seems to me to be about the only place to look for relief," and after a personal request, he writes, "What I am seeking is to find an individual church that is helping the kids to stay in the straight and narrow way. What can you tell me?" I completed the study of the problem he asked of me, and the results were mailed the day the announcement was made over the radio that Senator COPELAND had come suddenly to the dusk of his days.

Apparently firm in health, honorable in his dealings, having no petty quarrels with his brethren, not envious of the success of others, uniting courtesy with independence, determined, but not bigoted, he worked hard in the field of endeavor, made large by his own broad interests—a field in which he gave of himself so vigorously that he was stricken down before his time; yet in sight of multitudes of men he still is living in their praise.

"Glory of warrior, glory of orator, glory of song,
Paid with a breath flying by to be lost on endless sea;
Glory of virtue to fight, to struggle, to right the wrong—
Nay but he aimed not at glory, no lover of glory he:
Give him the glory of going on and still to be."

ERNEST RISLEY EATON,
53 West Eighty-third Street, New York City.

ADDITIONAL COPIES OF HOUSE DOCUMENT NO. 272, CURRENT SESSION

The VICE PRESIDENT laid before the Senate the amendments of the House of Representatives to the concurrent resolution (S. Con. Res. 19) authorizing the printing of additional copies of House Document No. 272, current session, entitled "Message From the President of the United States Transmitting a Report of the Bureau of Public Roads on the Feasibility of a System of Transcontinental Toll Roads and a Master Plan for Free Highway Development," which were in line 2, after "That", to insert "there be printed"; and in lines 7 and 8, to strike out "be printed for the use of the Senate document room" and insert "of which 5,000 copies shall be for the use of the Senate Committee on Post Offices and Post Roads; 1,000 copies for the Senate document room; 9,000 copies for the use of the House Committee on Roads; and 1,000 copies for the House document room."

Mr. HAYDEN. I move that the Senate concur in the amendments of the House.

The motion was agreed to.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a resolution of the American Legion, Department of Louisiana, in convention assembled at Alexandria, La., endorsing the work of the National Youth Administration and favoring the appropriation of adequate funds therefor, which was referred to the Committee on Appropriations.

He also laid before the Senate a petition of sundry citizens of San Francisco, Calif., praying for the enactment of the so-called Casey bill, House bill 6470, appropriating the sum of $2,250,000,000 for the Works Progress Administration for the fiscal year 1940, which was referred to the Committee on Appropriations.

He also laid before the Senate a resolution adopted by representatives of the Puerto Rican Industrial War-Time Laborers at Bayamón, P. R., favoring the enactment of pending legislation providing for the payment of a $500 bonus as compensation to members of the Expeditionary Forces of Puerto Rican Industrial War-Time Laborers, with suggested amendments thereto, which was referred to the Committee on Finance.

He also laid before the Senate the petition of Mrs. M. M. Wanner, of Baltimore, Md., praying that the United States be kept clear of foreign entanglements, which was referred to the Committee on Foreign Relations.

Mr. TYDINGS presented a resolution adopted by the board of directors of the Chamber of Commerce, of Hilo, Hawaii, favoring the enactment of pending legislation providing for the reapportionment of the membership of the legislature of the Territory of Hawaii, which was referred to the Committee on Territories and Insular Affairs.

Mr. HOLT presented petitions of Local Union No. 19, United Works Progress Administration Workers, of Clarksburg, and Local No. 448, Workers' Alliance of America, of Charleston, both in the State of West Virginia, favoring the enactment of the so-called Casey bill, House bill 6470, appropriating the sum of $2,250,000,000 for the Works Progress Administration for the fiscal year 1940, which were referred to the Committee on Appropriations.

He also presented the memorial of the Chamber of Commerce, of Williamson, W. Va., remonstrating against the enactment of the bill (S. 2420) relating to certain inspections and investigations in coal mines for the purpose of obtaining information relating to health and safety conditions, accidents, and occupational diseases therein, and for other purposes, which was referred to the Committee on Mines and Mining.

Mr. CAPPER presented a letter in the nature of a petition from the Kansas State Board of Health, signed by Dr. F. P. Helm, secretary and executive officer, Topeka, Kans., praying that in the administration of Senate bill 2256, to enable the several States to make more adequate provision for compensation for the disability or death of workers from silicosis or other dust diseases, and Senate bill 1620, the so-called National Health Act of 1939, provision be made that investigations of health conditions relating to occupational diseases be left in the hands of State departments of health, which was referred to the Committee on Education and Labor.

He also presented a resolution adopted by the convention of the Kansas State Federation of Labor, Topeka, Kans., favoring the prompt enactment of pending general-welfare legislation granting old-age assistance, which was referred to the Committee on Finance.

He also presented a resolution adopted by Centralia Lodge, No. 1048, Royal Neighbors of America, of Centralia, Kans., favoring the enactment of legislation to exempt fraternal societies from the tax provisions of the Social Security Act, which was referred to the Committee on Finance.

He also presented a letter from the Bar Association of the State of Kansas, signed by Robert M. Clark, secretary-treasurer, Topeka, Kans., embodying a resolution of that association, endorsing House bill 4236 and Senate bill 915, companion bills now pending, providing for the more expeditious settlement of disputes with the United States, which was ordered to lie on the table.

THE TOTALITARIAN STATE—PRINCIPLES OF DEMOCRACY

Mr. SHEPPARD. I present for publication in the RECORD at this point and appropriate reference a resolution adopted by the League of United Latin American Citizens of the United States of America, in convention assembled at San Antonio, Tex. It begins by saying—

That the natural tendency of all forms of government of the totalitarian type is toward absolute dictatorship—

And so forth.

The VICE PRESIDENT. Without objection, it is so ordered.

The resolution presented by Mr. SHEPPARD was referred to the Committee on Foreign Relations, as follows:

The League of United Latin American Citizens of the United States of America, in convention assembled at San Antonio, Tex., after careful study of the development of the totalitarian state in Europe and Asia in its various forms, to wit: Communism, fascism, and nazi-ism, observes and declares:

1. That the natural tendency of all forms of government of the totalitarian type is toward absolute dictatorship, and destroying freedom of speech, freedom of the press, and freedom of worship as we know and cherish these rights in the United States of America.

2. We further observe that the right of assembling peaceably to discuss their problems, governmental and otherwise, is also denied to the people of totalitarian nations and public assembly is permitted only for propaganda purposes, devoted wholly to eulogizing the government in power and furthering its purposes.

3. We further observe that in totalitarian countries wholesome criticism of the government, which we regard as essential to the purity and preservation of every good government, is not only denied to their peoples but the very suspicion of such criticism, severe punishment, and blood purges are a regular method of maintaining discipline within their governments.

4. We further observe that all these countries where fascism, nazi-ism, and communism prevail, although their officers loudly boast of their superior forms of government and the contentment of their people, yet we observe that they are obliged to make strenuous efforts to keep money and wealth from leaving their countries, which is strong evidence that the masses of their peoples are afraid of, or are unsympathetic with, their own governments.

5. We further observe that in totalitarian states the people exist for the state as creatures thereof, whereas in governments by freely elected representatives, as in the United States of America, the state is the creature of the people and exists to preserve and protect justice, order, and security for the individual citizens in his person and property.

6. The form of government through freely elected representatives, as established and developed in these United States of America, is not only free from the evils above set forth but our economic condition, which was depressed after the World War and as a consequence thereof, has steadily continued to improve.

Therefore, we, the members of the League of United Latin American Citizens, pledge ourselves to fight for the principles of democracy, and we earnestly urge all peoples, and particularly the American democracies, to adhere to the American form of elective representative government as the type best calculated to serve the interests of a free and liberty-loving people.

REPORTS OF COMMITTEES

Mr. CAPPER (for himself and Mr. GILLETTE), from the Committee on Agriculture and Forestry, to which was referred the bill (H. R. 4998) to amend the Packers and Stockyards Act, 1921, reported it with an amendment and submitted a report (No. 629) thereon.

Mr. BAILEY, from the Committee on Commerce, to which was referred the bill (H. R. 6264) authorizing the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes, reported it with amendments and submitted a report (No. 630) thereon.

Mr. WALSH, from the Committee on Naval Affairs, to which was referred the bill (H. R. 4929) to amend the act of June 23, 1938 (52 Stat. 944), reported it with amendments and submitted a report (No. 635) thereon.

Mr. SLATTERY, from the Committee on Military Affairs, to which was referred the bill (S. 1949) for relief of Indian war veterans who were discharged from the Army because of minority or misrepresentation of age, reported it without amendment and submitted a report (No. 631) thereon.

He also, from the same committee, to which was referred the bill (S. 1906) for the relief of William H. Rouncevill, reported it with an amendment and submitted a report (No. 632) thereon.

Mr. GURNEY, from the Committee on Military Affairs, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 1918. A bill relating to the retired pay of certain retired Army officers (Rept. No. 633); and

S. 1936. A bill for the relief of Harry W. Robertson (Rept. No. 634).

Mr. HOLMAN, from the Committee on Military Affairs, to which was referred the bill (S. 255) authorizing the Secretary of War to convey to the Port of Cascade Locks, Oreg., certain lands for municipal purposes, reported it with an amendment and submitted a report (No. 636) thereon.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. GEORGE:

S. 2649. A bill to further amend section 12B (c) (13) of the Federal Reserve Act, relating to insured deposits; to the Committee on Banking and Currency.

(Mr. TYDINGS introduced Senate bill 2650, which was referred to the Committee on Territories and Insular Affairs, and appears under a separate heading.)

By Mr. HATCH:

S. 2651 (by request). A bill to add certain lands to the Rocky Mountain National Park in the State of Colorado, and for other purposes; to the Committee on Public Lands and Surveys.

By Mr. WALSH:

S. 2652. A bill for the relief of Antoinette De Couto and Manuel De Couto; to the Committee on Claims.

By Mr. GILLETTE:

S. 2653. A bill to eliminate discrimination between member banks and nonmember banks in connection with the establishment of branches; to the Committee on Banking and Currency.

By Mr. TRUMAN:

S. 2654. A bill to amend subsection (n), section 77, of the Bankruptcy Act, as amended, concerning payment of preferred claims; to the Committee on the Judiciary.

By Mr. JOHNSON of Colorado:

S. 2655. A bill for the relief of Davis & Vance; to the Committee on Claims.

By Mr. LUNDEEN:

S. 2656. A bill to stabilize employment by steam railroads operating as common carriers, and for other purposes; to the Committee on Interstate Commerce.

HOUSE BILL REFERRED

The bill (H. R. 6851) to provide revenue, equalize taxation, and for other purposes, was read twice by its title and referred to the Committee on Finance.

REAPPORTIONMENT OF MEMBERSHIP OF THE LEGISLATURE OF HAWAII

Mr. TYDINGS. Mr. President, I ask unanimous consent to introduce a bill providing for reapportionment of the membership of the Legislature of the Territory of Hawaii. I also present a resolution adopted by the board of directors of the Chamber of Commerce of Hilo, Hawaii, urging the passage of the legislation. I request that these matters be referred to the Committee on Territories and Insular Affairs.

The VICE PRESIDENT. Without objection, the bill will be received and referred as requested; and the resolution presented by the Senator from Maryland will be noted in the RECORD under its appropriate heading and also properly referred.

(See resolution presented by Mr. TYDINGS under the heading of Petitions and Memorials.)

The bill (S. 2650) to amend the Hawaiian Organic Act so as to provide for reapportionment of the membership of the

House of Representatives of the Legislature of the Territory of Hawaii and to creat districts from which said representatives shall be elected, and to provide for reapportionment within each county of the membership of the senate of said legislature, was read twice by its title and referred to the Committee on Territories and Insular Affairs.

PUERTO RICO WATER RESOURCES AUTHORITY—AMENDMENT

Mr. TYDINGS also submitted an amendment intended to be proposed by him to the bill (S. 2475) creating the Puerto Rico Water Resources Authority, and for other purposes, which was referred to the Committee on Territories and Insular Affairs and ordered to be printed.

AMENDMENT OF SOCIAL SECURITY ACT—AMENDMENTS

Mr. GEORGE and Mr. McNARY each submitted an amendment intended to be proposed by them, respectively, to the bill (H. R. 6635) to amend the Social Security Act, and for other purposes, which were referred to the Committee on Finance and ordered to be printed.

BENEFITS FOR WORLD WAR VETERANS—AMENDMENT

Mr. SHEPPARD submitted an amendment intended to be proposed by him to the bill (H. R. 5452) to provide certain benefits for World War veterans and their dependents, and for other purposes, which was referred to the Committee on Finance and ordered to be printed.

WORK RELIEF AND RELIEF—AMENDMENT

Mr. NORRIS submitted an amendment intended to be proposed by him to the joint resolution (H. J. Res. 326) making appropriations for work relief, relief, and to increase employment by providing loans and grants for public-works projects, for the fiscal year ending June 30, 1940, which was referred to the Committee on Appropriations and ordered to be printed.

GENERAL DESCRIPTION OF THE ARMY

Mr. SHEPPARD submitted the following concurrent resolution (S. Con. Res. 22), which was referred to the Committee on Printing:

Resolved by the Senate (the House of Representatives concurring), That the manuscript submitted to the Senate by Senator MORRIS SHEPPARD on June 7, 1939, and referred to the Committee on Printing, containing a general description of the Army of the United States, its components, its arms, services, and bureaus, its military and nonmilitary activities, be printed, with illustrations, as a public document; and that 21,000 additional copies shall be printed, with illustrations, and bound, as may be directed by the Joint Committee on Printing, of which 5,000 copies shall be for the use of the Senate and 16,000 copies for the use of the House of Representatives.

POLLS OF PUBLIC OPINION BEARING ON ELECTIONS

Mr. HOLMAN submitted the following concurrent resolution (S. Con. Res. 23), which was referred to the Committee on Privileges and Elections:

Resolved by the Senate (the House of Representatives concurring), That a special joint committee of five Senators to be appointed by the President of the Senate and five Members of the House of Representatives to be appointed by the Speaker of the House of Representatives is authorized and directed to investigate the conducting of polls purporting to measure public opinion with respect to questions or issues which have or may have a bearing upon any election held to fill any office under the Government of the United States, with special reference to the manner of framing questions contained in ballots or inquiries, the methods of selecting persons to whom ballots or inquiries are sent, and the reasons for conducting such polls. The special joint committee shall select a chairman from amongst its numbers and shall report to the Congress not later than January 15, 1940, the results of its study together with such recommendations for legislation as it deems advisable.

For the purposes of this resolution the committee, or any subcommittee thereof, is authorized to sit and act during the present Congress until its report is made, at such times and places in the United States, whether or not the Senate or House is sitting, has recessed, or has adjourned, to hold such hearings, to require the attendance of such witnesses and the production of such books, papers, and documents, to take such testimony, and to have such printing and binding done, as it deems necessary. Subpenas may be issued under the signature of the chairman of the committee or any member thereof designated by him and shall be served by any person designated by such chairman or member.

ENLARGEMENT OF ROCKY MOUNTAIN NATIONAL PARK, COLO.

Mr. ASHURST submitted the following resolution (S. Res. 147), which was referred to the Committee on Public Lands and Surveys:

Resolved, That the Committee on Public Lands and Surveys, or any subcommittee thereof, hereby is authorized to make a thorough investigation of all questions relating to the proposed enlargement of Rocky Mountain National Park in the State of Colorado.

For the purposes of this resolution, the said committee, or any subcommittee thereof, is authorized during the Seventy-sixth Congress to hold hearings; to sit and act at such times and places; to require by subpena or otherwise the attendance of such witnesses and the production of such books, papers, and documents; to administer such oaths; to take such testimony; and to make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not exceed 25 cents per hundred words. The expenses of the committee, which shall not exceed $6,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman.

INVESTIGATION OF U. S. SUBMARINE "SQUALUS" DISASTER AND RELATED MATTERS

Mr. AUSTIN (for Mr. BARBOUR) submitted the following resolution (S. Res. 148), which was referred to the Committee on Naval Affairs:

Whereas the U. S. submarine *Squalus* sank under mysterious circumstances on May 23, 1939, with a loss of 26 lives; and

Whereas the cause of the disaster has not been determined, as indicated by the convening of a naval court of inquiry; and

Whereas the sinking of the U. S. submarine *Squalus* was followed within a month by the sinking under equally mysterious circumstances of the new British submarine *Thetis*, with a loss of 99 lives, and the new French submarine *Phenix*, with a loss of 71 lives; and

Whereas there is widespread evidence of espionage and sabotage in the United States; and

Whereas Congress and the country are entitled to the full facts with respect to these disasters, so far as they are ascertainable: Be it

Resolved by the Senate of the United States:

SECTION 1. That for the purpose of obtaining information as a basis for legislation, there is hereby created a select Senate committee of seven members, to be appointed by the President of the Senate, to execute the functions hereinafter specified. Vacancies on the committee shall be filled in the same manner as the original appointments, and shall not affect the power of the remaining members, whether a quorum shall be present or not, to execute the functions of the full committee. The President of the Senate is directed, in his discretion, to appoint to the committee two or more members of the Committee on Naval Affairs and two or more members of the Committee on Military Affairs.

SEC. 2. It shall be the duty of the select committee, hereinafter referred to as the committee, to make a full and complete investigation of all aspects of the disasters afore-mentioned, with particular respect to the following considerations, but not excluding any other matters which the committee may consider germane to such investigation:

(a) The reasons for the sinking of the *Squalus*.

(b) Whether there were similarities of mechanical failure or other circumstances in the sinking of the three submarines named above.

(c) Whether the design of American submarines recently completed or now under construction permits tampering by unauthorized persons with their mechanical equipment, either during or subsequent to their construction.

(d) The policy of the Navy Department with respect to the employment in civilian capacities of persons having access to naval vessels while under construction or subsequently.

(e) The policy governing admission of visitors to navy yards and shipyards engaged in naval construction.

(f) The extent to which aliens are employed in steel plants, aircraft factories, air fields, proving grounds, laboratories, and industrial establishments, whether publicly or privately operated, which are or may be engaged in production of war material, or in other employment where aliens would have access to military secrets.

(g) Whether more stringent regulations are advisable with respect to employment or admission of civilians in buildings occupied by the Military and Naval Establishments, including the State, War, and Navy Building, the Munitions Building, and the Navy Department buildings in Washington.

(h) The advisability of additional legislation dealing with these or related problems pertaining to the national defense, and the protection of life, property, and military secrets against attempts at sabotage and espionage.

(i) Whether any persons in the armed forces of the United States, or in any way associated with military or naval production, whether in public or private employment, are known to be affiliated or to have been affiliated with the Communist Party, Nazi movements, or so-called bund camps in the United States.

(j) Whether currently authorized appropriations for such purposes are sufficient to enable the Federal Government to maintain an adequate check on the activities of alien enemies in the United States and its Territories and possessions.

SEC. 3. In conducting its investigation, the committee shall take into consideration the evidence developed by the naval court of inquiry convened at Portsmouth Navy Yard, together with such other information as may have been obtained by any Federal agency or agencies having a bearing on the sinking of the *Squalus*.

SEC. 4. The committee is authorized to sit at such times and places as its members may determine in carrying out the purposes of such investigation, whether Congress shall be in session or not, and shall submit its report to the Senate not later than the second Monday of January 1940. If Congress shall not be in session when the committee's report is ready for submission the report shall be filed with the Secretary of the Senate.

SEC. 5. The committee is specifically authorized to inspect any naval vessel or any establishment of the armed forces of the United States; to require the production of books, papers, and documents, and the attendance of witnesses by subpena or otherwise; to employ clerical assistance, and to employ stenographers at a cost not to exceed 25 cents per hundred words.

The chairman of said committee, or any member of a subcommittee, may administer oaths to witnesses and sign subpenas for witnesses, which shall be served by any person designated by such chairman or member of a subcommittee.

The committee is authorized to have such printing and binding done as may be necessary and to make such expenditures as it deems advisable within the appropriation hereby authorized. Every person duly summoned by such committee or subcommittee thereof who refuses or fails to obey the summons, or who fails to answer the questions pertinent to the investigation, shall be punished by law. The provisions of sections 102 to 104, inclusive, of the Revised Statutes (relating to examination and testimony of witnesses) shall apply with respect to any person who is summoned as a witness under authority of this joint resolution.

The expenses of such investigation, not exceeding in the aggregate $10,000, shall be paid from the contingent fund of the Senate, upon vouchers approved by the chairman of the committee.

The chairman of the committee shall be chosen by the committee. All hearings, orders, or decisions held before or made by the committee shall be public, unless a majority of the committee shall conclude that publicity as to specific testimony on information submitted to it would not be in the public interest.

The committee is authorized to utilize the services, information, facilities, and personnel of any department or agency in the executive branch of the Government in the performance of its duties.

COLLECTION OF FOREIGN DEBTS OWED THE UNITED STATES

Mr. REYNOLDS. Mr. President, on yesterday I was discussing at length the collection of the war debts, and, during the course of the debate, an inquiry was directed to me as to how these debts could be collected. I made mention of certain investments in this country held by European nationals. In that connection, I should like to place in the RECORD the following statement:

It is estimated that European nationals hold about $8,000,000,000 of investments in the United States. These are composed of common and preferred stocks, bonds, direct investments in industrial enterprises, short-term bank balances, and earmarked gold. This figure, however, applies to all European countries and a conservative estimate would allocate about one-half of this amount to England and France, which would be approximately $4,000,000,000.

FAILURE OF ENFORCEMENT OF PLANT QUARANTINE ACT

Mr. SCHWELLENBACH. Mr. President, several times during the last few weeks I discussed a resolution submitted by the senior Senator from Oregon [Mr. MCNARY] and myself concerning an investigation of the Bureau of Plant Quarantine of the Department of Agriculture, which takes the position that it should have the opportunity to lessen the strength of the plant quarantine law and permit certain importations of foreign plants which are infested with certain diseases. I was interested in an article in the Washington Star of June 18 pointing out the fact that a large sum of money is being expended by the Government at the present time to eradicate Japanese water-chestnut growths in the Potomac River. This is another instance of lack of enforcement of the Plant Quarantine Act, and of the Government expending large sums of money in order to meet the result of the failure to enforce the act. I ask unanimous consent that the article be printed in the RECORD at this point in my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Sunday Star of June 18, 1939]

CHEMICAL WARFARE TO BE USED AGAINST WATER CHESTNUT

A method of chemical spraying, heretofore untried in this part of the country, will be used, together with mechanical means, in a concerted drive to eradicate Japanese water-chestnut growth in the Potomac River starting this week.

Col. R. S. Thomas, district engineer for the War Department for the Washington area, said yesterday his office had now received funds for the job of eradicating this aquatic pest and orders to proceed with its extermination immediately.

At the same time, A. W. Mills, Virginia State game warden for Prince William County, said that elimination of the chestnuts has been started by Civilian Conservation Corps workers in Potomac Creek, about 15 miles down river from Occoquan. The C. C. C. boys, Mr. Mills said, are using ordinary scythes, and two crushers have been ordered.

Colonel Thomas issued a warning to the public, however, as concerns the chemical to be used, an arsenic and caustic soda compound—noninjurious to fish in the quantities to be applied, but deadly to humans and livestock.

The chemical is to be applied by spraying with specially designed equipment and falls on the plant in the form of a heavy fog. Within a week the upper section of the plant will turn brown and finally sink below the surface of the water, where decomposition takes place.

He said the poisonous spray would be used in only one locality—at the mouth of Oxon Run below Blue Plains and a reasonable distance offshore.

Colonel Thomas cautioned the public not to get close to the spraying operations. Children, especially, should be kept away from the vicinity and not allowed to play in the water until the vegetation has disappeared. Livestock should be kept from drinking the water near the operation or eating the sprayed vegetation for at least 10 days after the poison has been applied.

The plant, which grows on a tenuous stem 6 to 14 feet long and forms a mat across the surface of the water which will support waterfowl with ease, has increased its area of growth alarmingly within the past decade.

It has crowded out the water plants ducks feed on, made useless the feeding grounds of fish, aided in the breeding of mosquitoes, and lately has gone so far as to impede navigation. The four-pronged seeds of the plant drift downstream and lodge on beaches where they make for exceedingly uncomfortable footing.

GHOST WRITING, ITS ORIGIN AND DEVELOPMENT—ARTICLE BY SENATOR ASHURST

[Mr. ASHURST asked and obtained leave to have printed in the RECORD an article by himself entitled "Ghost Writing, Its Origin and Development," which appears in the Appendix.]

THE THIRD-TERM TRADITION—ADDRESS BY SENATOR BURKE

[Mr. CLARK of Missouri asked and obtained leave to have printed in the RECORD a radio address on the subject The Third-Term Tradition, delivered by Senator BURKE on June 19, 1939, which appears in the Appendix.]

ONE PROSPEROUS CITY—ADDRESS BY SENATOR REED

[Mr. GURNEY asked and obtained leave to have printed in the RECORD a radio address delivered by Senator REED on June 18, 1939, on the subject of One Prosperous City, which appears in the Appendix.]

ADDRESS BY POSTMASTER GENERAL FARLEY TO THE FUTURE FARMERS OF AMERICA

[Mr. MILLER asked and obtained leave to have printed in the RECORD an address delivered by Postmaster General Farley to the Arkansas Division of the Future Farmers of America at Camp Couchdale, Ark., on Saturday, June 3, 1939, which appears in the Appendix.]

THE FARMER AND HIS NEWSPAPER—ADDRESS BY SECRETARY WALLACE

[Mr. HILL asked and obtained leave to have printed in the RECORD an address on the subject of The Farmer and His Newspaper, delivered by Secretary Wallace before the Alabama Society of Washington, D. C., on June 19, 1939, which appears in the Appendix.]

MONETARY USE OF SILVER—ARTICLE BY CHARLES W. BEALE

[Mr. BORAH asked and obtained leave to have printed in the RECORD an article on the monetary use of silver, by Charles W. Beale, of Wallace, Idaho, which appears in the Appendix.]

SIGNIFICANCE OF THE WORD "CASH" IN CASH-AND-CARRY NEUTRALITY

[Mr. REYNOLDS asked and obtained leave to have printed in the RECORD an analysis of the meaning of the word "cash"

as it relates to the cash-and-carry principle of neutrality, prepared by William F. Hauhart, director of the School of Commerce of the Southern Methodist University, Dallas, Tex., which appears in the Appendix.]

WORKS PROGRESS ADMINISTRATION—ARTICLES FROM WEST VIRGINIA NEWSPAPERS

[Mr. HOLT asked and obtained leave to have printed in the RECORD articles from West Virginia newspapers relative to a discussion of W. P. A. at a meeting held at Ripley, W. Va., on June 17, 1939, which appear in the Appendix.]

STABILIZATION FUND AND WEIGHT OF THE DOLLAR

The Senate resumed the consideration of the bill (H. R. 3325) to extend the time within which the powers relating to the stabilization fund and alteration of the weight of the dollar may be exercised.

Mr. TAFT. Mr. President, I wish to speak regarding House bill 3325, relating to the extension of the President's power to operate the stabilization fund, to devalue the dollar, and to continue the purchase of domestic silver.

In the first place, with regard to the stabilization fund, I have no very strong feeling against its continuation; but there are some comments which I should like to make on the possible uses of the fund.

Up to this time there has been $2,000,000,000 in the fund, of which $1,800,000,000 is invested in gold, and has never been touched. Not over $200,000,000 has ever been used for the purpose of the stabilization fund. It has been well used, I think; but of course its purposes are somewhat limited. It seemed to me from the remarks yesterday that some of the Senators felt that everything could be handled through the stabilization fund. As a matter of fact, it cannot do very much more than smooth out the variations in foreign exchange, and that is about all it is intended to do. It is possible that in case of a devaluation or drop in foreign currency due solely to a withdrawal of capital from the foreign country, through fear or otherwise, we might, by using perhaps half a billion dollars, assist that situation and restore the currency of the country to the place where it really belongs; but, in general, the fund is simply to keep the exchange rates normal. It did not prevent the devaluation of the franc from 4 cents to 2 cents, approximately, and I do not think it can permanently affect the relation of currencies, which is largely determined by demand for, and supply of, that currency.

There is one possibility in using this fund of which I think the Senate at least should have knowledge, and that is the possibility that in the event of foreign war, or even without the event of foreign war, the fund could be used by the President in effect to give a foreign country at least $2,000,000,000 of purchasing power in this country which it otherwise would not have. In other words, it can be used practically to make a loan of $2,000,000,000; and since the power is completely unrestricted as to what can be done with the fund, it must be admitted that it might be so used.

In the subcommittee I asked Secretary Morgenthau that question. I said:

> Suppose there is a foreign war, and suppose you go out and do what you can to buy $2,000,000,000 worth of pounds: Isn't the effect of that to give England the power to buy $2,000,000,000 worth of goods in this country, under the cash-and-carry provisions?

Secretary Morgenthau said:

> Senators, if there is a war in any foreign country, before we would use the stabilization fund or any money in the Treasury to assist any country in prosecuting that war, I would come up before the proper committee and ask for guidance.

I said:

> I have no doubt you would, perhaps. But, nevertheless, the authority granted in this extension would give you power to do that, would it not, if you did choose to do so?
>
> Secretary MORGENTHAU. To do what?
>
> Senator TAFT. What I suggested: To buy pounds and, in effect, create an English credit here of $2,000,000,000; and we would wake up in the end and find ourselves with $2,000,000,000 worth of pounds that were worth nothing? I am not asking whether you would do it. My question is whether that is not legally possible. Isn't that legally possible?
>
> Secretary MORGENTHAU. Well, if I lost all sense or reason in the performance of my duty, I might do a lot of things.
>
> Senator TAFT. In other words, it is legally possible?
>
> Secretary MORGENTHAU. Well, a lot of things are legally possible which you would not do under the rule of common sense.

I think the Secretary in effect admits that it might legally be done. I very strongly trust it will not be done, and I am sure the Senate would not approve its being done.

There is one other use of the stabilization fund which I believe would be improper, and yet the fund could be used for that purpose. It could be used to buy Government bonds. It could be used, therefore, to affect and conflict with the powers given to the Federal Reserve banks to buy and sell in the open market Government bonds, with the rather extraordinary effect on the national economy which that purchase or sale might have.

Again I asked the Secretary:

> Is there anything to prevent you from buying Government bonds with that fund? Is there anything to prevent you from going into the open market and purchasing Government bonds with this billion eight hundred million dollars today?
>
> Secretary MORGENTHAU. We could do it this afternoon.
>
> Senator TOWNSEND. As a matter of fact, Mr. Secretary, you have done it, haven't you?

His answer was:

> We have bought a limited amount of Government bonds in order to get some interest in order to pay for our expenses.

My own judgment is that we should limit very much more seriously than we have the use of the stabilization fund.

Mr. President, I think this emphasizes also the fact that we have given extraordinary powers to the Secretary of the Treasury right alongside similar powers given to the Federal Reserve Board, which is an entirely independent body, and that the acts of one may offset the policy of the other. It emphasizes, I think, the desirability of a consolidation of banking functions, which matter is considered in a resolution proposed by the Senator from New York through a general investigation by the Senate Committee on Banking and Currency of the whole banking structure of the United States. I hope the Senator will press that resolution, and I hope that the Senate will adopt it.

Mr. VANDENBERG. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Ohio yield to the Senator from Michigan?

Mr. TAFT. Certainly.

Mr. VANDENBERG. Before the Senator leaves the discussion of the stabilization fund, I wish to submit one question upon which I have had no information in the course of the debate.

There is a constant reference to a tripartite agreement between the United States, Great Britain, and France for the mutual maintenance of their currencies. I wish to ask the Senator whether his committee is advised as to the nature of this agreement.

Mr. TAFT. I do not feel that I can speak with authority on that subject. My understanding is that it is merely an understanding that there should be a certain relation between the dollar and the pound and the franc, and that the parties to the agreement will use their stabilization funds to keep those currencies as close to the figure agreed upon as possible. That does not mean, as I understand it, that any country is bound permanently. Any country can abandon the policy tomorrow, probably, upon notifying the other two countries that it intends to do so, and of course the policy can be changed by mutual agreement. It was changed, because the value of the franc originally set up in the tripartite agreement has since been dropped below the original figure which the agreement was supposed to maintain, because it was found that they could not maintain the value of the franc. France's economic condition was such that it could not be done. As I understand, it is merely a day-to-day policy of maintaining the relation between the currencies, and preventing violent fluctuations from day to day, in order that people may do business more freely.

Mr. VANDENBERG. Then it is the Senator's opinion that we confront no obligation of a fixed and permanent character to sustain the franc or the pound on a definite basis, for a definite period?

Mr. TAFT. No; we have no obligation, as I understand the matter. I have not seen the agreement, or had it defined in words, but, as I understand it, we could withdraw at any moment from any obligation there may be.

Mr. LOGAN. Mr. President, will the Senator from Ohio yield?

Mr. TAFT. Certainly.

Mr. LOGAN. The Senator has referred to the Wagner resolution, which proposes a thorough investigation into our monetary policy. Does not the Senator think it would be wise for us not to attempt any serious change in our monetary policy or our financial set-up until the committee has investigated carefully and made a report to this body?

Mr. TAFT. I think that might be so. Of course, the pending measure does not propose a change. Congress having declared the policy that this extraordinary power should last for 2 years and then expire, the President is now coming and asking that he be granted authority to devalue the dollar, and to do other things which Congress has the constitutional power to do.

Mr. LOGAN. I am not particularly referring to the pending bill, but quite a number of amendments have been suggested which would affect seriously our monetary policy, and since the senior Senator from Colorado [Mr. ADAMS] stated yesterday, in effect, that there are many curious things connected with our financial policy, I wanted to remark that I have listened to most of the things which have been said, and read all of them, and, in the language of Alice in Wonderland, "the more I read the curiouser and curiouser they got."

Mr. VANDENBERG. Mr. President, will the Senator from Ohio permit me to make one further observation before he leaves the discussion of the stabilization fund?

Mr. TAFT. I yield.

Mr. VANDENBERG. I merely wish to state that I have observed with pleasure that the stabilization fund law is now to be amended so that Congress is to be permitted an annual report respecting what has happened to it. This is really encouraging, and suggests that we do progress in wisdom, because upon two previous occasions, when I have offered amendments to the Stabilization Act seeking to have merely a final, ultimate report submitted to the representatives of the American people as to what has been done with $2,000,000,000 of their money, the Senate, by roll call, has declined heretofore even to permit that. So I think we are learning something by experience and making some progress toward sanity.

Mr. TAFT. Mr. President, our committee thought it was very important to have such a report, and Secretary Morgenthau agreed that the act could be so amended as to provide for it. The report rendered showed that $200,000,000 have been used and a small profit made, and I do not know of any criticism of the actual use of the fund in the past.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. LUCAS. Am I correct in understanding that the report of the Secretary of the Treasury discloses that there is a billion eight hundred million dollars of gold on hand in the stabilization fund constantly? There is no question about that at all, is there?

Mr. TAFT. No question whatever. It has been there since Congress put it there in the beginning, and has never been touched.

Mr. LUCAS. Has the Secretary given the committee any information as to why no report is being made concerning the $200,000,000 which apparently is in question here?

Mr. TAFT. A report has been made.

Mr. LUCAS. That is, an annual report. They do not give the committee any week by week report, or daily report, as I understand it, with respect to the fund. What does the Secretary say to the committee as to his reasons for not giving them a report concerning the $200,000,000, if he does give reasons?

Mr. TAFT. I think the only reason given in his testimony was that too close information as to what was being done with the fund would give speculators in foreign exchange an idea of what the operation was, to such an extent that they might make money out of it. I think that was his general statement, and I think that might well be true. My impression was that he agreed to submit a quarterly report, but I do not read that in the act or in the proposed amendment.

Mr. VANDENBERG. My recollection is that the Secretary said in his testimony that he was quite willing to make a quarterly report.

Mr. TAFT. Yes; to make a quarterly report.

Mr. LUCAS. Will the Senator further tell me what the practice of the English is with respect to reporting what is being done with their stabilization fund, the matter we are now discussing?

Mr. TAFT. I am afraid I do not remember.

The other devaluation power which is sought to be stricken out by the Adams amendment is the power given to the President to devalue the dollar to 50 cents. The dollar now being at 59 percent of the old dollar, this would give the right to devalue approximately 15 or 16 percent additional. It does not give any power to revalue the dollar.

It seems to me that the Senator from Colorado is correct, that this power should not be extended. Section 8 of article I of the Constitution provides:

> The Congress shall have power * * * to coin money, regulate the value thereof, and of foreign coin.

It is a power distinctly given to Congress, a power which Congress certainly should delegate, it seems to me, only in the greatest emergency. No court has decided whether or not the attempt to delegate that power was proper, and I suppose no court will decide the question. It is not likely that what has been done will be upset. Yet our duty is to determine whether we can constitutionally delegate that power.

It seems to me also that those who come asking for this delegation of power from the body to whom it is given by the Constitution have the burden of proof to show that the delegation of the power is necessary. I do not know exactly what the purpose is, and I am still unable to determine exactly why this power is sought by the President. I would have thought the President himself might have preferred to relinquish this extraordinary power than to come back to Congress and ask for it.

The reasons suggested by the Secretary of the Treasury seem to me in some respects vague and general. It is very easy to say, "Well, everything is in chaos, and we want more power." That, in substance, is what he stated at the outset. He said:

> This power is a weapon in reserve which is needed for the protection of American interests. In the monetary field it is as important as a powerful navy in the field of defense against armed attack.

That is a very easy thing to say. He continued:

> It is my opinion that at this time, when the gold content of other leading currencies is permitted to float, and when the international picture is so uncertain, the United States should not permit the power of its Government to deal quickly and effectively with situations that require an alteration in the gold content of the dollar to lapse.

The general idea is that the world is upset, so that the Executive ought to have more power in some way to deal with conditions.

Apparently this power was originally granted in a great emergency immediately after the banking crisis. It was granted on May 12, 1933, in the original Agricultural Act. It was granted at a time when Congress could not tell what might happen the next day, and when there was certainly probable reason for delegation, if the power was ever to be delegated. Apparently, from a reading of the law, it contemplated only one act of devaluation and then the Presi-

dent was to be through. The power was extended, however, in 1934, so that it became a continuing power.

The thing which alarms me somewhat about this matter is that the original act did not contemplate solely the devaluation of the dollar as a means of meeting a competitive devaluation. Apparently it also was based on the theory that if domestic prices were considered too low, all that had to be done to raise them was to devalue the dollar. The act itself states as its purpose both the stabilization of domestic prices and the protection of American commerce against the adverse effect of depreciated foreign currencies.

There is no doubt that the President himself originally considered that the purpose for which the dollar was to be devalued was the raising of domestic prices. He said in October 1933:

> Finally, I repeat what I have said on many occasions, that ever since last March the definite policy of the Government has been to restore commodity price levels. The object has been the attainment of such a level as will enable agriculture and industry once more to give work to the unemployed. It has been to make possible the payment of public and private debts more nearly at the price level at which they were incurred.

So apparently it was then claimed and may be claimed today, judging from what the Senator from New York [Mr. WAGNER] stated yesterday, that this power should be used simply in order to raise domestic prices. If we pass this bill, we are saying to the President, "If you think some morning that prices in general are too low, you can devalue the dollar in order to raise them." From the history of this legislation we are in effect adopting that policy; a policy with which I emphatically disagree, and which I hope to discuss somewhat further a little later.

Mr. President, it seems to me that the power we are giving the President to determine the value of the dollar is a most extraordinary power—one of the most important powers that can be given to any President. It seems to me that if Congress itself is not going to adopt the policy of determining the value of currency, the power ought not to be given to the President at all. It ought to be given to some board such as the Federal Reserve Board, which can sit down and hold hearings on the subject, give people a chance to present their views and study the question and have a judicial rather than an administrative act.

Mr. President, it is said that an emergency exists today. I do not know what emergency exists today which is not going to exist for the next 15 years. If we delegate this power today we might as well say that we are adopting a permanent policy of delegating to the President the power to fix the value of the currency, because uncertainty is going to prevail in Europe for a long time to come. There is no immediate emergency. There is no condition which I can think of that would prevent Congress being called into session, if necessary, in order to determine the question whether we should again adopt a policy of devaluation, a policy which has been abandoned now for 5 years. After one act in 1934, the President has absolutely fixed the value of the dollar and kept it there.

It seems to me the question whether we shall renew this policy of devaluation is something which Congress should take plenty of time to determine.

Mr. Morgenthau said before the subcommittee:

> In the monetary field it is as important as a powerful navy in the field of defense against armed attack.

Mr. Wallace said before the subcommittee:

> It would be the same reasoning as would apply to placing in the hands of the President the national defense. Prompt and centralized action in this field may be necessary.

Mr. President, that argument proves too much. If that is a sound argument for giving power to devalue the dollar, then it is a sound argument for giving the President power to declare war, because if we want to act quickly in the international field the President can do it a great deal faster than can the Congress.

The same argument, the same objection that Congress would require a month before it could act could be made with respect to the power to declare war. Conceivably it may be necessary to declare war tomorrow, and yet we are not going to delegate that power to the President. This is a fundamental economic power just as the power to declare war is a fundamental military power, and so there is no more reason to delegate this international weapon to the President than to delegate to him the power to declare war.

Mr. President, we are not destroying the power by refusing to delegate it. Congress can devalue the dollar. Personally I do not think I would ever be in favor of doing it, but I can conceive of some extraordinary circumstances, perhaps, in which a different policy should be pursued. But if that situation should ever arise Congress could be called together and Congress could act.

It is important that we stop delegating power to the President of the United States and abandoning our proper constitutional functions and our constitutional duties. No President ever has had the extraordinary power which the present President has had. No one ever has had the power to determine whether a worker on W. P. A. in Cleveland shall receive $14 a week or $16 a week. No President ever has had power to determine simply on his own opinion whether cotton shall sell at 5 cents or 7 cents or 9 cents. No President ever has had power through his wage-and-hour administrator practically to fix wages and hours in such a way as to move an industry from New England down South, or from the South back to New England. We have granted to the present Chief Executive more power than any President of this country ever has had, and probably as great power as almost any ruler ever has had, and I say if we are going to return to a normal condition, if we are ever going to go back to the Constitution, now is the time to stop the delegation of the powers that we have a duty to exercise.

Mr. AUSTIN. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Ohio yield to the Senator from Vermont?

Mr. TAFT. I yield.

Mr. AUSTIN. I do not have the advantage of being a member of the committee which considered this particular legislation. I should like to ask the Senator from Ohio whether the committee called before it or whether there came voluntarily witnesses to testify with respect to any standard by which this delegated power must be exercised, if exercised at all.

Mr. TAFT. No; I would say that the power granted the President to devalue the dollar may be exercised at his sole discretion, without any standard whatever, which raises a serious doubt as to the constitutionality of the delegation.

Mr. AUSTIN. I am glad to hear the Senator say that. I very much dislike to have the claim go by default. It was originally made by the minority when this bill was originally enacted, and I am glad to have it reasserted.

Mr. TAFT. Mr. President, it seems to me there is substantial advantage to the country in not delegating this power. What is needed today in business is stability. What is needed in the world is stability. I do not think anything will contribute more to stability of commerce in the world today than the knowledge that Congress has fixed the value of the dollar and will maintain its present value in the absence of some extraordinary emergency.

I wish to read what Secretary Morgenthau himself said in relation to the advantage of a stable dollar. He stated before the subcommittee:

> The President has had these various emergency powers which Congress saw fit to give him, and for 5 years in the monetary field he has not used those powers you mention; and every day that he does not use them leads the world to believe that the chances of our using them are that much less.

I asked him this question:

> Is that a desirable belief, Mr. Secretary?

He repeated my question.

> Is that a desirable belief?
> Mr. TAFT. Yes.
> Secretary MORGENTHAU. Absolutely.

If that is a desirable belief, then certainly the best way to make it a certain belief is for us to refuse to give the

President this extraordinary power. I think the Secretary himself backs up our claim that the permanent fixing of the dollar, without authority of the President to change it, will contribute to a stable and peaceful condition in the world.

That, Mr. President, is supported further by the testimony of Mr. T. Jefferson Coolidge, former Assistant Secretary of the Treasury, who appeared before the committee and testified against extending the President's power of devaluing the dollar. Mr. Coolidge served as Assistant Secretary in this administration. He acted under these powers. I think he has the universal respect and his opinion has the universal respect of Republicans and Democrats alike. Mr. Coolidge said:

> If one man has the right to change the price of gold, the question is raised, "Will it be changed?" At times the belief it will be, sweeps across the world causing fear, hoarding of gold, and flight of capital. Even though the power is never used, damage can be caused by its mere existence.

He also said:

> I further believe if Congress should definitely refuse to consider further devaluation, there would be a feeling in this country of greater confidence in the future of our money; and confidence in money promotes confidence in other matters. * * *
>
> Under the proposed extension Congress delegates this right to the discretion of a single man acting without public discussion. This power should not thus be delegated no matter what confidence Congress may have in the financial wisdom of a man.

We also had before us Professor Spahr, professor of economics at New York University and secretary of the Economists National Committee on Monetary Policy. He testified that in 1937, when our prices had collapsed, and a rumor that this power was going to be exercised went around Europe, approximately $500,000,000 of foreign capital suddenly left this country and went abroad. There has been a fear from time to time that the power would be exercised, and that fear is going to exist so long as we continue to delegate the power.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. SHIPSTEAD. There is not only a fear but there is also a hope that it will be done on the part of those who mine gold in Mexico, Canada, and South Africa, and those who have been speculating in gold, as they did before the content of the gold dollar was changed. I am informed that before that change was made $700,000,000 of American gold was shipped to Europe, which came back here at a profit of 70 percent, and from all over Europe gold was poured into this country at a net profit of approximately 70 percent.

Mr. TAFT. Of course, the people who produce gold would like to see us pay $41 an ounce for gold instead of $35 an ounce, as we are doing today; and most of those producers are in South Africa and in the British Empire.

Mr. SHIPSTEAD. As a matter of fact, a European told me that he had $1,000 in gold eagles. He sold them at a rate at which he obtained $1,800 in American currency for his $1,000 in gold, for which he had paid $1,000 in currency.

Mr. TAFT. I thank the Senator for his assistance.

There is only one argument which is finally advanced as a reason for devaluation of the dollar. We cross-examined the Secretary, and he finally admitted, it seemed to me, that there was only one reason. I hope it is the only reason, because I should hate to see devaluation used simply for the purpose of trying to raise prices.

The final argument is that England and other countries may devalue. That in that case we must follow them; we must devalue because they devalue. The argument is that we must do so because otherwise the prices of farm products would be affected and there would be some deleterious effects on our exports.

In the first place, the reason stated was not the principal reason advanced in 1933. We were not then following any particular currency. If we were, there was no possible reason to devalue 41 percent, because no important currency had been devalued 41 percent. At that time the policy was urged for a different reason. It was urged to support Professor Warren's theory, which, I think, has now been completely discredited, the theory being that as the price of gold is raised, automatically the prices of all other products are raised. Apparently, that theory was the reason for the policy. We tried to raise the level of wholesale prices from an index of 60 to an index of 100, or 67 percent. We raised the value of our dollar exactly 67 percent in gold. We raised the price of gold 67 percent.

As a matter of fact, apparently the raising had no permanent effect. It was pointed out yesterday that the index, instead of rising from 60 to 100, as it should have done if the theory were sound, increased from 60 to 88, and today it has gone back to 78. In other words, after depreciating the dollar 41 percent we find that we have increased the price level only from 60 to 78. Surely some of that increase is due to the other measures which the administration has adopted. Surely the pouring out of $40,000,000,000 of Government money, adding $20,000,000,000 to the public debt, has had some effect in raising prices. Surely the farm policy has had some effect in raising farm prices, or else we ought to abandon the whole plan tomorrow. Surely we cannot say that even the increase from 60 to 78 is due only to the devaluation of the dollar. If our experience shows anything, it shows that while devaluation of the dollar had a temporary effect and boosted prices for a while, it had no permanent effect on the level of prices in this country; and the increased level of prices is probably due more to other factors than to the devaluation of the dollar.

We did not follow other currencies down in 1921 or 1923. Nobody ever thought of following other currencies down. We were proud of the fact that the dollar was maintained, and that it was a standard of value for the entire world. I believe the American people would probably be better off today if there had never been any devaluation, as the Senator from Colorado [Mr. ADAMS] suggested yesterday.

It is said that England may deliberately devalue. In the first place, no country that I know of except ours has ever deliberately devalued its currency. Other countries have been forced to it by several different causes. They have been forced to it because they were importing more than they were exporting, or were living beyond their means. They had paid out all the gold they had, and they could not maintain their currency at the point at which it had formerly existed.

Senators will remember the tremendous effort of the so-called national government in England to save the pound. Even after the effort was made, and after everybody in England had made sacrifices to save the pound, it was found impossible to maintain the pound. The pound slipped, not from design, but because it could not be helped. The pound never has been formally devalued.

The danger that any nation will deliberately devalue its own currency—degrade its currency, as the senior Senator from Virginia said in the committee—is something extremely remote and unlikely, even under present world conditions.

Devaluation is a bad thing for the country that does it; and that is why no country wants to do it, and why no reasonable country will do it unless it is forced to do it. I do not believe devaluation would have any effect on prices if it were not for exports and imports. There is no doubt that devaluation, when it occurs, does temporarily raise the price of goods which are shipped abroad and which depend on a foreign price level. Devaluation temporarily raises the price of imports. It tends temporarily to stimulate exports, and it tends to cut down imports. However, in the long run apparently it does not have much effect on the volume of exports and imports.

If we take the history of the past 10 years, we find that exports and imports decreased together and then increased together. We cannot stimulate exports so long as we are cutting down imports. Consequently, devaluation does not permanently have much effect on the volume of exports and imports. Temporarily, it raises the price of exports, and it also raises the price of imports; that is, it raises prices in terms of the American dollar, but it does not raise prices to the Englishman. It probably lowers prices of our products to the

Englishman. The result of devaluation is that we sell our products cheaper to people abroad, and we pay more for the commodities we buy from people abroad. So far as the Nation as a whole is concerned, the net result is that the moment we degrade our currency our country is worse off. Some people may be benefited. Producers may be benefited, but consumers lose that amount and more; and the net result is that we pay other countries more for what we buy, and we receive less for what we sell to other countries. The net result is certainly a loss.

If the purpose is to adjust the relationship between our own groups, between producers and consumers, giving the producers more and making the consumers pay more, it is much cheaper to do that through some other device than devaluation of the dollar. It is much cheaper to try to fix farm prices. It is even better to subsidize farm prices. It is even better to pay export subsidies than it is to devalue the dollar, because when we devalue the dollar we may or may not accomplish the desired result; but one thing we do accomplish, and that is to make the American consumer pay a tariff to the foreigners who are shipping goods into this country as well as paying a tariff to the American producer. We must import several billion dollars' worth of goods every year, regardless.

No; as a method of improving the condition of the producers, devaluation is simply a fraud on the producer, and a double fraud on the consumer.

Professor Spahr testified that the whole theory of competitive devaluation is a complete fallacy. He said:

> Stated in simple but accurate terms the Secretary wishes to insure that our exporters will continue to sell as many or more goods for money worth less in gold. Competitive devaluation is a struggle of nations to determine which ones can export the most wealth for the least gold in return. Carried to its logical conclusion, the nation with the greatest trade "advantage" would be the one which gave its goods away. All this, fundamentally, involves a confusion between real wealth and a depreciating medium of exchange.

If the argument of the proponents of this bill is correct, why should not every nation go on devaluing until we get down to nothing and our currency is not worth anything? The argument proves too much. There is no point at which we can stop if we once admit that a proper national policy is a competitive devaluation. Other nations will not deliberately devalue because they know that in the long run it will cost them more. England is an importing nation. The moment England depreciates the pound Englishmen lose; English laboring men lose. They find that they have to pay more for all the food England has to import and they receive nothing more for the things they export. England will not deliberately devalue. If a nation is forced to devalue its currency, or if the whole world is forced to devalue its currency because it has paid us all its gold and cannot maintain its currency, and then we devalue, other nations are again forced to devalue because they still have no gold. We force them into another devaluation; and then, according to the theory, we must go on and devalue again. Finally we reach the point where currency is not worth anything and where prices may go ultimately to a complete inflation throughout the world.

Devaluation has resulted in the acquisition of gold and silver that we do not need. Today we have $16,000,000,000 of gold. Certainly four or five billion dollars is all the gold we actually need in this country. We have imported a great amount of silver. The Secretary has written a letter to the chairman in which he tries to show, in a long pamphlet, that gold did not come to this country because we devalued, because we raised the price of gold, or because we are paying $35 an ounce instead of $20. All I have to say is that that statement is contrary to the views of every economist. If we raise the price of gold from $35 to $41, we shall have a greater flood of gold coming into the country. Gold goes where people pay the most for it, of course.

Again, I should like to read from the testimony of T. Jefferson Coolidge, former Under Secretary of the Treasury:

> The way that has been handled is that if forces in trade and in the movement of capital send gold out of England, England will raise the price a little, to stop it from going out so fast. If the opposite is true, England will lower the price, to stop it from coming in too fast. But she has never deliberately—at any rate, in my experience, recently—attempted to drive down her currency by purchasing large quantities of gold.

In other words, he recognizes that if you want to stop an outgoing flood of gold you devalue your currency; if you want to stop an inflow of gold you raise the value of your currency, or you may do so if you wish to do so.

There is not any question that the more we pay for gold the more gold is going to come to the United States, and of all useless products today additional gold is the most useless. I am not sure that gold is not even more useless than silver. I do not like to admit that, but I think that probably, in the present volume, both of them are completely useless, and the acquisition of more would be very undesirable. It is all very well to stimulate our exports, but what on earth is the use of selling a lot of exports for something that we do not need, that we do not want, that does not do us any good when we get it here?

Mr. McCARRAN. Mr. President, will the Senator yield?

Mr. TAFT. I yield to the Senator from Nevada.

Mr. McCARRAN. The Senator has said that gold is useless and silver is useless. What is useful for money?

Mr. TAFT. I did not say that; the Senator misunderstood me. I said that we had no earthly use for $16,000,000,000 of gold. Probably $5,000,000,000 or $6,000,000,000 would be a sufficient base for our currency. If we undertook to change the value of the dollar again, instead of having $16,000,000,000, we would have the $26,000,000,000 of gold that exists in the world today.

Mr. McCARRAN. How much of the gold that is now in this country belongs to the Government of the United States?

Mr. TAFT. That question was raised yesterday. My own theory is that the Government owns outright about $3,000,000,000 in gold, or a little less, of which $1,800,000,000 is in the stabilization fund to which reference has been made. The remainder of it the Government owns title to, but it owes that gold to the Federal Reserve banks which have gold certificates which show that it is owed to them, and it is not an asset of the Government in any sense. Owing to the terms of the existing law, the Federal Reserve banks themselves cannot have the title; it is even doubtful whether they can cash in on the certificates; but theoretically they are the equitable owners of that gold.

Mr. McCARRAN. I am glad to have the Senator's answer. There is only one position that I take contrary to that of the Senator, and that is regarding the amount. I think that the Federal Government owns less than $1,000,000,000 of the gold.

Mr. TAFT. Mr. President, I shall occupy the floor only a few more moments in my discussion of this question.

The only argument really advanced in favor of this proposal is that we must have this weapon to assure to us an opportunity of successful competitive devaluation; that we may have to devalue further in order to compete with the devaluation of some other country. In the first place, that is a very weak weapon, because our President, under even the pending bill, can only devalue 15 percent, while foreign nations could devalue overnight 30 percent. So they can beat us in any war of devaluation. So far as this bill is concerned, it gives us a completely useless weapon for a war of devaluation.

It is said that because foreign governments have this power, our President ought to have it. But those nations do not have constitutionally restricted governments. Their cabinets, in effect, may declare war overnight. Our President cannot do so. We have constitutional restrictions; we are built up on that basis; the success of this Government is due to those restrictions. Because foreign nations have the power to devalue is no reason why we should adopt the same course. We move more slowly, but I hope more efficiently, and I believe that the Congress can provide for proper devaluation, if necessary. If devaluation occurs elsewhere, we can prevent the excessive importation of foreign

products. It takes a long time for such products to come in, and we can pass a few additional tariff laws in any vital field. In the long run, I am quite certain that the effect of devaluation wears itself off; that prices adjust themselves, and that probably there will be no need of a permanent change in the tariff, but we can change it, we can protect our trade abroad. After all, however, our whole foreign trade is only about $2,000,000,000 a year, while our national income is something like $65,000,000,000 a year.

Devaluation is an irrevocable step. Once we devalue, once we give this power to the President, and he exercises it and reduces the value of the dollar to 50 percent, it is irrevocable; we cannot undo it, as we must realize from our past experience. I do not know that any country ever has succeeded in retracing its steps after it has once embarked on the devaluation road. If we are going to take an irrevocable step, which may affect the whole basic economy of our country, surely the Congress ought to debate that question. Congress can debate it. There is no tremendous excitement about Congress debating an economic issue. Congress debated the question when it passed the Gold Reserve Act of 1934 and gave the President power to devalue the dollar. The President did not wait; he did not hold that as a weapon; he devalued the day after Congress acted. I do not think the argument that we ought to delegate a power—because if we debate it people are going to become excited and interested in the subject—is a sound argument.

So I urge the Senate to adopt the amendment offered by the Senator from Colorado [Mr. ADAMS], to reassume the power of fixing the currency, of determining our own coinage, of abandoning or cutting down, so far as possible, the delegation of authority which threatens the whole Constitution which was adopted in a great emergency in 1934, and which, sooner or later, we must bring to an end, if we hope to maintain constitutional government in this country.

The time for the exercise of emergency powers is over. We can assist business today; we can give business at least one element of stability; we can encourage the businessman to think that the Government of the United States is now determined to insure the stability of the currency—that the Government is determined to maintain the value of the dollar. Gentlemen who, like the Senator from North Carolina [Mr. REYNOLDS], travel abroad know that when one travels abroad he wants to be sure that the dollar is worth something. The traveler can appreciate the effect of competitive devaluation; he can realize that when we devalue the dollar it makes him pay more to the Englishman and Frenchman and everybody else when he travels; he can also see that it enables the Englishman to come over here and travel around the United States with less money. He can see the point; he can easily see that we are interested in maintaining a dollar of real value, a dollar which will command the respect of the world, a dollar which will make the United States the center of commercial and business activity in the world and contribute to our permanent prosperity.

Mr. BARKLEY. Mr. President, I wonder if the Senator from Colorado would be willing at this time to agree on an hour when we may vote on his amendment?

Mr. ADAMS. I should be very glad to do so so far as I am personally concerned.

Mr. BARKLEY. Has the Senator any hour in mind? Would 2 o'clock today be satisfactory?

Mr. ADAMS. There are one or two Senators who have appointments at one of the departments. The Senator from Pennsylvania [Mr. GUFFEY] and the Senator from Michigan [Mr. BROWN] have both spoken to me about the matter.

Mr. BARKLEY. The Senator from Pennsylvania spoke to me about it, and said he would be back by 2 o'clock. But, in order to give plenty of leeway, I suggest that the hour be fixed at a quarter after 2 or even 2:30. I do not know what Senators intend to discuss the amendment, but it is desirable that it be voted on before the Senator from Oklahoma [Mr. THOMAS] offers his amendment in the nature of a substitute for the entire bill. He does not want to offer it until the pending amendment shall have been voted on. I think that is the proper procedure anyway.

Mr. ADAMS. I am interested only in having a time fixed which will accommodate other Senators.

Mr. BARKLEY. I suggest, then, that we vote not later than 2:30 o'clock. If Senators return sooner, we may be able to vote earlier.

Mr. ADAMS. I think it would be better to fix the hour at 3 o'clock.

Mr. BARKLEY. That would be agreeable to me, but the only question is whether we have sufficient ammunition to take up the time of the Senate until 3 o'clock on the pending amendment.

Mr. TAFT. When the Senator from Oklahoma [Mr. THOMAS] returns to the Chamber he, no doubt, will consume the time on his own amendment.

Mr. BARKLEY. He does not want to discuss his amendment, which is a substitute for the entire bill, until the pending amendment shall have been disposed of.

Mr. President, I ask unanimous consent that at not later than 3 o'clock the Senate proceed to vote on the amendment now pending, offered by the Senator from Colorado [Mr. ADAMS], and all amendments thereto.

Mr. McCARRAN. I should object to that, Mr. President.

Mr. BARKLEY. May I inquire what is the Senator's objection?

Mr. McCARRAN. I object to any unanimous-consent agreement to fix a time for a vote.

Mr. BARKLEY. Of course, if the Senator is going to object, we will have to proceed.

The PRESIDENT pro tempore. The question is on the amendment offered by the Senator from Colorado [Mr. ADAMS].

Mr. KING. Mr. President, there seems to be no agreement among Senators with respect to this bill, and I am very glad there is none, because the bill is so unwise, so unsound, and, I was about to say, so vicious that I hope there will be no agreement in support of it. I expect to occupy only a very short time in discussing some of the general provisions of the measure. There has been no adequate official statement indicating the necessity of continuing the power of the President to change the gold content of the dollar within a range of from between 50 and 60 percent of its former content.

Mr. AUSTIN. Mr. President, will the Senator yield for a quorum call? I think we are about to have a contribution to the thought on this subject. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Danaher	King	Reynolds
Andrews	Davis	Lee	Russell
Ashurst	Donahey	Logan	Schwartz
Austin	Ellender	Lucas	Schwellenbach
Bailey	Frazier	Lundeen	Sheppard
Bankhead	George	McCarran	Shipstead
Barkley	Gerry	McKellar	Slattery
Bilbo	Gillette	Maloney	Taft
Bone	Guffey	Miller	Thomas, Okla.
Borah	Gurney	Minton	Tobey
Bridges	Harrison	Murray	Townsend
Brown	Hatch	Neely	Truman
Bulow	Hayden	Norris	Tydings
Burke	Herring	Nye	Vandenberg
Byrd	Hill	O'Mahoney	Van Nuys
Byrnes	Holman	Overton	Wagner
Capper	Holt	Pepper	Walsh
Chavez	Hughes	Pittman	Wheeler
Clark, Idaho	Johnson, Calif.	Radcliffe	White
Clark, Mo.	Johnson, Colo.	Reed	Wiley

The PRESIDING OFFICER (Mr. BONE in the chair). Eighty Senators have answered to their names. A quorum is present.

Mr. KING. Mr. President, the bill before the Senate is one of major importance; indeed, it may be regarded as perhaps the most important bill presented for consideration during this session of Congress. Any measure that affects our monetary system possesses potentialities for good or evil,

the consequences of which to our economic, industrial, and, indeed, political system, cannot be overestimated.

By the act of May 12, 1933, there was conferred upon the President authority which many believed to be unwise, if not dangerous, to our country, but it was justified by reason of the unsatisfactory economic condition of our country. The President was authorized, by proclamation, to fix the weight of the gold dollar in grains nine-tenths fine; to provide for the unlimited coinage of such gold and silver at a fixed ratio, but in no event was the weight of the gold dollar to be fixed "so as to reduce its present weight by more than 50 percent."

The act of January 30, 1934, amended the act of 1933 and provided that the weight of the gold dollar so fixed should not in any event be more than 60 percent of its then present weight.

The act of 1934 also authorized the Secretary of the Treasury, with the approval of the President, for the purpose of stabilizing the exchange value of the dollar, to create a so-called stabilization fund; and the same act appropriated $2,000,000,000 for the establishment of such fund. The act of 1933, which attempted to delegate to the President the power to alter the gold content of the dollar, was renewed in the Gold Act of 1934, but limited to 3 years. In January of 1937, this power was again extended, and the bill before us provides for a continuation of this power until June 30, 1941, unless the President shall sooner declare the "existing emergency ended."

The Senator from Colorado [Mr. ADAMS] has offered an amendment to the pending measure, which would prevent the further devaluation of the gold dollar by reducing its gold content. I heartily approve of the amendment offered by the Senator, and those who listened to his address in support of his amendment, it seems to me, should find no difficulty in approving his position.

There is no reason whatever for further attempting to delegate to the executive department power which belongs to the legislative branch of the Government. Indeed, it is doubtful whether such attempted delegation is constitutional. Nor is there any reason, in my opinion, that would justify even the legislative branch of the Government to further devalue our currency. And there is no justification for the legislative branch of the Government abdicating authority which under the Constitution is vested in it. The Constitution declares "that the Congress shall have power to coin money, regulate the value thereof, and of foreign coin." The founders of the Republic were familiar with the history of nations and the evils which had resulted from the assertion by kings and rulers, of the power to control monetary issues. Accordingly, they denied to the executive department the power to "coin money or to regulate the value thereof."

For a period of more than 140 years, that is from 1792 to March 1933, Congress exercised the authority given it by the Constitution to "coin money and to regulate the value thereof."

Many persons are of the opinion that the act of 1933, in attempting to delegate the authority to the President to devalue gold, was unconstitutional. As I have indicated, the Constitution provides for a tripartite division of power. It distributes to the three departments all necessary governmental power.

The Constitution clearly limits the authority of each branch of the Government and makes plain that trespasses by one branch upon another would constitute palpable violations of the fundamental law of the land.

The philosophy underlying our form of Government is expressed by the Supreme Court in the case of *Kilbourn* v. *Thompson* (103 U. S. 168). The Court stated that—

> It is one of the chief merits of the American system of written constitutional law that all the powers entrusted to government, whether State or National, are divided into the three grand departments, the executive, the legislative, and the judicial. That the functions appropriate to each of these branches of government shall be vested in a separate body of public servants, and that the perfection of the system requires that the lines which separate and divide these departments shall be broadly and clearly defined.

The Court further stated:

> It is also essential to the successful working of this system that the persons entrusted with power in any one of these branches shall not be permitted to encroach upon the powers confided to the others, but that each shall by the law of its creation be limited to the exercise of the powers appropriate to its own department and no other.

The Court further states that—

> While the experience of almost a century has in general shown a wise and commendable forbearance in each of these branches from encroachments upon the others, it is not to be denied that such attempts have been made, and it is believed not always without success. The increase in the number of States, in their population and wealth, and in the amount of power, if not in its nature to be exercised by the Federal Government, presents powerful and growing temptations to those to whom that exercise is entrusted to overstep the just boundaries of their own department and enter upon the domain of one of the others, or to assume powers not entrusted to either of them.

I regret that the Supreme Court as now constituted exhibits tendencies to depart from the sound and safe course followed by the Court for more than 140 years. We should not forget the words of Washington, that—

> The habits of thinking in a free country should inspire caution in those entrusted with its administration to confine themselves within their respective constitutional spheres, avoiding in the exercise of the powers of one department, to encroach upon another.

There are evidences of encroachments by the Federal Government upon the States and their political subdivisions; and the apprehensions of many students of our Government that the executive branch would be magnified at the expense of the other branches of the Government, have been and are warranted. The condition of the world today should be an admonition against policies which would undermine our form of government or impair the functions and authority of either the executive, legislative, or judicial branches thereof.

There is a growing tendency of the executive branch of the Government to extend its authority even beyond constitutional limits. This is due in part to the requests, if not demands, of many citizens that the Federal Government increase its authority and assert jurisdiction over fields and activities which under a proper interpretation of the Constitution are denied to it. The history of nations is replete with examples of the inertness of the people, and their apathy toward encroachments by executive authority. The maintenance of our form of government depends upon the alertness, patriotism, and energy of the people, and the determination to maintain individual rights and the authority of the sovereign States.

Recurring to the question before us, the President, on the 31st of January 1934, issued a proclamation reducing the gold content of the dollar from 25.8 grains nine-tenths fine to $15\frac{5}{21}$ grains nine-tenths fine, or 59 percent of its former weight. The power to further devalue the gold dollar is now being sought by the bill under consideration.

Many believe that further currency debasement is improper and is fraught with danger; that it is a constant threat to business and to the credit upon which business must rely. The question is posed constantly, What confidence may business have in a currency when the authority may be exercised by one person to fix the gold value of the dollar at any point between 50 percent and 60 percent of the gold dollar weight, and within those limits to make changes as often as he may desire?

It is stated, as I understand, by representatives of the executive department, that this power to further devalue the dollar may not be exercised. However, the very existence of the power and the possibility of its exercise undoubtedly arouse apprehensions in the minds of the people.

I respectfully insist that there is no justification for the further devaluation and, as some would say, the debasement of our currency. In my opinion, Congress should recapture its power over money. Congress has the power to meet any situation or any crisis that may arise in our fiscal and monetary policies. This power is affected with so great a public

interest that it should be exercised by Congress alone. No changes should be permitted in the gold content of the dollar unless by congressional enactment.

It has been said that legislative processes are too slow, and that devaluation of the currency may be quickly demanded; and that, if the power shall not be given to the President, our Government will be placed at a disadvantage if other nations further devalue their money.

Later I shall refer to this question of devaluation, and contend that, if other nations pursue unsound monetary policies and debase and degrade their currency, their example should not be followed by our Government.

We did not find it necessary to devalue our currency in the early twenties when the German and Russian currencies were so degraded and debased as to lose their value. When the English pound was far below par and the French franc was rapidly declining in value, the United States did not, in that period of great international stress, devalue its currency. And the integrity of our monetary system gave to our Government primacy among all nations. Our recovery during the early twenties was rapid and impressive, regardless of the devaluation of foreign currencies.

During the hearings before the Senate committee which has reported the bill, Senator GLASS, when Secretary Morgenthau was testifying, offered for the record the statement of 55 economists, members of the National Committee on Monetary Policies. They recommended the termination of the President's power to devalue the gold dollar. I ask permission to have their statement included in the RECORD at this point in my remarks. (Names omitted.)

The PRESIDING OFFICER. Without objection it is so ordered.

The statement is as follows:

[Economists' National Committee on Monetary Policy, Educational Building, 70 Fifth Avenue, New York City]

FIFTY-FIVE MEMBERS RECOMMEND TERMINATION OF PRESIDENT'S POWER TO DEVALUE THE DOLLAR

The Gold Reserve Act of January 30, 1934, gave the President the power to reduce the gold content of the dollar by not less than 40 percent and not more than 50 percent, and thereafter, at his discretion, to change the weight of the dollar within the specified limits. This provision was to be in effect for 2 years, with the possibility of its extension for an additional year by proclamation by the President should he think such extension desirable.

The President extended this provision for the additional year as authorized in the Gold Reserve Act. Shortly before that year elapsed Congress, at the request of the administration, further extended the provision to June 30, 1939. On January 19, 1939, the President again requested the extension, until January 15, 1941, of his present power to devalue the dollar.

There are no adequate reasons for further extension of the President's power to change the gold content of the dollar. Since the devaluation of the dollar in January 1934 was close to the minimum specified in the Gold Reserve Act, any further alteration in the weight of the dollar would necessarily be in a downward direction. Further devaluation would be opposed to the best interests of the country and should not be permitted. Continuance of the President's authority to devalue the dollar still further implies that there are sound reasons for a better or stronger currency pursuing a weaker one in its downward course, whereas no such sound reasons exist.

In reply to the frequently heard argument that depreciating foreign currencies might suggest the desirability of continuing the power of the President to lower the gold content of the dollar, we wish to call attention to the fact that during the period from 1919 to 1923, when the pound was unstable, when the French and Belgian francs and the Italian lira were falling rapidly in value, and when the German mark was plunging toward a trillionth of its former value, the dollar remained firmly anchored to gold at an unchanged weight. This firmness of the dollar was both a source of great strength to this country and a stabilizing factor in the world economy. If any adequate reason for devaluing the dollar should arise in the near future, a situation which is difficult to envision, considering our huge supply of gold, it should be done by act of Congress, as provided by the Constitution, and not by an administrative order of the President.

The Economists' National Committee on Monetary Policy has repeatedly taken a stand against any further devaluation of the dollar. The undersigned members of the committee, in reaffirming their conviction that further devaluation is opposed to the best interests of the country, hereby recommend to the Congress that it rescind immediately its delegation to the President of its constitutional power to change the gold content of the dollar.

Mr. KING. Mr. President, we are told that the power to devalue should be continued in the President in order to "protect our commerce." The statement just inserted in the RECORD is a sufficient answer to such contention. It is a fallacy to assume that because foreign countries devalue their currency they will derive permanent advantages and be able to produce their exports at lower cost and dispose of products at lower prices in the world markets. Because some nations degrade their currencies, and perhaps obtain some temporary advantage, there is no reason for our Government to adopt a similar course.

I shall refer to this matter later and emphasize the fact that any temporary benefits to those countries debasing and degrading their currencies are followed by serious repercussions. The minority report submitted by the able Senator from Colorado [Mr. ADAMS] points out that at least 50 governments have devalued their currencies to some extent. Obviously this country could not hope to meet such devaluation by similar degradation of its currency. To do so would not only be immoral but disastrous. It would work irreparable injury to American citizens; it would remove a stabilizing force in the world, and thus contribute to further international disequilibrium. However, the proponents of the measure, as I have indicated, contend that the power should be continued because the limit of devaluation permitted has not been reached. They therefore argue that the power will not be used unwisely. If it was unnecessary to devalue our gold currency during the past 5 years, what reason is there to continue the authority for the further devaluation of the dollar?

I repeat what I have indicated, that the existence of this power in the hands of executive agencies is a deterrent to business and an obstacle to that confidence in our industrial and business life imperatively needed at the present time. There is accumulating evidence of the existence of fears upon the part of businessmen and economists and students of public affairs that the granting of further authority to devalue the dollar would constitute an impediment to business revival. The maintenance of the integrity of our currency is a vital need of the times. Without it we cannot hope for a real revival of our trade or for domestic security. The integrity of our currency depends upon the confidence of our people. If there shall be retrenchment and reform in our governmental affairs; if genuine and serious efforts are made to balance the Budget and to bring our appropriations within the realm of reason and common sense, then many of the clouds in the horizon will disappear and our country will move forward toward the heights of peace and prosperity. The confidence of our people in our currency can be maintained by assuring them that there will be no fear of currency devaluation; that if any changes are made in the gold value of the dollar they will be made only by means of legislative process.

With reference to the suggestion that it is necessary that the power of devaluation be exercised quickly in order to bring the dollar to a proper ratio with other currencies and to enable the United States to retain its position in the world markets, it is important to realize that this argument presupposes that it is necessary for the best currencies to follow the worst ones.

Dr. Kemmerer, in referring to this contention, states:

In exchange wars of this kind all countries suffer. Carried to their logical conclusion, they amount to a reductio ad absurdum. A nation that adopted a policy of continually depreciating the value of its monetary unit in order to stimulate exports and retard imports would be continually giving more and more of its own goods to foreigners and receiving from them less and less of their goods. A country does not get rich that way.

Dr. Walter E. Spahr, one of the leading professors of economics in the New York University, in his work entitled "An Appraisal of the Monetary Policies of Our Federal Government—1933–1938," states at page 29 that—

If a good currency must be devalued every time some unsound currency depreciates, then we have found a new principle in the

field of money, namely, that it is a depreciating currency, rather than a sound one, that fosters trade! Such a concept involves a confusion of thought regarding the difference between real wealth and a depreciating medium of exchange.

Let us agree for the purpose of argument that a country does receive a temporary advantage in its export trade by currency devaluation; that is, that its costs of production are lower and it can therefore sell its products in the world markets at a lower price. Obviously the cost of lower production costs must be borne by those least able to suffer the loss. The lower costs of production result from lower costs for raw materials and reduction of wages. That is, the wage-earner and the producer continue to receive for a period of time the same number of dollars as before the devaluation, irrespective of the fact that the value of the dollar has been reduced in proportion to the devaluation.

In this connection, the concluding paragraphs of the minority report are important:

It is generally believed that what is most needed in America is increased purchasing power among the people.

Previous devaluation decreased the intrinsic purchasing value of the bank deposits of the 50,000,000 people who had on deposit in banks over $40,000,000,000 by 41 percent, or over $16,000,000,000.

It decreased by 41 percent intrinsic value of wages and salaries.

It decreased the intrinsic value of the assets of the insurance companies of America by 41 percent.

It decreased the intrinsic value of all bonds, notes, book accounts, and credits by 41 percent.

It decreased by 41 percent the intrinsic value of all dividends paid by corporations and all payments made by insurance companies to beneficiaries.

The United States made a profit on its gold stock of $2,800,000,000, but at a cost of from 10 to 20 times that amount to the American people.

Devaluation as operated in the United States was in effect deflationary and in the judgment of many, has been one of the major factors impeding recovery.

The results of dollar devaluation are well summarized by the Baltimore Sun in an editorial under date of January 18, 1939:

It was hoped by the administration that devaluation of the dollar would increase our foreign trade, encourage a revival of business enterprise, restore real-estate values by relieving debtors of a portion of their obligations, stimulate a broad rise in prices, and so quicken the business pace. As a price restorative, tinkering with the dollar has failed. The Bureau of Labor Statistics index of wholesale commodity prices, on a paper-dollar basis, stands at 77 percent of the 1926 average against about 60 percent at the bottom of the 1932 depression. That is a rebound of even smaller extent than might have been expected from natural recuperative forces.

As a business stimulus the floating dollar and the constant menace of a further cut in its gold value clearly have done more harm than good. The undervalued dollar was principally responsible for the shipment to this country, with a terrifically deflationary effect upon world commodity prices and upon world trade, of approximately $10,000,000,000 in gold.

In connection with the last sentence above quoted, may I emphasize the fact that the unsound policy the United States has pursued in purchasing all gold offered at the abnormally high price of $35 an ounce, has had serious effects upon the economies of other countries. On February 18, 1939, the United States Government had 423,298,963.6 ounces of gold, which at a value of $35 per ounce represents $14,815,463,727.16—more than half of the monetary gold of the world is in our Federal vaults.

From 1934 to 1938 the United States has bought, at the price of $35 per ounce, the equivalent of the entire world production of gold, which was 168,813,000 ounces, plus over 50,000,000 ounces from gold previously mined. Why this vast accumulation of gold? We are accumulating vast hoards of useless gold bullion and laying the foundation for the possible ultimate demonetization of gold throughout the world. And what is the solution to this dilemma in which we find ourselves? Three possibilities suggest themselves as a means of reducing our vast hoard of gold, namely:

First. Buying no more gold.

Second. Restoration of the old price of $20.67 per ounce.

Third. Repeal of the law prohibiting the ownership of gold coins or bars in the United States; authorizing the unlimited coinage of gold hereafter tendered for coinage at the weight per gold dollar now or hereafter fixed by law; and the purchase of gold in the future by the Federal Government to be made and paid for only in gold coins or gold certificates.

Immediate objections suggest themselves with respect to the first two possibilities. In the first place we have a vast accumulation of gold which is valued at $35 an ounce, and if we should stop purchasing gold the value of that which we now have would immediately shrink. If the United States should stop buying gold there would be no substitute market in the world at $35 per ounce, and the United States would suffer a tremendous loss if it sought to sell its unneeded billions. We may suffer a greater loss, however, if we continue to accumulate more and more gold. The same objections lend themselves to the second suggested possibility—that is, restoration of the old price of $20.67 an ounce—for that would be too deflationary to be practicable, and the United States would be the loser.

The third suggested possibility seems the only sound one—the return to use in general circulation of gold coin and gold certificates. Obviously, however, this plan would not be practicable if the President still had power to devalue the gold dollar in his discretion.

The adoption of this plan—and it seems a sound one—would require the termination of the President's power to alter the weight of the gold dollar. It would be unwise to allow gold to circulate if the weight of the dollar were subject to change in the discretion of the President. This plan possesses all of the advantages and none of the disadvantages of the other two suggested possibilities. The enactment of such legislation would bring assurance that the currency and credit of the United States would not be impaired. It would make it possible to put an end to further increases in our present excessive gold stocks, and help to ward off the possibility that gold ultimately may cease to be the foundation of money systems and become a mere commodity.

As I have indicated, the adoption of this plan would necessitate the discontinuance of the President's power to devalue the dollar. While I believe the President's power to devalue the dollar should be terminated irrespective of the adoption of this plan, nevertheless the growing necessity for the adoption of some such plan as I have suggested affords another reason for discontinuing this authority possessed by the President.

On March 3 last I introduced Senate bill 1684 to amend the Gold Reserve Act of 1934 by restoring to the people of the United States, its Territories and possessions, the right to possess gold and gold coin in order that gold may circulate freely within and from our country. This bill authorized the Treasury to pay for acquisitions of gold in gold coin or gold certificates and thus enable the Federal Government to cease further additions to the enormous gold reserve which we are now accumulating and which is subjected to sterilization.

If the President's power to devalue the dollar is terminated, and I am convinced that it should be, then I shall urge that S. 1684, which I introduced, be enacted into law.

Mr. President, as I have indicated, the measure before us affects our monetary and economic system and has many angles and ramifications. In a more concrete way I desire to discuss some of the questions involved and particularly such as relate to legislative as against executive power.

There has been no adequate official statement indicating the necessity of continuing the power of the President to change the gold content of the dollar within a range of from between 50 and 60 percent of its former content. If this power is not now extended it does not mean that the Government would be helpless in the event of any extensive monetary manipulation by foreign powers or adverse actions of their nationals.

The stabilization fund, combined with other powers that would continue to exist, would permit the purchase and sale of gold and defense of exchange rates, without further legislative action. There are powers, beyond the stabilization fund, relating to modification of tariffs, dumping of foreign

goods, embargoes, purchase and sale of exchange by the reserve banks, flotation of foreign securities on our market, and so forth, all of which could be brought to bear and which combined would be adequate to deal with any important exchange flurries if they should occur when Congress is not in session. What assurance is there that the "weapon" of the power to devaluate will not be used for purposes not approved by the Congress? There can be no certainty, for instance, that a further devaluation of our dollar, by as much as 15 percent of its present value, may not be decreed for the sole purpose of obtaining some more so-called gold profit or devaluation profit; that is, the obtaining by the Treasury of another $2,000,000,000 or more to be spent either in avoidance of borrowing, or to reduce the debt, or to escape the present limitation of $45,000,000,000 upon the total permissible debt.

There would be no assurance that the so-called gold profit would be captured and sequestrated for the purposes of the stabilization fund. In other words, purely domestic difficulties that may have been induced in large part or in whole by discretionary actions of the administration may precipitate a situation where Congress later will have no alternative but to accept the consequences.

On the contrary, if the power to change the gold content of the dollar remains in the hands of Congress, no mere whim, no mere political expedient, could lead to the exercise of the power.

There would be ample time for the Congress to appraise any major change in world conditions, or attitude of any important nation, which arbitrarily or otherwise takes monetary actions detrimental to our situation.

The fact that administrative authorities in England and France and in some other countries can continue a drifting policy and can by mere management devices alter the relation of their currencies to gold is no reason why this great Nation and its Congress should not say now, in effect: Here we make a stand; our monetary value of gold at $35 per ounce has stayed fixed for more than 5 years, through many exigencies here and abroad; it will continue to stay at that point unless, in the judgment of the Congress of the United States, some power to negotiate a definitive adjustment of the price is needed. The facts of any new situation may then be examined and reasonable power of negotiation provided to the end that a base price of gold, as stated in the various important currencies, be established, with it being understood that thereafter slight variations in the exchange rates, due to the fortuitous circumstances of trade movements, will not be justification for any of the nations to launch again a competition in currency depreciation.

As I have earlier in my remarks stated, there is a serious question whether the power over the gold content of the dollar is one which may properly be delegated by the Congress. Whatever may be said as to the constitutionality of such delegation, the grave dangers of abuse and the dire consequences of mistake are such that as a matter of legislative policy the Congress, in the broad interests of our people, may well say that we must have an adequate showing of the clear attainment of benefit to our people and to the world before any executive agency may act decisively in so grave a matter.

When the existing powers were sought there were claims that devaluation of the currency would increase our exports, decrease our imports, and produce other benefits. None of the claims has been justified. On the contrary, our exports decreased, our imports greatly increased. The world price in gold of many of our raw materials is pitifully low.

It must now be clear that price changes or modifications of the balance of trade deliberately sought to be engendered through measures which are solely monetary in character are not conducive to stability. The continuance of a condition that creates distrust in our currency unit can in no way be capable of producing a lasting improvement.

The maintenance of the integrity of our currency is a vital need of the times. Without it we cannot hope for a real revival of our trade, and there can be no dependable basis for the operations of our domestic economy. That integrity depends upon the development of the confidence of our people, the balancing of our Budget, the gradual removal of restrictions upon foreign exchange, and greater freedom in the movement of goods. It does not rest upon any continuation of a theory of Executive possession of a "weapon of defense." It does not rest upon the espousal of monetary theories of managed currency, of flexible parities, or of a compensated dollar, with delegation to the Executive of power to embrace any one or all of such theories when urged by a small and none-too-skilled group of officials upon whom the Chief Executive necessarily must rely.

All of the statistics and graphs and charts that may be put forth in defense of these new monetary theories are worthless as compared with a close analysis of the decisions of practical minds in relation to problems of foreign exchange and monetary policy. If an Englishman is contemplating the purchase of American cotton or any other goods that we export, and he sees any likelihood of the depreciation of our dollar, especially through executive action, he will not exchange his sterling for dollars and buy our goods. Rather, he will hold off, because later on with his sterling he will obtain more dollars and more of our goods. Conversely, if an American businessman is contemplating the purchase of an essential import such as rubber or coffee or manganese or tin—some goods we do not produce—and he sees a prospect of his dollar slipping in relation to the foreign currency, he translates his dollar at once into the necessary foreign currency and buys the essential goods he needs to import. If he does not move at once, he fears that his dollar will obtain less of the foreign goods. The possibility of devaluation thus lessens our exports and increases our imports. Such a prospect must keep exporters and importers, American investors and foreign investors, constantly upon the anxious seat, since there is injected a danger of a fiat decree with which they cannot hope to cope, or to assume the risks involved. It is a boon to the gambler, a detriment to honest enterprise.

If it be said that such effects, as the result of decisions of practical minds, do not invalidate the long-run application of the theory of monetary manipulation, the response is that should our Government or our people seek through such monetary actions to obtain mercantilistic advantages, we are doomed to failure. If such advantages should be temporarily obtained, they are simply inducements to foreign countries to raise tariffs, adopt quotas, even place embargoes, or, finally, to devaluate their own currencies.

Let the Congress of the United States remove from our own businessmen the uncertainties with regard to the danger of fiat decrees based upon whatever monetary theories may be the fashion of the moment. Let our own and foreign enterprisers understand that the dollar will not be changed without deliberate action by the Congress. The resultant confidence concerning the dollar will far outweigh in importance any monetary advantage that may be sought, defensively or otherwise, through exercise of the extraordinary devaluation power by a small group of officials.

DEVALUATION POWER AND THE STABILIZATION FUND

It should be realized that under existing powers and under the pending bill, if enacted, there is no practical limit to the extent to which the dollar may be devalued.

If it be said that the devaluation power of the President would be limited to 50 percent of the old gold content of the dollar, namely, that the official price for gold could not be raised beyond $41.34, there is failure to recognize that under the stabilization fund, and, indeed, as we have seen, through the R. F. C., the Government could pay any price it desired for gold.

Let us assume that the President did devalue the dollar to 50 percent of its former gold value, so that the official price for gold became $41.34; the administration still could offer to buy gold at a higher price. It is true that it could not capture the gold profit above $41.34, but if $50, say, became the buying price for gold, it would be inescapable for Congress

later on to recognize that there had been a fait accompli, and that it had better permit the capture of the additional gold profit. In other words, there is no effective limitation in the existing law nor in the proposed law as to the maximum price our Government may pay for gold now or later.

If the stabilization fund powers are renewed, it should be established clearly that the price for the purchase or sale of gold by the Goverment should not be greater nor less than the dollar parity figure established through exercise of the devaluation power; in other words, that in extending the devaluation powers—which are exercised at present to the extent of establishing a price of $35 per fine ounce for gold, with permissive power to establish a minimum price of $34.34 and a maximum price of $41.34—there should be avoidance of the difficulties which would arise if the devaluation power were exercised to the full present limit of 50 percent of the old dollar, but the Government actually proceeded to create a de facto devaluation greater than 50 percent by paying more than $41.34 per ounce, with the inevitable certainty that eventually the de facto devaluation must be made a de jure one.

Notwithstanding the fact that only a small portion of the assets of the stabilization fund have been used for the purchase of securities of the Government, it should be recognized that under it the Secretary of the Treasury may engage in extensive open-market operations, in Government securities, that are diametrically opposite to those of the Federal Reserve System. There might well be a requirement that the purchase or sale of Government securities by the stabilization fund should be conditioned upon consultation with, if not the concurrence of, the Open Market Committee or the Board of Governors of the Federal Reserve System.

If in addition to the uncertainties engendered by the devaluation power there be any reasonable consideration of the other monetary powers that the Congress has transferred to the President, it becomes apparent that we in the Congress, and all of our citizens, are being asked, in effect, to place in the hands of a small group of officials the control of our fortunes. If such officials set up such a price for gold as leads to further floods of imports, if under the Silver Purchase Act they continue to give subsidies to foreign producers of that metal, if they decide to print three billions of greenbacks under the Thomas amendment, if they utilize their enormous powers over our banking system and credit structure generally, within the limits of the authority granted, chaos can be produced.

Are we in the Congress, or our people, to continue much longer to surrender, under guise of claim of emergency or need of "weapon of defense," not alone our personal fortunes, but the very destiny of our political and economic system? Or, are we to say in refusing new extension of the devaluation power, and it is to be hoped later on with regard to other emergency monetary powers, here is an opportunity to end many uncertainties and to recapture for proper legislative scrutiny the power of decision that is needed, under our form of Government, to assure considerate action in our own and in the general interest, not in furtherance of dubious or unproved monetary theories, not in the interest of any one party nor any one group nor any foreign nation.

One of the reasons for my opposition to the provisions dealing with devaluation of gold and the establishment of a stabilization fund, is that it is in effect a declaration that the legislative branch of the Government is incompetent to deal with a vital question which under the Constitution rests in its hands. I have upon a number of occasions criticized the inertness of Congress and its apparent willingness to surrender its authority to the executive branch of the Government. Important officials in the executive department spend no little part of their time in carrying on active campaigns throughout the country. Many of their addresses are political in character and obviously are for the purpose of securing at the coming election the selection of some person who would be favorable to their continuation in office. It would seem to me that with the mounting costs of Government and the growth of Federal bureaus, that their entire time should be devoted to the discharge of the duties of their respective offices and to effecting economies and needed administrative reforms. The time is ripe for reform in the executive departments of the Government. The number of bureaus and executive agencies has enormously increased during the past few years and even during this session of Congress measures have been adopted which will strengthen the bureaucratic forces of our country. Scores of executive agencies should be abolished and thousands of Federal employees separated from Government service.

Notwithstanding the enormous increase in the taxes wrung from the people during the past few years, our Federal appropriations have reached unparalleled heights and there is no evidence of any purpose, certainly there is no plan in sight, to reduce the mounting costs of Government; indeed larger appropriations are urged and the personnel is being increased and the gulf between revenues and appropriations is constantly widening. The deficits have reached alarming proportions and yet Congress and the executive departments seem oblivious to the dangers which will inevitably follow the profligate spending course which the Government is pursuing.

I was gratified to note a few days ago that the Attorney General criticized the mounting expenses of the Government and the augmentation of personnel.

Mr. BRIDGES. Mr. President, will the Senator yield?

Mr. KING. I yield.

Mr. BRIDGES. The Senator referred to the Attorney General of the United States and the statement he made relative to reducing Federal and local Government pay rolls, and the number of persons on the pay rolls. It is rather interesting to reflect—and I believe the Senator from Michigan will verify the statement—that when Mr. Murphy, the present Attorney General of the United States, had the opportunity in an executive position, as Governor of Michigan, he did just the reverse of what he is advocating today.

Mr. KING. I shall not comment upon the course of the Attorney General when he was Governor of the State of Michigan. The people of that State and of the country are familiar with his record. I may be permitted to add, however, that he is a man of integrity, and I am sure that he will discharge with fidelity the duties of his important office.

Parenthetically, may I remark that in view of the enormous appropriations made by this Congress, a revenue measure has passed the House and as now before the Finance Committee, of which I am a member. May I say in passing that the bill does not, in my opinion, meet the situation. It is palliative only and does not deal with our revenue system in a comprehensive manner. Though it will raise more than $5,000,000,000, that enormous sum is wholly inadequate to meet the situation. It is already evident that the deficit for the coming year will be larger than the revenue collected.

The deficits during the past 7 years are approximately $23,000,000,000, and it is certain that the deficits for the next fiscal year and undoubtedly for a number of fiscal years will add to this stupendous sum.

The Government may not continue this spending policy without inviting disaster. The spendthrift, whether it be individual, corporation, or government, must ultimately face the day of reckoning. Loose fiscal policies have undermined and destroyed governments of the past. We should not pursue policies which must inevitably result in impairing the financial integrity of the Government.

Mr. McCARRAN. Mr. President, will the Senator yield?

Mr. KING. I yield.

Mr. McCARRAN. Regardless of the matters to which the able Senator from Utah has just referred, is there anything more important to the Nation today than that which deals with the money of this country?

I take it that the Senator from Utah would answer that in the negative. If that be true, I say that the Senator from Utah has no superior on the floor of the Senate to deal with that question. The able Senator from Utah comes from a

silver-producing State—a State which went down the line with William Jennings Bryan, a State which since that time has adhered to the policy of bimetalism. I know that the Senator realizes the importance of those things to his State. Therefore, would he not discuss the whole question along the lines of the importance of the question of the stabilization of silver to the State of Utah?

Mr. KING. Mr. President, I appreciate the complimentary reference made by the able Senator to my competency to deal with the subject of governmental fiscal policies, and especially the question of taxation. I make no profession other than to be a student of revenue questions, and particularly those that relate to our Government.

I agree with the Senator that the money question, as indicated by him, is one of paramount importance. A sound monetary policy is essential to the stability of governments and to the welfare of their people.

In this period of international confusion, more than ever is it necessary that sound fiscal policies should be adopted and carried into effect, and wise revenue measures enacted. Undoubtedly the attitude of totalitarian states has contributed to the unsettled and unstable conditions throughout the world, and no one can view without apprehension the disturbances—economic and political—which now so menace the world. In most countries currencies have been devalued, and there is no promise of immediate relief from most serious and dangerous political and economic conditions. Many nations have lost most of their gold and are resorting to inflationary and other policies destructive of any sound and rational economic or political system.

Our Government, as all Senators know, has more than 55 percent of the gold supply of the world. Many reasons may be assigned for this enormous accretion held in the Treasury of the United States. Some nations are struggling with their managed currencies and others are resorting to the most bizarre and fantastic schemes in order to maintain their governments and prevent the destruction of their economic and industrial systems. Of course, the abnormal condition caused by preparations for war—preparations which perhaps exceed those made in any period of the world's history—make it impossible for many nations to pursue sound and rational fiscal policies.

I believe that all nations would be glad to obtain gold as a basis for their paper issues, and many would welcome the restoration of silver to its former high place in the monetary systems of the world. Many believe that it is unfortunate that so much of the gold has reached the United States.

I am reminded of Mr. Keynes' statement, found in one of his books, to the effect that there was danger of the gold supply of the world being centered in a limited number of countries, and that might result in gold being regarded as a redundant currency.

Mr. President, much as I might desire to discuss the question of bimetallism and the part which silver has played in the monetary systems of the world, and its relation to gold as a basis for currencies and international transactions, I believe that I would be entering a field which might be regarded as beyond the field of discussion. However, in a few words, may I state that both gold and silver, from the days of recorded history, have played important parts in the advancement and progress of communities and nations. They have not only been measures of value but they have been important factors in trade and commerce, and in that manner have contributed to the advancement and civilization of the world.

A discussion of the science of money would be incomplete without considering the important part which silver has played in promoting the welfare and advancement of peoples in all parts of the world.

As I have indicated, the authority to coin money and regulate its value rests with the legislative branch of the Government and not the executive branch. Congress should not abdicate its authority and attempt to delegate to the President or to the Secretary of the Treasury the authority to devalue our currency. Unfortunately, in the disturbed conditions throughout the world many of the fundamentals are being challenged—fundamentals in government, religion, morals, and philosophies. To many the Constitution of the United States has but little more authority than a statute and may be ignored or challenged whenever some alleged crisis or assumed exigency arises. And, as I have indicated, in executive departments there are many evidences of a growing disregard of constitutional limitations. Restraints imposed by the fundamental law of the land are regarded by many with disfavor; and some persons, accepting the totalitarian theory, and others the communistic philosophy, are unwilling to accept constitutional prohibitions, but contend that in this so-called progressive age changes—violent or otherwise—must be made, regardless of constitutional limitations. There are evidences of a growing disregard upon the part of some Americans of their allegiance to the Republic and their duty to defend the Constitution of the United States.

Mr. McCARRAN. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. TOBY in the chair). Does the Senator from Utah yield to the Senator from Nevada?

Mr. KING. I yield.

Mr. McCARRAN. While the Senator has the floor I hope he may discuss in his able way the question, "What is the sovereign?" If I correctly understand what was behind the making of the Constitution of the United States the people were regarded as the sovereign. Have we not lost sight of that thought, and are not the people relegated to a position subservient to the elected governmental authority, which constitutes itself as the sovereign?

I know that the mind of the able Senator from Utah runs along the same channel as mine; and I wonder if he will discuss that question. In my view the power to coin money and regulate the value thereof was kept in the hands of the sovereign by those who formulated the Constitution and the people were sovereign. However, today the tendency is to place the power to coin money and regulate the value thereof in the hands of the Federal Government; and the people, who originally were considered sovereign, are being relegated to a subservient position.

Mr. KING. I hope my friend, who is a jurist of distinction and a student of monetary questions, will give due consideration to the measure before us and discuss the question to which he refers. I must pretermit any attempt, however, to do more than offer a few generalities concerning a question which has so many implications. I attempted to state a moment ago that there is being surrendered to the executive department by Congress and by the people authority which, under the Constitution, it does not possess. Many believe that the legislative branch of the Government is being subordinated to the executive department. There are evidences that the executive department is reaching out into fields which it is not authorized to enter; that its authority is being extended and its power increased. We are familiar with the effort which was made to pack the Supreme Court of the United States and thus influence the judicial department of the Government. Undoubtedly, there were those who desired to curb the Supreme Court of the United States, largely because of its independence and because it had held unconstitutional a number of measures which had been urged by the executive branch of the Government. The executive department has increased in power and, as I have stated, its authority is being exercised over activities which are not, under our form of government, within its jurisdiction. We are building up the most powerful bureaucracy that can be found in any country in the world.

If I may be pardoned a personal allusion, may I refer to a visit which I paid to Russia before Mr. Trotsky was exiled. He and other representatives of the Soviet Government referred to the development of the bureaucratic system in the United States. Mr. Trotsky, particularly, was familiar with our political institutions and of the increasing power of the Federal Government. And I might add in passing that they predicted that the day would come when bureauc-

racy would become so powerful in the United States that it would control the Government, influence its policies, and shape its legislation.

It is to be hoped that their prognostications will fail; but those who are familiar with the growth of bureaucracy during the past few years will regard as rather prophetic the predictions referred to. Certainly we are developing a powerful bureaucratic system because there are more than a million Federal employees, to say nothing of the several million more who are connected with the W. P. A., the P. W. A., and other organizations Federal in character. That there have been many Federal agencies created during the past few years no one denies, and these agencies have multiplied the number of employees and, of course, have increased the Federal expenditures. Bureaucracy has an insatiable appetite; it reaches out for more power, and encroaches upon personal rights and liberties.

I think it pertinent to quote, if I can remember them, the words of Edmund Burke:

> The path to happiness for nations and men does not lie in sweeping innovations; always it lies in doing justice to the past, in welcoming what it has achieved as "an entailed inheritance" and even in the hour of reform, in carrying it through in a spirit of gratitude and reverence toward existing institutions, which are not to be remade by the energies of a single generation of radical reformers, however ardent their passion for human happiness may be.

I have occasionally quoted the words of Abraham Lincoln:

> Soberly, it is now no child's play to save the principles of Jefferson from total overthrow in this Nation. * * *

Lincoln foresaw the centralizing tendencies that would develop and threaten political liberty and constitutional government.

Permit me to quote a line or two from Jefferson:

> Our peculiar security is in the possession of a written Constitution. Let us not make it a blank paper by construction.

I fear this admonition is disregarded. Already the Federal Government, through its scores of departments, agencies, and organizations is seeking to control many forms of private enterprise and individual conduct. It seeks to limit production, fix prices, and determine the conduct of individuals. In many fields of private endeavor it is undermining industry, curbing individual action, and forcing upon individuals and communities a system of regimentation hostile to individual initiative and to the maintenance of democratic institutions. Certainly no one can deny that some of the policies of the Federal Government and its agencies point to state socialism.

Mr. McCARRAN. Mr. President, will the Senator yield?

Mr. KING. I yield.

Mr. McCARRAN. Why does the Senator deal in terms of the future; why does he not deal with the present?

Mr. KING. Mr. President, while I referred to the future, I do not mean to absolve the present from condemnation. We are today abandoning safe paths and lending an ear to dangerous philosophies—political and economic, which, if followed, will further modify our form of government if it does not undermine genuine democratic institutions. No one can deny the gravitational forces operating in this Republic—forces (and I am repeating) which impinge upon personal liberty and undermine local self-government. Under the guise of what some persons call "liberalism," which, after all, as they would practice it, is a form of reactionism, personal rights are being interfered with and a powerful national government established. I hope the Senator from Nevada, when he addresses the Senate, will discuss this and other questions which concern the perpetuity of this Republic.

I have just referred to some so-called "liberals" and have indicated that they are improperly labeled. There are reactionaries, calling themselves "liberals," who believe in State socialism, or a deadly paternalism, and who are laboring to change our form of government and convert the Republic into a socialistic state. The American people today, perhaps more than in the past, need a definition and an understanding of the word "liberty" and of the meaning of "liberalism." We are prone to label persons, to put them into categories based upon arbitrary and oftentimes fanciful doctrinaire philosophies, and by repetition and thoughtless application, the very meaning of the application becomes warped. In my opinion, no other label has been more frequently improperly used than the word "liberal." Some who oppose administration measures and policies are referred to in the press and elsewhere as "reactionaries." They are labeled as conservatives, as proponents of laissez faire. Sometimes they are referred to as belonging to the "horse and buggy" days. Many who support socialistic policies, the aggrandizement of the Federal Government, interference with individual liberty and the rights of the States, call themselves "liberals." Some who are insisting upon changing the form of the government, and controlling individual conduct, even though their policies make for the destruction of our form of government and which would bring about state socialism, are pleased to call themselves "liberals." They are not liberals, but defeatists and reactionaries.

The Constitution was adopted "to secure the blessings of liberty to ourselves and to our posterity," and the Government was established to secure "the inalienable rights of liberty and the pursuit of happiness." It has been said by James T. Adams that liberalism is rather an attitude than a program; less a solution of governmental problems than it is a way of looking at them.

> A liberal is bound to insist upon freedom—freedom as far as possible for the individual to manage his own affairs; freedom of thought, speech, and of the press; toleration of both the possession and expression of other points of view in religion, politics, and modes of life. These the liberal considers to be values without which a full and humane life cannot be achieved. All freedom involves responsibility, and responsibility involves risks. * * *
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> The true liberal is willing to take risks feared by both conservatives and socialists. While he realizes that society must have a structure, he is more concerned with the freedom and fullness of the life of the citizen within that structure than with the structure itself.
>
> The extreme conservative regards the individual as lacking the capacity to govern himself and therefore labors to build a strong central authority.

Jefferson and his associates were true liberals. They opposed all forms of socialism and powerful bureaucracies and paternalistic policies. Some persons who today call themselves liberals are opposed to Jeffersonian democracy and to the philosophy which he expounded and which lies at the base of this Republic.

John Stuart Mill states that—

> He who lets the world, or his own portion of it, choose his plan of life for him has no need of any other faculty than the apelike one of imitation.

As I see the situation, there is a conflict today between the philosophies of Jefferson, Madison, Jackson, and some of these so-called "liberals" who are emphasizing a powerful central government, and the importance of society and government, and minimizing the individual and his inherent rights and potential power. And what is ironical, those who sponsor this approach are termed "liberals," while those who contend for individual rights are denominated "reactionaries." Today government regulation and control of individuals in every avenue of human thought and activity is advocated as a remedy for all economic and industrial ills. It has been said that an oppressive government is more to be dreaded than is private monopoly, because the latter may be controlled or destroyed. For if the people retain their civil rights, public opinion is a formidable weapon against private monopoly, but if the loss of civil rights which accompanies government regulation precludes the right or power to express an adverse opinion, then liberty itself is destroyed.

Mr. Adams states:

> The struggle going on almost everywhere today, in our own country no less than in some of those others which have already lost their liberties, is the struggle between the conception of a strong, centralized state, controlling the lives of the citizens for the sake of economics and national power, and the conception of personal liberty affording the greatest possible scope for the individual to live his life as he wills. The old questions which Jefferson and Hamilton fought over were who is to rule, why are they

to rule, what is the object of their rule? These are now being fought out again, as they always have been, but with increasing bitterness and among vast masses of populations. This is why both men are living today, and why it is worth while to consider again the life particularly of the one who laid more stress upon freedom and toleration for the individual than on the strength of national power.

Witness Germany where a critical opinion of the governing power is given no voice. The only redress against the wrongs of the Government when it has obtained control of the details of living is through the use of force.

I repeat that many of the so-called liberals who are striving to undermine democracy and concentrate additional power in the Federal Government and establish a socialistic state are reactionaries and constitute menaces to genuine democracy and that freedom which free men desire and demand.

Socialism in its various forms, with its regimentation and bureaucratic control, finds expression in many countries, and there are some persons in the United States extreme radicals—followers of the philosophy of communism, the idealology of socialism, who assert that they are liberals, but who are striving to weaken individual liberty and impose upon the American people an alien system of government patterned after the undemocratic and regimented countries in various parts of the world.

Mr. McCARRAN. Mr. President, will the Senator yield once more?

Mr. KING. Let me complete the thought and then I will yield. Every Senator and every other American who believes in our form of government and who honors and respects the flag, if he does not know it ought to know that we have a dual form of government; that we have a Federal Government, the powers of which are limited; that the Federal Government has no authority except that which has been delegated to it.

Mr. McCARRAN. Mr. President, may I interrupt the able Senator from Utah at this point?

Mr. KING. I yield.

Mr. McCARRAN. First of all, I desire to pay tribute to the Senator and to compliment him, because, of all the men on the floor of the Senate who have persistently demanded that State sovereignty and individual liberty shall be recognized, I think the able senior Senator from Utah has been foremost. There are those of us who agree with him 100 percent, for the reason that throughout the length and breadth of this country, from the Atlantic to the Pacific, from the Gulf to the Canadian line, there has been in the past the introduction of various bloods and races. They have come to make up this great Nation of ours; they have settled in various communities; we have divided them into 48 great sovereign States; and the able Senator from Utah, joining, as I know, with the senior Senator from Idaho, has always contended for State sovereignty. In other words, they believe that we should bring government down closer to those who are to be governed, thus that the governed might speak their voice into the government.

I wish to pay my respects and my compliments to the able senior Senator from Utah for his comprehensive discussion here today, and I hope that, while he holds the floor, he will not avoid the opportunity of discussing State sovereignty and the power of the States to govern themselves. I think it is his opportunity, for, if there is anything in the world that means much to the lowly, humble American, it is that which touches his heart and his pocketbook—namely, money—and that is the uppermost subject today. Whenever we touch the pocketbook of the fellow down in the street we touch his heart, and whenever we touch his heart we touch his State. The State, the money of the State, and the money of the Nation are the things uppermost in our discussion. I hope the Senator from Utah will not yield the floor until, in keeping with what I know to be his judgment, he will discuss that subject at length.

Mr. KING. Mr. President, I appreciate the compliment paid me by the Senator from Nevada, but I must add that he has submitted an order too large for me to discuss. It deals with the limitations, duties, and responsibilities of the executive, legislative, and judicial departments, and any proper approach to a consideration of this broad field requires much thought and profound study.

Mr. McCARRAN. Will the Senator yield once more?

Mr. KING. Permit me to submit a few observations and then I shall yield.

Every American who believes in our form of government and who honors and respects the flag and the Constitution, if he does not know, he ought to know, that ours is not a unitary but a dual system of government. The powers of the Federal Government are limited; it has only such authority as was delegated to it in the Constitution of the United States.

The Federal Government did not create the States. It exists because the people, through their representatives in the State governments, delegated to it certain authority. As I have indicated, there are some Americans—some of whom hold positions in the executive departments—who would extinguish the States and create administrative departments all under the control of a powerful and centralized government with many of the characteristics of totalitarian states. We may not disguise the fact that socialistic policies are being advocated and carried into execution by representatives of the Federal Government. Demands are made that the Government of the United States shall expand its authority into nearly every field of private endeavor. The States under this socialistic program are to be devitalized and a Federal system of regimentation comparable in some respects as I have indicated to that which prevails in totalitarian states imposed upon the American people. In my opinion the time has come when there must be a renaissance of democracy—genuine democracy—of individualism. There must be opposition to the aggressive and often secret manipulations of power to subordinate the States—to wrest from them their authority and to bring them within the exclusive jurisdiction and authority of a powerful national government. The concept of the Federal Government is being forgotten by many Americans and certainly by many who hold executive positions in the Government. There is a growing itch for power by Federal officials and governmental agencies. The Federal Government is reaching out to control all social conditions—to control the States and their political subdivisions—all forms of industry, and regimentation is to extend into every nook and corner of the country and into every avenue of thought and private endeavor.

Mr. President, there must be, I repeat, a revival of that fine spirit of individualism which animated the founders of this Republic and which must be revived if this Republic is to be preserved.

Mr. McCARRAN. Mr. President, before the Senator proceeds, let me say that he referred earlier in his remarks to a very fine work, a treatise on money, by John Maynard Keynes.

Mr. KING. Yes; and he has written two or three other works since then.

Mr. McCARRAN. I have in my hand that work, and I propose, at some time during this discussion, to go into it very much at length.

Mr. KING. I hope the Senator may do so.

Mr. McCARRAN. I am very glad that the Senator from Utah referred to it, because it develops the entire policy and the entire theory of money.

Mr. KING. I pay tribute to the intellectual capacity of Mr. Keynes, but I had thought that some of his views gave currency to a theory which has more or less obtained during the past few years. The "managed currency" theory, and the "spending" policy which—as I understand—received approval at his hands, found some devotees in the United States and in Government circles. I think there were some who derived the idea from his monetary policy views that Government credit could be founded upon a vast public debt, and that that debt might be regarded as a not unsound fiscal policy. To what extent he approved the issue of paper money, whether limited or unlimited, I do not know.

Mr. McCARRAN. Will the Senator yield for a question?

Mr. KING. I yield.

Mr. McCARRAN. Dealing with the Senator's expression "an unlimited issue of paper money," does not the Senator realize that so long as the currency is backed by metal such as gold and silver there can be no unlimited issue? In other words, today silver is produced in America largely as a by-product. The silver that has been produced by America during the last 5 years—we will take that as a cycle, or 7 years, if you like—has come as a byproduct. So we have no fear of inflation when silver is the basic thing, and, from time immemorial, gold and silver have been the basic metal commodities on which rested the money of civilized peoples.

I hope the Senator realizes that there never can be such a thing as inflation when the money of a civilized government is based on either gold or silver. That has been proven. It has been proven clear down through the centuries, and it has been proven in later times even under the Federal Reserve System, which really took out of the control of Congress the entire monetary policy.

Mr. KING. When I mentioned paper money I was thinking of my experience a few years ago in Russia and in Germany when the issue of paper money in each country had reached astronomical figures. I recall that in Russia the paper ruble had so little value that children played with the same in the streets; indeed, by orders of the Soviet authorities, any possible value that it had was destroyed. After I had been in Russia for several months I paid a final visit to Moscow and was there told by the Commissar of the Treasury that the Soviet Government had placed its finances upon a sound basis. He exhibited to me in the treasury building large quantities of gold and silver coin, together with American, English, Dutch, and Swiss currencies; also some foreign exchange. He stated, as I recall, that any future paper issues would have back of the same adequate reserves consisting of gold and silver, foreign exchange, and the currencies of the governments whose fiscal systems were sound. Unfortunately, after a number of years, the Soviet Government did depart somewhat from the sound monetary policy which the Commissar had indicated. The result was that its currency suffered a decline in the world market.

I agree, however, with my friend from Nevada that gold and silver, from early historic periods, constituted the money of the people.

With the use of gold and silver the field of commerce was widened and the economic, industrial, and, indeed, political conditions in the world underwent remarkable developments. It is not too much to say that trade and commerce were promoted by the use of gold and silver as money; and it is axiomatic that trade and commerce among nations have proven powerful forces in the development of the arts and sciences and civilization. Sound fiscal policies are also promotive of industrial peace and development. Loose fiscal policies produce serious repercussions, among them enormous public debt, inflation, and repudiation. There are evidences that we are suffering from the intoxication of spending and borrowing. Certainly the day is near at hand when we will be suffering severely from loose fiscal policies. It is imperative that the Federal Government inaugurate reforms, reduce its expenses, and confine its activities to those which are authorized under the Constitution of the United States. There must be genuine reorganization of the departments of the Government and the introduction of economies which will set the course of government along the paths of sanity and safety.

Mr. President, having occupied more time than I intended, I now surrender the floor.

THE 4–H CLUBS

Mr. CAPPER. Mr. President, the Senate is honored today by the presence of a delegation of American farm boys and girls, attending the annual encampment of the 4–H clubs. The delegation includes a fine group from my own State of Kansas.

I am going to ask the 4–H club boys and girls in the gallery to stand for a minute, so that the Senators may see these American citizens of tomorrow.

The future of our Nation is in its boys and girls. They are going to have to retrieve the mistakes we have made. They are going to have to pay the bills we are contracting while trying to find the way out of the morass into which we have stumbled through misunderstanding the application of economic laws.

This group of 4–H club boys and girls, from the farms and rural communities of 48 States, Puerto Rico, Alaska, and Hawaii, are as well prepared, are getting as close to the right training and experience to handle the world of tomorrow, as any group I know of in this increasingly complex society that has developed unevenly during the transition from an agricultural to an industrial civilization.

Mr. President, I think I know these boys and girls. Since 1914 the 4–H clubs for rural boys and girls have been a part of the organized work of the Extension Division of the Department of Agriculture, Dr. C. W. Warburton, Director, cooperating with the land-grant colleges, and more than 2,000 counties over the United States.

During 1938 the 4–H club enrollment reached a new all-time high, with 1,286,029 boys and girls enrolled in 74,594 local 4–H clubs. Last year more than one-half million new members were enrolled. This brings the total of members and past members of 4–H clubs to more than 7,500,000. Six million alumni of the 4–H clubs are carrying on, most of them on farms and in rural communities, but many of them in our cities. Wherever these 4–H club graduates are they will be found engaged in community work, furnishing leadership.

The weakness of agriculture, especially in an industrial civilization, is lack of ability to organize; the farmer essentially is an individualist—that is his strength, also his weakness. The 4–H clubs are leading in development of organized community life all over the Nation; a most valuable contribution to national life.

Members of these 4–H clubs—and the membership now comprises more than 40 percent of rural boys and girls who have reached the average age for joining the 4–H clubs—are proceeding on the right course.

The 4–H boys and girls "learn to do by doing" for themselves. Each member raises a pig, or has a cow and a calf, or plants a garden, or learns to sew—acquires first-hand some farm and home project which entails both work and management. They also are required to take part in some community project or projects. It is not a lopsided development that comes through the 4–H clubs.

The 4–H Club emblem is a four-leafed clover, with the letter "H" on each leaflet. The four "H's" stand for head, heart, hands, and health. The copyright for the emblem, by the way, is controlled by the Department of Agriculture.

I think the 4–H Club pledge is one which could well be taken by every American—Senators included—and I am going to give it to the Senate at this time:

I pledge—
My head to clearer thinking,
My heart to greater loyalty,
My hands to larger service,
My health to better living for
My club, my community, and my country.

Surely that is a worth-while pledge for any of us to take and to live up to.

I desire also, Mr. President, at this time to place in the RECORD the eight official objectives of the 4–H clubs:

1. To help rural young people to develop desirable ideals and standards for farming, home making, community life, and citizenship, and a sense of responsibility for their attainment.

2. To afford rural young people technical instruction in farming and home making, that they may acquire skill and understanding in these fields and a clearer vision of agriculture as a basic industry, and of home making as a worthy occupation.

3. To provide rural young people an opportunity to "learn by doing" through conducting certain farm or home enterprises and demonstrating to others what they have learned.

4. To instill in the minds of rural young people an intelligent understanding and an appreciation of nature and of the environment in which they live.

5. To teach rural young people the value of research and to develop in them a scientific attitude toward the problems of the farm and the home.

6. To train rural young people in cooperative action to the end that they may increase their accomplishments and through associated efforts better assist in solving rural problems.

7. To develop in rural young people habits of healthful living, to provide them with information and direction in the intelligent use of leisure and to arouse in them worthy ambitions and a desire to continue to learn in order that they may live fuller and richer lives.

8. To teach and to demonstrate to rural young people methods designed to improve practices in agriculture and home making, to the end that farm incomes may be increased, standards of living improved, and the satisfactions of farm life enhanced.

Mr. President, I want to reiterate that no problems are more important to any of us than those of youth—of our children, the boys and girls who tomorrow will take our places.

I am thinking particularly of rural youth, of the boys and girls living today on the farms, of whom we have seen today in the gallery such excellent and typical representatives. They are the greatest asset of agriculture. With the urban youth so well represented along similar lines by the Boy Scouts, the Girl Scouts, the Camp Fire Girls, they comprise the greatest asset of the Nation.

These boys and girls deserve from us the very best we can give them in the way of education, and of training to equip them for doing well the job of living and making a living.

Folks who live on the farms of America long have been a powerful steadying and stabilizing force in our complex and constantly changing society. The boys and girls of the rural communities, such as these 4–H boys and girls we have as our guests in the Senate this afternoon, will carry on that tradition.

I desire in conclusion to express my pride in these boys and girls; my hope in their future influence on the affairs of the United States and of the world; my belief that what they are getting out of the 4–H club work will justify that pride and strengthen these hopes.

May the 4–H clubs continue long and do even better work.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5427) making appropriations for the Labor Department for the fiscal year ending June 30, 1940, and for other purposes, and that the House insisted upon its disagreement to the amendments of the Senate numbered 1, 14, and 15 to the bill.

The message also announced that the House had agreed to the concurrent resolution (S. Con. Res. 21), as follows:

Resolved by the Senate (the House of Representatives concurring), That the statue of Will Rogers, presented by the State of Oklahoma, now in the Capitol Building, is accepted in the name of the United States, and that the thanks of Congress be tendered to the State for the contribution of the statue of one of its most eminent citizens, illustrious for his distinguished civic services.

Resolved, That a copy of these resolutions, suitably engrossed and duly authenticated, be transmitted to the Governor of Oklahoma.

ENROLLED BILL SIGNED

The message further announced that the Speaker had affixed his signature to the enrolled bill (S. 1569) to amend the Agricultural Adjustment Act of 1938, as amended, and it was signed by the Vice President.

WORK RELIEF AND RELIEF—AMENDMENT

Mr. WAGNER. Mr. President, I ask unanimous consent to submit an amendment on behalf of the Senator from California [Mr. DOWNEY], the Senator from Florida [Mr. PEPPER], and myself to House Joint Resolution 326, making appropriations for work relief, relief, and to increase employment by providing loans and grants for public-works projects for the fiscal year ending June 30, 1940, and I ask that the amendment be printed and referred to the Committee on Appropriations.

Mr. McCARRAN. Mr. President, may we have the amendment read?

The PRESIDING OFFICER (Mr. TOBEY in the chair). The amendment will be read.

The CHIEF CLERK. On page 26, it is proposed to strike out lines 12 to 23, inclusive, and to substitute the following:

SEC. 25. Not to exceed 3 percent of the funds appropriated under this title shall be available for projects sponsored solely by the Work Projects Administration.

The PRESIDING OFFICER. Without objection, the amendment will be printed and referred to the Committee on Appropriations.

STABILIZATION FUND AND WEIGHT OF THE DOLLAR

The Senate resumed the consideration of the bill (H. R. 3325) to extend the time within which the powers relating to the stabilization fund and alteration of the weight of the dollar may be exercised.

The PRESIDING OFFICER (Mr. TOBEY in the chair). The question is on the amendment offered by the Senator from Colorado [Mr. ADAMS].

IMMIGRATION AND DEPORTATION OF CRIMINAL ALIENS

Mr. REYNOLDS. Mr. President, I do not know of any subject of greater interest to the American people today than that of immigration and the deportation of alien criminals and undesirables. I provide myself with this opportunity to address the Members of the Senate upon that all-important American subject, for the reason that the Committee on Immigration of the Senate at the present time has under advisement, by way of subcommittees and the full committee, a number of bills, introduced by myself, totaling about seven or eight, and a great number of bills introduced by other Members of the Senate, and one in particular, introduced by my good friend and colleague the Honorable ROBERT WAGNER, of the great Empire State of New York.

Mr. President, I venture to say unhesitatingly, without attempting to enlarge upon the figures, that within the past 6 months I have received more communications in regard to this or that particular phase of the subject of immigration and the deportation of alien criminals than on any other subject. I may add without exaggeration that, since January 1, I have received thousands upon thousands of communications, totaling more than 50,000, all of which evidence to my mind that at this hour the American people are primarily interested in maintaining America for Americans, and are as vitally interested in this subject as in any other, if not more so, for the reason that one of the most important subjects which have been before Congress is that of national defense, and the question of immigration, particularly selective immigration, the question of the deportation of alien criminals and undesirables, interests itself fundamentally and primarily in the question of national defense.

From time to time I have stated upon the floor of the Senate that the billions upon billions of dollars which we have appropriated year after year for the purpose of building up our national-defense forces appeared to my mind to be a waste unless we did something to protect those forces. Our defense, in a sense, lies within the confines of the United States.

Mr. President, I will explain what I mean by that statement. We have made expenditures, as I mentioned a moment ago, of billions of dollars for the purpose of building up our naval forces, our air forces, our marine forces, and our forces of the Army, and developing our National Guard. If perchance we were to be attacked by any other country in the world—there is no chance of our being attacked, but nevertheless I am interested, as most Senators are, in keeping our powder dry—we should establish protection from the standpoint of the forces opposing us from within. We have made vast preparations against the forces which would be used against us in time of war. If war were declared against us, if an invasion were attempted or were made, our observers

maneuvering and operating our great airplanes could easily locate the enemy forces without. That would not be difficult. But, Mr. President, there are millions and millions of aliens in this country who have been here for years upon years, and have enjoyed the fruits of their labors under the American flag, who have never been interested to make application for American citizenship; and in many cases the greater portion of the funds they derive as the result of their labors are sent back to the land whence they came.

I say there are millions upon millions of aliens in this country. In order that my remarks may not be improperly construed I should like to explain what I mean by employing the word "alien." I mean by the use of the word "alien" those who have come into this country from a foreign land, either illegally or legally, or those who have come here legally and remained illegally, or those who have come illegally and remained legally, but who have never, as I stated before, been sufficiently interested in contributing their bit or their part to the American Nation by making application for American citizenship.

Mr. President, I recognize that a vast part of our population is made up of those who came from foreign lands and who became citizens of our country. Many of them have contributed gloriously to the development of this great land of ours. I am appreciative of their contribution. I am glad that those people came from foreign shores and have contributed so much to the development and the upbuilding of our country. If I may say it without a personal reflection, I am grateful for all they have contributed to our Government, recognizing as I do that some of the great political leaders of America today are persons who were not born in the United States but who came here and selected this as their land, their home, and took our flag as their flag, because they recognized that we provide for the people of America the best form of government in the world.

Mr. President, in connection with the question of national defense, I have to add that unfortunately we do not know how many aliens there are in America, because we have never registered those aliens, and because we have never gone to the trouble or expense of looking after their changes of address after they come to American shores. Today there are probably between four and seven million aliens in America, noncitizens, people who have come from various nations of the world, who have had presented to them the glorious opportunity to become affiliated with the 130,000,000 citizens of America, but who have never taken advantage of that opportunity.

Those who oppose me in this matter will tell you, Mr. President and Members of the Senate, that there are probably not more than 3,000,000 aliens in the United States. I cannot prove that their statement is incorrect, nor can they prove that my appraisal of the number is incorrect or that I have enlarged upon it. That is all attributable to the fact that we have never had a census of aliens, we have never had a registration of aliens.

One of my bills provides for the registration and fingerprinting of aliens in the United States. I think that bill should be reported favorably by the committee. I think it should be acted upon favorably by the Senate. I wish to show no disrespect to the aliens who are in the United States, but I think that bill should be passed in order that we may once and for all ascertain exactly how many aliens are here, who they are, and where they came from, what they are doing, how they got into the country, whether illegally or legally, and whether they have remained legally or illegally. And that should be done for the purpose of knowing just where they are if war were to be declared against us. If war were declared against us it must be agreed that we would have in our midst between 4,000,000 and 7,000,000 potential alien enemies. If we know exactly where those noncitizens are, we can put our fingers on them at all times. We can check up on their movements, and we can ascertain whether or not they are doing espionage work, or contributing anything to the enemy forces, by way of information or otherwise.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. REYNOLDS. I yield.

Mr. VANDENBERG. The Senator has used a rather loose phrase in speaking about millions upon millions of aliens. I am deeply interested in the subject. I am wondering if there is any approximation of an authentic figure at the moment.

Mr. REYNOLDS. We really have no such information. I will say to the Senator from Michigan that I have made inquiry on numerous occasions from various departments of the Government. In view of the fact that we have never had a registration, nobody now knows the number. If the Department had an approximate idea last year or year before last, it could not possibly ascertain the approximate number at the present time, for the reason that undoubtedly—and I am confident that those in authority in the particular division of the Government which has charge of the matter will not deny the fact—innumerable aliens, totaling thousands annually, are coming into the country. In addition, every year we issue visas to persons from various parts of Europe to come into the United States ostensibly for the purpose of viewing the grand and gorgeous and lovely things of America, checking up on our industrial development, and so forth. However, there is no real check upon the number of departures. Many who come in legally remain illegally.

No one will dare dispute my statement to the effect that every year thousands come into the United States across the Rio Grande from the south, through Arizona, New Mexico, Texas, and Lower California. Of course, the Senator from Michigan, living close to the Canadian border, realizes that many thousands come in across the Canadian border. Also, many thousands of Americans cross the border into Canada every year; but I am not now referring to them.

I wish to thank the Senator very much for his inquiry, because I might have neglected to mention the matter. I am told that innumerable aliens come from the West Indies, particularly from the shores of Cuba, some from Bermuda, some from Bimini, and some from Nassau. The Labor Department, under whose direction the Immigration and Naturalization Service is, is not entirely responsible, because its forces have been very much limited, due in many instances to lack of appropriations.

Mr. VANDENBERG. The Senator has used the figure of 4,000,000 to 7,000,000 aliens. Does that figure include aliens who have applied for their first papers?

Mr. REYNOLDS. As the Senator knows, within the past year there has been a rush of aliens who are desirous of taking out American citizenship. I dare say we have had more such applications within the past year than in any other year within the past 10 years. I give the estimate of 4,000,000 to 7,000,000 merely as a rough approximate estimate because, as I stated a moment ago, I really have no definite idea how many aliens are in the United States. I am merely arriving at an approximation of between 4,000,000 and 7,000,000 from all the figures I have been given from time to time, and from reports which have been furnished to me. I will say to the Senator that I am exceedingly anxious to bring about a registration of aliens in order that we may once and for all ascertain the number of aliens in the United States.

Mr. VANDENBERG. What would the answer of the Department of Labor be to the question as to how many aliens there are in the United States?

Mr. REYNOLDS. The Department of Labor really could not tell us definitely the number.

Mr. SCHWELLENBACH. Mr. President, will the Senator yield?

Mr. REYNOLDS. Certainly.

Mr. SCHWELLENBACH. The record of the Department of Labor shows three and a half million; does it not?

Mr. REYNOLDS. Yes.

Mr. SCHWELLENBACH. That is the answer the Department of Labor would give.

Mr. REYNOLDS. The records of the Department of Labor show the ones who have come in legally. We have

no check upon those who have entered illegally. We have absolutely no definite check upon the number of those who have come in legally within the past year by way of various and sundry visas, and who have not departed.

Mr. VANDENBERG. Does the number of three and a half million include those who have applied for first papers?

Mr. SCHWELLENBACH. Yes; all those who are not naturalized.

Mr. VANDENBERG. Does the Senator know how many have applied for first papers?

Mr. SCHWELLENBACH. I have not that information.

Mr. REYNOLDS. I believe the Senator from Washington stated that the three and a half million includes those who have applied for first papers.

Mr. SCHWELLENBACH. Yes.

Mr. REYNOLDS. I think that is correct.

Mr. VANDENBERG. Is any information available as to the number of visitors' visas now being issued, compared to the number previously issued?

Mr. REYNOLDS. Yes; we have comparative figures.

Mr. VANDENBERG. Is there a large increase in the number of visitors' visas at the present time?

Mr. REYNOLDS. Within the past 2 years I think the number has increased over prior years. I shall be very glad to provide the Senator with that information by inserting in the RECORD a table which I have in my office showing the figures. I asked both the Department of Labor and the Department of State for the information. I think my office requested the information from both departments; and I am sure I have in my office at the present time one of the tables, which I shall be glad to insert in the RECORD at a later date.

Mr. VANDENBERG. There is a feeling in the country that the device of the visitor's visa is being used at the present time for the purpose of undermining the quota system; and I think it would be very desirable once and for all to settle that question for the authentic information of the American people.

Mr. REYNOLDS. Yes. I thank the Senator very much. That is one thing that should be done. It is extremely important. I shall be glad to provide the Senator with definite information, and for the benefit of those who do me the honor to listen this afternoon I shall be very happy to bring about its insertion in the RECORD at a later date.

Mr. President, I want to make my position upon this subject clear once and for all. As I stated a moment ago when I was about to approach this particular phase of the question, I am in sympathy with those in various sections of the world who wish to come to the United States. I know that there are persons of fine character and outstanding intelligence in virtually every country in the world. We admire such character and intelligence. We look up to such persons. We admire a person of character and intelligence regardless of whether he be white or black, rich or poor, American, Russian, Chinese, Japanese, French, or Italian. We respect him. I recognize the fact that millions of such persons want to come to the United States. I have respect for the good people who want to come to the United States. I want it understood that, in my opinion, the man who comes to this country and selects the American flag under which to live is just as much of an American as is any Member of this body who was born in America. I have just as much respect for him as for any man who is born on the soil of North Carolina or any of the other 47 States of the Union.

However, Mr. President, during these times my interest is in preserving as nearly as I possibly can the few jobs we have in America for American citizens. During these trying days I think American citizenship should count for something and that an American citizen is entitled to the benefits of American citizenship. For the life of me, I cannot see how any person residing on foreign shores could direct criticism at me for trying to preserve America for Americans.

If today we were in a position to provide jobs for the millions who unfortunately are out of employment, and there were prospects for giving employment to unfortunates in other parts of the world in the same situation, I should be one of the first to say, "Yes; there is work here for them. There are not enough Americans here to do the work. Let us let these people come in." We did that years ago, before the frontiers of America had been exhausted. However, free lands are no longer to be had; and that which we have must be preserved for the American people.

Mr. President, I stated at the outset that I have received many, many thousands of letters. After every broadcast I make over the radio in regard to this subject I receive thousands upon thousands of letters from persons in every State of the Union. I know how vitally interested they are.

By the way, Mr. President, I should like to digress to tell the Senate a very interesting feature having to do with this subject. I have found that some of the most enthusiastic supporters of my bill are naturalized citizens, persons who came from foreign shores and who have made application for American citizenship. They recognize conditions as they exist today in America, with millions out of employment. They say, "We should like to have our people come with us. I should like to have my uncle or my aunt or my brother or sister or this kinsman or that kinsman come over here and enjoy with me this great America, but I recognize that this great America cannot absorb them and provide work for them at the present time, and, as an applicant for American citizenship, it is my duty, in view of the fact that I will soon become an American citizen, not to ask that they come and even to forbid their coming. Therefore, I am supporting your proposed legislation."

I say to you, Mr. President, that that is extremely comforting to me. I am enthused, I am inspired by men of that type, who have come from foreign shores and who have made application for American citizenship, who are supporting my bill, because they recognize that in so doing it is not only for their personal, individual benefit but is likewise for the benefit of all the American people and the benefit of their fellow countrymen who came with them and who likewise have made application for American citizenship.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER. Does the Senator from North Carolina yield to the Senator from Idaho?

Mr. REYNOLDS. I am very happy to yield to the Senator from Idaho.

Mr. BORAH. I understood the Senator had pending a bill providing for the taking of a census of those who have come here illegally?

Mr. REYNOLDS. I have a bill, I will say to the Senator from Idaho, providing for a census in the form of bringing about the compulsory registration of every alien in the country and a mandatory fingerprinting of such aliens.

Mr. BORAH. Does the Senator mean mandatory fingerprinting of people who were formerly aliens but who have now become citizens?

Mr. REYNOLDS. No, sir; only the registration and fingerprinting of those noncitizens, those aliens who have been here for years, either legally or illegally, those who came here legally and remained illegally, and those who came here illegally and have remained legally.

Mr. BORAH. Do the people to whom the Senator refers have the intention of becoming citizens? I would not want to require the fingerprinting of those seeking to be admitted to citizenship.

Mr. REYNOLDS. No, sir. I will say to the Senator in that respect the bill applies only to those who have not made application for citizenship. It does not apply to any who have made application for citizenship. I may add that in reference to the fingerprinting feature, our friend and colleague the junior Senator from Colorado [Mr. JOHNSON] on yesterday introduced into the Senate a bill that would require the fingerprinting of every American citizen.

Mr. BORAH. That brings up another question which I would want some time to think about before I should fully express myself.

Mr. REYNOLDS. Yes; that is going a little further than my bill goes. However, I may add in that respect, for the information of the Senator, that in my State of North Carolina at Charlotte, a city with a population of about a hundred

thousand, virtually every boy of high-school age and every girl of high-school age has voluntraily submitted, I am informed, to fingerprinting for their own individual protection. In addition to that, I am reliably informed by letter and otherwise, that in the city of Berkeley, in California, many thousand citizens have voluntarily submitted themselves to fingerprinting for their own protection. Furthermore, I may add that I am informed by the Bureau of Investigation of the Department of Justice that annually many thousand American citizens voluntarily submit to fingerprinting for their own protection. As to whether or not I would favor fingerprinting all American citizens, even though for their benefit, I am not sufficiently convinced of its advisability at the present time, even to give a general expression of what my decision would be in case a vote were required.

Mr. BORAH. I did not rise to discuss that question. I wanted to ascertain how far the Senator's bill went.

Mr. REYNOLDS. It only applies to those who have never made application for citizenship.

Mr. BORAH. Has not the Senator a bill before the committee dealing with the question of the immigration law and proposing to strengthen it?

Mr. REYNOLDS. I have a number of bills pending. I have a bill that would cut down immigration for the next 10 years, or until such time as we may find employment for those of our own citizens who are employable but who unfortunately are not employed at the present time.

I have another bill that would cut down immigration quotas 90 percent. I think that bill should be acted upon in view of the general and vast amount of unemployment we have in the country today; but it would be applicable only until such time as we may find employment for our own American citizens.

Mr. BORAH. The Senator from North Carolina has not pending a bill dealing with the question of refugees?

Mr. REYNOLDS. No, sir. I have in mind opposing the Wagner-Rogers refugee bill. I dislike very much to oppose that measure, I will say to the Senator, because all those covered by that proposed legislation are children 14 years of age, and I am informed by those who are sponsoring and insisting on the bill that for those children there will be provided a bond or a guaranty to the effect that they will not become public charges until they are 21 years of age. I am opposing that bill, I say again, regretfully, because it involves children; but if it were proposed to bring children from Spain or Russia or France or England or any of the Scandinavian countries or Scotland or Ireland, I would just as vigorously oppose it, for the reason that we have in this country many thousands, millions, as a matter of fact, of children who are undernourished and underclothed as a result of maldistribution in this country—underconsumption and not overproduction, as the Senator from Idaho has so frequently and inspirationally said. In that connection, these children, who are now 14 years of age, within 4 years will have reached the age of 18, and then they will be competing with the sons and daughters of American citizens, whose sons and daughters at the present time cannot possibly secure employment.

To give a more concrete and definite illustration along that particular line, let me say that during the present month American high schools and colleges will have graduated approximately 700,000 boys and girls. It has been definitely stated by those who are in the position, if the Senator will pardon the parlance, of being "in the know," that only 1 out of every 3 of those high-school boys and girls or college boys and girls will be able to obtain employment; and, although 20,000 is but a drop in the bucket, it is simply that much, and, as I have said, the 20,000 boys and girls from foreign lands would soon be competing with 20,000 sons and daughters of American parents. I think that we should give our own boys and girls the first opportunity, because everywhere we have found that they are discouraged for the reason that in many instances their parents have made great sacrifices to provide them with an education and yet they cannot get jobs.

Mr. BORAH. Mr. President, what has caused me to criticize in my mind—I have not as yet had a chance to vote—the proposed refugee legislation is the fact that it seems to provide for admitting all these children from a very particular and limited portion of the territory of the world. There are thousands of children in Spain and in other nations whose people have been subjected to war and to hardships of all kinds. I do not know how the United States can justify limiting its humanity and its efforts to serve humanity to 10,000 a year, and limiting that 10,000 to those who may come from a particular region or territory, when suffering is just as great and humanitarian demands just as clear in other parts of the world as in the particular country from which it is proposed that refugee children shall be admitted. I think those who are trying to solve the question should take into consideration that we ought to perform the service on a broader scale or not at all. We ought not to permit what I think is a touch of politics in the question of the admission of refugees. If we are starting in to sacrifice our immigration laws under the plea of humanity, let us make our humanity as broad as our sacrifice.

Mr. REYNOLDS. I am deeply grateful to the Senator for his fine, sensible contribution. I want to say to him, if he will pardon the use of good old southern parlance, that in making that statement he has given expression to common horse sense. It is just as the Senator from Idaho has said; if we have become so generous, if we have become so charitable; if we are going to permit our emotions to run away with our better judgment, and abandon our good old-fashioned horse sense, and if we are in a position financially to take care of the orphans of the world, then why not take 20,000 a year from Spain?

Ten thousand is the number called for under the Wagner-Rogers bill; but why not take 20,000 from Spain? Why not take 20,000 from other countries? I dare say that there are many countries in the world that would like to send 20,000 of their orphans to the United States. The main consideration in this connection, however, is that we are not taking care of our own orphans. Nobody will deny that.

Mr. President, as I look upon yonder flag I am reminded of the fact that the first flag presentation I ever had the honor to make was in my State of North Carolina at a little schoolhouse out in the country at a place called Leicester. I made the presentation of that flag at the request of an order which I had just joined, the Junior Order of United American Mechanics.

The Junior Order of United American Mechanics maintains two large orphanages, of only one of which I shall speak. One of those two large orphanages to be found in the United States is located in my State of North Carolina, at Lexington. There we have hundreds of orphan children whom the members of this great patriotic organization are maintaining from year to year by contributions and in many instances by dues, and we have thousands upon thousands more applications than we can possibly take care of.

As I turn, with the permission of the Presiding Officer—since my back is to him—I observe in the Chamber the senior Senator from the Buckeye State, the great State of Ohio [Mr. DONAHEY]. I may add—and I know he is familiar with the fact—that one of our Junior orphanages is located in the State of Ohio. The Senator, of course, knows the great work which that organization has done, not only of a patriotic nature but also in taking care of the orphans whom the Senator from Idaho has mentioned. I dare say that the senior Senator from Ohio, who served for many years as a great Governor of his Commonwealth, is aware of the fact that the Juniors of Ohio year after year are forced to turn down thousands of applications of those who would like to get orphans into that institution.

I want to thank the Senator from Idaho for mentioning that matter. I am glad we may have a heart-to-heart chat about the situation this afternoon, in order that there may be understanding, and in order that those who are in accord with our ideas may know that we are not hard-hearted. Our hearts beat for the little children who are fatherless and motherless, but the refugees who are mentioned in pending bills are not orphans. We are proposing to take in children

whose fathers and mothers are living in Germany, and feed them, and clothe them, and, by the way, educate them. To educate 20,000 children in the United States would cost millions of dollars to the taxpayers of America. Despite the fact that our taxpayers are loaded down with a burden they can hardly bear, the sponsors of the bills ask the taxpayers of America, burdened as they are, to take on additional responsibilities and to raise more taxes for the purpose of educating children from Germany, when all our schools are crowded and packed and jammed, and of necessity we are building more schools every year as a result of the fine work that is being done by the W. P. A. in many instances, and in more instances by the P. W. A., but improvement is being made by the W. P. A.

I saw in the Chamber a moment ago our distinguished colleague, the senior Senator from the great State of Pennsylvania [Mr. DAVIS]. He is the head of a fraternal organization in the United States known as the Loyal Order of Moose. I happened to have for 2 years past the honor and distinction of being the national commander of the Legion of the Loyal Order of Moose. We maintain by contributions, and the Legion of the Moose maintains by dues, Mooseheart, located about 25 or 30 miles from the home of the distinguished senior Senator from Illinois [Mr. LUCAS], who now honors me with his presence, and who no doubt has visited Mooseheart. There we maintain a school for orphan boys and for orphan girls who otherwise would not be able to secure an education.

The legion of the Moose and all the 450,000 members of the Loyal Order of the Moose in the United States contribute to the upkeep of that institution. There we have about seven or eight hundred students, boys and girls whose fathers and whose mothers are dead, and we have thousands of applications that we cannot possibly take care of.

So it is on every hand. Organizations with which no doubt many Senators are affiliated are maintaining such institutions, charitable in a great sense, but nevertheless it is a sort of charity to which we are happy to be able to contribute. We cannot take care of our orphans; we cannot properly nourish our young American children; and yet it is proposed to admit into our country 20,000 children from foreign shores. What is a bond? What is a guarantee? A man who is worth $1,000,000 today may be a pauper tomorrow; and regardless of the fact that the sponsors of the bills say they will see that the refugee children do not become public charges, we should have of necessity to educate them in our public institutions.

Speaking of children, I read in a newspaper the other night about a gentleman from the State of Kansas who had testified before one of the W. P. A. committees here. I very much dislike to mention this incident in connection with any State in the Union, but if it had happened in North Carolina I should mention it in the same way. According to my recollection of the article—which I read very hastily, as all of us have to read articles hastily in the newspapers nowadays, when we are so busy—the witness went on to say that at one place in Kansas the father of about 8, 9, or 10 children, living in a little, dilapidated, unsanitary shack, had to stay up all night, every night, to keep the rats off his children.

The poverty to be found in many sections of the country is distressful; and of all the persons that we American citizens must at least pretend to look after nowadays, the most important are those constituting the oncoming generation. They are the future of America, and we must maintain our own children.

My heavens! If we were in a position to care for orphans scattered throughout the world, I should say let us bring in a million orphan children of China. According to statistics, since the war began in China more than a million persons have been killed. Some of the foreign correspondents now state that about 1,800,000 have been killed, with the result that there are millions of little orphans in China. My heart goes out to those children, as does your heart, Mr. President, and the heart of everybody else; but we first must take care of our children here in the United States. We must take care at the same time of the parents in America, which we are trying to do by P. W. A. and W. P. A., and which we are going to continue to do, in order that they may properly maintain their children.

Speaking of children—and I know Senators are always glad to have anyone speak of children, because they are sympathetic with the little tots—I read in the newspapers about 3 months ago a very distressing article about a family bearing a foreign name, I think an Italian name. Whether or not they were American citizens I do not know; I am rather inclined to think they were; but I believe they were of Italian birth. There were a number of children in the family. One of the girls in the family gave an interview to a representative of one of the newspapers. I have forgotten now in what newspaper I saw the article, but I think it was the Washington Daily News. The girl wanted to sell one of her eyes in order to get money to be able to buy milk, in order that her little brothers or little sisters might be properly nourished! Some of the Members of the Senate who are present no doubt recall that story.

In addition to that, we are constantly reading innumerable stories in reference to deplorable and unhappy incidents of that character. I mention these things because I want the world to know that my heart is with the refugee children. I am not against them. I am only for American children first; and I think it is our duty to see that American children are cared for before we undertake to bring in children from any other nation in the world.

Mr. SCHWELLENBACH. Mr. President, will the Senator yield in order that I may answer some questions submitted a few minutes ago by the Senator from Michigan [Mr. VANDENBERG]?

Mr. REYNOLDS. Certainly.

Mr. SCHWELLENBACH. The Senator first asked the number of aliens the Department of Labor estimates are in the United States. The figures supplied by the Department are 3,700,000.

He then asked how many of those aliens have made application for first papers. The Department's figures show approximately 700,000. They bring the figures to Washington, as the Senator understands; and the number is about 700,000 at the present time.

The Senator from Michigan then inquired as to visitors' visas, visas for temporary admission into the United States, and indicated a fear that because of the fact that the number of visitors' visas had increased in the last few years, that method was being used to evade and avoid the quota laws. So I have obtained the figures as to visitors' visas for the 10-year period between 1920 and 1930. There were 1,774,881 issued, or an average of 177,488 a year. During the 8-year period from 1931 to 1938, inclusive, 1,257,706 were issued, or an average of approximately 150,000 a year. So that the visitors' visas during the last 8 years numbered approximately 27,000 less than during the period between 1921 and 1930, inclusive.

There is another way to answer the particular question which the Senator from Michigan asked, as to whether or not the quota laws were being evaded by the use of visitors' visas. We should consider the fact that during the last 8 years the quotas of the various nations altogether have been used only to the extent of about 16 percent. In other words, the quotas of all the countries during that period amounted to 1,230,192, and they have been used only to the extent of 153,774. So that since the quotas are not all being used, and since the number of visitors' visas have decreased during late years as compared with the period of the 1920's, I think the question which the Senator submitted is pretty fairly answered. There is no evasion of the quota laws by the use of visitors' visas.

Mr. BORAH. Mr. President, will the Senator from North Carolina yield?

Mr. REYNOLDS. I yield.

Mr. BORAH. This is an exceedingly important statement, because I think the Senator knows, at least some of us know, that the belief very generally prevails that the quota law is being evaded. But according to the figures now given

it would seem to be wholly unreasonable to assume that it is being evaded.

Mr. SCHWELLENBACH. It certainly is not being evaded by the mechanism of using visitors visas because the number of those visas has decreased, as I have said, 220,000 a year for the 10-year period from 1920 to 1930.

Mr. BORAH. These figures come from the Department?

Mr. SCHWELLENBACH. I just called the statistician in the Department and got the figures so that I might attempt to answer the Senator from Michigan, because I believe this is an exceedingly important question.

Mr. VANDENBERG. Mr. President, I join with the Senator from Idaho in thanking the Senator from Washington for the information. There is just one further question which occurs to me which still might require illumination. I am not now voicing my own suspicions; I am merely suggesting that hysterical stories are floating across the country, and it is advisable to have them liquidated so far as possible by authentic information.

I assume the figures the Senator has read represent the original issuances of visitors' visas. One of the things which is disturbing many of our people is the story that visitors' visas are now being indefinitely extended after they are once issued.

Mr. SCHWELLENBACH. I just had a short conversation with the statistician to whom I have referred, and I myself, raised that question. He started on a very extended explanation to show that that was not possible by pointing out the care our consuls use in the issuance of visas, the care exercised by the immigration authorities at the ports of entry, and the care the officials try to exercise after the immigrants are in the country. I did not have time to go into a complete and detailed consideration of that question, but this man certainly rushed back at me, when I asked the question, with a very complete protest that the suggestion was not correct. He started with a long explanation to show why it could not be correct.

I think it may be said—and I think the Senators on the Republican side of the aisle may take a great deal of comfort from the statement I am about to make—that one of the best things President Hoover ever did was the issuance of orders requiring that care be exercised on the part of our consuls in checking up as to the character and the situation of those who were receiving visas, both under the quota system and as visitors, and there has been extreme care taken since 1930, when President Hoover's orders in that regard were issued.

Mr. VANDENBERG. Does the Senator know whether the total figures respecting visas are available in a break-down, to show whether they are concentrated at the present time in any one particular area, or whether they are following a uniform and general pattern across the years?

Mr. SCHWELLENBACH. I did not hold the hearings this year on the bills introduced by the Senator from North Carolina, but I know that the two times when I did hold the hearings the Department submitted break-downs of all these figures. I sent for copies of the hearings, and they were slow in coming. So I telephoned the statistician in the Department. I dare say all the information the Senator wants will be found in the hearings, and if the Senator desires I will check up on the figures.

Mr. REYNOLDS. Mr. President, in line with the inquiry directed by the Senator from Michigan [Mr. VANDENBERG], I wondered whether the Senator from Washington inquired from the Department as to the number of visas issued in 1938, 1937, 1936, and 1935. I am particularly anxious to ascertain the facts as to those years. I had the figures, but they have escaped my memory at the present time, and I do not recall whether or not the number of visas has increased.

Mr. SCHWELLENBACH. It has increased.

Mr. REYNOLDS. I am referring to visitors' visas.

Mr. SCHWELLENBACH. There is no question that they increased in 1938 over 1937, and I presume the number this year will show an increase over 1938.

Mr. REYNOLDS. I want a confirmation of the statement which I think I made to the Senator from Michigan a moment ago. It is my recollection that the number of tourists coming into this country in 1938 increased over 1937. That is correct, is it not?

Mr. SCHWELLENBACH. That is correct.

Mr. VANDENBERG. Is there any limitation by law on the number of visitors' visas that may be issued?

Mr. SCHWELLENBACH. I do not think so. It is just the same as when any of us go to Europe to visit; we get passports.

Mr. REYNOLDS. In that connection, is it not true that when a visa is issued and counted 1, 2, 3, 4, 5, and so forth, sometimes 3 or 4 come in on 1 tourist visa, and they are counted only as 1? In other words, a gentleman in Europe who is desirous of coming to America with five children gets only one tourist visa, and it is counted only as one.

Mr. SCHWELLENBACH. If that is true, since we are using comparative figures, I do not think it makes very much difference. If that is true now, it was undoubtedly true in 1920.

Mr. REYNOLDS. But it would increase the number of people who come in under visas.

Mr. VANDENBERG. Then I am left with but one conclusion, for I have to assume the figures submitted by the able Senator from Washington are correct. If there is any emphasized influx of immigrants at the present time, it must be through illegal entry.

Mr. REYNOLDS. Certainly.

Mr. VANDENBERG. I suppose there is no way to assess the extent of illegal entry.

Mr. REYNOLDS. As I suggested to the Senator a moment ago, the Department has been handicapped very largely by reason of the fact that they have not had as many agents as they want for the border patrol. I think the Naturalization Service will tell the Senator that. I have received such information. They really have not as many on either of the borders as they would like to have. That, of course, in most instances, has been attributable to the limitation of appropriations.

Mr. VANDENBERG. I think the Senator from North Caroline is absolutely correct in his fundamental position that the American people want the most utterly rigid enforcement of the immigration laws at the present time without any latitude or lapse, and I know of nothing more important than that they should have completely authentic information, and that we should have completely effective administration of the laws.

Mr. REYNOLDS. Further in the matter of jobs for children in relation to the question of the refugees coming in from Germany, I take this opportunity to read to the Senators present one of the most pathetic stories I have heard of or read in a long time. It is in the form of a letter, and I wish to place this in the RECORD because people who are interested in children want to hear about what the mothers of American children have to say. This letter is entitled "An American Tragedy," and I received it from a lady in New York, the result of a radio address a few nights ago. The letter reads:

> DEAR SENATOR REYNOLDS: My two sons and myself listened to your radio speech last week. * * *
>
> I am a widow with two young sons, 23 and 17 years old.

This is one of the most heartrending and one of the most pathetic letters I have every read from any mother in my life.

> I struggled, trying to bring them up to manhood since the oldest was 9. When he was 16 my health broke completely, and he had to leave school and find himself a job. We both grieved so much over that; he loved school and wanted to finish. There was not much a boy of that age could do. No one wanting them for trades.
>
> My people are all dead. We three are alone. Son worked 4 years steady, keeping the three of us. Then, through no fault of his, the job was gone. I was put on W. P. A., sewing.
>
> He is breaking his heart. I am watching his soul die. My brave young son, loyal, faithful, honorable, and trustworthy, and no place for him.

CAN DO ANYTHING

He can do most anything around a modern dairy. Has the very highest written reference from the only place he ever worked. Yet here he stands; no place for him, beaten and ready for collapse.

Just before we heard your voice speaking he came home, feeling so depressed. He had met a young fellow his own age, one of those refugees you spoke of. This young man could speak very little English; had been here but a few months, yet was given a job—a good job—when my young son, 100 percent American, could not get in. It seemed to break my boy down completely, then he heard your voice on the radio.

His dad is dead; my people are dead; there is no one at all to give him a helping hand. He belongs to the Delaware National Guard, is a boy with high ideals, yet no one wants him, and it has become so serious with us I fear we cannot go on. I was so grateful to know there was one who was trying to help in this awful mess. You seemed to be just speaking to my boy, and I am writing as you asked.

UNHAPPY MOTHER

O Senator REYNOLDS, I'm so unhappy for my son. My boy is so gentle and good to me. Why, oh why, can't he find some work for those willing hands to do? Must he die? If someone would only give him a job in a dairy. He can do the inside work, bottle milk, etc. He has a chauffeur's license. He has been without work for 2 years. What can I do? I don't know why I even write. It's all so hopeless. I heard you say you couldn't get jobs. I know.

But Senator REYNOLDS, my boy is going to die just for want of one little job that he has tried and tried to get in face of constant discouragement. "Always there is a new day, mother," he has said time and again. But now he is just all frozen up. I don't know who to go to. There is no way, it seems. * * *

Some of my husband's people have been in every war since the Revolutionary War. America is his, but there is no place for him. What can just a mother do? Only with influence can one get a job here, and I don't seem to know anyone big enough. Now he says he is no use and he will go away, just anywhere; he don't care.

COURAGE FADES

My courage is gone also. I make $12.34 a week. It will not provide. It will not. The youngest boy has fainted more than once for just food. This W. P. A. would be good, but it cannot provide what young bodies need. Single persons get just the same as we with children. Could you, maybe, out of your busy day, know what I can do for my son? I smile, I encourage, but it's lost out; it's been used too much.

Senators, that is truly an American tragedy. I am in sympathy with the children of the world, the orphans of the earth, but my heart beats first with sympathy for the children of the United States of America, and particularly for the fatherless, the motherless, the homeless orphan children of America.

In connection with that subject I unhesitatingly declare that I shall oppose the Wagner-Rogers refugee bill, because I feel it my duty as an American citizen to provide aid for the orphans of the United States of America before we attempt to legislate in behalf of the refugee children of the world, and I believe that if Senators will make diligent inquiry relative to what the American people think about it they will find that 90 percent of the American mothers and the American fathers are thoroughly in accord with the position which I have assumed and are against the Wagner-Rogers bill.

I have mentioned some of the organizations in America which are interested in this matter, and I want to bring to the attention of the Senate some fifteen or twenty thousand names of American citizens signed to petitions. Here are thousands of petitions which have been sent to me by Mr. C. B. Helms, State secretary, Patriotic Order Sons of America, located in the Sons of America Building, at 131 to 139 North Broad Street, Philadelphia, Pa. This is one of our largest patriotic organizations.

Last Wednesday, June 14, there was held under their auspices a meeting relative to the first fashioning of the American flag by Betsy Ross in her little home, by her own fireside many years ago. I mention that to show that they are interested in all things that are purely American.

I have here a petition. I shall take the liberty to read all of it. It is circulated by the Patriotic Order Sons of America and American Citizens, of which order I have for a number of years had the honor of being an active member. I shall read the entire petition because to these petitions there are attached many thousand names. There are some eighteen to twenty thousand names in this batch, and I have a number of others in my office. I merely brought these here in order that I might pass them around for Senators to see them.

Patriotic Order Sons of America, Sons of America Building, Philadelphia, Pa.

Mr. President, I shall hand this petition to the reporter, thus saving him the necessity of writing what I am now reading. I know how hard the reporters generally work. I wish to contribute my part toward making the reporter's work a little easier if I possibly can. The reporters are always so very nice and good to me that I should like to have this opportunity to evidence at least in a small way my gratitude for their courtesy and their kindness. I trust, Mr. Reporter, you will convey those sentiments to your fellow reporters.

The petition is headed:

A PATRIOTIC PETITION

To the President of the United States and Congress From the Patriotic Order Sons of America and American Citizens:

Patriots for the first time in the history of America are consciously ashamed, because many of our national leaders are apparently not American-minded.

Mr. President, before I continue reading I wish to say that I now see in the Chamber our distinguished colleague from the great Empire State of New York [Mr. WAGNER], with its immense population of about 13,000,000 people. Our colleague from New York is the author of the Wagner-Rogers joint resolution which was introduced in the Senate. I wish to state that neither in the time before I was honored by being elected a Member of this body nor since that time, have I met anyone for whom I have a greater admiration and respect than I have for BOB WAGNER, if I may refer to him as "BOB" WAGNER. His position and my position are not in accord upon this subject; but that, of course, has absolutely nothing in the world to do with the friendly feeling which has existed between us since first I had the honor and the pleasure of meeting him, nor will it hereafter.

Mr. President, I know that "BOB" WAGNER is just as genuinely sincere in his position in this matter as I am in my position, or as the present occupant of the chair [Mr. TOBEY in the chair] is in his position. I can make the statement plainer by saying that if our honored colleague, "BOB" WAGNER, is successful in bringing about the passage of this measure in the Senate of the United States, I shall like him just as much as ever, and the result will not have a thing in the world to do with my real, genuine feeling of friendship toward "BOB" WAGNER.

I will say to the Senator from New York that I do not believe he has a better friend anywhere than I. I wish to say in his presence that I do not believe he has a greater booster than I, because everywhere I go, particularly in his State, I tell his constituents what a fine man he is.

Mr. President, I wish to state something else in that connection. We have plenty of time this afternoon. We can sit around and chat with one another. My office in the Senate Office Building is right across the hall from that of the Senator from New York. Thousands of school children come to his office. By the way, Mr. President, we must encourage school children to come to Washington and look in upon Congress and see the historic places in the Capital. It is a great inspiration for them to come to Washington and see the capital of the greatest nation in the world. When they come to Washington, of course, they want to see their Senators and Representatives. Frequently they come to the office of the Senator from New York, and for one reason or another they cannot see him, just as they often come to my office and cannot see me, or come to the office of the Senator who now presides over the Senate and cannot see him because he is busy in a committee meeting, or downtown in this department, that department, or the other. So frequently they come to the office of the Senator from New York, and every time I happen to be across the hall and see those children I invite them into my office. I give them little pamphlets about the history of the country, and souvenir cards admit-

ting them to the Senate gallery. I say to them, "You could not see your Senator because he is the busiest man in Washington. When you go home, tell your parents that he is the busiest man in Washington, and ask your fathers and mothers to vote for him the next time."

That is what I call friendship. I know the Senator from New York would do the same thing for me. I mention that circumstance, Mr. President, because if any Senator opposes any legislation which I sponsor or disagrees with anything I say on the floor of the Senate, I do not become disturbed or angry. Life is too short. I make these remarks because our beloved colleague is present, and I want him to know, as he does know, that I am fair with him about these matters.

The other day I received a telegram from a very good friend of mine in Asheville, N. C., Mr. Augustus Lichtenfels. He has been a friend of mine for many years. I went to high school with the girl who later became his wife. He is one of my very best friends. Gus sent me a telegram signed by more than a hundred of my constituents in my home town of Asheville, N. C., in which they implored me to support the Wagner-Rogers bill.

What did I do with that telegram? I wrote back to Gus as nice a letter as I could and told him that I was exceedingly regretful that our views were not in accord relative to the proposed legislation, but that I knew that circumstance would make no difference in our friendship, which had existed over a number of years. I told him that I was sending the telegram to my colleague, the Honorable ROBERT WAGNER, the author and sponsor of the bill. So I sent the telegram to the Senator from New York and told him that if he wished he might put it in the RECORD. If the Members of this body want the Wagner-Rogers bill passed they will pass it, and it will make no difference in our friendship.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. REYNOLDS. I yield.

Mr. LUCAS. A short time ago a very distinguished citizen from the city of Chicago was in my office discussing the proposed legislation about which the Senator from North Carolina is now speaking. In the course of the conversation this gentleman, who is interested in the refugees sought to be brought in under the Wagner-Rogers bill, suggested the possibility of those interested in the children adopting them. He believed adoption could be made a condition precedent to their entry into the country.

I make that statement to the Senator from North Carolina merely to ask him whether or not his position might be changed if an approach of that kind could be made.

Mr. REYNOLDS. Mr. President, I am not now in a position definitely to answer the question, for the reason that this is the first time I have heard the proposal. I did not know any such proposal had been made.

Mr. LUCAS. I do not say it will be proposed; but I say that this gentleman, who is vitally interested in the refugees from foreign lands, made the suggestion to me that he believed he could obtain a sufficient number of persons in this country to adopt every child who came in under the bill, assuming it would become a law. I am wondering whether or not that sort of approach would cause any change in the attitude of the Senator from North Carolina on that question.

Mr. REYNOLDS. I will say to the Senator that I am not in a position to advise him definitely what my position would be on such a proposal. In that connection, I may state that a few days ago I read in the newspaper a suggestion to the effect that after a certain number of years these children be counted against the German quota. I have not discussed that question with anyone. As a matter of fact, I was turning over in my own mind the question whether or not that course would be objectionable to those who, like myself, are opposing the bill. I am very glad the Senator has brought the matter to my attention, because I should like to have an opportunity to turn it over in my mind.

Mr. LUCAS. I interject that statement at this point merely because it seemed to me to be something worth while. The individual who approached me upon the question thought the fact that the children could be adopted would not only establish them in permanent homes but would also take away the argument that they might become public charges, because, once adopted, they would have to be taken care of by those who adopted them.

Mr. REYNOLDS. Yes. Such a course would to a large degree eliminate the arguments which we shall present in opposition to the passage of the Wagner-Rogers bill. No doubt the argument will be presented that in many instances a bond or guaranty would not insure against some of the children becoming public charges before they become 21 years of age. The suggestion of the able Senator from Illinois would to a very large degree eliminate that argument, which is one of the arguments which those who agree with me on this question probably will present.

Mr. LUCAS. I am not saying that the proposal will be made, or that it can be carried out. I am only interjecting the thought into the argument because a very fine and influential citizen interested in the question came to me with that sort of an approach to the problem. He realized the difficulty the bill may have in Congress.

Mr. REYNOLDS. I am very much obliged to the Senator for bringing the matter to my attention, because it is something well worth turning over in one's mind.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. REYNOLDS. I yield.

Mr. WAGNER. Along the line of the suggestion made by the friend of the Senator from Illinois [Mr. LUCAS], let me say that testimony was presented before the committee to the effect that already there is an oversubscription—if we may use that term—of persons who are prepared to adopt or to care for the children as they come in. There would be no difficulty either upon that question or upon the question of seeing that the children never become public charges. So the friend of the Senator from Illinois has told him what is actually the situation.

Mr. LUCAS. I thank the Senator from New York for the information as to what was disclosed before the committee. I think what my friend had in mind was to make adoption a condition precedent to entry into the United States, showing conclusively by authentic information that individuals would adopt every refugee who came in, and that until such an arrangement could be made no refugees should be admitted.

Mr. REYNOLDS. The Senator from New York spoke of the matter of adoption. My recollection is that at present there is no language in the Wagner-Rogers bill referring to adoption.

Mr. WAGNER. There is no language in the bill as to adoption. I think adoption would be a rather difficult thing to handle as a matter of legislation. I think it is generally conceded, even by the opponents of the bill, that neither adoption nor the apprehension which has been expressed at times, that some of the children may become public charges, is a problem in the situation. Any number of assurances can be given that the children would not become public charges. They would always be cared for. Of course, any kind of an assurance which is required in addition to that which is very definitely stated in the legislation would be readily given.

Mr. REYNOLDS. I understand that if and when the time comes for us to discuss the bill, arguments will be presented relative to the bonds, and so forth.

Mr. WAGNER. Yes.

Mr. REYNOLDS. Mr. President, I was about to read one of the petitions to which I referred. I shall now proceed to do so:

A PATRIOTIC PETITION TO THE PRESIDENT OF THE UNITED STATES AND CONGRESS FROM THE PATRIOTIC ORDER SONS OF AMERICA AND AMERICAN CITIZENS

Patriots for the first time in the history of America are consciously ashamed, because many of our national leaders are apparently not American-minded.

They appear to cater to the audacious foreign influence in preference to heeding the advice and warnings of genuine Americans who have been found tried and true to the cause of America in every emergency.

We find our Nation making explanations, apologies, and astounding mistakes apparently fearful to take a definite position in defense of America and her citizens. We seem to fear the advance

of undesirable aliens. We find politicians failing to respect Government and State executives, who after they are selected under the provisions of our Constitution, are typified by un-Christian and unwarranted names, because of partisan feeling caused by much untruthful propaganda, thus causing a poor impression on the weaker citizen of our Nation. We feel that the entire situation defies accurate analysis. Smoldering in the hearts of Americans is a desire to support and maintain our form of government, and yet our national powers are dormant, our aspirations unexpressed (except for the fearless position of this and other patriotic orders), our beliefs appear to be unformulated; our attitude as Americans is misrepresented; the motives of groups like our own are misunderstood, and the rest of the world is laughing at us because our national leaders have sat supinely under insult, injury, and violations of rights and laws, while ungrateful and many undesirable aliens from the rest of the world enjoy our opportunities and privileges here unmolested, while the executives and Congress continue to ignore the valiant efforts of the Nation's oldest patriotic society and patriotic citizens to arouse the Nation in defense of its own rights; to eliminate that which in our national life has given only trouble, heartaches, and headaches, for the past 50 years.

The Patriotic Order Sons of America desires to place a "stop, look, and listen" sign at every crossroad. We want to stir dormant Americans to action; we desire to eliminate that which has caused most of the confusion and apprehensive dread in the United States of America; that which fights patriotism and religion, that which fills our jails and almshouses, that which causes us millions upon millions of dollars of expense, that which degrades our American standard of living, that which has broken down our self-respect and respect for great American characters, our American Sabbath, our national holidays; that which has helped to produce unclean and indecent housing conditions and general undesirable surroundings; that which forces other languages than the English language into our body politic; that which has created foreign groups to which big business and politicians cater; that which in the final analysis has caused America to become foreignized instead of becoming more soundly American. "What is it?" you ask. The Patriotic Order Sons of America gives you the answer:

First. The big-business interests and the political powers which ignore it. The subversive organizations in the United States, the chief of which is the American Civil Liberties Union who with braggart pretense forward their nefarious un-American action.

Second. The minister of the gospel who aids it by his membership in subversive organizations and condemnation of national patriotism, and his callous indifference to the very documents which protect his profession.

Third. The American who fails to appreciate and practice high ideals, morals, and religion.

Fourth. And the actual cause itself, the foreign ingrate (not loving his own land) comes here and refuses to become part and parcel of America by accepting citizenship and working with the old stock of America, and yet continues to stir up strife and urges destruction of our cherished institutions.

We, therefore, demand on behalf of the oldest American patriotic society and citizens loyal to the traditions of the founders of our Republic, that the seven points with the addition of an eighth and ninth, advanced to the President and Congress be made an actual part of our national laws which will become a part of our national-defense program right in the midst of our Nation.

Mr. President, the nine points of this petition of the Patriotic Order Sons of America and American Citizens are as follows:

1. The immediate cessation of all immigration.
2. The immediate removal of all aliens from relief rolls or made-work projects.
3. The immediate deportation of all aliens who have been convicted of any major crime.
4. The immediate deportation of every alien whose entry into this country was illegal.
5. The immediate deportation of all aliens who have resided in this country for a period of 2 years without declaring their intention of becoming citizens.
6. An amendment to the Federal Constitution excluding aliens from the "right to free speech" when they advocate the overthrow of the United States Government or the assassination of public officials, and provide for deportation upon conviction.
7. A tariff sufficient to keep all foreign commodities out of the United States that can be produced in this country by our own citizens.
8. The exclusion of Austrian refugee immigrants from admission to this country within the established German quota.
9. Substantial taxation of all money sent back to foreign countries by citizens or noncitizens who earn their living in the United States of America.

Then the petition continues:

We, the following citizens of the United States of America, in cooperation with the Patriotic Order Sons of America, petition the President of the United States and Congress to enact into the law the contents and purpose of the nine points advanced in the above resolutions.

That is followed by a space for the names and, to the right, on the same line, a space for the addresses. The petition that I hold in my hand appears to have been signed personally by Thomas S. Wood, who has given in his own handwriting his address as North East, Md. That is followed by the signature of Mr. Lawrence M. Crouch, North East, Md.; Ella Y. Crouch, North East, Md.; Clementine H. Crouch, North East, Md.; Elizabeth Cox, Lincoln University, Pennsylvania; Charles W. Cox, Lincoln University, Pennsylvania; Charles A. Cox, Lincoln University, Pennsylvania; William T. Crouch, North East, Md.; Frank R. Crouch, North East, Md.; George W. Rudolph, Glenalden, Pa.; Anne G. Rudolph, Glenalden, Pa; H. S. Hess, Glenalden, Pa.; and Irene W. Hess, Glenalden, Pa.

Mr. President, I was advised by Mr. C. B. Helms, State secretary of the Patriotic Order Sons of America, who sent me these petitions for presentation, that in this batch and the others that I received by parcel post, and which are in my office, about 18,000 or 20,000 American citizens are petitioning the President and the Congress in reference to those nine points.

I have before me a resolution which I found in this batch on the letterhead of the Patriotic Order of Americans, dated June 7, 1939, at Easton, Pa., which reads as follows:

CAMP 83, PATRIOTIC ORDER OF AMERICANS,
Easton, Pa., June 7, 1939.

RESOLUTION OF ENDORSEMENT

Whereas Camp No. 83, Patriotic Order of Americans, is heartily in favor of the "Stop alien movement," we do hereby endorse the petition as set forth by the State camp of the Patriotic Order Sons of America.

MARY ELLEN WOODRUFF,
President.
ELSIE F. WELLER,
Assistant Secretary.

Mr. President, in order that those who hear me at this time, and in order that those who may read the RECORD may know something about the Patriotic Order Sons of America, I wish to read to the Senate a few extracts from a pamphlet printed by the Patriotic Order Sons of America.

On the cover sheet I note with inspiration at the top these words in quotation marks:

I pledge allegiance to the flag of the United States and the Republic for which it stands. One Nation indivisible, with liberty and justice for all.

Right below that appear the words:

Patriotic Order Sons of America.
Organized December 10, 1847.
Our oldest patriotic society.
All native Americans.
Issued by the Minute Men—National Organization Department, National Camp.
Patriotic Order Sons of America.
Sons of America Building, 1317–1319 North Broad Street, Philadelphia, Pa.

ORIGIN

The first seeds of our beloved order were sown in the early days of our Republic, in those trying times of Boston tea parties and the midnight ride of Paul Revere. Then brave patriots organized to overthrow the tyranny of kings; and later, during the history of our country, in times of peace and war, loyal, patriotic citizens have banded together to uphold the principles of Americanism and duty to our flag.

As a survival of many loyal bands, there arose the Patriotic Order Sons of America. Since the lighting of the first campfire in 1847 it has flourished through the years until there are now thousands of camps with a large membership throughout the Nation.

OUR MOTTO, "GOD, OUR COUNTRY, AND OUR ORDER"

Among the very first organizations founded strictly and purely for patriotic purposes, history informs us, was the Sons of Liberty, founded in the city of Boston just prior to the Revolutionary War. Through the efforts of this organization was disseminated in the minds of the patriots of the Old Bay State that the oppression of the mother country had at last reached such a stage as to become intolerable and unbearable, and that immediate steps should be taken to throw off the yoke that was fast crushing the life as well as manhood of the sturdy sons of the soil.

The attempted enforcement of the obnoxious Stamp Act proved the straw that led to a vigorous protest against further oppression, and which led to the formation of the famous tea party, which eventually led to armed hostility, and the formation of the Minute Men, who afterward played such a heroic part at Lexington, Concord Bridge, and Bunker Hill; and from the time the first shot was fired on Lexington Green to the surrender of Cornwallis at Yorktown the Sons of Liberty were considered among the most faithful adherents and supporters of the colonists in their struggle for freedom.

Later other patriotic organizations, such as the Order of United Americans and the Guards of Liberty, came into existence, each of which, for the time being, fulfilled the purpose for which they were founded, and then quietly became extinct.

The year 1845 was reserved for the formation in Philadelphia of the United Sons of America, which later became the parent order of Junior Order Sons of America, later changed in name to the Patriotic Order Sons of America, and now one of the most progressive, most popular, most influential, as well as the strongest patriotic organization in the country.

This is especially true of the order in Pennsylvania, in which there are now 700 subordinate camps of the order. Other States have substantial and flourishing camps.

I digress to say that in my State of North Carolina we have innumerable camps. My recollection is that the national secretary of the Patriotic Order Sons of America advised me that the order today has in the United States about 375,000 active members, with camps in every State of the Union. I am glad to have the opportunity of bringing to the attention of the Members of this body just who the gentlemen are who are sponsoring the circulation of these petitions, in order that the Members may know that the sponsors belong to one of the oldest and one of the most patriotic orders in America.

FOUNDING OF THE ORDER

It entered the minds of the members of the United Sons of America that there should be established a patriotic training school for the American youths, in which to teach them the principles of true Americanism, the full meaning of patriotism, their duty to their country, love for the flag, to support its institutions, and loyalty to the statute laws of the country. The prime idea in the formation of this training school, so-called, was to found an organization to be composed exclusively of American-born boys between 16 and 21 years as a feeder for the parent order. The members, however, were required to undergo a tuition in the auxiliary order from the time of their entrance therein until they became 21 years of age, when their membership was to be transferred to the parent organization.

Dr. Reynell Coates, of Philadelphia, and a member of the United Sons of America, than whom a more sturdy, true, and loyal patriot the country has never produced, was selected to carry the idea of the order into effect and consummate the formation of the auxiliary branch. To be instructed was to act, and Dr. Coates immediately set to work to lay the foundation for what was afterward named the Junior Order Sons of America. His first work was to formulate a ritual for the use of the order, draft a code of laws for its government, and prepare a declaration of principles. This having been accomplished, he issued a call for a meeting, to be held December 10, 1847, for the formation of the first camp of the new order. The minutes show that 23 boys between the ages of 16 and 21 years attended this meeting, all of whom signed the roll, and thus was constituted the first camp of the Junior Sons of America. At this same meeting the rules, regulations, etc., formulated by Dr. Coates were adopted.

Col. E. Z. C. Judson, a literary genius of national reputation, writing under the nom de plume of Ned Buntline, was among the zealous coworkers with Dr. Coates in this work. Later Colonel Judson wrote the three-degree ritual of the order, known as the red, white, and blue degrees. Dr. Coates died in Camden, N. J., April 27, 1886, at the advanced age of 84 years, having given the best service of his long life to patriotic work.

PROGRESS OF THE ORDER

Immediately after the lighting of the first campfire of the order, December 10, 1847, plans were formulated to extend the order into other sections of Pennsylvania as well as in other States. On June 2, 1848, Camp No. 2 was instituted at Pittsburgh, Pa., and from this time forward the order had a steady growth, until at the breaking out of the Civil War it was firmly established in 20 States and Territories.

State and national conventions were held from time to time, but these were simply of an advisory character, not having any legislative authority of any great extent, Camp No. 1, of Philadelphia, remaining the charter-granting power of the order.

Then the little booklet goes on to explain about the first national convention, the reorganization plan of the order, the Minute Men, and the objects of the order. In order to save time I am going to skip the other matters.

THE MINUTE MEN

For trained service in supporting the ideals and institutions of our country, the order has within it "The Minute Men."

"Trained to be just, kind, and courteous at all times, peace and happiness will brighten the course you follow. Prepared to do your duty at a minute's notice, you will not be dismayed.

"Being Minute Men of the Patriotic Order Sons of America, your God, your country, and your fellowmen will know you better by the lives you live and the labors you perform."

Right there I digress to say that when we were having public hearings on the neutrality bill, under the direction of our able and friendly colleague, the Senator from Nevada [Mr. PITTMAN], some of the representatives of the Minute Men in the State of New York came down to testify, and contributed considerably by way of information and inspiration of a patriotic nature to the Members of the Senate, who always are eager to listen to suggestions as to how to keep this country out of war.

I know that Senators are interested in the objects of the order, so I will read that part of the pamphlet:

OBJECT OF THE ORDER

The order has for its objects:

First. To inculcate pure American principles.

Second. To teach loyalty to American institutions.

Third. To cultivate fraternal affection.

Fourth. To oppose foreign interference in State or national affairs.

Fifth. To oppose all appropriations of public moneys for sectarian purposes.

Sixth. To maintain and support the Constitution of the United States of America.

Seventh. To defend and maintain the American system of public schools.

Then we come to the preamble to the constitution and the platform of principles, which I am going to pass over and not ask that it be printed as part of my remarks.

The next heading is:

VALLEY FORGE

Among the many accomplishments of the order there is none that stands out more prominently than the noble, heroic part it took in the preservation of Washington's headquarters at Valley Forge. That sacred historic edifice was fast going to decay, when a number of patriotic women of Montgomery and Chester Counties resolved to do their very utmost to save it, and with this end in view they formed an association and proceeded to raise money by various ways for the purchase of the building, and grounds attached thereto, which was eventually consummated at a cost of $6,000, of which amount they paid $3,000, leaving a mortgage of $3,000. They struggled nobly and bravely to raise the balance in order to lift the mortgage, and finally appealed to the Patriotic Order Sons of America to aid them in their noble effort. The executive committee immediately took the matter up, considered it favorably, and at once went to the rescue of the noble band of patriotic women. By the liberal voluntary contribution of the camps of the order, as well as by individual members of the order, it was not long before sufficient money was raised, not only to pay off the mortgage but also to restore the old stone mansion to its original condition when Washington occupied it as near as it was possible to get it; improvements were made from time to time to the grounds; trees were planted; additional ground was acquired; and when, finally, the State took it from the association to add to the State park there was no lovelier spot on earth, and it will stand there forever as a monument to the patriotism of the Patriotic Sons of America and the Valley Forge Centennial and Memorial Association.

Mr. President, I am very happy to have brought to the attention of this body that particular portion of this pamphlet. I think it was a mighty fine thing on the part of the members of the Patriotic Order Sons of America to contribute several thousand dollars to the lifting of the mortgage upon that Revolutionary shrine, as we might call it, at Valley Forge.

I wish to say in that connection that I have observed with a great deal of interest and inspiration the part our Department of the Interior and the administration generally are playing in preserving American shrines. I hope that as we proceed in that direction our administration and our Government generally may see fit and proper to secure for our Government such valuable, interesting, historic shrines throughout the entire world.

We go to one place in Virginia and find that a shrine there is owned by the Daughters of the American Revolution. We go to another place, perhaps in Maryland, and find that a shrine there is owned and maintained by the Sons and Daughters of the Confederacy. We go to another place and find that a shrine is owned and under the supervision of the Federal Government, the Department of the Interior. I suggest, with all respect to the Daughters of the American Revolution and the Daughters of the Confederacy, and the Sons of the American Revolution and the Sons of the Confederacy, who are maintaining historic shrines, that I should like to see all of them, of every nature, under the direction of the Government, and maintained at the expense of the Government, in order that the millions of the American people

who are travelers and tourists, and who are annually trekking over the United States, may be provided opportunity of visiting these shrines of a historic nature.

I have just mentioned Valley Forge, in Pennsylvania. There are many shrines in Virginia. Starting from the city of Washington, we cross the Arlington Bridge into Virginia, and right over on the hill opposite this city is the Tomb of the Unknown Soldier, which is under the direction of the Government, and there is always a guard of honor there. Then there is the home of that great leader of the Southern Confederacy during the unfortunate days of the Civil War, Robert E. Lee.

When we proceed further "Virginiaward," so to speak, we come to Alexandria, and there is buried the unknown soldier of the Revolutionary War. I understand that shrine is under the direction of those who are affiliated with a certain church, or religious organization.

We proceed from Alexandria to Fredericksburg, and in Fredericksburg we find the home of the mother of George Washington, and her last resting place, marked by a great granite tower which reaches heavenward. We see there the law offices of James Monroe, the fifth President of the United States, the author of the Monroe Doctrine, about which we have been talking so much recently, and which we will discuss a great deal more when the question of neutrality reaches this floor for discussion. I understand that shrine is owned by individuals, and that there is a charge of 25 cents to enter it.

Then there is in Fredericksburg the Masonic Temple, attended by Washington as a Mason when he lived in that neighborhood, and I am informed that therein was presented to Lafayette an honorary degree in Masonry when he was visiting the Father of his Country.

These and other similar shrines should be under the direction of and maintained by the Federal Government in order that all the American people, rich and poor, might view them, be inspired by them, and be informed by them, without cost.

Across the river from Fredericksburg we are shown the spot where George Washington, when he was a little boy, threw a silver dollar from one bank of the river to the other; and I may say to the Senator from Michigan, who exhibits keen interest when I mention the silver dollar, that in those days the silver dollar really did go further than it does now.

Mr. VANDENBERG. It weighed more, too.

Mr. REYNOLDS. Just a little farther on is the little weatherboarded office in which George Washington began the practice of his favorite profession, that of surveying, and near there it is said there is the stump of a little cherry tree which someone says Washington cut down. The place where Washington started his surveying I want under Government control.

Down the road about 10 miles is Wakefield, and there George Washington was born, and there I believe his father and his grandfather and great-grandfather were born. It is now under the Department of the Interior, and is being well maintained.

Farther down the road, but a few miles farther, is Stratford, where Robert E. Lee, the leader of the Confederacy, was born; and I believe Richard Henry Lee was also born there, the man who suggested the Declaration of Independence in the Continental Congress, as well as Light Horse Harry Lee. That shrine is maintained by the Daughters of the Revolution, according to my recollection.

A little farther down the road is the battlefield of the Crater. No battle was ever fought in history similar to that. Senators remember the history of the Battle of the Crater. That battlefield has but in recent years been taken over by our Government.

Down the road a little farther is the birthplace of Henry Clay, one of the most brilliant men who ever sat in this body. A little farther on is the birthplace of Patrick Henry. Those places are marked only by little stone markers. Farther on is that great shrine to Stonewall Jackson, the great Confederate cavalry leader, and there is the little house where he died.

Mr. President, I commend the Patriotic Sons of America for having contributed $3,000 to lift the mortgage from the shrine at Valley Forge. There are almost as many shrines in our sister State of Maryland, which those who are accustomed to riding around on Sunday have seen from time to time, and I think it would be a fine thing if the Federal Government owned them and there were no charge for entering them, because our people have become travelers.

I see in the galleries of the Senate the young men who will take our places in this body some day. They are travelers, and they know that the best way to gather information of a lasting nature is through visiting places, and when they begin to read history they will be more greatly interested in the places they visit. The Patriotic Order Sons of America have headquarters at Valley Forge.

I see in the Chamber now the distinguished and beloved President of this body, the Vice President of the United States, who hails from one of the greatest States in the Union, the State of Texas. I remember visiting San Antonio and the Alamo, and the old building is standing there now. That State certainly has a most interesting history.

A few nights ago I saw a motion picture—and I might as well mention this, as we are just chatting along this evening. This picture was called The Conquest, played by a very handsome, broad-shouldered fellow, Richard Dix, who took the part of Sam Houston. It is a very interesting picture. The State of Texas—what a future it will have. Outside of North Carolina, it has the brightest prospects for the future among all the States of the Union. I was never so delighted and surprised in my life as when, 2 or 3 years ago, I was motoring from Washington down to Mexico City by way of the fair at Dallas and Fort Worth and saw the improvements which had been made since I had visited there several years ago which were certainly something to be marveled at. There are many shrines in the State of Texas which we might preserve under the ownership and protection of the Federal Government.

Mr. President, the Patriotic Order Sons of America, to which I have referred, has headquarters at Valley Forge. The history proceeds:

P. O. S. OF A. HEADQUARTERS AT VALLEY FORGE

Later the Valley Forge Park Commission purchased the building owned by the Washington Camp No. 150, of Valley Forge, paid the camp $6,000 for the building, and turned over to the order the old Riddle mansion, standing on the hill directly across the old dam and facing Washington Inn. The camp expended over $5,000 on the building, and it stands there a monument to the P. O. S. of A. and its achievement and service to the Nation in saving Washington's headquarters. State Secretary Charles Brumm Helms—

Whom I have mentioned several times this afternoon—

represented the camp and the State camp in the negotiations with the park commission, and was informed that the income from the funds collected by the State camp and turned over to the State, when they took the headquarters over, was still paying for the repairs and upkeep on the headquarters. No other organization of later days can ever have a headquarters on the park grounds, for none other rendered like service for the common good.

Mr. President, let me say something about the practical work done by the order. I see the Presiding Officer is greatly interested in the patriotic work being done by this great American institution.

The PRESIDING OFFICER. The Chair thanks the Senator for the compliment.

Mr. REYNOLDS. Since the present occupant continues to preside, I shall read further:

PRACTICAL WORK BY THE ORDER

The brief history of the order would not be complete if we should fail to refer to what the order has accomplished in many ways to secure legislation, both State and National, for the further safeguarding of the cherished institutions of our country and other worthy and much-needed purposes.

Then the subject of compulsory education is dealt with. I am very anxious to read that part of the history, because we all know that America is the greatest Nation upon the face of the earth, and one reason why it is the greatest

Nation upon the face of the earth, as educators will agree, is because we in this country believe in educating the masses and not confining the educational opportunities to the classes. Fortunately in our great country the poorest child is really provided with as much opportunity for education as is the richest. It has often been said, and I believe it to be true, that, after all, the strength of a nation lies in its intelligence, and not in its great muscular power. We see evidence of that right now in the Orient. There is China with about four hundred to five hundred million people. No one knows how many people are there. It is estimated there are between four and five hundred million people there. However, a census has never been taken in China. That country is rapidly being conquered by a nation possessed of a population of only 80,000,000 people, the country of Japan, exclusive, I believe, of the nationals of Korea. I am glad that this order was interested initially in compulsory education.

COMPULSORY EDUCATION

The order has ever believed that the only way to make good citizens was to educate the youth of the country. The order by resolution insisted on the Pennsylvania State Legislature enacting a law which would compel every child below a certain age to attend the public schools. A bill was introduced, a legislative committee was appointed by the State camp to go to Harrisburg and remain there until the bill became a law. Circulars and petitions were sent in large quantities at various times, urging the members of the house and senate to give their vote to the passage of the bill. The bill did pass, the Governor signed it, and the compulsory-education bill is now a law of the Commonwealth, all credit for same to the Patriotic Order Sons of America.

The Patriotic Order Sons of America are interested in education.

Mr. President, I shall not take the time of the Members of the Senate to read the other headings. One has to do with the flag bill, and we are all interested in that. Another is with respect to distorted histories of this country. Another chapter deals with the acts of patriotic service being rendered. The last is in reference to immigration, concerning which I have spoken here this afternoon, together with information relative to its legislative committees. Then follows a summary. I shall ask permission of the Senate to have that summary embodied in my remarks at this point.

The PRESIDING OFFICER. Without objection, it is so ordered.

The summary is as follows:

SUMMARY

The Patriotic Order Sons of America has assumed a position of power and influence, which gives a guaranty of its ability to endure the changes of time and fortune, as well as to wield a controlling hand in shaping the future destinies of our Nation; especially through its stern and indomitable resolve to shield our public-school system from bigoted and illegal influence.

It fosters a patriotic love of country, which impels a constant and vigilant watch over all our laws and liberties, and affirms its determination that they shall neither be broken nor condemned with impunity by home traitors or alien malcontents.

We favor such additional changes in our immigration laws as will more effectively prevent the importation of cheap foreign labor and exclude anarchists and nihilists who come here to foment strife, to trample on our institutions, to overthrow our customs, to conspire against lawfully constituted authority, to assassinate officers of the law, to terrorize the community, and to exalt the red flag of the commune above the Stars and Stripes.

When we consider the rapid growth of our country, the necessity of our organization becomes apparent to preserve from utter annihilation those cherished ideas that have made us a distinctly separate and progressive people.

Mr. REYNOLDS. Mr. President, in conclusion I wish to say that I am very happy indeed to be honored by the Patriotic Order Sons of America in that it has asked me to present the petitions to the Senate of the United States upon the point that I have just read, the petitions being from approximately 18,000 to 20,000 persons, signed by members of the order and others.

I thank the Members of this body for their kind indulgence at this late hour.

STABILIZATION FUND AND WEIGHT OF THE DOLLAR

The Senate resumed the consideration of the bill (H. R. 3325) to extend the time within which the powers relating to the stabilization fund and alteration of the weight of the dollar may be exercised.

The PRESIDING OFFICER. The question is on the amendment proposed by the Senator from Colorado [Mr. ADAMS].

Mr. THOMAS of Oklahoma. Mr. President, it is now 18 minutes to 5 o'clock. There are seven or eight Members on the floor. I desire to address the Senate, but naturally not under the present circumstances. If we can have a recess until tomorrow I should like to retain the floor and make such remarks as I have to submit at a more auspicious time. Otherwise I shall be forced to ask for a quorum, because I do not desire to speak to empty benches.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield to the Senator from Kentucky.

Mr. BARKLEY. I was diverted for a moment and did not hear all of the Senator's statement.

Mr. THOMAS of Oklahoma. I just made the suggestion that at the time I rose there were only seven or eight Members on the Senate floor. I desire to speak on the measure now before the Senate, but naturally I do not desire to speak at 5 o'clock in the afternoon to less than a dozen Members of the Senate.

Mr. BARKLEY. Mr. President, I should not like to have the Senator be obliged to speak to an empty Senate. I know he is going to discuss seriously an amendment which he has offered to the pending measure. I feel, however, that it is necessary to try to get a vote on the pending amendment and on the bill as soon as possible. To that end I shall ask the Senate to meet at 11 o'clock tomorrow instead of 12. I am willing to move that the Senate take a recess now.

Mr. THOMAS of Oklahoma. I shall be glad to have the Senate meet at 11 o'clock, and to address the Senate at that time.

HOUR OF MEETING TOMORROW

Mr. BARKLEY. Mr. President, I ask unanimous consent that when the Senate concludes its business today it stand in recess until 11 o'clock a. m. tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXECUTIVE SESSION

Mr. BARKLEY. I now move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE REPORTS OF COMMITTEES

Mr. HARRISON, from the Committee on Finance, reported favorably the nomination of James L. Travers, of Duluth, Minn., to be collector of customs for customs collection district No. 36, with headquarters at Duluth, Minn. (Reappointment)

Mr. WALSH, from the Committee on Naval Affairs, reported favorably the nomination of Rear Admiral Harold R. Stark to be Chief of Naval Operations in the Department of the Navy, with the rank of admiral, for a term of 4 years from the 1st day of August 1939.

He also, from the same committee, reported favorably the nominations of sundry officers for appointment and promotion in the Navy.

Mr. BARKLEY, from the Committee on the Library, reported favorably the nomination of Archibald MacLeish, of Connecticut, to be Librarian of Congress.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

The PRESIDING OFFICER (Mr. TOBEY in the chair). The reports will be placed on the Executive Calendar.

If there be no further reports of committees, the clerk will proceed to state the nominations on the calendar.

THE JUDICIARY—ASSISTANT ATTORNEY GENERAL

The legislative clerk read the nomination of Oetje John Rogge, of Illinois, to be Assistant Attorney General of the United States.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

UNITED STATES ATTORNEY, DISTRICT OF NEVADA

The legislative clerk read the nomination of William S. Boyle, of Nevada, to be United States attorney for the district of Nevada, which had been reported from the Committee on the Judiciary adversely.

Mr. PITTMAN. Mr. President, I ask that that nomination go over.

The PRESIDING OFFICER. The nomination will go over until the next calendar day.

Mr. PITTMAN. No; not to a day certain. The junior Senator from Nevada [Mr. McCARRAN] and I desire to discuss that nomination. So I ask that it go over.

The PRESIDING OFFICER. Without objection, the nomination will go over.

Mr. McCARRAN. Mr. President, I inquire what action was taken with respect to that nomination?

Mr. BARKLEY. The Boyle nomination went over.

DEPARTMENT OF THE INTERIOR

The legislative clerk read the nomination of Leo F. Sanchez to be register of the land office at Santa Fe, N. Mex.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. BARKLEY. I ask that the nominations of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations of postmasters are confirmed en bloc.

That completes the calendar.

RECESS

Mr. BARKLEY. As in legislative session, I move that the Senate take a recess under the order previously entered.

The motion was agreed to; and the Senate (at 4 o'clock and 45 minutes p. m.) took a recess, the recess being, under the order previously entered, until tomorrow, Wednesday, June 21, 1939, at 11 o'clock a. m.

CONFIRMATIONS

Executive nominations confirmed by the Senate June 20 (legislative day June 15), 1939

ASSISTANT ATTORNEY GENERAL

Oetje John Rogge to be Assistant Attorney General of the United States.

REGISTER OF THE LAND OFFICE

Leo F. Sanchez to be register of the land office at Santa Fe, N. Mex.

POSTMASTERS

ALABAMA

James D. McEachern, Brundige.
Charles E. Niven, Columbiana.
Bessie L. Butler, Double Springs.
Willie W. Whittaker, Flomaton.
Clarence C. Calhoun, Jackson.
Nathaniel J. Davis, Marion.
Charles R. Cain, Oakman.
William W. Wilson, Oneonta.

MONTANA

Martin P. Browne, Lambert.

NEW YORK

Fuller F. Cornwall, Alexandria Bay.
Harry A. Stolz, Bethpage.
Margaret L. Lauchert, Blasdell.
Alphonzo E. Fitch, Cazenovia.
Elizabeth Zoeller, Centerport.
Bert W. Wood, Dexter.
Hugh C. O'Neill, Holcomb.
Julia C. McManus, Montrose.
Harry M. Fisher, Jr., Nanuet.
Alvah P. Saulpaugh, Red Hook.
Rose H. Breen, Roslyn.
Francis T. Nichols, Smithtown Branch.
Edmund H. Lawler, Spring Valley.
Howard W. Smith, Unadilla.

OKLAHOMA

Maud L. Vaughan, Supply.

PENNSYLVANIA

Rebecca A. Murphy, Cherry Tree.
Marguerite E. Tryon, Croydon.
Joseph Polacky, Dallas.
Mary Liberatore, Denbo.
Allan Rye, Edinboro.
Ross F. Rick, Girard.
Robert J. Courtney, Gouldsboro.
Kathryne A. Bird, Guys Mills.
Albert C. Beard, High Spire.
Charles E. Puskar, Imperial.
James A. Sproull, Leechburg.
Joseph Harper Galbraith, McDonald.
George W. Burgner, Morrisville.
Mary M. Davis, Mount Morris.
Walter S. Mervine, Mount Pocono.
Chester A. Bower, New Oxford.
Andrew S. Knepp, North East.
Robert C. Moore, Oxford.
George A. Lehman, Patton.
Harold L. Heimbach, Quakertown.
Jesse S. Stambaugh, Spring Grove.
Ronald S. Kayzer, Tioga.
Nicholas A. Staub, Trucksville.
Charles V. Johnston, Woolrich.
Minnie E. M. Busser, York Haven.

SOUTH CAROLINA

Ralph G. Kennedy, Batesburg.
Charles P. DuBose, Camden.
William H. P. Faddis, Clearwater.
Harris P. DuBose, Jefferson.
Junius Scott Bagnal, Manning.
J. Sidney McNeill, Ninety Six.
Jesse B. Taylor, St. Matthews.
Maebelle B. Orvin, St. Stephen.
James M. Nelson, Summerton.
Stacy Kearse, Walterboro.
Nellie B. Birt, Williston.

VIRGINIA

Edgar E. Shannon, Bland.
William T. Paxton, Buena Vista.
Bourbon N. Kibler, Luray.
Thomas M. Hesson, Monroe.
Samuel B. Harper, Stuarts Draft.

WYOMING

James C. Jackson, Sheridan

HOUSE OF REPRESENTATIVES

TUESDAY, JUNE 20, 1939

The House met at 12 o'clock noon.

Rev. Chesteen Smith, retired Methodist minister, Washington, D. C., offered the following prayer:

Gracious God, our Infinite Father, we crave divine guidance for the duties of each day.

We come conscious that high privileges involve grave responsibilities. Therefore, we ask that Thou wilt help us to meet the issues which face us with clearness of thought, with unselfish purposes, and with true devotion to the common good.

As citizens of a glorious commonwealth, a heritage made possible for us by the toils and sacrifices of heroic men and women, may we never forget our obligation to do our part in

holding this Nation true to the ideals of democracy, to the promotion of brotherhood, and to the creation of those convictions which will make for the lasting peace of the world. Clothe with power those who are endeavoring to meet international strife with wise diplomacy. Increase the power of good will. Deepen the sense of our mutual dependence. Hasten the day when cooperation shall become a more dominant principle in our social and economic life.

Teach us the art of living unto Thee. In all our policies may character values be kept supreme. May the service of this day be of high quality and bring lasting benefits to those who are depending upon us. These things we ask in the name of the Christ who revealed Thee to mankind. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Latta, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills of the House of the following titles:

On June 16, 1939:

H. R. 4218. An act making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1940, and for other purposes.

On June 19, 1939:

H. R. 162. An act to make effective in the District Court for the Territory of Hawaii rules promulgated by the Supreme Court of the United States governing pleading, practice, and procedure in the district courts of the United States;

H. R. 3065. An act to amend Public Law No. 370, Seventy-fourth Congress, approved August 27, 1935 (49 Stat. 906); and

H. R. 4084. An act to provide for the reimbursement of certain personnel or former personnel of the United States Navy and United States Marine Corps for the value of personal effects destroyed as a result of a fire at the marine barracks, Quantico, Va., on October 27, 1938.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 2150. An act to amend section 8 of the act entitled "An act to supplement laws against unlawful restraints and monopolies, and for other purposes," particularly with reference to interlocking bank directorates, known as the Clayton Act.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1569) entitled "An act to amend the Agricultural Adjustment Act of 1938, as amended."

WATER-BORNE COMMERCE

Mr. WARREN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. WARREN. Mr. Speaker, I am informed that at the present session of Congress a bill will probably reach the floor which, among other things, would seek to place all water transportation in the Nation under the control and regulation of the Interstate Commerce Commission. This measure is inimical to agriculture, to labor, to shippers, to consumers, and to the American people as a whole. It will affect every section of the country and it will immediately mean higher freight rates in every section when all of our efforts should be made to reduce them.

Mr. MAPES. Mr. Speaker, will the gentleman yield?

Mr. WARREN. Not now.

Mr. Speaker, the Secretary of War, on June 7, wrote a letter to the House Committee on Interstate and Foreign Commerce which simply blasts this measure out of the water. This letter exceeds by half a page the length of the matter which may be inserted without a statement of cost from the printer and consent of the House. I have such statement. I ask unanimous consent to insert this letter of the Secretary of War and also a statement signed by about 10 Members of the House of Representatives on this measure.

Mr. RICH. Mr. Speaker, reserving the right to object, what will the cost of printing this be?

Mr. WARREN. The rule allows two pages. This letter would take two and one-half pages. The estimate is that it will cost $113. It is in effect a public document from the Secretary of War and is the most informing thing on the subject that has ever been written.

Mr. RICH. Cannot the Members get that public document without having it inserted in the RECORD?

Mr. WARREN. I do not mean that it has been made a public document.

Mr. RANKIN. It will not actually cost any more than the ink it is printed with and the paper it is printed on so far as the Printing Office is concerned.

Mr. RICH. If this request is granted it will give permission for Major General Ashburn to tell the public what he thinks of waterways and transportation when the gentleman knows that it is a Government-operated concern going in the hole all the time, yet Major General Ashburn says it is making a profit.

Mr. WARREN. This has nothing whatever to do with any of General Ashburn's views; it is a letter from the Secretary of War.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. MAPES. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. MAPES. Mr. Speaker, I do this for the purpose of asking the gentleman from North Carolina question. I happen to be on the side lines just watching the wheels go around as a disinterested spectator; but a rumor is going around the Capitol that there is a very active lobby working on the membership of the House in behalf of the water transportation people to defeat the legislation which is being considered now by the Committee on Interstate and Foreign Commerce. Can the gentleman from North Carolina enlighten the House any upon that subject?

Mr. WARREN. I shall be glad to give the gentleman all the knowledge I have. In the first place, I have never seen or heard of a lobby in behalf of water transportation.

Mr. MAPES. Surely the gentleman has heard of the Mississippi Valley Association.

Mr. WARREN. Oh, yes; I have heard of that association; but this comes from Members of the House. The only lobby that has been around here, as the gentleman well knows, are the railroad executives who have camped here from the time this Congress opened and who are trying to drive this measure through. [Applause.]

Mr. MAPES. It is not the only one. The gentleman will find a very active water lobby also. I know the gentleman is not influenced by either one, but this legislation ought not to be prejudged before the Committee on Interstate and Foreign Commerce reports it to the House. A subcommittee of that committee is now working on a draft of it. I am not a member of that subcommittee, but it is writing its own bill and the House should not be prejudiced against it in advance of knowing what is in it. In this connection it may not be out of place to state that some of us understand that the administration favors the passage of railroad legislation at this session of Congress.

ERADICATION OF GRASSHOPPERS

Mr. CUMMINGS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

Mr. CUMMINGS. Mr. Speaker, you will doubtless remember that on June 12 Congressman TAYLOR called up a resolution providing funds to be used in the war against grasshoppers. Today I received a paper published at Hugo, county seat of Lincoln County. This is an infested area, and I am going to read short extracts regarding the work being done in this territory. It will give you some idea of its magnitude and the amount of money needed. If this fight is successful, the people in this section will be amply able to care for themselves. If it is a failure, it will be necessary for most of them to receive assistance of some kind.

Monday an additional appropriation measure passed Congress and the word "Go" was flashed to local and Federal officials in charge of the grasshopper campaign.

No time was lost in reorganizing the battle lines, and Wednesday there were 125 spreaders, with 2 men to a spreader, in the field at various sectors over the county. By Thursday the army forces will be augmented to the 700 mark, 500 men being employed by the Government and county, besides 70 C. C. C. boys acting as scouts in the field and 10 C. C. C. trucks also in service. Lincoln County has 25 trucks thrown into the war campaign. An additional 10 hand crews with 10 men to a crew, will also be added to the spreading force if the help can be obtained.

The W. P. A. have a force of over 100 men at Hugo, transferred from various projects to the hopper program, and every available man is employed in this fight to the finish.

It is planned to have a force of 250 men mixing poison at the Hugo plant by today in the three shifts, and the cry for more poison will probably cease when this army of mixers get into high gear.

During the 4 days' let-up, Mr. Hopper is just a little bigger and gayer, and some of the sections that were conquered during the first week of the campaign are again infested and must be gone over again with poison.

In the southern part of the county it is believed that the hoppers will take to the air within the next week or 10 days if they are not conquered.

Notwithstanding that the original appropriation had been exhausted, carloads and carloads of material have been rolling into Hugo. Last Saturday 7 carloads of sawdust were received, shipped here from Newcastle, Wyo. Another 10 carloads were received Tuesday. Two cars of bran and two carloads of arsenite were also unloaded the fore part of the week. Monday another carload of hopper spreaders were received and unloaded, making a total of 75 "war machines" shipped in by the Federal Bureau. During the several days' suspension of hostilities those in charge made preparations for a fight to the finish when the word was broadcast to go to work again.

LOYALTY

Mr. RABAUT. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Michigan [Mr. RABAUT]?

There was no objection.

Mr. RABAUT. Mr. Speaker, on June 14 my son, Francis Dermott Rabaut, S. J., Litt. B., M. A., received the latter degree from Loyola University, Chicago. This morning's mail brought me the program of the sixty-ninth annual convocation of that university. As I studied the program I came upon the pledge recited by the successful candidates for degrees:

> I solemnly pledge myself:
> To hold this degree as a sacred trust;
> To serve God and my fellow man;
> To keep my honor untarnished;
> To be loyal to my country and my flag;
> To be faithful to my alma mater until death.

The striking contrast between this solemn pledge and the unloyal suggestions made by some "pinks" holding teacher chairs in our schools and universities stands in bold relief as a timely suggestion to discriminating fathers and mothers in this Nation. Well may we recall the loyalty in the phrase of the song, My Country, 'Tis of Thee; likewise the truth of the statement, "As ye sow, so shall ye reap."

EXTENSION OF REMARKS

Mr. RANDOLPH. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia [Mr. RANDOLPH]?

There was no objection.

SEVENTY-SIXTH ANNIVERSARY OF ADMISSION OF WEST VIRGINIA INTO THE UNION

Mr. RANDOLPH. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

Mr. RANDOLPH. Mr. Speaker, this is the seventy-sixth anniversary of the admission of West Virginia into the United States. [Applause.]

Born from the strife of the War between the States, West Virginia has justified her separate existence as a Commonwealth where men and women of courage and character live together. They well realize and discharge the highest responsibilities of citizenship. In West Virginia there is a blending of the culture and the tradition of the old South with the industry and the activity of the North. From these elements have grown a progressive people, mindful of the past, yet ever looking to the future.

In 1936, based upon the census figures of 1930, West Virginia citizens participated in the general election to the extent of 91 out of every 100 eligible voters, whereas the percentage throughout the Nation was but 67 out of every 100.

So I pay deserved compliment today on this anniversary of West Virginia and to its people, who believe and live the words of our State motto of "Mountaineers are always free men." [Applause.]

[Here the gavel fell.]

THE NATIONAL LABOR RELATIONS ACT

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Michigan [Mr. HOFFMAN]?

There was no objection.

Mr. HOFFMAN. Mr. Speaker, yesterday we passed a tax bill under authority conferred upon us by the people, rendered necessary to carry on the activities of the Government.

For many weeks, yes, for months—John L. Lewis, without mandate from the people, has been levying tribute without rebuke from the White House, with the aid of the National Labor Relations Act and the National Labor Relations Board, upon hundreds of thousands of men who earn a meager wage by their daily toil. He has been collecting this money to finance his political and union activities, donating on one occasion $470,000 to the New Deal campaign fund.

His chauffeur drives him around in an expensive automobile, when he does not travel by train or plane. He has been voted a salary of $25,000 per year and not long ago had an expense account of $1,000 a month.

Racketeers in New York, in Kansas City and other places, have been sent to jail, but this conducted by Lewis is a legalized racket and he gets away with it because he is the protégé of the White House; of the New Deal administration.

How much longer do we intend to let this man levy his tribute which retards reemployment, which interferes with the orderly carrying on of industry, which is a growing malignant cancer, eating into the vitals of our economic structure, continue on his course for the only apparent reason that the New Deal will need his political support in 1940?

Let the gentlemen of the Ways and Means Committee, which committee was characterized the other day as being "pusillanimous," bring some pressure to bear upon the House Labor Committee that has been fussing around with the Wagner Act so long; get that bill out on the floor and amend it, so as to stop John's levying of tribute. He is no George III to tax without representation. Let us now deflate that political balloon which he is getting ready to send up in 1940.

[Here the gavel fell.]

EXTENSION OF REMARKS

Mr. GEARHART. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Appendix of the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from California [Mr. GEARHART]?

There was no objection.

THE RAILROAD LOBBY

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi [Mr. RANKIN]?

There was no objection.

[Mr. RANKIN addressed the House. His remarks appear in the Appendix.]

COMMUNISM IN OUR MERCHANT MARINE

Mr. O'BRIEN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. O'BRIEN]?

There was no objection.

Mr. O'BRIEN. Mr. Speaker, I ask unanimous consent to revise and extend my remarks in the RECORD and incorporate therein a letter from Ralph Emerson, who was purged by the National Maritime Union.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

[Mr. O'BRIEN addressed the House. His remarks appear in the Appendix.]

PERMISSION TO ADDRESS THE HOUSE

Mr. FISH. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. FISH. Mr. Speaker, I hold in my hand a letter which appeared in the Washington Post today, signed by Linn A. E. Gale, attacking me for my efforts in behalf of neutrality and to keep this country out of war. This is typical Communist propaganda. Mr. Gale was one of the leaders of the Communists in Mexico. When I was chairman of the committee investigating Communist propaganda back in 1930, he appeared before the committee and stated he was "a 100 percent American Communist." I would be very glad to have everybody read this letter so they may know that all these Communists want us to go to war against Japan and Germany for the benefit of Soviet Russia and with the added hope and expectation that win or lose that we will emerge a Communist nation.

Mr. HOFFMAN. What was Gale down in Mexico?

Mr. FISH. Just a Communist leader and organizer.

Mr. HOFFMAN. He was in jail down there, was he not?

Mr. FISH. I believe he was sent to prison for evading the draft and served 3 years for denouncing war, but now in accordance with the Communist policy he wants us to go to war in defense of Soviet Russia.

[Here the gavel fell.]

EXTENSION OF REMARKS

Mr. BOLTON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on the subject of proposed expansion of the Air Corps.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. SNYDER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein certain excerpts from the hearings on the supplemental War Department appropriation bill.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. RICH. I cannot refrain from commenting on the statement made a few minutes ago by the gentleman and distinguished Member of the House from Mississippi [Mr. RANKIN] regarding the lobbying of the railroads for legislation affecting their interests. Why would not they do something to help their terrible plight? Ever since Mr. McAdoo took them over during the World War they have had a hard fight for existence. They are vital and necessary to our national welfare. Why regulate them by the I. C. C. and let all other forms of transportation go scot free from regulation?

Now, the point I want to make is this: The Government operates and owns the Inland Waterways Corporation; they frank their mail; the Government gives them office space; the Government owns all the stock, and they pay nothing for the use of the money; the Government makes the right-of-way by building locks and dams in the river; they get many gratuities; they make their own rates. Why would not an institution of this kind kill all railroads? It is not fair, it is not just; it is not what our Government is set up for. Get the Government out of business. Major General Ashburn, who operates the Inland Waterways, with all its Government gratuities, says he makes a profit in its operation; but I beg to differ with his statement, because he does not figure the items of cost that a privately operated company would have to figure with. We should get the Government out of the transportation business, and certainly the I. C. C. should regulate their rates. That would be honest and just regulation of a Government-owned corporation. Why not regulate the Government corporations as well as the individual corporations?

[Here the gavel fell.]

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD with relation to H. R. 5632, and to include therein an editorial from Fortune magazine dealing with tax-exempt securities.

The SPEAKER. Is there objection to the request of the gentleman from Montana?

There was no objection.

Mr. COLMER. Mr. Speaker, I ask unanimous consent to extend my own remarks by inserting in the RECORD a brief editorial from the Duluth News Tribune of Monday, June 5, 1939, on the subject of taxing Uncle Sam.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. GEYER of California. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein an article written by Heywood Broun appearing in the Philadelphia Record on the subject of theater projects.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. VOORHIS of California. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein portions of a radio address by Mr. Nordscog, delivered in Los Angeles.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. BURGIN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein an editorial appearing in the Greensboro News, one of the prominent independent papers of North Carolina.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

VETO MESSAGE FROM THE PRESIDENT OF THE UNITED STATES—CONSTRUCTION OF A BRIDGE ACROSS THE NIAGARA RIVER

The SPEAKER laid before the House the following veto message from the President of the United States:

To the House of Representatives:

I return herewith, without my approval, H. R. 6109, a bill entitled "An act to extend the times for commencing and completing the construction of a bridge across the Niagara River at or near the city of Niagara Falls, N. Y."

The act of June 16, 1938 (Public, No. 117, 75th Cong.), authorizing the construction of this bridge, provided, in section 4 thereof, that:

The bridge constructed under the authority of this joint resolution shall be deemed to be an instrumentality for international

commerce authorized by the Government of the United States, and said bridge and the income derived therefrom shall be exempt from all Federal, State, municipal, and local taxation, and said bonds and the interest thereon shall be exempt from all Federal, State, municipal, and local taxation.

Previous to the enactment of the act of June 16, 1938, and subsequent thereto, I have withheld my approval of a number of bills authorizing the construction of bridges where such bills contained tax-exemption provisions similar to those contained in the act of June 16, 1938, because I could find no compelling reason for relieving such bridges of such taxation. In approving the act of June 16, 1938, its tax-exemption provisions were overlooked. I propose to correct this oversight by withholding my approval of H. R. 6109.

I am not opposed to legislation authorizing the construction of the Niagara Falls bridge, and if a bill should be enacted to accomplish this purpose, without containing tax-exemption provisions, I would be glad to give it my approval.

I am especially mindful, as I am certain the Congress is also, that the trend of public opinion and of legislative action is toward the ending of all tax-exempt features in the issuance of future securities of any nature, public or private.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *June 20, 1939.*

The SPEAKER. The objections of the President will be spread at large on the Journal.

Mr. BLOOM. Mr. Speaker, I move that the bill and message be referred to the Committee on Foreign Affairs and ordered to be printed.

The motion was agreed to.

LABOR DEPARTMENT APPROPRIATION BILL, 1940

Mr. TARVER. Mr. Speaker, I call up the conference report on the bill (H. R. 5427) making appropriations for the Labor Department for the fiscal year ending June 30, 1940, and for other purposes, and ask unanimous consent that the statement of the managers may be read in lieu of the report.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee on conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5427) making appropriations for the Labor Department for the fiscal year ending June 30, 1940, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 7, 12, and 13.

That the House recede from its disagreement to the amendments of the Senate numbered 2, 4, 5, 6, 8, 9, 10, and 11, and agree to the same.

Amendment numbered 3: That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$1,200"; and the Senate agree to the same.

Amendment numbered 16: That the House recede from its disagreement to the amendment of the Senate numbered 16, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$207,200"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 1, 14, and 15.

M. C. TARVER,
JOHN M. HOUSTON,
LOUIS C. RABAUT,
CHARLES A. PLUMLEY,
ALBERT J. ENGEL,
Managers on the part of the House.

KENNETH MCKELLAR,
RICHARD B. RUSSELL,
PAT MCCARRAN,
J. H. BANKHEAD,
H. C. LODGE, Jr.,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5427) making appropriations for the Labor Department for the fiscal year ending June 30, 1940, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

On amendment No. 2: Approves Senate action in inserting so-called "average" provision dealing with salary increases, which provision was inadvertently not included in the bill as it passed the House.

On amendment No. 3: Places limitation of $1,200 on the amount that may be expended for streetcar fare from the contingent expense paragraph, instead of $500, as provided by the House, and $1,800, as proposed by the Senate.

On amendments Nos. 4 and 5: Changes the position of language authorizing teletype service and tolls within the paragraph for contingent expenses as proposed by the Senate.

On amendment No. 6: Appropriates $233,620 for contingent expenses, as proposed by the Senate, instead of $250,120, as proposed by the House.

On amendment No. 7: Appropriates $1,216,700 for traveling expenses, as proposed by the House, instead of $1,221,700, as provided by the Senate.

On amendment No. 8: Appropriates $454,800 for printing and binding, as proposed by the Senate, instead of $438,300, as provided by the House.

On amendment No. 9: Eliminates authority to expend funds appropriated under the Children's Bureau for maternal and child welfare for printing and binding, as proposed by the Senate.

On amendment No. 10: Appropriates $324,000 for maternal and child welfare under the Children's Bureau, as proposed by the Senate, instead of $334,000, as provided by the House.

On amendment No. 11: Corrects the title of a cited act, as proposed by the Senate.

On amendment No. 12: Appropriates $1,095,000 for salaries of the United States Employment Service, as proposed by the House, instead of $1,135,640, as provided by the Senate.

On amendment No. 13: Places a limitation of $580,000 on the amount that may be expended for personal services in the District of Columbia from funds appropriated to the United States Employment Service, as proposed by the House, instead of $600,320, as provided by the Senate.

On amendment No. 16: Appropriates $207,200 for expenses of the Wage and Hour Division, other than salaries, instead of $196,800, as proposed by the House, and $273,170, as provided by the Senate.

Amendments in disagreement

The committee of conference report in disagreement the following amendments:

Amendment No. 1, which proposes to exempt five employees in the Office of the Secretary from the civil-service laws.

Amendment No. 14, relating to the appropriation for salaries of employees of the Wage and Hour Division.

Amendment No. 15, proposing to make $100,000 of the appropriation for the Wage and Hour Division available immediately.

M. C. TARVER,
JOHN M. HOUSTON,
LOUIS C. RABAUT,
CHARLES A. PLUMLEY,
ALBERT J. ENGEL,
Managers on the part of the House.

Mr. TARVER. Mr. Speaker, I do not believe the conference report contains any matters of sufficient controversy to merit separate discussion. The report has received the approval of all five House conferees. Therefore, Mr. Speaker, unless someone desires to ask questions with reference to the contents of this report, I move the adoption of the conference report.

The SPEAKER. The question is on agreeing to the conference report.

The conference report was agreed to.

The SPEAKER. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Amendment No. 1: Page 2, line 9, after the word "examinations", insert the following: "*Provided further*, That persons (not exceeding five in number) now detailed to the Office of the Secretary from the United States Employment Service may be continued in the Office of the Secretary and paid from the amount herein appropriated without regard to the provisions of the civil-service laws requiring competitive examinations."

Mr. TARVER. Mr. Speaker, I move that the House insist on its disagreement to Senate amendment No. 1, and in explanation of that motion I think a few words in explanation of the contents of the amendment would be proper.

The Senate amendment proposes that five employees who have heretofore been detailed from the United States Employment Service to work in the office of the Secretary of Labor shall be continued in that employment without regard

to civil-service laws. The United States Employment Service, of course, is now being transferred to another organization and this is evidently the reason the Department of Labor desires this authority.

The conferees on the part of the House have felt that it would be an exceedingly unfortunate thing to undertake to amend statute law dealing with civil-service employment in the departments by adoptng this provision, which is legislative in character, inserted in the Senate. We have not questioned but that the experience of these employees and their capability, as demonstrated by the several years they have already been detailed to the work in the office of the Secretary of Labor, render their retention in their present employment in that office desirable, but we feel that their retention should be effected without amending existing statutory law and that it could be accomplished by the passage of an Executve order covering these employees into the civil service after taking a noncompetitive examination, and for these reasons the House conferees thought the House should still insist upon its disagreement to the Senate amendment.

The SPEAKER. The question is on agreeing to the motion offered by the gentleman from Georgia.

The motion was agreed to.

Mr. TARVER. Mr. Speaker, amendments Nos. 14 and 15 relate to the same subject matter, and I ask unanimous consent that they may be considered together.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

The SPEAKER. The Clerk will report the Senate amendments in disagreement.

The Clerk read as follows:

Amendment No. 14: On page 17, in line 15, strike out "$2,339,000" and insert "$2,439,000."

Amendment No. 15: In line 17, after the word "Columbia", insert "*Provided*, That not to exceed $100,000 of the sum herein appropriated shall be immediately available."

Mr. TARVER. Mr. Speaker, I move that the House insist on its disagreement to Senate amendments Nos. 14 and 15.

The motion was agreed to.

A motion to reconsider the several votes by which the several motions were agreed to was laid on the table.

SHIPMENT OF PETROLEUM

Mr. COLE of Maryland. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (S. 1302) to make permanently effective the act entitled "An act to regulate interstate and foreign commerce in petroleum and its products by prohibiting the shipment in such commerce of petroleum and its products produced in violation of State law, and for other purposes," approved February 22, 1935, as amended, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill S. 1302, with Mr. CALDWELL in the chair.

The Clerk read the title of the bill.

The first reading of the bill was dispensed with.

Mr. COLE of Maryland. Mr. Chairman, I yield myself 5 minutes.

The bill now before the Committee, S. 1302, known as the Connally "hot oil" bill, presents a matter which has been passed on favorably by the House on two previous occasions. In 1934, when the problems of the petroleum industry were very definitely before the Congress, a resolution directing an investigation of the petroleum industry was passed, the resolution directing the Committee on Interstate and Foreign Commerce of the House to conduct the investigation. It was my privilege to be chairman of the subcommittee in charge of that work. Serving with me were the gentleman from Indiana, former Representative Pettengill, whose place is now ably filled by the gentleman from Tennessee [Mr. PEARSON]; the gentleman from Illinois [Mr. KELLY], who, I am sorry to say, is sick in the hospital at this time, and for whom we all wish a speedy and complete recovery; and from the other side my friend from Michigan [Mr. MAPES]; and my friend the gentleman from New Jersey [Mr. WOLVERTON]. This committee worked hard on a most tedious and complicated subject, and, following a very intensive study lasting until January of 1935, a report was made.

The report of the subcommittee did not recommend legislation of this character at the time because the Supreme Court had before it for decision—which decision was handed down within a few months of our committee's report—the constitutionality of section 9 (c) of the National Recovery Act, known as the Connally amendment.

When that part of the National Recovery Act was declared unconstitutional, new legislation, the original Connally bill, was presented. Instead of enacting permanent law, as Senator CONNALLY requested in the original bill, and as the Senate passed the measure, your committee in 1935 recommended a 2-year period only. Following expiration of that law in 1937, Congress renewed the measure for 2 additional years, expiring June 30, 1939. Today we are considering the advisability of further extending the effect of the present law beyond the last of this month, when it again expires. The Senate bill provided for permanent legislation. Ycur Committee on Interstate and Foreign Commerce recommends unanimously the renewal of this legislation, but for a temporary period of 3 years. The only criticism of this legislation presented to us in the hearings—and we have taken testimony each time, hearing every witness who appeared—has been the opportunity that legislation of this character might provide for fixing the prices of petroleum products. With that I am not in sympathy, because I look upon this measure as a conservation statute offered in aid of what I think all of us should encourage the decision of the great oil-producing States of this country to prevent as much as possible the waste of this resource.

The CHAIRMAN. The time of the gentleman from Maryland has expired.

Mr. COLE of Maryland. Mr. Chairman, I yield myself 5 additional minutes.

Mr. CARLSON. Mr. Chairman, will the gentleman yield?

Mr. COLE of Maryland. I yield.

Mr. CARLSON. Did I understand the gentleman to state that this law would expire in 2 years?

Mr. COLE of Maryland. The law expires this year, June 30, and this legislation extends it for 3 additional years. Each time this bill is presented the debate develops into a discussion of our petroleum problems nationally, and at times internationally. There is nothing of more importance to this Congress and to the country than to know from time to time just how we stand, so to speak, in relation to the rest of the world regarding our petroleum resources. The main problem in the producing States with which we have to deal is in the State of Texas, but all producing States are handling the problem as they deem best and are attempting to conserve this great resource for as long a time as possible. At this point I ask unanimous consent to insert as a part of my remarks a few statements from a letter of June 19 written by the Associate Director of the Conservation Division of the Department of the Interior.

The CHAIRMAN. Is there objection.

There was no objection.

The letter follows:

UNITED STATES DEPARTMENT OF THE INTERIOR,
PETROLEUM CONSERVATION DIVISION,
Washington, June 19, 1939.

Hon. WILLIAM P. COLE, JR.,
House of Representatives, Washington, D. C.

DEAR MR. COLE: In response to your request of today by telephone, I am sending you the following information as to the petroleum reserves of the United States and of foreign countries.

The proved petroleum reserves in the United States as of January 1, 1939, totaled 17,348,146,000 barrels, according to an estimate made by the committee on petroleum reserves of the American Petroleum Institute. These figures include all grades of crude oil and distillate known to be recoverable from areas already proved by drilling under existing economic and operating conditions. Included in this total is an estimate of 810,493,000 barrels, covering the discoveries during 1938 of new pools and of new producing horizons in old

pools. In preparing its 1939 estimate, the committee increased by 2,243,571,000 barrels its previous estimate of petroleum reserves as of January 1, 1938, thereby increasing that figure from the total of 15,507,268,000 barrels, as originally announced, to the revised figure of 17,750,839,000 barrels. This upward revision was credited to further development by drilling and the additional information obtained during 1938. These estimates do not include any allowance for the reserves which may be contained in untested formations or structures.

Although it usually has been considered that petroleum reserves are increased by new discoveries, a material portion of the upward revision in the petroleum reserves totals during recent years has resulted from the cumulative knowledge of increased recoveries which are anticipated under operating methods which make possible the increased recovery of oil through the more efficient use of the natural reservoir energy. You will recall the testimony of Messrs. Lindsly and Miller before your petroleum subcommittee in 1934, particularly Mr. Miller's statement (pt. I, pp. 39–40) that only 10 to 20 percent of the original oil was withdrawn from the reservoir sands by recovery methods which were in vogue until a few years ago, and that by the more efficient methods which he described recoveries of from 30 to 60 percent may be had. Accordingly, as such more efficient methods have been employed, a reappraisal of expected oil recoveries thereunder has resulted in increasing the estimate of reserves, i. e., the quantity of oil underground in the proven fields which the industry expects to bring to the surface. The institute committee in its 1938 report referred to this as follows:

"Although many of the increases in the reserves of oil fields are due to the enlargement of productive areas, changes have also resulted from increased efficiency in development and production methods, which are utilizing to better advantage than heretofore the natural water drive and the lifting force of gas, with decreased waste of energy, and therefore increase of recoverable petroleum. There can be no doubt of the immense value of the best modern engineering practice in facilitating recovery and thereby augmenting recoverable reserves."

It has been a general practice to divide such estimates by the current rate of withdrawal and measure the reserves in terms of years' supply. If the current estimate of petroleum reserves, 17,348,146,000 barrels, were divided by the 1938 crude oil production, 1,213,254,000 barrels, the result would indicate that our present reserves are equivalent to a 14.3 years' supply at the 1938 rate of production. This figure is approximately the same as that presented to your petroleum subcommittee in 1934, when Mr. Hale B. Soyster presented the petroleum reserve estimate of 13,250,000,000 barrels, as of January 1, 1934, which, at the 1933 rate of production, was equivalent to approximately a 15 years' supply, although, as Mr. Soyster pointed out, it would not be possible to continue the rate of withdrawal at a constant level for 15 years, and that, with the declining rate which would be expected, it might take 30 to 40 years to withdraw the oil.

The Petroleum Administrative Board, in its report on the cost of producing crude petroleum, December 1935, indicated that the reserves, in terms of years' supply, also express company policies as to the size of required oil reserves, the aggregate reserves being a composite of such separate policies and the extent to which each company may have approached or exceeded its goal in this respect. The Board, in its report, stated (p. 132):

"Of the 20 companies reporting the largest production during 1934, the reserves of 1 at the end of 1934 represented less than 5 years' supply when divided by the production in 1934; 7 recorded reserves of 5 to 10 years' supply; 8 recorded reserves of 10 to 15 years' supply; and 4 recorded reserves of 20 or more years' supply. The average for the 20 companies indicated a 14½ years' supply at the rate of production in 1934."

The following table indicates that, since 1922, oil discoveries in the United States have been nearly equal in quantity to approximately twice the amount of oil produced:

	Barrels
United States crude-oil production, 1922–38	15,285,090,000
Oil reserves, Jan. 1, 1939	17,348,146,000
Total	32,633,236,000
Less proven reserves, Jan. 1, 1922	5,000,000,000
United States oil discoveries, 1922–38	27,633,236,000

Most of the preceding data as to petroleum reserves have been taken from the reports on the subject published by the American Petroleum Institute, with which other summaries, such as those prepared by the Oil and Gas Journal and some individuals, are in approximate accord. Information as to petroleum reserves in the United States or abroad is not assembled as a regular function of any agency of the Federal Government. It may be noted also that petroleum reserves have been gaged almost entirely in terms of quantity, less attention having been paid to the quality of the oil included therein or the probable cost of its production.

Comparable estimates as to petroleum reserves in foreign countries are not available. The most favorable of the estimates which have been made by individuals credit the United States with slightly less than half of the world's petroleum reserves, while others have placed the ultimate share of the United States as low as between 10 and 20 percent. It is certain that the search for oil in the United States already has been more intensive than in foreign countries generally, hence the prospect for continued oil discoveries appears relatively more favorable abroad than at home. As the search for oil abroad becomes more intensive and as more definite knowledge is had as to the actual potentialities of the oil deposits which already have been found in foreign countries, it is probable that our portion of the world's oil reserves will tend to measure relatively smaller, rather than larger. On the other hand, more oil is consumed in the United States than in all other countries combined. A simple comparison of these two relationships indicates that, unless the trend is checked in some manner, an oil shortage may be expected in the United States in advance of a corresponding scarcity abroad.

I trust this may give you the information requested.

Sincerely yours,

E. B. SWANSON, *Associate Director.*

Mr. COLE of Maryland. This statement furnishes some very interesting figures as to the approximate reserves in the United States at this time, and the possible duration of the life of our petroleum deposits at the present rate of withdrawal. Our own country possesses a little less than 50 percent of the petroleum of the world. We are withdrawing our oil more rapidly than other countries are theirs. The State of Texas passed legislation regulating production of petroleum in order to prevent its waste, and thereby save it for future use, in line with the admitted common-sense decisions of the leading economists and geologists. It is in east Texas where the production is so tremendous. It has been shown in the past to be next to impossible for the great State of Texas to enforce rigidly the orders of the railroad commission, which is the conservation commission of that State. Therefore the Federal Government by this legislation provides that whenever the President so declares the necessity for it, tender boards shall be established, and following that no oil shall be shipped in interstate commerce which has been produced in violation of the State law. Why such a helping attitude on the part of the Federal Government to the States, in a matter of this character, is objected to, I have never been able to understand. It is easy to understand, however, why the objection to the legislation is so trifling, and I say that with all respect to those who object to it. Their arguments present principally conjecture and imagination. The President of the United States has signed this measure on two occasions. The Secretary of the Interior recommends permanent legislation instead of a renewal for a temporary period. I hope that this committee will see the wisdom of following the recommendation of the Interstate and Foreign Committee, which is unanimous in reporting this measure.

The CHAIRMAN. The time of the gentleman from Maryland has again expired.

Mr. HOBBS rose.

Mr. COLE of Maryland. Mr. Chairman, I yield myself 1 additional minute.

Mr. HOBBS. Mr. Chairman, will the gentleman yield?

Mr. COLE of Maryland. Yes.

Mr. HOBBS. I think the House has demonstrated it is fully in accord with the manifest purpose of this legislation by passing it in previous Congresses, and I for one voted for it.

But I would like to ask the distinguished chairman handling the bill if in actual operation he thinks there is any justice for the criticism that it has militated against the interests of independent producers?

Mr. COLE of Maryland. Personally I think not. We heard the so-called independent producers. There are quite a number of independent organizations; that is, they are labeled as such. They appeared before the committee. One group I think to which the gentleman refers claims that this measure has a tendency to restrict production to the point of permitting price fixing as was mentioned in the Wisconsin cases. I do not believe there is much merit in the claim they are making.

[Here the gavel fell.]

Mr. COLE of Maryland. Mr. Chairman, I yield myself 1 additional minute.

Mr. HOBBS. Is it or not a fact that the contrary, under its allocation provisions, would tend to be true, and that it has, in actual practice, benefited some of the small owners and producers?

Mr. COLE of Maryland. Undoubtedly so.

[Here the gavel fell.]

Mr. WOLVERTON. Mr. Chairman, I yield 10 minutes to the gentleman from Illinois [Mr. DIRKSEN.]

Mr. DIRKSEN. Mr. Chairman and members of the Committee, when we first enacted the "hot oil" bill in February of 1935 the State of Illinois as such had no particular interest in that bill. We had no particular interest in it, because the amount of petroleum produced in the State of Illinois was so moderate in quantity that we were not particularly affected by that legislation, but since that time there has been a very definite development of petroleum in our State, and today we rank fifth, being exceeded only by Texas, California, Oklahoma, and Louisiana.

The development of petroleum production in Illinois extends over a long period of time. It is about 60 years ago that the first oil was produced in commercial quantities in the States, but it was not until 1908 that we really witnessed activity in the petroleum field. In 1908 Illinois produced 19 percent of the Nation's oil supply. Then there was a diminution in production for a period of almost 20 years, but in 1936 there was a rather fresh interest developed. In that year 92 wells were drilled, 52 of which were proven producers. Gross production for the State for the year was about four and one-half million barrels. In the following year 447 wells were drilled, 292 of which were producers, and gross production jumped to 7,426,000 barrels as compared with four and one-half million barrels in 1936. Since then, there has been an increase in the annual production of 60,000,000 barrels in 2 years.

In 1938, an intensive oil boom got under way. Of the 2,541 wells drilled in that year, 2,011 were producers and total production for the year jumped to 4,284,000 barrels from the old fields and 23,934,000 barrels from new fields.

In the month of January 1939, 225 wells were drilled. Drilling continues in many sections of the State and oil experts are of the opinion that Illinois has made only a start in the field of petroleum production. Large companies have more than two and one-half million acres under lease which remain to be tested. Virtually all existing wells are of the shallow type, ranging from 1,300 to 3,500 feet in depth. No concerted effort has been made to tap the deeper sands and there is every reason to believe that within the next few years Illinois may be runner-up for laurels in the petroleum field. On the basis of reported production for the month of April 1939, gross production for the year will exceed 65,000,000 barrels and new wells are being drilled every month in a more widely expanded area. Illinois therefore has a new and larger interest in all national legislation affecting the production, transportation, and sale of petroleum and petroleum products.

The pending bill, which continues in effect until June 30, 1942, the so-called "Hot Oil" Act of 1935, and which is designed to prohibit the shipment and transportation of contraband oil in interstate commerce, is, of course, designed to bring a measure of stability to the petroleum industry and to prevent its complete disruption under the impact of cheap bootleg oil.

But while we are giving attention to the domestic-oil industry and seeking to restrict the shipment in commerce of contraband oil for the purpose of bringing a measure of stability and prosperity to the industry, this Congress should also be giving attention to another matter which is equally important to the industry. I refer to the mounting imports of oil from foreign countries.

For the calendar year 1938, total imports of petroleum were 54,063,924 barrels, or an average of 148,120 barrels daily. This is the equivalent of the entire Texas production for more than 1 month. It is the equivalent of 3 months' production from California wells. It is the equivalent of 4 months' production from the Oklahoma field. It is the equivalent of the Kansas production for an entire year, and it is the equivalent of all the petroleum produced in the State of Illinois for a period of almost 10 months.

Most of this petroleum comes from Venezuela and the Guianas. On the oil which is imported for bonded warehouses and vessels, no tax whatsoever is imposed. On that portion which enters for purely domestic consumption, the tax is only one-half cent per gallon, or 21 cents per barrel. Presumably, this arrangement is in pursuance of the good-neighbor policy with Latin America, but nobody will argue that it has a healthy or stimulating effect upon the domestic petroleum industry. How much more realistically Great Britain handles this situation. She imposes a tax of 3 cents per gallon, or $1.26 per barrel, on imported oil and thus protects her coal industry. We, on the other hand, protect neither our diminishing coal industry or our petroleum industry and permit imports of petroleum either free or at a duty which is so small as to be negligible or of no effect in providing protection.

There is now pending before the Ways and Means Committee H. R. 12, introduced by the gentleman from West Virginia, Representative JOE SMITH, which would raise the duty from one-half cent to 3 cents, and thus effect some measure of protection for both domestic oil and coal. This bill was introduced on January 3, 1939. A bill similar in purpose and effect was introduced in January 1936 by the gentleman from Oklahoma, Representative DISNEY. Hearings were held, but to date no action has been taken on this important proposal.

It is most obvious to anyone that the whole import of this legislation and of the proration system devised by the various States is to provide price stability in the oil industry and prevent such ruinous price levels as 10 cents per barrel for crude petroleum, such as the country witnessed in 1933. To prevent this state of affairs protection of price levels is sought through regulation, control, and proration of the domestic supply.

If that is the case, then why permit as much as 54,000,000 barrels of foreign-produced oil to come into this country under a negligible duty to aggravate the very problem that we are seeking to correct by restrictive legislation that shall extend to 1942?

Now, if you can figure that out, well and good; but it occurs to me everybody who is interested in the production of petroleum and in the maintenance of stability in the petroleum industry we ought at the same time to address ourselves to this foreign trickle of oil that is constantly aggravating the problem.

I sincerely hope that one of these days the Ways and Means Committee can be charitable enough to give some attention to the Smith bill, to afford extended hearings, and determine whether or not we cannot raise that duty to 3 cents per gallon and bring it in line with what Great Britain is doing at the present time. [Applause.]

Mr. WOLVERTON. Mr. Chairman, I yield 5 minutes to the gentleman from Kansas [Mr. HOPE].

Mr. HOPE. Mr. Chairman, the sole effect of the act we are now considering renewing for 3 years is to enable the States which have enacted oil-conservation laws to really make those laws effective. Unless we have this law to protect these States from illegal shipments which might be made in interstate commerce there is a likelihood that in all of these States proration agreements will fail.

I believe it is not necessary for me to point out the deplorable condition in which the oil industry found itself back in 1932 when oil was selling as low as 10 cents a barrel in some of the flush fields. Suffice to say that the industry at that time was completely demoralized. As a result of the proration acts passed in the majority of the principal oil-producing States the industry has been stabilized and conservation has been made possible. The effect of these proration agreements in the various States has been both to stabilize prices and production and to conserve our oil resources by preventing the waste which always follows demoralization such as we had in 1933.

I know of no real opposition to this act. I understand, however, that there are some oil distributors who are opposing the renewal of this act because of some conditions which they think ought to be corrected in the matter of oil distribution. The way to correct those conditions is not by undermining and doing away with the proration laws of the various States, but by proceeding along the lines of legislation

such as the Biermann bill we had in the last session of Congress or the Harrington bill that was introduced in this session. I am not saying that I am in accord with these measures, but I do say that the way to get at that situation is not by following the wishes of some of the independent retailers and defeating this proposal.

Mr. STEFAN. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield.

Mr. STEFAN. The gentleman stated that there was no opposition to this bill. I may say to the gentleman that I have received several letters from independent dealers claiming that this bill is a price-fixing bill and will eventually affect the consumer. They are opposed to this bill. I merely want to correct the gentleman in his statement that there is no opposition to this bill.

Mr. HOPE. I think the gentleman will recall that I qualified my statement by saying that the opposition which has been expressed to this bill ought to be opposition directed to another phase of the oil industry. If there is a monopoly in the distribution of oil, it cannot be attacked successfully by attempting to turn loose these flush oil fields and thus demoralize the entire oil-producing industry.

Mr. DISNEY. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield.

Mr. DISNEY. The opposition to this bill comes, as the gentleman from Wisconsin said, not from producers, but from dealers who want a large amount of oil to sell. Is not that correct?

Mr. HOPE. That is exactly the situation.

Mr. DISNEY. Does the gentleman know of any independent oil producer who is not in favor of this bill?

Mr. HOPE. The independent oil producers of my State and, I am sure, of every section are in favor of this type of legislation, because it affords them the only protection they can have from price demoralization such as they underwent in 1933

[Here the gavel fell.]

Mr. WOLVERTON of New Jersey. Mr. Chairman, I yield the gentleman 3 additional minutes.

Mr. STEFAN. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield.

Mr. STEFAN. Will the gentleman agree that this is a price-fixing bill that eventually will mean a higher price for oil to the consumers?

Mr. HOPE. No; I will not agree with that statement. I call the gentleman's attention to the fact that on the basis of 1926 prices—that is the price level we have generally been going on as a basis of comparison—the price of gasoline to the consumer today is 65 percent of what it was in 1926, and it is practically the same today that it was at the time these oil proration agreements went into effect; in other words, the price of gasoline to the consumers today when producers are getting about a dollar a barrel is practically the same as it was when they were getting 10 or 20 cents a barrel.

Mr. STEFAN. But this bill will in no way lower the price of gasoline or oil to the consumer. It is a price-fixing bill in my opinion.

Mr. HOPE. I do not agree at all with the gentleman that it is a price-fixing bill. I will tell the gentleman what will happen if we do not have these State proration agreements and a measure of this kind to put them into effect: The independent oil producers of this country will be driven out of business and oil put into the hands of a few big companies, and then you would have a price-fixing proposition. [Applause.]

Mr. DOWELL. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield.

Mr. DOWELL. It is a fact, though, is it not, that this bill will hold up the price of gasoline?

Mr. HOPE. No; I do not agree with the gentleman that the bill will hold up the price of gasoline if he means it is going to fix the price at a certain definite level.

Mr. DOWELL. It is going to fix the price at a certain amount, that is, the minimum.

Mr. HOPE. We hope that this bill will prevent the price of crude oil going down to 10 cents a barrel or some such figure as it did when there were no proration agreements back in 1933.

Mr. DOWELL. But the gentleman just stated that unless this bill were passed the price of gasoline and crude oil would be reduced.

Mr. HOPE. I said that the price of crude oil would be reduced. I may further say to the gentleman from Iowa that if he is interested in a fair price for gasoline that he ought to support this bill, because this bill is going to enable the independent producers to stay in business. They are the ones who are furnishing the competition in the production of oil today.

Mr. THOMAS F. FORD. Mr. Chairman, will the gentleman yield?

Mr. HOPE. If I have any time left.

Mr. THOMAS F. FORD. Why, then, are my independent producers in California all opposed to it?

Mr. HOPE. I do not know why the gentleman's producers oppose it. I may say, though, that the gentleman's State is not cooperating with the other oil-producing States in trying to stabilize the oil industry. I do not know why his producers take that viewpoint. I do say that this bill will not adversely affect the independent producers of the gentleman's State.

[Here the gavel fell.]

Mr. COLE of Maryland. Mr. Chairman, I yield 10 minutes to the gentleman from Washington [Mr. COFFEE].

Mr. WOLVERTON of New Jersey. Mr. Chairman, I also yield the gentleman from Washington [Mr. COFFEE] 10 minutes.

A PLEA FOR FAIR COMPETITION AND JUSTICE TO THE CONSUMER OF PETROLEUM PRODUCTS

Mr. COFFEE of Washington. Mr. Chairman, it has been stated categorically upon the floor by the proponents of this legislation that there is no opposition to the bill or, if opposition, not of a formidable character. It has likewise been stated by the preceding speaker, the distinguished friend of agriculture, the gentleman from Kansas [Mr. HOPE], that the price of gasoline to the consumer will remain as it was prior to the enactment of this original legislation. I would like to treat that subject briefly in the course of my discussion.

MUCH MISLEADING INFORMATION CONFUSES

Mr. Chairman, this is an enormous field of discussion, and those who may not be familiar with its effect, its ramifications, and various phases can easily be misled into a wrong conclusion with reference to their attitude upon this legislation. The legislation embraces one of the most far-reaching and important measures that it has been proposed to put upon the statute books in recent years.

IT BEGAN WITH THE DISCOVERY OF THE EAST TEXAS OIL FIELD

The whole history of oil legislation, with particular respect to limitation of production, stems from bringing into production of the East Texas field in 1930. Prior to that time the oil companies did have what they called the Long pool and various other arrangements attempting to work out a price-fixing agreement; but in 1930 the East Texas field came into production. This was a field which the major oil companies had examined and had had their geologists explore, but which they turned down as not containing sufficient oil profitably to bring into production. Independent oil men went into this field, explored it, and brought in the richest oil field in American history.

Enormous quantities of cheap oil were put upon the market. The price of crude oil dropped from $1.10 to 10 cents a barrel. The major oil companies became panicky because the retail price began dropping all over the United States, and the consumers were getting a break for once in 20 years. The oil companies were not concerned with the consumers. They were concerned with the profits that they had been theretofore making.

SECTION 9C OF THE N. I. R. A.

They cleverly evolved an original agreement known as section 9c of the N. I. R. A. after the Roosevelt administra-

tion came into being. Prior to that time they had worked upon interstate compacts and other agreements of that kind.

Mr. Chairman, I wish to discuss section 9c of the N. I. R. A. That was an agreement similar to the Conally "hot oil" bill, and it was incorporated in the N. I. R. A. as the Oil Code Authority, but amazing as it may seem, the Supreme Court of the United States declared this act to be unconstitutional as an unreasonable restraint of trade. That was in the case of the *Panama Refining Co.* v. *Ryan* (293 U. S. 388). Thereafter, as you know, in the Schechter case, the United States Supreme Court invalidated all of the N. I. R. A. But immediately and with amazing promptitude the Congress of the United States accommodated the oil monopoly, and in February 1935 enacted into law the first Connally "hot oil" bill, but limited the measure to 2 years. That law went out of existence in the middle of June 1937.

THE CONNALLY "HOT OIL" BILL KEEPS BOBBING UP

Prior to that time, in the Seventy-fifth Congress, the Connally "hot oil" bill was again up for consideration, and by a vote of approximately 190 to 93 this Congress reenacted the Conally "hot oil" bill, extending it for 2 years. That 2 years expires on June 30, 1939. We now have the present bill up for consideration, and instead of extending the act for 2 years, the House Committee on Interstate and Foreign Commerce has recommended that it be extended for 3 years, or to June 30, 1942.

This bill has the ostensible O. K. of the Roosevelt administration. The Secretary of the Interior, Mr. Harold Ickes, for whom I have great respect and admiration, wrote a warm report advocating that this bill be enacted by the Congress. The Senate of the United States, instead of referring this bill to the Senate Committee on Interstate Commerce, referred it to the Senate Committee on Finance, of which the author of the bill is a member. That committee did not see fit to have any hearings on the bill whatsoever, and in a letter to me, signed by Senator HARRISON, it is stated they felt there was no appreciable opposition to the bill, and what opposition there was had been adequately taken care of in previous hearings. No hearings were had in the Senate, though the House committee accorded fair treatment to the bill's critics and permitted a plentitude of opposition testimony, with which the printed hearings are replete. The bill was sent through the Senate by unanimous consent virtually, and now it is over here.

THIS MEASURE PREDICATED ON UNSOUND PHILOSOPHY OF ECONOMY OF SCARCITY

What is the effect and philosophy of the Conally "hot oil" bill? The Connally "hot oil" bill applies only to one State, the State of Texas. True it is, there are six or seven other States which have oil-proration laws, including the States represented by preceding speakers who spoke in favor of the bill. The State of California had such an oil-production limitation law before its legislature in 1930, which bill passed the legislature, but on a referendum was submitted to the voters of California, and they, by a vote of better than 4 to 1, turned down the oil-production limit law of the Golden State. There is pending today in the Legislature of the State of California a similar oil-production law. Tremendous efforts are being made by the oil independents and consumer interests to oppose the enactment of this law as not being consistent with the philosophy of economy of abundance versus the economy of scarcity. You Republicans who were opposed to the farm bill on the general grounds of opposition to the philosophy of economy of scarcity cannot with consistency now come in and support a bill absolutely founded upon erroneous and outmoded philosophy of scarcity. Arbitrary curtailment of production is inherently dangerous. Its inevitable fruitage is disaster.

This bill proposes to limit production on the ground of conservation. It is contended by its eloquent proponents that we are concerned with conservation; we do not want any more oil produced in this country than will be utilized readily or normally by the consumers.

That is the contention of the sponsors of this bill. Very little is said about price stabilization. No, these great corporations are not interested in price stabilization; they are solely motivated by the altruistic hope of preserving for all posterity an exhaustible resource, namely, crude oil. Throughout the hearings you will find eloquently stated by these factitious conservationists that they are solely interested in preserving this God-given resource for the benefit of all America. If you will read carefully the hearings on this bill you will find very adequate and very well-documented arguments against the enactment of this bill. When Mme. Roland was being hauled to the guillotine in France in 1793, she looked up at the French flag and heard some people talking about liberty and freedom, and held up her hands to the sky and said, "O Liberty, what crimes are committed in thy name!" I say to this Congress, "O Conservation, what crimes are committed in thy name!"

WHY SHOULD OIL BE SINGLED OUT FOR SPECIAL TREATMENT?

Coal is an exhaustible resource. Yes, we did have the Guffey coal-control bill, a stabilization measure designed to fix some sort of a price for an exhaustible resource; but there was no limitation proposed upon the production of coal.

Lumber, an exhaustible resource. Has anyone had the audacity to propose to this Congress that we should limit the production of lumber by Federal law so that it would be preserved for all posterity?

We have other exhaustible resources in this country, but only in oil has it been proposed with brazen effrontery that we should limit the production of oil, with new fields coming in every day. As the gentleman from Illinois stated, in Illinois alone we are bringing in enough new fields to provide us a harbinger of what might be developed in other States of the Union if there were any encouragement to the exploration of potential oil fields.

Mr. HOPE. Mr. Chairman, will the gentleman yield right on that point?

Mr. COFFEE of Washington. I yield to the gentleman from Kansas.

Mr. HOPE. Does not the gentleman believe there is some distinction between forests and oil, in that forests are not irreplaceable whereas oil is substantially so?

Mr. COFFEE of Washington. I may state that there is some justice to what the gentleman says, but when you recall that merchantable timber of the type to which I refer in the Pacific Northwest takes from 100 to 250 years to reproduce, for all practical purposes it is an exhaustible resource.

Mr. COLE of Maryland. Mr. Chairman, will the gentleman yield?

Mr. COFFEE of Washington. I yield to the gentleman from Maryland.

Mr. COLE of Maryland. Does the gentleman know of any State conservation statute covering timber or other commodities such as the gentleman has tried to compare to oil?

Mr. COFFEE of Washington. I know of statutes attempting to provide for selective logging in lumber operations for the purpose of trying to assist in taking only a portion of the lumber, so that the supply would not be exhausted.

Mr. COLE of Maryland. I believe the gentleman knows the conservation statutes of numerous States sufficiently well to tell the committee whether he knows of any State statute in this country that is at all comparable.

Mr. COFFEE of Washington. Only to the extent that I have explained.

Mr. COLE of Maryland. I believe the fundamental difference between the gentleman, who appeared before the committee, and those of us who advocate this legislation, is that the gentleman from Washington is opposed to all State conservation statutes affecting our own resources.

Mr. COFFEE of Washington. Yes, with many reservations.

Mr. O'CONNOR and Mr. GEYER of California rose.

Mr. COFFEE of Washington. If you will let me proceed, I will yield in a minute.

I want to turn to that question of conservation because I may not have time to treat of it. If we are consistent on the subject of conservation we should absolutely embargo the export of oil. Do we do it? No. We are sending out scores

of millions of barrels of oil a year. Japan alone is consuming a large share of our export of oil. If we are logical on the subject of conservation we should wipe out the tariff on the importation of oil. We now have a tariff of 21 cents a barrel on crude oil, 2½ cents a gallon on gasoline, and one-half cent a gallon on crude oil. If we want to save our exhaustible resource why should we not welcome importations into the United States from other sources of this same resource, if we would with cogency rationalize our ostensible devotion to conservation?

Mr. BEAM. Mr. Chairman, will the gentleman yield?

Mr. COFFEE of Washington. I yield to the gentleman from Illinois.

Mr. BEAM. I am very much interested in the enlightening statement the gentleman is making. I should like to ask the gentleman, however, what his experience has been with the operation of the Federal tender board in the State of Texas, and whether or not if other States of the Union where oil is produced had such a board it would be beneficial to the consumer.

Mr. COFFEE of Washington. I feel if this bill were so amended as to make mandatory the application of this act to each of the oil-producing States where State proration is statutory, there would not be so much ostensible enthusiasm for the bill. In other words, in the State of Texas the real reason for the opposition to the East Texas field is that many of the wells in the East Texas field are owned by independents, and it is relatively cheap to produce oil there, whereas in the other oil-bearing States of the Union most of the wells are in the control of the major oil companies.

GASOLINE PRICES

Something was said about the price of gasoline, Mr. Chairman, and how it has stayed at the same height or less, than it was before the enactment of this law. I show you the Journal of Commerce and Commercial, of New York City, of Thursday, June 15, 1939.

At the top I read the headlines:

Sweeping gasoline price advances will be effected today.

This is an amazing coincidence, is it not, at the same time the Connally "hot oil" bill is up for enactment into law?

Mr. SIROVICH. Mr. Chairman, will the gentleman yield?

Mr. COFFEE of Washington. I yield to the gentleman.

Mr. SIROVICH. Could the oil companies themselves do that which this act does for them today?

Mr. COFFEE of Washington. No; because any such voluntary and private subvention would be classed as an unreasonable combination in restraint of trade and ipso facto a violation of the Federal antitrust laws.

Mr. SHEPPARD. Mr. Chairman, will the gentleman yield?

Mr. COFFEE of Washington. I yield to the gentleman.

Mr. SHEPPARD. I would like to ask the gentleman if he read last night's paper over in the right-hand corner of page 7, where it was announced that the Sinclair Oil Co. was being complimented for increasing its cost of gasoline one-half cent?

Mr. COFFEE of Washington. I read that, and I have a copy of that advertisement.

Mr. SHEPPARD. Does not the gentleman consider that quite timely?

Mr. COFFEE of Washington. Emphatically.

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield for a question?

Mr. COFFEE of Washington. I yield for just one question.

Mr. O'CONNOR. Can the gentleman explain this situation? In the State of Montana, for instance, we produce a lot of oil and they refine a lot of gasoline there, but you can buy Montana gasoline cheaper in the Eastern States than you can in the State of Montana, where you have to pay in the neighborhood of 25 cents a gallon for it.

THE IMMENSITY OF THE OIL COMBINE

Mr. COFFEE of Washington. Speaking of the State of Montana, in the city of Laurel, Mont., in immediate juxtaposition to the Laurel Leaf Refining Co. you will pay 27 cents, which is the highest retail price in the United States, right across the street from where the oil is refined. Can you tell me seriously there is not any oil monopoly? What about this oil monopoly? The oil monopoly in the United States is the largest aggregation of capital ever assembled together in the history of the world. By their own admission they have from fourteen to fifteen thousand million dollars invested.

Are they making any profits? Let me disclose to you just briefly what the Connally "hot oil" bill has done for the benefit of the oil companies. In 1934, before the act in its present form was in effect, the aggregate net profits of the 20 largest companies amounted to $152,000,000. In 1935, when the act was in effect, these net profits exceeded $254,000,000, and in 1937 the net profits of these major companies, with the help of the Connally "hot oil" bill, reached very nearly $566,000,000.

Oh, we are helping an "infant industry! We are helping an industry so rich that it adumbrates and outclasses all the other corporations in America.

Mr. SOUTH. Mr. Chairman, will the gentleman yield for one question?

Mr. COFFEE of Washington. I yield for one question.

Mr. SOUTH. In connection with the gentleman's comment on the recent rise in the price of gasoline, which I doubt, I would like to ask the gentleman if he noticed that the Texas Co. has rescinded its one-half-cent rise during the last day or so; and if so, what comment he would have to make on that.

Mr. COFFEE of Washington. I have not noticed any such action by the Texas Co.

Mr. SOUTH. The Texas Co. has rescinded the proposed rise of one-half cent.

Mr. COFFEE of Washington. I think that was very wise in view of the pendency of this bill. However, by way of elaboration of this topic I insert at this point an intriguing article in the New York Journal of Commerce and Commercial, of June 15, 1939:

[From the Journal of Commerce and Commercial, New York, June 15, 1939]

SWEEPING GASOLINE PRICE ADVANCES WILL BE EFFECTED TODAY—INCREASES SPREAD TO MANY SECTIONS—SHELL, CITIES SERVICE, TEXACO, ANNOUNCE HIGHER TANK-WAGON SCHEDULES

Sweeping gasoline price increases will be put into effect in many parts of the country by a number of the petroleum industry's leading companies today. Indications are that the upturn will spread to other rich marketing areas shortly.

Last week the Sinclair Refining Co. announced that, effective as of yesterday, it would raise gasoline prices one-half cent a gallon in the 42 States it markets in. Since that time other companies have raised their schedules.

Yesterday it became known that Shell Oil, Cities Service, and the Texas Co. have put into effect higher schedules. The Shell Oil Co. will advance dealer tank-wagon prices for gasoline one-half cent a gallon throughout New Jersey, Pennsylvania, Washington, D. C., Maryland, and Delaware.

TEXAS CO. RAISES PRICES

Early in the day it became known that the Texas Co. had advanced its dealer tank-wagon prices for all grades of motor fuel in New Jersey, Maryland, District of Columbia, Delaware, Louisiana, Maryland, Alabama, Mississippi, Kentucky, Florida, Georgia, Illinois, Wisconsin, Michigan, Minnesota, North and South Dakota, Iowa, Missouri, and Kansas.

Cities Service Oil Co. (Pennsylvania) announced late in the afternoon an increase in tank-wagon prices of Koolmotor and Cities Service ethyl in amounts ranging from one-tenth cent to five-tenths cent per gallon. The increase is effective immediately throughout the State of New York and New England, with the exception of Vermont, lower Connecticut, western New York, and Syracuse.

The company also announced an increase of up to one-half cent per gallon on the tank-wagon price of third-grade gasoline in metropolitan New York. In New Jersey the company announced an increase of one-half cent per gallon in tank-wagon prices of all grades of gasoline.

In addition, the company announced that it is establishing a new service-station price of 16.8 cents per gallon on Koolmotor gasoline in the New York metropolitan area.

Mr. HEALEY. Mr. Chairman, will the gentleman yield?

Mr. COFFEE of Washington. I will have to forego yielding for the moment unless I can get more time. I would like to be courteous, but my time is closing upon me.

The price of gasoline in 1935, the average price, was 13.55 cents to the people of the United States, exclusive of Texas. In 1936 it was 14.11.

In 1937, 14.40.

Then it dropped a little in 1938, as increased hard times came in, to 13.91.

In other words, the price of gasoline has gone up slightly as compared with the falling price of all other commodities in America; and while the prices of all other commodities have decreased nearly 2 percent since 1935, the price of petroleum products has actually increased nearly 9 percent.

In the price index from the United States Bureau of Labor Statistics you will find that in 1935, figuring 1926 as 100, petroleum products were 51.3, while all other commodities were 80.

In 1936, petroleum products, 57.3; all other products, 80.8; in 1937, petroleum products, 60.5; all other products, 86.3. In 1938, petroleum products were 55.9 and all others 78.6. In other words, the increase was 8.9 percent in petroleum products, while the contemporaneous decrease in all other products amounted to 1.75. That shows that the oil monopoly has enjoyed the benefits of Uncle Sam stepping in and saying, when oil is shipped in interstate commerce, "we shall step in and give protection to the oil monopoly." Yet a little while ago the President of the United States vetoed a bill—S. 90; see Senate Document No. 77, of first session, Seventy-sixth Congress—which provided that those who took stolen animals from one State to another illegally should be arrested on the ground that it contravenes sound Federal power.

Mr. SIROVICH. Mr. Chairman, will the gentleman yield?

Mr. COFFEE of Washington. Yes.

Mr. SIROVICH. Is this law enforced anywhere outside of east Texas?

Mr. COFFEE of Washington. The law is not enforced anywhere outside of east Texas, because that is the only locality where there is vital and effective competition, although we have compacts in those States which have oil-limitation laws, and in those States they permit what is called an allowable, in the amount of oil sold, which is equivalent to the consumer normal demand, and that demand is figured by the United States Department of the Interior, but amazing as it may seem, the consumer demand is always figured at less than it actually is.

The CHAIRMAN. The time of the gentleman from Washington has expired.

Mr. COLE of Maryland. Mr. Chairman, I yield the gentleman 3 minutes more.

Mr. VOORHIS of California. Mr. Chairman, will the gentleman yield?

Mr. COFFEE of Washington. I am most happy to yield to the brilliant young liberal from California.

Mr. VOORHIS of California. I rise to ask the gentleman about his last statement. As I understand it, the Department of the Interior, according to what the gentleman said, makes an estimate that is below the real consumer demand.

Mr. COFFEE of Washington. That is correct.

Mr. VOORHIS of California. And what happens to make up for that demand?

Mr. COFFEE of Washington. Oh, the major oil companies take it out of their own stock. Then again, these oil companies import their own oil. They import oil from Venezuela and other countries, as was stated by the gentleman from Illinois, and naturally they are not interested in a high tariff on oil, because that would have a deleterious effect upon their own business.

Mr. HEALEY. Mr. Chairman, will the gentleman yield?

Mr. COFFEE of Washington. Yes.

Mr. HEALEY. Does the gentleman think that the enactment of such a statute permanently would interfere with the free flow of commerce between the States?

Mr. COFFEE of Washington. I do, and I believe it is contrary to the economy of a capitalistic state, in a democracy such as ours. The consumer is inevitably adversely treated. Nobody seems to be concerned about the consumer. Day after day, week after week, we hear legislation discussed here about fixing prices or stabilizing prices. Why in the name of God can we not do something for the average consumer, our fellow citizen? We are producing oil in enormous quantities, and why should not the people of America get the benefit of it, and it is for that purpose that I stand on the floor today. I do not represent anyone but my own State of Washington. [Applause.]

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. COFFEE of Washington. Yes.

Mr. RICH. I congratulate the gentleman on that statement. I am interested in the matter also, but does the gentleman not think that we ought to limit the importation of oil?

Mr. COFFEE of Washington. Not if we uphold this bill on the basis of conservation.

Mr. RICH. The gentleman says that we are having hard times. If we stop the importation of oil, we could use more of our American production.

Mr. COFFEE of Washington. If the gentleman is in favor of conservation, he should not have any tariff restrictions on the importation of oil at all, because the more imported oil you use, the less need there will be for producing it out of our own ground.

Mr. RICH. Oh, we have lots of oil.

Mr. COFFEE of Washington. Then I suggest to the gentleman that he do not talk about conservation any more. I agree with the gentleman that there is no shortage likely within 100 years; and if the gentleman will look into what is going on in Europe, and how they are making synthetic oil in Germany and using it in their automobiles, and how they are getting gasoline out of low grade brown coal in Europe, they will not have to worry very much on account of a shortage in this country.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. COFFEE of Washington. Yes.

Mr. DONDERO. I am interested in what the gentleman has said about the American consumer. I ask the gentleman to also include the American taxpayer in what he said. He seems to be the forgotten man in this Chamber.

Mr. COFFEE of Washington. The American taxpayer is the American consumer. They are identical—synonymous. We have 8, 9, or 10 oil-producing States. Are we not here as Members of Congress in the business of representing all the people of America? If we put an extra price of 1 cent a gallon on gasoline it means about $200,000,000 a year to the consumers of the country. A 5-cent-a-gallon increase in gasoline adds a billion a year to national living expenses. [Applause.]

Mr. Chairman, the question might well have been asked me by one of my colleagues, Does not this act make it difficult, if not impossible, for a large consumer on the Atlantic seaboard to obtain supplies of oil at competitive prices? The answer I would give is that a large steamship company of New York cannot purchase its oil requirements from an independent operator in east Texas, notwithstanding that the operator has the potential supply. This sui generis act prohibits the operator from transporting his own oil, produced in excess of the allowable, which is virtually fixed by his competitors. Thus the New York steamship company is forced to buy oil from companies having supplies elsewhere at practically monopoly prices.

Since many enthusiastic supporters of this act have doubted my assertion relative to oil prices, I am inserting at this point a trenchant quotation from the New York Journal of Commerce of June 14, 1939, page 2:

> Earnings prospects of integrated oil companies are improving as a result of firmness in gasoline prices, most of which has taken place during the current month. Price advances have not yet become Nation-wide, but have affected some important consuming areas, including Ohio, Texas, and certain sections in the Northeast. Gulf Oil, Socony-Vacuum, Humble Oil, and Texas Corporation, largest marketers in Texas, are getting 3 cents a gallon more at retail in that State than on January 1.

This law rests upon a false premise. It rests on the assumption that the various oil-producing States enacted their conservation statutes for the purpose of preventing physical waste in the production of crude oil, one of our greatest and most necessary natural resources.

Nothing could be further from the truth, which is that these statutes in the main have been enacted to stabilize the price for crude oil at a level unwarranted by the known supply of the resource and which would return in taxes to the States

a larger revenue than a sound economic price for the commodity would otherwise return.

That such a price level has served to increase the price to the consuming public and has vastly increased the profits of the oil industry is obvious.

Conservation and price stabilization are related in the minds of legislators largely because the industry in its selfishness has used its tremendous propaganda machine to delude and misguide our public officials, State and National.

Apprehensions as to the limitation of our oil resources have cunningly been implanted in the public mind to the end that little opposition would be encountered in the price-fixing policies of the industry.

Review of the history of the industry shows that the cry of "wolf" has time and again been raised by the monopolistic interests of the industry in order that high prices might be maintained.

Throughout the years the cycle of plenty and claimed scarcity has been repeated time and again, only to serve the purpose of making the public pay more for petroleum and its products that the economics of the industry warranted.

The fact is, as the statisticians of the United States Bureau of Mines will readily confirm, that in periods succeeding the cyclic cry that the end of our oil resource was in sight the estimated amount of the resource was consumed and ever greater reserves discovered. It is time that the people of this country were awakened to the truth of the situation regarding our oil resource.

Every time there is an outburst regarding the necessity of conserving our oil resource we find the oil industry and its deluded, propagandized public officials crying that restriction of production is necessary in order to keep prices up to the end that the quarter of a million or more stripper wells may be kept in operation so that the oil remaining under these stripper wells may be produced; they claim that if the price of crude oil sinks to a level justified by the enormous, ever-increasing, underground supplies that these stripper wells will be forced to close down and that, once closed down, the oil remaining in them will never be recovered.

Monopolistic interests have never created, nurtured, nor forced down the throats of a confiding public or an intelligent legislator a greater deception than this.

The oil remaining under a stripper well is not lost to future recovery.

Scientists of the oil industry tell us that after a stripper field is abandoned as no longer profitably productive that from 30 to 70 percent of the original oil content still remains in the ground.

Modern science has developed the means for extracting as much oil as has already been produced from these stripper wells. The means for doing this have already been established—they are what is known as repressuring and water drive. The expense involved is no greater than the cost of present production.

Accepting, as we must, the fact that these old abandoned or nearly abandoned wells contain as much oil as has already been produced from them it is evident that in these old fields we have a known recoverable reserve nearly as great as the total amount the United States has already produced.

Add to this amount that estimated as of the end of 1938 and it will be seen that our reserves are far greater than justifies any system of conservation whose real objective is price stabilization.

The records of the agencies appointed by State governments to enforce limitation of oil production in behalf of this false conservation are replete with acknowledgments by both the industry and the enforcement agencies that the prime objectives of our present conservation laws are price stabilization.

This policy has penalized the consumers of America in the sum of hundreds of millions of dollars annually, a sum extracted willingly from our consumers in the belief that they were aiding in the conservation of this great natural resource when in reality all that they are doing is aiding the purposes of monopoly.

And so it is with the Connally Act. Designed by an honest, respected, and able legislator in the Senate of the United States, Hon. TOM CONNALLY, its effect is not to aid conservation but to aid the vicious, un-American purposes of the monopoly in oil. To understand this, first let me say that a good law is applied to all people and all localities. A good law, applied to one class of people or one locality, immediately becomes a bad law—a very bad law. The Connally Act is applied to only one locality and one class of people. Surrounding the one locality on every side are hundreds of other localities where the law should be enforced with the same purpose and the same rigidity. Yet these other localities are affected less by the Connally Act than they are by the sun and moon.

Senator CONNALLY and his colleagues in the Senate are no doubt unaware of the fact, but that does not make it any the less true, that in the one locality referred to competitors of the oil monopoly occupy a commanding position—it is to this one class of people the Connally Act applies. In other localities the competitors of the monopoly, if there be any at all, are comparatively few in number. In other words, all other localities and all other classes of people outside this one area are free from application of the Connally Act. Can this be regarded as a good law?

The Connally Act, as I have said, is founded on good intentions, but on thoroughly demonstrable unsound premises. As well say to the people in my State, "You shall not ship your products into other States under penalty of fines and imprisonment," and to the citizens of another State, "Ship all the products into other States that you wish." The false premise of the Connally Act rests in two assumptions, both of which are detrimental to the consumers of America and to the spirit of free democratic competition. The first assumption is that State laws which the Connally Act is designed to support are founded on the theory of equal justice to all.

The second assumption is that the national need for conservation of our oil resource justifies State statutes designed primarily to stabilize prices.

By the application of the Connally Act to only one small area and to only one class of persons the theory of equal justice is ignored.

By attributing merit to State laws placing restrictions on the production of crude oil, which is today almost as important to our people as the bread on which we subsist, the facts regarding the actual need for severe restriction of the production of crude oil in behalf of actual conservation are totally and willfully ignored; the facts have been deliberately beclouded by monopolistic interests which themselves flout our antitrust laws just as deliberately as they flout the Connally Act in areas where this act is not applied.

By high-powered propaganda, shrouded with the sacrosanct halo of "conservation of our natural resources," monopolistic interests have deluded not only State legislators but the very Congress itself, this delusion carrying ever higher into the very ranks of our Cabinet.

The truth and the fact is that these monopolistic interests have the temerity to go into the State of Illinois, for instance, and endeavor to persuade the legislators of that State the oil fields of Illinois should not be permitted to produce the amount of oil which the citizens of Illinois themselves can consume many times over.

I do not say that we should be profligate in our use of oil; far from it. But I do say that monopolistic interests should no longer be allowed to seduce our legislators and our people into a belief that our petroleum resource is so limited that monopolistic prices must be maintained in order to prevent waste.

And I do say that the Connally Act serves only to support the purposes of monopoly and that it should not again be enacted.

Mr. Chairman, in today's debates many eulogies have been paid to the abstract idea of conservation. No one more fervently believes in true conservation than do I, but I repudiate all attempts to conceal the true intentions of corporate greed and its sycophants and lackeys behind the

enticing mask involved in that word, and its popularity with the American people. Monopolistic chicanery and dubious machinations have many a time and oft been draped in enticing raiment. As the lawyers say, let us look through the form to the substance; let us not be dazzled nor intoxicated by gaudy apparel nor seductive window dressing. A skunk cabbage by any other name would be equally odoriferous.

There are those in this House who profess to believe that none of their constituents favor this bill. Yet I am daily the recipient of pitiful pleas from independent operators, marketers, and retailers in oil-producing States who are virulently opposed to this legislation. What of the consumers in these areas? Have we no concern for bringing the price down to them? I am inserting at this point brief extracts from businessmen who have written me their views on this bill.

Mr. Harry Lang, of Evansville, Ind., formerly an official of the Standard Oil Co. of Indiana:

You are right in every respect in your opposition to the Connally "hot oil" bill. * * * I know plenty of the tactics of the major oil companies in their attempts to put the independents out of business. * * * Keep up the good fight.

Mr. R. B. Kahle, president, Eastern States Petroleum Co., New York City:

We wish to go on record as being in agreement with H. R. 2308 to repeal the Connally Act.

As an instrument to promote conservation of oil against physical waste, it has been a sad failure. As an instrument to promote the conservation of profits to large integrated oil companies, it has been a glorious success.

As long as the price of crude can be artificially maintained at a price higher than the price received for the products manufactured therefrom; as long as an independent refiner must buy in a controlled market and sell in a market dependent on the law of supply and demand, he is unable to maintain his independence, even his business existence.

I also have a letter here from Mr. H. P. Sears, one of the leading independent oil manufacturers of this country, in which he says that the Connally law—

Is just a weapon which every major company is using to keep the entire oil industry in the United States completely in the hands of themselves and not allowing the independents to compete. If the Government is serious in its intention of wiping out monopolistic practices in the oil industry, I am sure that this act will be repealed at once.

Judge Rhea Starnes, of Texas, has written a forceful article on the subject of this bill, which I am inserting at this point.

[From East Texas Independent Oil Digest, March 1939]

"HOT OIL" ACT—IS GROSSLY UNFAIR

(By Judge Rhea Starnes)

Columns of space and high-sounding phrases have been used to describe the benefits derived from the so-called Connally "Hot Oil" Act since this legislative measure was first introduced by United States Senator TOM CONNALLY, Democrat, of Texas. But it is almost axiomatic that the greatest persecutions in history of a political, personal, or economic nature were shrouded with similar high-sounding claims of great moral or Government benefits. In the name of nationalism we have seen the rape of Ethiopia, the mistreatment of the Jew in Germany, the ravishment of Czechoslovakia, and many other like atrocities committed. The great railroad scandal of 60 years ago and the more recent oil scandals were committed under the guise of pioneering and opening the West and for the protection of America's naval oil reserves.

The restriction of States' rights and the imposition of Federal control upon the oil industry, particularly in East Texas, under the so-called Conally "Hot Oil" Act, is in its operation highly discriminatory. It is in my opinion iniquitous and cloaked with high-sounding phrases. And if a tree is to be judged by its fruit then we must of necessity come to the unalterable conclusion that the Connally Act is the brain child of those wishing to impose Federal control within the State for the express purpose of effectuating monopoly with its attendant domination of the oil industry. This act is directed at East Texas exclusively as is proved by the fact that the only Federal tender board existing in the United States is located at Kilgore. East Texas is the only section of our Nation where agents of the Federal Government invade rights of private citizens by trespassing on their real property and checking their petroleum production under implied and often-voiced threats that if such acts are not permitted a Federal tender for the movement of oil from such properties will not be granted.

The fact that the innocent are not injured by such an invasion of personal rights is neither the vice in such a practice nor a defense for such discriminatory legislation. But if the Federal Government is allowed to continue such dictatorial practices as the management of real properties and the minerals contained by such properties in the State of Texas then States' rights are no longer a constitutional protection but become merely some ideology upon which schoolboys may debate.

The arbitrary ruling of the United States Department of Interior on comingling would be ludicrous if it were not for its serious portent. This decision on commingling meant simply that one barrel of oil produced in violation of their interpretation of State statutes would contaminate every barrel with which it came into contact. The humor of this situation may be readily seen when applied to counterfeiting or the cattle business. As under such a ruling one counterfeit dollar in a person's pocket would render all other moneys he may possess void or 1 stolen cow in a herd of 10,000 would prevent him from disposing of such cattle. The Conally "Hot Oil" Act is the basis and support of such regulations, and it bears such sour fruit, then how can it be such a sweet tree? And I am convinced that history will bear out the statement that any law passed in the heat of controversy to apply to one specific case has always proved itself to be a bad law and has lived to confound its authors.

Before the passage of the Conally "Hot Oil" Act the independent oil producers in East Texas owned 60 percent of the wells in this great oil field. Today, and I believe the Connally Act to be largely responsible for this condition, only a little more than 40 percent of the oil wells in East Texas are independently owned. In the refining end of the industry in East Texas 88 refineries were operating prior to the passage of the Connally Act, whereas today there are only 6 and part of this small number are operating only a part of the time. It may be admitted that some of these refineries may have been inefficient and unable to operate on $1.27 oil, but surely all of them could not have been so inefficient. And this fact in itself should convince any unbiased person that any legislation which accomplishes such results is both basically and economically unsound. I am firmly convinced that competition among the independent groups will keep the price of crude oil at a high level while at the same time such competition will bring the price of the refined products down to a minimum at which a profit may be realized. I am likewise convinced that the only protection that the public may enjoy against monopolistic practices is to allow the independent producer, refiner, pipe liner, and marketer sufficient liberty of action to let him live and realize a fair profit for his industry and labor.

Since the many alleged benefits that have accrued from the Connally Act have been cited, I believe it is only fair to balance the benefits against its harmful effects. Proponents of this measure have stated that alleged chaotic conditions in the great East Texas oil field have been eliminated by its passage. Such an excuse has been used since the beginning of time to justify punitive measures with approximately the same effect. But admitting for the sake of argument that the few thousand barrels of illegally produced oil found its way into the channels of commerce, such a thing would most certainly not in any sense of the word constitute chaos as monopoly would have you believe. And it must likewise be conceded that such illegal production is insignificant when compared to the fact that Louisiana is allowed to produce from 1,500 to 3,000 barrels of oil per well per day from its Gulf coast wells while California now produces from 500 to 5,000 barrels per day in contrast to the piteous 20 barrels per day per well in East Texas, which is the basic allowable for this section of the State. Such a thing produces an intolerable situation in which the profit from such a practice is diverted into other channels rather than to a cheaper gasoline to the consumer, which should be the case if the public interests are to be best served. And despite the fact that the major oil companies loudly proclaim their adherence to the Texas proration schedules, they do not mention the large amount of production they are taking from the other fields that are not afflicted with the Connally Act.

The Connally Act has enabled the major oil companies to drive most of the independent refineries of East Texas out of business. They have concentrated on the refineries, the pipe lines, and the gathering systems and are using as a weapon, in addition to the Connally Act, oil produced in Louisiana, Venezuela, and other States and countries which they sell at a price much lower than that posted for East Texas crude when coupled with the transportation price for the local product. And when the exodus of the independent is completed, the large companies will then readjust prices and drastic price reductions in addition to pipe-line proration.

If the Connally Act has the merit claimed for it, then it should be equally good for every oil field in the State of Texas. If it is as bad as is claimed by the independent oilmen, then why should East Texas alone be afflicted with it? And while it is not my intention to criticize anyone and believe that the major oil companies have a right to operate their business, I cannot see the justification for driving the small man such as myself out of the economic life of the community in which I am vitally and financially interested. And I do not believe that the best interests of the public will be served by such action, despite the fact that we are unable to employ expensive attorneys and highly paid lobbyists to conduct our fight for fair play and an equitable administration of our laws as is guaranteed every American under our Constitution.

And in conclusion, I am of the unalterable opinion that the Connally "Hot Oil" Act is the greatest fraud ever perpetrated on an American people and is discriminatory on its face. I am also of the opinion that it was designed for the purpose of bankrupting the small oilman, and its continuance will mean that "grass will grow in the main streets" of otherwise prosperous communities. And I cannot help but feel that such a discriminatory measure

should be abolished. So my plea to Senator CONNALLY in behalf of the independent oilman is simply "Please don't allow the large oil concerns to have all the law as they already have all the money."

CONNALLY ACT ENABLES THE MAJOR COMPANIES TO FIX THE PRICE OF GASOLINE

By restraining trade in crude petroleum and its products, the Connally Act actually prevents effective competition in the purchase of crude oil and the sale of refined products.

If anyone thinks that the major oil companies do not have the power to fix prices at both ends of the industry, let him explain why and how all these companies post the same prices for the raw product and quote practically identical prices for the refined products.

Only a few days ago, on June 8 to be exact, one of these largest oil companies, the Consolidated Oil Corporation controlled by Rockefeller interests announced through its head, Mr. H. F. Sinclair, that effective June 14 this company would increase its price of gasoline one-half cent throughout 42 States.

Within a few days, 19 other major oil companies followed this advance and practically in unison these companies fixed the price of gasoline upward throughout the country.

It is significant to note that this increase in the price of gasoline came on the heels of a cut in the price of crude oil in the Illinois field where production has been increasing rapidly during the past year.

In announcing the increase in the price of gasoline, the Sinclair Co., in a two-column advertisement inserted in 48 of the largest newspapers from New York to Florida and as far west as Denver, stated that—

> The industry cannot continue to operate on a product-price level which does not permit the refiner-marketer to meet his costs and recover what he pays for his raw material—crude oil.

Tacitly admitted is that the effect of the Connally Act is to increase the price of crude oil and to keep that price too high for a competitive price of gasoline. The act is in reality nothing more than a trade barrier against the oil-consuming States, enabling the major oil companies to fix prices as they please.

Let no one mislead you about the benefit of this act to the major oil companies or about the harm to the consumer. Under this act the profits of the major oil companies have increased almost unbelievably, while the consumer has had to pay practically monopoly prices for gasoline.

As the National Recovery Act contemplated a measure of benefits for all in every industry, it is unwise to continue just one small item therefrom that greatly benefits the major oil companies and so injuriously affects the independent marketers and the consumers.

It was brought out in the antitrust case against the major oil companies tried at Madison, Wis., that their pool buying of gasoline to raise prices was predicated on the enactment of the Connally Act. The testimony of one McDowell indicates clearly that the plan for raising prices was all ready to be put into operation the moment the act was made effective.

The Connally Act is contrary to our fundamental American principles of free and open competition. By backing up the proration laws of Texas it prevents the independent marketers and the consumers from receiving any benefit from the working of competitive forces. The major oil companies are thus fortified with profits from their production, which they in turn use, where necessary, to put the independent marketer out of business.

Our State proration laws are administered purely on the basis of maintaining crude oil at a price above its economic level. They are not true conservation laws, as contended by some. The Connally Act serves to bolster up and make effective these price-fixing proration laws.

If it be argued that the Connally Act is a conservation measure, it should be pointed out that such benefits as might accrue are nullified by our mounting exports of petroleum and the high import duty placed on such products entering the country. A true conservation policy would embargo exports and permit the free entry of imports.

The Connally Act applies only to East Texas; and, of course, while enforced rigidly on the independent producers, it cannot be made effective on the major oil companies. These independent producers do not dare to come before Congress or its committees and complain for fear of retaliation from the major oil companies and the employees of the tender board—the board in Texas that enforces the act under the Petroleum Conservation Division.

The Connally Act is a full-fledged dam that has been built around the production of crude oil—holding the supply at or below demand, thus fixing the price—the independent marketers and consumers are damaged without compensation. The act retards competition in production of crude oil and appropriates the property of one group of individuals and companies to another group, and from one group of consuming States to the oil-producing States.

The present Connally Act is about as logical as it would be to give a public utility a franchise to supply gas or electricity to a community without any check on rates or earnings.

The Connally Act has played into the hands of the major oil companies, giving them practically monopolistic control of the production of oil. This in turn enables them to control refinery runs and prices. Supply has been artificially cut down while demand has been mounting.

Elimination of the Connally Act would place the various oil-producing States in healthy competition one with the other for the petroleum business of the consuming States.

Mr. Chairman, many brilliant men have exhaustively studied this subject. Among those who have testified before the House Committee on Interstate Commerce and whose carefully documented and well-authenticated testimony is printed in the hearings on this bill are William J. Kemnitzer, author of the Rebirth of Monopoly, a highly educated, widely experienced scholar and geologist; Walter Gordon Williams, petroleum engineer and attorney of Texas and New Jersey; Karl Crowley, former Solicitor of the Post Office Department of the United States; Paul Hadlick, president of the National Oil Marketers Association; Clarence Schock, who is the president of the Independent Petroleum Jobbers Association of Pennsylvania; John Glass, Texas attorney. If my colleagues will carefully read the hearings they will be greatly enlightened by the instructive interrogatories propounded by the shrewd and incisive gentleman from New Jersey [Mr. WOLVERTON]. In fact, because of the character and trend of the questions, I entertained what I thought was a prescient conviction that the gentleman from New Jersey [Mr. WOLVERTON] would oppose the bill. The gentleman from New Jersey revealed a decided propensity for fact finding. At any event, Mr. Chairman, he added much to the educational quality of the hearings by the sharp observations to which he gave utterance, the suggestions he promulgated, and the observations he made.

One of the most amazing aspects of this entire problem is the pipe-line phase. While it has no direct bearing upon the instant case, no one can truly comprehend the picture of the oil industry unless and until he learns something of the control of the pipe line by the major oil companies. To show the manner in which these companies exert almost exclusive control over oil pipe lines in the United States, I am inserting herein a series of tables which are self-explanatory. But preliminary to that I wish to make this observation, Mr. Chairman, open wonderment has been expressed on this floor as to the reason why more bona fide independent oil dealers, producers, marketers, retailers, were not openly belligerent in their fight against this measure. The advocates of the "hot oil" bill would have us believe that because the courageous oil men who have opposed the bill are numerically few it must be proof that but few oil businessmen denounce this measure. The explanation is simple and readily comprehensible. These oil men do not dare articulate their opposition; they must work through representatives; they must not expose their hand. The retailers face the prospect of being dried up and boycotted. The wholesalers will have their sources of supply denied them. The independent producer and refiner will be unable to ship over the pipe lines controlled or owned by the major oil companies in the vast percentage of cases. Ownership

of pipe lines should be denied to the major oil companies. A bill to effectuate a divorce of pipe lines from oil majors is pending before this Congress. I pray that it may be speedily enacted into law. These oil pipe-line owners enjoy the benefits of common carriers sans their obligations. I append hereto the tables to which reference has been made.

TABLE 1.—*Dividends paid by 16 pipe-line companies 100-percent owned by integrated oil companies*

Name of company	Capital stock, 1936	Total dividends paid during period	Period—Number of years	Percent 1929	Percent 1930	Percent 1931	Percent 1932	Percent 1933	Percent 1934	Percent 1935	Percent 1936	Percent 1937
Ajax Pipe Line Co.	$15,092,000	$23,984,000	7	------	------	17	29	28	21	18	23	20
Atlantic Pip. Line Co.	10,000,000	29,375,000	9	16	50	------	47	50	42	27	28	32
Empire Pipe Line Co.	4,500,000	13,360,000	9	200	140	140	70	70	70	50	220	8
Great Lakes Pipe Line Co.	13,722,300	24,144,000	6	------	------	------	[1] 39	[1] 44	[1] 24	[1] 40	[1] 33	[1] 36
Gulf Pipe Line Co.	18,722,300	77,798,000	7	[2] 400	440	[2] 450	[2] 1,630	[2] 343	[2] 405	600	------	------
Gulf Pipe Line Co. (Oklahoma)												
Gulf Pipe Line Co. (Pennsylvania)												
Humble Pipe Line Co.	50,000,000	133,250,000	9	50	40	25	47	32	15	18	16	23
Illinois Pipe Line Co.	20,000,000	37,600,000	9	20	18	18	18	49	9	29	11	16
Magnolia Pipe Line Co.	16,500,000	77,271,000	9	55	46	38	40	30	35	43	36	40
Oklahoma Pipe Line Co.	15,000,000	28,512,000	8	------	30	20	30	14	12	10	6	7
Phillips Pipe Line Co.	25,000	10,840,000	4	------	------	------	------	------	16,700	7,200	8,400	11,100
Shell Pipe Line Co.	6,649,978	100,080,000	9	108	54	409	348	160	163	90	76	99
Sinclair Pipe Line Co.[3]	5,700,000	93,200,000	9	[2] 38	------	------	------	------	[3] 110	[2] 3,395	[3] 499	------
Standard Pipe Line Co. (Louisiana)	25,000,000	51,750,000	7	100	------	50	30	15	8	4	------	------
Stanolind Pipe Line Co.	28,084,000	96,994,000	8	------	61	40	45	39	29	63	35	32
Sun Oil Pipe Line Co.	268,000	3,007,920	7	------	------	35	93	163	311	345	233	239
Texas Pipe Line Co. (Texas)	40,000,000	65,950,000	8	------	93	20	14	13	11	14	12	10
Total	259,263,578	864,085,000	------	------	------	------	------	------	------	------	------	------

[1] Dollars per share on no-par stock. [2] Combined Gulf companies. [3] Combined Sinclair-Prairie.

All data from Interstate Commerce Commission file No. 86-A-3.

TABLE 2.—*Dividends paid by 6 pipe-line companies owned by private investors*

Name of company	Capital stock, 1936	Total dividends paid 1929–37	Percent 1929	1930	1931	1932	1933	1934	1935	1936	1937
Eureka Pipe Line Co.	$2,500,000	$3,600,000	[1] 300	4	4	4.0	4	4.0	7	8.0	8.0
National Transit	6,362,000	4,275,600	12	8	8	7.2	6	6.0	6	6.0	8.0
New York Transit	500,000	625,000	9	17	10	[2] 4.0	[3]	3.0	3	3.5	10.0
Northern Pipe Line Co.	1,200,000	838,600	8	8	7	[2] 5.0	5	5.0	5	5.0	6.5
Southern Pipe Line Co.	1,000,000	660,000	------	20	20	11.5	2	2.5	3	2.5	4.5
Southwestern Pennsylvania Pipe Line Co.	1,750,000	1,175,000	8	8	8	8.0	8	10.0	10	26.0	4.0

[1] Stock dividend. [2] Capital reduced to $500,000, rate percent continued as of $1,000,000. [3] Capital reduced to $1,200,000.

Total capital stock, 6 nonintegrated companies, 1936	$13,312,000
Total dividends, 6 nonintegrated companies, 1929–37	[1] 11,173,000
Total capital stock, 16 integrated companies, 1929–37	269,263,578
Total dividends, 16 integrated companies, 1929–37	[2] 864,085,000
	Percent
Average annual earnings, 6 nonintegrated companies, 9-year period	9.3
Average annual earnings, 16 integrated companies, 7-year period	45.8

[1] Earnings over 9 year period, 83.9 percent.
[2] Earnings over 7 year (average) period, 320.9 percent.

6 nonintegrated publicly-owned pipe lines earned an average annual dividend of	*Percent* 9.3
16 pipe lines 100 percent owned by integrated oil companies earned an average annual dividend of	45.8

It is notable that, of the 22 companies analyzed, the Rockefeller interests control no less than 14 (authority: Pipe Line Report, 72d Cong., H. Rept. 2192).

All data from Interstate Commerce Commission file No. 86-A-3.

TABLE 3.—*Dividends in thousands of dollars per annum*

Subsidiary of—	Name of company	Investment 1937	Total dividends paid during period	Number years	1929	1930	1931	1932	1933	1934	1935	1936	1937
Standard Oil (New Jersey)	Humble Pipe Line Co.	$93,224,602	$133,250,000	9	25,000	20,000	12,500	23,500	16,000	7,500	9,150	8,100	11,500
Standard Oil (New York)	Magnolia Pipe Line Co.	58,244,546	57,252,000	9	13,200	11,040	9,240	9,600	7,200	7,255	7,095	6,022	6,600
Royal Dutch	Shell Pipe Line Co.	56,553,626	197,650,000	9	7,200	3,600	27,200	23,200	10,700	10,850	6,000	5,100	6,000
Standard Oil (New Jersey)	Oklahoma Pipe Line Co.	16,390,586	27,012,000	9	6,900	4,500	3,000	4,575	2,100	1,800	1,500	1,012	1,125
6 companies.	Great Lakes Pipe Line Co.	23,570,427	25,657,000	6	------	------	------	2,295	3,717	3,055	7,000	4,558	5,032
Phillips Petroleum	Phillips Pipe Line Co.	12,331,446	11,650,000	4	------	------	------	------	------	4,175	1,800	2,100	2,775

Pipe-line profits, 1929–37

Year	Number of companies reporting	Capitalization	Net earnings	Percent profit	Accrued depreciation
1929	37	$385,143,081	$142,216,242	37	$300,364,123
1930	40	415,252,331	123,741,282	29	329,110,719
1931	51	418,606,581	120,738,172	28	335,115,104
1932	49	315,866,009	112,362,172	35	335,864,213
1933	49	320,663,212	105,942,558	30	362,707,485
1934	53	295,047,906	84,143,318	28	376,697,554
1935	53	297,420,937	78,249,400	26	396,286,252
1936	52	265,850,052	66,416,810	25	401,283,875
1937	58	290,908,866	102,796,361	35	413,915,924
9-year average	------	------	104,606,315	30.3	------

All data from Interstate Commerce Commission reports.

INACCURACY, PRESUMPTUOUS USE, AND LACK OF DEFINITIONS

At the beginning of the act the policy of the Congress is declared in part "to protect interstate and foreign commerce from the diversion and obstruction of, and the burden and harmful effect upon, such commerce caused by contraband oil as herein defined * * *."

The term "contraband oil" is defined in the act as "petroleum which, or any constituent part of which, was produced, transported, or withdrawn from storage in excess of the amounts permitted to be produced, transported, or withdrawn from storage under the laws of a State or under any regulation or order prescribed thereunder by any board, commission, officer, or other duly authorized agency of such State, or any of the products of such petroleum."

The word "contraband" is defined by Webster as "illegal or prohibited traffic." By this definition oil is not contraband until it is actually interchanged by barter or sale. Nevertheless, it is common for the proponents of this act to refer to mere production in excess of State allowables not only as contraband oil but as "hot oil" and "stolen oil" and to call the producers of such oil wastrels and thieves. Such epithets place a stigma on the producer of excess oil, prejudice the

public against him and his reasonings, while they place an aura of sanctity around the arguments of those advocating the act, however fallacious their arguments may be.

One of the primary defenses of this act is that it prohibits the transportation of stolen goods in interstate commerce. But is oil produced in excess of a State allowable necessarily stolen? It is quite possible to produce oil in excess of that permitted by a State without stealing that oil because such oil is the legal property of the producer until it is proved positively that it was the property of another before reduction to possession. To obtain absolute proof that oil produced from a particular well is the property of anyone other than the producer thereof is practically physically impossible because the quantitative geologic conditions of crude oil in place and of its path to the well are impossible of ascertainment. Mainly for that reason the so-called law of capture has remained on the statutes of civilized countries from time immemorial. Because neither the original place of oil underground can be determined nor the path of its migration traced legal oil may be as much stolen as illegal oil.

The proponents of this act may reply that when a State law restricts the output of wells to a fixed figure and the output of one well is maintained at the figure while the output of an adjoining well exceeds the figure fixed, that the excess from the one well is being stolen from the other. The answer to this contention is that oil from the one well may be or may not be being drained from the other well but certainly it is not stolen until the identity of the oil reduced to possession has been determined and its original position in the reservoir established.

The layman must not be misled to believe that a reservoir of oil is like a city reservoir of water wherein fluid may be pumped with equal volume from any duct leading from it. Quite the contrary, natural reservoirs of crude oil are like buried complex sponges of rock in which the degree of saturation gas, oil, and water is highly variable from place to place. As proof of this statement it may be noted that no two wells are ever completed with exactly the same capacities to produce no matter how close they may be drilled to one another. In fact, the output of wells is characteristically highly variable, a gusher not uncommonly offsetting a dry hole and commonly wells of large output offsetting ones of small output. Is it not, therefore, inaccurate, misleading, and unfair to prejudice the layman with insinuating epithets and presumptuous definitions before he is even given a chance to consider the real merits or demerits of the act?

Mr. Chairman, the committee has been patient in listening to my arguments. I fully appreciate that representatives from oil-producing States will in most cases vote for the bill. I plead with my brethren here to vote against this measure as legislation contrary to the free flow of commerce between the States, inimical to States' rights, antipathetic to the consumers' interests, and fixing in the law a dangerous precedent we would do well now to repudiate. In closing, I wish to thank the gentlemen of the subcommittee of the Committee on Interstate and Foreign Commerce for their consideration and courtesy to me, both at the time of the committee hearings and in according me permission, generously, to expatiate upon this bill on the House floor today. While I deplore deeply the fact that these gentlemen are all arrayed in favor of the current measure, I congratulate, among others on the committee, for their fair play and gentlemanly conduct and uniform graciousness, the able and distinguished gentlemen from Maryland, Michigan, and New Jersey, Mr. COLE, Mr. MAPES, and Mr. WOLVERTON, respectively. [Applause.]

Mr. COLE of Maryland. Mr. Chairman, I yield to the chairman of our committee [Mr. LEA] such time as he may desire.

Mr. LEA. Mr. Chairman, the United States has a serious and important transportation problem. It is not a new problem. It has been before the Congress for years, without any satisfactory solution. It is a difficult problem that has been assigned to the Committee on Interstate and Foreign Commerce of this House.

It is important to the American people that this Congress, in dealing with this problem, shall act intelligently, patiently, and searchingly after the truth. This is a subject that readily lends itself to the demagog and to confusion in its presentation. We believe the Members of this Congress will have judgment enough, prudence enough, and patience enough to ignore speeches, communications, and propaganda presented for the purpose of confusing or misleading or prejudicing you before you act upon this important problem.

Attempts of this kind now being made have persuaded me this morning to speak briefly to you, not to discuss the merits of the transportation problem particularly but to call attention to the present situation.

Last year, followed by a message repeated this year, the President of the United States presented this problem to Congress and asked us to work out a solution. No particular line of legislation was advocated by the President, but he placed the problem in the hands of Congress.

As chairman of the Committee on Interstate and Foreign Commerce, in the early part of this year I filed a general and somewhat skeleton bill dealing with the question of transportation. Hearings were begun. All who had anything to contribute were invited. Our committee sat for 10 weeks listening to those who represented every phase of transportation. In the early days of that investigation before our committee the chairman stated, with the approval of the committee, that the bill that would finally be presented to Congress would be written by the committee itself. The committee has been faithful to that promise. A subcommittee on transportation of the Committee on Interstate and Foreign Commerce is daily working upon this legislation. In addition to the chairman, we have on that committee six men—able, conscientious, sincere, and devoted to the best interests of their country. You may be sure that the legislation they bring to the House will be constructive and just in its application to our transportation industry and to the public.

So today I ask you to withhold any hasty judgment into which it may be tempted to rush you. Wait until the committee presents its bill to this House. There will be plenty of time to form any opinions that are worth having after you have the legislation submitted to you.

I realize, and all must realize, that we cannot afford to leave the writing of this legislation to any one interested group. There is that human nature we must recognize in all legislative actions; any particular group that could write the laws of this country and control its administration would, consciously or unconsciously, pervert them to their own use. That is why this committee, recognizing its duty to this country from the beginning, is carrying out the purpose of writing the bill that will be brought to this House.

This morning you listened to two speeches that presented this problem to you as if the motive behind this legislation was to destroy water competition. How easy it is to make a big speech denouncing legislation, if you assume that its purpose is to destroy water transportation. Can you attribute to the President, to this committee, can you attribute to the Interstate Commerce Commission which would administer the act, such wicked and foolish purposes as having a design to destroy the service of the water carriers of this country? That is just nonsense. Water transportation is very important. It has its legitimate and important place in the transportation of this country. Motor vehicles and rails, each of them great competitors in the transportation field, has a peculiar value as part of the transportation system of this country. It would be foolish and wicked for any man with the slightest sense of responsibility, to write a law for the purpose of destroying any one of these agencies, or depriving the American people of the opportunity and the great advantage that each of these transportation agencies has in its own particular field of activity. Some people of selfish interest might do that but no man worthy of membership in this House. Beyond question, for some purposes the rails have superior advantages to the others. Beyond question, for some purposes, water has its particular advantages, and likewise motor vehicles. There is not the slightest reason or

necessity for depriving the country of any of these advantages.

The members of our committee are largely members from the coast States—23 of our 25 members are from States directly interested in water transportation. Twelve of our members are from States that have direct ocean commerce. We have no motive to destroy water transportation. I, as chairman of that committee, live on the coast of California, where we are as much interested in water transportation and justice to water transportation as any section in this country. We have unified regulation of highway and rail transportation. This system of regulation breaks down without the power to include all the principal competitors. To depend on regulation of interstate transportation without including water just does not make sense. The only purpose in rising here today is to assure the Members of this House that this committee to the extent that it knows how, is going to write a constructive measure that will help solve our legislative problem that affects the transportation of this country.

It will follow every course it thinks necessary to provide just legislation; just as to the American people and just to those competitive agencies that are engaged in the great work of our transportation system.

The American people are now spending $20,000,000,000 a year on transportation. It should be within the practical power of the Federal Government to see that these competitive agencies shall each be permitted to pursue its great service to the country in justice to the others and to the people of the country. There is no conflict with the just rights of any man in that purpose.

Mr. SIROVICH. Mr. Chairman, will the gentleman yield?

Mr. LEA. I yield.

Mr. SIROVICH. I have a very wholesome respect for the Committee on Interstate and Foreign Commerce, but our Committee on Merchant Marine and Fisheries, for the 14 years I have been a member of it, has been considering the protection of water transportation. Why would it not be fair that a subcommittee of the Committee on Merchant Marine and Fisheries and a subcommittee of the Committee on Interstate and Foreign Commerce sit down and write a law that will be just for water transportation and for railroad transportation just the same?

Mr. LEA. Well, that would be one way of proceeding, but we are proceeding by a way that I think is equally good, if not better. That is, we have a committee not tied to any one group; working on the problem of unified control and coordination, trying to work it out with justice to all. Our committee is not sitting there as the particular advocates of rail or motor or water.

Our committee is a cross-section of the American people and of this Congress.

Mr. LEWIS of Colorado. Mr. Chairman, will the gentleman yield?

Mr. LEA. I yield.

Mr. LEWIS of Colorado. Can the gentleman tell us whether he expects to have this bill presented in any reasonable time before we adjourn?

Mr. LEA. The subcommittee is working daily on this bill and we hope that next week we shall be able to report it to the House.

Mr. JOHNSON of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. LEA. I yield.

Mr. JOHNSON of Oklahoma. As I understand it the bill we are considering today merely proposes to extend the present so-called Connally "Hot Oil" Act for a period of 2 years; is that correct?

Mr. LEA. That is the purpose of the pending bill; yes.

Mr. JOHNSON of Oklahoma. May I not say to the committee that in my judgment nothing has stabilized the price of oil better than the so-called Connally "Hot Oil" Act. I congratulate the gentleman and tell him that the independent operators of my section, especially of Oklahoma, are practically 100 percent in favor of the present law.

Mr. LEA. I thank the gentleman.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. LEA. I yield.

Mr. DONDERO. If water transportation were brought under the control of the Interstate Commerce Commission would it not have a tendency to increase the water rates, we will say, on the Great Lakes sections of the country?

Mr. LEA. I think not. The situation in the Great Lakes is that to a large extent the cargoes are of the bulk type, carried on great transports, usually one unit carrying one type of cargo. This particular class no doubt will be exempt, because it is not substantially competitive with other forms of transportation. Its low cost of carriage makes it noncompetitive.

Mr. DONDERO. If it were not competitive with the railroads, would it then come under the Interstate Commerce Commission and be charged perhaps a higher freight rate than if it were left outside of the Interstate Commerce Commission; in other words, as it is now?

Mr. LEA. Particular circumstance would answer that question. It is now a matter of conjecture so far as the abstract proposal is concerned. It is necessary to have a degree of coordination of rates for these different agencies. At the present time we have a very undesirable freight-rate structure in this country dictated by expediency, some reasons of expediency being artificial. Freight rates on certain classes are higher than they should be, and freight rates in other cases are less than they should be. It requires no general raise of the level of rates to do justice. What we need is a larger volume of traffic; but this, of course, we cannot bring about by legislation. Another need is that of coordination.

Mr. SIROVICH. Traffic on the Great Lakes is up against competition from Canada.

Mr. DONDERO. An increase in rates on the Great Lakes water transportation is an issue of great moment to us in the State of Michigan, because it would add to the cost of raw material that goes into the production of automobiles and accessories such as we manufacture in our State.

Mr. LEA. Any unwarranted rise of freight rates is, of course, undesirable. A system of coordination and regulation anticipates reasonable rates, but no more than that; a rate that is just, and no more; and no one has a right to complain as to that.

Mr. DISNEY. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. DISNEY. How much time is going to be consumed on subjects other than the pending bill? Debate was to be limited to the pending bill, according to my understanding.

Mr. COLE of Maryland. Mr. Chairman, the time was yielded to the chairman of the committee, such time as he cared to use.

Mr. LEA. Mr. Chairman, how much time have I consumed?

The CHAIRMAN. The gentleman has consumed 13 minutes.

Mr. LEA. Mr. Chairman, I yield to the gentleman from California.

Mr. IZAC. Does the gentleman's legislation, about which he has been telling us today, contemplate divorcing the pipeline ownership from the producing ownership?

Mr. LEA. That provision is not within the bill as it stands today.

Some of the difficulties of the transportation problem are economic and beyond legislative remedy. There is a field for legislation that can be very helpful—helpful to the country and to each class of our competitive carriers. That is the kind of legislation we will ask this House to support.

Mr. COLE of Maryland. Mr. Chairman, I yield 1 minute to the gentleman from Oklahoma [Mr. BOREN].

Mr. BOREN. Mr. Chairman, this bill, extending the life of the Connally "hot oil" law for 3 years, from its present expiration date, is important to stability in the oil industry and important as a program of conservation.

The petroleum industry, with a few negligible exceptions, notably among middlemen, is wholeheartedly in favor of its passage.

Representatives of the oil-producing States support it.

The National Resources Committee, after careful study of the situation of the petroleum industry and the operation of this law, has recommended that it be continued.

The various departments of Government, to which it has been referred for report, have recommended that it be continued.

The Cole subcommittee of the Committee on Interstate and Foreign Commerce, whose studies of the petroleum industry have been exhaustive, urges the adoption of this measure.

The Supreme Court of the United States has held that this law is designed to prevent damage to interstate commerce by shipment of contraband petroleum and that it is a conservation measure.

The enactment of this law, after the breaking down of the N. I. R. A. through a Supreme Court decision and its continuance by previous Congresses, demonstrates the fact that this is not a new law entering an untried field, but rather a measure whose validity, whose necessity, and whose practical character have been tested by experience.

The operation of this law removes from the sanctions of interstate and foreign commerce oil which is illegally produced, and thus enables the oil States to enforce their measures for the proper conservation of this valuable resource.

No sound or constructive reason has been proposed by those who wish to see this law stricken from the statute books. It is true that these point out that they might make more money if this law was not in existence, but Congress should not be asked to repeal salutary legislation in order that a minority in an industry might profit from its demoralization.

This law does not invade, but does protect, the rights of the States in administering their natural resources. [Applause.]

Mr. COLE of Maryland. Mr. Chairman, I yield 5 minutes to the gentleman from Oklahoma [Mr. DISNEY].

Mr. DISNEY. Mr. Chairman, there are some interesting features involved in this legislation. We ought to go back, if we have the time, to determine very briefly why this legislation is here and see why the issue of the opposition is raised. This thing did not arise overnight.

We have had conservation of oil under the State statutes. State conservation laws were arrived at after the most thorough deliberation by all the interests of the States, not only the oil interests but the other interests affected by the prosperity of the oil business, or by its bankruptcy. Nor did this legislation come up suddenly. These laws grew like other necessities in our Nation, and many States have conservation laws now. The Federal Government by this act merely assists the States in the enforcement of their conservation laws by providing that oil illegally produced in a State may not be transported across State lines.

I was not surprised when my good friend the gentleman from Washington said he was against any tariff on imports. Consider that, if you please. The gentleman from Washington says he is against any tariff on imports. That is exactly what the oil monopoly wants. The marketers and the monopolists want no tariff on imported oil. They want it to flow freely into the United States regardless of the domestic market. The cry of "consumers" on the one hand and the "monopoly" on the other seem somewhat inconsistent to me.

Mr. THOMAS F. FORD. Will the gentleman yield?

Mr. DISNEY. I yield to the gentleman from California.

Mr. THOMAS F. FORD. I think the gentleman is misquoting the gentleman from Washington [Mr. COFFEE].

Mr. DISNEY. I am not misquoting the gentleman from Washington.

Mr. THOMAS F. FORD. He stated if we wanted conservation.

Mr. COFFEE of Washington. Will the gentleman yield? I will tell him what I said.

Mr. DISNEY. No; I will not yield, because in the hearings the gentleman said:

> I advocate repeal of all tariffs imposed on the importation of oil.

That is what the monopoly wants.

Mr. COFFEE of Washington. Will the gentleman yield?

Mr. DISNEY. I yield to the gentleman from Washington.

Mr. COFFEE of Washington. The monopoly happens to own most of the fields in Venezuela. Do they want a repeal of the tariff law?

Mr. DISNEY. Yes. If the gentleman will investigate the matter 5 minutes, he will find that is true.

Mr. DIRKSEN. Will the gentleman yield?

Mr. DISNEY. I yield to the gentleman from Illinois.

Mr. DIRKSEN. That is why we could not get action on the gentleman's bill in 1936 or the Smith bill in 1939.

Mr. DISNEY. Exactly.

Mr. HOUSTON. Will the gentleman yield?

Mr. DISNEY. I yield to the gentleman from Kansas.

Mr. HOUSTON. Is it not a fact that almost every independent operator in Kansas, Oklahoma, and Texas wants at least a dollar a barrel tariff on imported oil and have been fighting for that for several years?

Mr. DISNEY. Mr. Chairman, let us be reasonable about this. The oil business, considering the turn-over in dollars and cents, is the third largest industry in the United States. Let oil go to 10 cents a barrel and what is the effect on the whole population? You would think from the arguments heretofore made that the price of crude oil determines the price of gasoline, but it does nothing of the kind. Does the price of wheat fix the cost of a loaf of bread? Never. The chief cost of a gallon of gasoline is in the labor, the work of refining the oil. When crude oil was $1.84, the price of retail gasoline in 56 representative cities of the United States was almost identical with the price when oil was down to $1.04 a barrel. A range of 80 cents a barrel in crude made no difference in the price of gasoline, because, as I stated, the cost of gasoline is chiefly in the labor and the other costs of refinement of the crude into gasoline. Let the price of oil tumble down to 10 cents a barrel again, then take a look at our national economic picture. It will be most disastrously affected.

Mr. HOPE. Will the gentleman yield?

Mr. DISNEY. I yield to the gentleman from Kansas.

Mr. HOPE. Is it not a fact that in most States the tax on gasoline is more than the original cost of the oil?

[Here the gavel fell.]

Mr. WOLVERTON. Mr. Chairman, I yield the gentleman from Oklahoma 5 additional minutes.

Mr. DISNEY. Will the gentleman from Kansas repeat his question?

Mr. HOPE. Is it not a fact that in most States the State tax on oil is more in cents than the cost of the original oil?

Mr. DISNEY. That is the actual fact. The tax on gasoline in many States is more than the cost of the production and refining of the gasoline. Missouri with a 2-cent tax has the lowest tax in the United States.

Let us consider why the opposition is here. The opposition comes from some marketers who engineered, and brag about engineering, the prosecution in Wisconsin of the oil men, and not a monopolist was indicted up there. The independents were the ones indicted.

Mr. ZIMMERMAN. Will the gentleman yield?

Mr. DISNEY. I yield to the gentleman from Missouri.

Mr. ZIMMERMAN. I come from a State that does not have a single oil well in it. I have contacted a great many retailers and distributors in that State, and may I say to the gentleman from Oklahoma it appears every one of them is against this act because they feel it militates against them.

Mr. DISNEY. Most naturally they are against it, because they toil not, neither do they spin. They do not produce a barrel of oil. The more oil that flows the more money they make. That is the reason. I do not blame them for being against this measure. The greater the quantity of oil the more money they make.

This opposition comes from the marketers who are as cold-blooded as any monopolist you could dream of. They simply want to make money, regardless of the effect on the national economic structure or its effect in destroying the price structure of oil.

Mr. ZIMMERMAN. Will the gentleman yield for a question?

Mr. DISNEY. I yield to the gentleman from Missouri.

Mr. ZIMMERMAN. But the consumers and the people in the State of Missouri, several millions of us, must rely upon the man who markets the oil and gasoline, and we are the victims of this monopoly.

Mr. DISNEY. The consumers will be more adversely affected if you destroy or break the price of crude oil and paralyze the oil business. You will be worse off than if the price remains as it is now.

This is a marketer proposition. Every independent oil man is for this legislation. The State conservation measures were passed over the dead bodies of the monopolists. This opposition here plays right into the hands of the monopolists, and anyone who stops to reason the thing out can come to no other conclusion.

Mr. COFFEE of Washington. Will the gentleman yield?

Mr. DISNEY. I yield to the gentleman from Washington.

Mr. COFFEE of Washington. Does the gentleman know that every member of the monopoly is heartily in favor of this bill? Every one of the 22 major oil companies appeared advocating this bill, did they not?

Mr. DISNEY. They are in the oil business.

Mr. COFFEE of Washington. The gentleman said the monopolists are opposed to the bill.

Mr. DISNEY. I said the monopolists want the tariff on imported oil repealed.

That is what I said, and you are right in the same boat with them when you advocate that.

Mr. COFFEE of Washington. No; I say that if you are logical when you advocate conservation you should then be in favor of wiping out the tariff.

Mr. DISNEY. Let me show you the effect the failure to have this kind of a statute on the books has had in East Texas. The monopolists run the price up and down when they can. This bill keeps them from that conduct to a certain extent. When they ran the price down in 1933 to 10 cents a barrel nearly every oil well in East Texas was owned by an independent. During the interim before prior statutes like this was passed the monopoly acquired more than 50 percent of all the oil wells in East Texas at its own price, at cutthroat prices from distressed oil men who had drilled them. That is how they operate, and you are rendering the monopoly aid and comfort when you stand here and oppose this bill. Whether you know it or not, that is what you are doing. And the consumer is not affected to any extent.

Mr. SHEPPARD. Mr. Chairman, will the gentleman yield?

Mr. DISNEY. I yield to the gentleman from California.

Mr. SHEPPARD. Will the gentleman kindly explain to me, if he knows, who are the controlling factors in the producing and marketing of all oil?

Mr. DISNEY. That is conglomerate: The majors, the independents, the refiners, and the marketers themselves.

Mr. SHEPPARD. What percentage are majors as compared with independents?

Mr. DISNEY. A great majority in number are independents.

Mr. SHEPPARD. That is right.

Mr. DISNEY. The opposition to this bill appears to be in favor of the independent oil men, but, in fact, this opposition has been manipulated on behalf of a certain group or marketers who have no interest in the oil business. They toil not, neither do they spin. Their sole interest is to have an immense movement of oil, regardless of those affected by such procedure, those who consume it and those interested in conservation, so that they may mulct the public.

This group produces nothing; they simply take a toll on the product as it passes through their hands.

Those espousing the opposition of this bill play directly into the hands of the monopolists in the oil business. They would destroy every effort to conserve oil, to stabilize prices for the sake of both the producer and the consumer, and to give the public a fair deal. Their methods would permit the oil monopolists to flood the American market with cheap oil, destroy the domestic market, and bankrupt the independent producer, after which the octopus could and would buy up the independent properties at its own price.

There is proof of this statement. Prior to the first "hot oil" act, the East Texas field was almost wholly owned by independents. The monopolists crashed the price to 10 cents a barrel or less. Prior legislation like this averted some of the destruction, but at the present time at least one-half of the oil properties in the East Texas field are owned by the oil monopoly, purchased as distressed properties from unfortunate independents—at the monopoly's own price.

Every honest oil man knows that the suggestion of the repeal of the import tax is in the interest of the monopoly. Those who urge it are either misled dupes of the monopoly or their unwitting emmissaries. The same influences who are opposing this bill engineered and openly claimed credit for manipulating the dastardly proceedings against the independents in the Wisconsin courts. Every one indicted was a competitor of the oil monopoly. No official of the oil monopoly was indicted. The independents were haled to Wisconsin, which never produced a drop of oil, thousands of miles away from the oil territory, and tried before a jury of men who had no conception as to what was involved. The defendants were tried and convicted in the Federal court for doing what their Government had demanded, through the Secretary of the Interior, should be done in order to stabilize the oil and gasoline market, and to avert bankruptcy for thousands of independent oil men. The monopoly was not indicted. It sat back awaiting the outcome of that proceeding and enjoyed the discomfiture of the independents.

The extension of the Connally "hot oil" law, as provided in the bill now before the House, is both proper and necessary. It is a sound conservation measure. The Supreme Court of the United States in United States against Powers and Allred, has stated in the first opinion delivered by Mr. Justice Douglas that the act is designed to protect interstate and foreign commerce from harm caused by contraband oil and is also designed to encourage the conservation of deposits of crude oil within the United States.

Originally made a part of the National Industrial Recovery Act, in a special section devoted to petroleum, this measure has, since the N. I. R. A. was declared unconstitutional, been enacted by two successive Congresses. Before each successive enactment, committees of Congress have reviewed this legislation, heard witnesses in behalf of it, and those opposed to it, have received the advice and counsel of various departments of the Federal Government and, after receiving favorable reports endorsing its continuance, have renewed the measure. This bill is not experimental legislation. It has proven its value during the period it has been in force. It is today enabling the oil-producing States to prevent wasteful and profligate dissipation of this valuable natural resource.

The subcommittee of the House Committee on Interstate and Foreign Commerce, which is popularly known as the Cole committee, has presented a report which is favorable to this measure. That committee, through its hearings and detailed study of the petroleum industry, has evidenced a grasp of the needs and problems of that industry which makes its findings as set forth in the report of this bill authoritative.

It would appear from the testimony which has been made available to us through the printed copies of the hearings on this measure that there were three points at issue. The first was the question as to whether this constituted a true conservation measure. The Supreme Court holds that it is so designed. The second point at issue appeared to be that a small group was opposed to measures intended to prevent the overproduction of this irreplaceable resource. Since their purpose appears to be against the public policy and in contravention of these conservation programs which have been repeatedly approved by various State bodies as well as committees and commissions of the Federal Government, it

would appear that this is an instance where a small group is desirous of obtaining large profits for themselves at the expense of the Nation at large and of the consumers of petroleum products. The third point of difference lay in the attacks which were made upon those who have consistently supported this bill and other measures intended to promote the conservation of petroleum.

An attempt has been made to so misinform Congress that unfavorable action upon this bill may be obtained in the interests of a destructive group in the petroleum industry. The strongest national organization composed solely of independents in the petroleum industry, the Independent Petroleum Association of America, has been represented as having been taken over lock, stock, and barrel by the major companies.

I have introduced a number of bills in Congress directly affecting the petroleum industry. These bills were in the interests of the independents in the industry. Every such bill which I introduced has been actively supported by the members of the Independent Petroleum Association of America. I am familiar with their program. It has been consistently proindependent. A large number of the members of this association are my constituents. I know many of them intimately. From my own personal knowledge I can vouch for the fact that these are whole-heartedly independents in the petroleum industry. Some of the measures which they have supported have been for the general good of the entire petroleum industry in this country, independents and majors alike. They have supported these bills as enthusiastically as they have supported bills for the special protection of the domestic industry. I believe that the policies they have advocated are in full harmony with the best conservation programs which have been advanced and that they are diametrically opposed to many of the policies and programs of the major oil companies which have been the outstanding importers of cheap foreign oil to the damage of the domestic industry.

To assert, as has been asserted in propaganda directed to Members of Congress, that "every movement the organization makes is dictated by the Standard of New Jersey and companion corporations" is to claim that the Standard of New Jersey and allied companies are fighting themselves, are supporting policies which would decrease their profits, and would be altruistically working for the interests of the independents.

The absurdity of such a statement is self-evident. No Standard officials either could or would propose or support measures so directly aimed at themselves as are the basic policies of the Independent Petroleum Association of America.

Three of my constituents were also individually singled out for an attack. Their names were presented as though there was something offensive about their position in the petroleum industry and as though these men, leaders in that industry and also leaders in public affairs in the State of Oklahoma, were men who were unwilling to express their own convictions and spoke only in behalf of the major oil companies. It may be that the one making the attack upon these three outstanding citizens did so because he did not know them. They all live in my district. I do know them. Since they cannot be heard in this place, I am glad to speak in their behalf.

William G. Skelly, one of those attacked as "an invader" of the Independent Petroleum Association of America in behalf of the major companies, is an outstanding independent in the petroleum industry. He has grown up in that industry. He has occupied every position from the bottom up. As an oil man he is recognized by all as fearless and honest, while his company is today one of the outstanding independent organizations in the entire Southwest. As the principal official of his company, Mr. Skelly is an outstanding competitor of some of the importing companies, principally Standard Oil Co. units. So, far from being dominated by major companies, he is one of their strongest and most active competitors in his part of the country.

The city of Tulsa and the citizens of Tulsa recognize in William G. Skelly a man of great personal integrity and a civic asset. He is not a member of my party. Every part of Tulsa, the most beautiful city in the Southwest, is a monument to his activity. He has built his life into every movement which has gone to make that city great. Not only the masonry of the material city but the character of every child and youth has received an imprint for good from his example. It ill becomes any group to assail a man who has been held as a most useful citizen of his community merely in order that such an assault might give a monetary advantage for a brief period to a group whose policy proposed for the petroleum industry is destructive.

Frank Phillips has organized and maintained a strong independent company through his own efforts. A progressive, far-seeing man, he has utilized the latest facilities of science and developed products which have placed his company in the forefront of the petroleum industry. His integrity is unimpeachable. In his own territory he is an outstanding competitor of the monopoly. Because he has been capable and aggressive, he has been a success. He has been a pioneer through his whole business career, developing new ideas and opening new frontiers for his industry. Because he has been competitive and may thus have antagonized some strong forces in the industry is no reason why his character should be attacked or his position misrepresented.

Burdette Blue, the third of my constituents who has been thus attacked as a major company man, has been connected with the Indian Territory Illuminating Oil Co. since its organization as a small producing company. He is now the president of that company. When a majority of the stock of the Indian Territory Illuminating Oil Co. was bought by Cities Service Co. interests, the minority stockholders insisted upon his retention as president of the company so that an independent might manage the company. Today Burdette Blue is as independent as he was when he first entered the petroleum industry. He has never supported any proposals that were not primarily of direct benefit and value to the independents in the industry. I have known him since boyhood. Any aspersion cast on him is an insult to American integrity.

None of these men have even suggested that I should speak in their defense. Their characters are so well known and their activities so clearly understood that no one would seriously consider malicious or idle statements which so totally and falsely misrepresent them. I am their Representative in Congress just as I am the Representative of every other man and woman in my district, and I feel that it is not merely my duty and my responsibility today to say these words in their defense but that it is also my privilege, of which I gladly avail myself.

The final report of the House Committee on Interstate and Foreign Commerce upon this measure dismisses the arguments of those opposing the continuance of this law and remarks that "no constructive reasons for the discontinuance of this act have been advanced." I am glad to support the measure now before the House, and I am quite sure that it will pass.

[Here the gavel fell.]

Mr. WOLVERTON. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois [Mr. MASON].

Mr. MASON. Mr. Chairman, I find for once that I am in full agreement with the gentleman from Washington [Mr. COFFEE] and his arguments on this bill. [Applause.] I make this statement because usually I am not in agreement with the gentleman's stand on things or with his arguments, but I find myself in full agreement with the gentleman from Washington on this bill.

I am against Senate 1302, which proposes to extend the provisions of the so-called "hot oil" legislation. It is really bootleg oil and should be called that instead of "hot oil." I am against this bill for practically the same reasons that were outlined so well by the gentleman from Washington [Mr. COFFEE], and therefore I will not attempt to outline those reasons again because he has given them to you better

than I can. I wish to compliment the gentleman from Washington on his complete grasp of this oil problem.

Mr. DONDERO and Mr. SOUTH rose.

Mr. MASON. I do not have time to yield now.

In connection with the oil problem of the United States there are four phases that should be considered. First is production, of course, and this bill attempts to protect production by limiting it insofar as the Federal Government can do so through its control over transportation by preventing the transportation of oil that has not been produced in accordance with the restrictions placed by the States. That is the purpose of this bill. But there are other problems in connection with the oil industry which should be considered, and one of the big problems is distribution. This bill and its provisions have a tendency to give a potential monopoly to the large oil companies and the producers as against the independent distributors. It is the independent distributors of the Nation who are opposed to this bill, because they find themselves in a position where they find it very difficult to secure oil in quantities to distribute because they are penalized through these restrictions.

There is another phase in connection with this oil business, and that is the importation phase of it, which has been touched upon. These four phases, production, transportation, distribution, and importation, are all vital phases of this oil problem. We cannot solve this problem by just protecting the producers and in doing so creating what might be called a monopoly over the oil produced. The consumers are the ones that are hit under such monopoly. There is an oil monopoly.

Mr. HOPE. Mr. Chairman, will the gentleman yield?

Mr. MASON. Not now.

This bill does give advantages to that oil monopoly. I say that if the Members of this Congress are in favor of a scarcity program—and I mean scarcity program in general—then if they are consistent they will be in favor of a scarcity program for oil with consequent high prices. If they are not in favor of a scarcity program, if they do not believe in restricting production in general, then to be consistent they should not be in favor of a scarcity program in oil and the restriction of production of oil. That is one thing.

I wish to call attention now to another thing. Every Member of this House who comes from large oil-producing States naturally is in favor of this bill, but the Members of the House who come from consuming States and not producing States should be opposed to this bill. [Applause.]

[Here the gavel fell.]

Mr. WOLVERTON of New Jersey. Mr. Chairman, I yield 2 minutes to the gentleman from Connecticut [Mr. MILLER].

Mr. MILLER. Mr. Chairman, it is impossible even to commence discussing the Connally "hot oil" bill in 2 minutes, but I wish to go on from where my colleague from Illinois [Mr. MASON] left off and simply say that I cannot understand why men who have their life earnings invested in the marketing of petroleum products should knowingly do anything that is going to wreck the industry in which they are employed. In spite of that thought, I can say to the House that without exception every independent marketer of petroleum products in my district is definitely opposed to the continuation of this legislation. It simply puts the control of the oil industry in a Federal bureau here in Washington and takes that control away from the several States.

I wish to invite the attention of the House to the testimony on page 55 of the hearings on this bill S. 1302. It was stated by Mr. Holland, who is in charge of oil matters in the Department of the Interior, that he and his associate, Dr. Frey, had been interested in seeing certain oil-control legislation enacted in several of the oil-producing States. While not stated in so many words, it is quite obvious that the Interior Department, by means of funds appropriated for the enforcement of this Connally Act, has been engaged in lobbying for State legislation that places the control of supply and demand—and that means the price the consumer eventually pays—in the hands of the oil monopoly.

These Interior Department employees that are engaged in lobbying for the big oil companies perhaps expect to be rewarded in due time, as have their former associates. What has happened in the past may be a guide for the future.

Mr. J. Howard Marshall was a member of the Petroleum Administrative Board. He performed his duties so well that he was rewarded by the Standard Oil Co. of California with a high-salaried position in their legal department.

Another former employee, Mr. William S. Scully, became secretary of an independent refiners' association in California. This association acts as a pool-buying and pool-selling agency, taking the surplus gasoline of the independents and selling it to the major oil companies. The activities is believed to be in restraint of trade and at present a grand jury is investigating the situation in California.

Mr. Herbert Eaton, a former member of Ickes' oil lobby, was given a position in the legal department of the Shell Union Oil Corporation.

Mr. Ralph Horween, Mr. Charles I. Francis, and Mr. Norman L. Myers, all of whom had prominent parts in the early days of this oil-control legislation under Administrator Ickes, turned up at Madison, Wis., as attorneys for one or more of the forty-odd oil companies and officers who were tried and convicted by a jury of engaging in a conspiracy in restraint of trade in petroleum. In that suit this Connally Act become the last straw upon which the oil monopoly tried to hang a defense.

There are others who have left the employ of the Oil Control Administration and who have been rewarded for their aid to the oil monopoly by being given lucrative positions.

It is quite obvious that this Connally Act is enforced only in the east Texas field, where there is still independent competition which threatens the monopoly control of the large oil companies over the price of petroleum products.

The employees of the Tender Board do not dare recommend enforcement of the act in other fields for fear their action will displease the oil monopoly.

I believe it is time to put an end to an activity that has so patently been administered for and on behalf of the big oil companies and against the best interests of the consumers of gasoline. [Applause.]

Mr. WOLVERTON. Mr. Chairman, I yield 2 minutes to the gentleman from Pennsylvania [Mr. MOSER].

Mr. MOSER. Mr. Chairman, in 1935 gasoline was selling at the independent stations in my area as low as 12 cents a gallon. Immediately upon word being passed out about the enactment of the Connally "hot oil" bill, John Pew, of the Sun Oil Co., sent his agents out to the independent stations threatening them and telling them, "We have you licked, and we are going to clean you out in a year; and if you do not take out your independent gas, we are going to pull your pumps." They proceeded to pull their pumps, and the American Oil Co. in that locality took their place.

Two years ago I took the floor in opposition to an extension of time for this bill, because I considered it monopolistic. I have not an oil well within hundreds of miles of my area, but I have a vast populace of consumers. In the Seventy-fifth Congress, I talked on the subject of "hot oil" because the determination of "hot oil" as it exists under this proposed act, is so in contravention to the title first established in Pennsylvania's oil districts from its very inception in that State, it really beggars description.

I am against the continuation of this act, and I shall vote against it today as I did before. I want to say to my friends on the committee that this certainly is a monopolistic bill, when the Sun Oil Co. takes an open attitude and defiantly states to neighbors of mine, in my own community, that they will pull their pumps for them, and within a year they made good their threat within 30 days' time.

I have not the time to discuss this measure at length; but for the same reasons as stated in 1937, in the Seventy-fifth Congress, I shall be in opposition to this bill, and I trust the Committee will see fit to go along with our friend the gentleman from Washington [Mr. COFFEE] and the gentleman from Illinois [Mr. MASON], and I take pleasure in saying that I am in full accord with them.

With the inception of this act in 1935, the Sun Oil Co.'s representatives approached the independent retailer, as

stated. There was not a single instance where any of these retail dealers were selling any gasoline that could have been stolen, and therefore qualify as "hot oil." Quite to the contrary these dealers were buying regular grade gasoline from the great integrated oil companies at a price sufficiently low to sell as independent gasoline at the reduced price. The Sun Oil Co. knew this, and in the gas war waged in Pottstown, Pa., at their exclusive Sun station, sold gasoline as low as 9 cents per gallon, while at a similar exclusive station at Mount Penn, immediately adjacent to Reading, Pa., they retailed the gasoline at 14 cents per gallon. I personally know this, having purchased their product at both stations. It has been stated here today that oil is stolen. There is not the remotest chance for an independent producer to refine, transport, and retail his product he may take from beneath the surface of his own land. I doubt if there is a Member here who does not know that to be a fact. On the other hand, I know there are Members here who have told me how the great oil companies entered the Texas and Oklahoma oil fields and there refused to buy the owner's product until the price was forced down to the ridiculous low levels of 1935 which spawned this act as a necessity of conservation. The only "hot oil" apparently marketed was that obtained by the great integrated companies in this manner.

There is not one among us who does not fully realize the monopolistic practices of these great companies; there are none who fail to recognize it; there are none who fail to recognize its influence over prices. Let anyone who does not know the spontaneous effect when prices are advanced. The order goes out and invariably to the minute of the day and hour these prices uniformly advance.

In the interest of the consumer, the thousands of them who must pay that the oil companies in their earnings statements as published may continue their profits, I shall vote against this bill as I did 2 years ago, and I call upon my colleagues to indicate their opposition to monopoly by doing likewise.

[Here the gavel fell.]

Mr. COLE of Maryland. Mr. Chairman, I yield 2 minutes to the gentleman from California [Mr. IZAC].

Mr. IZAC. Mr. Chairman, I come from one of the 11 oil-producing States, and I want to tell you this bill is in the interest of monopoly absolutely. I am opposed to the continuation of this monopoly.

Let me tell you what it has been doing in our State. For many years they have tried to pass through the legislature a similar bill to the Texas bill trying to control or prorate oil. The monopoly went up into the Northwestern States, Mr. COFFEE's State and Oregon, and when the independents were there the monopoly could not get the price for oil that they get today, but they squeezed out the independents and now they have the whole of the west coast at their mercy. So far the Legislature of the State of California has held them off and has not passed the bill that they are advocating there, and as long as the State is headed by Governor Olson, and the legislature is composed as it is, I am sure we will not accept such a bill in the interest of monopoly. We call it the Standard Oil of California, but there are other of the big 20 companies out there that control the production and distribution of oil. Likewise, anybody who has independent distributors and users of gasoline and does not produce oil cannot possibly be for this bill. Just remember that. If you come from any of the other 37 States, remember you have got to be against a bit of monopoly of this kind. [Applause.]

Mr. COLE of Maryland. Mr. Chairman, I yield 2 minutes to the gentleman from California [Mr. VOORHIS].

Mr. VOORHIS of California. Mr. Chairman, all I want to do is to ask a couple of questions, and I doubt that I can get an answer to my questions in this time; but I would like to ask this question first: Whether the passage of this legislation has the effect of favoring major oil companies over possible independents, for the reason that the demand for oil products is a relatively inelastic demand and therefore a stabilization or fixing of production schedules has a tendency to favor those people who are in control of production. Would the gentleman answer that question?

Mr. COLE of Maryland. I do not agree with the gentleman at all. The simple proposition is that the State of Texas in this instance has a proration statute. They allocate in the way the courts have determined, and the allocation must be equitable and fair to each producing well in the State; and if there is an effort to ship oil produced in violation of such orders, which are supposed to represent an honest and constitutional effort to conserve oil in interstate channels, this law stops it. I do not see how any major company is favored over the smallest independent because of the operation of this statute. If so, I think the gentleman will agree that President Roosevelt would exercise his rights under the law and withdraw the enforcement of it from east Texas or any other State where tender boards might hereafter be in operation.

Mr. VOORHIS of California. Perhaps not, if the independents were already in operation; but it would interfere with the development of new companies, would it not?

Mr. COLE of Maryland. I think not. You cannot say to a man who has a tract of land here that he cannot share in the allocations by the Commission in the production of that area.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. COLE of Maryland. Mr. Chairman, I yield 2 minutes to the gentleman from Texas [Mr. BECKWORTH].

Mr. BECKWORTH. Mr. Chairman, the Connally Act is of vital concern to the people of Texas, and particularly to the people—landowners, oil operators, and so forth—and the oil industry of my district. The district which I have the honor to represent, the Third Congressional District of Texas, embraces all the great East Texas oil field, and the Federal tender board, the only tender board of its type in the United States, about which you have heard so much this afternoon, is located in my district at Kilgore, Tex. As some of you are aware, since soon after the inception of the East Texas oil field, we have had what we term "proration," which is nothing more than a production allotment for oil wells in the State of Texas. We have in Texas a State law regulating the amount of crude oil which can be produced applicable not only to the East Texas oil field but to all of the oil fields in Texas.

The Connally Act has two outstanding purposes, one of which is to aid the States having proration to enforce their laws, and the other is to conserve oil.

The act provides that no contraband oil shall move in interstate commerce, or stated in another way, it provides that oil which has been produced in violation of a State law shall be denied the privilege of interstate commerce. The bill in itself does not constitute or inaugurate any rule which regulates the amount of oil which is to be produced by any given State or any section of a given State. It is an auxiliary law, one which simply strengthens the States in their efforts to enforce the rules and regulations which they have adopted.

Of course the conservation phase is one which is not only of vital concern to Texas, to the East Texas oil field, but it is of much importance and significance to our entire Nation. The fact was brought out some 2 years ago when hearings were held on this identical bill that probably 2,000,000,000 barrels more of oil will be produced in the East Texas oil field as a result of our proration laws; experts of the Bureau of Mines disclosed this fact. Certainly this is a significant disclosure—one not to be overlooked.

I am not an oil man nor the son of an oil man, and I personally have never been identified with the industry, but as the representative of the district in which is found this great oil field I naturally am immensely concerned with the welfare of those who depend on the oil industry for their livelihood. My only conception as to the desirability of the continuation of the Connally Act for 3 more years comes as a result of what I have observed and what my communications disclose. From all accounts and from all indications there likely was much "hot oil" run in East Texas at the inception of the field. We do know now, since the inauguration of proration and the Connally Act, that this type of oil production has been reduced to a minimum. Incidentally, it is my understanding

that the Governor, the attorney general, and the Railroad Commission of the State of Texas were for the Connally Act when it was first passed in 1935—4 years ago. With the exception of one or two letters all of my communications relative to this act have been friendly toward it.

The type of dissension relative to the act has seemed to center on the proposition that there is only one Federal tender board and this tender board is in the East Texas oil field. There have been inquiries as to why there are no other Federal tender boards. We readily concede that the East Texas oil field is the largest and greatest oil field in the United States or the world, but it certainly is not the only large oil field, nor has it been the only field from which has been produced illegal oil. Some have been, and I have been unable to understand why there are not other tender boards located in other oil fields and in other oil States in order that a law designed for not one field, not one State, but for every State having oil proration statutes, may be uniformly enforced. In other words, one Federal tender board cannot serve well every oil field in the United States. If a producer of oil in our East Texas oil field cannot ship his oil in interstate commerce without a Federal tender, I do not see the justice of not invoking the same rule on the next producer. I, for one, do not believe that those who derive their incomes from oil produced in East Texas should be treated or dealt with in a manner different to and at variance with those who derive their incomes from oil produced in other fields. My personal opinion is that this Congress is of a similar opinion.

Mr. COLE of Maryland. Mr. Chairman, I yield 2 minutes to the gentleman from Kansas [Mr. HOUSTON].

Mr. HOUSTON. Mr. Chairman, when I find a peculiar situation such as I do here, when the gentleman from Illinois [Mr. MASON] is agreeing 100 percent with the gentleman from Washington [Mr. COFFEE] I figure that I must be right in opposing the position they occupy. I am wholeheartedly in favor of this bill, because I believe it to be one of the greatest stabilizers in the oil industry.

Mr. Chairman, oil is one of the most vital elements in our national defense. It is probably second only to manpower. Without large supplies of oil we would be tremendously handicapped should a war with any major power break out. Because of its important place in our economic life, it is imperative that we continue to maintain the oil reserves of the Nation.

A few short years ago we were appalled at the waste of oil which smeared the surface of the oil areas. Inordinate quantities of oil gushed from the wells and were wasted. Oil and natural gas were dissipated to an alarming degree. The extravagant method of handling oil threatened our future supply and constituted a menace to our national defense.

We have before us S. 1302 to abolish the termination date of the Petroleum Control "Hot Oil" Act of February 22, 1935, a law which has proven itself an effective agent in supplementing the efforts of the States for the conservation of petroleum resources for use. Its value has been recognized by the domestic petroleum industry and by various State and Federal authorities. The Secretary of the Interior has repeatedly endorsed this law. One of the most recent agencies to endorse the law and to urge its continuance has been the Energy Resources Committee of the National Resources Board.

Originally a part of the National Industrial Recovery Act this legislation has twice received the approval of both branches of Congress and the President of the United States in measures continuing it beyond previous expiration dates.

When the N. R. A. began to take form and included the oil industry, the industry was at such low ebb that anything which offered effective control, regulation, and stabilization was sought after. The State militias had been called out in Texas and Oklahoma.

With the coming of Federal control came the stabilization of the market and the price of oil rose steadily. In May 1933 the price was 28 cents; in September 1933, under the N. R. A., the price made one jump from 34 cents to 85 cents. The next month it had jumped to a dollar and remained steady until January 1936, when it went to $1.07.

However, the Connally law cannot be treated as a measure for maintaining an artificial price for oil. One effect of the law has been to enable the States to halt illegal overproduction which flooded markets and produced bargain-sale prices for this valuable material. The price of petroleum products today has not kept step with the advancement in the price of almost every other important commodity. Other commodities are selling close to the level of the 1926 price, but petroleum products are selling at only 50.4 percent of the 1926 standard.

Recognition of the importance of effective State legislation in making possible the conservation of our natural resources is growing yearly. Even States in which no petroleum production occurs are looking to the future and are either discussing or adopting legislation to regulate production of petroleum in their States should oil be discovered there. The adoption and the enforcement of such State regulatory laws are encouraged by the Connally "hot oil" law. If some measure such as this did not exist, then in no oil-producing State, regardless of how serious the situation might become, would anyone have the power to stop shipment in interstate commerce of petroleum produced in violation of its conservation laws.

When the separate States divested themselves of any authority over interstate commerce and gave to the Congress of the United States exclusive power to regulate that commerce, the unquestioned intent was to promote lawful transactions between persons living in more than one State. It is impossible to imagine that this gift of power to the Federal Government was intended to promote trafficking in illegal commodities or to promote unlawful enterprise or to encourage such enterprises to break down their intrastate commerce. When the Federal Government accepted sole authority over interstate commerce, it also accepted the duty and responsibility to keep that commerce clean and to protect the law abiding from the illegal activities of lawbreakers.

Prior to the passage of the "Hot Oil" Act the protection of the interstate-commerce power enabled those dealing with the illegally produced petroleum to evade the authority of the State by placing it in the movement of interstate commerce. Railroads, as common carriers, could not safely refuse to accept such shipments. Thus the interstate-commerce power was misused by those who were violating State laws.

The Connally "hot oil" law merely lifts this shield of protection. It enables the oil-producing States which have regulatory laws to enforce them by denying the facilities of interstate commerce to violators of such legislation.

The Connally "hot oil" law has stabilized the oil industry, an industry which deals with a great natural resource of the country, and increases the amount of reclaimable oil in the fields, which helps the producer, the oil consumer, and the Nation.

If this act fails to pass, I predict that the oil structure itself will fall. I am for the bill and I hope that this House will see fit to vote for the bill, because if it does not, as I say, the whole structure will fall.

The independent operators throughout the Midwest are for the bill. I have not received a letter from anyone asking me to be against the bill. I hope the bill passes.

Mr. WOLVERTON. Mr. Chairman, I yield 2 minutes to the gentleman from Texas [Mr. LUTHER A. JOHNSON].

Mr. COLE of Maryland. Mr. Chairman, I yield 2 additional minutes to the gentleman from Texas.

Mr. LUTHER A. JOHNSON. Mr. Chairman, there has been a great deal of irrelevant discussion in the consideration of this bill, and a great deal of talk about matters that are not affected by the bill. When the bill is understood it is simply this: It gives to the States the right to govern the production of oil in their States. It is comity between the State and Federal Governments. It merely provides that in shipping oil in interstate commerce it cannot be shipped unless it has

been lawfully produced in the States according to the State laws.

I think there should be comity between the State and Federal Governments. I think the Federal Government should cooperate with the States in the enforcement and observance of laws passed by the States, and that is all on earth this bill does. It provides that in shipping oil in interstate commerce it shall be unlawful to ship it unless it has been produced in accordance with the law of that State.

Mr. KEEFE. Mr. Chairman, will the gentleman yield?

Mr. LUTHER A. JOHNSON. I yield.

Mr. KEEFE. Why cannot the State of Texas enforce its own law?

Mr. LUTHER A. JOHNSON. I am glad the gentleman asked that question. I will answer the gentleman. Before this law was passed illegal producers or even those who stole oil—that is what we call "hot oil"—got possession of it and then they shipped it in interstate commerce to other States. The oil is not all consumed in the State in which it is produced.

Only about nine States in the United States produce oil, and it is shipped to the other States in the Union. In our own State this is what happened: These "hot" oil vendors would sometimes build subterranean passages and steal thousands and millions of gallons of oil. They could not sell it in Texas, so they would ship it in interstate commerce. The only way you can enforce the law is to see that the laws of the States are respected; and since a large amount is shipped to other States, this law is necessary.

Mr. SOUTH. Mr. Chairman, will the gentleman yield?

Mr. LUTHER A. JOHNSON. I yield.

Mr. SOUTH. Is it not a fact that they truck that oil out overnight?

Mr. LUTHER A. JOHNSON. Absolutely. They took the oil by the thousands of gallons and got away with it by shipping it to other States.

Now, talk about the big oil companies being in favor of this bill, I want to read what Mr. Ickes said. Nobody will accuse the Secretary of the Interior of being in favor of the big oil companies. This is what he said:

> The Connally law is legislation of proven value. It performs a basic function in the prevention of the movement of contraband oil in interstate and foreign commerce, and should be considered as fundamental in any broader program of oil conservation in which the Federal Government may participate.

Now, it is said that the price will go too high; that this bill will aid in curbing production and unduly elevate the price of oil and gasoline. Let me call attention to the fact that this law which has now been in existence and is now to be extended for 3 years contains a provision that if the amount of oil shipped is so restricted thereby to such an extent that it may affect unduly the price to the consumer, the President has the right, by proclamation, to set this law aside. So there can be no fear of the law being used to elevate the price to a high degree, because the President has the power to set it aside when such is done.

Mr. THOMASON. Mr. Chairman, will the gentleman yield?

Mr. LUTHER A. JOHNSON. I yield.

Mr. THOMASON. Is it not true that before the passage of this act chaos and pandemonium almost reigned in the east Texas field, to the detriment of the oil industry throughout the entire country?

Mr. LUTHER A. JOHNSON. Absolutely.

Mr. THOMASON. And since the passage of the act, order and stability have been restored not only in Texas but all over the country?

Mr. LUTHER A. JOHNSON. Certainly; and let me say that when we first passed the State law there was a great deal of division of sentiment, but since we have had it everybody now believes it is the only way by which the industry can be regulated and oil legally produced. The producers, the small and big producers, and the public are for it. If the people of the country knew how this law worked they would not deny us the right to extend this law. It has worked well. The Supreme Court has passed on it and sustained it and everybody has approved it who is familiar with its provisions and the way it has worked.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. LUTHER A. JOHNSON. I yield.

Mr. DONDERO. The gentleman represents the great State of Texas.

Mr. LUTHER A. JOHNSON. A part of it, thank you.

Mr. DONDERO. Is it not a fact that your State has nearly 53 percent of the total oil reserves of the United States within its borders?

Mr. LUTHER A. JOHNSON. The gentleman is correct.

Mr. REED of New York. Will the gentleman yield?

Mr. LUTHER A. JOHNSON. I yield.

Mr. REED of New York. About the best answer to the whole question, as far as this legislation is concerned, is the fact that the law has worked?

Mr. LUTHER A. JOHNSON. The gentleman is correct. We first passed it temporarily for 2 years and then extended it for 2 more years. It is not an experiment. It has not been used to elevate the price. The passage of this law will not affect the price of gasoline. It is not in the interest of the big companies. It is in the interest of comity between the State and Federal Governments and in the conservation of one of our greatest natural resources. Those who understand it will support it. [Applause.]

[Here the gavel fell.]

Mr. WOLVERTON of New Jersey. Mr. Chairman, I yield 2 minutes to the gentleman from Kansas [Mr. CARLSON].

Mr. CARLSON. Mr. Chairman, I hope the Committee considers seriously before we cast a vote this afternoon that will destroy the Connally Oil Act.

Here is what happened: In 1935 there was chaos in the oil industry. Crude oil was selling at 10 cents per barrel. Leasing of oil lands had ceased. Thousands of leases were expiring and not being renewed. No money was being spent for geological surveys, for seismograph work, for core drilling, for wildcatting, and prospecting for oil in general. Thousands of men were out of employment and the industry was at a standstill.

In 1939 order is reestablished in the oil industry. It is one business in this country that is employing millions of people, paying millions of dollars in taxes, spending millions of dollars for new leases, and opening up new oil fields, and certainly should be encouraged if we believe in business appeasement. The gentleman from Illinois [Mr. DIRKSEN] mentioned the new field that has been established in his State during the past 18 months.

This would not have been possible had it not been for the effect of the proration agreement among States with the assistance of the Connally Oil Act. This legislation is necessary if you are looking to the future with a view of regulating production of petroleum in States where new discoveries will be made. If some measure such as this did not assist, then no oil-producing State, regardless of how serious the situation might become, would have the power to stop shipment in interstate commerce of the petroleum produced in violation of its own conservation laws. If you want to put people out of work, if you want to stop the factories that are manufacturing oil-well machinery both for the distribution and production of petroleum, as well as millions of citizens who are supported by this great industry, then you should vote against this bill. If, however, you favor giving every consideration possible to one business that is of great assistance to our national economic condition, vote for the Connally Oil Act. Let us by all means protect this industry.

This afternoon we have heard a lot about the consumer. Those of us who remember when oil was selling at 10 cents per barrel remember that gasoline was selling at practically the same price it is at present. Also you have heard much about the large oil monopoly. This term has been brought in by the opponents of the measure with a view of defeating the bill. This legislation is for the benefit of the small independent producers in this country. If you want to destroy the small independent oil men, again I say, vote against this bill,

but if you are in favor of giving them an opportunity to exist in this highly competitive age with large oil monopolies, vote for the Connally oil bill. Let us not be carried away this afternoon, but let us consider seriously and vote sanely on this most important measure. I contend that if we have a business that is making real progress we should encourage it.

Mr. WOLVERTON of New Jersey. Mr. Chairman, I yield 4 minutes to the gentleman from Michigan [Mr. MAPES].

Mr. MAPES. Mr. Chairman, I am not greatly excited over this resolution, but listening to the debate I wonder if all the Members understand just what the legislation does? The only thing the Connally Act does is to make it illegal, unlawful, to ship in interstate commerce oil produced in excess of State quotas, or the amount allowed to be produced by the different States. A great many States have passed legislation authorizing the control of production within their boundaries. Michigan passed such a law in the last few weeks. There is only one oil field in the United States where the Federal Government has an administrative set-up to enforce the law; that is in the east Texas field; but the law has a moral effect throughout the country.

A provision in the law which Members ought to keep in mind authorizes the President to suspend or practically repeal the law if he finds it unduly restricts the production of oil. I stated that I was not greatly excited over the bill, but I cannot see where it affects the price of oil materially. The House bill extends the provisions of the Connally Act for another 3 years only. The Senate bill came to us with an unlimited extension. The House committee did not approve of a permanent extension of the law but does recommend that it be extended for another 3 years, when the law, unless again extended, will expire.

Mr. MURRAY. Mr. Chairman, will the gentleman yield?

Mr. MAPES. I yield.

Mr. MURRAY. Only a few days ago we were given to understand that we could not do these things with respect to livestock; we could not do anything about "hot" cattle. It seems we can, however, about "hot" oil. Will the gentleman explain this apparent anomaly?

Mr. MAPES. My mind can handle only one problem at a time. I do not understand just the relationship between cattle and oil. We are dealing with oil now; and so far as I am concerned I think the sentiment of the different States where oil is produced is generally in favor of the continuation of this law temporarily. [Applause.]

[Here the gavel fell.]

Mr. WOLVERTON of New Jersey. Mr. Chairman, I yield 2 minutes to the gentleman from Texas [Mr. GOSSETT].

Mr. GOSSETT. Mr. Chairman, I want to testify briefly in behalf of the Connally "Hot Oil" Act. I come from Wichita Falls, Tex., a town of 60,000 people, a town which was built and is largely maintained by independent oilmen. There is not a major operator in my city. One hundred percent of the independent oilmen are for this bill. Many of us, I fear, have not understood the Connally "Hot Oil" Act.

"Hot oil," Mr. Chairman, is oil produced in violation of the law; in effect, it is stolen oil. The pending bill is a conservation bill; it is an antitheft bill. The Senate bill makes this legislation permanent. The House is called upon to make its duration only 3 years. Certainly I think the least we should do is to extend the life of this legislation 3 years.

An individual who buys stolen oil buys it cheaper than he can buy the legitimate product. The man who is profiteering in "hot oil" naturally is opposed to this legislation. I am not saying that all opposition is illegitimate, but I am saying that some of the opposition to this act is by those who want to profit illegally from oil that is produced illegally. The Connally "Hot Oil" Act is simply a cooperative measure on the part of the Federal Government.

Mr. PATRICK. Mr. Chairman, will the gentleman yield?

Mr. GOSSETT. I yield.

Mr. PATRICK. Can the gentleman give us a little more definite information as to who in his area opposes this act?

Mr. GOSSETT. Nobody in my area opposes this act insofar as I know.

Mr. PATRICK. Where does the opposition come from?

Mr. GOSSETT. The opposition comes from the independent marketer in other areas who buys cheap oil.

Mr. COFFEE of Washington. Mr. Chairman, will the gentleman yield?

Mr. GOSSETT. I yield.

Mr. COFFEE of Washington. If there is no opposition to this bill in the State of Texas, why do I get 25 letters a day from citizens of the State of Texas in opposition to the bill?

Mr. GOSSETT. I said in my area. I have had no letters nor telegrams in opposition to this bill from my section. [Applause.]

[Here the gavel fell.]

Mr. WOLVERTON. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. SOUTH].

Mr. SOUTH. Mr. Chairman, some of my colleagues will probably think this is a Texas measure and that perhaps this is Texas day, as was expressed on a former occasion when similar legislation was being considered. Let us proceed cautiously lest we make a mistake about just what the interest of Texas in this matter really is. I may say to you that, as a Representative from the central part of Texas, I live approximately 400 miles from the East Texas oil field. The act does not apply in any of the 27 counties which I represent, so far as I know.

I have been somewhat amused by the argument of some of my colleagues from oil-producing States who have expressed the opinion that Texas is wanting this legislation for its own benefit alone. May I say to these gentlemen, were it not for the fact that Texas has enacted proration legislation, and that the Federal Government has assisted in its enforcement, through the Connally "Hot Oil" Act, the extension of which we are now debating, their States would be suffering perhaps more than the great East Texas oil field would suffer. I doubt seriously if the States which these gentlemen represent would be able to produce their oil at a profit.

In Texas, during the flush days, oil sold for as low as 8 and 10 cents a barrel. Certainly the producer, whether large or small, cannot long continue to produce oil at this price. It is true that some of the major companies with large storage facilities could buy the oil at 8 and 10 cents per barrel, place it in storage, and then after their competitors have been frozen out, sell it for the usual and customary price. This was doubtless done to some extent. The consumer, however, did not benefit greatly, if at all, as result of this practice.

How about the landowner upon whose land this oil was produced? He did not make any money at 8 and 10 cents per barrel. The consumer was paying approximately what he is paying now. Therefore the consumer was not getting any benefit.

May I say to my friend from Washington, who waxed so eloquent about what the great oil monopolies are doing, that the major oil companies of this country were buying that oil at 8 and 10 cents per barrel, storing it, and selling it after the price went up, but for the usual and customary price. There was somebody profiting by that chaos and unsettlement and that somebody was the major oil companies of this Nation. So Texas is not trying to help itself any more than it is trying to help the oil industry everywhere. Texas went in, I think wisely, and attempted to regulate the flow of oil. Why? For two reasons: To stabilize the price, and that is a legitimate motive; and, second, to conserve a great natural resource. The testimony shows that east Texas would have produced more than 2,000,000,000 barrels of oil in excess of what it has produced had it not been for proration.

Mr. Chairman, there is now in storage 275,000,000 barrels of oil. There is a great excess of oil now, despite the fact that the law has been in operation for the past several years. We now have more oil in storage than we know what to do with, and let me say further, every informed Member of the House knows that no major oil company engaged in the refining business has made any big money during the last

year or two. Who is there here who will say this is not a fair statement?

These six oil-producing States—Arkansas, Kansas, Louisiana, New Mexico, Oklahoma, and Texas—which now produce about 70 percent of our national output, have passed laws regulating production. California, Illinois, and Michigan, producing some 24 percent, either have or will likely enact such legislation in the near future. This should by all means be done immediately in the interest of stabilization and conservation.

Should this legislation not be enacted, Mr. Chairman, it is my belief that chaos and lawlessness will again prevail in our oil-producing States, to the detriment of the landowner, the producer, and ultimately to the consumers throughout the entire country.

Mr. COLE of Maryland. Mr. Chairman, I yield myself the the balance of the time.

Mr. Chairman, I ask unanimous consent to insert in the RECORD at this point a telegram from the gentleman from Illinois [Mr. KELLY], a member of the subcommittee that handled this legislation.

The CHAIRMAN. Is there objection to the request of the gentleman from Maryland [Mr. COLE].

There was no objection.

The telegram referred to follows:

WASHINGTON, D. C., *June 20, 1939.*

HON. WILLIAM P. COLE,
Chairman, Subcommittee of the Interstate and Foreign Commerce Committee.

MY DEAR CHAIRMAN COLE: While convalescing in the United States Naval Hospital from a recent illness I cannot let this day pass without expressing to you and the members of the Coal Oil Committee my sentiments in the fine manner in which you have presided over this subcommittee for the period of the past 5 years as we the members of this committee are familiar with legislation now pending before it. I earnestly request the Members of the House to stand behind the recommendation of this committee. This committee has always reported upon this legislation unanimously, therefore we ask the Members to consider the recommendations of the committee in charge of this bill before the House today that the act shall cease to be in effect on June 30, 1942. The minority members of this committee, CARL E. MAPES, of Michigan, and CHARLES WOLVERTON, of New Jersey, are to be highly commended in the splendid way they have cooperated with the majority members as never once was there a partisan issue used in bringing about and recommending this legislation.

Sincerely,

EDWARD A. KELLY,
Member of the Subcommittee of Interstate and Foreign Commerce Committee.

Mr. COLE of Maryland. Mr. Chairman, as I close this debate, I think the opposition to this measure will agree that they have had all of the time, both in the hearings and in the consideration of the matter today, they have requested. Their claim of opposition is that the consuming public of this country will be adversely affected by the pending measure. I want the members of this Committee to know that since 1934 when the Committee on Interstate and Foreign Commerce first became intimately associated with this problem, a subcommittee, consisting of the gentleman from Michigan [Mr. MAPES], the gentleman from New Jersey [Mr. WOLVERTON], the gentleman from Illinois [Mr. KELLY], and the gentleman from Tennessee [Mr. PEARSON] now serving in the place of our former colleague the gentleman from Indiana, Mr. Pettingill, and myself as chairman, all representing consuming States of the Nation, has handled this problem and recommended each time its enactment. The President of the United States has signed an identical measure on two occasions.

It is not a new proposal in any respect. It has been tried, and I leave it to any fair-minded Member of the House, if the bill had a tendency to do what the opposition claims, would we not find the first voices to be raised against it that of President Roosevelt and Secretary of the Interior Ickes?

Let me read a paragraph from the latest letter written by the Secretary of the Interior, who handled this matter, and this appears in the report:

In brief, it is my opinion that the Connally Act, by giving strong support to the oil and gas conservation laws of the oil-producing States, has made a substantial contribution to the conservation of the oil and gas resources of the Nation and also that the Federal and State responsibilities in this respect have been coordinated without placing any undue burden upon the consumer of petroleum products. In fact, I am convinced that the consumer will continue to benefit if the policy announced in the Connally Act of making adequate supplies of oil available at reasonable prices is adopted as permanent legislation of the United States.

Mr. Chairman, this, of course, is just a temporary measure. I know there have been some letters received by members of the Committee. I have received them, too, from independent marketers here and there. I know what is inspiring those letters. Few of the people of my district know what a great oil field looks like. They are consumers, and I yield to no Member in a determination to protect their interests. If those writing letters against this bill knew the contents of the law and how it works they would join with the present administration; they would join with the action of the two previous sessions of Congress which adopted the legislation; and they would also agree with the Senate that has passed this bill.

Mr. KLEBERG. Will the gentleman yield?

Mr. COLE of Maryland. I yield to the gentleman from Texas.

Mr. KLEBERG. May I ask the gentleman if it is not true that one of the major reasons for this legislation has to do with the recovery of oil?

Mr. COLE of Maryland. Undoubtedly. I may say to the gentleman from Texas the latest word on the subject comes from the pen of the new Justice of the Supreme Court, Mr. Justice Douglas, in his first opinion since becoming a member of the Supreme Court. Here is what Justice Douglas said in reviewing the Connally Act this spring and upholding its operations:

This is an act designed to protect interstate and foreign commerce from the diversion and destruction of and the burden and harmful effect upon such commerce because of contraband oil and to encourage the conservation of crude-oil deposits.

Mr. LANHAM. Mr. Chairman, will the gentleman yield?

Mr. COLE of Maryland. I yield to the gentleman from Texas.

Mr. LANHAM. Is not this bill, after complete hearings and investigation, the unanimous report of the Committee on Interstate and Foreign Commerce?

Mr. COLE of Maryland. It is the unanimous report of the entire Committee on Interstate and Foreign Commerce. I may say to the gentleman that in the three times in three different Congresses this committee has considered the Connally bill I do not recall that there was ever a vote recorded against it in the committee. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The time of the gentleman from Maryland has expired. All time has expired.

The Clerk will read.

The Clerk read as follows:

Be it enacted, etc., That section 13 of the act entitled "An act to regulate interstate and foreign commerce in petroleum and its products by prohibiting the shipment in such commerce of petroleum and its products produced in violation of State law, and for other purposes," approved February 22, 1935, as amended, is hereby repealed.

With the following committee amendment:

Page 2, beginning in line 2, strike out "amended, is hereby repealed" and insert "amended by the act approved June 14, 1937 (50 Stat. 257), is further amended so as to read:
" 'SEC. 13. This act shall cease to be in effect on June 30, 1942.' "

The committee amendment was agreed to.

The Clerk read as follows:

SEC. 2. (a) No action or prosecution for the enforcement or collection of any penalty, forfeiture, or liability for any violation of such act, before or after the date of enactment of this act, shall be deemed to be barred or prevented by reason of the expiration, after the date of such violation, of (1) the period to which the effectiveness of such act of February 22, 1935, would have been limited under such section 13, as originally enacted, (2) the period to which the effectiveness of such act would have been limited under such section 13, as amended by the act of June 14, 1937, or (3) the effective period of any State law, regulation, or order, with respect to contraband oil.

(b) If any provision of this section, or the application thereof to any person or circumstance or with respect to any period of time, shall be held invalid, the remainder of the section, and the application of such provision to other persons or circumstances or with respect to other periods of time, shall not be affected thereby.

With the following committee amendment:

Page 2, line 7, strike out all of section 2.

The committee amendment was agreed to.

Mr. COFFEE of Washington. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COFFEE of Washington: Page 2, line 6, after "30", strike out "1942" and insert "1941."
Page 3, line 2, after "30", strike out "1942" and insert "1941."

Mr. COFFEE of Washington. Mr. Chairman, the amendment which I have offered merely changes the time of duration of this law as suggested by the Committee on Interstate and Foreign Commerce from 3 years to 2 years, to conform with custom already established in the House of Representatives in 1935 and 1937, at each of which times we continued the act for 2 years. There would appear to be no valid reason why we should continue it for 3 years. Even the State of Texas does not continue its proration law beyond the period of 2 years. Why should we go further than the State of Texas?

Mr. SOUTH. Mr. Chairman, will the gentleman yield?

Mr. COFFEE of Washington. I yield to the gentleman from Texas.

Mr. SOUTH. May I say to the gentleman and to the House that the reason Texas does not legislate on this matter permanently is that if it were to do so then the States producing smaller amounts of oil would see that Texas was tied up with a permanent proposition and would flout that law, and not enact any legislation to regulate production.

Mr. COFFEE of Washington. I am not criticizing the State of Texas. I understand thoroughly the reason for it.

Mr. BOREN. Mr. Chairman, will the gentleman yield?

Mr. COFFEE of Washington. I yield to the gentleman from Oklahoma.

Mr. BOREN. I should like to comment that the State of Oklahoma, which originated the practice of proration for conservation, has a permanent proration law. Is not that true?

Mr. COFFEE of Washington. Yes.

Mr. Chairman, I am not blaming those Congressmen coming from the oil-producing States for rising on their feet and taking a stand ardently and militantly championing the Connally "hot oil" bill, but I disagree with them most heartily when they say that no one in their States is opposed to the Connally "hot oil" bill. I am receiving at least a score of letters every day, emanating from persons in the State of Texas in districts represented by gentlemen who have spoken on this floor, in which epistles they have said they are bitterly opposed to this bill.

Mr. LUTHER A. JOHNSON. Mr. Chairman, will the gentleman yield?

Mr. COFFEE of Washington. I yield to the gentleman from Texas.

Mr. LUTHER A. JOHNSON. Has not the gentleman visualized the fact that those who themselves sell "hot" oil, if they bought from illegal producers, would favor a continuance of that violation; and would they not oppose any bill which had for its purpose the prevention of such a practice?

Mr. COFFEE of Washington. I have heard the statement made that evidently those opposed to the bill are motivated solely by a policy of continuing the attempt to sell bootleg or contraband oil, but I deny that more than a negligible portion of those who write on this matter are affected or impelled by such practices.

Let us talk about the consumer for just a moment. Is there any reason why we should continue this act beyond 1941? If there is a change in the election of 1940, as a result of which the complexion of this House—God forbid—might change from Democratic to Republican, there would then be an opportunity for the Republicans in the first year of their control to register their attitude on this bill. It is only fair for whatever party should come into power in the Seventy-seventh Congress to have an opportunity in the first year of the session to determine whether or not this bill should be continued or allowed to succumb.

I believe further that this bill should be made mandatory in its application to every oil field in every State where State proration is in effect. As it is now, it has been applied only to one field in one State—the State of Texas—in the East Texas field.

Mr. RICH and Mr. BECKWORTH rose.

Mr. COFFEE of Washington. I do not have time to yield.

WHAT MONOPOLY HAS DONE TO THE EAST TEXAS FIELD

The time has come when the Temporary National Economic Committee of the United States Congress ought to convene in the heart of the East Texas field and determine for itself the true condition there. Such a hearing is necessary to establish in the minds of the Committee whether or not the State railroad commission by its rules and regulations has delivered to monopoly this great resource that belongs to all the people. Since this is the only oil field in the world where the Connally "Hot Oil" Act is applied, the Committee would be able to determine whether its administration operates in favor of the people or of the favored few. Since the Interstate Oil Compact affects this field to a far greater extent than that of any other State, it is the logical place to determine whether or not the compact is working in the interest of the people or of monopoly. Since both these acts expire by limitation this year unless reenacted, it seems to me to be the duty of this Committee to determine on the ground whether or not they should be reenacted. The Committee further could by impartial hearings determine whether or not the various railroad commissions are able or willing properly to regulate this great industry. Should they find they either cannot or will not so regulate it, they would be able to make proper recommendations to the Congress for Federal control, which in that case is the only alternative.

A brief history of what has happened in East Texas is presented for the information of this Committee:

Late in 1930 Dad Joiner brought in a discovery well in East Texas. The territory had been condemned by geologists of the major companies. For that reason they were caught with limited holdings in the field. They declared independents had discovered the field and independents must develop it. But its magnitude soon became apparent, and the independents and the majors began their drive to gain possession. For more than 2 years the independents had drilled their wells and shipped their oil by tank cars because the pipe-line companies owned by the majors had refused to build in. When they decided to enter they blockaded the railroads with empty tank cars and maintained that situation until their pipe-line connections had been made. Their first move was to prevail upon the then Governor of Texas to proclaim martial law in the field. The oil monopoly was in charge of the Texas army, as majors and colonels were executive heads of the three largest oil companies in Texas. The courts held the Governor's act void, but in the meantime many independents had suffered irreparable loss.

The next step was a proration act passed by the State legislature. At the time of its passage, more than 75 independent refineries had been built in the East Texas field. Gasoline was selling to the people at from 8 cents to 10 cents and some 30,000 men were actually employed. Since proration came, all of these refineries have closed, gasoline has increased in price to from 15 cents to 18 cents and practically all of these 30,000 people are unemployed. At the inception of proration East Texas had an allowable as high as 1,000,000 barrels with less than 10,000 wells. Now with 27,000 wells this allowable is only 500,000 barrels. At this time the Railroad Commission has limited production in East Texas to 20 barrels daily and in addition is forcing a 2-day shut-down each week. This results in an actual production of 14 barrels daily per well. East Texas is the only field in Texas being prorated,

for the reason that no other field in Texas has been able to produce its allowable in the past 12 months.

Specific example of what proration has done may be cited in the case of one operator. This operator drilled the fourth well in the East Texas field. The one well without proration produced 4,000 barrels daily, which sold for 45 cents per barrel. Because this operator was forced to drill to protect offsets, and lease contracts, he now has 57 wells. These wells are allowed to produce only 798 barrels of oil daily. This oil is selling now at $1.10 per barrel and yet his returns from 57 wells representing an investment of a million dollars is $877.80 per day, as compared with $1,800 per day on 45-cent oil and an investment of $40,000.

The Interstate Oil Compact in its application simply means that in less than 100 miles of East Texas field wells in Louisiana are producing as much as 1,000 barrels daily. To the north of the East Texas field is the great Oklahoma City district where 28 wells in the period of 7 years have produced 29,439,000 barrels of oil. Oklahoma is also a compact State. It would take an East Texas well under the present proration rule 21 years to produce the same amount of oil as one of the Oklahoma wells produced in this time. The monopolistic oil companies operate in all the States. Compacts for that reason do not affect them. What they cut in Texas they increase elsewhere, but it drives the independent whose only holdings are in East Texas out of business.

Under the compact and State proration laws, a Louisiana operator with a $5 pumper produces 1,000 barrels of oil. With his limitation of 14 barrels daily, it costs the East Texas operator $250 to pump the same amount.

I make the charge that the Connally Act supplies to no oil field in America, except East Texas, and there only to the small independent operator. No pipe lines in the field are metered. No gages are on the wells of the major companies. The independent is being forced to sell to the pipe line owned by the major; the administrators of this act have a complete record of his operation. Since the major delivers his crude to his own pipe lines and thence to his own refinery, under existing conditions, it is utterly impossible to determine whether or not he is observing the Connally Act. The truth is, not a case has ever been filed under the Connally Act against a major company. Can it be that all the honesty and virtue is in the keeping of the majors?

The pipe lines ought to be metered and should be completely divorced from the production units. They should be made common carriers in the same sense as are the railroads. Likewise, the refining end should be divorced from both the production and pipe-line branches. So long as these three units are consolidated in the hands of a few major companies they have the power of life or death over the independent operator.

It may further be cited that while Texas operators are limited in exports, there is no limit on imports from the other States. Legislation should hold imports to the allowable in Texas. Ample precedent is found in the prohibition laws upheld by the courts.

East Texas objects not to a fair proration but to a proration applied only to it. The little men who have invested their life's savings in that field feel that if protection cannot be secured elsewhere, certainly the Congress of the United States would come to their rescue.

Mr. Chairman, recently—to wit, on June 1, 1939—I delivered a speech in the House on the subject of so-called independents in the oil industry. I charged them with being apologists for the oil monopoly. In the course of my remarks I referred to a certain Mr. Charles Roeser as president of the Independent Petroleum Association of America. I have now been advised by the gentleman from Texas [Mr. LANHAM] that Mr. Roeser is in no way connected with the Humble Oil & Refining Co., and is completely independent of any and all connections with the major oil companies. Mr. LANHAM further implements his assertion by showing me letters from reliable citizens of the area he represents in Texas in which the writers asseverate that Mr. Charles Roeser is completely and in all respects independent in a bona fide way, and is unqualifiedly and categorically disassociated from the Humble Oil & Refining Co. In justice to Mr. Roeser, I am happy to apologize publicly for a mistaken characterization I made of him, as I accept unequivocally the denial of his friends that he has any connection with the oil monopoly.

Mr. COLE of Maryland. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the reason for the 3-year provision recommended by the committee instead of a 2-year provision is that while it is true that on two previous occasions this bill has been passed, each time carrying an extension of 2 years, yet on each occasion your conferees from the House have had a battle with the Senate conferees, because the Senate action has been for permanent legislation. So again we are faced with a Senate measure of a permanent character. Then, too, it has been the hope, I think, of the administration and of the committee handling this problem that Texas would see the wisdom of passing permanent conservation legislation. Their statute is still of a temporary character. This 3-year provision, going beyond the next expiration of the statute of the State which is producing the great percentage of petroleum in this country, should encourage some action by the legislature of that State of a more permanent nature. For these reasons the committee feels that an additional extension of 1 year is justified. I hope the committee will follow the position of the committee rather than the position of one gentleman, who, I doubt, will vote for the bill even if his amendment is adopted.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Washington [Mr. COFFEE].

The amendment was rejected.

Mr. COLE of Maryland. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore [Mr. RAYBURN] having assumed the chair, Mr. CALDWELL, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (S. 1302) to make permanently effective the act entitled "An act to regulate interstate and foreign commerce in petroleum and its products by prohibiting the shipment in such commerce of petroleum and its products produced in violation of State law, and for other purposes," approved February 22, 1935, as amended, and for other purposes, had directed him to report the bill back to the House, with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

Mr. COLE of Maryland. Mr. Speaker, I move the previous question on the bill and all amendments thereto to final passage.

The previous question was ordered.

The SPEAKER pro tempore (Mr. RAYBURN). Is a separate vote demanded on any amendment; if not, the Chair will put them in gross.

The amendments were agreed to.

The bill was ordered to be read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

Mr. HOPE. Mr. Speaker, I make the point of order a quorum is not present.

The SPEAKER pro tempore. The Chair will count. [After counting.] One hundred and seventy-nine Members are present, not a quorum.

Mr. COLE of Maryland. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, when the following Members failed to answer to their names:

[Roll No. 98]

Arnold	Eaton, N. J.	Johns	Schulte
Ball	Ellis	Kelly	Schwert
Bland	Englebright	McReynolds	Seger
Bloom	Evans	Maciejewski	Shannon
Boehne	Faddis	Magnuson	Smith, Ill.
Boykin	Fitzpatrick	Mitchell	Smith, Maine
Bradley, Mich.	Flannery	Nichols	Smith, Va.
Bradley, Pa.	Folger	Norrell	Somers, N. Y.
Brewster	Gibbs	Norton	Starnes, Ala.
Buckley, N. Y.	Gifford	O'Day	Sullivan
Casey, Mass.	Green	Osmers	Sumners, Tex.
Clark	Hart	Pace	Sweeney
Cluett	Harter, N. J.	Pfeifer	Thorkelson
Curley	Harter, Ohio	Robsion, Ky.	Weaver
Dickstein	Hartley	Rockefeller	White, Idaho
Dies	Hendricks	Sabath	Whittington
Dingell	Hennings	Schiffler	Wolcott

The SPEAKER pro tempore. On this roll call 363 Members have answered to their names, a quorum.

Further proceedings under the call were dispensed with.

The SPEAKER pro tempore. The question is on the passage of the bill.

Mr. COFFEE of Washington. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were refused.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and on a division (demanded by Mr. COFFEE of Washington) there were—ayes 171, noes 99.

So the bill was passed.

A motion to reconsider was laid on the table.

The title was amended so as to read: "An act to continue in effect until June 30, 1942, the act entitled 'An act to regulate interstate and foreign commerce in petroleum and its products by prohibiting the shipment in such commerce of petroleum and its products produced in violation of State law, and for other purposes', approved February 22, 1935, as amended."

MILEAGE OF EMPLOYEES OF BUREAU OF RECLAMATION

Mr. KENNEDY of Maryland. Mr. Speaker, I ask unanimous consent that the Committee on Claims be discharged from the further consideration of the bill (H. R. 3391) providing payment to employees, Bureau of Reclamation, for mileage traveled in privately owned automobiles, and that the bill be referred to the Committee on Irrigation and Reclamation.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Maryland?

There was no objection.

EXTENSION OF REMARKS

Mr. BOREN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include an editorial from the Baltimore Sun.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

OKIE MAY FEGLEY

Mr. KENNEDY of Maryland. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 875) for the relief of Okie May Fegley, with a Senate amendment, disagree to the Senate amendment, and ask for a conference and appoint conferees.

The SPEAKER. Is there objection to the request of the gentleman from Maryland? [After a pause.] The Chair hears none; and, without objection, the Chair appoints the following conferees: Messrs. KENNEDY of Maryland, KEOGH, and THOMAS of New Jersey.

There was no objection.

JOSEPH N. THIELE

Mr. KENNEDY of Maryland. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 4133) for the relief of Joseph N. Thiele, with a Senate amendment, and agree to the Senate amendment.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Maryland?

There was no objection.

The Clerk read the Senate amendment, as follows:

Line 11, strike out "40" and insert "49."

The Senate amendment was agreed to.

REIMBURSEMENT OF CERTAIN FORMER ENLISTED MEN

Mr. KENNEDY of Maryland. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (S. 1117) to provide for the reimbursement of certain enlisted men or former enlisted men of the United States Navy for the value of personal effects lost in the hurricane at the submarine base, New London, Conn., on September 21, 1938, with a Senate amendment thereto and concur in the Senate amendment.

The SPEAKER pro tempore. The gentleman from Maryland asks unanimous consent to take from the Speaker's table the bill S. 1117, with a Senate amendment thereto, and concur in the Senate amendment. The Clerk will report the Senate amendment.

The Clerk read as follows:

Senate amendment: Strike out "this claim" and insert "these claims."

The SPEAKER pro tempore. The question is on agreeing to the Senate amendment.

The Senate amendment was agreed to.

NADINE SANDERS

Mr. KENNEDY of Maryland. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill S. 1164, with a Senate amendment thereto, disagree to the Senate amendment, and ask for a conference.

The SPEAKER pro tempore. The gentleman from Maryland asks unanimous consent to take from the Speaker's table the bill S. 1164, with a Senate amendment thereto, disagree to the Senate amendment, and ask for a conference. Is there objection?

There was no objection.

By unanimous consent the Speaker pro tempore appointed the following conferees on the part of the House: Mr. KENNEDY of Maryland, Mr. KEOGH, and Mr. THOMAS of New Jersey.

LESTER P. BARLOW—REREFERENCE OF THE BILL

Mr. KENNEDY of Maryland. Mr. Speaker, I ask unanimous consent that the Committee on War Claims be discharged from further consideration of the bill S. 313, to carry out the findings of the Court of Claims in the case of Lester P. Barlow against the United States, and that the same be referred to the Committee on Claims.

The SPEAKER pro tempore. Is there objection?

There was no objection.

CIVIL FUNCTIONS WAR DEPARTMENT APPROPRIATION BILL, 1940

Mr. SNYDER. Mr. Speaker, I call up the conference report upon the bill (H. R. 6260) making appropriations for the fiscal year ending June 30, 1940, for civil functions administered by the War Department, and for other purposes, which I send to the desk and ask to have read.

The SPEAKER pro tempore. The gentleman from Pennsylvania calls up a conference report upon the bill H. R. 6260, which the Clerk will report.

The Clerk read the conference report.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6260) making appropriations for the fiscal year ending June 30, 1940, for civil functions administered by the War Department, and for other purposes, having met, after full and free conference, have agreed

to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 1 and 2.

That the House recede from its disagreement to the amendments of the Senate numbered 3 and 4, and agree to the same.

The committee of conference report in disagreement amendments numbered 5, 6, and 7.

J. BUELL SNYDER,
DAVID D. TERRY,
JOE STARNES,
ROSS A. COLLINS,
JOHN H. KERR,
Managers on the part of the House.

ELMER THOMAS,
CARL HAYDEN,
JOHN H. OVERTON,
RICHARD B. RUSSELL,
MORRIS SHEPPARD,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6260) making appropriations for the fiscal year ending June 30, 1940, for civil functions administered by the War Department, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

On amendment No. 1: Strike out the appropriation of $75,000, proposed by the Senate, for the erection and maintenance of a public historical museum within the Custer Battlefield National Cemetery, Mont.

On amendment No. 2: Appropriates $163,130, as proposed by the House, instead of $167,600, as proposed by the Senate, for the maintenance of the office of the United States High Commissioner to the Philippine Islands.

On amendments Nos. 3 and 4, relating to Rivers and Harbors: Transfers a caption, as proposed by the Senate.

In disagreement

The committee of conference report in disagreement the following amendments of the Senate:

On amendment No. 5, providing for the execution of detailed surveys, the preparation of plans and specifications, and the procurement of options on land and property necessary for the construction of authorized flood-control projects or flood-control projects considered for selection in accordance with the provisions of section 4 of the Flood Control Act approved June 28, 1938.

On amendment No. 6, modifying conditions of local cooperation for the Memphis, Tenn., flood-control project.

On amendment No. 7, providing for a revision of the plans and cost estimates respecting flood-control works on Bayou Bodcau and Cypress Bayou, La.

J. BUELL SNYDER,
DAVID D. TERRY,
JOE STARNES,
ROSS A. COLLINS,
JOHN H. KERR,
Managers on the part of the House.

Mr. SNYDER. Mr. Speaker, I move the adoption of the conference report.

The conference report was agreed to.

The SPEAKER pro tempore. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 5: Page 9, line 21, insert the following: "*Provided further*, That funds appropriated herein may be used to execute detailed surveys, prepare plans and specifications, and to procure options on land and property necessary for the construction of authorized flood-control projects or for flood-control projects considered for selection in accordance with the provisions of section 4 of the Flood Control Act approved June 28, 1938: *Provided further*, That the expenditure of funds for completing the necessary surveys and securing options shall not be construed as a commitment of the Government to the construction of any project."

Mr. SNYDER. Mr. Speaker, I move to recede and concur in the Senate amendment.

Mr. DONDERO. Mr. Speaker, will the gentleman explain this amendment?

Mr. SNYDER. Certainly. Mr. Speaker, the amendment authorizes the Chief of Engineers to make investigations on which to base his selection of reservoirs, as authorized by the Flood Control Act approved June 28, 1938, and makes possible the preparation of plans and specifications in order that authorized work can be advertised immediately after funds become available, and gives authority for the obtaining of options so that land prices will not be increased through speculations to the detriment of the Government.

That, in substance, Mr. Speaker, is the explanation of the effect of amendment numbered 5.

Mr. DONDERO. Does the amendment in any way increase the appropriation of this bill as it left the House?

Mr. SNYDER. It does not.

Mr. POWERS. Did the Army engineers request this item?

Mr. SNYDER. They endorsed it. I cannot say they requested it.

Mr. POWERS. Is the gentleman perfectly satisfied with it?

Mr. SNYDER. Perfectly satisfied.

The SPEAKER pro tempore. The question is on the motion of the gentleman from Pennsylvania that the House recede and concur in Senate amendment numbered 5.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 6: Page 10, line 6, insert ": *Provided further*, That the conditions of local cooperation for the Memphis, Tenn., flood-control project, authorized by the Flood Control Act approved August 28, 1937, shall be so modified that the cost of providing pumping stations and outlet works for interior drainage shall be borne by the United States, all in accordance with plans to be approved by the Chief of Engineers."

Mr. SNYDER. Mr. Speaker, I move that the House recede and concur in the Senate amendment with an amendment, which I send to the desk and ask to have read.

The Clerk read as follows:

Amendment No. 6: In lieu of the matter inserted by said amendment, insert the following: "*Provided further*, That the conditions of local cooperation for the Memphis, Tenn., flood-control project, authorized by the Flood Control Act, approved August 28, 1937, shall be so modified (without increasing the total estimated construction cost of the project) that the cost of providing pumping stations and outlet works for interior drainage shall be borne by the United States, all in accordance with plans to be approved by the Chief of Engineers."

Mr. SNYDER. Mr. Speaker, briefly, under this amendment the Memphis, Tenn., project is placed in the same position that other local protective projects throughout the country now enjoy. With the modification we suggest there can be no increase in cost to the Federal Government.

The SPEAKER pro tempore. The question is on agreeing to the motion of the gentleman from Pennsylvania to recede and concur with an amendment.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 7: Page 10, line 13, insert "*And provided further*, That the reservoir and other flood-control works on Bayou Bodcau and Cypress Bayou, La., authorized by the Flood Control Act approved June 28, 1938, shall be constructed in accordance with the revised plans and cost estimates now in the office, Chief of Engineers."

Mr. SNYDER. Mr. Speaker, I move to recede and concur in the Senate amendment.

The motion was agreed to.

Mr. JENKINS of Ohio. Mr. Speaker, how about an explanation of this? I did not hear the gentleman make any explanation.

The SPEAKER pro tempore. The gentleman from Pennsylvania moved to recede and concur in the Senate amendment. He was not asked for an explanation.

Mr. SNYDER. Mr. Speaker, I would like to explain the matter.

The SPEAKER pro tempore. Without objection, the gentleman will proceed.

Mr. SNYDER. Mr. Speaker, prior to the liberalization of flood-control requirements of local cooperation for reservoirs, the Bayou Bodcau project was changed from a floodway to a reservoir project. The present language in the authorizing act is restrictive in that the cost of the project may not be increased as contemplated by the Flood Control Act

approved June 28, 1938. The amendment places the Bayou Bodcau project in a position similar to other flood-control reservoirs throughout the country.

Mr. JENKINS of Ohio. How much more is this going to cost?

Mr. SNYDER. It is estimated by the Army engineers it will cost between $500,000 and $1,000,000 more.

Mr. JENKINS of Ohio. Let me ask the gentleman this: As I understand it, this is a new provision, is it not?

Mr. SNYDER. Yes.

Mr. JENKINS of Ohio. And you are providing a change from one form of flood protection to another that is going to cost an extra $1,000,000—$500,000 to $1,000,000?

Mr. SNYDER. We really are confirming a change already effected.

Mr. JENKINS of Ohio. From where does that money come?

Mr. SNYDER. It will come from regularly appropriated flood-control money.

Mr. JENKINS of Ohio. Does that come out of the $50,000,000 that was added to the bill, or does it come out of the $110,000,000, plus half of the $50,000,000?

Mr. SNYDER. It will come out of flood-control money for the lower Mississippi Valley.

Mr. JENKINS of Ohio. The $110,000,000, as I remember it, did not apply? In other words, the lower Mississippi did not share in that $110,000,000?

Mr. SNYDER. That is right.

Mr. JENKINS of Ohio. Then this additional $1,000,000 will not be an addition—the expense will not come out of the $110,000,000 fund?

Mr. SNYDER. That is right.

Mr. JENKINS of Ohio. How does it come you can make such a radical change from that sort of an improvement to another on an appropriation bill? Would that not require legislation?

Mr. SNYDER. It is legislation put on by the Senate.

Mr. JENKINS of Ohio. It was put on by the Senate?

Mr. SNYDER. Yes, sir.

Mr. JENKINS of Ohio. And you are accepting it?

Mr. SNYDER. Yes, sir.

Mr. JENKINS of Ohio. Was the acceptation unanimous on the part of the conferees for the House?

Mr. SNYDER. No. It was not unanimous. The conferees on your side were not agreeable to the proposal.

Mr. JENKINS of Ohio. But the majority conferees, of course, being in the majority, agreed with the Senate conferees?

Mr. SNYDER. Yes, sir.

Mr. JENKINS of Ohio. Can the gentleman tell me what was the nature of the objection made by the minority conferees?

Mr. SNYDER. I assume it was the additional expense. I may say to the gentleman from Ohio that it was brought out that if this change were not made, the Bayou Bodcau project would be left in a position different from all other flood-control reservoirs throughout the country.

Mr. JENKINS of Ohio. Let me ask the gentleman this question: Did the Army engineers approve of this change?

Mr. SNYDER. They did. I have a letter from the Chief of Engineers approving of it.

Mr. JENKINS of Ohio. This change having had technical approval, the gentleman also realizes that the Army engineers exercise quite a good deal of control of the financing of this thing. What do they say about the further financing?

Mr. SNYDER. They said it would not throw the finances out of line.

Mr. JENKINS of Ohio. I thank the gentleman.

Mr. DONDERO. Mr. Speaker, will the gentleman yield?

Mr. SNYDER. I yield.

Mr. DONDERO. Does this call for an additional appropriation?

Mr. SNYDER. It does not.

Mr. DONDERO. If this $1,000,000 is added to the expense of the project, from where will that $1,000,000 be taken?

Mr. SNYDER. From the same place, out of the $39,000,000 that is now in the bill for the lower Mississippi Valley projects.

Mr. DONDERO. Then it will be deducted from some other work for which that money had heretofore been appropriated for use on this additional item?

Mr. SNYDER. I may say to the gentleman that this is all a part of one great big project, and the Army engineers have authority to determine priorities.

Mr. DONDERO. I have no objection to it as long as it does not call for an additional appropriation of $1,000,000. That was my point.

Mr. SNYDER. I thank the gentleman.

Mr. BROOKS. Mr. Speaker, will the gentleman yield?

Mr. SNYDER. I yield.

Mr. BROOKS. As an additional explanation, I wish to say that this project was originally authorized in the Flood Control Act of 1936, but due to a change in the plans of the Army engineers it was decided that it was necessary to change the act, and in 1938 an amendment was put on providing for a dam and reservoir project. Upon the final estimate of the engineers it was found that the amount originally asked for was not quite sufficient, and for this reason the amount was raised.

Mr. Speaker, the Bodcau Bayou project first came to the official attention of Congress in 1936. It was considered at that time by the Flood Control Committees of both House and Senate and was authorized in the omnibus flood-control act of that year. The authorization provided for a diversion flood-control project, with levees to impound the water along Bodcau Bayou until they were drained into Red River.

When the Army engineers made preparations to begin the work in 1938, it was found that the local people did not desire a diversion drainage project and were prepared to resist vigorously construction work of this character. I appealed to the Army engineers again and it was decided that the act should be amended so as to authorize an optional project in the form of a dam and a reservoir for the purpose of impounding the waters in upper Bodcau Bayou and releasing them gradually to maintain an even flow of water in lower Bodcau Bayou until it emptied into the Red River. This change likewise was authorized by the Flood Control Committees of both Houses of Congress and was approved by Congress in the great Flood Control Act of 1938.

At this time I might say that no question was raised as to the cost of this changed project. It was generally accepted as a fact that the cost of the dam and reservoir type of project would be approximately the same as of the original type of project.

Only the other day in Louisiana, when the engineers were about to begin actual construction, a final check being made, some changes in plans were developed, and it was then found that the work could not be completed for the amount originally contemplated. In fact, the new estimates and new plans of the Army engineers show it will require over a million dollars additional money to construct this project, making a total sum to be expended of $2,900,000. The present act carries with it an appropriation of $910,000 to be expended during the year 1939–40, with sums to be appropriated in future years.

Even then the Army engineers were prepared to proceed with the work as they are able to complete this project within the full amount of the total authorizations being made by Congress during the current year. With this thought in mind, I reexamined the provisions of the amended project and find an unusual restriction has been placed in the amendment which was added to the original authorization, and under this amendment the engineers are not allowed to expend $1 more than the original estimated cost of the project, in spite of the fact that the work might be done within the total authorizations of Congress for the current year.

The engineers are in favor of this project and have written the chairman of the House and Senate conferees their approval. They are anxious to go ahead with this work and

believe it is entirely economically justified, and so recommend to Congress. It was not discovered that the work could not be done under the restrictions placed by Congress in the amended authorization until about 2 weeks ago. This bill was then in the Senate, and Senator THOMAS, acting at the request of Senator OVERTON, asked and received unanimous consent that an amendment be incorporated in this bill which would permit the building of the Bodcau project in accordance with plans and specifications and cost estimates now in the office of the United States Army Engineers. This amendment will permit the completion of the project as originally intended by the legislative committees of both House and Senate, and by the membership of both House and Senate.

I might add, in conclusion, that the Bodcau Bayou project is a most important one, not only to those people who live along Bodcau Bayou but to many others in the State of Louisiana. Engineers inform me that the volume of water which drains from the Bodcau Basin through the bayou into Red River is enormous, especially in flood times. The effect of this great volume of water, which comes into Red River about 20 miles below the city of Shreveport, on the east side, is felt for many miles down this stream, even to the city of Alexandria, some 120 miles away. The retarding of the floodwaters along Bodcau Bayou, when it is at high stage and is on a rampage, will have a marked effect in curbing the flood conditions along that portion of Red River which I have mentioned.

Last year, at four different times, great volumes of water, accumulating in southern Arkansas, raced down Bodcau Bayou, flooding the lands and damaging the crops, roadways, and the properties in this basin for many miles, inflicting damages into untold thousands of dollars upon the inhabitants of this rich and alluvial area. The floods come not at infrequent intervals but come yearly and sometimes several times each year. The authorization of this project is the only means whereby our people who live in this area may obtain relief.

To give some idea of the size of this project, I wish to say that the flood pool or reservoir behind the dam is estimated to cover 16,800 acres of land and that the flood-control storage of water is estimated at 282,000 acre-feet. The spillway will have a capacity of 66,800 cubic feet per second and the spillway surcharge pool storage is estimated at 362,800 acre-feet. The dam will be of an earthen type, with a crest elevation of 216 feet—mean Gulf level—with the maximum height of the dam being 62 feet. The crest length of it will extend 5,980 feet and its conduit capacity will be 2,700 cubic feet per second.

In conclusion, Mr. Speaker, I want to thank the conferees of both House and Senate for their consideration of this most important project, and to commend them for the valuable, painstaking work which they have done on this bill. Especially do I want to commend Senator OVERTON, who has followed the course of this project from its early inception prior to 1936 to its completion by the adoption of this report. To these gentlemen I can say that a grateful people of northwest Louisiana will, each year when the flood waters rise high, give thanks to them and to this Congress for the valuable, permanent work which this project embodies in the protection of the Bayou Bodcau Basin from the ravages of the flood waters of Arkansas and north Louisiana.

Mr. Speaker, I ask unanimous consent to revise and extend my remarks at this point in the RECORD.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. SNYDER. Mr. Speaker, I yield 5 minutes to the gentleman from Colorado [Mr. MARTIN].

Mr. MARTIN of Colorado. Mr. Speaker, I want just a moment in which to congratulate the distinguished chairman of the military subcommittee of the Committee on Appropriations, the gentleman from Pennsylvania [Mr. SNYDER], and his subcommittee because of the fact that the action of his subcommittee in increasing the appropriation for rivers and harbors and flood-control projects over the Budget $50,000,000 was finally sustained by the United States Senate and remains in the bill without the assistance of a conference committee.

This was a case where history repeated itself by very unusual parallels. The military subcommittee of the Committee on Appropriations of the House put an increase of $50,000,000 in the bill. The full committee took the increase out. The House put it back in. When the bill went over to the Senate, the Senate subcommittee sustained the figures of the House. The full committee took them out. The Senate put them back in. The only difference between the two Houses is that whereas the action of the subcommittee was affirmed in the House on a roll-call vote of 2 to 1, the opposition to this increase in the Senate was not able to muster even a roll call.

Mr. ENGEL. Mr. Speaker, will the gentleman yield?

Mr. MARTIN of Colorado. I yield.

Mr. ENGEL. Was this the $50,000,000 that you were going to take out of the relief bill when the relief bill came up?

Mr. MARTIN of Colorado. We were going to take it out of where the rest of the money came from without any recourse to a relief bill.

Mr. ENGEL. As a matter of fact, in the debate on the floor of the House it was stated definitely that the President was going to allocate this $50,000,000 out of the relief funds.

Mr. MARTIN of Colorado. It was in the House bill as we passed it, a direct appropriation from the Treasury like all the other money in the bill, and I may say to the gentleman from Michigan that the group of Members who worked for 3 months to secure this increase voted unanimously against having this $50,000,000 tied up with relief.

Mr. MOTT. Mr. Speaker, will the gentleman yield?

Mr. MARTIN of Colorado. I yield.

Mr. MOTT. Is it not also a fact that in the debate over the increased amount for flood control no suggestion was made that the extra amount was to be taken out of relief?

Mr. MARTIN of Colorado. The gentleman is correct; at least no such suggestion came from the members of our group. Some of the opposition wanted us to depend on a relief hand-out.

Mr. POWERS. Mr. Speaker, will the gentleman yield?

Mr. MARTIN of Colorado. I yield.

Mr. POWERS. Just to keep the record straight, the minority members of the Subcommittee on Appropriations for the War Department were not in favor of increasing the Budget by $50,000,000 and so voted.

Mr. MARTIN of Colorado. And it will be so noted in the RECORD to whatever credit the minority members of the subcommittee may be entitled. It was no small job for a group of us fellows to beat the minority on the subcommittee and the majority on the full committee. I do not get overly enthusiastic about some of these economists, for I notice they pick their ground. I notice that over in the other body the gentlemen over there who took an active part in trying to eliminate this increase of $50,000,000 voted for the $381,000,000 increase in the farm appropriation bill over the House figure, more than seven and a half times the amount that was put in by the House for flood control and rivers and harbors.

Mr. POWERS. Mr. Speaker, was the gentleman referring to me?

Mr. MARTIN of Colorado. No, I was not; I was not referring to the lower body, I was referring to the upper body.

Mr. HOFFMAN. Mr. Speaker, if the gentleman will yield, what does the gentleman mean by upper body? What does he mean by that?

Mr. MARTIN of Colorado. Mr. Speaker, does the gentleman from Michigan imply that he has been in Congress for years without knowing the upper body from the lower body?

Mr. HOFFMAN. If the gentleman means they get higher, I can understand, but otherwise I do not.

Mr. IZAC. Mr. Speaker, will the gentleman yield?

Mr. MARTIN of Colorado. I yield.

Mr. IZAC. Is the gentleman stating that we are not getting $25,000,000 for flood control and $25,000,000 for rivers and harbors?

Mr. MARTIN of Colorado. No; I am stating that we are to get them both; that it is in the bill just as it was put in by the House and did not have to go to conference to be put in the bill.

Mr. Speaker, I only took the floor to congratulate the gentleman from Pennsylvania [Mr. SNYDER] and his subcommittee and to thank them. I conclude by saying that this increase is the only increase above the Budget estimate that has been made during the first session of the Seventy-sixth Congress. The subcommittee and the Members who worked for this increase should feel justified in the efforts they made by the overwhelming manner in which they were sustained by both Houses of the Congress and by the knowledge that they were unquestionably working for what will be the most permanent and beneficial of all the activities that have been started by the New Deal, the conservation and use of the soil and water of the United States.

Mr. ZIMMERMAN. Will the gentleman yield?

Mr. MARTIN of Colorado. I yield to the gentleman from Missouri.

Mr. ZIMMERMAN. I would like to say to the House that no man did more to bring about this addition to the appropriation than did the gentleman from Colorado [Mr. MARTIN], who organized the group in the House that went out and worked incessantly for the inclusion of this amount in the flood-control bill. But for the activity of the gentleman from Colorado it probably would not have gone through. The gentleman is too modest to tell the House of his untiring efforts in support of this bill, and I am happy to join his many friends in seeing that credit is given where due.

Mr. MARTIN of Colorado. Mr. Speaker, I thank the gentleman from Missouri very much, and I think this is a good place to quit. [Applause.]

[Here the gavel fell.]

The SPEAKER. The question is on the motion offered by the gentleman from Pennsylvania [Mr. SNYDER] to recede and concur in Senate amendment No. 7.

The motion was agreed to.

A motion to reconsider was laid on the table.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. EATON of California, for 4 days, on account of illness.

To Mr. GIBBS, for balance of week, on account of attending wedding of his son, Warner Gibbs, at Eastman, Ga., on June 21, 1939.

To Mr. BRADLEY of Pennsylvania, for 1 day, on account of illness.

EXTENSION OF REMARKS

Mr. COFFEE of Washington. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an address by Colonel Harrington.

The SPEAKER. Is there objection to the request of the gentleman from Washington [Mr. COFFEE]?

There was no objection.

Mr. COFFEE of Washington. Mr. Speaker, I further ask unanimous consent that I may include in my remarks made on the floor today certain tables and a number of excerpts from articles to which reference was made in debate.

The SPEAKER. Is there objection to the request of the gentleman from Washington [Mr. COFFEE]?

There was no objection.

Mr. LEAVY asked and was given permission to extend his own remarks in the RECORD.

Mr. KEE. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include a brief editorial appearing in the Northern Virginia Daily on the subject of neutrality.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia [Mr. KEE]?

There was no objection.

Mr. HARRINGTON asked and was given permission to extend his own remarks in the RECORD.

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include in connection therewith certain excerpts.

The SPEAKER. Is there objection to the request of the gentleman from Texas [Mr. PATMAN]?

There was no objection.

AMENDMENT TO MERCHANT MARINE ACT, 1936

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to proceed for 2 minutes.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts [Mrs. ROGERS]?

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein the bill (H. R. 6572) to amend the Merchant Marine Act of 1936.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts [Mrs. ROGERS]?

Mr. RAYBURN. Mr. Speaker, reserving the right to objest, I trust the gentlewoman will not press that request, because I objected to a similar request the other day by the gentleman from Montana [Mr. THORKELSON] on the ground I did not think the RECORD was the proper place for the reproduction of bills. I trust I may not have to object to this request.

Mrs. ROGERS of Massachusetts. Mr. Speaker, of course, if the gentleman feels that way I will withdraw my request.

The SPEAKER. The gentlewoman from Massachusetts [Mrs. ROGERS] is recognized for 2 minutes.

Mrs. ROGERS of Massachusetts. Mr. Speaker, the bill H. R. 6572, is a bill allowing war-risk marine insurance, and it not only provides Federal insurance for our own maritime vessels but provides insurance for vessels of any foreign country not an enemy of the United States, but engaged in the foreign or domestic trade of the United States. Then it goes on and provides insurance for cargoes shipped or to be shipped, their disbursements and freight and passage moneys and personal effects of the masters, officers, and crews of such vessels. I wonder how the terribly overburdened taxpayers also will feel about the provision of the bill.

This bill does not say that ships of belligerents shall not be insured, but obviously they are included under the provisions of the bill. During the World War the Federal Government did not insure foreign ships, not even those of the Allies with whom we were associated. And so far as can be ascertained no other country has ever insured belligerent ships.

It seems to me it is an extremely dangerous proposition to take over more and more the troubles of other countries. I believe we should stay in continuous session in order to keep this country at peace. May I also point out an inconsistency in the so-called neutrality or Bloom Act? On page 5 of that act it provides as follows:

> Insurance written by underwriters on such articles or materials shall not be deemed an American interest therein, and no insurance policy issued on such articles or materials, and no less incurred thereunder—

And so forth. On the one hand, the so-called neutrality or Bloom Act says that you travel or make shipments on these ships at your own risk, while the Bland Act, H. R. 6572, provides for Government insurance.

[Here the gavel fell.]

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to proceed for 1 additional minute.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts [Mrs. ROGERS]?

There was no objection.

Mrs. ROGERS of Massachusetts. The bill was introduced on May 31, 1939. I understand there were to be no hearings on the bill insomuch as it was an emergency measure and very much of a surprise to everybody. Now I understand there will be hearings next Tuesday. I believe Members of

the House are entitled to realize that this bill is being introduced and to voice their objections to or their approval of that measure. I doubt very much if the House will wish to have the Federal Government insure foreign vessels and their cargoes, their personnel and the effects of their personnel, and so forth. It seems to me a very dangerous and a very unwise measure. Under this bill there is nothing to prevent our insuring foreign ships and their cargoes even if we are not at war.

Mr. CULKIN. Mr. Speaker, will the gentlewoman yield?

Mrs. ROGERS of Massachusetts. I yield to the gentleman from New York.

Mr. CULKIN. May I say there have been no hearings on that bill. The bill is purely tentative. Certainly, the committee—and I speak as a member of the minority—would be very glad to hear the gentlewoman from Massachusetts on the question.

Mrs. ROGERS of Massachusetts. I should be very glad to appear, and I believe many Members of the House will want to appear.

Mr. CULKIN. I trust the gentlewoman can appear. Of course, the bill contemplates in the section referred to that sad eventuality of our going to war and finding it necessary to do just what we did before, to make this provision for ships that carried our own material.

Mrs. ROGERS of Massachusetts. But it does not say if we go to war; and during the World War this country did not before carry insurance on foreign vessels and foreign cargoes, and I doubt if the gentleman realizes that provision is in the bill.

Mr. CULKIN. Yes; I know all about the provision. My attention has been called to it. May I say that at first blush I am unalterably opposed to it. However, the gentlewoman from Massachusetts need not feel unduly alarmed over the fate of the bill because it will be gone over with a fine-tooth comb; the gentlewoman need not worry about that.

Mrs. ROGERS of Massachusetts. I am very much pleased to hear that, I assure the gentleman.

EXTENSION OF REMARKS

Mr. WELCH. Mr. Speaker, I ask unanimous consent to extend my own remarks by inserting in the RECORD a letter, with an attached resolution, adopted by the Board of Supervisors of the City and County of San Francisco on June 5, 1939, in which the Congress of the United States is memorialized to amend section 6 of the Raker Act.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. McDOWELL. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a resolution of the Pitcairn Board of Trade, of Pitcairn, Pa., opposing the construction of the proposed canal from Beaver, Pa., to Lake Erie.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. HAWKS. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a radio address I gave at Madison, Wis., last Friday.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. BLACKNEY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on the National Youth Administration and to include therein certain telegrams.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 2150. An act to amend section 8 of the act entitled "An act to supplement laws against unlawful restraints and monopolies, and for other purposes", particularly with reference to interlocking bank directorates, known as the Clayton Act; to the Committee on the Judiciary.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 1569. An act to amend the Agricultural Adjustment Act of 1938, as amended.

ADJOURNMENT

Mr. RAYBURN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 3 o'clock and 55 minutes p. m.) the House adjourned until tomorrow, Wednesday, June 21, 1939, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON THE JUDICIARY

On Wednesday, June 21, 1939, beginning at 10 a. m., there will be continued a public hearing before the Committee on the Judiciary on the bill (H. R. 6369) to amend the act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory thereof and supplemental thereto; to create a Railroad Reorganization Court; and for other purposes.

There will be continued a public hearing before Subcommittee No. 3 of the Committee on the Judiciary on Wednesday, June 21, 1939, at 10 a. m., on the bill (H. R. 2318) to divorce the business of production, refining, and transporting of petroleum products from that of marketing petroleum products. Room 346, House Office Building.

COMMITTEE ON MERCHANT MARINE AND FISHERIES

The Committee on Merchant Marine and Fisheries will hold public hearings in room 219, House Office Building, at 10 a. m., on the bills and dates listed below:

There will be a meeting of the Committee on Merchant Marine and Fisheries at 10 a. m. Tuesday, June 27, 1939, for the consideration of H. R. 6572, relating to marine war-risk insurance.

COMMITTEE ON INDIAN AFFAIRS

There will be a meeting of the Committee on Indian Affairs on Wednesday next, June 21, 1939, at 10:30 a. m., for the consideration of H. R. 909, H. R. 953, H. R. 2738, H. R. 4831, H. R. 6506, and S. 72.

COMMITTEE ON PUBLIC BUILDINGS AND GROUNDS

There will be a meeting of the Committee on Public Buildings and Grounds at 10 a. m. Wednesday, June 21, 1939, for the consideration of H. R. 6830.

COMMITTEE ON IMMIGRATION AND NATURALIZATION

There will be an executive hearing of the Committee on Immigration and Naturalization on Wednesday, June 21, 1939, at 10:30 a. m., for the consideration of unfinished business.

COMMITTEE ON PATENTS

The Committee on Patents of the House of Representatives will hold a meeting Thursday, June 22, 1939, at 10 a. m., in the caucus room, House Office Building, to consider the following bills: H. R. 6721, classification of patents; H. R. 6618, trade-marks; H. R. 6877, Navy Department, secrecy of inventions; H. R. 6872, H. R. 6873, H. R. 6874, H. R. 6875, H. R. 6878, changes in patent laws.

COMMITTEE ON FOREIGN AFFAIRS

There will be a meeting of the Committee on Foreign Affairs, in the committee rooms, the Capitol, on Wednesday, June 21, 1939, at 10 a. m., for the consideration of H. R. 1821, special Mexican claims, and other bills if time permits.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

878. A communication from the President of the United States, transmitting a draft of proposed provision pertain-

ing to an appropriation for the Department of Labor for the fiscal year 1940 (H. Doc. No. 349); to the Committee on Appropriations and ordered to be printed.

879. A communication from the President of the United States, transmitting supplemental estimates of appropriations for the Navy Department for the fiscal year 1940 amounting to $4,068,860 (H. Doc. No. 350); to the Committee on Appropriations and ordered to be printed.

880. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the War Department, for the fiscal year ending June 30, 1939, to remain available until expended, amounting to $200,000, for investigation and survey of a canal and highway across the Republic of Nicaragua (H. Doc. No. 351); to the Committee on Appropriations and ordered to be printed.

881. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the Treasury Department for the fiscal year 1939, amounting to $6,500 (H. Doc. No. 352); to the Committee on Appropriations and ordered to be printed.

882. A communication from the President of the United States, transmitting a proposed provision to transfer $2,900,000 in the aggregate of unexpended balances of certain appropriations for the Post Office Department for the fiscal year 1939 to certain other appropriations for said Department for that fiscal year, and also a provision affecting an existing appropriation of the Post Office Department for the fiscal year 1940 (H. Doc. No. 353); to the Committee on Appropriations and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. MASON: Committee on Immigration and Naturalization. H. R. 4185. A bill to repatriate native-born women residents of the United States who have heretofore lost their citizenship by marriage to an alien; without amendment (Rept. No. 869). Referred to the Committee of the Whole House on the state of the Union.

Mr. O'CONNOR: Committee on Indian Affairs. H. R. 2776. A bill conferring jurisdiction on the Court of Claims to hear, examine, adjudicate, and enter judgment in any claims which the Assiniboine Indians may have against the United States, and for other purposes; with amendment (Rept. No. 870). Referred to the Committee of the Whole House on the state of the Union.

Mr. HARTER of Ohio: Committee on Military Affairs. S. 839. An act to amend the Retirement Act of April 23, 1904; with amendment (Rept. No. 874). Referred to the Committee of the Whole House on the state of the Union.

Mr. LUTHER A. JOHNSON: Committee on Foreign Affairs. S. 326. An act for the payment of awards and appraisals heretofore made in favor of citizens of the United States on claims presented under the General Claims Convention of September 8, 1923, United States and Mexico; without amendment (Rept. No. 875). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. POAGE: Committee on Claims. H. R. 733. A bill for the relief of S. A. Rourke; with amendment (Rept. No. 871). Referred to the Committee of the Whole House.

Mr. EBERHARTER: Committee on Claims. H. R. 777. A bill for the relief of Banks Business College; with amendment (Rept. No. 872). Referred to the Committee of the Whole House.

Mr. MAY: Committee on Military Affairs. S. 681. An act to give proper recognition to the distinguished services of Col. Ernest Graves; without amendment (Rept. No. 873). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. GEARHART:

H. R. 6924. A bill to amend section 32 of the act entitled "An act to amend the Agricultural Adjustment Act, and for other purposes," approved August 24, 1935; to the Committee on Agriculture.

By Mr. HARTER of Ohio:

H. R. 6925. A bill to waive the age limit for appointment as second lieutenant, Regular Army, of certain persons now on active duty with the Air Corps; to the Committee on Military Affairs.

By Mr. MOTT:

H. R. 6926. A bill to set aside certain land in the State of Oregon for a summer camp for Boy Scouts; to the Committee on the Public Lands.

By Mr. SOMERS of New York:

H. R. 6927. A bill to amend Public Law No. 190 of the Sixty-sixth Congress; to the Committee on Invalid Pensions.

By Mr. ANDREWS:

H. R. 6928. A bill to extend the times for commencing and completing the construction of a bridge across the Niagara River at or near the city of Niagara Falls, N. Y., and for other purposes; to the Committee on Foreign Affairs.

By Mr. JONES of Texas:

H. R. 6929. A bill to amend the Federal Crop Insurance Act; to the Committee on Agriculture.

By Mr. PIERCE of Oregon:

H. Con. Res. 30. Concurrent resolution for the investigation of polls; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ALEXANDER:

H. R. 6930. A bill for the relief of Luther W. Darrow; to the Committee on Claims.

By Mr. BURDICK:

H. R. 6931. A bill to enroll certain persons on the final citizenship rolls of the Mississippi Choctaw Indians; to the Committee on Indian Affairs.

By Mr. FITZPATRICK:

H. R. 6932. A bill for the relief of Harold Byrne; to the Committee on Claims.

By Mr. KEOGH:

H. R. 6933. A bill for the relief of Charles H. Dougherty, Sr.; to the Committee on Claims.

By Mr. MARCANTONIO:

H. R. 6934. A bill for the relief of Juan Otero Alvarez; to the Committee on Immigration and Naturalization.

By Mr. PIERCE of New York:

H. R. 6935. A bill granting an increase of pension to Alice Jackson; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3898. By Mr. ANGELL: Petition of Dean Spencer and sundry citizens of Oregon, petitioning the enactment of House bill 960; to the Committee on the Civil Service.

3899. By Mr. BARRY: Petition of the New York State Bankers Association, concerning the Postal Savings System, the Federal Budget, office of the Comptroller of the Currency, Federal savings and loan associations, and the silver-purchase program; to the Committee on Banking and Currency.

3900. Also, petition of the New York State Society of Professional Engineers, Inc., endorsing the Mead bill (S. 2063); to the Committee on Appropriations.

3901. By Mr. CARLSON: Petition of Mrs. E. R. Kenyon and 21 other signers, of Bogue, Kans., protesting against the sale of war munitions and supplies to Japan by the United States; to the Committee on Foreign Affairs.

3902. By Mr. THOMAS F. FORD: Resolution of the City Council of Los Angeles, Calif., memorializing the Congress of the United States to enact necessary legislation for the continuation, during the ensuing fiscal year, of the Works Progress Administration program under conditions and regulations now in force, without any limitation upon the cost of projects to be undertaken; to enact into law House bill 4576, for the continuation of the Public Works Administration construction program, thus providing work for the unemployed citizens of this country and obtaining valuable public improvements; to the Committee on Appropriations.

3903. By Mr. KEOGH: Petition of the United Federal Workers of America, Washington, D. C., favoring the passage of the Ramspeck bill (H. R. 960); to the Committee on the Civil Service.

3904. Also, petition of the Emerson Radio & Phonograph Corporation, New York City, concerning the repeal of the Federal 5-percent tax on radios; to the Committee on Ways and Means.

3905. Also, petition of Local No. 251, National Federation of Post Office Clerks, Brooklyn, N. Y., concerning the Neely bill (S. 281); to the Committee on the Civil Service.

3906. By Mr. LAMBERTSON: Petition of Mrs. W. H. Dittemore and 15 other members of the Farm Bureau unit of Denton, Kans., urging Congress to do everything possible to prevent war; to the Committee on Foreign Affairs.

3907. By Mr. PFEIFER: Petition of the Emerson Radio & Phonograph Corporation, New York City, urging repeal of the Federal 5-percent excise tax on radios; to the Committee on Ways and Means.

3908. Also, petition of the Knight Oil Corporation, New York City, opposing extension of the Connally bill (S. 1302); to the Committee on Interstate and Foreign Commerce.

3909. By Mr. POLK: Petition signed by 59 residents of Scioto County, Ohio; also telegrams and about 100 letters from other residents of the county, urging the enactment of House bill 6470, the so-called Murray-Casey bill; to the Committee on Appropriations.

3910. By Mr. SCHIFFLER: Petition of Mary Ann Rush and 52 other citizens of Wheeling, W. Va., urging the extension of the classified executive civil service of the United States; to the Committee on the Civil Service.

3911. By Mr. RISK: Joint resolution of the City Council of the City of Providence, R. I., urging the United States Government to use its good offices in preserving the integrity of the Balfour declaration in the interests of the Jewish national home at Palestine; to the Committee on Foreign Affairs.

3912. By Mr. TARVER: Petition of mothers, wives, and daughters, of Pelham, Ga., protesting against sending sons, husbands, and brothers on foreign soil to fight other countries' wars; to the Committee on Foreign Affairs.

3913. By Mr. VOORHIS of California: Petition of George W. Rackliff, of Alhambra, Calif., and 29 others, urging support of House bill 5620, known as the General Welfare Act; to the Committee on Ways and Means.

3914. Also, petition of Jessie LaFayette, of Baldwin Park, Calif., and 69 others, urging support of House bill 5620, known as the General Welfare Act; to the Committee on Ways and Means.

3915. Also, petition of Ira J. Teurman, of Baldwin Park, Calif., and 29 others, urging support of House bill 5620, known as the General Welfare Act; to the Committee on Ways and Means.

3916. Also, petition of Juanita Brooks, of Monrovia, Calif., and 29 others, urging support of House bill 5620, known as the General Welfare Act; to the Committee on Ways and Means.

3917. Also, petition of Mary A. Kirby, of Whittier, Calif., and 29 others, urging support of House bill 5620, known as the General Welfare Act; to the Committee on Ways and Means.

3918. Also, petition of Hugh B. Dailey, of Los Angeles, Calif., and 18 others, urging support of House bill 5620, known as the General Welfare Act; to the Committee on Ways and Means.

3919. Also, petition of Howard T. Whited, of El Monte, Calif., and 59 others, urging support of House bill 5620, known as the General Welfare Act; to the Committee on Ways and Means.

3920. Also, petition of C. W. Gardines, of Pico, Calif., and 29 others, urging support of House bill 5620, known as the General Welfare Act; to the Committee on Ways and Means.

3921. Also, petition of Walter S. Conn, of Los Angeles, Calif., and 59 others, urging support of House bill 5620, known as the General Welfare Act; to the Committee on Ways and Means.

3922. Also, petition of L. F. Langford, of Pasadena, Calif., and 29 others, urging support of House bill 5620, known as the General Welfare Act; to the Committee on Ways and Means.

3923. Also, petition of Alice B. Mooney, of Pasadena, Calif., and 29 others, urging support of House bill 5620, known as the General Welfare Act; to the Committee on Ways and Means.

3924. Also, petition of W. S. Sanders, of Pomona, Calif., and 59 others, urging support of House bill 5620, known as the General Welfare Act; to the Committee on Ways and Means.

3925. Also, petition of C. Robert Weber, of El Monte, Calif., and 23 others, urging support of House bill 5620, known as the General Welfare Act; to the Committee on Ways and Means.

3926. Also, petition of H. C. Carlson, of Baldwin Park, Calif., and 65 others, urging support of House bill 5620, known as the General Welfare Act; to the Committee on Ways and Means.

3927. Also, petition of A. R. Christensen, of Baldwin Park, Calif., and 29 others, urging support of House bill 5620, known as the General Welfare Act; to the Committee on Ways and Means.

3928. Also, petition of Perry Mayhew, of Baldwin Park, Calif., and 29 others, urging support of House bill 5620, known as the General Welfare Act; to the Committee on Ways and Means.

3929. Also, petition of John A. Haggart, of Baldwin Park, Calif., and 29 others, urging support of House bill 5620, known as the General Welfare Act; to the Committee on Ways and Means.

3930. By the SPEAKER: Petition of William Kennedy, of San Francisco, Calif., petitioning consideration of their resolution with reference to House bill 6470, Works Progress Administration appropriation; to the Committee on Appropriations.

3931. Also, petition of the New Jersey State Bar Association, Trenton, N. J., petitioning consideration of their resolution with reference to the appointment of a United States district court judge for the district of New Jersey to fill the existing vacancy; to the Committee on the Judiciary.

SENATE

WEDNESDAY, JUNE 21, 1939

(Legislative day of Thursday, June 15, 1939)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

The Chaplain, Rev. ZeBarney T. Phillips, D. D., offered the following prayer:

O God, the everliving One, from whom all is endowed, with whom all is imbued, and who art in the mind that seeks Thee out: Bring us nearer to Thyself and closer to our fellow men in constraining and consecrating us to all duty and service, that we may be kept from burdening ourselves needlessly with cares, anxieties, and frets that cloud the mind. Give to us the discerning wisdom so needful for the exacting duties that confront us here, and, as we go from strength to strength, empower us with the spirit of divine compassion, which was the habitual mood of Christ, who saw the tragedy in which all human life is caught, and, on the cross, revealed that love which men may not resist, and which wins to itself every seeker after peace. We ask it in His name and for His sake. Amen.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day, Tuesday, June 20, 1939, was dispensed with and the Journal was approved.

CALL OF THE ROLL

Mr. BARKLEY. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Davis	La Follette	Reynolds
Andrews	Donahey	Lee	Russell
Ashurst	Ellender	Logan	Schwartz
Austin	Frazier	Lucas	Schwellenbach
Bailey	George	Lundeen	Shipstead
Bankhead	Gerry	McCarran	Slattery
Barbour	Gillette	McKellar	Smathers
Barkley	Green	Maloney	Taft
Bilbo	Guffey	Mead	Thomas, Okla.
Bone	Gurney	Miller	Tobey
Borah	Harrison	Minton	Townsend
Bridges	Hatch	Murray	Truman
Brown	Hayden	Neely	Tydings
Bulow	Herring	Norris	Vandenberg
Burke	Hill	Nye	Van Nuys
Byrd	Holman	O'Mahoney	Wagner
Capper	Holt	Overton	Walsh
Chavez	Hughes	Pepper	Wheeler
Clark, Idaho	Johnson, Calif.	Pittman	White
Clark, Mo.	Johnson, Colo.	Radcliffe	Wiley
Danaher	King	Reed	

Mr. MINTON. I announce that the Senator from Virginia [Mr. GLASS] is detained from the Senate because of illness.

The Senator from South Carolina [Mr. SMITH] is absent because of illness in his family.

The Senator from Arkansas [Mrs. CARAWAY] and the Senator from Texas [Mr. CONNALLY] are necessarily detained.

The Senator from South Carolina [Mr. BYRNES], the Senator from California [Mr. DOWNEY], the Senator from Tennessee [Mr. STEWART], the Senator from Utah [Mr. THOMAS], and the Senator from Texas [Mr. SHEPPARD] are detained on important public business.

Mr. AUSTIN. I announce that the Senator from Oregon [Mr. MCNARY] is absent because of illness, and the Senator from Massachusetts [Mr. LODGE] is absent on public business.

The VICE PRESIDENT. Eighty-three Senators have answered to their names. A quorum is present.

ROOFS AND SKYLIGHTS OVER WINGS OF CAPITOL

The VICE PRESIDENT, under the terms of the Legislative Branch Appropriation Act (Public, No. 130, 76th Cong.), approved June 16, 1939, appointed the Senator from Texas [Mr. CONNALLY] as the member on the part of the Senate of the joint committee to direct a structural engineering study of the roofs and skylights over the wings of the Capitol Building.

WARRANTS AND SUBPENAS IN CONNECTION WITH VIOLATIONS OF POSTAL LAWS

The VICE PRESIDENT laid before the Senate a letter from the Acting Postmaster General, transmitting a draft of proposed legislation designed to give the Inspection Service of the Post Office Department authority to serve warrants and subpenas in connection with violations of the postal laws, and also to authorize the making of arrests without warrants where there is danger that a person believed, upon reasonable grounds, to have been guilty of a postal felony may escape before a warrant can be obtained for his arrest, which, with the accompanying paper, was referred to the Committee on Post Offices and Post Roads.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a petition of sundry citizens of the State of New Jersey praying that the Federal Music Project and Opera Co. be retained and appropriated for in pending legislation under the administration of the W. P. A., which was referred to the Committee on Appropriations.

He also laid before the Senate petitions of sundry citizens of New York City praying that a one-man board administer the Works Progress Administration, that there may be no decentralization of the arts project and no curtailment of the theater project, and that no restrictions be placed on the Works Progress Administration in pending legislation, which were referred to the Committee on Appropriations.

He also laid before the Senate a telegram in the nature of a memorial from The Junior Members Round Table of the American Library Association, signed by Norma Olin Ireland, chairman, San Francisco, Calif., remonstrating against the confirmation of the nomination of Archibald MacLeish, of Connecticut, to be Librarian of Congress, which was ordered to lie on the table.

Mr. CAPPER presented a concurrent resolution adopted by the house of representatives and the senate of the Sunflower Girls' State (State of Kansas), Topeka, Kans., favoring the enactment of legislation to provide for the continuation of the National Youth Administration program in the high schools of the Nation, which was referred to the Committee on Appropriations.

JEWISH NATIONAL HOME IN PALESTINE

Mr. GREEN presented a resolution of the City Council of Providence, R. I., which was referred to the Committee on Foreign Relations and ordered to be printed in the RECORD, as follows:

Whereas recognition has been given by the nations of the world to the historic connection of the Jewish people with Palestine and to the grounds for reconstituting their national home in this country; and

Whereas the United States of America has given its approval to the reestablishment of the Jewish national home in Palestine, as embodied in a resolution adopted by the Congress of the United States known as the Lodge resolution; and

Whereas this body deplores the persecution of peoples in any land based upon racial bigotry and religious intolerance, and has on previous occasions expressed its sympathetic interest in the Jewish national inspirations: Now, therefore, be it

Resolved by the City Council of Providence, R. I., in joint session assembled, That it expresses concern in the welfare of the Jewish national home and its admiration of the progress made in Palestine by the efforts of the Jewish pioneers; and that it views with favor their achievements in Palestine, where opportunities were created for tens of thousands of Jews to return to the land of their fathers as of right and not on sufferance; and be it further

Resolved, That the United States of America be, and is, respectfully solicited to use its good offices for the purpose of safeguarding the integrity of the Balfour declaration, assuring its consummation and the interest of the Jewish national home in accordance with the terms of the Palestine mandate, to the end that the doors of Palestine may be opened for the purpose of admitting the homeless Jewish victims of racial bigotry and religious intolerance where they may find the opportunity of rebuilding their broken lives; and be it also further

Resolved, That copies of these resolutions be forwarded by the clerk of the city council to the President of the United States, to the Vice President of the United States, to the Speaker of the House of Representatives, and to the Representatives in Congress from the State of Rhode Island.

REPORTS OF COMMITTEES

Mr. ADAMS, from the Committee on Public Lands and Surveys, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 5. A bill to grant certain lands to the Arizona State Elks Association Hospital (Rept. No. 637);

S. 770. A bill to authorize the addition to Glacier National Park, Mont., of certain property acquired for the establishment and operation of a fish hatchery, and for other purposes (Rept. No. 638); and

S. 2152. A bill to protect scenic values along the Catalina Highway within the Coronado National Forest, Ariz. (Rept. No. 639).

Mr. ADAMS also, from the Committee on Public Lands and Surveys, to which were referred the following bills, reported them each with an amendment and submitted reports thereon:

S. 2619. A bill to provide a measure of damages for trespass involving timber and other forest products upon lands of the United States (Rept. No. 640); and

S. 2624. A bill to amend the act of August 24, 1912 (37 Stat. 460), as amended, with regard to the limitation of cost upon the construction of buildings in national parks (Rept. No. 641).

Mr. LA FOLLETTE, from the Committee on Indian Affairs, to which was referred the bill (S. 607) to amend section 40 of the act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes," approved September 7, 1916, as amended, reported it with an amendment and submitted a report (No. 642) thereon.

He also, from the same committee, to which was referred the bill (H. R. 4497) to prescribe rules for the enrollment of Menominee Indian children born to enrolled parents, and for other purposes, reported it without amendment and submitted a report (No. 643) thereon.

Mr. HOLMAN, from the Committee on Military Affairs, to which was referred the bill (S. 1618) granting an annuity to William F. Pack, reported it with an amendment and submitted a report (No. 644) thereon.

Mr. GURNEY, from the Committee on Military Affairs, to which was referred the bill (S. 1750) authorizing the Secretary of War to convey to the town of Marmet, W. Va., two tracts of land to be used for municipal purposes, reported it with amendments and submitted a report (No. 645) thereon.

Mr. SLATTERY, from the Committee on Military Affairs, to which was referred the bill (S. 2031) authorizing the Secretary of War to bestow the Silver Star upon Michael J. Quinn, reported it without amendment and submitted a report (No. 646) thereon.

Mr. WAGNER, from the Committee on Banking and Currency, to which was referred the bill (S. 2240) to provide for a national census of housing, reported it with amendments and submitted a report (No. 647) thereon.

Mr. BANKHEAD, from the Committee on Agriculture and Forestry, to which was referred the bill (S. 1836) to promote farm ownership by amending the Bankhead-Jones Farm Tenant Act to provide for Government-insured loans to farmers, to encourage sale of farms held by absentee owners to farm tenants, and to enable tenant farmers to become owners of farm homes through long-term low-interest rate loans on farms, and for other purposes, reported it with an amendment, and submitted a report (No. 649) thereon.

Mr. SCHWARTZ, from the Committee on Claims, to which were referred the following bills, reported them severally with amendments and submitted reports thereon:

S. 753. A bill for the relief of the widow and children of Dr. Joe M. Ferguson (Rept. No. 650);

S. 2156. A bill for the relief of Walter Petersen (Rept. No. 651); and

S. 1445. A bill for the relief of Bruno Arena (Rept. No. 652).

Mr. SCHWARTZ also, from the Committee on Claims, to which was referred the bill (S. 2271) for the relief of Barnet Warren, reported it with an amendment and submitted a report (No. 653) thereon.

He also, from the same committee, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

H. R. 3673. A bill for the relief of the Allegheny Forging Co. (Rept. No. 654); and

S. 1839. A bill for the relief of Le Roy Breithaupt (Rept. No. 655).

Mr. HUGHES, from the Committee on Claims, to which was referred the bill (S. 2607) authorizing the Comptroller General of the United States to settle and adjust the claim of Edith Easton and Alma E. Gates, reported it without amendment and submitted a report (No. 656) thereon.

He also, from the same committee, to which was referred the bill (S. 1810) for the relief of the Citizens State Bank of Marianna, Fla., reported it with an amendment and submitted a report (No. 657) thereon.

Mr. BAILEY, from the Committee on Commerce, to which was referred the bill (S. 1989) to provide for the alteration of certain bridges over navigable waters of the United States, for the apportionment of the cost of such alterations between the United States and the owners of such bridges, and for other purposes, reported it with amendments and submitted a report (No. 658) thereon.

ENROLLED BILLS PRESENTED

Mr. TRUMAN, from the Committee on Enrolled Bills, reported that that committee presented to the President of the United States the following enrolled bills:

On June 15, 1939:

S. 1886. An act to extend to June 16, 1942, the period within which certain loans to executive officers of member banks of the Federal Reserve System may be renewed or extended; and

S. 2154. An act to modify the provisions of section 14 of the act of June 30, 1834, and section 10 of the act of June 22, 1874, relating to the Indians.

On June 21, 1939:

S. 1569. An act to amend the Agricultural Adjustment Act of 1938, as amended.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BAILEY:

S. 2657. A bill to provide for the refund of amounts paid as taxes or paid for tax-exemption certificates, tax-payment warrants, or tax-exemption stamps, under the Bankhead Cotton Act of 1934, the Kerr Tobacco Act, and the Potato Act of 1935; to the Committee on Agriculture and Forestry.

S. 2658. A bill for the relief of Etta Houser Freeman; to the Committee on Claims.

By Mr. GILLETTE:

S. 2659. A bill to authorize the presentation of a Congressional Medal of Honor to Frank L. Williams; to the Committee on Military Affairs.

By Mr. THOMAS of Oklahoma:

S. 2660. A bill amending Public Law No. 96 of the Seventy-fifth Congress, being an act entitled "An act amending section 2 of Public Law No. 716 of the Seventy-fourth Congress, being an act entitled 'An act to relieve restricted Indians whose lands have been taxed or have been lost by failure to pay taxes, and for other purposes'"; to the Committee on Indian Affairs.

By Mr. PEPPER:

S. 2661. A bill to create a board of inspectors, Bureau of Marine Inspection and Navigation, at Miami, Fla.; to the Committee on Commerce.

By Mr. WAGNER:

S. 2662. A bill authorizing the Secretary of the Treasury to convey an easement in certain lands to the city of New York, and for other purposes; to the Committee on Public Buildings and Grounds.

By Mr. SHIPSTEAD:

S. 2663. A bill to amend the act entitled "An act for the grading and classification of clerks in the Foreign Service of the United States of America, and providing compensation therefor," approved February 23, 1931, as amended; to the Committee on Foreign Relations.

By Mr. BYRD:

S. 2664. A bill to amend the act of June 30, 1936 (49 Stat. 2041), providing for the administration and maintenance of the Blue Ridge Parkway, in the States of Virginia and North Carolina, by the Secretary of the Interior, and for other purposes; to the Committee on Public Lands and Surveys.

By Mr. LUNDEEN:

S. 2665. A bill for the relief of the tornado sufferers of Anoka, Minn.; to the Committee on Appropriations.

By Mr. KING:

S. 2666. A bill providing for the exchange of certain park lands at the northern boundary of Piney Branch Parkway, near Argyle Terrace for other lands more suitable for the use and development of Piney Branch Parkway; to the Committee on the District of Columbia.

By Mr. HATCH:

S. 2667. A bill for the relief of Mr. and Mrs. John W. Finley; to the Committee on Claims.

By Mr. ELLENDER:

S. 2668. A bill for the relief of T. B. Sellers; to the Committee on Finance.

By Mr. KING:

S. 2669. A bill to admit Orris R. Grimmesey permanently to the United States; to the Committee on Immigration.

RELIEF OF TORNADO SUFFERERS AT ANOKA, MINN.

Mr. LUNDEEN. Mr. President, within the last few hours we have been made acquainted with terrific storms and a tornado in the city of Anoka in Minnesota, and I have today introduced a bill authorizing the appropriation of $100,000 for the relief of sufferers not only from the storm, but from the heavy rains and terrific weather visited upon the people of the stricken vicinity after the tornado swept by, leaving the people without homes, without shelter, and in some cases without food. I wish to call this measure to the attention of the Senate at this time. We have often come to the rescue of lands across the sea in the past. Now, here is an American city in Minnesota—a fine upstanding community of good, God-fearing American people—the business center of that city destroyed, homes wrecked by cyclone and storm. It is our duty to help them in this awful crisis. I plead with the Senate and the Congress to lend a hand to our distressed citizens of Minnesota that they may be able to rebuild their homes and firesides and raise again their industries, where strong men earned a livelihood for their wives and children. I feel certain the Senate will heed their call for help. These citizens will gladly enter into any arrangement that our executive and legislative departments of Government may devise. State and Nation must act in a material and realistic way; sympathy and condolence is not enough. I thank the Senate.

(See S. 2665, under the proper heading, introduced today by Mr. LUNDEEN and referred to the Committee on Appropriations.)

Mr. LUNDEEN. I ask unanimous consent that the bill be printed in the RECORD at this point.

There being no objection, the bill (S. 2665) for the relief of the tornado sufferers of Anoka, Minn., was ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the mayor of Anoka, Minn., the sum of $100,000, to be used for the relief of the victims of the tornado which occurred in said city on June 18, 1939.

THE REVENUE—AMENDMENTS

Mr. LA FOLLETTE submitted several amendments intended to be proposed by him to the bill (H. R. 6851) to provide revenue, equalize taxation, and for other purposes, which were ordered to lie on the table and to be printed.

WORK RELIEF AND RELIEF—AMENDMENTS

Mr. HAYDEN submitted sundry amendments, Mr. MEAD submitted several amendments, and Mr. JOHNSON of Colorado submitted two amendments intended to be proposed by them, respectively, to the joint resolution (H. J. Res. 326) making appropriations for work relief, relief, and to increase employment by providing loans and grants for public-works projects for the fiscal year ending June 30, 1940, which were referred to the Committee on Appropriations and ordered to be printed.

LABOR DEPARTMENT APPROPRIATIONS

The VICE PRESIDENT laid before the Senate the action of the House of Representatives insisting upon its disagreement to the amendments of the Senate numbered 1, 14, and 15 to the bill (H. R. 5427) making appropriations for the Labor Department for the fiscal year ending June 30, 1940, and for other purposes.

Mr. McKELLAR. I move that the Senate further insist upon its amendments still in disagreement, request a further conference with the House thereon, and that the Chair appoint as conferees on the part of the Senate the same conferees who were appointed on the original bill.

The motion was agreed to; and the Vice President appointed Mr. McKELLAR, Mr. RUSSELL, Mr. McCARRAN, Mr. BANKHEAD, Mr. LODGE, and Mr. BRIDGES conferees on the part of the Senate at the further conference.

TRIBUTE TO THE LATE GRACE ABBOTT

Mr. DAVIS. Mr. President, our country has lost a valued citizen in the passing of Miss Grace Abbott. I had the honor of being associated with the work of the Children's Bureau in the Department of Labor during a period of almost 10 years when Miss Abbott was Chief. I have never known a more capable administrator. Her energy and enthusiasm in behalf of the youth of the Nation brought rich returns in health and happiness for an uncounted host of underprivileged children. She was indeed the benefactor of the entire Nation. Miss Abbott will always be remembered for the high ideals of public service which she established while Chief of the Children's Bureau.

Mr. President, I ask unanimous consent to have printed in the RECORD as a part of my remarks an editorial on Grace Abbott published in the Washington Post for June 21, 1939.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Washington Post of June 21, 1939]

GRACE ABBOTT

The death of Grace Abbott, professor of public welfare administration at the University of Chicago and former head of the United States Children's Bureau, brings to an untimely close a distinguished career of public service.

Few men and women possess the qualities that enable them to function both as effective crusaders for social betterment and as capable administrators. Miss Abbott was one of the rare individuals who could do both. Her zeal as a reformer was tempered by the restraint that comes from having a trained mind and a disciplined imagination.

As Director of the Children's Bureau during the formative years from 1921 to 1934 Miss Abbott's name became known to literally millions of households interested in the problems of child welfare. Her efforts were directed constantly toward improving and expanding the statistical and informational services of the organization and establishing closer contact with the States and local communities. While engaged in this exacting work she served as a member of numerous private committees and governmental bodies at home, and on various occasions represented this country at international conferences dealing with the problems of women and children.

Miss Abbott's competence as a bureau head and her broad vision of the developmental task that awaited her as Chief of the Children's Bureau were due, to some extent, to her varied experiences as a social worker and her expert knowledge of governmental organization and administration. Before entering the Federal service, for instance, she had been director of the Immigrants' Protective League of Chicago and executive secretary of the State immigration commissions of Massachusetts and Illinois. In this capacity she became especially interested in the children of immigrants and the difficulties encountered in adjusting them to an alien environment.

When Miss Abbott retired voluntarily from the public service 5 years ago it was to take up another kind of work for which she was ideally fitted—that of training others to enter a field in which she had labored with such conspicuous success. After becoming associated with the University of Chicago she continued to serve the public as teacher, editor of the Social Service Review, and author of a recently published authoritative study, The Child and the State.

Her death deprives the country of an outstanding citizen, honored for what she has achieved and doubly regretted because she was not given time to make the fuller contribution of which she was capable.

Mr. NORRIS. Mr. President, I wish to add a word to what the Senator from Pennsylvania has said concerning Miss Grace Abbott. When history is written I believe it will be demonstrated that she was one of the noblest women our country ever produced. She was always unselfish. She forgot herself and her own interests in doing good to others. She was the greatest friend the children of our country ever had. She lived a noble life. She did much good in this world, and untold benefit and happiness will come to millions of children who never knew Miss Abbott. Students of present-day history know her worth.

I agree fully with the sentiments expressed by the Senator from Pennsylvania.

THE TOWNSEND PLAN AND THE G. O. P.—ADDRESS BY HON. JAMES A. FARLEY

[Mr. BARKLEY asked and obtained leave to have printed in the Appendix of the RECORD an address by Hon. James A. Farley, chairman of the Democratic National Committee, on

the subject The Townsend Plan and the G. O. P., which appears in the Appendix.]

ADDRESS BY GOVERNOR WHITE, OF MISSISSIPPI, BEFORE KANSAS STATE CHAMBER OF COMMERCE

[Mr. HARRISON asked and obtained leave to have printed in the RECORD the address delivered by Hon. Hugh L. White, Governor of Mississippi, before the Kansas State Chamber of Commerce at Wichita, Kans., on June 16, 1933, on the subject Land of the Free, which appears in the Appendix.]

EMPLOYEES OF CIVIL AERONAUTICS AUTHORITY

[Mr. BAILEY asked and obtained leave to have printed in the RECORD a letter addressed by Hon. Harllee Branch, Vice Chairman, Civil Aeronautics Authority, to the editor of the Huntington (W. Va.) Advertiser, in regard to the number of employees of the Civil Aeronautics Authority, which appears in the Appendix.]

FACTS ABOUT TRADE AGREEMENTS—ARTICLE BY C. E. BROUGHTON

[Mr. MCKELLAR asked and obtained leave to have printed in the RECORD an article entitled "The Facts About Trade Agreements," by C. E. Broughton, editor of the Sheboygan (Wis.) Press, which appears in the Appendix.]

TREATY OBLIGATIONS—RADIO ADDRESS BY H. V. KALTENBORN

[Mr. SCHWELLENBACH asked and obtained leave to have printed in the RECORD a radio address by H. V. Kaltenborn on the subject of treaty obligations, which appears in the Appendix.]

SAVINGS IN OPERATION OF NATIONAL LABOR RELATIONS ACT IN 1938

[Mr. WAGNER asked and obtained leave to have printed in the RECORD a study made by Morris Weisz, assistant economist of the National Labor Relations Board, on the subject of savings resulting from the effective operation of the National Labor Relations Act in 1938, compared with costs of its operation, which appears in the Appendix.]

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States, submitting nominations, were communicated to the Senate by Mr. Latta, one of his secretaries.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Calloway, one of its reading clerks, announced that the House had agreed to the amendment of the Senate to the amendment of the House to the bill (S. 1117) to provide for the reimbursement of certain enlisted men or former enlisted men of the United States Navy for the value of personal effects lost in the hurricane at the submarine base, New London, Conn., on September 21, 1938.

The message also announced that the House had passed the bill (S. 1302) to make permanently effective the act entitled "An act to regulate interstate and foreign commerce in petroleum and its products by prohibiting the shipment in such commerce of petroleum and its products produced in violation of State law, and for other purposes," approved February 22, 1935, as amended, and for other purposes, with amendments, in which it requested the concurrence of the Senate.

The message further announced that the House insisted upon its amendment to the bill (S. 1164) for the relief of Nadine Sanders, disagreed to by the Senate; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. KENNEDY of Maryland, Mr. KEOGH, and Mr. THOMAS of New Jersey were appointed managers on the part of the House at the conference.

The message also announced that the House had disagreed to the amendment of the Senate to the bill (H. R. 875) for the relief of Okie May Fegley, asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. KENNEDY of Maryland, Mr. KEOGH, and Mr. THOMAS of New Jersey were appointed managers on the part of the House at the conference.

The message further announced that the House had agreed to the amendment of the Senate to the bill (H. R. 4133) for the relief of Joseph N. Thiele.

The mesage also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6260) making appropriations for the fiscal year ending June 30, 1940, for civil functions administered by the War Department, and for other purposes; that the House had receded from its disagreement to the amendments of the Senate Nos. 5 and 7 to the bill, and concurred therein, and that the House had receded from its disagreement to the amendment of the Senate No. 6 to the bill and concurred therein with an amendment, in which it requested the concurrence of the Senate.

STABILIZATION FUND AND WEIGHT OF THE DOLLAR

The Senate resumed the consideration of the bill (H. R. 3325) to extend the time within which the powers relating to the stabilization fund and alteration of the weight of the dollar may be exercised.

Mr. PITTMAN. Mr. President, so that it may be the subject of discussion, I should like to offer an amendment to the Adams amendment.

I offer the amendment, which I request may be printed and printed in the RECORD, together with certain correspondence pertaining to the subject.

There being no objection, the amendment was ordered to be printed and to be printed in the RECORD, together with the correspondence referred to.

The amendment of Mr. PITTMAN to the amendment of Mr. ADAMS is as follows:

Amendment intended to be proposed by Mr. PITTMAN to the bill (H. R. 3325) to extend the time within which the powers relating to the stabilization fund and alteration of the weight of the dollar may be exercised, by adding the following amendment to the pending amendment offered by Mr. ADAMS, as follows:

"SEC. —. The Secretary of the Treasury, on and after July 1, 1939, is authorized and directed to purchase silver, mined from natural deposits in the continental United States subsequent to June 30, 1939, for present or future delivery with any direct obligations, coin, or currency of the United States, authorized by law, or with any funds in the Treasury not otherwise appropriated upon the delivery, or tender of delivery to the Secretary of the Treasury or his agent, at the rate and price of $1.27 per fine ounce.

"SEC. —. The Secretary of the Treasury is authorized and directed to issue silver certificates in such denominations as he may from time to time prescribe in a face amount not less than the cost of all silver purchased hereunder, and such certificates shall be placed in actual circulation. There shall be maintained in the Treasury as security for all silver certificates heretofore or hereafter issued and at the time outstanding an amount of silver in bullion and standard silver dollars of a monetary value equal to the face amount of such silver certificates. All silver certificates heretofore or hereafter issued shall be legal tender for all debts, public and private, public charges, taxes, duties, and dues, and shall be redeemable on demand at the Treasury of the United States in standard silver dollars; and the Secretary of the Treasury is authorized to coin standard silver dollars for such redemption.

"SEC. —. The Secretary of the Treasury is hereby authorized to issue, with the approval of the President, such rules and regulations as the Secretary of the Treasury may deem necessary or proper to carry out the purposes of this act, or of any order issued hereunder.

"SEC. —. As used in this act—

"The term 'the continental United States' means the States of the United States, the District of Columbia, and the Territory of Alaska.

"The term 'monetary value' means a value calculated on the basis of $1 for an amount of silver or gold equal to the amount at the time contained in the standard silver dollar and the gold dollar, respectively.

"SEC. —. The right to alter, amend, or repeal this act is hereby expressly reserved. If any provision of this act, or the application thereof to any person or circumstance, is held invalid, the remainder of the act, and the application of such provision to other persons or circumstances, shall not be affected thereby.

"SEC. —. All acts and parts of acts inconsistent with any of the provisions of this act are hereby repealed, but the authority conferred in this act upon the President and the Secretary of the Treasury is declared to be supplemental to the authority heretofore conferred, and which by this amendment and act is not repealed."

The correspondence presented by Mr. PITTMAN is as follows:

UNITED STATES SENATE,
COMMITTEE ON FOREIGN RELATIONS,
Washington, D. C., May 23, 1939.

Hon. HENRY MORGENTHAU,
Secretary of the Treasury, Washington, D. C.

MY DEAR MR. SECRETARY: Two or three weeks ago I left with you a letter that I had written to 12 western Senators and their reply to my letter. I also left with you a galley proof of the testimony before the Special Silver Committee of the Senate. I ask you if the testimony does not show the following facts:

That in December 1937 the Governors of the silver-producing States, mine operators' associations, miners' unions, and civic associations warned the President and you that the reduction in the price of domestic silver below 77.57 cents an ounce would result in the reduced mining operations and consequent unemployment; that such predictions have come true; that the production in silver in 1937 was 70,000,000 ounces and in 1938—when the price was reduced—was only 58,000,000 ounces; that employment of those directly engaged in mining in August and September 1937 was 125.9, and in January and February 1938 was 86.4; and in January and February 1939 was 83.1; that in August and September 1937 pay rolls were 136.1; that in January and February 1938 was 87.9; and in January and February 1938 was 80.7; that the testimony of Dr. Finch and the statistics prepared by the University of Utah disclose that for every person engaged in mining in that State 14 other persons are dependent upon such mining labor for employment; that using such figures at the minimum, at least 100,000 persons were thrown out of employment through the reduction in the domestic price of silver; that the Government, by reducing the price of domestic silver from 77.57 cents an ounce to 64.64 cents an ounce, gained less than $2,000,000 in seigniorage.

I think you must answer these questions in the affirmative from the uncontroverted evidence. The evidence recently adduced from the same Governors and similar organizations discloses that conditions will get worse instead of better if the price of domestic silver is not restored to at least 77.57 cents an ounce. It must be evident also to you that unless a stable price is fixed until at least July 1, 1941, preparations for mining cannot be safely undertaken. Even now, by reason of the uncertainty as to what will take place on the first of July of this year, curtailment of mining operations is going on.

The metal-mining industry cannot understand why billions of dollars are expended in bonuses on behalf of agriculture, while our Government refuses to forego a profit of $2,000,000 to preserve the mining industry. The mining industry has a right to be impatient and is impatient.

Sincerely,

KEY PITTMAN.

THE SECRETARY OF THE TREASURY,
Washington, June 7, 1939.

Hon. KEY PITTMAN,
United States Senate.

MY DEAR SENATOR: I wish to thank you for your letter of May 23, 1939, relative to fixing a price for domestic silver at at least 77.57 cents an ounce until at least July 1, 1941, and to assure you that the problem to which you refer will continue to receive careful study by this Department.

Sincerely yours,

H. MORGENTHAU, JR.,
Secretary of the Treasury.

UNITED STATES SENATE,
Washington, D. C., June 11, 1939.

Hon. HENRY MORGENTHAU, Jr.,
Secretary of the Treasury, Washington, D. C.

MY DEAR MR. SECRETARY: I have the honor to acknowledge receipt of your letter of June 7 in reply to my letter of May 23, 1939.

It should appear that you intend to pursue your customary policy of waiting until the 30th day of June to inform certain mining companies of the United States whether they are going to operate on the 1st day of July or not. Some of them have been hanging on with a slight deficit in hopes the price of silver would be restored to what it was in 1937, namely, 77.57 cents an ounce. If it is not restored, these mines on the 1st day of July will close down and discharge their employees, who will go on the relief rolls.

I feel it my duty to call together those of the West interested in the mining industry for a conference to determine whether or not it is advisable to offer amendments to the bill extending the President's authority with regard to devaluation of gold.

Sincerely yours,

KEY PITTMAN.

Mr. THOMAS of Oklahoma. Mr. President, I have hanging on the wall a map of the United States. A portion of the map is colored in green. It takes the total income from all the States shown in green to pay the cost of government—that is, the National Government and the governments of the several States, cities, counties, and districts. It takes a sum equal to the total income from all the States west of the Mississippi River to pay this one item of taxes.

Then the map shows the States east of the Mississippi and south of the Ohio in red. It takes the total income of all the States shown in red to pay the interest that the people have to pay each year. The amount each State contributes to the national income is marked on the State.

In 1937 the national income was about $67,000,000,000. Of that sum, it took $17,743,000,000 to pay the cost of government—National, State, county, city, and District.

We have in this country today a massed indebtedness of something like $260,000,000,000. That includes the national debt, the several State debts, the several county debts, the several city debts, the several District debts, and all private debts.

When the people pay their taxes, they pay their part of the interest on the public debt. Subtracting $60,000,000,000 from $260,000,000,000 leaves a private debt of $200,000,000,000. At 5 percent, the total interest on the private debt amounts to $10,000,000,000. To pay that $10,000,000,000 it takes a sum equal to the total income of all the States shown in red on the map of the United States.

I have before me some charts, and as I proceed I shall use these charts to enforce and demonstrate what I mean. I shall devote my time exclusively to the question of the present condition in which the country finds itself.

Mr. President, the trouble in this country is over money. I made a speech, not far from where I am now standing, on the 18th day of February 1932. That was at the beginning of a national campaign year. When I made that speech in 1932, standing just in the rear, there were on my right, on the Republican side, about 20 more Republican Senators than there were Democrats on my side of the aisle. In that speech I tried to portray to the Senate the size a gold cube would be if all the monetary gold in the world were melted into that cube. At that time, in dollars valued as they were in 1932, it would have made a cube about 31½ feet square.

I illustrated by commencing at the far corner of the Chamber. Thirty-one and one-half feet would come just a little way beyond the door, almost to the Vice President's chair. Then, commencing at that wall, coming out toward this door, 31½ feet would come about to where the Senator from Wisconsin [Mr. WILEY] is now sitting, in the seat of the Senator from Nebraska [Mr. NORRIS]. Then go back to the wall on the east and back to the starting place. That is a block about 31½ feet square. Then imagine that cube rising 31½ feet high, and you would have had at that time an imaginary gold block the size of all the gold in the world melted into a single cube.

At that time the gold block was worth about $12,000,000,000. Since that time we have devalued the dollar, and since that time we have produced gold, and since that time gold in trinkets has been converted into monetary money, so the imaginary gold cube now is about 34 or 35 feet square.

I said, 6 years ago, that if Congress, then Republican, did not do the thing I wanted done—not because I wanted it done, but because I saw then what had to be done—we could put that block of gold in that corner of the Senate Chamber and leave plenty of room on that side for the then majority party to transact its part of the business of the Senate. A majority in this body of 20 on the Republican side dwindled to a total of 16 Members. They could have had the block of gold over there, and there would have been plenty of room left for the 16 Republicans who were here, because they did not do the thing they should have done.

Mr. President, before I conclude today I shall try to demonstrate to my Democratic colleagues that if we do not do the thing that should be done we may transfer that block of gold over to this corner, and in only a few years there will be plenty of room on this side for the few remaining Democrats to transact their part of the Nation's business.

Mr. BORAH. Mr. President——

Mr. THOMAS of Oklahoma. I yield to the Senator from Idaho.

Mr. BORAH. If the Senator could get the issue before the country so that the people could pass upon it, he could prophesy with some degree of certainty.

Mr. THOMAS of Oklahoma. Mr. President, I tried to tell the Senate in a speech I made later, 6 years ago, in advocacy of the gold-devaluation bill and the silver policy and the policy of placing more money in circulation, just what the effect would be. In that particular I was not mistaken. It was clear to me then, as it is clear to me now; and if those of you who do me the honor to listen to what I shall have to say today are not convinced of my position, then I shall have failed.

Mr. President, no political party—and I use this expression in no partisan sense; it is only to show the reaction of business upon the minds of the people—no political party in recent years has succeeded itself on a falling price level; not one.

Let me call attention to this chart.

Commencing back in 1892 the Nation elected Grover Cleveland as President. At that time the price level was low. A dollar was worth 190 cents. A dollar bought $1.90 worth of goods. For a farmer or a producer to get a dollar, he had to produce $1.90 worth of goods and sell it. Grover Cleveland succeeded a Republican President. Cleveland stayed in 4 years; and instead of prices going up during Cleveland's administration, prices went down. The dollar value in 1896 was $2.15. In that year, 1896, we had the famous free-silver campaign waged by William Jennings Bryan. That year the farmers of America and the producers of America had to toil, raise, and produce, and sell $2.15 worth of goods to get $1 to pay their taxes and to pay their interest. They could not do it, and they did not do it. That high price dollar is the reason why we had the free-silver campaign waged by William Jennings Bryan in 1896. The Democrats were voted out, and Mr. McKinley was voted in.

Mr. McKinley came into power when we had a dollar worth $2.15 in terms of property. For the next several Presidential terms—1900, 1904, and 1908—we had a gradually decreasing dollar value. The dollar value decreased from 215 to 144 in 1912. Over a dollar of buying power had been taken out of the dollar during that series of Republican administrations; and with the falling price valued dollar times were getting good, and the Republicans won.

In the year 1912 another reason caused the election of the Democrats—the division in the Republican Party. I shall not go into that matter, but simply call attention to it. So in 1912 Mr. Wilson was elected President with a price level of 144, which meant at that time that the farmers and the fishermen and the miners and the lumbermen and the other producers had to produce and sell $1.44 worth of goods, on the average, to get a dollar to pay their taxes and to pay their interest.

Mr. Wilson came into power on March 4, 1913. He stayed in power for two terms, with the dollar value falling from $1.44 down to 1920, when the price level was 64 cents, away below 100. In the first part of 1920 the farmer had to produce only 64 cents' worth of goods to be sold to get a dollar. That is why we had high prices in 1919 and 1920. Credit was easy. The amount of money in circulation had doubled. When the Federal Reserve bill was passed in 1913 we had three and a half billion dollars in circulation. Under Mr. Wilson's administration, from 1913 to 1920, the medium of circulation, real money, increased from three and a half billion dollars to six and a half billion dollars, practically double; and that is the reason, I contend, for the price level and the high prices in 1918 and 1919. The election came off in 1920, with high prices. That is, they were high prices when the conventions were held.

When the Republicans held their convention in Chicago in 1920 there were some smart men in the convention. There are always smart men in Republican conventions, and there are smart men in Democratic conventions, too. But in 1920, in Chicago, the Republicans placed in their platform a declaration which embodies the whole science of money. They left out nothing. They condemned the Democrats for being responsible for the high cost of living. They said to the people of America, "The Democrats have now been in power for 8 years. Wheat is high. Corn is high. Cotton is high." Wheat was $2.40 a bushel in my State. Cotton was selling for 44 cents a pound in my State. Hogs were high, and cattle were high. Everything was high. Every man who wanted a job had a job. In that year there was no unemployment, except in the case of tramps who were habitually unemployed. They would not work if they had a job. You could not hire them to work. In that year there was no unemployment in the country. Jobs were hunting men, not men hunting jobs.

In 1920 the war was over. Times had been good. Prices were high; and, for some reason, even in my State of Oklahoma—a strong Democratic State—my farmers and my hog raisers and my cattle raisers went out and voted for lower wheat, lower corn, lower hogs, and lower cattle prices. That is what it meant.

I desire to read the clause from the Republican platform of that year. The public did not know what it meant. The convention did not know what it meant; but there were people who knew what it meant. I want to read just part of this platform. These few lines contain the whole science of money. This is under the head of "The High Cost of Living," from the Republican platform of 1920, adopted in Chicago June 8 to 12 of that year. I read:

> The prime cause of the high cost of living has been, first and foremost, a 50-percent depreciation in the purchasing power of the dollar, due to a gross expansion of our currency and credit.

That is one side of this question. The Republicans in their platform said that the Democrats had depreciated the value of our money 50 percent; and as a result of that depreciation, prices had gone up to unheard of degrees, wheat selling for $2.40, as I have said, corn for over a dollar, cotton for 44 cents a pound, and other commodities in proportion. But there is the charge. Second, they say:

> Reduced production, burdensome taxation, swollen profits, and the increased demand for goods arising from a fictitious but enlarged buying power. * * *

They admit that times were good because of these high prices, but they call them fictitious. Then here is their remedy:

> We pledge ourselves—

They are pledging themselves to the country, pledging what they are going to do. They are going to bring down these high prices; they are going to bring down the price of wheat, the price of cotton, the price of corn, and of everything else in proportion; and this is their pledge:

> We pledge ourselves to earnest and consistent attack upon the high cost of living—

How are they going to do it?—

> by rigorous avoidance of further inflation in our Government borrowing; by courageous and intelligent deflation of overexpanded credit and currency.

I want to get that point clear, if I can. Times were good, prices were high, the Democrats were in power; the Republicans had a convention, and they accused the Democrats of being responsible for the high prices, they accused the Democrats of being responsible for the good times, and they said overexpanded credit and overexpanded currency were the cause of the good times. They pledged themselves to the people of America: "You elect the Republicans to power, and we will bring down the high prices. How are we going to do it? By courageous and intelligent deflation of overexpanded credit and currency." They were going to deflate the credit of the Nation; they were going to deflate the currency of the Nation.

It is true that at that time there was easy money, there were vast bank loans, the largest amount in circulation known to history up to that time, six and a half billion; and when they made this pledge, the people did not understand what

it meant. Many do not understand the money question now, and many will never understand it. Many say that the money question is an Einstein proposition; that it is not for ordinary mortals to understand the money question. But it is just as plain as something taught in the kindergarten, if one will think a moment. Money is nothing more nor less than a unit of measure. Money has no intrinsic value, or little intrinsic value. We have none that has intrinsic value. If we have a silver dollar, it is really worth less than 40 cents. The money we have in our pockets and in the bank has no intrinsic value, save the little money that is in silver, and there is not very much of that. The monetary unit, the dollar, the real dollar, is a price-measuring unit. Credit dollars are not a measuring unit.

There are two schools of thought in this country. One believes that credit dollars, bank-deposit dollars, have the same effect upon prices that real dollars have. When I say "bank-deposit dollars," I mean the kind of dollars the banks are full of now.

To show how much some people know about the money question, let me relate an incident within my own experience. At one time I made a speech before the Ways and Means Committee of the House of Representatives. I was a Member of the House at the time, and I was arguing for the payment of the soldier bonus in cash, in currency. I made the statement before the Ways and Means Committee that "tonight when the banks all close their doors, 31,000 of them, all the banks together will not have a billion dollars in money in their vaults." By "money" I meant gold, silver, currency dollars.

One member of the Ways and Means Committee stopped me and said, "You cannot mean that. You cannot mean that the banks have on deposit $55,000,000,000, and that they do not have that much money in their vaults." I had the report of the Comptroller of the Currency before me, which showed that at that time the banks had not $55,000,000,000 in their vaults, but had only about $800,000,000 in their vaults, less than $1,000,000,000 of money.

When the banks close tonight, only about 15,500 banks, all of them together will not have in their vaults a billion dollars. Yet the deposits of the banks are between $50,000,000,000 and $60,000,000,000.

It is my contention that credit dollars, bank-deposit dollars, do not measure prices. I contend that real dollars, gold dollars, when they are in circulation, and silver dollars, when they are in circulation, and paper dollars, are the price-measuring units, and only they.

If someone tells me that credit expansion raises prices, let me answer that during the last 9 years, while the depression has been on, we have increased the credit money of the Nation by $30,000,000,000.

Mr. SHIPSTEAD. Mr. President——

The PRESIDING OFFICER (Mr. HOLMAN in the chair). Does the Senator from Oklahoma yield to the Senator from Minnesota?

Mr. THOMAS of Oklahoma. I shall be glad to have any Senator interrupt me at any time.

Mr. SHIPSTEAD. I call the Senator's attention to the fact, for the sake of clarity, that the increase of $30,000,000,000 means $30,000,000,000 of increased debts. The more deposits a bank has, the more it owes. The increase represents debts.

Mr. THOMAS of Oklahoma. So far as I am concerned, I do not desire to go too much into detail, because if I do those who are listening to me will leave. I wish to make the point that expansion of the bank deposits of itself does not increase prices. If it had increased prices, the $30,000,000,000 we placed in circulation in the past 10 years would have had the dollar so cheap today and prices so high that I do not believe the dollar would have been worth 20 cents, if we had put $30,000,000,000 of real money in circulation.

The orthodox school has no objection to the expansion of credit. That school has no objection to the Government borrowing billions, apparently, and placing those billions in the banks. They have no objection to the Nation voting bonds and placing those bonds in the banks, and against those bonds drawing their checks. But when we start to increase the circulation of real money by a few dollars, they throw up their hands and say, "Inflation is threatened, and is now on the way."

Mr. President, I know of no inflation in the whole United States, notwithstanding the fact that I am sometimes criticized, and called an inflationist. There is no Member of this body more against inflation than am I. Of course, it is necessary to define "inflation." According to my definition, inflation is the issuance of irredeemable paper money. We have never issued such money in my time. It is not now proposed that we issue any irredeemable paper money. I am not an inflationist. All I have ever stood for and all I have ever advocated is an adjustment of the value of the dollar to such a point that the people can live. Who is against that proposal?

The people cannot live under the present dollar; they are not living under the present dollar. I shall not go into that feature of the question, save to remind my colleagues that we are borrowing this year many billions of dollars to run the Government. I have a newspaper clipping, which I saw on my desk only 2 days ago, under the headline "United States expenses near the $10,000,000,000 mark." We may expend $10,000,000,000 this year, but we will not collect that much money. What will be the result? We will have to borrow the difference between what we do collect and the amount we expend, and that will be $4,000,000,000, or thereabouts, which we must borrow this year to meet the appropriations the Congress will have made. So the Budget is not being balanced.

There are many millions of our people on the W. P. A. rolls, and there are others, old people, receiving old-age pensions. The farmers of the country are not getting anywhere; they are going bankrupt day by day. I shall not dwell on this, except to remind my colleagues that we are not out of the depression yet, and it is my impression that the reason is that the price level is too low.

Who is making any money today? There are two classes who are making money; first, the men and women who have their wealth invested in fixed investments, bonds and mortgages. The second class is the big banks of the country. Of course, in discussing this matter, if one is honest—and I hope I am—he must divide the people into groups. There are two groups in this country, one group that wants money scarce, high-valued dollars, and low prices. That is the bond-holding class, that is the big banks of the country; and I shall show in a moment just why the big banks want money scarce and prices low.

The other class, the large class, the debtor class, the producing class, the small, average business class, are on the other side of the equation. Those are the two groups, on the one side the bankers and the bondholders, the few, and on the other side the great mass of the people, who would be benefited by being able to make a profit upon the things they produce. We can all place ourselves in either group. It is for each one to decide.

Someone might ask me, Why are the banks against higher prices and cheaper money? I can answer in just a word. There are three banks in the United States which, together, have more money than all the money in circulation. The National City Bank of New York has deposit resources of over $2,000,000,000; the Chase National Bank has deposit resources of over $2,000,000,000; and the Guaranty Trust Co. has deposit resources of about two billion. Add the three figures which make up the total resources of those three banks, and we have six and a half billion dollars. If they should start to liquidate today, there would not be enough money in circulation, if they got it all, to liquidate. So three banks today have more resources, more economic power, than is represented by all the money in circulation throughout the length and breadth of America.

Someone might say, "How does that affect our economy?" Let me explain that very briefly. In 1932 wheat sold in my State for 19 cents a bushel. Oil sold in my State for 11

cents a barrel and less. In the same year cotton in my State sold for 4 cents a pound and less.

Mr. President, let me show how these prices affected the big banks of the East. Let us take the three banks I just mentioned. To make the illustration simple, let us say they have resources to the extent of $6,000,000,000. They had $6,000,000,000 of resources in 1932 and more. These three banks together, in 1932, had economic power equal to the value of their money resources in terms of cotton, for example, or in terms of wheat for example, or in terms of oil. With their resources of $6,000,000,000, how much economic power did they have in terms of wheat? Wheat was then selling at 19 cents a bushel. That would be about 5 bushel for $1. The total resources of the three banks amounted to $6,000,000,000. Five bushels of wheat sold for a dollar. Multiply 6,000,000,000 by 5 and the result is 30,000,000,000. So those three banks in that year 1932 wielded an economic power, in terms of wheat, equal to 30,000,000,000 bushels of wheat.

In 1932, as I stated, oil was selling in my State for between 10 and 11 cents a barrel. Using the same process as before for the purpose of illustration, we find that 10 barrels of oil sold for a dollar. These banks wielded economic power equal to 60,000,000,000 barrels of oil.

The same economic power was wielded in connection with cotton, hogs, livestock.

Mr. President, how does adjusting the price level affect those banks? They opposed the amendment offered here 6 years ago. Senators, I think there were 21 votes cast against my amendment 6 years ago. Only 7 of the votes cast against that amendment are represented today by the same Senators. How does reducing the price level, or increasing the price level, affect those big banks? As I have said, in 1932 the three banks in New York had an economic power equal to 30,000,000,000 bushels of wheat, 60,000,000,000 barrels of oil, and hogs and livestock and cotton in proportion.

I offered an amendment 6 years ago to cheapen the dollar. At that time the dollar was worth $1.67. Every man in America who could produce anything to sell had to produce and sell $1.67 worth of goods in order to get a dollar with which to pay his taxes and interest. People could not do it. So I offered an amendment the purpose of which was to cheapen the dollar. The big banks were all opposed to it.

I will tell the Senate why the big banks were opposed to the amendment. At that time they possessed this vast economic power to which I have referred. The amendment was adopted and the dollar was cheapened. Wheat went to a dollar a bushel. How much economic power in terms of wheat did the banks have when wheat was a dollar a bushel? They had $6,000,000,000 of economic power. When each bushel of wheat went to a dollar they had economic power equal to only 6,000,000,000 bushels of wheat. They had lost economic power equal to 24,000,000,000 bushels of wheat.

Oil went to a dollar a barrel. What was the economic power in terms of oil then possessed by the big banks of the East? I do not mean the little banks of the West; they have no control in the matter; but I mean a few of the big banks of the East. They then had less economic power represented by 24,000,000,000 bushels of wheat. They had 24,000,000,000 barrels of oil less economic power.

Had wheat gone to $2 a bushel they would have lost in economic power the difference between 30,000,000,000 and 3,000,000,000 bushels of wheat. That is the reason they want scarce money. The reason they want high money and low prices is the money power which their resources enable them to wield. The big banks are not for this program. The big banks and the banks generally have had a bankers' jubilee for the past 10 years.

Mr. LUCAS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Illinois?

Mr. THOMAS of Oklahoma. I yield.

Mr. LUCAS. I should like to know how the matter of economic power of these big banks affects the banks from the standpoint of profit. I presume that is what the Senator means when he says the banks have this great economic power. Whether they have $30,000,000,000 of economic power or $5,000,000,000 of economic power, how does that affect the banks from the standpoint of profit or loss?

Mr. THOMAS of Oklahoma. When the depression came in 1929 value left properties upon which the banks had made loans. When the depression came and the value went out of these properties the banks began to suffer; they suffered tremendously. We have had a period of deflation, it might be said, from 1920 on. We have lost 15,000 banks in the period since 1920. In 1920 we had 31,000 banks and more in the United States, and from that time until now we have lost the difference between 31,000 banks and 15,000 banks, or, roughly, 15,000 banks have gone out of business because of the declining price level. Of course, when banks go out of business some of them liquidate; their depositors, perhaps, do not lose in the liquidation; but when a bank fails and cannot pay out, the depositors are not the only ones who lose. The stockholders lose, and the community loses when a bank fails.

Mr. LUCAS. Mr. President, I am simply a novice at this money game, and I may ask some foolish questions. If I do I know the distinguished Senator, who is an expert on the money question, will forgive me. I am trying to ascertain what the value is to the banks of having this tremendous economic power. Who profits by it? That is the point I should like to know about. The Senator has dealt with considerable emphasis on the fact that at one period the banks possessed $30,000,000,000 of economic power; and at another period, when prices went up, they lost economic power. Who profits as the result of the tremendous economic power which these banks have? What is the advantage in the banks having such economic power?

Mr. THOMAS of Oklahoma. I should like to ask the Senator a question in return. If there is no advantage in the banks having great economic power, why, then, do the banks want to have it; and when they have it, why do they object to proposals that it be reduced?

Mr. LUCAS. Mr. President, I have no knowledge of those matters. The Senator from Oklahoma made the statement concerning the tremendous economic power which the banks possess.

Mr. THOMAS of Oklahoma. Does the Senator doubt that the banks did possess that tremendous economic power? If he does, let him take a pencil and paper and figure it out for himself.

Mr. LUCAS. No; but where do the banks obtain any advantage from that economic power? Have they obtained any advantage by having this tremendous power? If so, where is it? Who profits by it? I understand that it is to the banks' interest, as well as to the interest of any business, to make a profit for their stockholders and those who are interested in their institutions.

This may be an immaterial question, and it may be a question which I should not ask, but, as I followed the Senator's statement, I was interested in attempting to know who profits by the great economic power that the banks have, and why do they want it?

Mr. THOMAS of Oklahoma. I shall not go into that feature except to say that not so long ago the senior Senator from Nebraska [Mr. NORRIS] in a discussion upon the floor referred to a chart which hung on the wall of the Senate Chamber showing a large circle, and right in the center of that circle were the words "The octopus of money power," which was represented by a few large banks in New York, and from the hub spokes went out to the rim of the large circle, and it showed that these few banks in New York City have either a large interest or a controlling interest in, or have representatives in the directorates of practically all of the large economic institutions of America and the world.

My viewpoint and my philosophy are that they cannot prosper indefinitely on a low price level. I think they are wrong. I think the economy of the Nation will demonstrate that they are wrong. They had what they wanted up to 1929, and then the country suffered a depression, and I think the banks lost tremendously. But nevertheless I shall illus-

trate the power they had under a low price level. Whether it is of any value to them is for everyone to decide for himself.

Mr. MINTON. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. MINTON. To answer the inquiry made by the Senator from Illinois, would not this be the advantage the banks would have in this situation? Let us assume that the banks are going to liquidate in terms of wheat. If they liquidate in terms of wheat, in the one instance they would have 30,000,000,000 bushels of wheat with which to liquidate, whereas if they liquidate under the other circumstances they would have not more than 6,000,000,000 bushels of wheat.

In other words, during the period of low prices paid for wheat, referred to by the Senator from Oklahoma, the resources of the three large New York banks in question represented, in terms of bushels of wheat, a profit of 24,000,000,000 bushels, the difference between 6,000,000,000 bushels and 30,000,000,000 bushels. If everyone were dealing with the banks in terms of bushels of wheat, the banks would have the advantage of a profit of 24,000,000,000 bushels of wheat.

Mr. THOMAS of Oklahoma. The Senator is correct.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. TYDINGS. I should like to ask a question for information. Does the Senator contend that the three big banks are more prosperous and make more money for themselves and for their stockholders under the condition which he has pictured, or under the condition where the dollar is a harder dollar than the one which exists today?

Mr. THOMAS of Oklahoma. I am unable to answer that question, because I am not a banker, and I have no access to the books of the banks.

Mr. TYDINGS. Will the Senator let me answer it for him?

Mr. THOMAS of Oklahoma. I have here copies of two speeches of Mr. Aldrich, of the Chase National Bank, delivered recently. In one speech he cautioned the sound-money people and the conservative group of the Nation not to permit any more devaluation of the dollar or any more cheapening of our money.

Mr. TYDINGS. I would say to the Senator what I am sure the able Senator knows already, that the big banks of the country make more money under the conditions to which they wish to return than they do under present conditions, when the dollar is devalued. So I concede their reason is entirely selfish; that they think they will make more money if the dollar is not devalued than if the dollar is devalued. But, in my opinion, the statement that the big banks of the country want cheap prices so they can have more economic power is not true. The big banks of the country want business to hum so they can make money, and they do not believe business can hum with cheap, easy money.

Mr. THOMAS of Oklahoma. Mr. President, before I shall have concluded I will place in the RECORD reports from the Federal Reserve Board which do not sustain the statement just made by the Senator from Maryland. When we had a rising price level from 1933 to 1937 times were getting good. Everyone was hopeful that the depression was about over. Yet the big banks were complaining all the time about the threat of inflation, and the country "going to the dogs."

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. TYDINGS. I think the big banks were pretty nearly correct about that, because the Senator himself has just been complaining that we are appropriating $10,000,000,000 and are taking in only $7,000,000,000. We are simply treading water. We are not getting anywhere.

Mr. THOMAS of Oklahoma. Mr. President, I cannot agree to that statement. When the Congress met to make appropriations for the year 1937 we were very hopeful that when we made the appropriations for that year we would no longer have to make appropriations to take care of the unemployed and the needy of the Nation. If I remember correctly we appropriated that year only about one and a half billion dollars, and we had the conviction that after that year, if times continued to improve, we would be over the period of the depression, and the following year we would not have to keep the P. W. A., the W. P. A., and all the other alphabetical agencies going.

Mr. President, I wish to call attention to a very practical matter. I have before me certain charts to which I wish to refer. The charts were made by W. P. A. workers. A W. P. A. worker is one who lives off the Government and receives a Federal check, starting with the President and coming down to the man who receives $1.25 a week. Every Member of this body is a W. P. A. worker. These charts were made by W. P. A. workers.

I make the assertion that no political party has ever succeeded itself on a falling price level. Today we are having a falling price level. I commence back in 1892. At that time Grover Cleveland was elected President. The price level was $1.90. Mr. Cleveland served for 4 years, and instead of the price level going up, the price level started down. The dollar went up from $1.90 to $2.15. At the end of 4 years Mr. Cleveland and his party went out of power. Mr. McKinley came into office in 1896. Mr. McKinley had a falling valued dollar, and prices started to go up.

By 1900 the dollar had been reduced in value from $2.15 to $1.78. Mr. McKinley was reelected, and from 1900 to 1904 the dollar fell from $1.78 to $1.67, with a rising price level.

Mr. Roosevelt was reelected. From 1904 to 1908 the dollar fell from $1.67 to $1.59. That was not very much of a fall, but price levels were stabilized and there was a gradual rise.

From 1908 to 1912 Mr. Taft was President. We still had a falling valued dollar, and increased prices. The dollar fell from $1.59 to $1.44. During Mr. Taft's term we had a period of gradually rising prices and a gradual reduction in the value of the dollar. Had it not been for a division in the Republican Party in 1912 in all probability the Republican candidate would have won the election that year. That is simply my statement. Nevertheless, for some reason the dollar still was $1.44.

In 1912 Mr. Wilson became President. One may assign whatever cause he chooses for his election. However, in that year the Republican Party was divided and, as always happens, the other party won. Under Mr. Wilson the dollar value fell from $1.44 to $1.17.

In 1916 we had a gradually increasing price scale. Mr. Wilson succeeded himself.

In 1920 we had an extraordinary situation—an exception to the rule. Millions of boys had just come back from France. People had been making money, and they were all tired of working. They thought times never again would become bad. To tell the truth, in my State the people did not go out to vote in large numbers. Those who did go out to vote voted for the Republican ticket. They voted for cheaper corn, cheaper wheat, and cheaper cotton. They did not know it, but that was the effect. Nevertheless, with the highest prices in history in 1920, Mr. Harding won the election.

Mr. Harding came on the scene with a dollar worth only 64 cents. A farmer could produce 64 cents' worth of cotton and receive a dollar for it. He could produce 64 cents' worth of wheat and sell it and receive a dollar for it, on the average. The same situation applied to livestock, cattle, and everything else. When Mr. Harding came on the scene in 1921 we had a period of increased value of the dollar, which meant falling prices.

Then we had what was known as the panic of 1921. The dollar rose in value from 64 cents to $1.01. Governor Strong was Governor of the Federal Reserve Bank of New York City. I think Governor Strong was the smartest financier the country has produced, unless it be Alexander Hamilton. I make an exception of a more recent Secretary of the Treasury, who was known to be a great financier. I think Governor Strong, through his ability, his insight, and his honesty, was fully qualified to take charge of the whole financial system of the Nation.

Governor Strong thought the dollar was too lowly valued in 1920. He stepped into the breach. He took out of circulation $100,000,000 a month—not of credit, but of real money—$100,000,000 a month of real money was taken out

of circulation, beginning in March 1921; and as the money left circulation the dollar began to climb in value and prices began to fall. Wheat in my State fell from $2.40 to $1 a bushel. Cotton in my State fell from 44 cents a pound to 20 cents a pound, and other things fell in proportion. That condition caused the depression of 1921.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. TYDINGS. Without taking exception to what the Senator has just said, does not the Senator think some of that depression was occasioned by the fact that the whole world had just been at war, and was demanding raw materials at a rate far beyond anything we could comprehend? Naturally, when the war was over there was a carry-over for perhaps a year or two; and then the real effect of a readjustment of the whole world's economy had much to do with that depression rather than any particular manipulation of the money.

Mr. THOMAS of Oklahoma. In answer to the suggestion made by the senior Senator from Maryland I again call attention to the Republican platform of 1920, which said that the thing that made prices higher was too much money in circulation, too much credit in existence.

Mr. TYDINGS. Even so——

Mr. THOMAS of Oklahoma. Then the Republicans said, "We are going to bring prices down by a courageous and intelligent deflation of both currency and credit."

Mr. PEPPER. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. PEPPER. Was it not the declared and publicly announced policy of W. P. G. Harding at that time to restrict the amount of currency in circulation so as to deflate prices?

Mr. THOMAS of Oklahoma. Mr. President, I have gone over this matter many times in the Senate, but I think perhaps I should do so again.

On May 25, 1920, the late Senator McCormick introduced a simple resolution of about six or eight lines. The resolution recited a request. I shall read the resolution:

Resolved, That the Federal Reserve Board be directed to advise the Senate what steps it proposes to take or to recommend to the member banks of the Federal Reserve System to meet the existing inflation of currency and credit and consequent high prices, and what further steps it proposes to take or recommend to mobilize credits in order to move the 1920 crop.

The resolution directed the Federal Reserve Board to advise the Senate what the Board proposed to do to bring prices down, conceding, of course, that prices were too high from Senator McCormick's standpoint.

The resolution came up in the Senate. No doubt Senators now in the Chamber remember that resolution. There was practically no discussion. Nobody seemed to know anything about the money question. I cannot say exactly why Senator McCormick introduced the resolution; but I think I know. He was requested by some member of the Federal Reserve Board to introduce the resolution so as to give the Federal Reserve Board an opportunity to make a reply.

One or two questions were asked about the resolution. On the 25th day of May 1920—the day of the month is not material, nor is the month—the resolution passed. It went to the Federal Reserve Board, and the Board made a reply to the resolution. I have the reply.

The Federal Reserve Board said it proposed to send out a notice to all the member banks and tell the banks to quit making loans. That was the first thing. The Board proposed to tell the banks not only to quit making loans but to commence collecting the loans they had outstanding. The Board sent out the notices. The banks received instructions not only to quit making loans but to commence collecting the money that they had out. Of course, the bankers who knew anything knew exactly what that meant. It meant deflation.

I have before me a copy of the report submitted by the Federal Reserve Board to the Senate. It is too long to read. It is already in the RECORD. It appears in the CONGRESSIONAL RECORD of April 27, 1933, on page 2475.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. TYDINGS. As I understand, the Senator feels that the ideal condition would be to have commodities so related to the dollar that the dollar would be worth 100 cents in terms of commodities, no more and no less. Am I correct?

Mr. THOMAS of Oklahoma. Exactly so.

Mr. TYDINGS. In 1920 the dollar was below that point. It was worth only 54 cents in terms of commodities.

Mr. THOMAS of Oklahoma. That is correct.

Mr. TYDINGS. After the operation which brought on the depression had taken place, the dollar was worth $1.01, measured in terms of commodities.

Mr. THOMAS of Oklahoma. That is correct.

Mr. TYDINGS. How would the Senator have raised the dollar back to 100 cents in 1920, except through some sort of action to take money out of circulation?

Mr. THOMAS of Oklahoma. There was no other way to do it; and I am not complaining about what was done. I am trying to explain that it was done, which means that it can be done again.

Mr. TYDINGS. I misinterpreted the Senator's statement. I thought he was criticizing.

Mr. THOMAS of Oklahoma. I am not complaining. I am trying to show how those who control money make prosperity and depressions at will. They know when such things are going to happen. They buy and sell accordingly. As a result practically all the gold we have in the United States, $16,000,000,000 worth, is now claimed by the banks, having made it in profit.

Mr. President, I have just stated that after the resolution was passed by the Senate in 1920 the Federal Reserve Board submitted its report and told the Senate how the Federal Reserve Board was going to bring prices down. The first step was to stop lending. The second was to begin collections. Notices were sent to the member banks. The banks quit making loans; the banks commenced collecting from their borrowers; and as the banks collected the money they sent it to the Federal Reserve bank to pay their obligations, because the banks had borrowed heavily from that institution. That process was responsible for taking out of circulation $100,000,000 a month, beginning in March 1921. It lasted for 18 months thereafter. At the end of that period the circulation had been decreased $1,800,000,000. Prices fell, as I have said; wheat from $2.40 a bushel to $1; cotton from 44 cents a pound to 20 cents a pound; the prices of other commodities in proportion, bringing on the depression of 1921.

Mr. TAFT. Mr. President——

Mr. THOMAS of Oklahoma. I yield to the Senator.

Mr. TAFT. I thought the price of wheat was, rather, determined by the Liverpool price than by anything that happened in this country, according to the argument made yesterday. Would the price of wheat, therefore, fall as a result of the decrease in the volume of American currency?

Mr. THOMAS of Oklahoma. If I had time to go into that matter—and, of course, I could take the time—I would say it is my contention that we have the power to fix the price of wheat in this country at any point we see fit. Wheat is now selling at 50 cents in my State. We can make wheat sell in my State for a trillion dollars a bushel. They did that in Germany. It took a trillion marks in Germany to buy a 24-cent gold piece.

Mr. TAFT. No matter what the Liverpool price may be?

Mr. THOMAS of Oklahoma. It is immaterial what the Liverpool price may be so far as our domestic money is concerned.

Mr. TAFT. But where there is a large surplus, as in the case of wheat, how can we get away from the world price of wheat?

Mr. THOMAS of Oklahoma. We can fix the price level domestically at any point we see fit. We do not have to depend upon any other nation domestically in terms of gold. We are not on gold today.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. TYDINGS. I presume that what the Senator has observed about wheat would also apply to cotton?

Mr. THOMAS of Oklahoma. As to the price level?

Mr. TYDINGS. Yes; as to the price level.

Mr. THOMAS of Oklahoma. We could put cotton to $10 a pound easily.

Mr. TYDINGS. I am trying to understand the matter, and should like to ask a further question. As I understand, we could fix the price of wheat and cotton which is consumed domestically at any price we wanted to, according to the Senator's contention?

Mr. THOMAS of Oklahoma. There is no doubt about that.

Mr. TYDINGS. But could we fix the price of wheat and cotton for that portion sold outside the United States?

Mr. THOMAS of Oklahoma. We could not. We could fix it domestically; we can fix our own price level where we please.

Mr. TYDINGS. We could do that apart from that sold outside the United States?

Mr. THOMAS of Oklahoma. I had not intended to go into that issue because that gets outside the question. I make the statement that we have it in our power to fix the price level at any point we see fit, any point that we see proper, and I mean it. Why? The Constitution says that Congress has the power to coin money and regulate its value. The Nation is 150 years old. The Congress during this time has exercised one-half of that power. It has exercised the power to coin money. There is no complaint about the coinage; we have money coined in abundance, but it is not in circulation. So Congress has exercised the power to coin money. The second power of Congress is the power to regulate the value of our dollar. Has Congress done something, but very little, along that line? A hundred years ago, under Andrew Jackson, the Congress changed the content of the gold dollar twice. It reduced the value of the gold dollar twice in Jackson's administration a hundred years ago. Then the gold dollar was reduced in value by the last administration, the first administration of Mr. Roosevelt, which I am calling the last administration. Those were the only times the Congress has undertaken to devalue or revalue the gold dollar.

Mr. GILLETTE. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. GILLETTE. I wish to inquire of the Senator, referring again to the matter he was just discussing of the manipulation of the Federal Reserve Board between 1920 and 1924, how much of that change was due to the manipulation of credit facilities and how much to the actual retirement of circulating medium?

Mr. THOMAS of Oklahoma. I could only answer one-half of that question. From 1920 to 1924 the actual money was contracted from six and a half billion dollars to $4,200,000,000. In 1924 we only had about $4,200,000,000 of real money in circulation. The difference between that sum and six and a half billion dollars had been taken from circulation. When I speak of "money" I mean gold money and silver money and paper money; I do not mean credit money. They are as distinct as are day and night, in my opinion.

Mr. WILEY. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. WILEY. I have been listening with a great deal of interest. but there is one point as to which I should like to make sure. Does the Senator in his argument intend to claim that there should be any change in the gold content or the silver content of our money?

Mr. THOMAS of Oklahoma. That is involved in the so-called Adams amendment. Let me answer that question; I had intended to do it later, but will do it now. So long as we have our money redeemed in gold really, so long as we can take our money into a bank and get gold for it, then our money is worth exactly what that amount of gold is worth. In 1836, I think it was, the content of the gold dollar was fixed at 25.8 grains of gold nine-tenths fine. For a hundred years that size of the gold dollar did not change; it was retained at that figure, 25.8 grains of gold nine-tenths fine, from Jackson's day to Roosevelt's day. Then, 6 years ago, we gave the President power to cut the gold dollar in two—to make two dollars out of one.

I used to teach school, and I have not gotten away from my desire to use the cardboard. I have here a piece of cardboard that I will call a gold dollar just for illustration. This gold dollar contains 25.8 grains of gold nine-tenths fine. That was fixed by a Democratic administration under Andrew Jackson back in 1836. The gold dollar remained that size until 1934. In 1933 we gave the President the power to cut this dollar in two and make two dollars out of one. That was the power he had. I cannot take this piece of cardboard apart; but had the President exercised the power we gave him he could have taken each gold dollar and cut it in two, so that the same gold in the dollar and the same amount of gold would be worth $2.

Someone may inquire, "How does that raise prices?" That is the simplest thing in the world. Here [indicating] is a bushel of wheat and here [indicating] is a gold dollar. This gold dollar is worth the bushel of wheat, and a bushel of wheat is worth the gold dollar. The bushel of wheat is worth the amount of gold in this dollar. The stamp on this dollar adds nothing to its value; that piece of gold unstamped is worth the same as if it were stamped. The only thing the stamp does to the gold is to certify that this piece of gold is a dollar, that it weighs 25.8 grains; that the gold is nine-tenths fine, nine parts gold and one part of alloy. That bushel of wheat is worth this much gold. We cut the dollar in two, making it $2, and this amount of gold is still worth the bushel of wheat and the bushel of wheat is still worth this gold. The wheat has been raised from $1 a bushel to $2 a bushel.

Mr. TYDINGS. That is on the domestic market?

Mr. THOMAS of Oklahoma. Yes, of course; on the domestic market.

Mr. PEPPER. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. PEPPER. The Senator has gotten to the crucial point of the matter. Now suppose that the Government when it devalues a dollar to 50 percent of its previous gold content does not issue additional currency to make up for that 50-percent devaluation, does the Senator think the effect would be deflation or inflation?

Mr. THOMAS of Oklahoma. I am glad the Senator asked that question because it was suggested by my distinguished friend across the aisle, the Senator from North Carolina.

Mr. WILEY. What was the question?

Mr. THOMAS of Oklahoma. The question is, if we reduce the size of the gold dollar, does that have a corresponding effect upon prices? I will come to that just as soon as I can get to it, but I have got to explain one or two matters first. When we gave the President the power to cut the gold dollar and to make two dollars out of one he did not exercise that power in full; he only exercised it in part. He took this much gold [indicating] out of the dollar; he took 40 percent of the gold it contained by weight out of the dollar. So the dollar is now 40 percent less in weight. He reduced it from 25.8 grains nine-tenths fine to 15.21 grains nine-tenths fine, and by that simple act he cheapened the dollar in terms of gold that much, for when its weight is reduced, obviously its intrinsic value is depreciated. So this dollar, where it circulates, has just that much less value in it. The moment the President cut 40 percent of the gold out of this dollar the dollar fell in value wherever it circulated. It was not in circulation in the United States; this devaluation had no effect upon prices here, as I shall explain in just a moment. But this dollar becomes the basis of exchange of all American dollars in the world. So every time the dollar was cut in size, until now every exchange dollar issued by any bank in America that went abroad, every dollar of that exchange was worth this amount [indicating] of gold. When that dollar was spent in a foreign country it would buy what this amount of gold would buy, but when this was done the gold would

not be placed in circulation in the United States, for we are off gold; our dollars are not convertible into gold. So our dollars had no relation to gold domestically.

Mr. PEPPER rose.

Mr. THOMAS of Oklahoma. I am coming to the question of the Senator from Florida, if he will let me answer it.

The Senator from Florida asks why it was that the domestic dollar did not fall in value corresponding to the percentage of gold extracted from the dollar. Is that a fair statement?

Mr. PEPPER. It is.

Mr. THOMAS of Oklahoma. I will tell the Senator why it was, in my judgment.

At the time we devalued the gold dollar we had in circulation $40,000,000,000 of money, so-called deposit money of all kinds. If we had devalued the gold dollar 40 percent, and if that devaluation had been reflected in these deposits, then the $40,000,000,000 of deposits would have lost 40 percent of their value, or $16,000,000,000. They would have lost 40 percent of their buying power. If the devaluation of the gold dollar had been reflected against our bank deposits in the same way that the devaluation was reflected in our exchange dollar, the folks who had $40,000,000,000 on deposit would have lost $16,000,000,000 of value because of that devaluation. Is not that correct? Obviously so.

Mr. LOGAN. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. May I make just one more statement? The depositors, however, did not lose that amount of value. We cut this much gold from the dollar. At that time the dollar was worth 167 cents. It is now worth 132 cents. The dollar has lost 21 percent of its value, although it has lost 40 percent of its content of gold.

I now yield to the Senator from Kentucky.

Mr. LOGAN. As I understood the Senator he stated that the depositors would have lost 40 percent of their deposits.

Mr. THOMAS of Oklahoma. In value.

Mr. LOGAN. Would not the price of commodities have gone up in proportion? The price of commodities would have advanced with the depreciation of the value of the dollar.

Mr. THOMAS of Oklahoma. That is correct.

Mr. LOGAN. Then the Senator adheres to the quantitative theory of money, that the quantity of money in circulation controls prices.

Mr. THOMAS of Oklahoma. Not only do I adhere to that theory but everyone else that I know of, excepting those who have special interests in the value of the dollar, adheres to the same theory.

Mr. LOGAN. It is so simple that I hardly see how anyone could dispute it; but, still, there are some who do dispute it.

Mr. THOMAS of Oklahoma. I will say, in answer to the Senator from Kentucky, that they are in control of the Government today. The small group which disputes the truth of that statement is in control of the Government, and has been for most of the past 150 years.

Mr. LOGAN. And I may say to the Senator that so long as that group is in control of the Government we shall never have anything like genuine prosperity in the Nation.

Mr. THOMAS of Oklahoma. I agree with the Senator.

Mr. LOGAN. I also agree with the Senator from Oklahoma that unless we can solve the money question there will be a number of vacancies on this side of the Chamber after the next election. I am very glad the Senator from New York [Mr. WAGNER] has submitted a resolution calling for a serious, intensive investigation of this whole question. Unless we find a solution of the money question, we shall never solve the problem of national prosperity.

Mr. THOMAS of Oklahoma. Let me say that in a few moments there will be laid before the Senate an amendment to the so-called stabilization-fund section which will solve this problem.

Mr. PEPPER. Mr. President——

Mr. THOMAS of Oklahoma. I yield to the Senator from Florida.

Mr. PEPPER. If I correctly understand the Senator, then, when this devaluation occurred—50 percent, we will say—our dollar was worth only 50 percent of its previous value in the world market.

Mr. THOMAS of Oklahoma. That is correct—60 percent.

Mr. PEPPER. We will assume that. In view of the fact that there was no expansion of the circulating currency here in proportion to the devaluation of the gold dollar, the same effect was not reflected in the economy of the United States.

Mr. THOMAS of Oklahoma. The Senator is exactly correct.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. WAGNER. It may not have been reflected to the extent that the Senator would contend for, but there is no question, is there, that as a result of the devaluation our prices did go up proportionately, some 30 percent, I think?

Mr. THOMAS of Oklahoma. The record shows that world commodities which are controlled by gold prices throughout the world immediately went up correspondingly, because the gold dollar dropped in value throughout the world. Immediately wheat went up. Cotton and wheat are world commodities, but domestic prices did not go up.

Take the case of automobiles, for example. You could buy a better car since 1933 every day of the year than you could buy then, for less money. Otherwise, if your theory had been correct, the prices of automobiles would have gone up 40 percent. Just the reverse has been true.

Mr. WAGNER. There might have been other factors to prevent the price of automobiles going up; but even domestic commodities did go up substantially.

Mr. THOMAS of Oklahoma. All right. I agree that they have gone up. The first thing that made them go up was psychology. When we adopted that amendment the President had the power to cheapen the dollar, and he said he was going to do it. In numerous speeches he made the pledge to the people of America, "We are going to raise commodity prices. I do not know how we are going to do it, but do it we will." Psychology was used to cause prices to go up, and they went up because of the power in the hands of the President to do the thing, and because of his pledge to do the thing he had the power to do.

Mr. BAILEY. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. BAILEY. I wonder if my fellow W. P. A. worker is proceeding here today by way of an attack upon our great President. He says the President had the power, but he did not use it. I think, if that is the case, some of the other W. P. A. workers here ought to come to the rescue, and I believe I would come with them.

Mr. THOMAS of Oklahoma. No, Mr. President; I am making no attack upon the President.

Mr. BAILEY. But the Senator's argument amounts to an attack. He said the President had this bad situation, he had the power to remedy it, and he did not do anything to remedy it.

Now let me ask the Senator another question.

Mr. THOMAS of Oklahoma. All right; I yield.

Mr. BAILEY. I look at the Senator's chart, and I am a little afraid it is a Republican chart. It will be noticed that the average purchasing power of the dollar under Republican administrations, as shown on the chart, was $1.32. Under us W. P. A.-worker Democrats it is $1.53. I should like to have that explained, too. Then further, according to my friend's theory, the chart shows how we get elected and defeated. It looks to me as if that figure of $1.27, as compared with $1.23, indicates that we are going to get beaten next year. I do not like that.

Mr. THOMAS of Oklahoma. The Senator may place his own interpretation on the chart, but the chart is true to history.

Mr. BAILEY. That is what the Senator says. I want him to explain it. I do not think he is doing us Democrats any good right now.

Mr. THOMAS of Oklahoma. I will say to the Senator from North Carolina that I have a higher responsibility than I have to any organization.

Mr. BAILEY. I should like to have my friend exonerate the President.

Mr. THOMAS of Oklahoma. I shall do that in just a moment, if I may have the opportunity.

Mr. LOGAN. Mr. President——

Mr. THOMAS of Oklahoma. I yield.

Mr. LOGAN. I desire to ask the Senator if what he is now doing is not warning the Democrats in time, so that they may correct a situation which is susceptible of being corrected if they will turn their attention to it.

Mr. THOMAS of Oklahoma. In 1936, 2 years ago, the price level was 123. The dollar still had a value of 123 cents in it. It had fallen from 154. Then the dollar started to go up until in 1938 it was 127. There was a 5-cent increase in value; and, as a result of that, we had the depression come on us, and we lost a number of the faithful on this side, and their successors are now sitting over on the other side.

Mr. BAILEY. Mr. President, I wish to go back to what the Senator has said about this chart showing how administrations get elected and defeated. Is not this rise from 123 to 127, according to the Senator's rule, an indication that we are headed for defeat next year?

Mr. THOMAS of Oklahoma. I started out in my speech by stating that no party has ever succeeded itself on a falling price level. No party has ever succeeded itself on an increasing dollar; and the dollar has increased from 123 in 1936 to 127 last year. Today it is 132. The Senator may draw his own conclusion as to what my answer is.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield. I have a whole group of charts here.

Mr. WAGNER. I understand that; but I asked the Senator a moment ago whether, as the result of devaluation, there was an increase in the price level, and a decrease in the value of the dollar. The Senator suggested that there was no domestic effect at all; but the very chart which the Senator is showing us now indicates that there was a fall from 154 to 123.

Mr. THOMAS of Oklahoma. I see the Senator's point. Let me answer that.

In addition to the amendment adopted 6 years ago to the agricultural adjustment bill, Congress adopted a silver program. Under the silver program we have increased the circulation by about $1,200,000,000. We have purchased silver and placed the silver in circulation, either actually or through certificates, and thereby we have increased the circulation by approximately $1,200,000,000. I contend that the silver-purchase program has been of more benefit to the American people than all the other bills that have been passed by Congress during the past 6 years; and it is my contention that the increase of circulation through the silver-buying program was the main cause for the increase in prices that we had from 1933 until 1937.

Mr. WAGNER. Mr. President, will the Senator yield again?

Mr. THOMAS of Oklahoma. Yes; I yield.

Mr. WAGNER. Just for the sake of clarity, is the Senator going to address himself to the subject of our excess reserves now or at any time during the discussion?

Mr. THOMAS of Oklahoma. Yes; I shall get to that matter.

Mr. WAGNER. It relates to this very question of circulation.

Mr. THOMAS of Oklahoma. I know this discussion is technical, and I know it is not interesting; but, as I see it, it is most important.

Mr. BAILEY. Mr. President——

Mr. THOMAS of Oklahoma. I yield.

Mr. BAILEY. I wish to testify that the discussion is extremely interesting to me. I should like to ask the Senator, while he is telling us about his theory of the relation of the dollar's buying power to farm commodities, if he will also tell us something about the theory of its relation to wages and salaries. Does it work in the same way?

Mr. THOMAS of Oklahoma. The Senator knows in advance what my answer will be, if he will do me the honor to sit and listen to me.

Mr. BAILEY. No; I never have known in advance what the Senator's answers would be.

Mr. THOMAS of Oklahoma. Let me tell the Senator, since he asks the question. The salaried class is in the same class as the bondholder class. The Senator to my right receives $10,000 a year.

Mr. BAILEY. Are wage earners in the same class?

Mr. THOMAS of Oklahoma. Those who have fixed wages; yes.

Mr. BAILEY. Mr. President, there is confusion. I have just now learned that Senators are W. P. A. workers.

Mr. THOMAS of Oklahoma. Does the Senator deny that?

Mr. BAILEY. Oh, yes. That is one answer I never expected to get from the Senator from Oklahoma. I was utterly amazed.

Mr. THOMAS of Oklahoma. By W. P. A. worker I mean a man who lives off the Government.

Mr. BAILEY. Very well; the Senator can have his definition.

Mr. BARKLEY. Of course, the W. P. A. means "works progress," and we do not always accomplish that in the Senate. [Laughter.]

Mr. BAILEY. Very well. I will not discuss the question whether or not a Senator is a W. P. A. worker, or whether or not he is on a Federal project. I will let that go. I have heard some intimation that they were to be put under the same sort of political restraint under which W. P. A. workers find themselves, and perhaps there is some logic to that. But now the Senator has told me that salaried people are in the class with bondholders, that bondholders are in the class with certain big banks, and that brings me right on down to the wage earners. Are they also in the class of the bondholders?

Mr. THOMAS of Oklahoma. Those who have a fixed wage by law, a fixed wage that is permanent, are in the same class.

Mr. BAILEY. If there were a reduction in the buying power of the dollar, and an increased price for cotton and wheat, would that increase also the wage earner's wages, and if it did not, where would he land?

Mr. THOMAS of Oklahoma. Mr. President, the Senator has all the answers in advance; they are of record. But I will reply.

Prior to the time when we had these high prices, in the time of Cleveland, for example, wage earners received 50 cents a day, 75 cents a day, a dollar and a quarter a day. In about 1920, under the low-valued dollars and the high prices, in the first place, one could scarcely find a man to work, because there was more work than there were men to do it. The lowest wage paid in my State at that time was $4 a day. I was employing labor to some extent at that time, and I could get no one to do any kind of work, to rake leaves, for example, or dig ditches, the kind of labor which takes backs, and not heads. Four dollars was the lowest.

As wages go up, the supply of labor comes down. In the first place, there are more jobs. So an increase in the price level makes more jobs, and gives the men who do the jobs more money for their work.

Mr. LEE. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield to my colleague.

Mr. LEE. Is it not also true that when the man on a fixed salary is injured somewhat, shall we say, there is a compensating effect from the standpoint of the farmer, who must meet certain fixed costs and charges, such as interest rates——

Mr. THOMAS of Oklahoma. I shall come to that later.

Mr. LEE. Such as payment of debts, payment of insurance premiums, and all other fixed charges. It benefits

him, and in the final analysis there is a gradual readjustment upward in the salaries. So the injury which the Senator from North Carolina may have in mind is more than offset by the benefit.

Mr. BAILEY. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield for a question.

Mr. BAILEY. I should like to make myself clear. I did not state or indicate that I thought there was any injury. I did not have any injury in my mind. I am just making progress here slowly. I have learned that Senators are W. P. A. workers, and that wage earners are in the class with the bondholders. Again, I further learn that if we devalue the dollar—and it may be a good thing—it looks as if Mr. Coolidge, as well as Mr. Harding, had it pretty good.

I merely wish to get the point. If we put up the price of wheat, the price of cotton, and the prices of all other commodities, and also put up the level of wages, in what condition would we be? We would still have our old problem of parity. We would just lift them all up at once; we would just have more money and higher prices, but no more value.

Mr. THOMAS of Oklahoma. I am surprised that the Senator from North Carolina, after listening to me as much as he has, would make such a suggestion. I have shown on the wall a map which demonstrates that two items added together take $27,000,000,000 each year of the people's money. It costs all the people of the United States $17,000,000,000 and more to pay the cost of their Government, and to pay their taxes. It costs them $10,000,000,000 each year to pay the interest on debts. Those are fixed charges, Government, taxes, and interest.

Mr. BAILEY. How are all the W. P. A. workers to come out under the Senator's theory? They would have to be lifted, too, would they not?

Mr. THOMAS of Oklahoma. The Senator voted against my amendment 6 years ago, and he is still trying to justify his vote.

Mr. BAILEY. I should like to ask the Senator what amendment that was. I should like to find out.

Mr. THOMAS of Oklahoma. It is burned indelibly on the conscience and mind of the Senator.

Mr. BAILEY. What amendment was that?

Mr. THOMAS of Oklahoma. The Senator knows well enough. It was an amendment offered to the agricultural adjustment bill. It is title III of the law, if I remember correctly.

Mr. BAILEY. That is an amendment which was adopted by the Congress and which the President did not carry out. Does not the Senator think I got on the side of the President in that situation? He never has used the power we gave him.

Mr. THOMAS of Oklahoma. The Senator is not correct in that statement.

Mr. BAILEY. I will make it correct. He did devalue the dollar.

Mr. THOMAS of Oklahoma. Yes.

Mr. BAILEY. To 59 cents.

Mr. THOMAS of Oklahoma. Yes.

Mr. BAILEY. He did not devalue it to 50 cents. He had the power to issue $2,000,000,000 of greenbacks.

Mr. THOMAS of Oklahoma. That is not a correct statement.

Mr. BAILEY. What was the power we gave him?

Mr. THOMAS of Oklahoma. We gave the President the power to do four things.

Mr. BAILEY. Very well.

Mr. THOMAS of Oklahoma. One was to issue $3,000,000,000 of greenbacks and put them in circulation.

Mr. BAILEY. Did he do that?

Mr. THOMAS of Oklahoma. No; he did not.

Mr. BAILEY. Very well; that is one power we gave him.

Mr. THOMAS of Oklahoma. We gave him the power to arrange with the Federal Reserve System to put into circulation $3,000,000,000 more of Federal Reserve notes.

Mr. BAILEY. Did he do that?

Mr. THOMAS of Oklahoma. He did it to a certain extent. The notes are in circulation; whether he did it or not I do not know.

Mr. BAILEY. Then we leave that in doubt. We do not know whether he did it or not.

Mr. THOMAS of Oklahoma. At any rate, it was done.

Mr. BAILEY. That is "two strikes."

Mr. THOMAS of Oklahoma. Power No. 3 was to cut the gold dollar in two and make two dollars out of one. In place of doing that, he took only 40 percent of the gold out.

Mr. BAILEY. Give him 40 percent credit, or about 33⅓ percent credit.

Mr. THOMAS of Oklahoma. Power No. 4 was to embark on a silver-purchase program, and that has been carried out.

Mr. BAILEY. That has been done?

Mr. THOMAS of Oklahoma. Yes.

Mr. BAILEY. And at a great cost to the American people?

Mr. THOMAS of Oklahoma. It has not cost the American people a single penny.

Mr. BAILEY. But it has not gotten us out of our troubles, because the Senator says we are in the depression just as bad as ever. What I am saying is that the President had four powers. It is agreed that he did not use two of them at all. I did not vote for him to have them. He has not used them, so he did not need them. The other power, the silver-purchase power, he used to the limit, but it has not done any good, since we are still in the depression.

Mr. THOMAS of Oklahoma. That is not correct. I said that it had more effect in getting us out of the depression, so far as we have gotten out, than anything else.

Mr. BAILEY. We are still bad off, but we would have been worse off if we had not had that?

Mr. THOMAS of Oklahoma. I agree.

Mr. BAILEY. As to the power relating to gold, he used that to the extent of four-fifths, so the President gets 1⅓ out of a possible four points. That is the situation. I do not know whether or not I was right in voting as I did, but the President has not used as much as half of the powers we gave him. I think that is a perfectly safe statement.

Mr. THOMAS of Oklahoma. In answer to the suggestion made by the Senator from North Carolina, let me show what would have been the effect had the Congress done exactly what he advocated. Cotton is selling for 8.21 cents today. It would be selling for 4.84 cents. My figures are based on the market of the 25th day of May a year ago, but the price of cotton today is about the same as it was then. Cotton was selling on the 25th day of May a year ago for 8.21 cents a pound, in gold. Had we not devalued the gold dollar, we would be getting 4.84 cents for cotton; and the Senator comes from a great cotton-producing State.

Mr. TAFT. How does the Senator know that we would have been getting that?

Mr. THOMAS of Oklahoma. Because cotton is measured in terms of gold every day of the year, every year, throughout the world.

Mr. TAFT. Then am I to understand that the cotton loans and cotton measures have had no effect on the price at all, that the only thing which affects it is the world gold dollar?

Mr. THOMAS of Oklahoma. The price of cotton is measured every day in the year in gold.

Mr. TAFT. So that a change in the policy behind the cotton measures affecting the price, loans, and so forth, would have no effect?

Mr. THOMAS of Oklahoma. We had to provide a system of loans to make up for our negligence in not adjusting the value of the dollar, and the Senator from Ohio indicates by his suggestion and his questions that he is still going to insist on the high-valued dollar and low prices. If I were running for President on the Republican ticket, that is exactly what I would do, because if we can keep prices down and keep conditions as they are, some man of his party, whoever gets

the nomination, will have an excellent chance to win. That is why I am talking to my Democratic friends so seriously on this question.

Mr. TAFT. I do not think there is anyone in this Chamber who would not like to see the price of cotton at least 50 percent higher than it is and the price of wheat 50 percent higher than it is, regardless of any political connection.

Mr. THOMAS of Oklahoma. I share that view. Under a Republican administration I made practically the same speech I am making on the question before us, and I have the speech here before me and could read it. Things have happened as I said they would happen. I do not think I am fooled today. Had we not devalued the gold dollar in 1933 and 1934, wheat would be selling today for 43 cents a bushel in terms of gold. Wheat is selling in the future market at about 70 cents today. A year ago wheat was selling for 73½ cents in terms of gold. It was worth in that valued dollar 43 cents a year ago.

Mr. BAILEY. Mr. President, the Senator says that the price of wheat depends wholly on the monetary policy. How then would he explain the rise in the price of wheat in the last 30 days by about 17 cents, when there has been no change in the monetary policy? Wheat has gone up. If it is all a matter of monetary policy, how does he explain the rise in the price of wheat?

Mr. HATCH. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. HATCH. I wish to ask the Senator from North Carolina a question. Did he say there was a rise in the price of wheat recently of 17 cents a bushel?

Mr. BAILEY. Yes. Wheat has gone up due to the increased sales abroad and the prospect for a smaller crop in the United States. Monetary policy has had nothing to do with that increase in the price of wheat.

Mr. THOMAS of Oklahoma. Mr. President, I suggest that one of the Senate Pages go out and get the morning newspaper and give it to the Senator from North Carolina and let him read in it the price of wheat. The fact is that the recent forecast for this year's crop of wheat was not quite so large as earlier forecasts, and because of the forecast, which was that we would not raise as much wheat as it had been thought a while ago would be raised, wheat has increased considerably in value during the past few weeks. Sometime ago it was down to 60 cents a bushel. Then it went up to 80 cents a bushel. Now it is down to about 71 cents a bushel. So, instead of saying that wheat has increased in value a good many cents in the last few weeks, the Senator from North Carolina should say that it has lost about 7 or 8 cents in the past few weeks.

Mr. BAILEY. I think the Senator has given about my net figure. I said the rise in the price of wheat amounted to 17 cents.

If the rise in the price of wheat is due altogether to the forecast of the crop, how does the Senator relate the rise of wheat to monetary operations?

Mr. THOMAS of Oklahoma. Mr. President, I should be glad to yield to the Senator, but there is no chance to convince him. A man is never convinced against his will.

Let me make this statement: The same economic law which governs the price of wheat governs the value of the dollar. The same economic law which governs the value of a bale of cotton governs the value of the dollar. When bales of cotton are plentiful they are cheap. When bushels of wheat are plentiful they are cheap. The same economic law that fixes the prices of cotton, of wheat, of hogs and sheep, fixes the price of the dollar. When dollars are plentiful they are cheap and prices are high. When dollars are scarce they are dear and prices are low.

Mr. President, I do not want to have to go over that again. I have about worn out that argument.

Mr. BAILEY. Mr. President, I will not trouble my friend. It may be that he can neither convince me nor enlighten me. I am sorry if that be true. But I would not say that. I think he has now admitted that there are economic factors which have to do with prices other than the monetary policy.

Mr. THOMAS of Oklahoma. Mr. President, nowhere in my speech here today or elsewhere have I stated that there are no other economic factors involved; but I stand upon my statement that the same economic law which controls the value of cotton, and which controls the value of tobacco in the Senator's State, controls the value of the dollar in his State. When tobacco is plentiful tobacco is cheap. When cotton is plentiful cotton is cheap. When dollars are plentiful dollars are cheap in the Senator's State, and the same economic law operates in North Carolina, in Oklahoma, and in every other State.

Mr. President, I am not trying to change the economic law. I make the statement first that an expansion of credit dollars is not an expansion of dollars. The expansion of credit in the banks is not an expansion of dollars in times of major crises. I make the statement that the real dollars that we carry in our pockets—gold, silver, and paper—are price-measuring units, but credit dollars are not price-measuring units. As a proof of that, we have put $30,000,000,000 of credit dollars in circulation in the past few years. How much have prices increased?

Mr. GILLETTE. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. GILLETTE. Earlier in the Senator's address I believe he made the statement that the devaluation policy had no effect whatever on the prices of the commodities domestically consumed. Just now the Senator stated that were it not for the devaluation policy wheat would be selling today at half the present price, and cotton would be selling at half the present price. Will the Senator clarify that situation?

Mr. THOMAS of Oklahoma. That is true for the obvious reason that wheat and cotton are world commodities. Every commodity that is a world commodity has been affected by the devaluation. Automobiles are domestic products. Have automobiles gone up in price because we have cheapened the dollar? Instead of automobiles going up in value they have gone down in value. Today we get a better car for less money, while the foreigner had the price of automobiles cheapened to him 40 percent immediately. Did we get the price cheapened to us 40 percent immediately?

Take the old-size gold dollar. A Frenchman in order to get a thousand-dollar car in America had to exchange a thousand of those big-size gold dollars to get a thousand dollars with which to buy the automobile. Then we had dollars of the size shown by my illustration. When the President took the amount of gold I now indicate out of the dollar, then the Frenchman could take this much gold, as I now indicate, 15 grains, and with it buy a dollar. That represented a 40-percent reduction. He could take 600 of those big dollars and convert them into a thousand dollars of American currency, and with 600 of those big dollars he could buy an American automobile.

So our devaluation cheapened automobiles to the Frenchman, to the Englishman, to the Irishman, to the Hindu, to everyone who was outside the United States. Did it cheapen automobiles here at home? It should have raised the price here at home. It did not raise the price. Have we cheapened the value here at home? Cars should go up in price 40 percent. They did not. That is why I say the devalued dollar did not change the price of the domestic product.

As the President devalued the dollar, took gold out of it, he did not put this piece of money back in circulation. It was taken out. He did not recoin this piece of money. He did not expand the circulation perceptibly except through the silver program.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. LUCAS. Let me ask the Senator a question. Corn is selling in Illinois for about 46 or 48 cents a bushel. Would corn now be worth only 23 cents if we had not devalued the dollar?

Mr. THOMAS of Oklahoma. Corn is a world commodity. On the 25th of May 1938, corn was worth 55½ cents in terms of gold. Had we not devalued the gold dollar corn would have been selling on that date for 34.7 cents a bushel.

Mr. LUCAS. Did the American market fix the value of corn rather than the Liverpool market?

Mr. THOMAS of Oklahoma. The demand for corn fixed the price. The price of corn, as I said, fluctuates according to the law of supply and demand.

Mr. LUCAS. Does the same philosophy the Senator is promulgating here at the present time cover a local commodity the same as a world commodity?

Mr. THOMAS of Oklahoma. If our money was based on gold, and redeemable in gold, then the argument would apply. But the gold dollar is entirely out of the question. That is history so far as we are concerned. It does not exist, because our money is not redeemable in gold dollars. So the argument I make is not on that basis, because we are not on gold. Today the worth of the dollar is based on the relation which the number of dollars in circulation bears to the property of the country and to the trade of the country.

Mr. LUCAS. Mr. President, if I follow the Senator correctly, then if there is a local commodity the market price of which is not fixed by a world price, such local commodity would have the advantage over a commodity whose price is fixed by the world market?

Mr. THOMAS of Oklahoma. Here at home the price of any commodity is fixed first according to the law of supply and demand for the commodity, in relation to the amount of money we have in circulation; the amount of these price-measuring units. That is my contention.

Mr. LUCAS. Mr. President, I confess I cannot follow the Senator. The Senator mentioned two different kinds of commodities. Corn and wheat and cotton are world commodities, and the price of corn, wheat, and cotton would be just one-half of what it is today were it not for the devaluation of the gold dollar under the act of May 1933?

Mr. THOMAS of Oklahoma. Exactly so.

Mr. LUCAS. I am now speaking about another commodity, the soybean, raised in the State of Illinois, which is not a world commodity in the sense that we speak of corn and wheat and cotton as being world commodities. If it were not for the devaluation of the dollar, would soybeans today be selling for one-half less than they are?

Mr. THOMAS of Oklahoma. I should like to try to explain that.

Mr. LUCAS. I should be glad to have the Senator do so.

Mr. THOMAS of Oklahoma. Today we have two kinds of dollars. We have a foreign-exchange dollar based on gold. Every American dollar, when it goes abroad, becomes a gold dollar in value. I want to make that plain. Every dollar of our exchange money is based upon gold, and every dollar of our exchange money is of the exact value of the piece of gold in the dollar. The exchange dollar fixes the price of all world commodities. So that world commodities are governed in their value in relation to the value of the gold in the gold dollar.

The domestic dollar is not based upon gold. Domestic prices have very little relation to gold. We have two dollars in this country. We have a gold dollar abroad and a domestic dollar at home. I contend that the domestic dollar is worth $1.32. I contend, and the record shows, that the domestic dollar, even after devaluation, with only the amount of gold in it shown by this diagram, is now of more value than the big dollar was in 1929, because then the dollar was worth only $1.04. I could go into that matter and show the reason for it. I think probably the record ought to show the reason why.

Mr. LUCAS. I thank the Senator for that explanation.

Mr. THOMAS of Oklahoma. We have two dollars, a domestic dollar, its value controlled by the number of dollars in circulation, and a gold dollar whose value is controlled by the amount of gold in that dollar.

All the exchange dollars are gold dollars because they are based upon the ability of the person who holds the exchange to convert it into gold. However, we cannot convert the domestic dollar into gold, so the domestic dollar has no relation to gold from my viewpoint. The value of the domestic dollar is controlled by the number of dollars in circulation. Scarce money means high-valued dollars hence, low prices. Plentiful money means cheap money, and high prices.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. O'MAHONEY. Eliminating all consideration of world commodities and world prices, does the Senator draw the conclusion that so far as the domestic dollar is concerned the devaluation of itself was beneficial to the citizens of the United States?

Mr. THOMAS of Oklahoma. Yes; I claim it was beneficial.

Mr. O'MAHONEY. The Senator claims it was beneficial?

Mr. THOMAS of Oklahoma. I do.

Mr. O'MAHONEY. In what way was it beneficial?

Mr. THOMAS of Oklahoma. In the first place, it gave the Treasury a profit of $2,800,000,000. That profit is for the benefit of all the people of America, because it is their money.

Mr. O'MAHONEY. But it has not been used.

Mr. THOMAS of Oklahoma. That is true; but we have it still. That is benefit No. 1. Benefit No. 2 is that the devaluation raised the prices of world commodities such as cotton, wheat, corn, and other commodities which are valued every day in the year in gold throughout the world. It raised the prices of those commodities. As to other prices it has not had a perceptible effect. In my judgment the effect on other prices has been caused by the silver program and by a more liberal program of the banking system in making loans to the extent loans have been made.

Mr. O'MAHONEY. The Senator states that money is a measure of value.

Mr. THOMAS of Oklahoma. That is correct.

Mr. O'MAHONEY. It is not a commodity. It is a measure of value.

Mr. THOMAS of Oklahoma. Gold is a commodity.

Mr. O'MAHONEY. Gold is a commodity.

Mr. THOMAS of Oklahoma. And silver is a commodity.

Mr. O'MAHONEY. But we have gone off the gold standard, and gold does not affect our domestic money, as I understand the Senator.

Mr. THOMAS of Oklahoma. Very little.

Mr. O'MAHONEY. Very little. So to all intents and purposes, so far as domestic money and domestic prices are concerned, we are on a managed currency basis.

Mr. THOMAS of Oklahoma. Approximately 100 percent.

Mr. O'MAHONEY. If money is primarily a measure of value, the essential factor in control of prices is the production and exchange of commodities, goods and services, is it not?

Mr. THOMAS of Oklahoma. I think the Senator is correct.

Mr. O'MAHONEY. What I have never been able to understand about the theory of those who take the position the Senator takes—though I have studiously tried to understand it—is how changing the value of the dollar is going to promote the production of commodities and their exchange. Without any attempt to be facetious, it seems to me that the philosophy is that if instead of referring to a foot as 12 inches we should refer to a foot as 6 inches, then a 6-foot man would be 12 feet tall instead of 6 feet. His height would be a matter of terminology, and his stature would not be raised a single inch. That is my difficulty about understanding the theory which the Senator is propounding.

Mr. THOMAS of Oklahoma. The Senator is not correct in his statement. If we shorten the yardstick to two-thirds of its present length, and still give it 36 inches, then by shortening the yardstick we increase the inches of height of the man we measure.

Mr. O'MAHONEY. But we increase only what we call an inch. The Senator discussed his pasteboard dollar and his gold dollar. He folded the pasteboard dollar over and demonstrated how it becomes two, or could become two if the President used his entire power. Then the Senator

pointed out to the Senator from North Carolina that on a certain day in May 1938 cotton was worth 8.21 cents. The Senator said that if the devaluation had not taken place it would have been worth 4.84, which, as I see it, is merely a declaration that the stable value of the cotton is merely changed in terms of the money which is used to measure it. It seems to me that is exactly the same as measuring a man and calling a foot 6 inches instead of 12 inches.

Mr. THOMAS of Oklahoma. Mr. President, the Senator comes from the West. The record shows that when gold was discovered in California in 1849 and 1850 a vast amount of gold was mined. It came into circulation either as money or as gold dust. To the extent gold was discovered in 1849 and 1850 and came into circulation, gold became more plentiful in terms of dollars, and prices were increased. That circumstance illustrates my theory. If we could find a mound of gold somewhere, mine the gold, coin it, and put it into circulation, it is my contention that the value of gold in terms of property would fall; but if gold in terms of property falls, property must rise in terms of gold.

Mr. O'MAHONEY. I think there could be no possible doubt of that statement. I follow the Senator completely.

Mr. THOMAS of Oklahoma. That theory is the quantitative theory of money.

Mr. O'MAHONEY. Certainly. When we use gold as a commodity and base our currency upon gold, naturally the value of the dollar will vary with the scarcity or the abundance of the material which is its base. I follow the Senator on that point completely. However, that is not the question.

Mr. THOMAS of Oklahoma. Answering the suggestion of the Senator from Wyoming, we do not now have any gold in circulation. In my judgment, a paper dollar does exactly the same thing toward prices as a gold dollar would do. I think everyone must admit that if we discovered gold and put the gold in circulation, gold would become more plentiful and dollars would become more plentiful; and, dollars being more plentiful and cheaper, property would go up in value. Since the gold is out of circulation, it is my contention that by printing paper money and putting paper dollars into circulation we could produce the same effect on prices as though we found a mountain of gold, coined the gold, and put the gold in circulation.

Mr. O'MAHONEY. I do not think there could be any doubt about that statement. However, if the Senator will turn his eyes to the chart which stands behind him and will refer to the decline in the price of the dollar between 1916 and 1920, I ask him if he does not remember that while that price was going down people were referring to the decline as the increase in the cost of living.

Mr. THOMAS of Oklahoma. As the dollar fell prices went up.

Mr. O'MAHONEY. Exactly.

Mr. THOMAS of Oklahoma. The dollar fell because during that period we placed about $3,000,000,000 of new paper money in circulation. Of course, the war had some effect. I cannot dispute that. However, the facts are that during the Wilson administration, from the time the Federal Reserve Act was signed until 1920, the circulation of real money increased from three and one-half billion to six and one-half billion dollars. Three billion dollars of real money was placed in circulation during the Wilson administration, and as a result of the placing of that money in circulation, prices went up to the highest level in my memory.

Mr. O'MAHONEY. There is no question about it; and because they went up a great cry went over the country about the high cost of living, which precipitated the campaign of 1920 and the declaration of Warren G. Harding that he would undertake courageous deflation. He undertook courageous deflation. He brought about the panic of 1921 and the conditions which resulted therefrom. However, when all is said and done, does it not come down to a question of what sort of commodities and what work can be exchanged for the dollar? When the dollar becomes cheap, the person who has a limited salary is able to buy less of the goods that he needs. That was the reason why, in the cities and the crowded centers of population, the great cry went up for the very argument Mr. Harding was making.

Mr. THOMAS of Oklahoma. The Senator is exactly correct in his interpretation. What I am trying to do from my standpoint is to have the dollar properly valued in terms of property. I want the dollar properly valued in terms of all the property in the United States, so that it will not hurt anybody or help anybody. I am not trying to hurt the bondholder. However, the bondholder today is receiving a subsidy of 32 cents on every dollar. My fellow W. P. A. worker to my left is receiving not only $10,000 but he is receiving a subsidy of 32 cents on every dollar of that $10,000. So, so far as the Senator is concerned, and so far as I am concerned, we are not receiving $10,000 a year. We are receiving $13,000 a year. The men and women who pay our salaries must produce $13,000 worth of wheat, corn, cotton, and sweat to obtain the money to pay our salaries.

Mr. BAILEY rose.

Mr. THOMAS of Oklahoma. I am opposed to that subsidy being paid the Senator from North Carolina [Mr. BAILEY].

Mr. O'MAHONEY. I am afraid the Senator will reduce our salaries to $6,000.

Mr. THOMAS of Oklahoma. Let me say that if the dollar keeps on going up it will have to be reduced in one of two ways. We may have to reduce it as it was reduced several years ago when Congress reduced the salaries of Members by $1,500 a year. If the dollar keeps going up, we cannot collect enough money to pay ourselves $10,000 a year. We shall have to cut our salaries to $5,000, or go on a per diem basis, as was the situation in the early days. On the other hand, if we cheapen the dollar and allow the people to make more money, they will have no trouble in paying the salaries of their Senators and Representatives.

Mr. BAILEY. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I will yield for a question, but I will not yield for a speech, because I myself have too much to say. The Senator can take his own time.

Mr. BAILEY. Mr. President, I have no thought of making a speech or asking a question. However, a question of fact arose as to the price of wheat. The Senator suggested that I send a page after a copy of the newspaper referred to. I took the time to obtain it, so I shall not trouble the Senator. I shall wait until he concludes, and then ask leave to print the editorial from the New York Times in the RECORD.

Mr. THOMAS of Oklahoma. Mr. President, I ask that a page bring me a copy of the New York Times, or any morning newspaper.

Mr. BAILEY. It is today's New York Times.

Mr. WAGNER. It is an editorial.

Mr. THOMAS of Oklahoma. I want the quotations. I do not want an editorial.

Mr. WAGNER. Mr. President, while the Senator is waiting for the newspaper, may I ask a question?

Mr. THOMAS of Oklahoma. Yes.

Mr. WAGNER. Taking one segment of the economic discussion—I am not now discussing the question whether an increase in circulation of money would bring about higher prices, but speaking of the devaluation of the dollar—is it not a fact that other countries having depreciated their currencies, and we not having taken similar action with our currency, our exports to other countries were greatly reduced because of the high prices of our commodities in terms of foreign currencies in foreign markets? When we did devalue the dollar we increased our exports; the exporters became more prosperous, of course, and that prosperity was bound to be reflected in our domestic economy, because they could and did employ more people; they increased the purchasing power of their employees and their stockholders. Thus, in that one segment alone, was reflected a benefit as a result of the devaluation, leaving altogether out of account the domestic price level.

Mr. THOMAS of Oklahoma. The Senator is exactly correct. The devaluation of the dollar had a vast influence upon the economy of the world. We do not appreciate the

power this Nation has. It has already bought or taken over $16,000,000,000 of the world's $26,000,000,000 of gold. This Nation has the economic power to acquire all the gold in the world. We could do that and no one would ever know the difference except those who did the job. The United States has the wealth and the economic ability to take over and acquire every ounce of monetary gold in the world and bury it in Kentucky, and if it should do so it would not seriously affect our domestic economy. The United States has the economic power to acquire every ounce of silver in the world and to bury it in the neighborhood of West Point in New York.

There are only 10,000,000,000 ounces of silver in the world. At 42 cents an ounce, $4,200,000,000 would buy all the silver in the world. That amount of money represents 5 months' expenses of the Government of the United States. The Federal Government is spending each 5 months sufficient to buy all the silver in the world. We could acquire the balance of the 10,000,000,000 ounces of silver and no one would ever know the difference. No one, however, wants to have that done.

Here is the point as to gold. World exchange is based on gold. Therefore gold should be distributed throughout the world. Every nation should have its proportional share of gold, based upon its demand for gold, which means based upon its exchange of goods, its ability to manufacture and sell. So every nation should have its share of gold to back its currency. Our policy has depleted the other nations of their gold. We have acquired it and brought it to this country. We have $16,000,000,000 of the $26,000,000,000 of gold in our strongbox here in America. I was coming to that question on the chart in just a few moments. It is my contention that that policy is wrong; it is injurious; it really does us no good, and it does the rest of the world harm, because every nation when it buys goods must get a bill of exchange based upon gold, or, if it does not do that, it must carry on its trade by barter. If nations cannot get gold, they have to go on a barter basis. Germany, without much gold, is trading by barter throughout the length and breadth of the world. The nations that have no gold and can get no gold are forced to barter; they are forced to trade manufactured goods, for example, for cotton, for corn, for meat. How are nations that have no gold and do not produce it going to get it? We have a corner on the gold, so to speak. Gold is coming to us day by day. I will explain that in a few moments. I repeat, this policy is wrong. It does us no good and is ruining the world. The amendment which I shall propose after awhile, if adopted, would solve that problem.

We do not appreciate the economic power that this Nation has, and yet we are not using it. We have the power to fix the value of the dollar at any point we see proper in terms of property. Who is doing that? Is the Congress doing it? No; the Congress is not doing it; and even Senators will not come into the Chamber and listen when the proposal is under consideration. Who is doing it? Somebody is doing it.

There has not been a day since this Nation started 150 years ago when someone has not been managing our money. When we have a gold standard and every dollar in America is based upon gold, it is still a managed money. We can place the value of gold itself at any point we see proper in terms of property. I know this is technical, but I want it to go into the RECORD. Today, for illustration, a bushel of wheat is worth a gold dollar. We can by placing paper money in circulation make money more plentiful, make money cheaper, and raise the price of a bushel of wheat to $2. Does anybody doubt that?

So long as we can buy and sell gold at $35 an ounce, or any other price, we can increase the price level of our domestic commodities to any point we see proper. So that justifies my statement, if I am correct, that even if we have a gold standard, even if we should coin the $16,000,000,000 of gold that we have in the Treasury, and put each of those $16,000,000,000 in circulation, and keep them in circulation, we could still manage the value of our money and we could still fix the value of our property in terms of those dollars. We could do that by the amount of paper money we would place in circulation, by the amount of gold we would place in circulation, and by the amount we would take out of circulation.

The Republicans in 1920 said the Democrats raised prices by putting money in circulation. The Republicans in 1920, in the same platform, said "We will bring prices down by taking money out of circulation." They were correct. The Democrats did raise prices by putting money in circulation. They put $3,000,000,000 in circulation from 1913 to 1920 and prices went up. The Republicans said, "Turn the wicked Democrats out and put us into power and we will bring prices down, and do it by taking money out of circulation." The people sustained that viewpoint and elected a Republican President in 1920, and as soon as the Republican Party came into power they began to do that which they said they were going to do, namely, take money out of circulation. Someone may ask how did they get money out of circulation?

I will now recur to a statement I made about an hour ago. Here is a copy of a letter from the Federal Reserve Board sent to the Senate in response to a resolution submitted by the then Senator from Illinois, Mr. McCormick. The Federal Reserve Board told the Senate that they were going to reduce prices by stopping lending; by stopping the expansion of credit; and, second, by beginning to collect the loans which were outstanding. That means that the banks would make their borrowers pay, and then when the banks were paid by their borrowers, they sent the money to the Federal Reserve System and the money was taken out of circulation. That was power No. 2. The Federal Reserve Board was entirely honest, because in this letter they made a statement, from which I will read briefly:

> The Board feels assured that the banks of the country now realize the necessity of more conservatism in extending credits and of a reasonable reduction in the volume of credits now outstanding.

What does that mean? The Federal Reserve Board said to the Senate that the banks should not be so liberal with their credit; that they should commence collecting their loans. They had given notice to the banks to do that and the banks, of course, must follow the instructions of the Federal Reserve Board. So the banks in 1920 stopped making loans—not entirely, but they were not so liberal in making loans—the banks began to collect their loans, and as the money came into the banks, as the banks owed the Federal Reserve System a vast amount of money, the banks sent their money into the Federal Reserve bank, and for the first 18 months, as I have said many times, after this program was placed into operation the banks collected and sent to the Federal Reserve System $100,000,000 a month in money. How much credit was destroyed I cannot say; I do not have the records as to that but I have the record of greenbacks and gold and silver, and that is what I call money. A hundred million dollars a month from 1920 for the next 18 months was retired from circulation, and, as this money went out of circulation, prices began to fall. Wheat in my State fell from $2.40 a bushel to $1 a bushel, cotton in my State fell from 44 cents a pound to approximately 20 cents a pound, hogs fell, cattle fell, everything else fell, and the depression of 1921 was on. There were three powers the Federal Reserve Board said they would use to break down the high cost of living; they used the powers and did the job.

I will read another sentence from this report. Mr. W. P. G. Harding, the Governor of the Board, made the report. Speaking for the Board, Mr. Harding made the following statement:

> The whole country is suffering from inflation of prices with the consequent inflation of credit.

Mr. Harding told the country that the country was suffering from inflation of prices; in other words, that prices were

too high. They were too high because we had too much money in circulation; credits were too easy; credits were too liberal; there was too much credit. And he was right.

Then said Mr. Harding——

Mr. MINTON. Mr. President——

Mr. THOMAS of Oklahoma. I yield to the Senator from Indiana.

Mr. MINTON. Has the Senator examined the record to determine whether or not the action of the Federal Reserve Board in 1937 took money out of circulation?

Mr. THOMAS of Oklahoma. Yes; I shall come to that a little later.

Mr. MINTON. I may be here.

Mr. THOMAS of Oklahoma. But the Federal Reserve Board did in 1937 exactly what the Federal Reserve Board did in 1920, I will say to the Senator—I want to put all of that in the RECORD—and they bragged about it. In the report, which I have on my desk, of the Board of Governors of the Federal Reserve System, submitted for 1936 and 1937, as I shall show later, the Federal Reserve Board bragged about their action. They first reported that prices were going up, that business was getting good, that the banks were making loans, that we were about out of the depression, and they then became alarmed; and when they became alarmed they changed the trend of the falling dollar and increased prices to a rising dollar and falling prices; and they admit that they did it and tell how they did it; and I will place all of that in the RECORD. In other words, the Federal Reserve Board did in 1937 exactly what the Federal Reserve Board did in 1920. In 1920 the Federal Reserve Board brought down prices. In 1937 the Federal Reserve Board stopped prices going up and started them going back down again by exactly the same process.

Mr. MURRAY. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. MURRAY. At the same time, is it not true that the prices of manufactured products all over the country rose; and is it not a fact that the high prices charged by the big manufacturing corporations of the country in 1937 contributed greatly to the recession?

Mr. THOMAS of Oklahoma. Yes; I am sure the Senator is correct in that statement, but I do not want to go into that phase of the matter for this reason: A very large number of manufactured goods are not controlled by supply and demand. They are controlled by the power of monopoly. For example, during this depression farm machinery has remained at about the same price, or has even gone up, when there was practically no demand for it. You could not buy a binder in the depression for less money than you could buy it for before the depression, or than you can buy it for now. So in the case of goods that are controlled by monopoly, they have the power to control the price, and they fix the price, and they maintain the price without regard to the law of supply and demand. If there is no demand, they do not manufacture; but if they sell, they make their profit.

I want to read another sentence from this report of the Federal Reserve Board. I will read again the last sentence:

> The whole country is suffering from inflation of prices, with the consequent inflation of credit. From reports made by the members of this conference, representing every section of the country, it is obvious that great sums are tied up in products which, if marketed, would relieve necessity and tend to reduce the price level.

So the Federal Reserve Board said, "If you follow out our program we will reduce the price level." Well, they followed the program, and the price level was reduced. There is an admission that in 1920 the Federal Reserve Board had the power to manage the money. There is an admission that if certain things were done the price level would be reduced. History shows that the things were done that they wanted done, and the price level came down.

So, from my viewpoint, our money has always been managed, from the beginning of the Government; and even were we on the gold standard, with gold in circulation, our money would still be subject to management. Those who have the gold might refuse to put it in circulation. Those who have the power to issue credits might refuse to issue the credits. Those who have the power to issue paper money might refuse to put out the money. So the persons—and it is all done by persons—at the head of our financial system, whoever they may be, have the power to fix the price level at any point they see proper.

In 1937 the price level was 113½. The dollar had lost its value from 167 cents down to 113½ cents. Prices were going up. As the dollar goes down in value, prices go up. So at that point the Federal Reserve Board members and others thought the dollar was going to get too cheap, and prices were going to get too high; so they checked that trend and started the dollar value in reverse ratio. They started the dollar back up again; so the dollar has increased in value since March 1937 from 113½ until last week it was worth 130.1. I contend that that is an impossibly valued dollar. So it is my contention that our money managers today have fixed this value for the dollar. They have maintained that value consistently now for several months, so it must be that the managers of our money think that is a proper value for the money.

The Senator from North Carolina [Mr. BAILEY] is not present. A little while ago he made the statement that wheat had gone up in value, I think, 15 or 17 cents during the past few weeks.

Mr. HATCH. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. Yes.

Mr. HATCH. I heard the statement made by the Senator from North Carolina. I desire to ask the Senator from Oklahoma if this is not correct:

Almost since August of last year wheat was practically at a stationary price until the month of May, when the crop scares were over in the Winter Wheat Belt of the country. During the period of crop scares, dry weather, wheat advanced approximately 10 cents a bushel. The rains came, and wheat has gone down in price this month until it is now almost where it was before the crop scares.

Mr. THOMAS of Oklahoma. The Senator is very likely correct. The same law of supply and demand controls the price of wheat that controls the price of money. A month ago the prospects were for a decreased amount of wheat production, and the price started to go up. Wheat went up to about 80 cents a bushel. Rains in the West have stimulated the hopes of the wheat growers that they are going to have more wheat than the forecast gave them a month ago; so, as the forecast is more favorable for the supply of wheat, the price of wheat has fallen, and yesterday on the exchange July wheat was worth only 70¾ cents. It has fallen approximately 10 cents a bushel in the past 3 or 4 weeks. So just the reverse of what was reported by the Senator from North Carolina has happened. A year ago wheat was worth 77 cents. Yesterday it was worth 70¾ cents.

While we are on the subject of the price level, I wish to place in the RECORD at this point the figures for the past several months. I said that the managers of our money have fixed $1.30 as the value of our dollar in terms of property. It is obvious that they have fixed that value, because that is where the dollar is, and they have the power to put it anywhere they see proper. So if they have the power, as they know they have, and if they place it somewhere, it is obvious that that is where they want it.

I have here a list of the different values of the dollar for different months and different weeks since 1937. In 1937 the dollar had fallen until on the 27th of March of that year the dollar had a value of 113.9 cents. On April 3 it had a value of 113.3 cents. On April 10 it had gone up to 113.8 cents. That was the time when all this scare came over the country that we were going into a boom. The headlines in the newspapers said that we were in the throes of inflation, that prices were going to get out of bounds, that the bondholders were going to lose all of their value

and the salaried people were going to lose all of their salaries because of the effects of cheapening the dollar; and at that time the managers of our money exercised the powers which they had. Those powers, briefly, are, first, the power to raise the reserve requirements. The Federal Reserve Board has the power to say what percentage of a bank's deposits shall be kept in reserve in the Federal Reserve banks of the several districts. I cannot give the exact percentage, but it is not material. At that time the banks were keeping only a small percentage of their money in reserve. The Federal Reserve Board had the power to say they should keep a larger amount and a still larger amount in reserve; and the Federal Reserve Board raised the reserve requirements, and forced the banks to carry more and more of their money on deposit in the Federal Reserve banks of their respective districts. As fast as this money went into reserve it went out of circulation from the standpoint of practicability; and as the reserve requirements were raised, that much more money was killed from day to day, until they raised the reserve requirements to the limit under the law.

In addition to that, for fear that money was becoming too plentiful and prices were going to go too high, the Federal Reserve Board and the managers of our money began to sterilize gold. As gold came to America from abroad—and I shall come to that later—instead of continuing the money value of the gold the managers of our money placed the gold in an inactive account. They buried it. They put it back into quartz, so to speak. It was not money any more. They took no credit for it as money. They killed the gold for the time being, and from that time on until later it was not money. That made money scarcer.

In addition to these two simple processes of raising the reserve requirements and of sterilizing the gold that came to this country, there was the psychology of statements. High officials made the statement that things were getting too high. High officials made the statement that everybody should get out of the stock market, which meant that stocks were going to go down instead of going up. The statement was that "If you want to make money in this stock market, go to selling instead of buying." That was the effect of it, and smart people who have connections with Wall Street know in advance as a rule what is going to happen. When they saw the reserve requirements being raised, when they saw gold being sterilized, and when they saw statements from high officials that prices were too high, what did they do? They knew what was going to happen. They began to sell. Stocks went down, prices went down, everything went down; and the recession came upon the country, wholly man made; yet Mr. Eccles, the head of the Federal Reserve System, says Congress is responsible for this recession.

I have here a news story headed—

Eccles blames Congress for economic slump, deficits, and debts.

When the facts are that when my speech is printed, if you read my speech you will find excerpts from Mr. Eccles' own report saying that the Federal Reserve Board did it. They raised the reserve requirement, they sterilized the gold, and it had the effect they wanted it to have. I will come to that later.

I said that in March 1937 we had the cheapest dollar we had had for years and the highest prices we had had for years. Then the managers of our money got busy, they stopped the falling trend of the dollar and started the trend back up. The dollar became cheapest in March 1937, and was down to $1.135, and the dollar has been going up ever since. From 1937 the dollar started going up. Last year, 1938, it was up to $1.27, and now it is $1.32.

By way of parentheses, I may state that the increase in the dollar value and the consequent decrease in prices changed about 10 or 11 senatorships, and 10 or 11 Senators who were here before are not here any longer. If the dollar trend keeps going up as it did under Mr. Hoover, the same thing that happened to Mr. Hoover will happen to more of us on this side who will have to stand for election within the next 2 years. If Mr. Hoover had listened, or had known, he could have served 4 years more as President, in my opinion. But no political party can sustain itself under the Hoover system of prices, no man can sustain himself who takes that viewpoint, in my judgment, unless he represents a constituency who will profit by falling prices and increased value of the dollar.

I wish to place in the RECORD at this point, if I may, a table showing a series of prices furnished me by the Department of Labor indicating the value of the dollar during each week from March 6, 1937, to June 10, 1939.

The PRESIDING OFFICER. Is there objection?

There being no objection, the table was ordered to be printed in the RECORD, as follows:

[U. S. Department of Labor, Bureau of Labor Statistics, Washington]

Purchasing power of the dollar, as measured in terms of all commodities at wholesale, by weeks, Mar. 6, 1937, through June 3, 1939—1926=$1

Week ended—		
	1937	
Mar.	6	$1.161
	13	1.147
	20	1.142
	27	1.139
Apr.	3	1.133
	10	1.138
	17	1.142
	24	1.143
May	1	1.144
	8	1.146
	15	1.151
	22	1.144
	29	1.144
June	5	1.148
	12	1.153
	19	1.156
	26	1.153
July	3	1.147
	10	1.140
	17	1.139
	24	1.143
	31	1.143
Aug.	7	1.144
	14	1.143
	21	1.146
	28	1.156
Sept.	4	1.157
	11	1.152
	18	1.144
	25	1.143
Oct.	2	1.151
	9	1.163
	16	1.174
	23	1.178
	30	1.191
Nov.	6	1.193
	13	1.202
	20	1.206
	27	1.220
Dec.	4	1.220
	11	1.221
	18	1.227
	25	1.232
	1938	
Jan.	1	1.235
	8	1.238
	15	1.235
	22	1.238
	29	1.245
Feb.	5	1.248
	12	1.256
	19	1.259
	26	1.256
Mar.	5	1.253
	12	1.253
	19	1.253
	26	1.263
Apr.	2	1.269
	9	1.274
	16	1.272
	23	1.272
	30	1.277
May	7	1.284
	14	1.285
	21	1.279
	28	1.280
June	4	1.287
	11	1.285
	18	1.276
	25	1.279
July	2	1.284
	9	1.277
	16	1.267
	23	1.271
	30	1.272

Purchasing power of the dollar, as measured in terms of all commodities at wholesale, by weeks, Mar. 6, 1937, through June 3, 1939—1926=$1—Continued

Week ended—	
Aug. 6	$1.276
13	1.284
20	1.292
27	1.285
Sept. 3	1.285
10	1.284
17	1.277
24	1.276
Oct. 1	1.282
8	1.285
15	1.287
22	1.294
29	1.289
Nov. 5	1.294
12	1.292
19	1.294
26	1.294
Dec. 3	1.292
10	1.297
17	1.304
24	1.305
31	1.300
1939	
Jan. 7	1.299
14	1.302
21	1.305
28	1.304
Feb. 4	1.305
11	1.305
18	1.305
25	1.302
Mar. 4	1.304
11	1.299
18	1.304
25	1.305
Apr. 1	1.307
8	1.318
15	1.319
22	1.316
29	1.314
May 6	1.314
13	1.309
20	1.318
27	1.319
June 3	1.321
10	1.323

Mr. THOMAS of Oklahoma. Mr. President, I should like now, before I go to another chart, to talk for a moment about the bill as it passed the House. The bill before the Senate is very simple. It has but three provisions in it. The first provision requires the Secretary of the Treasury to report to the President and to the Congress his activities in handling the stabilization fund. Under the present law he reports only to the President, so the first section of the House bill merely modifies existing law by providing that the Secretary of the Treasury shall report to the Congress in addition to reporting to the President. I suppose no one is opposed to that; certainly I am not. I favor it. So I am for section 1.

I will skip section 2 for the moment. Section 3 provides that the power in the President's hands to further devalue the gold dollar shall be continued for 2 years. We gave the President power originally to cut the dollar in two, and to make two out of one. He merely used 40 percent of the power, so to speak, because he took only 40 percent out of the dollar. He has the power today to take a piece out of the dollar as large as that indicated by the diagram I hold in my hand. So on a former occasion we gave him power to take this much out of the dollar. He has not used that power. He can do it today, he can do it any time until the 30th day of this month. If Congress does not extend the power, when the 30th day of this month shall have gone the President will not have the power to further reduce the size and weight of the gold dollar. So section 3 of the bill would give the President power for 2 more years to still further reduce the size, and the value, so to speak, of the gold dollar.

If I had it in my power, I would take this chunk of gold out now and still further cheapen the gold dollar. But I am not the President. He sees it differently. I am not criticizing him for not doing it. He has a broader viewpoint of things than I could possibly have, he has better advisers than I could possibly have, he has more facilities for acquiring information than I have; and I never question the viewpoint of the President. I could not even question Mr. Hoover's viewpoint. He did not see things as I saw them, or I did not see things as he saw them. Some one might ask now, however, who is Mr. Hoover? I will let history answer that question.

Section 3 of the bill before the Senate proposes to extend in the President for 2 more years the power to clip from the dollar the amount of gold represented by the diagram in my hand. I want that power extended. If that should be done, the gold dollar would become smaller. If that should be done, the gold dollar would become cheaper. If that should be done, the prices of all world commodities would be increased about 20 percent overnight. But that is not all.

We have now 16 billions of dollars of gold in our strong box. If the President should clip the amount of gold from each dollar which I indicate on this rude chart, he could put that in a profit pile. Then, when he revalued this profit pile of gold, it would consist of 16,000,000,000 little chunks of the size of the one I hold in my hand, and he would have $2,900,000,000 more of profit. So, by taking that much gold from the gold dollar—and he can do it today—the President could make a profit for the Federal Treasury of $2,900,000,000, exactly as the amendment which we adopted in 1933 made a profit of $2,800,000,000 for the Government. If that should be done, it would give us a dollar one-half the size of the dollar we had for a hundred years.

Even if that should be done, however, the new-sized dollar would be worth more today in terms of property than was the old gold dollar of 1929. It is for that reason that I contend that that little excess should be taken from the gold dollar, because if it is done, it makes a profit to the Treasury of almost $3,000,000,000, and leaves us a gold dollar which will buy more property throughout the world, including the United States, than would the big dollar of a few years ago.

Someone might ask why that would follow. It is because the same economic law that governs the price of gold governs the price of everything else. As the gold comes to us from abroad it decreases the supply abroad. Today fifty-odd nations, comprising a billion eight hundred million people, have only ten billions of gold to back all of their currencies. We have the balance hoarded; we have sixteen billion hoarded, which cannot be used, cannot be had. That leaves only ten billions of gold to be scattered throughout the world to support the moneys and the credits and the trade of the balance of the world.

As this gold comes to us it makes gold scarcer abroad, so the more gold we get the less foreigners have, and the less they have the scarcer it becomes, and the law of supply and demand operates. The more gold comes to us the scarcer it is in foreign nations, the higher it goes in terms of property, and that is why the value of gold today is so high as measured in terms of property.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. ELLENDER. If we further devalue the gold dollar, will not that have a tendency to make more gold come into this country from abroad?

Mr. THOMAS of Oklahoma. The Senator is exactly right in his suggestion, and if I ever get to my chart I will explain the matter fully. The Senator is exactly correct. I think perhaps I should answer the question now, because the Senator may not be in the Chamber when I reach that point. As the gold comes to us from abroad, it makes gold scarcer in other countries and makes it worth more there in terms of their currency.

As the gold comes to this country, we do not coin it; it is taken out to Kentucky and placed in the Government strongbox at Fort Knox. So, as the gold comes to us, it does us no perceptible good, but it hurts and injures the balance of the world. I will come to that point on my chart.

Today we are paying $35 an ounce for gold. We have not bought a single ounce, as an outright purchase, but we have

acquired the gold and paid for it, which makes its acquisition take on the nature of a purchase. The gold comes to us, not because we go out and buy it, but foreigners buying our goods have to pay for those goods. Our tariff wall is so high that they cannot ship us goods to pay for what they get from us, and they have to ship us gold. Foreigners, in order to buy American goods, must pay us in gold; and if the balance of trade is in our favor, they must pay us the surplus in gold. So we pay them $35 an ounce for the gold, which is the market price for it, and they have to buy some of their goods from the United States. Therefore, one reason why the gold is coming into this country is that we afford a market for it. But that is not the main reason.

The foreigner can take his little chunk of gold, which is called an ounce, and get $35 for it. Then, with each of those dollars he can buy $1.32 worth of commodities. So he gets for his gold about $46 worth of commodities. That is why it is coming to this country. It is because of the high-valued dollar and low prices. They can convert the gold at about $45 or $46.

Mr. ELLENDER. If we further devalue the dollar, we will have more gold coming into this country, will we not?

Mr. THOMAS of Oklahoma. Exactly so, but I am proposing to correct that, and it must be corrected. We cannot go forward on this basis.

I call attention to the map on the wall. Eighteen billion dollars today is the cost of government, $10,000,000,000 the interest charges, $28,000,000,000 in those two items, and the people must toil and sweat each year to get that much money to meet the costs of government and the interest charges. That money must be raised. If it is not, the Government will have to borrow. So there are two fixed charges.

There are only two ways by which that can be corrected. We could refuse to make appropriations and cheapen government. We are not doing that, the States are not doing it, the cities are not doing it, the districts are not doing it. So the cost of government, instead of being reduced, is going up, and it will continue to go up. How are we ever to pay the cost, how are we to pay $18,000,000,000 to run the various governments—State, national, city, and district—and pay interest charges of $10,000,000,000? It is not being done now, and it cannot be done now, and if we are ever to pay the cost of government, if we are ever to balance our Budget, there are only two ways of doing it. One is to reduce the amount of the appropriations, which is not being done, and cannot be done.

The other is to increase the number of dollars in circulation, in order to make the dollar cheaper and to give the people greater buying power in terms of dollars, as I shall show in a moment.

I have here a chart. I did not make the chart. It may have been made by a W. P. A. worker. I am not sure. Senators can easily discern that I made some of these charts. This chart was made by a particular friend of a number of Senators. I may say in parentheses that he tried to defeat me for reelection last year. I do not quote his figures because of that fact; I quote them despite that fact. The chart is circulated by a gentleman named Frank E. Gannett, of the Times Union, Rochester, N. Y. Mr. Gannett is the head of probably the largest chain of newspapers in the world. He publishes newspapers everywhere. His writings go everywhere. His influence is very widespread.

This chart says:

As the dollar's buying power goes up farmers' and other basic producers' income goes down.

That is what I have been trying to say for 10 years. Finally Mr. Gannett has taken up this fight. I have copies of three speeches on this very question made by Mr. Gannett in the last few weeks, and I shall quote from them later.

On this chart Mr. Gannett shows the buying power of the dollar. The red line represents the purchasing power of the United States dollar. Senators will notice that from 1910 to 1933 we were on the gold standard. All our money was redeemable in gold and convertible into gold. Senators can see how crooked this line is. Sometimes the line shows that the dollar was worth more than 100 cents. Sometimes it was worth less than 100 cents. From 1910 to about 1916 the dollar had more than 100 cents' worth of buying power. From 1916 to 1921 the dollar had less than 100 cents' worth of buying power. When the dollar's buying power is below the 100-percent line Senators will find the income going up. As the dollar rose above the 100-percent line the income went down. For example, with the rising price level from 1910 to 1916 we found incomes of all kinds going up, and especially farm incomes. The farm income is represented in black. The shaded portions show other income. When the dollar was at its lowest point in terms of buying power, or when the dollar was the cheapest, the farm income was $16,900,000,000. That was in 1919. In 1918 the dollar was not quite that cheap. The income was only $15,000,000,000. So the record shows that as the dollar goes down in buying power income goes up in buying power.

Then from 1920 the income started up in buying power. It went from 64 to above the 100-percent line. Mr. Strong took possession at that time. Before that he was governor of the Federal Reserve Bank of New York. He managed our money on a gold standard from that time until the time of his death in 1928. When he passed from the scene there was no one to carry on. Special interests, working for their own private ends, took charge. Then the dollar value began to rise.

Here is the relation of dollar value to income. In 1916, 1917, 1918, 1919, and 1920 we had a cheap dollar, because we had many dollars in circulation, and with cheap money and many dollars in circulation we had the highest farm income and the highest producer income other than farm income. Then for years we had a stable valued dollar. From 1920 to 1928 the dollar was at 100 cents, as a rule. Sometimes it was 101 cents, sometimes 102 cents, sometimes it went down to 99 cents. But the dollar was sought to be on an even keel at 100 under Governor Strong's management. It was rather stable. As the result farmers' incomes were stabilized, producers incomes were stabilized.

In 1920 farm income was practically $9,000,000,000; in 1922 it was $10,000,000,000; in 1923 it was $11,000,000,000; in 1924 it was $11,300,000,000; in 1925 farm income was $12,000,000,000; in 1926 farm income dropped to $11,500,000,000; in 1927 farm income was $11,600,000,000; in 1928 farm income was $11,700,000,000; in 1929, when depression struck, farm income was $11,900,000,000.

Then when the dollar started up in 1929, as indicated by this chart, prices began to fall, and as the prices fell, income fell.

In 1930, the first year after the depression, farm income dropped from $11,900,000,000 to $9,500,000,000. In the next year farm income fell to $7,000,000,000. The next year it was $7,300,000,000.

In 1933, when the administration changed, and the amendment to make money more plentiful was adopted, farm income started to increase. In 1932 farm income increased to $5,300,000,000. In 1933 it increased from $5,300,000,000 to $6,400,000,000. Next year it increased to $7,300,000,000.

The next year it increased to $7,500,000,000.

As the value of the dollar went down under this administration the farm prices began to rise, and the income of the producers began to increase, until 1937, when the dollar had fallen to 113½ cents, farm income was $9,800,000,000.

Then the dollar value started up again. The recession of 1937 come on, and in my judgment, was managed and produced by design by the money managers. They started to put more value in the dollar, so the buying power of the dollar started to go up, and as the buying power of the dollar went up prices of all kinds started to go down. Farm income fell from $9,800,000,000 to $7,500,000,000. At the present time the buying power of the dollar is still going up. That is what I am trying to stop.

Mr. LUNDEEN. Mr. President, did I understand the Senator to say that we will have the graph to which he has referred, printed in the RECORD?

Mr. THOMAS of Oklahoma. No. Under the rules I cannot place these graphs in the RECORD.

Mr. LUNDEEN. I wish they could be placed in the RECORD, because I think they are eloquent in the way they present the facts. At a glance one gets what might take hours of reading to understand. I wish the Senator could have some change made in the rules.

Mr. THOMAS of Oklahoma. Mr. President, I am sorry the senior Senator from New York, the chairman of the Committee on Banking and Currency [Mr. WAGNER], is not present, because I have a chart circulated by groups in his State. The next chart is a duplicate of the first chart. This chart is circulated by the following groups in the State of New York, the State so ably represented by the senior Senator from New York [Mr. WAGNER]. It is prepared and circulated by the New York State Grange, New York State Horticultural Society, New York State Vegetable Growers' Association, New York State Federation of Home Bureaus, Cooperative G. L. F. Exchange, Inc., Dairymen's League Cooperative Association, Inc., and New York State Farm Bureau Federation.

This chart was prepared and circulated by that group coming from the State of New York. It is a duplicate of the first chart circulated by Mr. Gannett. I am not circulating his chart because I approve of all that Mr. Gannett has done, but I approve of his fight to get the dollar down and get prices up.

At the top of the chart is the following:

Why farmers are in the red.

Then, the crooked line represents the changing value of the dollar. In the period from 1922 to 1929 the line is rather straight. That shows the dollar at a stable and unchanging buying power. As I said a moment ago, it changed only a cent or two, above or below the line, from 1922 to 1929. That was the 100-percent level. We want to go back to the 1926 level. In the year 1926 the dollar had a buying power of 100 cents in every group of commodities. There was no variation. And because it so happens that in that year the dollar did have an unequaled buying power, as measured in terms of commodities, that gives us our ideal. For our standard we go back to that time when the dollar had a stable buying power of 100 cents as measured in terms of commodities.

Mr. BAILEY. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. BAILEY. The Senator has referred to 1926 as the ideal standard. How much money was in circulation at that time?

Mr. THOMAS of Oklahoma. I shall be glad to give the Senator that information. I do not have it at my fingertips.

Mr. BAILEY. Would not the Senator say it was about one and one-half billion to $2,000,000,000 less than it is now?

Mr. THOMAS of Oklahoma. That may be true.

Mr. BAILEY. Then, in the light of that fact, what becomes of the Senator's quantitative theory?

Mr. THOMAS of Oklahoma. Mr. President, as I said a moment ago, a good many things have had to do with the change of the value of our money. One is psychology. That has a great deal to do with the value of our money. If the President should come out today and say that prices are too low, and that they should be on the basis of the 1926 level, and if he were to make the further statement that, "I intend to use such powers as the administrative branch of the Government has to raise prices to the 1926 level" they would immediately start their rise. If they were encouraged by plenty of credit and plenty of money, they would go there. It is my contention that if we should place the value back to the 1926 level we could keep it there. Governor Strong kept it there for about 10 years. The Federal Reserve Board is keeping the present price level stable in terms of property at 130. It has varied only a cent or two in the past few years.

Mr. BAILEY. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. BAILEY. I should like to ask the Senator another question. On the map there appears to be a rise from $1.13 in 1937 to $1.32. What has the administration done?

Mr. THOMAS of Oklahoma. The Senator was not in the Chamber when I spent about 30 minutes in explaining the situation. I shall be glad to go over it again.

Mr. BAILEY. I should like to know what the administration did. I should like to know what its mistake was.

Mr. THOMAS of Oklahoma. If the Senator will read the RECORD tomorrow, he will find the explanation at least twice, or perhaps three times.

In 1933 we started to cheapen the dollar and to raise prices. That was our deliberate program. Otherwise, we would not have given authority to cut the dollar and put more money in circulation. We would not have gone into the silver program except to cheapen the dollar and raise prices. We did all these things; and to the extent that they were used, they worked successfully.

Mr. BAILEY. Notwithstanding the silver program——

Mr. THOMAS of Oklahoma. If the Senator will wait just a moment, I shall answer his question.

When we started to carry out the program we adopted in 1933, as fast as the program was carried out the value of the dollar began to vanish. It fell from $1.67 in February, 1933, to $1.13 in March of 1937; and during all the time that the dollar was losing its value, prices were increasing. Income began to increase.

Mr. BAILEY. What were we then doing that we are not now doing? That is my point.

Mr. THOMAS of Oklahoma. I shall come to that point in a moment. We placed more money in circulation from 1933 to 1937. One billion two hundred million silver certificates were placed in circulation.

Mr. BAILEY. But that money quickly went out of circulation.

Mr. THOMAS of Oklahoma. No; that silver money is still in circulation. If the Senator will wait just a moment, I will answer his question.

Mr. BAILEY. I want to get the facts. According to the Comptroller's report, the money now in circulation is at the highest point of all time, except in the bank panic of 1933, when conditions were extraordinary, and the circulation was accounted for by factors other than financial operations.

Mr. THOMAS of Oklahoma. I am not contending that it is humanly possible for the managers of money to fix the value of the dollar as minutely as we fix the length of our yardstick. I am not contending that it is humanly possible for the managers of our money to fix the value of the dollar as closely and as minutely as we fix the pound weight, the gallon measure, or the bushel measure. In my judgment, that cannot be done; but we can do something toward it. The value of the dollar has had something done to it. In 1933 we started out on a program. The program has worked. The dollar has lost part of its value and prices have gone up. Here is the record. The line shows the decreasing value of the dollar. It went from $1.67 in 1933 to $1.13½ on the 1st of April 1937. As the dollar fell in value, farm income went from $5,300,000,000 in 1932 to $9,800,000,000 in 1937, and there was a gradual increase in farm income. That meant that while the farmers raised less, they received more money for their products than they were receiving in 1933. They had more income. In addition to the farmers having more income on a rising scale, the people represented in the groups in shaded areas on the map received increasing income. That fact is indicated by the statement under the heading, "Income from other raw materials." The other industries include fisheries, lumber, coal, and the production of other raw products. So the producers of raw materials received higher prices.

Mr. BAILEY. I asked the Senator to explain what the administration is doing.

Mr. THOMAS of Oklahoma. I shall come to that point.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I should like still further to answer the question of the Senator from North Carolina.

The dollar was losing its value in 1936 and prices were going up. As a result of that trend one party carried every State in the Nation, save two; and the party which did not

agree to the program lost every State in the Union, save two. That was the result of the state of mind of the people. The people's minds were made up, probably unconsciously, because of their condition. Their condition was becoming better. Their minds were more at ease. Farmers were receiving higher prices for farm products. Producers of other raw materials were receiving better prices for their products, and their income was being increased. That is the reason why the program of cheapening the dollar and raising prices in 1936 was almost unanimously approved.

The dollar kept losing value during the remainder of 1936 and the first part of 1937, until March 1937. Then it was that the bondholders and the big banks became scared for fear the dollar would lose too much value, to their detriment, and prices would go too high, to their detriment. I do not know what was done. I know the result. Influence was brought to bear upon the managers of our money and the managers of our money changed the trend.

Mr. BAILEY. The Senator refers to "the managers of our money." I should like to have him be specific. Does he refer to the Government or to Wall Street?

Mr. THOMAS of Oklahoma. Of course, Wall Street does nothing. It is the people who live in Wall Street who do things.

Mr. BAILEY. Was something done in Washington? Was it governmental action or was it something else?

Mr. THOMAS of Oklahoma. I shall require just so long to make this speech; and inasmuch as this question has been raised, I might just as well answer it now in detail.

I have shown that the dollar fell in value from 1933 to 1937. I have shown that, as the dollar fell, prices increased; and, as prices increased, farm income increased. As prices increased, the income of those who produced raw materials increased. Prices were going up and the dollar was going down.

Mr. Eccles, the head of the Federal Reserve Board, is quoted by a newspaper as stating that Congress brought about this condition. I shall state what Mr. Eccles says about it. I wish to read excerpts from the report of the Board of Governors of the Federal Reserve System. The statements are all signed by Mr. Eccles.

Economic conditions were improving. On page 3 of the annual report of the Board of Governors for 1936 we find the following:

Progress in industry and trade was substantial in 1936.

I am now reading from the report of the Federal Reserve Board.

Production of durable goods increased considerably, and output of nondurable products also showed growth, particularly in the latter half of the year.

The latter half of 1936.

The increase in durable-goods production reflected purchases of equipment both by industry and by individuals, as well as further expansion in construction. There was a general rise in employment, and income in both urban and rural areas was considerably larger than in other recent years. Capital values increased during the year, and in the latter part of the year there was a general advance in commodity prices. Total national income rose to $63,800,000,000 for the year, as compared with $55,000,000,000 in 1935 and a low of $39,500,000,000 in 1932.

That was the condition as reported by Mr. Eccles, president of the board of managers of our money. Times were becoming good. Income had risen from $39,000,000,000 in 1932 to $63,800,000,000 in 1936.

On page 2 of the report we find the following, and I quote from Mr. Eccles:

During 1936, however, business drew upon the banks and upon investors' funds to a considerably larger extent. Commercial loans to bank customers, after 3 years of little change, increased by $1,000,000,000; and securities issued by corporations to obtain new capital, as distinct from refunding issues, amounted to $1,200,000,000, or more than the aggregate for the previous 4 years combined.

Mr. Eccles said that the trend of rising prices and increased income caused $1,200,000,000 of new capital to be placed in circulation. That means expansion of bank loans through borrowing. The banks were beginning to make loans about that time. I do not blame the banks for not making loans at the present time. Banks will not now make loans except on bonds. Banks will not make loans to people who cannot make money.

Today there is no trouble in obtaining credit if one has credit. Who has credit? Bondholders have credit. Bondholders can go to banks and obtain money. But bondholders will not do so, because they know of no place to put the borrowed money where they can make money on it. So today the man who has credit will not use it. He sees no outlook for his credit. The man who has credit can obtain money, but he cannot find a place to put the money, so he is not using his credit. The man who does not have credit, of course, cannot use it. One cannot use something he does not have. Banks will not make loans today because those who wish to borrow have no credit; and no one has credit unless he can demonstrate to the bank that he can make money from the money he borrows, or that he has collateral which, rain or shine, can be sold to satisfy the debt. So the reason why banks are not making loans is because there is no profit in doing business today; and there is no profit in doing business today because the price level is so low that one cannot produce and pay costs of production.

I shall come to that question later, because our amendment affords a remedy.

I wish to read still further from the report of the Federal Reserve Board, since it has been brought into question. I shall come to the point in a moment, and I shall tell the Senate and the country how the Federal Reserve Board did the thing which I claim it did, and which it admits it did.

I ask unanimous consent to place in the RECORD without reading certain excerpts from the reports of the Board of Governors of the Federal Reserve Board for 1936 and 1937.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The excerpts referred to are as follows:

EXCERPTS FROM OFFICIAL REPORTS OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

1. Economic conditions were improving. On page 3 of the Annual Report of the Board of Governors for 1936 we find the following:

"Progress in industry and trade was substantial in 1936. Production of durable goods increased considerably, and output of nondurable products also showed growth, particularly in the latter half of the year. The increase in durable-goods production reflected purchases of equipment both by industry and by individuals, as well as further expansion in construction. There was a general rise in employment, and income in both urban and rural areas was considerably larger than in other recent years. Capital values increased during the year, and in the latter part of the year there was a general advance in commodity prices. Total national income rose to $63,800,000,000 for the year, as compared with $55,000,000,000 in 1935 and a low of $39,500,000,000 in 1932."

On page 2 of said report we find the following:

"During 1936, however, business drew upon the banks and upon investors' funds to a considerably larger extent. Commercial loans to bank customers, after 3 years of little change, increased by $1,000,000,000, and securities issued by corporations to obtain new capital (as distinct from refunding issues) amounted to $1,200,000,000, or more than the aggregate for the previous 4 years combined."

On page 1 of the report for the year 1937 we find the following:

"At the opening of 1937 economic activity was increasing rapidly. The output of mines and factories, after a steady rise for 2 years, had reached the average level of 1929. Increased activity was manifested both in the industries producing goods for immediate consumption and in those producing durable goods. Capital expenditures by manufacturing industries were increasing rapidly, in line with output and profits. There was some revival in residential construction, which had dwindled to a very low level during the depression and was still far from normal. Employment was expanding and wage payments were rising even more rapidly as the result both of reduction in part-time employment and of increases in hourly wage rates. Increased farm income, a large volume of dividend disbursements, and larger wage payments resulted in an increase in retail and wholesale distributions. Prices of securities were at the highest level since the early part of the depression; yields on bonds, both Government and corporate, had reached exceptionally low levels, and capital issues of corporations were in the largest volume of the recovery years. Many commodity prices were rising rapidly. Advances were particularly pronounced in agricultural and other raw materials; prices of finished goods were also rising. Increased domestic demand, together with a considerable volume of foreign demand, contributed to the advance. A wave of buying was in progress. * * *

"Relative to bank loans and the expansion of deposit currency, the Board reports as follows from page 2: 'The total volume of bank deposits and currency continued to grow and at the beginning of 1937 was at the highest level in the country's history. Bank loans to trade and industry had increased considerably and were growing. New York City banks were reducing their holdings of Government securities, but total investments of banks had changed little in the last half of 1936. Idle funds in the hands of institutions and individual investors continued large, and long-term money rates were exceptionally low.' "

On page 3 of the 1937 report we find the following assertion:

"Currency outside of banks had increased by about $2,000,000,000 between 1930 and 1937."

With an upswing in business obviously the Board became alarmed as admitted in the report, as follows:

On page 2 of the 1937 report we find the following:

"The rate of advance in business activity was, in fact, so fast that there were evidences of unsound developments.

"There was a large increase in forward orders in anticipation of further price and wage increases, together with uncertainties regarding deliveries, partly due to labor disputes, and shortages were developing in plant and equipment and in some classes of skilled labor. Notwithstanding the fact that recovery was far from complete and that there was still a large amount of unemployment, boom conditions were developing in particular industries and boom psychology began to be manifested."

The fact that the Board took action in the form of an increase in reserve requirements is evidence of the Board's expressed fear.

On page 1 of the 1936 report we find that the Board took action to check the upswing as follows:

"In July 1936 and again in January 1937 the Board of Governors took action to increase reserve requirements and thereby to eliminate a large part of the excess reserves that had accumulated. The combined effect of these two actions of the Board was to double the reserve requirements of member banks. Thus the power conferred upon the Board by the Banking Act of 1935, to increase reserve requirements for the purpose of preventing injurious credit expansion was fully utilized."

The Board reports that at approximately the same time the Treasury Department proceeded to sterilize gold:

"In December 1936 the United States Treasury inaugurated a policy of setting aside in an inactive stock all gold purchased subsequent to December 23, 1936, and thereby preventing the further acquisition of gold from increasing bank reserves. The Treasury and Federal Reserve measures taken together largely eliminated the basis of a potential credit expansion arising from the large movement of gold to this country which had begun in 1934 and had greatly expanded the credit base of the country."

On pages 2 and 3 of the 1937 report the Board reports that the Treasury Department joined in the program, which had the effect of curtailing and checking the return of prosperity as follows:

"In December the Unted States Treasury after consultation with the Board adopted a policy of placing new gold acquisitions in an inactive account, thus preventing further gold imports from adding to the reserves of member banks."

On page 3 of the 1937 report, in the face of improving economic conditions as reported in 1936 and during the first part of 1937, the Board reports further action obviously to curtail the rising prices and such action had the effect of bringing about the 1937 recession.

"In August 1936 the Board of Governors had raised reserve requirements for member banks by 50 percent in order to absorb a part of the $3,000,000,000 of reserves in excess of requirements held by member banks. Under the law the Board has the responsibility of changing reserve requirements in order to prevent injurious credit expansion or contraction, and the Board had acted to eliminate from the credit base a part of the redundant reserves accumulated through a large volume of gold imports. The Board's action was in the nature of a precautionary measure to prevent an uncontrollable expansion of credit in the future. The policy of maintaining easy money and credit conditions pursued by the System since the beginning of the depression continued to be in effect."

On page 3 of the 1936 report, relative to the raising of margin requirements, the Board reports as follows:

"The Board, therefore, in January and March 1936, took action to increase the margin requirements applicable to security loans made by brokers and dealers in securities and in March also made these requirements, as increased, applicable to loans made by banks on stocks for the purpose of purchasing or carrying stocks registered on national securities exchanges. By these measures the Board undertook to check the growing use of borrowed funds for speculation in securities, without limiting the supply or raising the cost of credit available for commercial, industrial, or agricultural purposes."

After reporting, first, that economic conditions were improving; and, second, that the Board became alarmed; and, third, that the Board took steps to check the rise in business activities, on page 8 of the 1937 report the Board reports a "turn in business situation" as follows:

"About the middle of March prices of stocks and of lower-grade corporate bonds began to decline from the high levels to which they had risen. Advance buying by industry and trade slackened, and early in April prices of commodities traded on organized exchanges began to decline. During the summer increases in crop production contributed to the declines in prices of cotton and grains, while livestock prices advanced. Industrial output continued large, however, reflecting to a considerable extent the filling of orders previously received. In the spring months there was a decline in offerings of securities for refunding purposes which had been in record volume in the early part of 1936 when business organizations, particularly the public utilities, were taking advantage of the prevailing low level of money rates to reduce the cost of their indebtedness."

On page 10 of the said 1937 report the Board reported further as follows:

"As a consequence of these developments industrial production declined at an exceptionally rapid rate, and the Board's index, which had averaged 116 in the first 8 months of the year, fell to 84 in December. There were also sharp declines in factory employment and pay rolls. Movement of goods over the railroads was reduced and, with costs at a higher level, the earning prospects and financial positions of many railroads were impaired. In the commodity markets prices of raw materials and semifinished products showed widespread rapid declines, and prices of finished goods, which had risen somewhat further during the summer, also decreased. In December prices of some raw materials continued to decline but others, including steel scrap and cotton, advanced. Reductions in incomes were reflected toward the end of the year in reduced consumer buying of automobiles, furniture, and other durable goods. Residential building, which earlier in the year had decreased as a consequence primarily of higher building costs, declined further in the autumn, as uncertainties arose regarding income prospects. At this time there were some reductions in building costs, but with business activity declining people were reluctant to build new houses or buy old ones."

Mr. THOMAS of Oklahoma. From the 1937 report it appears that times were improving. Things were becoming active. The picture was rosy. The Board said:

> Currency outside the banks had increased by about $2,000,000,000 between 1930 and 1937.

That supports my contention.

The Board said times were getting better. Then they reported that the amount of currency in circulation had increased by $2,000,000,000 during that period. My conclusion is that placing the $2,000,000,000 in circulation was largely responsible for the better conditions. The Senator's contention is——

Mr. BAILEY rose.

Mr. THOMAS of Oklahoma. I know what the Senator is going to say. The Senator's contention is that better business brought this money into circulation.

Mr. BAILEY. Oh, no. I was going to ask the Senator how he reconciles that with the fact that there is more money in circulation now than there was then, and yet he says we were going too fast.

Mr. THOMAS of Oklahoma. I will come to that. The fact is that theoretically there is now about a billion dollars in circulation which is being retired. For example, we passed a law to retire all the gold certificates. As soon as one shows up it is retired. The fact that there are millions of dollars of such certificates out is evidence that they are in hiding or have been burned or destroyed. They are not in circulation in reality, but they are in circulation in theory.

Then we propose to retire the national-bank notes. At one time there was a billion dollars of national-bank notes in circulation, but we have been retiring the national-bank notes. As fast as one comes into public view and the bank sees it, it goes out of circulation. Yet about $200,000,000 of national-bank notes are still in hiding and in circulation according to the books. They are in circulation theoretically, but the moment they show in the light of day they go out of circulation, because they are being retired.

Mr. BAILEY. Does not something take their place so that the net circulation is not reduced?

Mr. THOMAS of Oklahoma. That might be true if currency was demanded for the money retired. If the Senator had a number of $20 gold pieces he was required to turn them in, and he either got currency or credit. If he had a bundle of gold certificates or a bundle of national-bank notes, he was required to turn those in. If he did, he got currency or credit, which was money. If currency was put out there would have been no change, but if credit was put out in exchange then that would cause no inflation in terms of prices. I will come to that a little later.

So the Federal Reserve Board reports that with the better times $2,000,000,000 of real money have been placed in circulation.

On page 2 of the report for 1937 we find the following:

The rate of advance in business activity was, in fact, so fast that there were evidences of unsound developments.

As the dollar fell in value, as prices began to rise, as banks began to make loans, as banks began to expand, the Federal Reserve Board said that business growing so rapidly times were getting good so fast, that there were evidences of unsound developments. That is an expression of their fear that we were going to have inflation, that prices were going to go too high, that too much money was going to be placed in circulation. I read further:

There was a large increase in forward orders in anticipation of further price and wage increases, together with uncertainties regarding deliveries, partly due to labor disputes, and shortages were developing in plant and equipment and in some classes of skilled labor. Notwithstanding the fact that recovery was far from complete and that there was still a large amount of unemployment, boom conditions were developing in particular industries and boom psychology began to be manifested.

The Federal Reserve Board, the manager of our money, says times were getting good; banks were making loans; we were going to have good times; but times might get so good that it would cause us much trouble. I read further:

In July 1936 and again in January 1937.

I read now from the report of Mr. Eccles, the man at the head of our board of money managers, the man who said that Congress was responsible for this depression. He was correct that times were getting better. Congress brought those better times about. They came about as a result of our program of cheapening the dollar and raising prices. The Board of Governors of the Federal Reserve System reported that our policy of cheapening the dollar and raising prices was bringing about the desired result.

I read further:

In July 1936 and again in January 1937 the Board of Governors took action to increase reserve requirements and thereby to eliminate a large part of the excess reserves that had accumulated.

They became scared; times were getting too good; and to check the increase in prosperity and check the increase in prices they stated exactly what they did. First, they raised the reserve requirements. Under our banking system the banks in the system must put a certain percentage of their deposits in the Federal Reserve banks as a reserve, so-called. So, as times were getting better, the Board became scared, and they took action to stop the increase in prices. First, in July 1936 and again in January 1937, they raised the reserve requirements. They required the national banks in North Carolina to keep more money in the Federal Reserve Bank in Richmond. They required the banks in my State to keep more money in reserve in the Federal Reserve Bank at Kansas City. When the Board raised the reserve requirements in effect they killed that much money which was covered into the Federal Reserve bank.

Mr. BAILEY. Mr. President, was not that the time when the President said in a press conference that some prices were getting too high? Did he not approve the action of the Federal Reserve Board?

Mr. THOMAS of Oklahoma. The newspapers did report the President as stating that some prices were getting too high, and I think he mentioned some classes of merchandise, and one class was the commodity which is known as copper. I think that was mentioned. Prices were getting too high. I do not know whether it was the President, but someone recommended that all Federal employees get out of the stock market. Anyone who understands what that means realizes that it was an invitation to sell stocks; sell what you have and sell what you do not have; make money on stock sales when stocks are going down.

Mr. BAILEY. It was something like a "tip."

Mr. THOMAS of Oklahoma. Yes, a "tip," so-called, and the smart boys took the tip and sold stocks and commodities and cleaned up just as much money as they had money to put up as a margin.

Mr. President, I have just read the statement of the Federal Reserve Board that they twice raised the reserve requirements of banks, which had the effect of killing that much money belonging to the banks, for the banks could not loan it any more.

The combined effect of these two actions—

Reading further from the report—

The combined effect of these two actions of the Board was to double the reserve requirements of member banks. Thus the power conferred upon the Board by the Banking Act of 1935 to increase reserve requirements for the purpose of preventing injurious credit expansion was fully realized.

Mr. PEPPER. Mr. President, I did not quite understand the Senator. He said that one action was to raise the reserve requirements. What was the other?

Mr. THOMAS of Oklahoma. The Board raised the reserve requirements twice. That is as far as I have gotten. The Board reports that at the time of the increase of prices they raised the reserve requirements twice, and by raising the reserve requirements they took from the banks money which the banks could have loaned and forced them to put that money in the Federal Reserve banks. They, therefore, took away from the banks the power to loan, which the Board considered might result in an injurious expansion of credit.

Mr. BAILEY. Mr. President, although they raised the reserve requirements twice, as the Senator has stated, it is my recollection that the banks still had $800,000,000 excess reserves, and the excess continued to rise until at present the excess reserves amount to $4,000,000,000. If an increase in the reserve requirements and a reduction in the excess reserves is the cause of our difficulty, how would the Senator explain the fact that the difficulties continue and appear to grow worse, notwithstanding the reserves have increased from $800,000,000 to $4,000,000,000?

Mr. THOMAS of Oklahoma. The fact is that from that day to this the Government has been borrowing and spending from nine to ten billion dollars a year. When the money thus borrowed is spent it goes into circulation; it goes into the banks, but the banks cannot loan it. What they do with it is to put it into their reserve account. That is the reason the reserves are going up, in my opinion.

Mr. BAILEY. Yes; but the value of the reserves is there, regardless of how it is derived. We still have a rising excess reserve.

Mr. THOMAS of Oklahoma. These reserves are not currency; they are partly banking money, credit money, deposit money, which is not the result of printing paper money or the coining of silver or the coining of gold.

Mr. President, I was asked a question just a moment ago by the distinguished Senator from North Carolina [Mr. BAILEY] as to what the board of managers did to stop the falling value of the dollar and to stop the increase in prices. I read from the report of the board of managers for our money, stating that, to begin with, they did two things. The two things were, first, to increase the amount of reserves in the member banks of our banking system. I will read the second thing they did. It is the third act, but the second kind of thing they did:

In December 1936 the United States Treasury inaugurated a policy of setting aside in an inactive stock all gold purchased subsequent to December 23, 1936, and thereby preventing the further acquisition of gold from increasing bank reserves. The Treasury and Federal Reserve measures taken together largely eliminated the basis of a potential credit expansion arising from the large movement of gold to this country which had begun in 1934 and had greatly expanded the credit base of the country.

They did three things. They raised the reserve requirement first. Then they raised the reserve requirement a second time. The third thing they did was to begin a policy to sterilize any gold that came to this country. They report that these three acts—two classes of activities—had the effect desired of destroying the possibility of having this dangerous credit expansion which they feared.

I will read further from the report:

In December the United States Treasury after consultation with the Board adopted a policy of placing new gold acquisitions in an inactive account, thus preventing further gold imports from adding to the reserves of member banks.

In this same report of 1937 the Board of Governors reported as follows:

In August 1936 the Board of Governors had raised reserve requirements for member banks by 50 percent in order to absorb a part of the $3,000,000,000 of reserves in excess of requirements held by member banks. Under the law the Board has the responsibility of changing reserve requirements in order to prevent injurious credit expansion or contraction, and the Board had acted to eliminate from the credit base a part of the redundant reserves accumulated through a large volume of gold imports. The Board's action was in the nature of a precautionary measure to prevent an uncontrollable expansion of credit in the future. The policy of maintaining easy money and credit conditions pursued by the System since the beginning of the depression continued to be in effect.

On page 3 of the 1936 report the Board reports as follows:

The Board, therefore, in January and March 1936, took action to increase the margin requirements applicable to security loans made by brokers and dealers in securities and in March also made these requirements, as increased, applicable to loans made by banks on stocks for the purpose of purchasing or carrying stocks registered on national securities exchanges. By these measures the Board undertook to check the growing use of borrowed funds for speculation in securities, without limiting the supply or raising the cost of credit available for commercial, industrial, or agricultural purposes.

Those are the four things that the Board reports it did. It raised the reserve requirement twice. Then it did the third thing, as reported by the Board, which was to raise the reserve requirement of those who deal in stocks and securities on the exchanges. That is the margin requirement. That was raised from 10 or 15 percent to, I think, about 45 percent. That was act number 3, as performed by the Board, to stop the dollar from becoming cheaper and prices from going up. I think that covers it. Raising the reserve requirements, sterilizing the gold, and raising the requirement with respect to those who deal in stocks and bonds on the securities exchanges by raising the margins.

Then they report the effect of these acts; and I propose to tell what the effects were, and I shall quote from the record of the Board as signed by Mr. Eccles, who claims that the Congress brought on this depression. He tells what he did. He tells, first, how he became scared. He tells what he was afraid of. He tells what he did then to stop the dollar from becoming cheaper and stop prices from going up. Now he reports the effect of the things he said he did to accomplish the end he wanted to be accomplished.

Mr. BAILEY. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. BAILEY. The Senator said those four things that were done by the Federal Reserve Board were responsible for arresting the decline in the purchasing power of the dollar in 1937. One was the reduction of the excess reserves, but at the present time the excess reserves are higher than ever. They are $4,000,000,000. Another was the sterilization of gold. That has been corrected.

That being so, my question is pointed to the explanation of the rise from 113 cents to 132 cents since those transactions were had, notwithstanding the great increase in excess reserves and the correction with respect to the sterilization of gold. I want to know what is being done now to give us this rise in the curve?

Mr. THOMAS of Oklahoma. I shall come to that, Mr. President, in due course in my speech. I must answer the question submitted by the Senator sometime ago. He wanted to know what had been done and who did it, and I am proceeding to tell him.

Mr. President, as the result of the policies of the Federal Reserve Board, even before April 1937 the following things happened as reported by the Board itself. I read:

About the middle of March prices of stocks and of lower-grade corporate bonds began to decline from the high levels to which they had risen.

That is about the middle of March 1937. That is the time they were operating on the dollar. That is the time they had raised the reserve requirements, or just after that time. That was just after the time that they had sterilized the gold, and just after the time they had raised the reserve requirements as to margins, and after the time that the officials had served notice on the country that prices were going up too high. The Board reported about the moment stocks and lower-grade corporate bonds began to decline:

Advance buying by industry and trade slackened, and early in April prices of commodities traded on organized exchanges began to decline. During the summer increases in crop production contributed to the declines in prices of cotton and grains, while livestock prices advanced. Industrial output continued large, however, reflecting to a considerable extent the filling of orders previously received. In the spring months there was a decline in offerings of securities for refunding purposes which had been in record volume in the early part of 1936 when business organizations, particularly the public utilities, were taking advantage of the prevailing low level of money rates to reduce the cost of their indebtedness.

That is the report of the Board of Governors. They did specific things to accomplish a specific end, and they reported that the things they did brought about the end they desired. They reported exactly what was done as the result of the policies placed in force by the Federal Reserve Board.

I read further from the 1937 report:

As a consequence of these developments industrial production declined at an exceptionally rapid rate, and the Board's index, which had averaged 116 in the first 8 months of the year, fell to 84 in December. There were also sharp declines in factory employment and pay rolls. Movement of goods over the railroads was reduced and, with costs at a higher level, the earning prospects and financial positions of many railroads were impaired. In the commodity markets prices of raw materials and semifinished products showed widespread rapid declines, and prices of finished goods, which had risen somewhat further during the summer, also decreased. In December prices of some raw materials continued to decline but others, including steel scrap and cotton, advanced. Reductions in incomes were reflected toward the end of the year in reduced consumer buying of automobiles, furniture, and other durable goods. Residential building, which earlier in the year had decreased as a consequence primarily of higher building costs, declined further in the autumn, as uncertainties arose regarding income prospects. At this time there were some reduction in building costs, but with business activity declining people were reluctant to build new houses or buy old ones.

Mr. President, here is a complete record submitted by the Federal Reserve Board itself. The Board is the manager of America's money. It is not a Federal board. It is a private board. The salaries of the members of the Board are not paid by the United States Treasury. They are paid by the banks.

Mr. BAILEY. Mr. President, may I ask the Senator how the members of the Board are appointed?

Mr. THOMAS of Oklahoma. The members of the Board are appointed by the President and confirmed by the Senate. That is true, and everyone knows it. However, their salaries are not paid by the Federal Government. Their salaries are paid from a fund levied and raised as an assessment upon the member banks of the Federal Reserve System. So these men are working for their masters. Their masters are the ones who pay them. They are paid by the banks. The members are working for the banks, and they are seeing to it that nothing is done with their permission that is going to hurt the banks. What they do and what they want done are things that help the banks. Otherwise, they would not be on the Board. The banks have a way of getting rid of undesirable members of the Board when they want to get rid of them. When they get on the Board a man who is satisfactory, they keep him there.

When the Federal Reserve Board was created in 1913, friends of the producers of America were placed in positions on the Board. The administration was friendly to the people of the Nation. In 1913 the administration was friendly to the producers, the laboring people, and the small business concerns; and men were placed on the Board at that time to carry out that viewpoint and to help those classes. Gradually those members were eliminated from the Board; and more recently the members placed on the Board

have a different viewpoint. They are not working for the debtors. They are not working for the producers. They are working for the bondholders and the big banks, as is obvious from their own reports.

Mr. President, the Board said that times were improving, but the Board thought they were improving too fast; so the improvement was stopped. A check was placed upon improved conditions, and the Board told us exactly how it was done. Then the Board reported the results of the check.

The index line verifies the report submitted by the members of the Federal Reserve Board. Today the dollar is worth $1.32. It is true that we now have more so-called money in circulation than we had before. We have placed in circulation $30,000,000,000 of bank deposits.

Bank-deposit money represents credit money, or debt. It is the kind of money a citizen can go to the bank and create by signing a note and having the cashier of the bank take his bankbook and place on his bankbook the date and the amount of the loan, $1,000, or whatever it is. By that simple act the citizen can create $1,000 of bank-deposit money. If he does not draw the money out of the bank, but leaves it overnight, when the books are balanced that night they show $1,000 more money in the bank than there was in the morning, before the bank was opened. No money was placed in the bank, not a copper cent; but $1,000 of bank deposits, credit money, went on the books. As a result, we have the banks full of that kind of money. Today the banks have something like $55,000,000,000 on deposit. That figure may not be accurate. However, when the banks' books are balanced tonight, the books of all the banks in America will not show that they have in their vaults $1,000,000,000 of money that one can see or spend with a stranger.

Mr. BANKHEAD. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. BANKHEAD. Has the Senator any figures to show the percentage of deposits represented by interest-bearing notes? Notes are given to the bank, and the amount is deposited, and that bank money is on interest against the note. Can the Senator tell us how much of the total deposits represent interest-bearing obligations?

Mr. THOMAS of Oklahoma. I have not that information. This field is so large that one could talk during the entire session and not cover all the details. I in no sense undertake to go too greatly into detail. Perhaps I am doing so too much anyway. Nevertheless, it seems that it must be done.

Mr. President, Congress is responsible for the financial conditions which exist today. I wish that statement to go home. Congress is responsible for whatever we have in this Nation in the way of economic conditions. Six years ago Congress adopted a policy of trying to increase prices to bring the country out of the depression; and to the extent that the policy was carried out, conditions improved. As the dollar came down, prices went up. As prices went up, times improved. They improved so far that some persons thought they were improving too far and too fast, and the brakes were put on. Not only were the brakes put on, but the trend was changed. The trend was turned. The dollar started to take on more value. As the dollar goes up in value, prices go down, as is shown by the chart. As the dollar increases in value, income goes down. Income is made up of prices. So today we have a dollar worth 132 cents.

The Constitution says that the Congress shall regulate the value of money. It does not mention the dollar. We did not have the dollar when the Constitution was written. When the Constitution was written we had no monetary system. We had no paper money except foreign money and Continental money printed by the Colonies. We had no dollar. It is true that we had the Spanish milled dollar. The Spanish milled dollar was in circulation in the early days of the Republic. Before we organized our present form of government we had Thirteen Colonies. Each Colony had its own system of money. When trouble came to the Colonies and the Colonies had to act in unison, the first thing they did was to adopt a common currency. They all agreed that the currency would have to be something that would circulate in all the Colonies and be acceptable in all the Colonies, so they adopted the Spanish milled dollar.

Mr. TOBEY. And issued paper money against it.

Mr. THOMAS of Oklahoma. The Senator suggests that the Colonies issued paper money against it. I am not so sure about that, but I take his statement. The Colonies adopted the Spanish milled dollar, and the Spanish milled dollar became the unit of currency among all the Colonies.

The Spanish milled dollar contained exactly 371¼ grains of pure silver besides the alloy. Later, when we adopted our monetary system after we became a nation, we adopted the dollar as the unit of our currency. It is significant that the silver dollar was the first unit of American currency. When the Congress away back yonder adopted a monetary system it made the silver dollar the basic unit. It provided for gold; but gold was secondary, and the silver dollar came first. Later Congress provided for the coinage of silver dollars. It placed so many grains in the gold dollar and so many grains in the silver dollar and provided that they should circulate on a parity. From the beginning of the Government until around 1873 gold and silver dollars circulated throughout the country on a parity.

Mr. President, I stated a moment ago that the Congress is responsible for our economic conditions. No other tribunal in America save the Congress has the power to handle the money question. The Congress has not acted. We have by default permitted private agencies to take control of the regulation and adjustment of the value of our money. As I stated a moment ago, at the present time the dollar has a value in terms of property of 132 cents. Let me show the effect of that value.

I exhibit to the Senate another W. P. A. drawing. At the top of the chart we have the wording "Cost of government in 1937." I use this chart only to impress the figures upon Senators who are listening to me.

In 1937 local government—district, school, township, city, and county government—cost $6,310,000,000. That includes all the districts, all the counties, and all the cities. It cost all those small units of government the sum of $6,310,000,000 to carry on their governments during the year 1937. It cost all the States $3,152,000,000 to carry on State governments in the 48 States in 1937. It cost $8,281,000,000 to carry on the expenses of the Federal Government. So the conference board and other authorities that deal with statistics report that it cost us in 1937 a total of $17,743,000,000 to pay the expenses of National, State, county and city governments.

Referring to the map on the wall, all the States west of the Mississippi River did not produce that year that sum of money. The total income of all the States located west of the Mississippi River was not sufficient in 1937 to pay the cost of government in the United States.

On the map on the wall Senators can see that on each State is given the amount of income produced that year that went to make up in part the total national income of something in excess of $67,000,000,000. At this time, with a still more valuable dollar than we had then, the costs of government have gone up so that they are higher today than they were in 1937, and it now takes the total income of more States than are located west of the Mississippi to pay the one item of cost of government.

The figures are written over the map of each State. For example, California had an income in 1937 of $4,420,000,000; my State of Oklahoma had $810,000,000; that is, we contributed that much to the national income; our people made that much money in 1937. The great State of Texas had an income of $2,510,000,000. That means that the millions of Texans together made that much income. The State of Oregon made $900,000,000 last year; Washington, $500,000,000; Nevada, $80,000,000.

Mr. TOBEY. Mr. President, I inquire, why are the North Atlantic States left out of the calculation?

Mr. THOMAS of Oklahoma. I will come to that in just a moment. This map is exhibited for two purposes: First,

to show the terrific cost of government, and I use the map to demonstrate that fact. I will come to the Senator's question in just a moment.

It is estimated, or rather it is proven, that the dollar has a value of 132 cents. Therefore, to pay each one of the $17,000,000,000 the people of the United States must produce goods to the value of 132 cents in order to get a dollar. They cannot pay this enormous cost of government of $17,000,000,000 on the average dollar value of 1929; they cannot pay this cost of government on the average dollar value of 1926; but they must produce goods and sell them to the extent of 132 cents in order to get $1.

What is government costing the people of the United States? What is it costing them in property, which is what we buy things with? With what do the two and a half million people in my State of Oklahoma pay their taxes? We pay them with corn, with cotton, with wheat, with livestock, with oil; and we must produce and sell 132 cents' worth of corn or cotton or livestock in order to get a dollar with which to pay our share of the Federal expense. So we cannot say that people are being taxed today merely to the extent of $17,000,000,000; that is not correct; they are being taxed the value of each of those $17,000,000,000. Each dollar is worth 132 cents. Multiply $17,743,000,000 by $1.32 and what figure results? It is an astounding fact that it costs the people of the United States in 1937 the sum of $23,420,000,000 in property to get the $17,000,000,000 with which to pay their taxes. Does anybody wonder why the people are not paying their taxes? Can any one dispute my figures? They are indisputable, and yet here in the Senate on the most important question that could possibly confront the United States, fewer than 10 Senators are present. Yet the absent Senators and those here present are responsible in part for requiring the people of the United States to produce and sell $23,000,000,000 worth of property in order to get $17,000,000,000 with which to pay their taxes.

Mr. President, I am not responsible for that condition; I am a Member of the Senate, but that is not being done with my consent. I have used many hours on the floor of the Senate trying to change our present policy, but results speak louder than my words.

Mr. President, I have just made the statement that the United States Senate is responsible in part for levying tribute upon the American people to the extent of over $6,000,000,000 that is unnecessary. I would not say it is illegal, but it is dishonest. The people have no recourse; the people have to pay these taxes, and they have to pay them with the goods they produce. The people do not make the money; the people toil; they produce raw products and finished products and exchange those products for dollars; and the United States Senate and the other House of Congress are requiring the people of America to produce 132 cents worth of goods to be exchanged for a dollar with which to meet their taxes.

As a conclusion on that subject the United States Senate, in part, shares the responsibility of forcing people to produce the difference between $17,000,000,000 and $23,000,000,000. That is done unjustly, not illegally. The people are laboring under a heavy load of debt.

I exhibit a second chart to the Senate. This chart contains the following words "Cost of interest." Of course no one can tell accurately the amount of debt in the United States; it is impossible to arrive even at an accurate estimate of the amount of debt; but, from the best figures I can get, the public debt is $60,000,000,000; the national debt about $40,000,000,000, and the debt of the States, counties, and cities about $20,000,000,000. That may not be accurate, but for my purposes it serves; for my purposes it is immaterial whether or not it is accurate. The total amount of debt is made up of two items, public debt $60,000,000,000 and the interest on the public debt, which is paid in taxes. So a portion of the $17,000,000,000 which the people pay in taxes goes to pay the interest on this public indebtedness.

The best estimate I have is that the total amount of private indebtedness is about $200,000,000,000. If my estimates are correct, that the public debts are $60,000,000,000 and private debts $200,000,000,000, then, the people must pay, in addition to their taxes, the interest on the private debts.

Of course, if a citizen has no private debts he pays none of the interest on the $200,000,000,000, but there is hardly a citizen in that category; there may be some who are out of debt, but not very many. However, the corporations, the banks, the railroads, the farmers, the home owners, and what not, owe private debts, and it is estimated by the Twentieth Century Fund, the best authority I have, that the total indebtedness is something like $260,000,000,000, of which private debts constitute $200,000,000,000. At 5 percent the total interest bill on the $200,000,000,000 each year—if that estimate is correct, or if it is approximately correct, and even if it is not approximately correct, the principle is the same—requires all the income of all the States east of the Mississippi River and south of the Ohio. That is what is required to pay the one item of interest.

By glancing at the map two items of expense are noted, Government and taxes, charges which cannot be avoided. Here is $17,000,000,000 of Government indebtedness and $10,000,000,000 for interest. This is the way that works out: The interest on the public debt is paid in taxes, that is, for the $17,000,000,000; interest on the private debt, at 5 percent, equals $10,000,000,000. The dollar value in property is 132 cents; the cost of interest to the people is not $10,000,000,000 but $13,200,000,000. So the Congress, including the Senate, is responsible for forcing those in debt not only to pay 5-percent interest, if that is the legal rate, but for forcing them to pay an excess amount above 5 percent, represented by 32 cents on each of those dollars. In other words, the people under this system, over their protest and without their knowledge, because they do not understand this matter, are forced to liquidate their interest indebtedness not with $10,000,000,000, but it costs them $13,200,000,000 in property to pay the one item of interest.

Mr. TOBEY. Mr. President——

Mr. THOMAS of Oklahoma. I yield to the Senator from New Hampshire.

Mr. TOBEY. The Senator made a statement that people do not understand the matter. Is not that the secret of the whole thing? Once the masses of this country knew they were paying this tax indirectly and realized what the real burden was, there would be articulation and we in Congress would hear from them. Is not that true?

Mr. THOMAS of Oklahoma. If the people knew what the Senate was doing, if they knew the facts, they would demand and secure relief.

Mr. President, in dollars it takes $17,000,000,000 to pay expenses of government; in dollars it takes $10,000,000,000 to pay the interest; that is $27,000,000,000 in dollars that it takes. How much property does it take? I will add the cost of government in property and the cost of interest in property and see what that amount is.

Costs of government and interest: It takes $17,743,000,000 to pay costs of government. It costs $10,000,000,000 to pay interest. Those two sums make $27,743,000,000. But the people cannot pay that amount in property. They must produce property of the value of 132 cents, and sell it, to get one dollar. So to get exactly the correct amount we must add the $23,000,000,000 in property which government costs the people to the $13,000,000,000 in property which it costs them to pay the interest. That makes the total cost in property to the people of America for two items of government, taxes and interest, $36,000,000,000; and yet Senators wonder what the trouble is!

Congress is attempting to force the people of America to produce and dispose of $36,000,000,000 worth of their property each year to pay just two items of expense—first, taxes; second, interest. The people are not doing it. They cannot do it. They never will do it. What is the remedy? I shall come to that later.

The national income in 1937 was only $67,500,000,000. It cost $36,000,000,000 to pay taxes. What does that leave?

It leaves the total free income that which is derived from the States in the northeastern part of the United States. Those States are Wisconsin, Illinois, Indiana, Ohio, Michigan, Pennsylvania, Delaware, New Jersey, New York, Rhode Island, Connecticut, Massachusetts, Vermont, New Hampshire, and Maine. The income from those States is all the free income we have. It takes all the balance of the income to pay just two items, taxes and interest.

Is it any wonder that we are still in the depression? Is it any wonder that the people are not paying their taxes? Is it any wonder that budgets are not being balanced? Is it any wonder that there is so much unemployment?

Mr. President, I exhibit to the Senate another chart, showing the effect of a $1.32 dollar. Having this high-valued dollar—a dollar of 132 cents—increased the taxes on the people, in terms of property, to the extent of $5,677,000,000. The failure of Congress to adjust the value of the dollar to 100 cents, where it should be, has levied upon the people a tribute to the extent of $5,677,000,000 that should not be levied against them. The people should be able to pay their taxes with 100-cent dollars. They should be able to pay their taxes, as indicated on the map, with $17,000,000,000. Instead of that, the policy of Congress—because we do not do a thing about it—forces the people to pay a subsidy in the sum of over $5,000,000,000 in taxes. It forces the people to pay a subsidy of over $3,000,000,000 on interest.

At the present time the national debt is estimated to be about $40,000,000,000. In terms of property that debt is $12,000,000,000 more. So the national debt today in terms of dollars is $40,000,000,000. In terms of property it is over $52,000,000,000.

We force on private debts an excess of $26,000,000,000. The people, in order to pay their private debts, if they should liquidate them tomorrow, would have to give $26,000,000,000 in property in addition to the dollars they should have to pay.

The value in property of the total massed debts, estimated at $260,000,000,000, is $343,000,000,000. I wonder how the people can ever pay $343,000,000,000 of indebtedness; yet that is what it means today, measured in property, and that is all the people have to pay it with. That is the reason why debts are not being paid. That is the reason why taxes are not being paid. That is the reason why interest is not being paid. That is the reason why we have unemployment. That is the reason why conditions are still bad.

According to this chart, the total massed debts of America are not $260,000,000,000. They are that amount in dollars, but in property those massed debts are valued at $343,000,000,000. The increase of 32 cents in the value of the dollar makes an increased value of $83,000,000,000. If the people should pay those debts tomorrow, they would have to pay them with property. It would take $83,000,000,000 more in property to get the necessary amount of dollars to pay the debts than it would take if we reduced the value of the dollar to 100 cents, where it should be.

I now have another chart. On this chart I find the following language:

Effect of dollar value upon national income.

I show on this map the value of the dollar in terms of property for each year beginning with 1929.

In 1929 the dollar had a value of 104 cents. In the year 1929, with a dollar value of 104 cents, the national income was $81,000,000,000. That was a dollar valued just slightly more than 100 cents. It was just at the end of Mr. Strong's reign, just at the time that he had passed on, and no one was carrying on his policies, and at the time that the special interests had not gotten too far along with their program. In 1929 the dollar had a value of 104 cents; and with a dollar of that value the national income was $81,000,000,000.

When Governor Strong died, the dollar began to advance in value to serve the special interests; and by 1930 the dollar had a value of 115 cents. In other words, the dollar rose in property in that year 11 cents in value. So in 1930, instead of having an $81,000,000,000 income, as the dollar went up, prices went down; so the national income fell from $81,000,000,000 to $68,000,000,000.

Mr. TOBEY. That analogy does not hold in the 1933 illustration.

Mr. THOMAS of Oklahoma. I shall come to that in just a moment.

In 1931 the dollar rose in value to 137 cents, and with the 137-cent value we had only $53,000,000,000 income in 1931.

In 1932 the dollar took on still more value. It had a value that year of an average of 154 cents. With a value of 154 cents, the national income was only $40,000,000,000.

In 1933 the dollar had a value of 151 cents. The trend had been changed. In the early spring of 1933 we adopted the amendment which provided for cheapening the dollar; and as the dollar fell, prices began to go up. The trend was changed. So when the dollar lost value from 154 cents to 151 cents, of course prices changed. In 1932, with the dollar valued at 154 cents, the national income was $40,000,000,000. In 1933, with the dollar valued at 151 cents, the national income increased to $42,000,000,000.

In 1934, with the dollar valued at 133 cents, the national income was $50,000,000,000.

In 1935, with the dollar valued at 125 cents, the national income was $55,000,000,000.

In 1936, with the dollar valued at 123 cents, the national income was $63,000,000,000.

In 1937, with the dollar valued at 115 cents, the national income was $69,000,000,000.

The point I am making is that as the dollar goes up in value the national income comes down, and that is demonstrated by the figures I have just placed before the Senate on this chart.

During 1937—that was when the Federal Reserve Board decided that times were getting too good, that prices were going too high, so they changed the trend—during 1937 the dollar increased in value from 113 cents at its lowest point, the average for the year being 115 cents, to 127 cents; so the national income fell. In 1937, with an average 115-cent dollar, the national income was $69,000,000,000. The next year, 1938, with the increased value of the dollar, 127 cents, the national income fell to $64,000,000,000.

I have not the national income for 1939. The value of the dollar at the present time is 132 cents. If the same value is maintained until the end of the year, it will show an average of around 132 cents. I cannot say what the national income will be for this year; but if the dollar goes up, the income should go down.

I am using these figures simply to show that national income is controlled by dollar value.

Farm income, also, is controlled by dollar value, as I shall show on the next chart. The next chart shows the effect of dollar value upon farm income. The same thing is shown regarding farm income that is shown regarding national income.

In 1929, with a dollar value of 104 cents, we had a $10,000,000,000 income for the farmer.

In 1930, with a 115-cent dollar value, farm income fell to $8,000,000,000.

In 1931, with a 137-cent-value dollar, farm income fell to $5,000,000,000.

In 1932, with a 154-cent dollar, farm income fell to $4,000,000,000.

In 1933, with a 151-cent dollar, farm income fell to $4,000,000,000.

I have left off the hundreds of millions. Sometimes they amounted almost to another billion, which could have been added, but I did not show that.

In 1934, with a dollar value of 133 cents, farm income was $5,000,000,000.

In 1935, with a 125-cent dollar value, farm income was $6,000,000,000.

In 1936, with a 123-cent dollar value, farm income was $7,000,000,000.

In 1937, with a 115-cent dollar value, farm income was $8,000,000,000.

In 1938, with a 127-cent dollar value, farm income was $7,000,000,000.

The figures for this year, 1939, of course, I do not have. They are not known as yet.

The thing I am trying to prove is that farm income is governed entirely by the value of the dollar, and the figures tend to prove that statement.

The next chart which I call to the attention of the Senate is marked "Effect of Dollar Value on Common and Preferred Stocks." The effect is exactly the same on national income, on farm income, on common stocks, and on preferred stocks, as shown by this diagram.

In 1930, with a 115-cent dollar, common stocks were valued at $66,000,000,000. Those are the ones listed on the main exchanges. The preferred stocks that year were valued at $8,000,000,000.

In 1931, with a dollar of increased value, 137 cents, common stocks fell to $35,000,000,000 in value, as marked on the boards of the exchanges, and preferred stocks fell to $6,000,000,000.

In 1932, with a 154-cent dollar, common stocks fell to $13,000,000,000 in value, and preferred stocks fell to $3,000,000,000 in value.

In 1933, with a 151-cent dollar, common stocks advanced to $27,000,000,000, and preferred stocks advanced to $4,000,000,000.

In 1934, with a 133-cent dollar, common stocks were valued at $28,000,000,000, and preferred stocks at $5,000,000,000.

In 1935, with a dollar value of $1.25, common stocks advanced to twenty-nine billion and preferred stock still remained at five billion. I do not show the hundreds of millions.

In 1936, the last year for which I have figures, with the dollar value at $1.23, common stocks had increased from thirteen billion in 1932 to forty billion in 1936, and preferred stock had increased in value to six billion.

So the same effect we find the dollar value having on farm income we find it having on the national income, and on the value of common stock and preferred stock, and of course that goes on down to the personal income of the individual.

Now I come to answer the question of why gold has come into the United States. We have gold in this country to the value of more than $16,000,000,000. I have before me a sheet from the Treasury dated June 19. This official statement shows that on that date we had gold to the value of $16,047,977,095.03. It shows that at that time we had gold, which we valued at $35 an ounce, to the amount of 458,513,631.3 ounces.

This gold has come into the country at a rapid rate, and it seems that some people at least do not know why the gold has come into the United States. It is as simple as that 2 and 2 make 4, and I want to place my interpretation in the RECORD.

One ounce of gold is worth $35. Each dollar is worth $1.32 in property. Hence 1 ounce of gold is worth in property 35 times $1.32. When we make the multiplication, we find that an ounce of gold is worth in property $46.20.

Mr. President, foreigners can take their gold and exchange their gold for American dollars on the basis of $35 for an ounce of gold. Then they can exchange each dollar of the $35 for $1.32 worth of property. So a foreigner can bring his ounce of gold to America and take back home some $46.20 worth of property.

Mr. President, that is why the gold is coming to America. It is because foreigners can get more property for their gold in America than anywhere else in the world, and until we cheapen the dollar in terms of property, gold will continue to come to America; and as the gold comes here it becomes scarcer in other lands, and as it becomes scarcer in other lands it becomes dearer in other lands, and as it becomes dearer in other lands its goes up in value in terms of property.

The flow of gold into this country can be stopped in one of two ways. First, the price of gold per ounce can be reduced; but if we reduce the price of gold per ounce, we bring on deflation. If we reduce the price of gold per ounce, we bring on still lower prices, and no one is in favor of more deflation, unless it be the miser bondholder. So the only practical way to keep gold from coming to this country is to cheapen the dollar in terms of property.

If we can take out of the dollar even the excess, take out the 32 cents, then $35 will be worth $35 in property. If we can cheapen the dollar by taking 32 cents out of the dollar, then we will reduce the price to the farmer back to $35 in terms of property. That would to a large extent stop gold from coming to America. If the gold keeps on coming here and the gold supply of the world is depleted, gold still going higher and higher and higher, deflation will result. That accounts for the hard times throughout the world. To meet that condition other nations are constantly decreasing the amount of gold in their monetary unit.

I should like to place in the RECORD at this point the proof of my statement. We devalued the gold dollar by reducing its weight on the last day of January 1934. I think the Presidential proclamation was issued on that date.

On the 31st day of January the amount of gold in a gold dollar was fixed at 15 5/21 grains of gold. Since that time other nations have cheapened their money.

The following table shows the value of the monetary units of the various countries on February 1, 1934, and May 23, 1938:

	Feb. 1, 1934	Monday, May 23, 1938
Pound sterling	$5.0175	$4.94¼
French franc	.0641⅜	.0277
Swiss franc	.3165	.2278½
Dutch guilder	.6560	.5518
Swedish krone	.2586	.2552¼
Norwegian krone	.2520	.2487½
Danish krone	.2242	.2209
Italian lira	.0852	.0525¼
Belgian belga	.2275	.1683½
Argentine peso	.3400	.2625
Brazilian milreis	.0862	.0590
Japanese yen	.2970	.2883
Chinese yuan dollar	.3362	.2285
Indian rupee	.3750	.3693
Mexican peso	.2785	.2200
Hong Kong dollar	.3750	.3077

So it is demonstrated that since we have fixed the definite content of our dollar at 15 5/21 grains, practically every other nation in the world has still further depreciated its currency in terms of gold. Yet we have not depreciated our currency since it was fixed on January 31, 1934.

The Gold Reserve Act was approved by the President on the 30th day of January 1934, and the Gold Reserve Act provided that the President should not put more gold in the dollar than 60 cents worth; that is practically what it was. In other words, he could not put more gold in the dollar, and under the present law the President, and no one else, save the Congress, has any power to add weight to the gold dollar. It now weighs 15 5/21 grains of gold nine-tenths fine. That is fixed by law, because the law gives the President the power to do it by proclamation, and he did it by proclamation, which now has the force and effect of law. There is no power outside of the Congress that can add the fraction of a gram of gold to the gold dollar.

The President can still further cheapen the gold dollar by taking about 2½ grains out of the gold dollar.

Mr. TOBEY. Does the Senator feel that the Congress should give the President power further to deflate the dollar, as is provided in the legislation now pending before us?

Mr. THOMAS of Oklahoma. From my point of view, I am always looking for results. I did not want to give anyone power to do anything about our money at any time. From my viewpoint, Congress should have exercised any power it had over money, and should not have delegated the power to anyone. But in 1933 I was confronted with a practical proposition. I had to get votes to have an amendment adopted, and in order to get votes to have the amendment adopted, I had to prepare the proposed legislation in such shape as to get the votes. The Members of Congress knew so little

about the money question, and they would not take my word, and I could not ask them to, since they were not sure I was correct, and they did not want to take my recommendation and pass a mandatory law. But the Congress was willing to permit of the passage of a discretionary law, giving power to the President to devalue the dollar if the President saw fit to do so. I had to accept that situation in order to get any results whatever. We could not have a mandatory bill passed. I doubt if there has been a time since when we could have passed a mandatory bill over the objections of the Federal Reserve Board and the Secretary of the Treasury, whoever they or he may have been.

Mr. President, I submitted an amendment to the measure a few days ago, proposing that the Congress further devalue the gold dollar, but I could not get any support for that amendment. I could find but few Senators who would support me in that position. I could find but few Senators who would vote that Congress should do the thing itself, or to accomplish by direct legislation a result which the President has the power to accomplish by an act of his. Senators are willing to extend the power, but they are not willing to exercise that power.

Mr. TOBEY. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. TOBEY. Is not the first step to take away the power, and then to consider the exercising of it? Are there not two steps for us to take? If we made a mistake in 1933 in giving up the power, and giving it to the President, and we realize it now, we should have the conviction and in the American manner say, "Halt, enough. We will stand by our institutions. You as President of the United States will exercise your functions. We as the Congress will take care of the fixing of the value and the coinage of money."

Mr. THOMAS of Oklahoma. Mr. President, I started my political life a long time ago—to be exact in November of 1907. That is a long time ago. During that time I have served 13 years in my own State senate, 4 years in the House of Representatives, and I am now in my thirteenth year in this body. The first thing I learned was that in order to get bills passed you had to have votes. I learned that in order to get votes you had to compromise. If you could not get all you wanted, get what you could. If you could not get anything, make the best of it, but keep up the fight if you are sure you are right.

So in 1933, when we had this amendment up for consideration, we got the legislation up in the best shape we could to obtain sufficient votes to pass it. If I had my way about it, I would proceed to devalue the gold dollar by taking away this excess value—I call it excess value—of the difference between 12.9 grains of gold and 15 5/21 grains of gold, but I could find no one willing to join me in that activity. Numerous Senators told me that if that was in the bill they would have to vote against it.

Following my policy, developed by many years of experience, I reintroduced the amendment and left out that section, because I did not want to lose any votes by having it in, and I was convinced I could not get any votes by leaving it in. So it is out.

The question now is, Shall we give the President the power still further to devalue the gold dollar? That is in the House bill. That is not in my amendment. That issue will be settled by the vote on the Adams amendment; and if the Adams amendment prevails, the power is killed at the end of this fiscal year, June 30. If the Adams amendment fails, then the power will probably be continued in the President for 2 more years. That is not an issue so far as I am concerned. If I had my way about it I would take that gold out of the dollar; I would make the dollar cheaper in terms of gold; I would make a profit for the Treasury of $2,900,000,000, which, added to the profits under my other amendment of $2,800,000,000, would make a total profit of nearly $6,000,000,000 as the result of two acts sponsored by me. I am not so hopeful that that will be done.

But should the President exercise his power and still further devalue the gold dollar to the extent permitted under the present law, he could make for the Treasury, merely by signing his name, a profit of $2,900,000,000, and at the same time cheapen the dollar in terms of gold and cheapen the dollar in terms of property, especially of world commodities.

Mr. TOBEY. Mr. President, I appreciate what the Senator has said, and I also have had a little legislative experience. I know that compromise often has to be put into effect in order to get even approximately what we want to get. However, the point I make is that sometimes the compromise price is too high a price to pay. The Congress in this case back in 1933 surrendered willy-nilly to the President the power to fix the value of money and the coinage thereof. Now is the chance to come back to the American way, to the American procedure. Is the Senator willing to go along with me on that and vote for the Adams amendment?

Mr. THOMAS of Oklahoma. I shall vote to exercise the power. I discovered a long time ago that only one fight can be waged at a time.

Mr. TOBEY. That is why I think we should go clean through in this matter and regain the power, and then take up the other matter.

Mr. THOMAS of Oklahoma. I have no question whatever that the distinguished Senator and I would have no disagreement on the proposition.

At the present time even the size gold dollar we have is a cheaper dollar than the domestic dollar, and if we should now further devalue the gold dollar, and if we take no step to cheapen the domestic dollar, the disparity would be greater, and in place of the new dollar being worth a dollar and thirty-two cents, I do not know what it would be worth.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. WAGNER. So far as I can learn the attitude of Senators, those who are absolutely opposed under any circumstances to the devaluation of the gold content of the dollar, now say that the President should not now have the power delegated to him.

Mr. TOBEY. I do not think that fairly represents the attitude of the Senators here. I think divers opinions are held by Senators.

Mr. WAGNER. Well, will the Senator vote now for the devaluation of the gold content of the dollar?

Mr. THOMAS of Oklahoma. Mr. President, I think I had better not permit that question to be asked. I do not want it to appear in my address. Will the Senator withdraw his question? That matter would stir up a controversy which I do not think should be had in my time.

Mr. WAGNER. I withdraw the question and will ask it at another time.

Mr. THOMAS of Oklahoma. Mr. President, I will now show, if I may, that prices are lower and the condition of the producer is worse than his condition was in 1929, when we had a dollar value in gold at $1.04.

In 1929 one could buy 11.4 pounds of bread for a dollar. On February 15, 1939, one could buy 12½ pounds of bread for the same dollar. So bread is cheaper now than it was in 1929, which means that the people who produce bread do not get so much for it as they did in 1929.

Senators may say, "That is fine for the consumer." If we were looking only to the consumer that would be fine, but how about the folks who produce the wheat that goes into the bread?

At the same time, February 15, 1929, a dollar would buy 2.1 pounds of coffee. That is approximately 50 cents a pound. In 1939 it will now buy 4.4 pounds, or at 25 cents a pound. So coffee is cheaper in terms of dollars now than it was in 1929.

Take butter, for example. On February 15, 1929, a dollar would buy 1.7 pounds of butter. That is about 50 cents a pound. On February 15, 1939, a dollar would buy 3 pounds of butter. About 33⅓ cents a pound. Butter is now worth half what it was in 1929. I am trying to show that although we cut the dollar almost in half it still buys more today than it did in 1929.

Take eggs, for example. On February 15, 1929, a dollar would buy 1.9 dozens of eggs. That is about 55 cents a dozen. On February 15, 1939, a dollar would buy about 3.3 dozens, or at about the rate of 30 cents a dozen.

Take plate beef. On February 15, 1929, a dollar would buy 4.8 pounds of plate beef. That is the kind that is served for human food. That is not quite 25 cents a pound. On February 15, 1939, a dollar would buy 6.4 pounds of plate beef, or about 16 cents a pound. So a man who produces cattle gets his proportionate part of 16 cents today, when in 1929 he received 25 cents for his beef.

The general purchasing power of the dollar on February 15, 1929, was not so great as the purchasing power of the dollar today. If we consider the dollar in 1929 as having a 100 percent purchasing value, the dollar in 1933 had a $1.70 purchasing value, in 1930, $1.30 purchasing value, and this year, on February 15, it had $1.33 purchasing value.

These figures show that although we are in a depression, we are trying to get out, to work out, with lower prices than we had when the depression struck in October 1929.

Mr. President, the House bill, as I said, covers but three points. The first section covers the point of forcing the Secretary of the Treasury to report to the Congress, in addition to reporting to the President of the United States. I think everyone agrees about that. So there is no controversy over section No. 1.

Section No. 2 proposes to continue the stabilization fund. Section No. 3 proposes to extend the power further to devalue the dollar.

One issue, over the devaluation of the dollar, will be settled when the vote on the Adams amendment is had. Then that issue will be settled. If the Adams amendment is agreed to the President's power will be terminated on the 30th day of June of this year still further to reduce the gold content of the dollar.

If the Adams amendment is defeated, and the House bill becomes the law, the power in the President still further to devalue the gold dollar will be extended to June 30, 1941, 2 years hence. So that issue is out of the way. At least it is not in my discussion.

The Senator from Nevada [Mr. McCARRAN] and myself have introduced an amendment to section 2 of the bill. Section 2 of the bill proposes to extend the stabilization fund. The stabilization fund contains $2,000,000,000. This fund in gold was given to the Secretary of the Treasury to be used in stabilizing the dollar in terms of gold, not in terms of property. Two billion dollars was placed in that fund in gold; and during all these turbulent years, when the exchange has fluctuated, the Secretary has not used in excess of $200,000,000. I do not know how much he has used. He has made no public report. We do not know whether he has used all of $200,000,000 or $100,000,000 or $50,000,000. In any event he has not used in excess of $200,000,000. While I do not know, it is my belief that he has the $200,000,000 practically intact, if not with a profit. So while he has used $200,000,000 in this way or that, he still has the $200,000,000 for further use.

It is my contention that the stabilization fund is a necessary thing for the Secretary of the Treasury to have. Other nations provide their national banks with a stabilization fund, and it is my judgment that this nation should provide our Secretary of the Treasury with a stabilization fund. I think it should be ample to take care of all demands which may be upon the fund to stabilize American currency throughout the world; but I do not believe it is necessary to continue $2,000,000,000 in the stabilization fund. The Secretary has used not to exceed $200,000,000, and there is the further prospect that there will not be a greater demand in the future for the use of the fund than there has been in the past. So it occurs to me that if we give the Secretary one and a half times the amount he has used, such a fund would be ample. The fund would be $500,000,000.

So the amendment that the junior Senator from Nevada [Mr. McCARRAN] and myself have proposed to section 2 is to extend the stabilization fund to the extent of $500,000,000, not for 2 years, but indefinitely. If that is not enough, and I can be shown that it is not enough, I should not hesitate to make it $600,000,000, or $1,000,000,000. However, the fact is that the Secretary has used not in excess of $200,000,000. If we should place in the fund $300,000,000 more than he has ever used, it occurs to me that that amount would be ample to serve every need a stabilization fund should serve. So our amendment provides that we shall continue the stabilization fund, not in the sum of $2,000,000,000, but in the sum of $500,000,000.

Our amendment then starts on new ground. It is very simple. It proposes that we take the balance in the stabilization fund, in the sum of one and a half billion dollars, and put it back in the Treasury in a special reserve fund. It is now in the Treasury. It is proposed to earmark one and a half billion dollars, not for the stabilization fund, but for a special reserve fund.

The Treasury Department today has free gold to the value of more than $500,000,000. The free gold, with no claim against it, for months has lain inactive, no use being made of it. The amendment provides that we shall take $500,000,000 of the free gold and place it in the special reserve fund. The $500,000,000 taken from the free gold in the Treasury, added to the one and a half billion taken from the stabilization fund, provides a fund of $2,000,000,000 to be placed in a special reserve fund in the Treasury.

The amendment directs the Secretary of the Treasury to issue a form of currency against the $2,000,000,000. The proposed currency would be gold certificates, backed 100 percent by gold. So if gold is good money, gold certificates backed 100 percent by gold would be just as good as gold. So the amendment proposes to create a class of money which is gold, or as good as gold, to the extent of $2,000,000,000 of gold which is not now used, and directs the Secretary to pay out $2,000,000,000 in currency in meeting maturing obligations.

We shall have to borrow three or four billion dollars during the coming year. If the gold is not used, we must sell bonds and pay interest on those bonds to raise four or five billion dollars. The plan suggested would make use of $2,000,000,000 of gold which we now have. We could issue currency against it. We should not have to borrow the $2,000,000,000. We could use the gold instead. That is benefit No. 1 which will come from the suggested program.

As to benefit No. 2, by placing the certificates in circulation we shall make money more plentiful. By "money" I mean real money. To the extent that money is made more plentiful, money becomes cheaper; and to the extent that money becomes cheaper, property values are increased.

So this simple little amendment does two things in which every Senator should be interested. It uses the money we now have to pay maturing obligations, parity payments to the farmers, relief-cost bills, and other bills of our Government. If the money is not used in that way, bills mature every few days, and the Treasury can take the certificates and pay off maturing obligations which accumulate against the Treasury.

The benefit I am especially speaking for is to use the bill to reduce the value of the dollar from 132 cents to 100 cents. I am not sure that $2,000,000,000 would do it. It might not require $1,000,000,000 to do it. It might not require $500,000,000. If the amendment of the Senator from Nevada and myself should be adopted and the program suggested should be followed, I doubt if we should have to put a dollar of the new currency into circulation. I think psychology would do the job. I think the power and the program and the direction to decrease the dollar value would accomplish the purpose, because the amendment provides in section 1 that when the value of the dollar is reduced to 100 cents, no further additional money shall be placed in circulation, and the value of the dollar shall be kept at 100 cents as nearly as is humanly possible.

Mr. HOLMAN. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. HOLMAN. It would be the Senator's purpose, however, to put the $2,000,000,000 in circulation just as rapidly as possible in the natural course of Federal business?

Mr. THOMAS of Oklahoma. I should not want to say "as rapidly as possible." I do not think it is healthy to increase prices too fast.

Mr. HOLMAN. Then there would be a management of the dollar value?

Mr. THOMAS of Oklahoma. Absolutely. In section 1 of the amendment we give to the Federal Reserve Board and to the Treasury Department a mandate to proceed to use their powers and to use the money in such a way as to reduce the value of the dollar to 100 cents. The amendment does not direct them to do it in a day or a month, but to start on that trend. If 6 months or a year are required to do it, all right.

Then they are directed to use their powers over reserves, over sterilizing gold, and over increasing circulation to take the excess value out of the dollar; and when the dollar comes down to 100 cents in terms of property, they are directed to check the fall at that point and use their powers to keep the value of the dollar at 100 cents. Governor Strong kept it at 100 cents for 7 or 8 years. For months it has been kept at 130 cents. If Governor Strong could keep the value of the dollar at 100 cents, and if the Federal Reserve Board can keep the value of the dollar at 130 cents, so we can just as easily put it down to 100 cents and keep it there. The members of the Federal Reserve Board know that. Why do they not do it? They do not want to do it. Their bosses would not be served by that sort of action. Their bosses, the men who pay their salaries, want scarce money, high-valued money, and low prices.

Mr. TOBEY. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. TOBEY. The Senator refers to "their bosses." Can the Senator imagine that they exist entirely ex parte from the President of the United States?

Mr. THOMAS of Oklahoma. I will leave the distinguished Senator——

Mr. TOBEY. Does not the Senator imagine that they hear their master's voice at times?

Mr. THOMAS of Oklahoma. I will leave the distinguished Senator to place his own construction upon my language.

Mr. TOBEY. I have placed it.

Mr. THOMAS of Oklahoma. I now wish to refer to my last chart, dealing with the kinds and amount of money in circulation.

When the present administration came into power 6 years ago we had more than 6,000 kinds of money in circulation. Every one agreed that too many kinds of money were in circulation. At that time we had in circulation gold certificates and gold pieces; we had silver dollars and silver certificates; we had Treasury notes of 1890 in circulation to the amount of more than $1,000,000. They are still in circulation. At that time we had United States notes in circulation; we had Federal Reserve notes, and Federal Reserve bank notes. We had more than 6,000 kinds of national bank notes in circulation. Every national bank could issue its own currency, with a picture of the bank on the face of it, and signed by the president and the cashier. So at that time we had more than 6,000 kinds of money in circulation in the United States.

It was the declared policy—and I think the proper one—to lessen the number of kinds of money in circulation. As a result of that policy we took out of circulation gold certificates. We took out of circulation Federal Reserve bank notes. We took out of circulation national bank notes. At the present time we have comparatively few kinds of money in circulation.

On the chart before me I have noted the kinds of money now in circulation. We have silver dollars in circulation. There are only 41,000,000 silver dollars in circulation throughout the entire United States. We have silver certificates in circulation to the amount of $1,700,000,000. We have in circulation subsidiary silver—halves, quarters, and dimes—to the value of $354,000,000. We have in circulation minor coins, nickels and pennies, to the value of $151,000,000. We have in circulation United States notes, Treasury notes—so-called greenbacks—to the amount of $254,000,000. We have Federal Reserve notes to the total amount of $4,426,000,000. That is the only kind of money we have in circulation which actually circulates.

The kinds of money which are still in circulation are set forth in the statement; but all forms do not circulate. Gold certificates to the amount of $72,000,000 are still "in circulation." They were called in, but they have not come in. They are still out. Some of them have been destroyed. Some are being hoarded. Some are in foreign countries. The moment one shows up, it is retired; but many are still out.

Mr. FRAZIER. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. FRAZIER. The $72,000,000 of gold certificates date back for a long time, do they not? It is a question of how many are destroyed or are otherwise out of existence.

Mr. THOMAS of Oklahoma. Since the beginning of the policy of issuing gold certificates, when a gold certificate was issued it went into circulation; it was presumed that it circulated constantly; and the records show that there have been $72,000,000 of gold certificates issued and never retired; they are still out some place. They may be burned, they may be hoarded, they may be at the bottom of the ocean.

The Treasury notes of 1890 are being retired. There are only $1,167,000 still in circulation. The moment one of those notes comes to light it likewise is retired, but it is carried on the statement as being money in circulation.

Of Federal Reserve bank notes there are $26,000,000 still in circulation which are out some place. We do not know where they are.

Of national bank notes $191,000,000 are still in circulation.

Those four items make a total of $290,000,000. The Treasury Department carries that $290,000,000 as money in circulation. It is some place, if not destroyed, and, if destroyed, of course, it is still some place in another form.

Mr. WILEY. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Oklahoma yield to the Senator from Wisconsin?

Mr. THOMAS of Oklahoma. I yield.

Mr. WILEY. I think it would be very illuminating if the Senator could tell us what is back of the silver certificates in silver, what is back of the United States notes, and what is back of the Federal Reserve notes, so that the people of this country may know in what way their currency is secured.

Mr. THOMAS of Oklahoma. I shall be very glad to do that. There are 41,000,000 standard silver dollars in circulation. Each silver dollar weighs 371¼ grains of silver, with a certain amount of alloy. Older people remember having seen some silver dollars; younger people do not remember ever having seen a silver dollar. If one should go to New York and throw a silver dollar on the counter of a restaurant to pay for a meal or a package of cigarettes, the cashier would look at it first to see whether or not it was safe to pick it up.

Mr. FRAZIER. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. FRAZIER. I am one of the old-fashioned kind who carries silver dollars. I got the one I hold in my hand the other day at the disbursing office. It is new from the Treasury, but the date on it is 1884. There are 500,000,000 of these silver dollars in the United States Treasury at the present time, according to the statement issued by the Treasury Department, and $41,000,000 of them are in circulation. I do not know whether or not it makes a silver certificate any better because it has a silver dollar back of it in the vault of the United States Treasury. I do not think the average citizen cares whether there is a silver dollar back of a silver certificate or whether a United States note has either gold or silver back of it.

Mr. THOMAS of Oklahoma. The statement made by the Senator from North Dakota, of course, is exactly correct. I will place in the RECORD at this point the figures given by

the Treasury Department of date April 30, 1939. On that date there were in the Treasury 547,078,920 standard silver dollars. That was the number of dollars the Treasury had coined and either placed in circulation or had in its vaults. Of that sum the Treasury held $502,000,000—I will not give the thousands—and the balance of those silver dollars, $41,000,000, were in circulation throughout the country, that is, they are supposed to be in circulation. Some of them are in circulation in the West. In the Western States people know what a silver dollar is; but here in the East give a cashier a silver dollar and the first thing he will do is to take it to the manager, if he does not call the police, and ask the manager what it is.

So we have 41,000,000 silver dollars in circulation. Those dollars are stamped a dollar, and they circulate as the value of a dollar, but, intrinsically, the silver in the silver dollar is worth less than 42 cents. Less than an ounce of silver, or some 35 cents worth of silver, will coin one of these dollars. There is one hundred one-hundred-and-twenty-ninths of an ounce of silver in this dollar. So, if an ounce of silver is worth 42 cents, then the silver in this dollar is worth one hundred one-hundred-and-twenty-ninths of 42 cents, which would be less than 42 cents. So, intrinsically, the $41,000,000 of silver dollars are not worth their face in silver, but they are worth their face in currency and in circulation. There is nothing back of them at all; they are merely silver dollars.

Silver certificates are different. Formerly silver certificates were redeemable in silver dollars. That is not true today, as per the printing on the certificate. The wording has been changed so that today a silver certificate is redeemable in a dollar in silver.

In other words, if you take a silver certificate to the Treasury, and if the Treasury makes good its promise, it will weigh out one dollar's worth of silver at 42 cents an ounce or at some other figure that may be placed on it by the Treasury. It might prefer to pay from silver taken from domestic miners, in which event it would pay at the rate of 64 cents an ounce, but the world price of silver is 42 cents an ounce. So if they should weigh out a dollar's worth of silver on the basis of the world price they would give in excess of 2 ounces of silver, because 2 ounces are worth only 84 cents. So they would have to give over 3 ounces of silver. So these certificates are not now based upon a fraction of a dollar's worth of silver; they are based upon a full dollar's worth of silver. The Treasury has a policy of issuing money on a basis of 129 cents; but, at the same time, they carry the surplus silver against which no money is issued. That makes enough silver in the Treasury to back each of these certificates full value on its face in terms of gold. In other words, the Treasury has in its vaults $1,700,000,000 worth of silver as measured in gold.

Mr. FRAZIER. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. FRAZIER. Of course, so long as the 502,000,000 silver dollars in the Treasury last it will pay out silver dollars instead of silver in redemption of silver certificates.

Mr. THOMAS of Oklahoma. I thank the Senator for his statement. Therefore, silver certificates today are the only class of money in circulation that have real value. Back of such money is the silver dollar—that is, its silver content—which is worth less than 40 cents, but a silver certificate has also back of it a dollar's worth of silver measured in gold.

Mr. WILEY. Mr. President, how is the world price of silver established?

Mr. THOMAS of Oklahoma. The United States has fixed the price for silver. We fix the price for silver at different levels at different times. Since the silver program started we increased the price of silver until we got it up to about 80 cents an ounce. Then the Treasury decided it did not want to pay that much. So it commenced dropping the price until the price is now fixed around 42 cents an ounce. The Treasury has fixed the price for world silver and has maintained that price since the silver-purchase act was passed, as I recall, in 1934. The only price silver has in this country is the price we pay for it.

Mr. WILEY. Is that about 64 cents an ounce?

Mr. THOMAS of Oklahoma. No; it is 42 cents an ounce. We pay 64 cents to the miners of silver in America. For example, about 11 States produce more or less silver. In those States which produce silver the miners and companies that produce it turn it over to the Treasury on the basis of 64 and a fraction cents per ounce.

That is not all the silver we have in circulation. The Treasury has printed silver certificates to the amount of $1,000,000,000. The Treasury has placed those certificates with the Federal Reserve banks. The Federal Reserve banks have all those certificates but the Federal Reserve banks will not permit those certificates to go into circulation. The Federal Reserve banks had on April 30, 1939, $255,208,836 of silver certificates which they would not place in circulation. The Federal Reserve banks do not want to put this money into circulation because it would make money more plentiful and cheaper, and the Federal Reserve Board is against that policy. It gets back to my whole argument over the management of money.

Subsidiary silver includes half dollars, quarters, and dimes. That is not supposed to have intrinsic value, especially minor coins such as nickels and pennies.

United States notes are in circulation to the extent of $254,000,000. There is some silver back of those notes and some gold back of them, but there is not full value back of them. There is no place in the Treasury where one can go and put his hands on sufficient gold and silver to redeem the United States notes, dollar for dollar, in either gold or silver.

We have plenty of gold and silver there that might be used for that purpose, but there is no gold or silver that is earmarked for that purpose. There is about one-half enough earmarked gold in the Treasury to back these certificates. They are backed in the main by the property of all the people and the ability of the Government to tax to raise money. The Federal Reserve notes are backed at least 35 percent by gold, and in the absence of gold they are backed by gold certificates. When the Federal Reserve banks turn over gold to the Treasury, they receive gold certificates, as they are required to do under the law; and they have gold certificates as a backing for the Federal Reserve notes. The law requires 35 percent of the Federal Reserve certificates to be backed by gold. The other 65 percent may be in any form of liquid assets. It may be in the form of United States bonds. It may be in the form of the note of a merchant or of a cattleman that is held to be rediscountable. So for this money in the amount of $4,426,000,000, there is at least 35 percent of gold backing in the Federal Reserve System. There may be more, but there is at least that much. The balance of that money is backed by what the Treasury chooses to call liquid assets in the form of maturing notes, short-time notes in the main, the kind of notes that banks will take and create credit upon, the kind of notes the banks can rediscount at the Federal Reserve bank in their districts.

Mr. WILEY. Mr. President——

Mr. THOMAS of Oklahoma. I yield.

Mr. WILEY. In view of the fact that there is so much public misapprehension of that very term, "Federal Reserve notes," I should like to get the Senator's opinion as to the validity of those notes, and the kind of paper that they really are.

Mr. THOMAS of Oklahoma. Mr. President, I should not care to go into that phase of the matter.

Mr. WILEY. I merely ask the Senator's opinion.

Mr. THOMAS of Oklahoma. I think the Federal Reserve notes are absolutely good. I think they are sound. I think they are the best notes in the world, as notes go. I think they are just as good as gold. If gold is good for money, these Federal Reserve notes are good for money, because 35 percent of them is backed by gold, and the balance of the value is represented by what is known as a liquid asset, which might mean a bale of cotton that can be sold any day for a certain amount of money; it might

mean a fat steer that can be sold any day for a certain amount of money, or a fat hog that can be sold any day for a certain amount of money, or a stock of merchandise that can be sold any day for a certain amount of money. Of course, too, banks do not accept notes for the full value of the collateral. They accept them only for a certain percentage of the value of the collateral. So the value back of these notes, as represented by collateral, is just as good as gold.

Mr. WILEY. Mr. President, there is not any suggestion in what the Senator has said that the use of those notes is a result of manipulation by any money power; is there?

Mr. THOMAS of Oklahoma. The Federal Reserve System, of course, makes its money by making loans. The Federal Reserve System has to loan money in order to make money; and since the Federal Reserve System has been created it has made enough money to build the finest chain of bank buildings in the world, starting at New York and going clear down the line.

Mr. TOBEY. Starting at Boston.

Mr. THOMAS of Oklahoma. Wherever they have built banks—I do not know all the towns—they have built the finest buildings in the world, and they have been paid for out of the interest on the money the Federal Reserve banks have loaned. In addition to building these bank palaces for the Federal Reserve banks in the main they have built subpalaces, district Federal Reserve banks. There is one in my capital city of Oklahoma City, a fine building. In addition to making enough money to construct all those buildings, the Federal Reserve banks have made enough money to pay many thousands of employees their salaries all this time. In addition to constructing buildings and paying the salaries of all these employees all this time, they have created a reserve that now represents most of the gold that we have in this country. The Federal Reserve System has gold certificates, or can get gold certificates, for almost all the gold the Treasury holds; that is $16,000,000,000 worth. So their System has been such a good money maker that the Federal Reserve banks have made all this money since 1913.

I think that completely answers the question that the Senator asked.

Mr. HOLMAN. Mr. President, does the Senator mean that the Federal Reserve Banks have made the money for private persons, not for the Government?

Mr. THOMAS of Oklahoma. The Senator is exactly right. There was a time, when the Federal Reserve bill was first enacted into law, when a certain percentage of the profits of the System went to the Government; but the banks so managed the matter that there were no excess profits. They used the profit in constructing these buildings and in paying fancy salaries. A man in private employment of a bank would get a certain salary. The moment his services were transferred to the Federal Reserve Bank his salary was increased to double, five times, ten times, sometimes twenty times what he received in private employment. That was done in order to use up these funds, and not permit them to get into the Treasury. Only recently a law was slipped through Congress repealing that provision, so that now there is no provision of law whereby any part of the profits of the Federal Reserve System go into the Federal Treasury. All the profits the Federal Reserve banks make under existing law go to the private coffers of those who own and operate the Federal Reserve System.

Mr. FRAZIER. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. FRAZIER. Is it not true that all the Federal Reserve banks pay for these Federal Reserve notes is the cost to the Government of the paper and the printing of the notes? It cost seven-tenths of 1 cent per bill, whether it is a one-dollar bill or a ten-thousand-dollar bill, to have it printed. The cost of the paper and the printing is all it costs the Federal Reserve System to obtain those Federal Reserve notes, is it not?

Mr. THOMAS of Oklahoma. The Senator's statement is correct. The Treasury Department buys the paper. All of the paper is prepared by a special mill located in one of the New England States—Massachusetts. This mill makes all of the paper. It is a special grade of paper, made out of special material, and contains, woven into the paper, tiny threads colored blue and green and red. The threads in the paper are intended to give the paper strength. It is a good policy, and I approve the policy of permitting only one concern to make this paper.

So the paper is made by this one concern and sold to the Treasury. The Treasury then takes the paper to the Bureau of Engraving and Printing, and there the paper is printed into bills of various denominations, and the paper then is taken to the drying room and dried and aged. Green paper is not thought to be good for circulation purposes. It has to be aged before it is considered to be usable. In that particular it is like other commodities that need to be aged before they are of the greatest value.

After the paper has been run through the presses of the Bureau of Engraving and Printing, and has been seasoned and dried and aged, it is then furnished to the Federal Reserve banks at cost. The Federal Reserve banks can buy a billion dollars of paper at what it costs to buy the paper and to print it, and that is all they pay for it. That is all the expense they are put to in acquiring all of the money they have—exactly what it costs. Of course this money is no good to the Federal Reserve System unless they can loan it, so it is their plan and their policy to loan the money. The moment they can loan the money it begins to draw interest, and that is how the Federal Reserve System makes its money.

This money, we might say, is not the property of the Federal Reserve System. Senators may construe that statement in any way they wish, but that is exactly how the matter is handled.

Mr. President, there are only a few Senators here, but I hope we shall get a clearer conception of this money bill. There is only one section of the House bill that is in dispute so far as I am concerned, and that is the section which has to do with the stabilization fund. I am in favor of continuing the stabilization fund, not in the sum of $2,000,000,000 but in the sum of $500,000,000. Then I am in favor of taking the excess of a billion and a half dollars and putting it in a special fund with $500,000,000 of free gold and issuing currency against it, and putting it in circulation, to do two things, as I have stated. One is to avoid the necessity of borrowing. The second is to reduce the value of the dollar.

This bill provides a mandate to the Board of Governors of the Federal Reserve System to reduce the value of the dollar to 100 cents and keep it there. It contains another provision. It provides that the silver certificates and the new gold certificates shall be kept in constant circulation.

During the War between the States the Treasury ran out of gold and ran out of silver. The Treasury had to have money to pay the Northern soldiers' salaries and to pay their expenses. They did not have gold and did not have silver; so the Government, as represented by the Northern States here in Washington, had to have money. They did not have any gold, and could not get it. They did not have any silver, and could not get that. They could have borrowed by paying about 100-percent interest, but President Lincoln did not think that would be good policy; so President Lincoln recommended to Congress that Congress give him authority to issue Treasury notes, Treasury promises to pay. Congress passed the bill, and the Lincoln administration printed these United States notes. They are still in circulation. If you have a number of bills in your pocket, you will probably find among them an old Lincoln greenback which was printed away back in the days of the War between the States. They have been kept up to date. As they have worn out they have been renewed. If you have in your pocket a United States note, it is a Treasury note, a Lincoln green-

back, or, rather, it is a descendant of the original Lincoln greenbacks. They have been carried down to date, kept up to date. They have been reduced in size, and you have one or more of them in your pocket if you have half a dozen bills or so.

After the war was over, and times began to improve, and the country got back on its feet again, and taxes began to be paid, the administration began to retire the Lincoln greenbacks, and as they paid off the greenbacks they were taken out of circulation and canceled. As they were canceled, money became scarcer, and as money became scarcer, money became dearer. As money became dearer, prices began to fall, and the Congress then was wise enough to know what to do. The Congress passed a law providing that no more of the greenbacks should be retired. The present Congress would not do that sort of thing, judging from its past activities, but the Congress back yonder, about 1878, passed a bill preventing the retirement of a single additional dollar of greenbacks issued to finance the War between the States. Not only did they pass a law to stop retiring the greenbacks, but they passed a law requiring the Treasury Department to keep the greenbacks in circulation. That law was approved on May 31, 1878. It is a very short, and I think I ought to read it.

This is found in United States Statutes at Large, volume 20, Forty-fifth Congress, page 87, chapter 146:

An act to forbid the further retirement of United States legal-tender notes

Be it enacted, etc., That from and after the passage of this act it shall not be lawful for the Secretary of the Treasury or other officer under him to cancel or retire any more of the United States legal-tender notes. And when any of said notes may be redeemed or be received into the Treasury under any law from any source whatever and shall belong to the United States, they shall not be retired, canceled, or destroyed, but they shall be reissued and paid out again and kept in circulation: *Provided*, That nothing herein shall prohibit the cancelation and destruction of mutilated notes and the issue of other notes of like denomination in their stead, as now provided by law.

There is another evidence of the correctness of my contention that prices are controlled by the quantity of money in circulation, and not by the quantity of credit money, deposit money. Years ago Congress had enough knowledge about money to know that when money was made scarce, money was made dear, and that when money was made dear, prices were lowered. So they stopped the cancelation of the greenbacks, and as a result of that law, which has never been repealed, we have these notes still in circulation. There are quite a number of these notes which should be in circulation, and I will place the statistics in the RECORD at this point.

When the Congress passed this law there were in circulation United States notes to the value of $346,068,016. The Federal Reserve System, which has control of the circulation of our money, has hoarded of these United States notes the sum of $89,575,009, and to the extent that they have a single one of those notes hoarded, the management of the Federal Reserve System is violating this law, because the law provides it shall not be legal to hoard the notes; that they shall be reissued and kept in circulation. They are not in circulation; they are in the vaults of the Federal Reserve banks somewhere in the United States.

Mr. President, this amendment, which will come up after the Adams amendment is voted on, provides for the following things. It gives an order by the Congress to the Federal Reserve Board and the Secretary of the Treasury to reduce the value of the dollar to 100 cents, and to keep its value at that figure. If the dollar should fall below the value of 100 cents, as measured in terms of property, they are commanded to take steps to bring the value of the dollar back to the 100 cents. If it goes above 100 cents, they are commanded to take the excess out of the dollar. They are commanded to do the same thing Governor Strong did for 8 years, from 1921 to 1929. They are commanded to do the same thing they are doing now, except on a different basis. They are now stabilizing the value of the dollar at $1.32. The amendment commands them to reduce its value to 100 cents and to stabilize it at that point.

Mr. WILEY. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. WILEY. I was out of the Chamber, unfortunately, a great deal of the time while the Senator was speaking, so I should like to get his last statement clarified by asking a question. The Senator means that the amendment provides that the Federal Reserve banks should feed money into the current of our money in this country, or take out, as the situation demands. Is that correct?

Mr. THOMAS of Oklahoma. Actual money.

Mr. WILEY. Actual money, and by that the Senator means either silver certificates or gold certificates, or silver or gold coin?

Mr. THOMAS of Oklahoma. Exactly so.

Mr. WILEY. The Senator's theory is that by feeding in or taking out, the value of the dollar can be fixed around 100 cents?

Mr. THOMAS of Oklahoma. Exactly so. It has been done in the past, and it can be done again.

Mr. WILEY. I wonder whether the Senator's conclusion may not be only partially correct. In other words, for everything in life there may be a good many causes. The Senator's suggested cause may be one cause, but may there not be other causes for the fluctuations up or down?

Mr. THOMAS of Oklahoma. It is my view that the Senator is correct in his statement. There are many things which would react on the value of the dollar. There might be influences from abroad which would affect it. We might not control them, but we might be able to meet them. If something is being done to make the dollar cheaper, we could make it scarcer, and so raise the value. We have the power to checkmate anything that is done against our dollar.

The Federal Reserve law itself provides for open-market operations for a specific purpose. Open-market operations means that the Federal Reserve System can go into the open market and buy United States bonds and pay for those bonds with Federal Reserve notes. That is a means of placing money in circulation and making it more plentiful. If the dollar should start to go off, open-market operations would be available to the Federal Reserve System, under which they could put money into circulation. On the other hand, under the open-market operations they can sell bonds—and they have a whole list of bonds, billions of dollars' worth—and they can take money out of circulation. It is like a sponge; they can squeeze the sponge if it is full of water to start with—and they are full of money—and put the water in a bucket, or they can draw more water back into the sponge.

Mr. President, if I can, I want to make it perfectly clear to those present what the issue involved in the amendment is. If they do not read it, of course, they will never know, and if they do not hear it discussed, they will never know. Some of us can be advised.

The amendment we shall offer at the proper time is an amendment to section 2 of the bill as it passed the House. Section 2 of the bill is the provision which proposes to extend the power over the stabilization fund for 2 years. Our amendment has only a few provisions in it.

One provision is for a mandate to the managers of our money to fix the value of the dollar at 100 cents, and to keep it there.

Mandate No. 2 is an order to keep gold and silver certificates which may be issued in constant circulation. The law requires that greenbacks be kept in circulation. We merely apply to silver certificates and gold certificates which may be placed in circulation the same principle the law of 1878 applied to greenbacks. That is nothing new, and it should be done. That gives us a certain amount of permanent money.

When we look at the chart showing the kinds of money we have, we see only a very few kinds of permanent money shown. The standard silver dollars are permanent money; they cannot be retired or destroyed. Silver certificates are permanent money. Subsidiary money is permanent, minor coin is permanent, and the law has made United States notes permanent. But Federal Reserve notes are not permanent. As demand exists for loans, the Federal Reserve System expands the amount of its notes, and as the demand decreases, the notes are retired. So Federal Reserve notes are not a permanent form of money; they are a temporary form of money.

We might have five billion of those notes in circulation now, and in a month from now might have only three billion in circulation. They are put into circulation as the demand exists for loans; they are taken out of circulation as the loans are paid. So Federal Reserve notes are not permanent money.

The amendment, if enacted, will create $2,000,000,000 of new permanent money to go along with our silver certificates. They will go into circulation, and they are to be kept in circulation by a law which the amendment provides.

Mr. WILEY. Mr. President, I do not desire to interrupt the Senator too much——

Mr. THOMAS of Oklahoma. I am glad to have the Senator interrupt.

Mr. WILEY. I think the Senator has done a fine work in certain directions, but I notice in the amendment there is a proviso that we shall pay $1.04 an ounce for all silver newly mined in the United States. I do not wish to ask the Senator to go into that, but I am wondering whether that very provision may not weaken his position in the Senate.

Mr. THOMAS of Oklahoma. Let me say to the Senator from Wisconsin that under parliamentary law any Senator can have any proposal divided, can ask that any amendment which carries two proposals, two separate issues, be divided, and when the request is made, it has to be granted. The amendment to which I have referred does carry two or three different proposals, and if any Senator desires to have a vote on the mandate, we can have a vote on that, and if any Senator desires to have a vote on a proposal to take part of the stabilization fund and issue money against it, we can vote on that section by itself. The amendment carries a section or two relating to silver. That is sponsored by the Senators from the silver States, I admit, and while the bill recites that in the future the Government shall pay $1.04 for silver mined in this country, I am not complaining about that myself. It is a subsidy.

But the United States is now giving every bondholder a subsidy of 32 cents. Every bondholder, every holder of fixed investments, every man who collects a dollar gets a dollar with 32 cents of excess value in it. So, when the Congress insists upon paying the bondholding class a direct subsidy, a gratuity of 32 cents on each dollar, I cannot see how we can complain very much at paying a subsidy to the men who go down into the ground and dig out a little silver.

I am for the silver program. It is helping people in the silver States, I will admit; I admit it is giving them a subsidy. But the tariff is a subsidy. The United States is in favor of paying a subsidy in the form of tariff. The tariff gives the manufacturer a higher price for the things he produces, and that is nothing in the world but a subsidy.

Mr. WILEY. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. WILEY. What is the value of the silver mined in this country?

Mr. THOMAS of Oklahoma. I do not know.

Mr. WILEY. Can the Senator tell us approximately?

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. BARKLEY. During the first 5 months of the present year the Treasury, under the program which has been in force for some time, purchased approximately thirty-nine or forty million dollars' worth of silver.

Mr. WILEY. Domestic silver?

Mr. BARKLEY. Yes. It purchased about $60,000,000 worth of foreign silver. The total amount of silver purchased in this country is not as great as the quantity the Treasury has been buying from other countries.

Mr. WAGNER. I may add that last year, during the entire year, the Government spent $43,000,000 for the purchase of domestically mined silver.

Mr. THOMAS of Oklahoma. Answering the question of the distinguished Senator from Wisconsin, last year we printed paper to the value of $43,000,000 on its face, and traded that much printed paper for $43,000,000 of silver. We issued no bonds to buy this silver. We simply ran the paper through the printing press to the value of $43,000,000, and traded the printed paper for the silver, put the silver in our strongbox, and put the paper in circulation, because it went into circulation when it was put out for that silver. A part of that was a subsidy, a gratuity, but we had to pay 42 cents for it if we bought it in the world market. That part of the $43,000,000 that was paid as subsidy to the silver miners can be figured out. It is not nearly as much as we paid the manufacturing interests by way of the tariff. It does not compare to the subsidies Congress permitted to be paid to the holders of the bonds because of the excess value in the dollar. So if Senators would join me in reducing some of these tariff rates, which I think should be reduced, and in reducing the value of the dollar, as I think it should be reduced, we might be able to cut off the subsidy on silver. So long as we permit the tariff to stand and give a subsidy in the form of a high tariff to manufacturers, so long as we give a subsidy to the holders of bonds, then I cannot understand why anyone would complain very much at paying a small subsidy to those who produce silver, which supports a large part of the population of 11 States.

Mr. President, that is about all I wish to present this afternoon. The Senators from the silver States will justify, if it can be justified, the silver provision of this amendment.

Mr. TOBEY. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. TOBEY. With reference to the increase in price of silver, as I understand it—and I may be wrong, and if so, I shall be glad to have the Senator correct me—the price of silver in 1933 was about 26 cents.

Mr. THOMAS of Oklahoma. It was much lower than it is now.

Mr. TOBEY. I think that is correct.

Mr. THOMAS of Oklahoma. Yes; it was as low as 25 cents an ounce at one time.

Mr. TOBEY. And it is about 45 cents now.

Mr. THOMAS of Oklahoma. Between 42 and 43 cents now.

Mr. TOBEY. With that difference in the price of silver in mind, what is the difference in the price paid to the miners and laborers in the mines over what it was under the 26-cent basis, the basis being 45 cents now?

Mr. THOMAS of Oklahoma. I will have to defer to the silver Senators, so-called, to answer that inquiry. I shall have to ask the Senator to wait until they begin to justify the silver section of this amendment. I do not live in a silver-producing State. I never saw a silver mine, and I do not know and cannot answer what the Senator has asked. I am sorry I cannot answer the question, but I simply do not know.

Mr. PITTMAN. Mr. President, I do not wish to interrupt the speech of the Senator from Oklahoma, because I intend to discuss the domestic-silver question myself; but if the Senator desires to have one of these questions answered, I shall be glad to do so.

Mr. TOBEY. I shall ask the Senator the question when he takes the floor in regard to that matter.

Mr. PITTMAN. Very well.

Mr. THOMAS of Oklahoma. I wish to make very clear to those present that the amendment which the junior Senator from Nevada [Mr. McCARRAN] and I will introduce at the proper time makes no change in section 1 of the House bill. It makes no change in section 3 of the House bill. So far as we are concerned those issues are settled. It does modify

section 2 of the House bill, and I think that it is justified, and I think that the amendment, when it is offered and discussed, will justify itself.

I ask to have printed in the RECORD at this point an article written by Mr. Frank Gannett very recently and published in the American Agriculturist.

The PRESIDING OFFICER (Mr. NEELY in the chair). Without objection, it is so ordered.

The article referred to is as follows:

[From the American Agriculturist of June 10, 1939]

HOW BIG IS A DOLLAR?—WHAT IT WILL BUY IS THE BEST MEASURE—A DEFINITE AMOUNT OF GOLD IS THE POOREST

(By Frank E. Gannett)

A few generations ago three-fourths of our population were farmers. Even today almost one-half of our people live on farms or in small communities. Their income depends upon prices received for farm produce.

When the farmer, the miner, and the lumberman receive good prices they are able to buy. Industry then booms, workers get wages. As farm prices fall, industry lags.

Since 1929 farmers have been in the worst depression in history. More than one and one-half million farmers have lost their homes, their life savings. Prices were so low they could not buy what they needed for home and farm.

To prevent such a drop in prices we need more stable prices for raw materials, a dollar that will buy the same average quantity of wheat, wool, cotton, meat—today, tomorrow, next year, 100 years hence. Though no gold dollars are now coined, our dollar is tied to gold, Congress and the President declaring it to contain or be equivalent to a certain number of grains of gold. But gold, like any other single commodity, fluctuates in value according to the law of supply and demand. Hence our dollar is unstable, and prices go up and down as the value of gold rises or falls.

Why did the discovery of gold in California cause a great rise in prices? A bushel of wheat brought more gold. The wheat wasn't worth any more. It didn't feed any more people, but the gold which measured its value was increased in volume and so cheapened that the wheat brought in exchange its proportionate share of more gold.

Why did the panicky hoarding of gold following 1929 cause a fall in prices? A bushel of wheat had really the same value. It would feed just as many people, but the available gold by which its market value, its price, was measured, was less in volume and the bushel of wheat brought in exchange its proportionate share of that smaller volume—hence a lower price. Yet through all these changes, a bushel of wheat brought in exchange about the same quantity of wool, cotton, corn, meat.

I spent my early years on a farm and so know what has happened to the farmer. As I drive through the country I am appalled by the change.

Last year I wrote 59,000 leaders of cooperatives, farm bureaus, and officers of granges. The replies tell the story.

Mr. Simon, secretary of a Western farm bureau, says: "In my township, 8 out of 46 farm homes have been abandoned since 1929, and more will be abandoned within the next 3 or 4 years."

The secretary of a grange in North Carolina writes: "A fair chance for everybody is all farmers ask. If we could have living conditions even of the poorest town people our boys would stay here, even if hours are long and work hard. We carry water 200 yards because we have no money to drill a well through rock. Yet we love farm life. It gives us freedom, peace, contentment found nowhere else."

The wife of a farmer near Gainesville, N. Y., writes: "I pray America will awaken to the farmers' plight soon enough to save our homes, our farms, and our families."

General Wood, president of Sears, Roebuck, speaking to the American Farm Bureau Federation, showed that while farmers' gross income fell from twelve billions to five billions, his company's sales to farmers dropped from two hundred and forty millions to one hundred millions. This meant loss of profits, shorter hours, reduced wages, lay-offs, and, finally, unemployment for tens of thousands.

Because of my interest in the studies of this price problem started by Dr. George F. Warren at Cornell University, I had a chart prepared which I shall be glad to send to anyone. It is based on the figures of the Department of Agriculture and the National Industrial Conference Board. It shows that, step by step, as gold demand rises and the buying power of the dollar goes up, farmers' prices and income go down. It shows that farmers and basic producers during the 10 depression years since 1929 have lost $50,000,000,000 of normal income. This loss of purchasing power to one class in 10 years exceeded our gigantic national debt by $10,000,000,000.

This purchasing power destroyed by a derangement in our money is holding this Nation down. Before city business can give full employment, with jobs for all and opportunity for youth, farmers' buying power must be restored. Without this, free enterprise will cease.

Farmers know the facts. But city people also should heed. Ten million men, more than 26 percent of all gainfully employed, work on farms. Yet, after deducting cost of fertilizer, implements, taxes, these owners and hired workers have remaining an average of only $500 a year. Deducting the food consumed on the farm, counted as money, only $1.30 a day in cash wages remains for the average farm owner and his hired man, and nothing for interest on $50,000,000,000 invested in farms. Nothing for the unpaid labor of 22,000,000 farm women and children.

No subsidies from the Treasury can make good a yearly shortage of $5,000,000,000 resulting from low farm prices. Restore prices to a fair level and farmers will get four to six times more than the total benefit payments of the New Deal.

Britain, wisest in the world in money matters, and the 20 other nations which base their money on the British pound, recognize the importance of maintaining commodity prices. Instead of restricting production, they help their farmers by controlling the amount of gold the pound sterling represents. The price of gold in London changes almost daily. Australia, New Zealand, Denmark, Finland, and 15 other nations basing their money on the pound sterling, have lessened the amount of gold in their currencies. So it is that they get no more gold, but in their money they get 30 percent higher prices for their products than the American farmers do. As a result, while we plowed under cotton, losing world markets, Brazil increased cotton production fourfold. Argentina posted signs, "Farmers, your day of opportunity is here. Grow more wheat, grow more cotton."

The governments of these nations, working with Britain, prevent wide fluctuation in their measure of value caused by changes in the value of gold. These nations having a stabilized currency, enjoy high employment, high building activity, generally balanced budgets, with no such mounting debt as threatens us with bankruptcy.

There is nothing new or untried in this monetary system. Twenty-one nations with a population of 600,000,000, some with 10 years' experience, have shown the way. We need only to place the right men in charge to put it in effect here.

Of all groups in the United States, the farm organizations began in 1926 to demand the managed-currency policy which Britain, wisest banking nation, has used as the foundation stone of recovery for herself and 20 other nations.

The renewed demand for an equally safe and honest dollar is spreading here. Recently Vermont's Legislature, supported by Governor Aiken and Arthur Packard, State Farm Bureau Federation leader, asked Congress to study managed currency as a means of restoring farm prices. Should not we in New York State do the same?

Raising farm prices 67 percent by money management in 1933 increased the cost of living only 3 percent, but brought greatest increase in employment and pay rolls this country had ever experienced.

Mr. THOMAS of Oklahoma. Mr. President, I ask to have printed in the RECORD at this point a resolution adopted by all the major farm organizations in the United States. In justification thereof I wish to say that every farm organization in the United States, every organization which even purports to represent the farmers, is in favor of the program as I have been trying to explain it this afternoon. These farm organizations—the National Grange, the American Farm Bureau Federation, the Farmers' Union, and the cooperatives North, East, South, and West—are all in favor of a cheapened dollar. They are in favor of reducing the value of that dollar to the 1926 level, and they are in favor of stabilizing the value of the dollar at the 1926 level.

I desire to have placed in the RECORD at this point the resolutions adopted by this conference of representatives of these farm groups.

There being no objection, the resolutions were ordered to be printed in the RECORD, as follows:

RESOLUTIONS ON MONETARY POLICY ADOPTED BY THE NATIONAL AGRICULTURAL CONFERENCE IN WASHINGTON, JANUARY 17, 1936

The following organizations comprise the National Agricultural Conference:

The National Grange, representing 35 State, 1,000 county, and 8,000 community granges, with 800,000 members.

American Farm Bureau Federation, representing 37 State and 1,800 county farm bureaus and 300,000 farm families.

National Cooperative Council, representing 3,500 farmers' cooperatives, with more than 1,000,000 members, cooperatively marketing grain, cotton, wool, dairy products, livestock, poultry, citrus and deciduous fruits, vegetables, nuts, etc., and including farmers' cooperative purchasing organizations.

Farmers' National Grain Corporation, largest cooperative grain-marketing organization, having 250,000 affiliated stockholders and 250,000 additional patrons, supplying grain to 2,000 elevators in all important grain-raising States.

National Farmers' Union, representing local and county units, with 300,000 members in 26 States. (The Farmers' Union joined the National Agricultural Conference after action had been taken on this resolution.)

PREAMBLE

American agriculture, while demanding a monetary policy fair to debtors, has at no time favored a policy unfair to creditors. We have denounced unfair inflation as well as unjust deflation. We have repeatedly insisted upon monetary policies looking only to restoring price levels so that debtors will pay and creditors will receive the same real values, the same purchasing power, that

creditors lent and debtors borrowed. And to promote justice and honesty between debtor and creditor, we further insist upon a permanent monetary policy which will stabilize price levels and thereby prevent farmers from having to pay with 30-cent wheat and 5-cent cotton debts incurred on a basis of $2 wheat and 25-cent cotton, or vice versa.

To this end the conference unanimously adopts the following resolution:

"That the desire and objective of the National Agricultural Conference is that our monetary system be so revised and currency and credit so managed as to establish and maintain the dollar with a constant purchasing power, preserving the equity of contracts between debtor and creditor, and avoiding the dangers and losses that are inevitably involved in excessive and uncontrolled inflation or deflation. To accomplish this, be it further

"*Resolved*, That there be established a 'monetary authority' (by whatever name called);

"That this monetary authority be, as largely as possible, nonpartisan and nonpolitical;

"That their tenure of office be of such length as to protect this body from sudden change;

"That the members, through pensions or otherwise, be adequately provided for throughout life; and

"That this 'authority' be directed by definite mandate from Congress, under that section of the Constitution which directs Congress to 'coin money and regulate the value thereof,' to establish and maintain a unit of value (the dollar) with a constant purchasing power; a monetary currency regulated on an index of basic commodities on their world price, considering gold and silver as commodities, and dealing with them in terms of their market value.

"That Congress vest in this 'authority' the power to control price adjustments through monetary action by means of (a) repricing of gold; (b) regulating the value of the dollar; (c) declaring the gold content of the dollar; (d) regulating the issuance and volume of currency; (e) and such other powers over money and credit as Congress may see fit to give to it for the accomplishment of the congressional mandate, always reserving, however, to Congress at designated periods the right of review and direction of the operation under this mandate.

"We recommend that Congress consider placing in their mandate to such 'authority' the requirement that they bring about basic commodity price adjustment to the 1926 level or to the level of the average of that period from 1922 to 1929, whichever in the judgment of Congress is more fair.

"We recommend that this 'authority' be given a reasonable length of time to attain this result, and that when such price level is attained that the powers vested in this authority be used in such a manner as to maintain such price level within a reasonable range—for example, 5 percent—to the end that the purchasing power of the dollar may remain constant."

Mr. THOMAS of Oklahoma. Mr. President, I also ask to have printed in the RECORD a statement by Sir Charles Morgan Webb on the subject England's Currency Road to Prosperity.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

ENGLAND'S CURRENCY ROAD TO PROSPERITY

(By Sir Charles Morgan Webb)

I should like to talk to you for a few moments about the English pound, or, as it is sometimes called, the pound sterling. The dollar has had an exciting career for the past 7 years. But for sheer thrills and excitement, the story of the pound sterling since 1914, is quite worth the telling.

Driven off the gold standard by the outbreak of the World War, the English pound saved itself during the War by anchoring to the dollar. The connection was broken when peace was declared, and the pound became a paper money, not held at a fixed ratio to gold.

Strangely enough, this paper pound suited British industry. Recovery from the devastation of war proceeded rapidly, and unemployment declined in 1924 to an extremely low level. Never were the prospects of permanent prosperity for Britain greater than in 1924.

But this did not suit the leaders of international finance. They worked through Mr. Montagu Norman, governor of the Bank of England, to force Britain back on to a gold standard. Mr. Winston Churchill, then Chancellor of the Exchequer, in a speech delivered in Parliament in April 1932, exposed, in language of extreme bitterness, the forces to which he was subjected in order to obtain his consent to the return of Britain to a gold standard.

British industry protested strongly when it was realized that a return to a gold standard was contemplated. The Federation of British Industries told a government committee that a return to gold would mean:

A serious dislocation of trade, an increase in unemployment, a severe fall in prices, a disastrous check to British export trade, an increase in the burden of indebtedness.

But the committee was a committee of bankers and would not listen. The pound was put on a fixed price of gold in April 1925.

Immediately on the return to a gold standard, the prophecies of the Federation of British Industries were fulfilled. Trade was dislocated. Unemployment increased. The prices of raw materials fell to unremunerative levels. British exports fell. An epidemic of strikes and labor troubles arose, culminating in the general national strike of 1926, the most serious labor upheaval in British history.

But the Bank of England was inexorable. Britain was on gold, and would stay on gold, despite all that was happening to industry. I will tell you in Mr. Montagu Norman's own words what happened to Britain while she was under the domination of international finance. He testified to the Macmillan commission, another Government committee, in 1930, as follows:

"We are subject to whatever conditions may dominate the international condition.

"Over the last period of years the international system has undoubtedly been the predominant consideration.

"During the last 5 years there has been no period when we have not had to face difficulties due to the international position.

"Especially over the last 5 years so far as the international position is concerned, we have been continuously under the harrow."

That is the effect of the dominance of international finance upon industry, explained in plain, clear language by the chief high priest of international finance, Mr. Montagu Norman. That is how it acted in Britain from 1925 to 1931. That is how it acts in every country whose money is based on a fixed price of gold.

I am speaking to you as a citizen of a country that descended deeply into the valley of humiliation. The citizens of the United States have never known that deadly, sinking feeling, that sensation of utter collapse, which attacked every Englishman when it was known that the Bank of England was reduced to its last gold sovereign. Even in the spring of 1933 when banks were crashing right and left, you had the knowledge that there was about $4,000,000,000 worth of gold behind your dollar. In September 1931, there was not a single ounce of gold behind the pound.

Britain did not go off gold. Gold ran away from Britain. With hundreds of millions of sterling bills of exchange payable in gold, held by the merchants of every country in the world, the Bank of England found herself with coffers emptied of gold. British export trade fell to less than half its former value. The pound dropped in gold value like a lump of lead as from 20 to 12.

What was Britain to do? The gold backing of the pound had vanished. After licking her wounds for a few months, and convincing herself, against the weight of evidence, that she was not really dead, Britain decided to set up business again on a reconstituted paper pound. It had to be reconstituted because there was no gold backing to set it upon its old gold basis.

With true British instinct, the reconstitution of the pound was effected, not in London, not by a committee of bankers, but in Ottawa by a committee of businessmen. The new pound first saw the light in 1932 in an atmosphere where the pound was practically unknown, and where the dollar was supreme.

With sublime assurance, considering that the amount of gold at Britain's disposal was negligible, this committee of businessmen at Ottawa boldly proclaimed that what the world wanted to restore international trade, was an abundance of international money at the lowest possible rates of interest. They invited the nations of the world to cooperate; and Britain immediately lowered her bank rate of 2 percent, and placed at the disposal of international trade a superabundance of money at the lowest rate of discount that had ever been known.

This money placed at the world's disposal was paper money—sterling bills of exchange. But international money, unbacked by gold was unthinkable. "Were these sterling bills convertible into gold?" eagerly inquired the merchants of every nation.

"Oh, yes," replied Britain, "they are freely convertible into gold, but as we had a rather unfortunate experience last year, and are compelled to reopen business with a very small stock of gold, we are going to make a trifling change in our business methods. Sterling bills will be freely convertible into gold, but at the world market price of gold, not at a fixed price. For that matter, bills in any other currencies—dollars, francs, marks, lire, krona, yen—will all be convertible into gold in London, each at their appropriate market price. The Bank of England's gold reserve, small as it is, will be freely available to all comers from all nations."

The bankers of the world gravely shook their heads. International finance raised an indignant protest. "Why, that's degrading gold into a commodity; you're going to sell gold over the counter like a pair of shoes or a pound of butter. You will destroy the prestige of gold and make it absolutely unsuitable to be the basis of sound money."

But the merchants of 21 nations responded to the Ottawa invitation and said, "We're on! We've tried gold as a fetish, and it has let us down. Let's give it a trial as a commodity."

Nobody was more astonished at the rapid and widespread response to the invitation issued from Ottawa than the members of the Ottawa Conference themselves. All that they had intended to do was to provide a stop-gap monetary system to carry on till the World Economic Conference, due to be held in London the following year. But 21 nations said that they did not want to wait till next year. For 7 years the international currency had been disappearing year by year. Here was a promise that it should be provided in abundance.

They snapped at the opportunity. They voluntarily formed themselves into a sterling group. They conducted their international trade with sterling and not with gold. The fixed price of gold was abandoned and gold was allowed to rise to its natural value. Immediately, as if by magic, the trade and industry of those 21 nations began to recover. From a steady descent into trade

depression they proceeded with one accord with the managed currency along the road to prosperity.

The objectives of the monetary policy of the sterling group have been proclaimed in the British Empire currency declaration as being—

1. The restoration of the normal activity of industry and employment.

2. Remunerative prices for farmers and for the producers of basic commodities.

3. Equity between debtor and creditor.

When, on my first day in New York, I explained these objectives to a few leading businessmen who had given me a hearty welcome, one of them replied:

"But that is sheer utopianism. That is crying for the moon. That is attempting a short cut to the millennium."

Exactly. Utopia! Why not? In the world of production mankind has arrived at the gates of Utopia. Wealth for all is available as soon as it can be efficiently distributed. What is preventing the peoples of the world from entering into their heritage?

An obsolete and inefficient system of money has kept and is keeping the gates closed. Britain has glimpsed a monetary system which will enable the gates to be opened and the superabundance of wealth we are now able to produce to be distributed to the welfare of mankind.

The millennium! Why not? The short cut to the millennium for the farmer, in the shape of profitable prices for his produce, is long, long overdue. Britain has opened up that short cut for the farmers of all the nations in the sterling group.

"Crying for the moon." Yes; it is undoubtedly crying for the moon to attempt to achieve equity between debtor and creditor as long as the value of the money on which debts are recorded is continually being distorted by the fluctuating value of gold. Equity between debtor and creditor can only be achieved by a currency managed with the objective of keeping a stable price level.

What is this new monetary standard inspired by the vision of securing the welfare of mankind? Does its name matter? What's in a name? Is it a gold standard, a commodity standard, a price-index standard, a rubber standard? In one respect it is a more golden standard than that of the United States. In Britain gold is free. Britain has only $1,000,000,000 worth of gold, as compared with $10,000,000,000 in the United States. Yet nobody can buy gold for free use in the United States at the fixed price of $35 to the ounce and anybody can buy gold in Britain's free gold market at the market price.

Which is the best dollar? The dollar at a fixed gold price, which mocks you by refusing to let you have gold at any price? Or the dollar at the market price of gold, which gives commerce and industry free access to unlimited stores of gold?

Which dollar brings gold into the closest contact with industry, commerce, and agriculture? The dollar at a fixed gold price, which buries gold deeply in the vaults of the Treasury and segregates it from any living contact with national life? Or the dollar at the market price of gold, which brings it out of those vaults into the light of day and permits it to measure its value against the value of every other commodity?

Which dollar is the most stable? The dollar at a fixed gold price, whose buying power ranges from A to Z in accordance with the capricious whims of international finance? Or the dollar at the market price of gold, whose buying power will remain constant day in, day out; year in, year out; century in, century out?

England has answered these questions for the pound sterling. It is for you to answer them for the dollar.

Mr. THOMAS of Oklahoma. Mr. President, I wish to thank Senators for their presence and attention to what I have been saying during the several hours I have taken in discussing what I conceive to be one of the most important subjects which can come before the Congress.

THE REVENUE—REPORT OF THE COMMITTEE ON FINANCE

During the delivery of the speech of Mr. THOMAS of Oklahoma,

Mr. HARRISON. Mr. President, if the Senator will permit an interruption at this point, from the Committee on Finance I report back, with amendments, the bill (H. R. 6851) to provide revenue, equalize taxation, and for other purposes, and I submit a report (No. 648) thereon.

If the Senator will permit me, I ask unanimous consent that tomorrow, after the convening of the Senate, if the consideration of the bill now before the Senate is not finished, it be temporarily laid aside, and that the revenue bill be taken up for consideration.

The PRESIDING OFFICER (Mr. HOLMAN in the chair). Is there objection?

Mr. THOMAS of Oklahoma. Mr. President, may the inquiry be repeated, please? My attention was diverted. What is the request?

Mr. HARRISON. The Senator is familiar with the fact that we have to pass the revenue bill by a certain time in order that it may go to conference, and it must be signed by the 30th of June; so I have submitted a unanimous-consent request that if the pending bill is not out of the way by noon tomorrow, it be temporarily laid aside, and that the revenue bill be taken up for consideration.

The PRESIDING OFFICER. Is there objection?

Mr. NEELY. Mr. President, reserving the right to object, I improve this opportunity to make a brief statement concerning S. 280, a bill to prohibit and to prevent the trade practices known as compulsory block booking and blind selling in the leasing of motion-picture films in interstate and foreign commerce.

Last week I gave notice that at the earliest appropriate hour after the convening of the Senate today I should move to proceed to the consideration of this measure. In the present parliamentary situation it would obviously be futile to urge the substitution of a new order of business. The importance of the matter to which the distinguished Senator from Mississippi [Mr. HARRISON] has referred is manifest. Although I am eager for the passage of Senate bill 280 at the earliest possible moment, I shall nevertheless refrain from attempting to interfere with emergency legislation.

Therefore, I do not object to the unanimous-consent request of the Senator from Mississippi, but I again give notice that at the earliest favorable moment I shall move the Senate to proceed to the consideration of the so-called moving-picture bill.

The PRESIDING OFFICER. Without objection——

Mr. AUSTIN. Mr. President, I inquire what the request is.

The PRESIDING OFFICER. The request is that at the convening of the Senate tomorrow, if the present debate shall not have been concluded, the Senate take up for consideration the revenue bill reported by the Senator from Mississippi [Mr. HARRISON].

Mr. AUSTIN. I suggest the absence of a quorum.

Mr. HARRISON. Mr. President, I am acting through the patience of my good friend from Oklahoma. I merely wanted to secure unanimous consent that if the matter which is now being considered is not finished by tomorrow, I may be privileged to take up the revenue bill. The Senator from Vermont is familiar with the fact that the revenue bill has to be considered quickly and go to conference and be signed by the 30th of June. If it provokes any discussion, I prefer not to make the request at this time.

Mr. AUSTIN. So far as I am concerned, it will not provoke discussion; but I feel bound to call for a quorum.

Mr. HARRISON. I should prefer to withdraw the request, in view of the fact that I am acting in the time of the Senator from Oklahoma. So I withdraw the request for unanimous consent.

Mr. BARKLEY. Mr. President, will the Senator from Oklahoma yield to me at that point? May I have the attention of the Senator from Mississippi?

Mr. THOMAS of Oklahoma. I yield.

Mr. BARKLEY. In view of the fact that the Senator from Mississippi has withdrawn his unanimous-consent request, it probably would be wise to advise the Senate that under the same circumstances, if the consideration of this bill shall not have been concluded, the Senator will move tomorrow at the assembling of the Senate to proceed with the consideration of the revenue bill.

Mr. HARRISON. That was my intention; and after the conclusion of the address of the Senator from Oklahoma I expected to renew the request. I am sure the Senator from Vermont has no objection to the request.

Mr. AUSTIN. No, Mr. President.

Mr. HARRISON. But I do not desire to take the time of the Senator from Oklahoma, who is making this very illuminating speech.

Mr. McCARRAN. Mr. President, am I to understand that it is proposed to set aside the pending bill?

Mr. HARRISON. No; I was merely making a unanimous-consent request.

Mr. McCARRAN. If the Senator moves to set aside the pending bill, we may be able to assist him.

Mr. HARRISON. I do not desire to interfere with the program that has been mapped out. I feel that we shall be able to unravel this situation.

Mr. McCARRAN. We do not know any program that has been mapped out. Perhaps the Senator from Mississippi can assist us.

Mr. HARRISON. I only want to have the revenue bill taken up and gotten out of the way, so that we can send it to conference as soon as possible.

Mr. AUSTIN. Mr. President, I would not have my position interpreted as an objection to the request of the Senator from Mississippi.

Mr. HARRISON. I understand. I thank the Senator from Oklahoma.

Mr. McCARRAN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Nevada for that purpose?

Mr. McCARRAN. I suggest the absence of a quorum.

Mr. THOMAS of Oklahoma. Mr. President, I believe I have the floor.

The PRESIDING OFFICER. The Senator from Oklahoma has the floor.

Mr. McCARRAN. I suggest the absence of a quorum.

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Nevada for the purpose of suggesting the absence of a quorum?

Mr. THOMAS of Oklahoma. Mr. President, I am not trying to take up any time unnecessarily. I want to complete what I have to say. It will take some time for me to do it. I want to accommodate the Senate in the transaction of necessary business. I desire to yield at the proper times to any Senator who has necessary business to be transacted.

Mr. HARRISON subsequently said: Mr. President, it would be useless to make a request for unanimous consent that the Senate proceed to the consideration of the revenue bill tomorrow at noon, for the reason that a Senator who is not opposed to the revenue bill prefers that a motion be made. So tomorrow at noon, on the convening of the Senate, I shall make a motion that the Senate proceed to the consideration of the revenue bill.

AGRICULTURAL DEPARTMENT APPROPRIATIONS—CONFERENCE REPORT

Mr. RUSSELL. Mr. President——

Mr. THOMAS of Oklahoma. I yield to the Senator from Georgia.

Mr. RUSSELL submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5269) making appropriations for the Department of Agriculture and for the Farm Credit Administration for the fiscal year ending June 30, 1940, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 1, 3, 5, 6, 7, 9, 14, 15, 28, 39, 41, 42, 54, 59, 63, 76, 81, 98, 104, 120, 129, 134, 139, 144, 150, 151, 152, and 154.

That the House recede from its disagreement to the amendments of the Senate numbered 2, 4, 10, 11, 12, 13, 18, 35, 36, 37, 40, 43, 47, 48, 51, 53, 58, 60, 64, 66, 67, 70, 71, 74, 79, 80, 87, 93, 96, 102, 103, 109, 112, 113, 117, 126, 131, 140, 143, 145, 149, and 153; and agree to the same.

Amendment numbered 8: That the House recede from its disagreement to the amendment of the Senate numbered 8, and agree to the same with an amendment, as follows: In line 13 of the matter inserted by said amendment strike out the word "Appropriation" and insert in lieu thereof the word "Adjustment"; and the Senate agree to the same.

Amendment numbered 16: That the House recede from its disagreement to the amendment of the Senate numbered 16, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$6,848,750"; and the Senate agree to the same.

Amendment numbered 17: That the House recede from its disagreement to the amendment of the Senate numbered 17, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$7,093,485"; and the Senate agree to the same.

Amendment numbered 20: That the House recede from its disagreement to the amendment of the Senate numbered 20, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$65,000"; and the Senate agree to the same.

Amendment numbered 22: That the House recede from its disagreement to the amendment of the Senate numbered 22, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$560,170"; and the Senate agree to the same.

Amendment numbered 23: That the House recede from its disagreement to the amendment of the Senate numbered 23, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$77,898"; and the Senate agree to the same.

Amendment numbered 24: That the House recede from its disagreement to the amendment of the Senate numbered 24, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$928,314"; and the Senate agree to the same.

Amendment numbered 25: That the House recede from its disagreement to the amendment of the Senate numbered 25, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$692,816"; and the Senate agree to the same.

Amendment numbered 29: That the House recede from its disagreement to the amendment of the Senate numbered 29, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$3,500,000"; and the Senate agree to the same.

Amendment numbered 30: That the House recede from its disagreement to the amendment of the Senate numbered 30, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$6,172,870"; and the Senate agree to the same.

Amendment numbered 31: That the House recede from its disagreement to the amendment of the Senate numbered 31, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$722,719"; and the Senate agree to the same.

Amendment numbered 34: That the House recede from its disagreement to the amendment of the Senate numbered 34, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$802,880"; and the Senate agree to the same.

Amendment numbered 38: That the House recede from its disagreement to the amendment of the Senate numbered 38, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$8,300,000"; and the Senate agree to the same.

Amendment numbered 44: That the House recede from its disagreement to the amendment of the Senate numbered 44, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$16,663,712"; and the Senate agree to the same.

Amendment numbered 45: That the House recede from its disagreement to the amendment of the Senate numbered 45, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$16,663,712"; and the Senate agree to the same.

Amendment numbered 46: That the House recede from its disagreement to the amendment of the Senate numbered 46, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$100,000"; and the Senate agree to the same.

Amendment numbered 49: That the House recede from its disagreement to the amendment of the Senate numbered 49, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$551,121"; and the Senate agree to the same.

Amendment numbered 50: That the House recede from its disagreement to the amendment of the Senate numbered 50, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$313,450"; and the Senate agree to the same.

Amendment numbered 52: That the House recede from its disagreement to the amendment of the Senate numbered 52, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$1,348,982"; and the Senate agree to the same.

Amendment numbered 55: That the House recede from its disagreement to the amendment of the Senate numbered 55, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$330,000"; and the Senate agree to the same.

Amendment numbered 56: That the House recede from its disagreement to the amendment of the Senate numbered 56, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$5,183,009"; and the Senate agree to the same.

Amendment numbered 57: That the House recede from its disagreement to the amendment of the Senate numbered 57, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$1,761,950"; and the Senate agree to the same.

Amendment numbered 62: That the House recede from its disagreement to the amendment of the Senate numbered 62, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$613,403"; and the Senate agree to the same.

Amendment numbered 65: That the House recede from its disagreement to the amendment of the Senate numbered 65, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$664,181"; and the Senate agree to the same.

Amendment numbered 68: That the House recede from its disagreement to the amendment of the Senate numbered 68, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$14,923,466"; and the Senate agree to the same.

Amendment numbered 69: That the House recede from its disagreement to the amendment of the Senate numbered 69, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$859,659"; and the Senate agree to the same.

Amendment numbered 72: That the House recede from its disagreement to the amendment of the Senate numbered 72, and

agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$2,200,000"; and the Senate agree to the same.

Amendment numbered 73: That the House recede from its disagreement to the amendment of the Senate numbered 73, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$54,800"; and the Senate agree to the same.

Amendment numbered 75: That the House recede from its disagreement to the amendment of the Senate numbered 75, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$3,000,000"; and the Senate agree to the same.

Amendment numbered 77: That the House recede from its disagreement to the amendment of the Senate numbered 77, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$20,294,466"; and the Senate agree to the same.

Amendment numbered 78: That the House recede from its disagreement to the amendment of the Senate numbered 78, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$61,628"; and the Senate agree to the same.

Amendment numbered 82: That the House recede from its disagreement to the amendment of the Senate numbered 82, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$349,469"; and the Senate agree to the same.

Amendment numbered 83: That the House recede from its disagreement to the amendment of the Senate numbered 83, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$89,400"; and the Senate agree to the same.

Amendment numbered 84: That the House recede from its disagreement to the amendment of the Senate numbered 84, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$225,000"; and the Senate agree to the same.

Amendment numbered 85: That the House recede from its disagreement to the amendment of the Senate numbered 85, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$1,379,369"; and the Senate agree to the same.

Amendment numbered 86: That the House recede from its disagreement to the amendment of the Senate numbered 86, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$895,500"; and the Senate agree to the same.

Amendment numbered 94: That the House recede from its disagreement to the amendment of the Senate numbered 94, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$175,000"; and the Senate agree to the same.

Amendment numbered 99: That the House recede from its disagreement to the amendment of the Senate numbered 99, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$154,790"; and the Senate agree to the same.

Amendment numbered 100: That the House recede from its disagreement to the amendment of the Senate numbered 100, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$67,518"; and the Senate agree to the same.

Amendment numbered 101: That the House recede from its disagreement to the amendment of the Senate numbered 101, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$134,984"; and the Senate agree to the same.

Amendment numbered 106: That the House recede from its disagreement to the amendment of the Senate numbered 106, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$879,986"; and the Senate agree to the same.

Amendment numbered 107: That the House recede from its disagreement to the amendment of the Senate numbered 107, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$40,900"; and the Senate agree to the same.

Amendment numbered 108: That the House recede from its disagreement to the amendment of the Senate numbered 108, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$700,000"; and the Senate agree to the same.

Amendment numbered 110: That the House recede from its disagreement to the amendment of the Senate numbered 110, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$630,000"; and the Senate agree to the same.

Amendment numbered 111: That the House recede from its disagreement to the amendment of the Senate numbered 111, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$2,368,691"; and the Senate agree to the same.

Amendment numbered 118: That the House recede from its disagreement to the amendment of the Senate numbered 118, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$431,470"; and the Senate agree to the same.

Amendment numbered 119: That the House recede from its disagreement to the amendment of the Senate numbered 119, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$747,510"; and the Senate agree to the same.

Amendment numbered 121: That the House recede from its disagreement to the amendment of the Senate numbered 121, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$459,000"; and the Senate agree to the same.

Amendment numbered 122: That the House recede from its disagreement to the amendment of the Senate numbered 122, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$425,000"; and the Senate agree to the same.

Amendment numbered 123: That the House recede from its disagreement to the amendment of the Senate numbered 123, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$1,138,302"; and the Senate agree to the same.

Amendment numbered 124: That the House recede from its disagreement to the amendment of the Senate numbered 124, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$155,000"; and the Senate agree to the same.

Amendment numbered 125: That the House recede from its disagreement to the amendment of the Senate numbered 125, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$20,000"; and the Senate agree to the same.

Amendment numbered 127: That the House recede from its disagreement to the amendment of the Senate numbered 127, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$475,000"; and the Senate agree to the same.

Amendment numbered 128: That the House recede from its disagreement to the amendment of the Senate numbered 128, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$495,000"; and the Senate agree to the same.

Amendment numbered 130: That the House recede from its disagreement to the amendment of the Senate numbered 130, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$400,000"; and the Senate agree to the same.

Amendment numbered 132: That the House recede from its disagreement to the amendment of the Senate numbered 132, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$6,078,888"; and the Senate agree to the same.

Amendment numbered 133: That the House recede from its disagreement to the amendment of the Senate numbered 133, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$1,564,733"; and the Senate agree to the same.

Amendment numbered 135: That the House recede from its disagreement to the amendment of the Senate numbered 135, and agree to the same with an amendment, as follows: In lieu of the sum named in said amendment insert "$30,094"; and the Senate agree to the same.

Amendment numbered 136: That the House recede from its disagreement to the amendment of the Senate numbered 136, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$193,180"; and the Senate agree to the same.

Amendment numbered 137: That the House recede from its disagreement to the amendment of the Senate numbered 137, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$2,741,138"; and the Senate agree to the same.

Amendment numbered 138: That the House recede from its disagreement to the amendment of the Senate numbered 138, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$826,158"; and the Senate agree to the same.

Amendment numbered 157: That the House recede from its disagreement to the amendment of the Senate numbered 157, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$3,650,000"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 19, 21, 26, 27, 32, 33, 61, 88, 89, 90, 91, 92, 95, 97, 105, 114, 115, 116, 141, 142, 146, 147, 148, 155, 156, and 158.

RICHARD B. RUSSELL,
CARL HAYDEN,
M. E. TYDINGS,
J. H. BANKHEAD,
GERALD P. NYE,
Managers on the part of the Senate.

CLARENCE CANNON,
M. C. TARVER,
Managers on the part of the House.

Mr. RUSSELL. Mr. President, I desire to have the conference report acted upon at this time. I regard it as being very important that the report, which does not dispose of all the Senate amendments, be acted on this afternoon, inasmuch as time has been allotted by the House tomorrow for the consideration of the conference report. Under the rules of the Congress, the House having requested a conference, it is necessary for the Senate to act first upon the report; and any delay on the part of the Senate in acting on the report will delay a vote by the House on the Senate amendments, which were carried back for that purpose by the conferees.

Mr. McCARRAN. Mr. President, I suggest the absence of a quorum.

Mr. WAGNER. Mr. President——

Mr. McCARRAN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. Does the Senator from Nevada object to the presentation of a privileged matter?

Mr. McCARRAN. I am not objecting to anything. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the folowing Senators answered to their names:

Adams	Davis	La Follette	Reynolds
Andrews	Donahey	Lee	Russell
Ashurst	Ellender	Logan	Schwartz
Austin	Frazier	Lucas	Schwellenbach
Bailey	George	Lundeen	Shipstead
Bankhead	Gerry	McCarran	Slattery
Barbour	Gillette	McKellar	Smathers
Barkley	Green	Maloney	Taft
Bilbo	Guffey	Mead	Thomas, Okla.
Bone	Gurney	Miller	Tobey
Borah	Harrison	Minton	Townsend
Bridges	Hatch	Murray	Truman
Brown	Hayden	Neely	Tydings
Bulow	Herring	Norris	Vandenberg
Burke	Hill	Nye	Van Nuys
Byrd	Holman	O'Mahoney	Wagner
Capper	Holt	Overton	Walsh
Chavez	Hughes	Pepper	Wheeler
Clark, Idaho	Johnson, Calif.	Pittman	White
Clark, Mo.	Johnson, Colo.	Radcliffe	Wiley
Danaher	King	Reed	

The PRESIDING OFFICER. Eighty-three Senators having answered to their names, a quorum is present.

Mr. RUSSELL. I move that the Senate agree to the report.

Mr. LA FOLLETTE. Mr. President, I should like to ask the Senator from Georgia whether this partial report contains any action by the conference on parity payments and section 32.

Mr. RUSSELL. The Senate amendment of $225,000,000 for parity payments is embraced in the conference report. The Senate amendment was accepted by the House conferees after long negotiation.

The House conferees stated that under the rules of the House they could not accept the amendment relating to section 32, the amendment appropriating $113,000,000. The conferees on the part of the House have taken that amendment back to the House, and will urge its adoption in the House.

Mr. TAFT. What was done about the appropriation for the purchase of forest land?

Mr. RUSSELL. The Senate conferees were compelled to relinquish some of the Senate amendment increasing the funds available for the purchase of forest land. The Senate voted for an appropriation of $5,000,000, the House had voted $2,000,000, the conference report fixes $3,000,000 as the sum to be available for the next fiscal year for the purchase of forest land.

Mr. BARKLEY. Mr. President, one of the questions I had intended to ask the Senator related to that item. I would like to ask the Senator also the result of the conference on the amendment increasing by $75,000 the appropriation for the rating of tobacco.

Mr. RUSSELL. The House figure in the tobacco-inspection item was $375,000, which was the amount of the Budget estimate. The Senate figure, the amount carried in the amendment offered by the Senator from Kentucky, which the Senate adopted, was $525,000. The conference report presents a compromise in the sum of $425,000, which is $50,000 above the current appropriation, and $50,000 above the Budget estimate. I might state to the Senator from Kentucky that the Senate conferees found it exceedingly difficult to bring back any increase whatever in the item, in spite of long discussion in the conference.

Mr. BARKLEY. I realize the task which confronted the conferees and I appreciate the increase in the appropriation. I cannot help expressing my regret, however, and I am sure the Senator from Georgia shares the regret, that we could not get the entire amount.

Mr. RUSSELL. I share the Senator's regret, and did all I could to get the Senate amendment concurred in, but I really believe that in view of all the difficulties with which we were confronted, we have done very well on that item.

Mr. GEORGE. Mr. President, I should like to ask my colleague as to the item of $113,000,000 to supplement the funds provided by section 32. That is to go back to the House for a vote?

Mr. RUSSELL. It is to be voted on separately in the House.

Mr. GEORGE. As a separate vote?

Mr. RUSSELL. As a separate vote. I might say for the information of my colleague and other Senators interested, that the House conferees suggested an amendment pertaining to cotton, which the Senate conferees finally agreed to recommend favorably to the Senate when and if the House adopts the Senate amendment. This amendment provides that at least 50 percent of any funds which might be allocated to cotton by the Secretary of Agriculture shall be used under the provisions of subdivisions 2 and 5 of section 32, which means that the appropriations should only be expended for the purpose of dealing with cotton for domestic consumption.

Mr. GEORGE. Will the vote in the House come upon that amendment as modified by the conference agreement?

Mr. RUSSELL. The chairman of the House conferees has agreed, as I understand it, to make a motion in the House, when the section 32 appropriation is presented, that the House recede with an amendment, being the amendment I have just outlined, but containing the full amount of the appropriation as adopted by the Senate of $113,000,000.

Mr. GEORGE. Mr. President, I have no objection to the conference report, but I ask unanimous consent to have inserted in the RECORD a very illuminating statement by Mr. W. T. Winn, of Greenville, Miss., entitled "After the Export Subsidy, the Deluge." I should like to have this go in the RECORD as a part of my remarks.

The PRESIDING OFFICER. Is there objection?

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

"THE VOICE OF COTTON IS AS SOFT AS ITS LINT AND AS LOW AS ITS PRICE"—A COTTON FARMER—AFTER THE EXPORT SUBSIDY, THE DELUGE!

What is an export subsidy?

It is a gift, grant, gratuity, known as subsidy, given some one person, firm, or corporation outside of the continental United States. Such gift is in the form of lowered prices on cotton. The recipients of an export subsidy would be the nations of the world which purchase American cotton.

Who pays it?

The American taxpayer. It is proposed to be paid from the funds of the United States Treasury and funds received from custom receipts.

Can the loan cotton be used for an export subsidy?

Under the present law none of the loan cotton can be sold for less than the amount of the loan, carrying charges including adjustment payments. Even if the Government forecloses and takes title to all of the loan cotton it must sell it for such a high price that an export subsidy on it would be prohibitive. An export subsidy on cotton must then be placed on the 1939 crop.

How will a subsidy on the 1939 crop operate?

Cotton exports for the 1938–39 season will amount to about three and one-half million bales, or two million bales less than 1937–38 season, and over three million bales less than 1936–37 season; the mills of the world have been drawing on American stocks of cotton. Being unable to buy any of the loan cotton it is evident that the mills outside of the United States need our cotton and will import at least four million bales from the 1939 crop without any consideration or without an export subsidy. If the 1939 crop is permitted to move in the free channels of trade, there is a possibility of America exporting five million bales. The Department of Agriculture proposes by an export subsidy to export six million bales. If 2 cents a pound or $10 a bale is the amount of the subsidy on six million bales this would amount to $60,000,000. Assuming that four million bales will move anyway, the cost to American people would be $60,000,000 to export an additional two million bales, or $30 a bale, 6 cents a pound subsidy. Assuming that five million bales of cotton would move in the ordinary course of trade, then the $60,000,000 subsidy or 2 cents a pound on six million bales will be tantamount to paying a bonus of $60 a bale or 12 cents a pound on one million bales.

Who will be the beneficiary of an export subsidy?

Not the American people. The large importers of American cotton have been Germany, Italy, and Japan. The workmen and laborer in Italy can buy his overalls on the basis of 6-cent cotton. The American laborer on the basis of 8 cents per pound.

Who is for an export subsidy on cotton?

It was first announced by the President of the United States. The National Federated Farm Bureau then promoted it. Mr. Wallace is sustaining the President's plan. Mr. Romeo Short, a rice grower and president of the Federated Farm Bureau of Arkansas, has publicly advocated it in the South.

Who is against it?

Mr. Wallace, at Fort Worth, in September 1938 in substance stated that if used on a large scale for any length of time an export subsidy on cotton would bring on a world price war and would be self-defeating, and that while there was justification for an export subsidy on wheat there was no excuse for such on cotton.

On December 16, when a large part of 1938 crop had moved into the loan, in a press release Mr. Wallace stated:

"Turning to alternative plans proposed for agricultural improvement, the Secretary shows that many of them have limited application already in the existing program. For example, with minor crops and to a certain extent with wheat, the Government diverts supplies into foreign trade at prices lower than the domestic price level. Export diversion and the two-price export system on a large scale," says Secretary Wallace, "would involve the abandonment of our present integrated method of acreage allotments, soil conservation, marketing quotas, and price-adjustment payments. Ten or fifteen years ago the plan might have worked. The thought then was that an inexhaustible and complacent foreign market would allow goods to be dumped on it indefinitely. There is no basis for entertaining that thought now * * *.

"Plans that called immediately for greatly increased agricultural exports could not succeed. Importing countries would raise their tariffs or would exclude unwanted supplies through quotas and embargoes. World prices would fall. Prices in the United States would have to be fixed at high levels so that the farmer could break even. There would be loud protests from the consumers. Unlimited export dumping, with losses charged to the domestic consumer, is simply not practicable. If tried as a complete substitute for the present farm program, the results within a year or two would be disastrous both for agriculture and the other groups in the Nation whose welfare is bound up with that of agriculture."

The one man in America who should have more knowledge on international trade than anyone else is Dr. Francis B. Sayre, Assistant Secretary of State in charge of Reciprocal Trade Agreements, who has negotiated the various reciprocal-trade agreements with many nations of the world. On May 5, in an address before the National Council of American Importers in New York, Dr. Sayre stated:

"The lengthening shadow of international lawlessness across the world makes it imperative for us to weigh carefully our national policies. It makes it imperative to choose the kind of policies which make for peace and which constitute the kind of foundations upon which alone peace can rest. Today, from this viewpoint, I want to consider with you some of the problems which lie before us in the determination of our own national commercial policy.

"In the field of commercial relations, no less than in the field of political relations, nations must choose between two widely diverging and conflicting policies. On the one hand, in spite of the inescapable fact of the present-day vital interdependence of national economies, a nation may either ignore or seek to overcome this fact, and follow an economic policy based upon isolationism or upon a narrow nationalism. On the other hand, a nation recognizing the undeniable advantages that come from the international exchange of goods, may adopt an economic policy based upon a broad liberalism and the furtherance of international trade. The choice between these two alternative policies will have profound and far-reaching consequences not only in the nation itself but in the world at large.

"I do not mean that at the outset nations deliberately commit themselves wholly to either the one or the other of these two extremes. Indeed, national policies are seldom altogether black or altogether white. They are marked with grays and many subtle overtones. Nevertheless, once having launched into the current of economic nationalism nations frequently are swept far beyond the placid waters into which they originally launched, and as a result may become deeply committed to practices which at the outset they never dreamed of adopting.

"The policy of economic nationalism in the present-day world has certain fairly definite earmarks. If a nation sets out to become economically self-sufficient unto itself or through reduced exports is forced along that road, it is evident that measures must be taken severely to restrict its imports. However, as imports are more and more drastically cut, it becomes increasingly difficult to sell exports, since, as everyone knows, trade is a two-way process, and the sale of exports is necessarily dependent upon the purchase of imports.

"The inability to sell exports in foreign markets results either in diminished output and consequently unemployment or in piling up huge surpluses which glut domestic markets and depress prices, not only for the surpluses formerly exported but for the entire crop or output.

"The further the nation is carried in its loss of export markets the more acute becomes the problem of diminished production or burdensome surpluses.

"To relieve these problems nations launch into various forms of restriction and control of domestic production. This becomes all the more intense as nations seek to stimulate and build up industries and enterprises to produce such goods as were formerly imported. Sooner or later the Government must assume a life and death control not only over all the commodities which come into the country and go out of the country, but also over the conduct of domestic business and private industry as well.

"To achieve these ends strict forms of foreign trade control have to be adopted. It may be that these will take the form of import licenses, of control of the movements of gold and foreign exchange, of quota restrictions, of Government business monopolies of one kind or another, or combinations of some or all.

"The burden of unsalable surpluses also leads to artificial methods in order to force exports onto world markets. This may be attempted through various forms of currency manipulations, including devaluation, through trade arrangements forced by stronger nations upon weaker ones or by various forms of international dumping. One of the most common forms of dumping is the payment by the Government of export subsidies so as to enable its goods to undersell in world markets the naturally lower-priced goods of its competitors. The adoption of export subsidies frequently necessitates additional import restrictions either in the form of tariff walls or quotas to prevent the goods thus dumped and selling abroad at lower prices than at home from being brought back into the home market.

"As the struggle to sell exports in world markets becomes more and more intense, nations launch into practices known as 'bilateralistic balancing.' In simplest form this means the insistence that each nation with which the country trades buy as much from it as it buys from the other nation. Thus are born clearing agreements and compensation agreements, frequently involving governmental sequestration and control of funds payable by one country's citizens to those of another. A country whose imports from another exceed its exports to the other by such an agreement is in a position to force the other to spend part or all of the proceeds from its export balance in the purchase of the former country's goods. Compensation and clearing agreements are for the most part highly unsatisfactory. Experience has usually shown them to result in formidable administrative difficulties and burdens and diminished trade.

"With bilateralistic balancing goes trading in exclusive preferences and the discard of the policy of equality of treatment embodied in the most-favored-nation policy. Exclusive preferences granted to one nation mean discriminations against every other nation, and discriminations involve retaliations and counterdiscriminations. Trading in exclusive preferences thus means constantly rising trade barriers, arbitrary and uneconomic diversions of trade and shifting of trade channels, unceasing and mounting economic conflict.

"With the increasing difficulties of selling exports is apt to come severe and crippling shortages of foreign exchange; and as the control over foreign exchange increases and tightens, blocked currencies are apt to result. Blocked currencies entail an infinite degree of bureaucracy and red tape; and to avoid the tangles and almost insuperable difficulties of buying and selling in countries with highly restricted or blocked currencies, resort is had to primitive barter—the exchange of goods for goods without the use of money. Obviously barter tragically restricts the nation's ability to buy and sell in the cheapest markets.

"With the pushing of self-sufficiency to further and further limits, Government control over domestic trade and domestic industry grows tighter and tighter, since domestic industries are dependent for many of their necessary raw materials and their markets upon foreign trade. Sooner or later the Government must control and ultimately fix domestic prices; it must undertake to control and regulate capital outlays and expenditures; it must assume a degree of regimentation and strait-jacketing of business and industry which denies economic freedom and initiative such as we know in this country and which is in utter conflict with the most fundamental principles of human liberty upon which our Nation was founded."

Dr. Sayre confirmed Mr. Wallace's position at the end of his speech with this statement:

"Export subsidies may temporarily increase certain kinds of exports, but in the long run they constitute a giving away of the Nation's assets—often at less than cost—at the expense of the taxpayers."

On May 25, at the world-trade dinner in New York City (1 day prior to Secretary Wallace's announcement in Little Rock) Secretary Hopkins laid down these principles (from the Memphis Commercial Appeal):

"'Reviewing recent changes in the environment within which foreign trade is carried on.' Secretary Hopkins ventured the belief that 'simple economic motives in foreign trade are today too often subordinated to the political objectives which dominate the policies of certain countries.'

"Recognizing the difficulty in getting 'a correct perspective of our international trade position,' Mr. Hopkins admitted that 'some are even beginning to question the wisdom of the policies we are pursuing,' and that they are being 'impressed by the plausible character of barter deals, export subsidies, and other artificial trade schemes resorted to by certain countries.'

"The Secretary of Commerce said that submission to such artificial schemes was simply 'making a virtue out of necessity,' and that such methods cannot be justified as the 'best basis for foreign

trade.' He warned however, that 'economic circumstances and political ambitions determine national policies.'

"Mr. Hopkins revealed that 'a recent Department of Commerce study found that over 70 percent in value of all world commerce is still being carried on by countries operating on a predominantly open and competitive basis,' and that we should take a lesson from the fact that producers and traders in such countries prefer the methods which our more normal position leaves us free to follow, and have said so.

"Mr. Hopkins holds that 'even though we find that exceptional methods of foreign trade have made inroads on some markets * * * that does not mean we would abandon our own ways for those distasteful to us.' He sums up the most-favored-nation policy as being one 'which is simply that of granting and expecting equality of competitive opportunity in each other's markets.' and that by following such policies, 'we call into play the best American tradition of "fair field and no favor."' Furthermore, in so doing, 'we are placing our influence on the side of peaceful accommodation rather than to forceful pressure as the sound and desirable basis of international relations.'

"These views of the Secretary of Commerce can only be construed as a scathing indictment of the administration's current proposal to embark on a program of price cutting by the payment of export subsidies, a practice that will only invite reprisals and influence retaliation that will disturb existing reciprocal-trade agreements.

"It is unfortunate that Cabinet Officers Hull and Hopkins cannot convince their colleague in charge of agriculture as to the peril presented by a program of cotton export subsidies."

These two able assistants to President Roosevelt condemn the general principle of export subsidy. A definite plan known as the Bankhead bill for an export subsidy on cotton was presented to the Senate in the middle of May, and the Senate rejected the policy by a vote of 37 to 36.

Hon. Oscar Johnston, the recognized authority on the cotton program of the South in an address in Memphis, Tenn., on April 28, condemns the principle as "a mere stopgap or expedient," and that it will give effect to the often used charge that the Government plan was "a plan of paucity to promote prosperity." Mr. Johnston, in no uncertain terms, stated the export subsidy would be an abandonment in part at least of our reciprocal trade agreement policy.

Mr. Creekmore, of the American Cotton Cooperative Association, Jackson, Miss., in an interview, opposed the export subsidy.

So far as can be determined no farmer or producer organization in the Cotton Belt has publicly proclaimed allegiance to this policy. The Cotton Shippers Association and the National Warehouse Association of the South have both opposed an export subsidy on cotton. The Oil Mills or Crushers Association, and the Ginners Association have offered no defense of the export subsidy. The plan did not originate with any of the thinking cotton interests. It must have been conceived north of the Mason-Dixon Line, born in the United States Capitol, and is being nourished in its infancy by the Secretary of Agriculture and the Federated Farm Bureau. The idea should mature in the laps of the Germans, the Italians, and the Japanese, the aggressor nations who need raw materials cheap.

How does an export subsidy on cotton affect our political and international policy?

In Chicago in 1937 our President delivered his quarantine speech, in which he stated that war could be won without bullets. It was assumed from his declaration that the United States could put economic pressure on the aggressor nations. Our great President, by his courageous intervention, helped to prevent a world war last September. When Germany broke her Munich pledge and trampled Czechoslovakia under her feet in March, the President fired his first economic bullet as a result of his Chicago speech. He caused to be placed a 25-percent increased tax on German imports into America under the Countervailing Duties Act. The theory behind this act is to place a penalty on any nation which subsidizes its exports. Germany subsidizes all of its exports, and that was the basis of the President's acts.

The basis of the reciprocal-trade agreement with England and other nations is to permit America to expand her international trade; to continue the furtherances of individual initiative, individual freedom of trade, and individual courage. It is distinguished from a nationalistic policy of regimentation, the policy adopted by the Fascist states, Italy, Germany, and Japan. The trade policy in America has been based on economic freedom, and this policy is in utter conflict with the policy of regimentation and strait jacketing as Germany is enmeshed in. Therefore, the political effect in America of an export subsidy is to have all national foreign policies thrown into confusion. Secretary of State Hull's reciprocal-trade agreements must necessarily be abandoned. Our good-neighbor policy with Brazil will be jeopardized. Brazil, of necessity, will compete with any export subsidy America places on cotton. England will protect Egypt and India by having these countries place a larger subsidy on all of their exports of cotton than America does.

The international effect will be to produce a world price war against our friends, Brazil, India, and Egypt, all producers and exporters of cotton. The effect will be to give Germany and Italy cheap cotton to manufacture uniforms and explosives for the German and Italian soldiers and guns.

One artificial barrier to international trade produces others. The Department of Agriculture can never announce its plan. If it announces 1 cent subsidy, Brazil and Egypt might put 2 cents subsidy on their cotton. If we announce a 2-cent subsidy, India and Russia can subsidize with 3 cents per pound.

Where will the end be?

This is what Secretary Wallace and Secretary Hopkins meant in predicting that an export subsidy will cause a world price war and be self-defeating.

A tariff will of necessity have to be increased on the import of cotton into America because cotton exported with a subsidy to England could be brought back to America and sold under the domestic price, not only on our cotton but on all items containing much cotton.

The textile industry of America could not compete with the textiles of the world. Therefore would not an export subsidy have to be placed on that part of our textiles which are exported to compete with the world?

Dr. Sayre is eminently correct when he states that an export subsidy leads to bartering, a primitive form of trade relation between nations. Thus, whenever America abandons its free policy of internation trade and barters, the fine distribution system which has been built up in this country may be destroyed overnight. In discussing the proposed barter of American cotton for rubber and tin the London Times of May 17 ridicules the idea and indicates that if it would enter into a barter agreement its action would be regarded as being in part a contribution to the solution of one of America's big problems rather than a plain business transaction.

The objections are offered to the general principles of an export subsidy on cotton. The Department of Agriculture cannot and will not announce its plan. It averages 25 cents a bushel subsidy on 85,000,000 bushels of wheat. The price in some instances must have been much higher. No telling what amount of subsidy would have to be paid on cotton.

As an alternative I urge that all money available for cotton export subsidy be diverted to a special adjusted payment on the 1939 crop, sufficient to keep it out of a loan so that cotton can move in the free channels of trade.

W. T. WYNN, *Greenville, Miss.*

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

DRAFTING OF CAPITAL IN CASE OF WAR

Mr. LEE. Mr. President, some time ago the British Parliament passed a law providing for the drafting of manpower in case of war. Just now, according to a news item which I hold in my hand, they are considering legislation to take the profit out of war. I ask unanimous consent to have this very short news item inserted in the RECORD as a part of my remarks.

The PRESIDING OFFICER. Is there objection?

There being no objection, the matter was ordered to be printed in the RECORD as follows:

TO TAKE PROFIT OUT OF WAR

LONDON, June 20.—The British Government, which recently conscripted a portion of the country's manpower for possible wartime service, took a major step today toward conscription of wealth for the same purpose by announcing 60 percent excess-profits duty on all firms "substantially engaged" on rearmament contracts whose annual turn-over in that respect exceeds £200,000 (about $940,000).

As a measure intended to "take the profit out of war," the new tax, to be known as the armaments profits duty, empowers Leslie Burgin, minister-designate of supply, to declare which firms are liable to the tax.

The tax will be in force for 3 years, as of March 31, last. It may be extended if the Government's huge rearmament program has not been completed in that period.

EXTENSION OF PUBLIC HEALTH FACILITIES TO ACTIVE OFFICERS OF FOREIGN SERVICE—CONFERENCE REPORT

Mr. PITTMAN submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 3537) to extend the facilities of the United States Public Health Service to active officers of the Foreign Service of the United States, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate, and agree to the same with an amendment, as follows:

In lieu of the language contained in section 3 of the Senate amendment insert the following:

"SEC. 3. Any officer or American employee of the foreign service of any department or unit of the United States Government suffering from illness or disability not the direct result of foreign service and any dependent member of the family of any such officer or American employee suffering from illness or disability when such dependent has resided with the officer or American employee on foreign station and if such illness or disability in

any case covered by this section is not the result of vicious habits, intemperance, or misconduct on his part, the cause of such illness for the purpose hereof to be determined by the United States Public Health Service, may be furnished medical and dental treatment and hospitalization (in the case of a dependent member of a family if suitable accommodations are available) by the United States Public Health Service at any of its regularly established relief stations and hospitals at a cost to the officer or employee concerned in accordance with rates established by regulations of the Surgeon General and applicable to pay patients from other branches of the Government service under similar circumstances. Collections by the United States Public Health Service on this account shall be credited to the appropriation applicable to the operation of marine hospitals and relief stations."

And the Senate agree to the same.

KEY PITTMAN,
WALTER F. GEORGE,
WM. E. BORAH,
Managers on the part of the Senate.
SOL BLOOM,
LUTHER A. JOHNSON.
HAMILTON FISH,
Managers on the part of the House.

Mr. PITTMAN. I ask for the immediate consideration of the report.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the report.

Mr. PITTMAN. The only amendments that changed the measure at all were administrative amendments which were recommended by the Public Health Service and were agreed on unanimously by the conferees on the part of both Houses. The House conferees agreed to an amendment to accomplish that purpose.

I move the adoption of the conference report.

The report was agreed to.

STABILIZATION FUND AND WEIGHT OF THE DOLLAR

After the conclusion of the speech of Mr. THOMAS of Oklahoma,

The Senate resumed the consideration of the bill (H. R. 3325) to extend the time within which the powers relating to the stabilization fund and alteration of the weight of the dollar may be exercised.

Mr. WILEY. Mr. President, I do not wish to delay the adjournment of the Senate, but I have a statement which will take about 10 to 12 minutes to make, which I should like to contribute at this time, provided the majority leader has no objection.

Mr. BARKLEY. I have no objection.

Mr. WILEY. Mr. President, I wish personally to express to the distinguished Senator from Oklahoma my own appreciation for what was to me not only a brilliant effort, but quite an illuminating study of the subject under discussion. No matter how we feel, we must admit that there is a large group of people in this, the United States, looking for more light on that subject. I am not going into detail in the discussion of the question. I wish to say that as I understand the resolutions to which Senator THOMAS referred, which have come from the farmers of this country, while the farmers would like to see the dollar brought to the point where it will buy a dollar's worth of merchandise, they do not want the gold or silver content of that dollar cheapened so that we may go through some of the experiences that other countries, yes, that even our own country, has gone through in times past.

Recently, in one of the great weeklies in this country, there appeared an article which related itself to the subject Idle Men and Idle Money. In that article is rather stressed the significant conclusion that the people of this country were fearful. Someone asks: "Fearful of what?" And the writer answered, "Fearful of Government." What did he mean by that? He meant fearful of what we are doing here in Washington, fearful of the steps we may take, fearful of consequences that will come from wrong thinking and wrong acting.

It was stated that business was and is increasingly aware that Government is gradually taking over the functions of private enterprise, and that Government is accomplishing this by three methods—undue regulation, Government competition, and the policy of spend and spend, tax and tax.

Today, Mr. President, I want to comment on another fact and I say this with the greatest deference. I think that one of the other factors in this country that is contributing to our inability to get back on our feet and go places, is not only the fear of government, but the fear that we are cheapening and tinkering with our money, to the point where it, too, will go the way of other moneys in other lands.

Fifty years from now when the historian writes about this period, using the perspective that he then will have, writing calmly and without bias or prejudice, he undoubtedly will say, first, that one of the outstanding phenomena of the period in which we live was the break-down in national morale, initiative, and the spirit of adventure in America. He will say that America had the money, the manpower, the greatest industrial machine in the world, and the greatest natural demand, and yet America lay down and did not go places. The economic machine was bogged down.

Secondly, the historian will undoubtedly say that one of the primary causes was too much government in the picture; and as another cause he will say that tinkering with the money of America added to the insecurity of that period.

Thirdly, the historian will say that irrespective of the Government in Washington feeding its millions through various channels of the economic order, another cause was that the people themselves had lost confidence in the leadership, feeling that the leadership possessed showmanship and humanitarianism, but lacked practicality and the power to give direction and confidence.

I wish to say to the Senator who just spoke [Mr. THOMAS of Oklahoma] that perhaps in his comment today he has shown us a little direction in relation to some things that we should consider. Let us talk about money. This is the time when we talk more about it and have less of it than at any other time in decades. We know that today it is possible for the President to devalue the dollar so that inflation—and I say that advisedly—may result.

I should like to point out certain historic precedents which indicate the menace in the present governmental efforts. Just what does inflation mean? Most of us can remember that in 1923 Germany used a fabulous number of ciphers in its authorization of marks—in fact, there were five hundred and eighteen millions of billions of marks. I have on another occasion heard the distinguished Senator from Utah [Mr. KING] tell us about that situation, so I shall not delve further into that subject. It would have been cheaper for Germany to have taken a sheet of paper representing the entire German mortgage debt of $8,000,000,000, and used it to light a cigar in place of buying a box of matches. Every one of the German property mortgages could have been paid off for less than one American cent. Remember that that inflation came when the German Government needed money, when it was spending beyond its means, just as our Goverment is now doing.

This is not a new story. Away back in 415 B. C. one of the notorious playboys—playboy statesmen, if you please—of that period succeeded in debasing the Athenian coin to finance a war. Money became cheap, wages dropped, and prices boomed. Then came poverty and pillage. There is a lesson to be learned from that historic example. It is the same lesson we should have learned when we were financing the World War. In these troubled times it is a good idea to remember that inflation always accompanies war, and that inflation is only a step when we entrust too much power to the Executive.

I wish to repeat that statement. Inflation is only a step when we entrust too much power to the Executive. That statement is just as true today as it was 5 centuries before the birth of Christ, when the returning Roman legions forced a Roman inflation which robbed the world of money for six centuries. By A. D. 300 the Roman coin was so debased that the equivalent of about 216 American dollars was required to buy a pound of steak.

Let me state another interesting thing about inflation. The Emperor Diocletian took advantage of the opportunity to fix prices and to adjust wages and hours. We know there were many codes in those days, and we know the kind of N. R. A. the Emperor Diocletian set up. That situation sounds suspiciously like 1930, does it not? The content of the metal moneys was cut, and prices soared so much that a house which once cost about $500 would carry a mortgage for something like $1,000,000. At that rate it can readily be believed that the disintegration of the Empire did not require long. By the sixth century the entire known world was back on a barter basis.

Mr. LEE. Mr. President, will the Senator yield?

Mr. WILEY. I yield.

Mr. LEE. Of course, the Senator fears inflation, as every reasonable person would under certain conditions. Does the Senator not also fear deflation to the same extent? As my colleague [Mr. THOMAS] has pointed out, at the present time the dollar is deflated to the point of 32 cents on the dollar. Is not such deflation just as hurtful as inflating the dollar?

Mr. WILEY. I will answer that question by saying to the distinguished Senator that my idea at present is that we must do everything to stop the American citizen from being more fearful about leadership, to the end that leadership itself will arise and show the way out of the morass in which we are.

Mr. LEE. Mr. President, will the Senator yield further?

Mr. WILEY. I wish to answer the question specifically. As I said a few minutes ago, I was greatly interested in the discussion by the distinguished Senator from Oklahoma [Mr. THOMAS] who talked to us today. I was interested in that particular part of his discussion wherein he stated that he felt that the feeding of good money into the economic current of the Nation could be used to stablize prices. I was particularly interested in that point; but I feel definitely that it would be a step backward further to devalue the coins in this country, silver or gold, more from a phychological standpoint than from the standpoint of the coins themselves, because people are beginning to say, "If you take a nip out of the coin, you are debasing it." Then we take another nip, and pretty soon people will not have confidence in the Government or in the paper of the Government. Finally, we shall tumble over a Niagara.

Mr. LEE. Mr. President, will the Senator yield further?

Mr. WILEY. I yield.

Mr. LEE. If the dollar is today worth $1.32 in terms of commodities that we produce, and we should by law bring the dollar back to 100 cents, would we not be reflating the currency rather than inflating? Inflation would not begin until we had passed the 100-cent mark, would it?

Mr. WILEY. I think there is something to that argument; but again we come to the question of definition, about which the philosopher speaks. As the Senator from Utah [Mr. KING] said the other day, the definition of a reactionary or a liberal depends upon the perspective of the one who is giving the definition. I agree that we want to bring the dollar back to a value of 100 cents; but, as the distinguished Senator from Oklahoma [Mr. THOMAS] said today, there are other causes. We should not make the mistake of seeing an effect and thinking that only one cause contributed to it.

As we think over the problem we must remember that in the United States the Government now really owns all the present and future gold reserves of the Nation and can virtually determine their currency value at its own discretion. That is a kind of state capitalism; and it is just as old as Hammurabi, who wrote a code centuries ago to show us how it was done. This administration has developed nothing new. Hammurabi told the story years ago.

It is well for us to remember that today our Government at Washington can destroy or reduce the real value of all money savings in this country by a single stroke of the pen. Years ago we had a 100-cent dollar. Today, as was shown, we have a 59-cent dollar. Tomorrow it may be a 50-cent dollar. It is difficult to build confidence in that way. All the professorial knowledge and dignity of learned men everywhere will not get rid of the common sense in the breasts of the common people, who want an honest currency, something upon which they can depend.

However, by some peculiar characteristic of human nature, it is apparently difficult for us to learn from the experience of others. When the world finally abandoned the barter system about which I was speaking a few moments ago it immediately fell again into the old ways of inflation. It will be remembered that Marco Polo, who visited at the court of the Kublai Kahn, wrote about the frenzied inflation he saw in the court of that squat, fiery-eyed Mongol murderer.

A classic example of inflation with which we are all familiar is France. Every school child knows the story of how the French Government defaulted 56 times in a period of 200 years. Probably an all-time high was hit in 1795, when 7,000,000,000 French paper bills were sky-rocketed to something like 45,000,000,000. By February 18, 1796, they were stacking the bills in piles and burning them in the public squares in Paris.

It cannot happen here? Just keep on taking a bite out of the coin of the realm every time you think you need some money, and you will find out that eventually you will be stacking it, and when you stack it you are running into trouble.

Now, let us not get the impression that our country was, or is, immune from inflation. Why, we issued $2,000,000' worth of bills of credit within 1 week after the Battle of Bunker Hill. Within 4 years that issue had mushroomed to nearly a quarter of a billion dollars. That was the time when a dollar bill fluctuated between 2 and 3 cents in value. That was American money at one time. Nowadays, probably, the Senate would shake its head in holy horror at the idea of repudiating any part of our ever-mounting public debt. That is just what the Congress did in the fall of 1779. Just the same, 5 months later it provided for redemption at the rate of 40 paper dollars for 1 silver dollar. That is what the Congress did in 1779. That was repudiation with a vengeance—97 percent.

Of course this meant that the average citizen did not want to accept any of this money. I understand from a recent book that in Rhode Island there actually was an incident in which a landlord dashed frantically down the street with a tenant chasing after him with the rent money. It is claimed that Samuel Adams paid something like $2,000 for a new suit and hat, and it was not long after that when shoes were selling for $5,000 a pair. That would be a hardship on some of our dapper Senators today, with their $10,000 salaries.

There are other illustrations of inflation, but these are sufficient to prove our points:

First. That our financial experimentation is not new. In 305 A. D. the Emperor Diocletian resorted to many of the same expedients that we resort to today. So did Constantine; and in 1260 A. D. so did Kublai Khan. They, too, gave a centralized government control of the reserves. They, too, had the power of unlimited taxation of individual and corporate surplus incomes, capital gains and inheritances; any they, too, controlled the credit resources of the country.

Second. That inflation, pillage, and poverty resulted more readily when financial power was strongly centralized.

Third. That financial extremes invariably accompany a war. Probably the corollary to that idea is that in order to keep our Nation out of any great world conflict we should, in shaping our neutrality policies, do everything possible to keep America on an even keel socially and economically. That means that we should do nothing to rock the boat—that in neutrality legislation we should do nothing to crack American markets wide open with skyrocketing prices. I say this advisedly. You will notice that I am not referring to any nation or group of nations. I am thinking in terms of America, and I am saying to you that in terms of conditions "over there" it might happen. Let us see that we do not crack American markets wide open with skyrocketing prices.

Fourth. That inflation almost invariably follows a disproportionate public debt. Right there, the people of this country should realize that when we get into a position

where we owe, and keep on owing, and go in debt, and keep on going in debt, and we do not get anywhere within striking distance of balancing our Budget, we are following a law of human conduct which has been established, that invariably a disproportionate public debt is followed by inflation.

Yes; there are many things that we can learn from history. Today, for example, the Government has complete control and part ownership of the banking system and credit resources of the Nation. That is nothing new.

The great Grecian orator Pericles discussed these same problems on a promontory near the Hill of Mars, where, 500 years later, St. Paul spoke.

Pericles spoke for a government loan, and whooped it up for a congressional roll call. The bill passed, and national debt rolled up to new heights. Inflation followed then, just as it is likely to do today. There was one difference, however. The Greeks of the fifth century pre-Christian era paid 6 percent instead of jamming the vaults with government bonds.

Whenever there have been autocratic governments, the people have been forced to underwrite enormous government expenditures; have been forced to take a large share of government obligations, whether they liked it or not.

That statement still holds good. Our people today have a tremendous involuntary financial stake in the Government. I say "involuntary" because the average man who puts his capital to work in insurance or banks labors under the delusion that he does not have an immediate financial stake in the Government. Actually, of course, the banks and the insurance companies have put a large portion of their deposits into Government bonds.

What does that mean? It means that the average man—the man who is not a Government worker, the man who receives no Government relief, no subsidies, no assistance of any sort—it means that this free American finds that even his financial independence is at stake.

Where once the financial success of the Government was dependent on the prosperity of the average man, the average man now begins to find that his prosperity is dependent on the Government; and that, my dear Senator HATCH, is a danger signal. You did not get that one, but think it over. This growing dependence on government and on Washington is wholly alien to generations of Americans who stood on their own feet.

Oh, I know this is called "reactionary," but it is not. It is just a little horse sense, as Mr. Dooley says, that is pretty hard to find. It has been a gradual change—so gradual that we have hardly noticed it. Remember, my friends, that this dependency paves the way for an autocratic centralized government in which the people can become the slaves instead of the masters.

We are today gravely concerned with European problems. We are worried about foreign "isms" and what they are going to do to America. I believe that the greatest menace to this country comes, not from over there, but from over here.

This is not an indictment of any man or of any party. As a plain statement of the facts no man can deny, however, that the cloven hoof of government is more in evidence in Washington today than it ever has been before during peacetime. We have been so shell-shocked by the protracted depression that we have not realized that free enterprise is now just a fiction.

We realize that government is undergoing a change—that we are now in a kind of hazy socialized "no-man's land" where the employees and dependents of government claim a fifth of everything the average American can produce. The figures shown here today corroborated that statement. They showed, as I remember, that we were paying in government and overhead and in interest something like $27,000,000,000 a year. I think our national income is only about $54,000,000,000 this year, and the interest load and the Government overhead were shown to be $27,000,000,000.

What can we do about this? First of all, we can turn our eyes away from foreign "isms" and arrest the development of any American "ism" that comes around. We can stop giving the people to the Government and begin giving the Government back to the people.

We can begin tapering off from profligate spending, and thus anticipate the inflationary handwriting on the wall.

I know that Republicans are accused, when we say "profligate spending," of claiming that everything that is being done in the name of government is profligate. That is not correct; that is not the claim of thinking Republicans or thinking Democrats. It is conceded that if the Republicans should come into power in 1940 they could not stop spending, they would have to keep on spending, but under that leadership it could be hoped that direction and guidance would come so that the economy of America would be awakened, to the end that 11,000,000 unemployed could get jobs, factories could begin running, and demands for goods be met, and then that we could taper off Government spending.

Mr. LEE. Mr. President, will the Senator yield?

Mr. WILEY. Gladly.

Mr. LEE. Will my affable friend, the distinguished Senator from Wisconsin, offer us something more definite than just the negative statements he has been making about our getting back to such a position that jobs can be given to the 11,000,000 unemployed?

Mr. WILEY. I shall be very glad, if I may have the opportunity, to make that contribution extemporaneously at the end of these two pages of prepared manuscript. I have already said that we should begin tapering off. We can take free enterprise, big and small—and I hope the Senator from Oklahoma is listening—from the lethal gas chamber of Government regulation and Government competition.

Mr. HATCH. Mr. President, will the Senator yield?

Mr. WILEY. Certainly.

Mr. HATCH. I presume the Senator is referring to some existing laws passed during this administration.

Mr. WILEY. Some; yes.

Mr. HATCH. What are they?

Mr. WILEY. I am referring to many other things. I will try to answer both the questions for the distinguished Senator.

Mr. HATCH. I want to know what gas chamber the Senator is discussing which must be removed. For instance, would it be the Securities and Exchange Act?

Mr. WILEY. Will the Senator permit me to follow my course in answering the question?

Mr. HATCH. Certainly; the Senator has the floor, and he may follow any course he desires to follow.

Mr. WILEY. I thank the Senator. I shall repeat my last sentence. Apparently it got under the skin of some on the other side. We can take free enterprise, big and small, from the lethal gas chamber of Government regulation and Government competition. I agree with one speaker who recently said that we must take business and industry from its knees and put it on its toes.

Mr. LEE. Mr. President, will the Senator yield?

Mr. WILEY. Certainly.

Mr. LEE. That is a very fine figure, but I wonder whether the Senator at the end of his prepared statement will name the specific Government agencies which he has in mind. This indefinite, general language is fine, but would the Senator repeal, for instance, the C. C. C. camp legislation? Would the Senator repeal the social-security legislation? Is the Senator prepared to vote against all W. P. A. appropriations? Will not the Senator give us some definite and specific example of what the Senator has in mind when he refers to "lethal chambers," and the Government on its knees and business on its toes, and tell us what businesss will do to give employment to the unemployed, and name specifically the legislation which the Senator wants us to repeal?

Mr. WILEY. I thank the Senator for repeating his former question, and I claim the right to return to the few pages remaining. While I may not guarantee to answer the Senator satisfactorily, I shall, of course, be very glad to attempt to.

We can slash some of the tentacles from an octopus government and narrow Government activities to its vital and legitimate functions. Are there any questions on that?

Mr. BARKLEY. Is the Senator going to name the identical tentacles he would slash?

Mr. WILEY. The Senator wants a bill of particulars?

Mr. BARKLEY. It would be helpful.

Mr. WILEY. Would the Senator want me to produce it this evening?

Mr. BARKLEY. So far as I am concerned I will give the Senator all the time he wants to, to produce a bill of particulars and identify and specify the tentacles he is going to slash off this octopus.

Mr. WILEY. I certainly feel very much gratified to know that I got under the skin of the majority leader. [Laughter.]

Mr. BARKLEY arose.

Mr. WILEY. Or was it his hide?

Mr. BARKLEY. The Senator may flatter himself that he got under my skin, but I am not going to let him stay there. [Laughter.]

Mr. WILEY. I assure the Senator that what I said was more of a pleasantry than anything else, of course. If there is any one whose friendship I have appreciated since I came to the Senate it is the distinguished majority leader, whose courtesy and well-balanced mind have certainly received my esteem on many occasions I have seen the Senator rise, and, though in a dilemma, pick himself up and go forth with perspective and vision. How is that? [Laughter.]

Mr. BARKLEY. I thank the Senator.

Mr. NEELY. Mr. President, will the Senator yield?

Mr. WILEY. I very happily yield to the distinguished Senator from West Virginia.

Mr. NEELY. I wish to inquire whether the eminent Senator is now expressing an obligation of courtesy or nominating a candidate for President.

Mr. WILEY. Let me express my thought so that the papers of the country might have it. I cannot step into the Democratic convention and nominate the distinguished majority leader for President, unless the Democrats will change the rules of the convention. If they will, I shall be glad to step in and do my part. Is the Senator satisfied with that answer?

Mr. NEELY. I am satisfied so far as the Senator has gone, but I hope he will be a little more specific in his expression of approval and intention to support whomsoever the Democratic convention may see fit to nominate.

Mr. WILEY. Does the Senator mean that I should say a good word for all the Democrats in this Chamber? Well, they have all been very gentlemanly to me, and I appreciate their courtesy.

Mr. BARKLEY. Will the Senator amplify a little more and tell us what he means by "this lethal chamber"?

Mr. WILEY. The Senator is not so dumb that he does not know what that means. That means gas. [Laughter.]

Mr. BARKLEY. The Senator is not reducing the amount of gas in production here, by any means. [Laughter.]

Mr. WILEY. I agree. I have had so many distinguished examples here of gas production that I am sure I have learned a little in the 6 months I have been a Member of the Senate.

Mr. President, as has been said, we can stop talking about men in uniforms and try to put them back in overalls.

We can stop aiming our taxation program at the national wealth and aim it at our national income—increasing the same.

We can look at the agricultural program realistically. We can stop trying to reestablish business prosperity by artificially and temporarily pegging agricultural purchasing power. We can revise the order by generating a little steam for business and agriculture, which will, in turn, create further demands and better prices for agriculture.

We can scrap a farm doctrine of scarcity that has been unsound from the Biblical days, when grain was stored in the fat years for the leans years ahead. We can look for new uses, new outlets, and new products for the farm-production facilities of the country. We can work for a more diversified agriculture and a foreign-trade policy which has some desirable long-time implications for agriculture. We can scrap the asinine inconsistency of a program that curtails our farmer, while we import in mounting quantities. We can stop making America a proving ground for theories which were false thousands of years before the birth of Christ.

Mr. President, Government in the last 6 years has not done the job. From the low point in the depression in 1932 to the early part of 1938, in the United Kingdom, the national income stepped up 101 percent. During the same time, ours increased only 49 percent. In England, during that time, taxes increased 11 percent. In this country during the same period taxes were jerked up 193 percent. Charity, like economy, begins at home.

I urge that a bureaucratic government be once again made the servant, and that government be given back to the people, and we stop throwing monkey wrenches into our economic and governmental machinery.

Mr. HATCH. Mr. President, will the Senator yield now?

Mr. WILEY. I yield.

Mr. HATCH. Has the Senator concluded the two pages he mentioned?

Mr. WILEY. Yes.

Mr. HATCH. Does the Senator propose to give us the benefit of his extemporaneous remarks, wherein he is going to produce a bill of particulars, and specify?

Mr. WILEY. Will the Senator be kind enough to repeat his question?

Mr. HATCH. It really was not a question; I merely wanted to remind the Senator that, as I understood him, when he was interrupted, especially by the Senator from Oklahoma [Mr. LEE], the Senator from Wisconsin stated that when he concluded with the two pages of prepared manuscript which he was reading he would then extemporaneously reply to the Senator from Oklahoma and give specific instances of things he would do to take us out of this gas chamber, or whatever it was.

Mr. WILEY. I think what provoked the Senators on the other side was this language:

> We can take free enterprise, big and small, from the lethal-gas chamber of Government regulation and Government competition. I agree with one speaker who recently said that we must take business and industry from its knees and put it on its toes.

I stated that at the end of my prepared remarks I would be glad to give the distinguished Senator the benefit of a statement of what I believed would be a curative for the situation in the United States as I see it.

We have manpower in this country, have we not? We have in the banks of the country, as was stated today, $4,000,000,000 of idle money with no place to go. We have in this country today the greatest unsatisfied demand for goods the world has ever known, estimated by one authority at $35,000,000,000. We have in this country today the greatest industrial plant on the globe. Even Germany's efficiency today does not compare with the great manufacturing units of ours, which are not producing and giving jobs and which are not filling the demand. We have the men, we have the money, we have the demand, we have the plants to produce. Why do we not "go to town?" There is the question in substance.

Senators, listen. Back in 1932 the Democrats of this Nation framed a beautiful program in which their party candidate for President flew to Chicago and on the convention platform in Chicago he agreed that the Democratic platform set forth the needs of this Nation. In other words, he agreed with the Democratic Party's medicine doctors that the platform provided the way out of our difficulties, and during the first 6 months of the present administration the Democratic Party followed through. The administration started in a wonderful way to balance the Budget. The administration begat in the people of this country a feeling of confidence. And when that magnetic voice of your President said, "The only thing we have to fear is fear itself," he spoke words of confidence and cheer which warmed the hearts of the people of America. We believed in him, Republicans and Democrats. Everyone did. For a period of 6 months afterward, at every press conference, according to Mark Sullivan, whenever the newspapermen asked the President what the program was, he said, "Look at our platform." And ever since those 6 months

you have broken every pledge of the platform. You have not balanced the Budget. You have not started the wheels of industry. You have not cut the taxes, as you said you were going to. You have not taken your own medicine. With what result?

I am not speaking in a personal manner now. I am saying to you that in this country today—and I am answering the question that was asked me now—the trouble with America is the existence of that same fear which the President said he realized existed, and which he would cure. That fear means just this. The people simply do not have confidence in your leadership. They do like the magnetism of this man. They do like his courage. But in 7 years of activity he has demonstrated that his leadership does not produce results. That was demonstrated in my State, as I illustrated here on a previous occasion, when a former Democrat, a contractor, said that in 1936 he was voting Democratic again because the President had not had time enough. In 1938 he said, "No; I am voting Republican." I asked him "Why?" He answered, "Mr. WILEY, if you gave me $5,000 with which to build a house, and you went away and in 2 months returned and I had been out on a hell of a jag, and spent the money, and had not even dug the basement, what would you do to me?" I said, "I would fire you." He said, "That is what we are going to do with this leadership."

It is the same thing that was demonstrated by the Senator who had the floor today, when he showed that you have not demonstrated results that you wish you could produce.

The question may be asked, What is needed? It is a leadership which will beget confidence in the people, which will cure the existing fear, whose program will be certain and definite, who will start the people on the way, so tomorrow this Nation will know where it is going. Not a leadership which vacillates and changes every day, so the farmers, the bankers, the merchants, the businessmen do not know where we are going tomorrow.

No; we need a leadership which will beget confidence and courage and will give direction. That is what is needed. Perhaps I have not answered the Senator's question, but I have tried to tell how I feel about the matter.

What I had read, and concerning which I asked the question, was this:

> We can take free enterprise, big and small, from the lethal-gas chamber of Government regulation and Government competition.

Mr. President, Senators know what I mean by "Government regulation." That is plain to everyone. One of the great things to be done under this leadership is to instruct that little fellow as to who is doing the regulating; that when the businessman comes to him, this little fellow is not the master. He is the servant of this businessman. He is the servant of industry. He is the servant of these other folks. But in 6 or 7 years there had been built up in this country a bureaucracy—a bureaucracy which one of your own Democrats, who said he had been in Russia, said that even Stalin spoke of as an octopus. That octopus, if it were efficient, if it were constructive, if it were going about the business of being helpful, would do something. But instead of that it has become the master. That is part of this regulation that has to be cut out.

The other phrase is "Government competition." Senators know what I mean by that. There is nothing that the Government has gone into in the last 6 or 7 years that has not taken the heart out of everyone who is competing with Government. Why? Government generally gets the use of money free. Government has the open way. Government shoves aside, so that the result is, as some of the best economists have said, that there is not a capital segment of this country, including insurance and banking business, and everything else that has not been impaired, with a consequent loss in capital structure running into hundreds of millions of dollars.

Senators know what I mean by that expression "Government competition." It is a generality, of course; but it is felt deep down in the hearts of the people of the country that Government competition has become rotten, and is injurious to the general welfare and to the future of this country.

Perhaps I have said enough.

I thank the Senate for its attention.

Mr. HATCH. Mr. President——

Mr. WILEY. Does the Senator want the floor?

Mr. HATCH. I desire the floor for a few minutes.

Mr. WILEY. Does the Senator desire to ask a question?

Mr. HATCH. No. I beg the pardon of the majority leader. The Senator from Wisconsin has made a very able address. However, all those making such addresses in this day and time on the other side of the Chamber and throughout the country at large have failed—miserably failed, Mr. President—to put their fingers on any specific thing, but deal in generalities, their words and phrases being absolutely meaningless.

Even though the hour is late, I do not propose to sit and listen to such criticism and broadcast condemnation of a great President and a great leader without raising my voice in reply. Rather than attempt a long speech at this time, I shall content myself with reading an appraisal of the Roosevelt administration made by one who is not a politician or a Member of Congress, but who sat in the Press Gallery and watched affairs as they have progressed since March 4, 1933, under the leadership of Franklin D. Roosevelt. It is not altogether a favorable article, but it is a fair and impartial appraisal. I respectfully request the attention of the Senator from Wisconsin [Mr. WILEY]. The article is by Raymond Clapper and is entitled "Personal Memo on Roosevelt." I read:

> It's been a long, hard fight, these 6 years since Roosevelt stood on the east steps of the Capitol on a bleak day and took over guidance of a nation that had suffered a complete nervous break-down.

The Senator from Wisconsin speaks of lack of confidence today. He speaks of fear today. Look back to that day in March 1933.

> I sat in the press section that day dictating a running description of that first inaugural. Just a few moments earlier I had finished writing the advance lead on the inaugural message.
>
> During the 6 years intervening I have seen the New Deal unfold in its early glory of great promise. I have reported its long struggle with powerfully hostile forces, seen and unseen, economic and human. I have seen it severely set back by the sudden recession in the fall of 1937. More recently I have seen its morale disintegrate until now even many Democrats themselves foresee repudiation at the next election and are anticipating a Republican President in 1941.
>
> Through all of this time I have seen Roosevelt, sometimes up, sometimes down, now striking with the daring of genius, and again blundering into appalling errors which needlessly undermined the great work he was trying to do, playing cruelly into the hands of his enemies.
>
> Roosevelt is the fifth President whose activities I have reported. None has been perfect, certainly not Roosevelt. Yet to me he stands as a giant of our time—

And the Senator from Wisconsin asks for leadership.

Mr. WILEY. Asks for what?

Mr. HATCH. Leadership. The Senator says that leadership is what the country needs; yet to this impartial observer Roosevelt stands as a giant of our time—

> for the mark of a great man is not an absence of weaknesses, but an abundance of strength. And with it one great gift to the country in these times—his buoyant, good-humored confidence that on March 4, 1933, turned national despair into national courage overnight.

If I may interpolate, a courage restored March 4, 1933, and which still exists today, despite comments such as the Senator from Wisconsin has made today.

> For that gift alone the Nation should be eternally grateful.
>
> I am convinced that Roosevelt's own resilient, inspiring personality has to an incalculable degree sustained the morale of the American people, and that it has much to do now with the fact that, although unemployment and the agricultural problem still present discouraging problems, the American people are not licked, but have their tails up over the dashboard. Imagine, if you can, what would be the mood of the American people today with a sour-puss, hand-wringing defeatist in the White House.
>
> Roosevelt is so close to winning that it would be a most appalling national tragedy if he should fail now. Measures which he has established to improve our democracy would be endangered, perhaps

wiped out, on the ground that no reform is worth keeping if the country cannot prosper under it—and there's sense to that attitude.

But he doesn't need to fail. In and out of the Government the best-informed persons are certain that conditions contain all of the makings of real recovery.

I wish the majority leader would not interrupt the Senator from Wisconsin. I want the Senator from Wisconsin to hear this. I think it will be good for his soul.

Mr. BARKLEY. I apologize to the Senator. I was commenting on some new parliamentary expressions we have injected into the debate.

Mr. HATCH. The Senator from Kentucky was not thinking of the expression, "tails over the dashboard"? I am sure he understands it perfectly.

Mr. WILEY. Mr. President, will the Senator yield?

Mr. HATCH. I yield.

Mr. WILEY. I shall be very happy to have the Senator read the last paragraph.

Mr. HATCH. I shall read it all.

Mr. WILEY. I know the distinguished Senator wants to do my soul good; but I should like to see the country done good.

Mr. HATCH. All right; just listen:

But he doesn't need to fail. In and out of the Government the best-informed persons are certain that conditions contain all of the makings of real recovery. All that is needed is a push from Roosevelt, action that will give to the capitalist and managerial group the same confidence that a large remainder of the population has—or certainly did have—in what he is trying to do.

That is the surest way to save the essential reforms that have been introduced.

This is what I wanted to direct the attention of the Senator from Wisconsin to. He is talking about things that have been done, and he has not been at all specific; but listen to this:

During a remarkably brief period Roosevelt's drive has given us Federal protection for collective bargaining—

Would the Senator from Wisconsin repeal that? No; he would not—

stock market and securities regulation—

Are those the regulations that the Senator wants to repeal? Certainly not.

minimum-wage and maximum-hour protection, social-security legislation, and development of hydroelectric power, which is working an economic revolution in a backward section of the country.

The Senator from Wisconsin does not suggest the repeal of any law which this administration has fostered. I did not hear him suggest any such thing in his remarks.

Mr. WILEY. Mr. President——

Mr. HATCH. I yield.

Mr. WILEY. Apparently my impromptu remarks have been misunderstood in some respects. I meant not in any degree to be disrespectful to the President of the United States.

Let me say that in 1933, when the President was inaugurated, I listened in to that magnificent speech, and I felt the same thrill that the rest of America felt when he said, "The only thing we have to fear is fear itself." But in answer to many of the inquiries of the distinguished Senator from New Mexico, let me say that a man who is hired to do a job and is given 7 years in which to do it is expected to do something when we spend $60,000,000,000.

We expected that the situation in which the President found the country would be remedied, because he and your party said you had the remedy. I say to you that a large percentage of the people now are waking up to the fact that you have not done the job you were hired to do—and which you said you could do. You made some contribution with the people's money; you did; and with the magnificent showmanship that you put forth you did for a time, even as the great circus man Barnum did, fool the public. Now, however, they are waking up to a realization that you cannot carry on in this way; that you cannot keep on spending yourselves further and further into debt, and thus get yourselves out of the hole; or, as I have said before, you cannot dig yourself out of a hole by digging deeper to the extent of four or five billion dollars this year. The people are beginning to realize that what should be done has not been done; and the thing I meant to say a little while ago was that the economic machine has not gotten on the main highway again under your leadership. It is sinking deeper and deeper into the mire under the guiding hand of your political and economic philosophy. In spite of our giving you all the gas you wanted, some $60,000,000,000, you still have 11,000,000 unemployed. You have spent $22,000,000,000 more than you took in. You still have a discouraged and a beaten people, but, thank God, not a people whose morale is entirely gone; it is only dormant. My idea was that we will give you credit for carrying on part of the way and doing the best you know how to do; but you have gone as far as you can, and you have not done the job with the tools we gave you with which to do it.

Mr. BARKLEY. Mr. President, will the Senator from New Mexico inquire of the Senator from Wisconsin who it was that got this machine off the highway in the beginning?

Mr. HATCH. Mr. President, I ask permission at this time to include in the RECORD the entire article to which I have referred.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The article is as follows:

[From the Washington Daily News]

SIX YEARS OF F. D.

(By Raymond Clapper)

Personal memo on Roosevelt:

It's been a long, hard fight, these 6 years since Roosevelt stood on the east steps of the Capitol, on a bleak day, and took over guidance of a nation that had suffered a complete nervous breakdown. I sat in the press section that day, dictating a running description of that first inaugural. Just a few moments earlier I had finished writing the advance lead on the inaugural message.

During the 6 years intervening I have seen the New Deal unfold in its early glory of great promise. I have reported its long struggle with powerfully hostile forces, seen and unseen, economic and human. I have seen it severely set back by the sudden recession in the fall of 1937. More recently I have seen its morale disintegrate until now even many Democrats themselves foresee repudiation at the next election and are anticipating a Republican President in 1941.

Through all of this time I have seen Roosevelt, sometimes up, sometimes down, now striking with the daring of genius, and again blundering into appalling errors which needlessly undermined the great work he was trying to do, playing cruelly into the hands of his enemies.

Roosevelt is the fifth President whose activities I have reported. None has been perfect, certainly not Roosevelt. Yet to me he stands as a giant of our time, for the mark of a great man is not an absence of weaknesses but an abundance of strength. And with it one great gift to the country in these times—his buoyant, good-humored confidence that on March 4, 1933, turned national despair into national courage overnight. For that gift alone the Nation should be eternally grateful.

I am convinced that Roosevelt's own resilient, inspiring personality has to an incalculable degree sustained the morale of the American people, and that it has much to do now with the fact that although unemployment and the agricultural problem still present discouraging problems, the American people are not licked but have their tails up over the dashboard. Imagine, if you can, what would be the mood of the American people today with a sour-puss hand-wringing defeatist in the White House.

Roosevelt is so close to winning that it would be a most appalling national tragedy if he should fail now. Measures which he has established to improve our democracy would be endangered, perhaps wiped out, on the ground that no reform is worth keeping if the country cannot prosper under it—and there's sense to that attitude.

But he doesn't need to fail. In and out of the Government the best-informed persons are certain that conditions contain all of the makings of real recovery. All that is needed is a push from Roosevelt, action that will give to the capitalist and managerial group the same confidence that a large remainder of the population has—or certainly did have—in what he is trying to do.

That is the surest way to save the essential reforms that have been introduced. During a remarkably brief period, Roosevelt's drive has given us Federal protection for collective bargaining, stock-market and securities regulation, minimum-wage and maximum-hour protection, social-security legislation, and development of hydroelectric power which is working an economic revolution in a backward section of the country.

Now is the time to digest these reforms, to adjust their functioning, and above all to bring back into the American team the private entrepreneur group which in the long run is the most potent economic sparkplug in a private capitalist system. Roosevelt will prove his own worst enemy if he fails to take this last step toward consolidating his monumental work.

I once described Roosevelt as a living symbol of democracy who is trying to subdue the ugly facts of society to some more rational scheme of things, who wants to bring about in his time a world which shall venture some few paces on into the vistas of hope which science and man's ingenuity have opened to us. He has the stuff to make the grade, more of it than anybody I have seen in the White House, and I hope he makes it.

Mr. HATCH. Mr. President, I do not want to take further time, but I desire to ask the Senator from Wisconsin this question: He says we spent $60,000,000,000. Is the country worth $60,000,000,000?

Mr. WILEY. That begs the question. Have you done the job?

Mr. HATCH. Is your country worth $60,000,000,000?

Mr. WILEY. I say to the Senator, that begs the question. You promised to cure the patient, and the patient is running a terrible fever.

Mr. HATCH. Is your democracy worth $60,000,000,000?

Mr. WILEY. I say, the Senator begs the question.

Mr. HATCH. The Senator from Wisconsin refuses to answer—why, I do not know, because this country is worth $60,000,000,000 to me. This form of government is worth $60,000,000,000 if we can measure democracy in this country in terms of dollars and cents.

What I am saying to the Senator from Wisconsin is that throughout the years of Republican administration prior to March 4, 1933, America was gone. Every institution that you prized most highly, and about which you talked so loudly, was down in the depths. Free government itself was hanging in the balance in this country on March 4, 1933. Franklin D. Roosevelt and the Democratic Party saved the country, and saved free government here. There is not any argument on that point, and, regardless of what the Senator thinks, I think it is worth $60,000,000,000 or any other sum. When the Senator stands on the floor of the United States Senate and says it is not, and says it has all been wrong and must be corrected, let him put his finger on what is wrong and what he would do to correct it.

Mr. WILEY. Mr. President, the distinguished Senator has now, I think, fallen to the level to which he claims I fell in being prejudiced or biased. Even his great President recognizes that the so-called financial debacle in 1929–32 was not the result of the actions of the Republican Party or any other party. It was the result of world conditions.

The President has so stated in his speeches of late, especially after we had another "recession" for which you people would not claim any credit.

I mean to call no names or indulge in personalities. The issue is bigger than that.

However, the people are awake as never before. They remember the beautiful promises made and they are awake to the lack of performance. They remember the lack of cooperation given the Republican President in time of national distress after 1929 by your party and the "paintbrush methods" used by your party during the campaign of 1932. "Chickens will come home to roost."

ANSWERING THE SENATOR'S QUESTION

Is this country worth $60,000,000,000? Well, if you think you can measure this country in terms of dollars, that is a new Democratic policy. We Republicans do not believe that you can. You have built everything on a money consideration. Perhaps that is why you have failed. We think this country is greater than all the dollars and all the money wealth you can add together. We are trying to see that the real values of democracy obtain and live; I mean the morale of a people; the great dynamic values of the Bill of Rights and they are some of the things that are now imperiled; that now are being jeopardized, by pursuing some of these economic and political policies that have gotten us nowhere except up blind alleys.

The hour is late. I shall be glad to continue this argument at another time.

Mr. BARKLEY. Mr. President, in this connection it may be interesting to call attention to some figures showing the percentage of government expenditures in this country in proportion to total income from 1890 down to 1938, including all expenditures of government, Federal, State, and local.

In 1890 the amount represented 8.2 percent of the total realized income of the people. That percentage of expenditure out of total income increased until 1932, the last year of Mr. Hoover's administration, when it amounted to 37.1 percent of the total income of the American people.

From 1932 to 1937, inclusive, the percentage decreased from 36.1 percent to 31.2 percent under the administration of Mr. Roosevelt. That represents the total percentage of all governmental expenditures, Federal, State, and local, in comparison to total income. The percentage for 1938 was 35 percent even, which was 1.1 percent less than the percentage for 1932, notwithstanding all that is complained of in regard to the expenditure of Federal money out of the Treasury of the United States for recovery purposes.

The total income of the American people dropped in 1938, probably very largely because of the drastic curtailment of Federal expenditures. Although the total amount of money expended by all government declined from $17,150,000,000 in 1937 to $16,600,000,000 in 1938, because of the drop in national income, the percentage of all government expenditures for that year was 35 percent of the total realized income.

So, notwithstanding all this terrific onslaught against the Federal Government for its expenditures, when we consider the amount of money spent in this country for all sorts of government, it has declined in proportion to income since the year 1932 and since the 4th of March 1933.

I ask unanimous consent to have printed at this point in the RECORD the table to which I have referred, taken from the New York Mirror of the 16th day of June 1939, showing the percentage each year from 1890 to 1938, inclusive.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The table is as follows:

WHEN HOOVER TOPPED F. D.

United States Government spent bigger share of national income in 1932, Hoover's last year, than any year since.

Total Government expenditures compared with realized private national income

Year	Government expenditures [1]	National income [2]	Percent
1890	$855,000,000	$10,400,000,000	8.2
1903	1,570,000,000	17,691,000,000	8.9
1913	2,919,000,000	28,391,000,000	10.3
1923	8,918,000,000	57,213,000,000	15.6
1928	11,077,000,000	65,653,000,000	16.9
1929	11,709,000,000	68,872,000,000	17.0
1930	12,037,000,000	61,968,000,000	19.4
1931	12,479,000,000	50,066,000,000	24.9
1932	13,417,000,000	37,132,000,000	36.1
1933	12,232,000,000	35,074,000,000	34.9
1934	14,449,000,000	40,205,000,000	35.9
1935	14,931,000,000	44,037,000,000	33.9
1936	17,047,000,000	49,852,000,000	34.2
1937	17,150,000,000	54,959,000,000	31.2
1938	16,600,000,000	47,468,000,000	35.0

[1] Aggregate of Federal, State, and local governments.
[2] Estimates of the National Industrial Conference Board.

Believe it or not, in 1932, before the New Deal started on its spending spree, Federal, State, and local governments spent 36.1 percent of the realized private national income. The highest proportion since then was 35.0 percent in 1938. Charts reprinted from the special New York issue, honoring the King's visit, of the London Times.

APPROPRIATIONS FOR CIVIL FUNCTIONS OF THE WAR DEPARTMENT

The PRESIDENT pro tempore laid before the Senate a message from the House of Representatives announcing its action on certain amendments of the Senate to House bill 6260, which was read, as follows:

IN THE HOUSE OF REPRESENTATIVES,
June 20, 1939.

Resolved, That the House recede from its disagreement to the amendments of the Senate numbered 5 and 7 to the bill (H. R. 6260) making appropriations for the fiscal year ending June 30, 1940, for civil functions administered by the War Department, and for other purposes, and concur therein; and

That the House recede from its disagreement to the amendment of the Senate numbered 6 to said bill and concur therein with an amendment, as follows:

In lieu of the matter inserted by said amendment, insert a colon and *"Provided further*, That the conditions of local cooperation for the Memphis, Tenn., flood-control project, authorized by the Flood Control Act approved August 28, 1937, shall be so modified (without increasing the total estimated construction cost of the project) that the cost of providing pumping stations and outlet works for interior drainage shall be borne by the United States, all in accordance with the plans to be approved by the Chief of Engineers."

Mr. THOMAS of Oklahoma. Mr. President, the House agreed to the Senate action with an amendment to one item of the Senate. This item had to do with the authorization for the construction of a flood-control project at Memphis. The plan for the construction of the project has been somewhat changed, and the amendment placed in the bill by the House, to which we are asked to agree, provides that the total cost under the present plan cannot be greater than the cost of the construction of the project under the old plan. I move that the Senate concur in the amendment of the House to the amendment of the Senate numbered 6.

The motion was agreed to.

OKIE MAY FEGLEY

The PRESIDENT pro tempore laid before the Senate the action of the House of Representatives disagreeing to the amendment of the Senate to the bill (H. R. 875) for the relief of Okie May Fegley, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. LOGAN. I move that the Senate insist upon its amendment, agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the President pro tempore appointed Mr. ELLENDER, Mr. SCHWARTZ, and Mr. TOWNSEND conferees on the part of the Senate.

EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDENT pro tempore laid before the Senate messages from the President of the United States submitting two nominations of district judges, which were referred to the Committee on the Judiciary.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

The PRESIDENT pro tempore (Mr. PITTMAN), as chairman of the Committee on Foreign Relations, from that committee reported favorably, without reservation, Executive B, Seventy-fourth Congress, second session, a general treaty between the United States of America and the Republic of Panama, signed at Washington on March 2, 1936, and submitted a report (Exec. Rept. No. 5) thereon.

Mr. WHEELER, from the Committee on Interstate Commerce, reported favorably the nomination of Leland Olds, of New York, to be a member of the Federal Power Commission for the term expiring June 22, 1944.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nomination of sundry postmasters.

The PRESIDENT pro tempore. The reports will be placed on the Executive Calendar.

If there be no further reports of committees, the clerk will proceed to state the nominations on the calendar.

THE JUDICIARY

The legislative clerk read the nomination of William S. Boyle, of Nevada, to be United States attorney for the district of Nevada, which had been adversely reported.

Mr. BARKLEY. Let the first nomination go over.

The PRESIDENT pro tempore. The nomination will be passed over.

LIBRARY OF CONGRESS

The legislative clerk read the nomination of Archibald MacLeish to be Librarian of Congress.

Mr. AUSTIN. Mr. President, I suppose that nomination goes over under the rule, does it not?

Mr. BARKLEY. No; it does not go over under the rule.

Mr. AUSTIN. Then I suggest that it go over.

The PRESIDENT pro tempore. Is there objection?

Mr. BARKLEY. If there is any good reason why it should go over——

Mr. AUSTIN. Oh, yes; there is very good reason. In the first place, we have arrived at the time of day when I feel sure it would be quite impossible to get a quorum within a reasonable time; and we certainly would not consider this nomination without a quorum call, for I think every Senator knows that it will require long and careful consideration and debate.

Mr. BARKLEY. Of course, I have not any desire to precipitate a long or even a careful debate on the nomination at this hour.

Mr. AUSTIN. I think it would be much more fruitful than some of the debate we have been conducting during the past hour or two.

Mr. BARKLEY. I am not willing to cast any aspersion on the able speech of the Senator from Wisconsin. [Laughter.]

Mr. AUSTIN. I was not referring to the speech of the Senator from Wisconsin.

Mr. BARKLEY. Let the nomination go over.

The PRESIDENT pro tempore. The nomination will be passed over.

COLLECTOR OF CUSTOMS

The legislative clerk read the nomination of James L. Travers to be collector of customs for customs collection district No. 36, with headquarters at Duluth, Minn.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

DEPARTMENT OF THE NAVY

The legislative clerk read the nomination of Rear Admiral Harold R. Stark to be Chief of Naval Operations with the rank of admiral.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask unanimous consent that the nominations of postmasters be confirmed en bloc.

The PRESIDENT pro tempore. Without objection, it is so ordered.

IN THE NAVY

The legislative clerk proceeded to read sundry nominations in the Navy.

Mr. BARKLEY. I make the same request regarding nominations in the Navy.

The PRESIDENT pro tempore. Without objection, it is so ordered.

That concludes the calendar.

ADJOURNMENT

Mr. BARKLEY. As in legislative session, I move that the Senate adjourn.

The motion was agreed to; and (at 5 o'clock and 50 minutes p. m.) the Senate adjourned until tomorrow, Thursday, June 22, 1939, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate June 21 (legislative day of June 15), 1939

UNITED STATES DISTRICT JUDGES

F. Ryan Duffy, of Wisconsin, to be United States district judge for the eastern district of Wisconsin, vice Hon. Ferdinand A. Geiger, retired.

Martin I. Welsh to be United States district judge for the northern district of California, to fill a position created by the act of Congress of May 31, 1938.

CONFIRMATIONS

Executive nominations confirmed by the Senate June 21 (legislative day of June 15), 1939

COLLECTOR OF CUSTOMS

James L. Travers to be collector of customs for customs collection district No. 36, with headquarters at Duluth, Minn.

APPOINTMENT IN THE NAVY

Rear Admiral Harold R. Stark to be Chief of Naval Operations with the rank of admiral.

PROMOTIONS IN THE NAVY

TO BE CAPTAIN

Wadleigh Capehart.

TO BE COMMANDERS

Miles P. Duval	Giles E. Short
Daniel M. McGurl	Staley H. Gambrill

TO BE LIEUTENANT COMMANDERS

John P. Cromwell	Ephraim R. McLean, Jr.
Forrest Close	Walter V. R. Vieweg
Preston V. Mercer	Richard F. Stout
Robert Goldthwaite	Willford M. Hyman
Jack B. Williams	Bernard L. Austin
Wilkie H. Brereton	Joseph M. P. Wright
William M. Cole	John N. Opie, 3d.
Hallsted L. Hopping	Aurelius B. Vosseller
Maurice M. Bradley	Clifford A. Fines
Lester K. Rice	Albert Handly
Stephen G. Barchet	Frank W. MacDonald
William P. Tammany	Warren W. Harvey
Shirley Y. Cutler	Edward W. Rawlins
Rae E. Arison	Gordon M. Stoddard
Bob O. Mathews	Willis E. Cleaves

TO BE ASSISTANT NAVAL CONSTRUCTORS

Howard Z. Senif	Frederic A. Chenault
William F. Petrovic	James H. Terry, Jr.
James A. Brown	John B. Rawlings
Dale F. Pinkerton	Henry A. Arnold

TO BE ASSISTANT CIVIL ENGINEERS

Clement E. Langlois	Kenneth C. Lovell
James A. Coddington	

POSTMASTERS

ILLINOIS

Ralph McLaughlin, Baylis.
Anthony J. Lagod, Blue Island.
Frank W. Clark, Brimfield.
Claude H. Rendleman, Cobden.
Louis J. Albrecht, Dolton.
George A. Wall, Elizabethtown.
Charles H. Greenwood, Flora.
George H. Henken, Germantown.
Fred C. Hall, Griggsville.
Glenn M. Poorman, Humboldt.
George G. Vaughan, Hurst.
Floyd E. Keller, Jonesboro.
Frank J. Zipprich, Kampsville.
Clair T. Carney, Marengo.
Fred D. Hatter, Millstadt.
Leslie J. Smith, Mount Auburn.
Wales S. Stamper, Olympia Fields.
Amiel J. Toelle, Orland Park.
Earl McVicker, Oswego.
Margaret Bradbury, Perry.
Hallie Weir, Pleasant Hill.
John S. Browning, Royalton.
Burleigh A. Murray, Sesser.
Aaron McLain Akin, Thompsonville.

MISSISSIPPI

Mary A. Morris, Coahoma.
Jefferson D. Fogg, Hernando.
Charles P. Mallett, Laurel.
Lee D. Fulmer, Lumberton.

NEBRASKA

Naomi G. Fackler, Burwell.

NEW JERSEY

Edwin Case, Flemington.
Mary Alice Mahony, Haworth.
Margaret Dualsky, Montvale.
James H. Norman, Newfoundland.

OREGON

Frank DeSouza, Medford.
Alonzo I. Hodges, Merrill.
Frederick B. Hollister, North Bend.
Ralph B. Bennett, The Dalles.

HOUSE OF REPRESENTATIVES

WEDNESDAY, JUNE 21, 1939

The House met at 12 o'clock noon.

Dr. G. Ellis Williams, district superintendent of the Washington district of the Methodist Church, Washington, D. C., offered the following prayer:

O God, our refuge and strength, who orderest all things in heaven and earth, look down in mercy upon us as a nation. We seek Thy forgiveness wherein we have strayed from the path of rectitude and duty. Let Thy favor rest upon Thy servants, our President, the Congress, and all who are in authority. Give unto them the spirit of wisdom and understanding; so dominate them that law and order, justice and peace may abide everywhere.

Make our Nation strong and great in the favor of God, and so bless us that we may become a blessing to all nations. We ask it in the name of Christ our Saviour. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate further insists upon its amendments Nos. 1, 14, and 15 to the bill H. R. 5427, entitled "An act making appropriations for the Labor Department for the fiscal year ending June 30, 1940, and for other purposes," disagreed to by the House; requests a further conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. McKELLAR, Mr. RUSSELL, Mr. MCCARRAN, Mr. BANKHEAD, Mr. LODGE, and Mr. BRIDGES to be the conferees on the part of the Senate.

PERMISSION TO ADDRESS THE HOUSE

Mr. ROBERTSON. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

[Mr. ROBERTSON addressed the House. His remarks appear in the Appendix.]

EXTENSION OF REMARKS

Mr. ROBERTSON asked and was given permission to revise and extend his remarks and to include therein certain tables.

Mr. LEAVY and Mr. FULMER asked and were given permission to extend their remarks in the RECORD.

Mr. THOMAS of New Jersey. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a radio address made by me.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. GRISWOLD. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include certain letters in regard to water transportation.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. ANGELL. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

[Mr. ANGELL addressed the House. His remarks appear in the Appendix.]

Mr. ANGELL asked and was given permission to extend his remarks and to include certain tables and short quotations.

EXTENSION OF REMARKS

Mr. HINSHAW. Mr. Speaker, I ask unanimous consent that I may extend the remarks I expect to make in the Committee of the Whole on the supplemental military appropriation bill and to include certain cost estimates from Dr. Clark B. Millikan and a letter signed by five aircraft manufacturers.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. SCHIFFLER. Mr. Speaker, I ask unanimous consent to extend my remarks and to include therein a copy of a letter received from the Honorable Carl Bachmann, a former Member of the House, by the Honorable HAMILTON FISH.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

Mr. IZAC. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein certain editorials on neutrality.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. ALLEN of Pennsylvania. Mr. Speaker, I make the same request.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

SUPPLEMENTAL MILITARY ESTABLISHMENT APPROPRIATION BILL, 1940

Mr. SNYDER. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 6791) making additional appropriations for the Military Establishment for the fiscal year ending June 30, 1940, and for other purposes; and pending that, I ask the gentleman from New Jersey [Mr. POWERS] whether we can agree upon the time for general debate? I suggest that we take 3 hours for general debate and confine the debate to the bill. Is that satisfactory?

Mr. POWERS. Mr. Speaker, I have requests for an hour and a half of time, debate to be confined to the bill. If no further requests come to me, of course, the gentleman's suggestion will be satisfactory. I am wondering, if someone else wants some time on my side of the House, what I would do about it.

Mr. SNYDER. I have not requests for all of my time, and I would be glad to give some of it to the gentleman from New Jersey.

Mr. POWERS. I suggest to the gentleman—and I know it is a rather unusual suggestion—that he give me 2 hours of time and take 1 hour himself.

Mr. SNYDER. I would be very glad, Mr. Speaker, to give the gentleman 1 hour and 45 minutes.

Mr. POWERS. That will be satisfactory.

The SPEAKER. The gentleman from Pennsylvania moves that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 6791. Pending that, he asks unanimous consent that general debate, to be confined to the bill, be limited to 3 hours, 1 hour and 15 minutes of which to be controlled by himself and an hour and 45 minutes of the time to be controlled by the gentleman from New Jersey. Is there objection?

Mr. RICH. Mr. Speaker, I reserve the right to object to ask the gentleman a question about the $50,000,000 item for airplanes. That is an item that might have been omitted from the War Department appropriation bill. I would ask if there are any other items for war that might have been omitted from these appropriation bills by the administration because of the fact that we have now made within this year the greatest preparation for war that we have ever made in the history of the Nation.

Mr. SNYDER. I would just reverse the statement of the gentleman and say that we have made the greatest preparations for continuous peace that we have ever made in this country for the last half century.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The SPEAKER. The question is on the motion of the gentleman from Pennsylvania that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 6791.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 6791, with Mr. BLAND in the chair.

The Clerk read the title of the bill.

The first reading of the bill was dispensed with.

Mr. SNYDER. Mr. Chairman, I yield 20 minutes to myself. This bill represents the last installment of the defense program advocated by the President in his message of last January 12.

A part of that program did not require legislation, and those parts were taken care of in the regular appropriation bill for 1940 and in the second deficiency bill, 1939.

The other phases needed legislation, wholly or in part, and all were held in abeyance until such legislation was enacted. The authorization act was approved April 3, 1939.

Heretofore, as a part of the program, we have provided $30,494,012 in cash and $19,505,988 in contractual authority for the procurement of airplanes, 565, and we have provided $69,738,988 in cash and $46,801,000 in contractual authority for so-called critical items and seacoast defense projects. That makes a total of $100,232,299 in cash and $66,306,988 in contractual authority, or a grand total of $166,539,287.

The bill now before you involves three propositions, namely, educational orders, Air Corps expansion, and expansion of the garrison in the Panama Canal Zone. I shall take up each one separately. The three together call for a cash appropriation of $239,002,500 and contractual authority of $74,497,500. We have not disturbed the contractual authority, but as to the cash amount we have effected a net reduction of $16,804,453.

EDUCATIONAL ORDERS

I shall take up the educational order proposition first. The recently enacted defense legislation authorizes an appropriation of $34,500,000 for the 3 fiscal years 1939, 1940, and 1941, and $2,000,000 per annum for each of the next succeeding 4 fiscal years. We had before us an estimate of $32,500,000, all to be made available at once. Under a former act $2,000,000 was provided for the current fiscal year and the recently enacted War Department appropriation bill for 1940 includes another $2,000,000. Therefore $4,000,000 already has been made available of the $34,500,000 authorized to be appropriated for 1939, 1940, and 1941. That leaves $30,500,000, and we decided that we would not recommend the appropriation of that entire amount at one time. By allowing $14,250,000 now, which we are proposing, there will be available during 1940, including the money in the regular bill, $16,250,000. The appropriation of the remaining $16,250,000 we felt should go over for consideration next year.

This money is used for educating or training commercial establishments in the production of items which the Government arsenals would be incapable of producing or fabricating in sufficient quantities in event of national emergency.

AIR CORPS EXPANSION

The major proposition before us is one designed to bring the airplane strength of the Army up to 5,500 serviceable airplanes. The authorized strength is 6,000 airplanes. Prior to this year the objective had been 2,320 planes. The present proposal calls for 2,290 planes for the Regular Army and 177 planes for the National Guard, a total of 2,467. That number, plus the 784 planes provided for in the regular War Department bill, will give us approximately 5,500 planes by the end of June 1941.

The Army says that of the 5,500 planes, it will not have in operation more than 3,337 planes. The other 2,163 will be held inactive to replace planes undergoing overhaul, and, in the event of an emergency, to fill casualty gaps until industry can get into full swing.

I may say that a restudy of our defense requirements, which takes into account all possible enemy approaches and the effective range of aircraft, calls for the establishment of a new base in Puerto Rico and in Alaska, of larger establishments in Panama and Hawaii, and of new bases in the northeastern and southeastern areas of the United States. These needs are responsible for going beyond the former 2,320 objective.

Of course, additional planes mean additional personnel, and the two mean extensive additional ground accommodations, not alone at the proposed new establishments but at existing establishments, which will be expanded to the extent practicable without creating congestion in the air for operating planes based on such establishments.

For the program in its entirety the Budget asks for a cash appropriation of $185,440,000 and contractual authority of $64,560,000—$250,000,000 all told. With the $50,000,000 already provided, that would carry out fully the President's recommendation in his defense message.

The amount for planes alone is $120,000,000. The amount for housing and Air Corps technical construction is $62,000,000. The amount for personnel is $15,691,000, and the remainder covers a multitude of collateral expenses. The amount for construction will not pay the whole cost. We are advised that it will need to be supplemented by about $23,000,000. Neither will the construction money provide permanent barracks at all places nor housing for all the planes. Except in Alaska, Hawaii, and the Canal Zone, and small barracks at two new depots, all barracks construction will be of a temporary character. It is not the plan at any time to provide housing for all planes because of their metal construction.

The incidental personnel expansion calls for 31,256 additional enlisted men, 311 additional officers, and 140 Reserve officers on extended active duty. Additional Regular and Reserve flying officers will need to be provided later as the new operating planes become available. This demand will be met very largely by expanding flying-cadet training, which will necessitate the employment of civilian aviation training schools. Civilian schools also will have to be depended upon, in part, to train enlisted men as mechanics and radiomen.

I think that presents to you the salient features of the Air Corps proposal.

Now, I want to say to you that the subcommittee was not a unit on going along with the program in its entirety. There was a divided opinion that procurement should be deferred of the number of planes which would be in excess of the operating number until some future time. Frankly I was against that course. However, we have brought to you a compromise arrangement.

Mrs. ROGERS of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. SNYDER. Yes.

Mrs. ROGERS of Massachusetts. Have the sites been selected for the huge airports to be established all over the country? I have a very fine site at Fort Devens, in my district, which has a great many advantages.

Mr. SNYDER. Mr. Chairman, I anticipated the gentlewoman was going to ask some such question, and I am very glad to give her the opportunity to do so. The War Department informs me that they have not been selected.

Mrs. ROGERS of Massachusetts. I hope the gentleman will realize what a fine site that is and use his influence.

Mr. SNYDER. I have visited Fort Devens and I acknowledge that you have a very splendid site there.

Of the additional 2,290 planes for the Regular Army, 1,007 of them, we have been told, will be needed to balance the force of planes to be operated; that is, have a proper type distribution. Merely the difference, or 1,283 planes, would be placed in the nonoperating category. We are proposing, therefore, to provide for the procurement of 1,007 planes unconditionally, and, as to the 1,283, we make their procurement conditional upon the President deciding that all or any part of them are needed in the interests of national defense. You will find the provision on page 10 of the bill, commencing in line 11. Should the President decide that all or any portion of the 1,283 planes are needed, the money and contractual authority are in the bill for their procurement.

Mr. POWERS. Mr. Chairman, will the gentleman yield?

Mr. SNYDER. Yes.

Mr. POWERS. The gentleman says that we are providing money for 1,283 planes in reserve, and that it will be within the discretion of the President to spend those funds when he thinks an emergency arises.

Mr. SNYDER. Yes.

Mr. POWERS. But the committee report definitely states that the committee questions the wisdom of proceeding with the immediate procurement of at least 1,283 planes. If the committee questions the wisdom of that procedure, why should we supply the money in this bill? Why not cut the entire program down by 1,283 planes and then go ahead and use the planes that we are buying now?

Mr. SNYDER. I might say to the gentleman from New Jersey that one good reason for leaving the money in the bill would be that a military need or emergency might arise for the additional 1,283 planes, and Congress might not be in session, and the President would have authority to go ahead and order the planes constructed.

Mr. POWERS. The gentleman certainly does not see any immediate emergency?

Mr. SNYDER. I cannot say. World conditions do not look good to me.

Mr. POWERS. Oh, the gentleman cannot believe that.

Mr. SNYDER. Oh, yes. They look as bad to me today as at any time during the last 3 years.

Mr. POWERS. I do not know where the gentleman is looking, but if the gentleman will really examine the situation he will find that our internal situation is far worse than anything we can expect from the outside. Now, the gentleman certainly is not telling the Committee that we ought to provide money for 1,283 planes to have in reserve, when the gentleman knows that planes become obsolete and obsolescent very quickly. I cannot understand it. Now, who appeared before our committee, who told us there is any immediate emergency? I think this entire thing is nothing but a bubble, and I think the bubble has broken. I may say to the gentleman about national defense, "What crimes have been committed in thy name." [Applause.]

Mr. SNYDER. It is my opinion that the proposition of putting the procurement of these planes in the hands of the President is a very safe and sane one.

Mr. TABER. Will the gentleman yield for a question?

Mr. SNYDER. I yield.

Mr. TABER. Does not the gentleman feel that it is up to the Congress to do the appropriating, and that we should not appropriate until the time comes somewhere near using the money? It seems to me that when the need for appropriating is so slight that we feel we must provide that a certain amount of money should be available, with the President exercising some discretion, that the Congress might very well wait a few months, as long as Congress is still in session, and exercise the discretion itself? What does the gentleman think about that?

Mr. SNYDER. My thought is that it is altogether appropriate that we should appropriate this money and leave its expenditure at the discretion of the President.

Mr. TERRY. Mr. Chairman, will the gentleman yield?

Mr. SNYDER. I yield.

Mr. TERRY. Is it not also true that by giving authorizations now, in addition to the appropriations, we save money, as is so ardently desired by the gentlemen on the other side, by letting the contracts now, and in that way reduce the cost of these planes and other materials?

Mr. SNYDER. That is right.

Mr. CASE of South Dakota. Will the gentleman yield?

Mr. SNYDER. I should prefer not to at this time.

As to having a surplus of planes, that is, a surplus over operating planes, let me say that we provide a surplus of every kind of military equipment in excess of that which would be used by the regular forces of the best types available at the time of procurement irrespective of what foreign governments might be using. We pursued that course as recently as the last deficiency bill, approved the 2d of last month, in which $110,000,000 was carried to buy a variety of so-called critical items which it would take us a long time to get should an emergency arise. If that course were not followed we should find ourselves, in the event of emergency, with no equipment for the additional personnel which would be immediately recruited. We have military equipment in the development stage all the time and the same is true of airplanes. If we should wait for something better on the horizon we never would have a reasonable quantity of equipment of any kind actually on hand. If we are going to fold our hands and wait for everything that looks promising in the drawing-board stage or the wind-tunnel model stage, we shall always have a paper air force. It is because a waiting policy with respect to airplanes has been pursued in the past that neither the Army nor the Navy has ever been in possession of the full number of airplanes authorized for each service.

If our military experts tell us that we need to have on hand 5,500 planes to insure a reasonable initial measure of air defense, personally, in this day and age, when, as the President said in his message, "There is a new range and speed to offense," I should hesitate to proceed contrary to such advice. Every military expert from the Chief of Staff down who appeared before the committee endorsed this 5,500-plane program. The greatest civil pilot of all time, Col. Charles A. Lindbergh, has endorsed it.

However, as I have previously indicated, we leave to the President the determination of whether or not the full number shall be ordered now or sometime between now and June 30, 1940.

I am not disposed to give much weight to the contention that immediate orders would result in production of planes inferior to comparable types being built abroad. I have great faith in our National Advisory Committee for Aeronautics and in our aeronautical engineers identified with industry and with the armed services, and no one can say before orders for these planes are placed or their fabrication actually commences that an improvement, a change of one kind or another, or the introduction of some new feature will not mean a product the equal of or superior to any comparable plane in use or being built abroad.

During the course of his testimony Mr. Secretary Woodring stated to the committee:

> I do not believe we are going to have obsolete planes. During the period of production, continuous improvements in the design of planes and in equipment will be incorporated by the manufacturers through the medium of change orders. As a result, I believe every advantage will be taken to keep production in step with current improvements.

I should also like to quote from the testimony of General Arnold, the Chief of the Army Air Corps, bearing upon delayed production. General Arnold said:

> All we have to do is to have pursuit planes that are faster than any bombers that might be brought against us. If we have pursuit planes that are fast enough to go against bombers that may be brought against us, then we have accomplished our purpose. In Europe they have a different proposition. There it is pursuit against pursuit. We are building up a defensive force with ships that are much better than their bombers.

The General, I submit, makes a very forceful and persuasive point there and it ties in with Mr. Woodring's statement to the committee that—

> The program is a measure of preparedness against any eventuality, a well-rounded defense program that permits America to speak with authority for peace and should be authorized and started immediately.

Now, I wish to say to you that while this program is going forward we shall not be marking time upon research, both applied and fundamental. The latter may not help this particular program, but the former is being availed of every day. We have added $2,000,000 to the aviation estimate for experimental and research activities. The estimate includes $3,000,000, and $5,000,000 was carried in the regular bill for 1940. The total availability, therefore, will be $10,000,000. In addition to that the Navy will have $9,000,000 next year, and, of course, the industry itself spends large amounts upon research and development. The airplane manufacturing companies spent well over $12,000,000 in their own research plants during the fiscal year 1938.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. SNYDER. Mr. Chairman, I yield myself 10 additional minutes.

EXPANSION OF PANAMA GARRISON

Mr. Chairman, the third and final project has to do with manning our coast artillery weapons in Panama. We have been building up our seacoast defenses on the Isthmus, fixed and mobile; we have provided ammunition storage facilities, and have provided for the ammunition, and now we are asked to provide a part of the manpower.

General Craig told us that Panama "is the keystone in the defense of the Western Hemisphere and must be made impregnable," and yet we have less than half of the manpower in Panama to man the defenses under the cognizance of coast artillery.

The estimate calls for increasing the present coast artillery garrison by 6,400 enlisted men, which carries with it an increase of 960 men in other branches. This would allow a minimum manning detail of one relief only.

Of course, the proposition calls for the provision of additional quarters at existing and new posts, which makes the initial expense quite large. The housing cost is a matter of $23,400,000. The personnel will not be recruited until late in the fiscal year; so the cost for and on account of personnel during 1940 will run around $3,600,000. The normal annual total cost has been estimated to be $8,324,267.

Seacoast fortifications, fixed and mobile, for defense against surface craft, occupy an important place in defense plans. Neither the fleet nor air forces may be relied upon for a full measure of protection. The presence of effective weapons at strategic places ashore affords defense from sea attack in the absence of the fleet or units thereof and during the prevalence of weather of a nature in which aircraft are of little or no value. Their presence, also, frees mobile land, sea, and air forces for the performance of their regular missions. Such weapons, however, have no value if not kept in condition and manned by skilled gun crews.

You may hear it argued that these guns are useless because they have never been fired. The purpose of building up our national defense, whether it be seacoast guns, infantry, air, Navy, or other elements, is to make it highly improbable that any of them ever will be used. I believe it has been that thought, more than any other consideration, which has made the Congress so thoroughly responsive to the defense measures of the present administration. It is that thought and solely that thought which leads me to urge you to support the bill which we present. [Applause.]

In conclusion, Mr. Chairman, I wish to say to the Committee that in weighing all of the evidence bearing upon this entire program—first the earlier appropriation of $50,000,000 for the procurement of 565 airplanes, then the $110,000,000

for "critical" items of equipment, and now this last increment of the entire program, one is forced to the conclusion that the entire program is essential and should be provided in its entirety in the interest of a well-ordered and balanced program of military defense preparation. [Applause.]

[Here the gavel fell.]

Mr. POWERS. Mr. Chairman, I yield 40 minutes to the gentleman from Michigan [Mr. ENGEL].

Mr. ENGEL. Mr. Chairman, duty sometimes imposes upon us unpleasant tasks. It is such an unpleasant task that I have to perform this afternoon. I believe in adequate national defense. As some of you know, I served 27 months during the World War, including 23 months in France and in Germany. I was one of 2,000,000 men who were sent to France totally unprepared and with absolutely no training as a soldier. No one realizes better than I the need for adequate national defense.

However, I maintain that this bill does not provide for adequate national defense. I want to discuss it fairly and frankly and call to the attention of the House certain objections which I believe are vital. This bill was not carefully planned. It was not based upon a careful examination of the requirements of this country. The most amazing thing about it is that the President determined first how much he was going to spend and then asked the War Department how they were going to spend it.

BUDGET FIGURES NOT BASED UPON WAR DEPARTMENT ESTIMATES

I was amazed to learn that the recommendation of the President to spend $525,000,000—of which approximately $210,000,000, now increased to $383,000,000, was to be spent at once—was approved by the Budget Director and sent to Congress by the President before the War Department had approved one item.

In commenting upon the fact that the total cash outlay of this program in 1940 would be more than $383,000,000, or $173,000,000 more than the President said he would request for expenditure prior to the close of the fiscal year in 1940, Chairman SNYDER, of the subcommittee, asked General Craig:

There must be a reason for such a wide disparity between the original estimated expenditure figures and the amounts subsequently determined upon. The President's $210,000,000 must have been based upon figures supplied to him by the War Department. Will you indicate the break-down of the figures supplied by the War Department which were used in arriving at that amount?

To the amazement and surprise of everyone on the committee, General Craig, the Chief of Staff, answered, in part:

The statement as to the predicted withdrawals from the Treasury in the fiscal year 1940 was presumably based upon a tentative estimate by the Bureau of the Budget.

Then he added:

Prior to the submission of the President's message no data as to rates of expenditure were submitted by the War Department.

Mr. SNYDER then asked General Craig:

The War Department did not submit estimates to the Bureau of the Budget for the $210,000,000?

General Craig answered:

To the best of my knowledge, they did not, sir.

The War Department could furnish no such break-down. The following testimony was given before the committee, but was deleted and not included in the printed testimony:

Mr. COLLINS. Where did the President get the figure of $210,000,000 that is going to be expended this fiscal year?
General CRAIG. I do not know, sir.
Mr. COLLINS. He did not get it from you?
Colonel LOUGHRY. I surmise that it was the estimate of the Bureau of the Budget, because we furnished no figures.
Mr. COLLINS. Who gave the estimate to the Bureau of the Budget?
General CRAIG. The War Department did not.

This is the most amazing testimony given before the congressional Appropriations Subcommittee in my experience. Heretofore the estimates of the Budget Bureau submitted to the Appropriations Committee were first justified by the Department asking for the appropriation before submitted to Congress. The amounts recommended were based upon the minimum needs of the Department asking for the appropriation. Heretofore the War Department has always justified before the Budget Director the need for each item, with a specific statement as to what each dollar would be spent for, before it was approved by the Budget Director. We are here apparently adopting a new policy—a W. P. A. policy of spending. The President tells Congress that "the survey indicates that approximately $450,000,000 should be allocated for the new needs of the Army," without determining what those needs are. He tells the War Department, in effect:

We are going to spend $450,000,000 on the Army. You allocate it.

The statement of General Craig that the War Department did not submit estimates to the Bureau of the Budget for the first $210,000,000, nor for the $383,000,000—in fact, for any part of the appropriation—is not conducive to the wise expenditure of Federal moneys.

On February 8, 1938, Major General Westover, then Chief of the Air Corps, testified before our committee—page 418—as follows:

The present Army Air Corps program is a result of such careful analysis and represents the decision of a well integrated and representative group of leaders called together by the President for the sole purpose of inquiring into our aerial defense measures from the standpoint of organization, personnel, and matériel, and to make recommendations concerning those factors. The completion of this program is set for June 30, 1940, and all efforts during the past several years have been directed toward that end.

There was no such careful analysis by the War Department prior to the approval by the Budget Bureau.

Again, he said:

The completion of our program will result in a balanced force which should give the Nation a feeling of security as far as the mission of the air arm is concerned, and will give that arm a feeling of readiness to accomplish that mission should the occasion arise.

I am satisfied from the testimony that when General Westover made that statement, he had all the information as to German progress in aviation that the War Department had at the time of the Munich Conference in September.

Also, on February 8, 1938, General Westover told us—using his own language—that "2,320 planes would be adequate for our National Defense."

The testimony further shows that in June 1938—3 months later—the War Department had plans, according to General Arnold's statement, for 12,000 planes, later he said 10,000 planes, and the record finally said 7,000 planes.

I questioned General Arnold, the Secretary of War, and every officer I could to learn just what had transpired between February and June that made the War Department change their statement so drastically and claim that in June we needed not 2,320 planes but 10,000 planes to adequately defend ourselves from foreign aggression. I received no satisfactory reply. The only thing that I could see that transpired between those two dates was the enactment of a law authorizing more than $1,000,000,000 for naval construction. It is a significant fact that this bill was signed by the President on May 17, 1938, and in June the War Department was making plans for some 7,000 to 12,000 planes. This all occurred 3 months before the conference at Munich, resulting in the rape of Czechoslovakia. The conference at Munich in September, together with propaganda broadcast throughout the country, created a psychology of fear throughout this country, and in the language of General Arnold in a statement to me off the record, "the psychological time had arrived for putting across this program."

PROPAGANDA

The American people received their first information as to the need of an augmented National Defense after the Munich Conference between England, France, and Germany in September of last year. I have never seen such a mass of propaganda sent out to the American people as has been broadcast in various ways since that conference. Congress and the American people have been led to believe that Germany had carefully concealed and camouflaged her airplane factories; that no one knew anything about them. Newspapers and radios pointed to the dejected look on Daladier's and Chamberlain's face when pictures of the conference

were published as evidence that England and France were surprised at the so-called tremendous air force Germany claimed to have.

We were informed that there was danger of Germany attacking this country; that they could come to South America, establish a base there and from there attack the Panama Canal. They even suggested that they might have some base in the vicinity of Cuba and Mexico.

Every time the question of national defense was about to come up in Congress or before a congressional committee some piece of propaganda would be on the front page of newspapers. The day this committee reported the bill out front pages of American papers carried stories of Hitler sending planes over to this country. Active and retired officers of the War Department and Reserve officers wrote stories of the need of the program and the danger of attack from Europe. Even the Chief of the Air Force, General Arnold himself, wrote an article for the American Legion on the subject.

Whoever is responsible for this propaganda has been able to build up a war psychology and a psychology of fear, the result of which was demonstrated by the Orson Welles play over the radio portraying an attack from Mars. A war psychology of this type is dangerous and is responsible for that hysterical condition of the public mind which causes demands to be made upon Congress and the President that we enter a European war, should there be one.

There is no justification for such propaganda. As I stated in January of this year, there is as much chance for an air attack from Europe at the present time as there is from an attack from Mars.

England, France, and the United States knew prior to Munich just what Germany was doing in the construction of planes. Germany's air force was not sprung as a surprise at Munich, as propagandists would have us believe. Colonel Lindbergh testified before our committee, off the record, that he went through the German airplane factories in 1936, 1937, and 1938. He testified that he had with him a military attaché from the American Embassy in Berlin. I asked him whether anyone tried to stop him, and he said "No." I asked him whether any effort was made to conceal anything, and his reply again was "No." He went where he wanted to go and saw what he wanted to see; in fact, he actually flew a German Messeschmidt plane. He testified that on one occasion an aviation expert from France's Army was with him.

While I realize the fact that our military attachés are not always the most efficient and while I realize the fact that the first qualification of a military attaché of an American Embassy is that he must have a rich wife to finance his social activities, I cannot bring myself to believe that such military attachés were so inefficient and so neglectful of their duties as not to give this important military information to the War Department which they received when accompanying Colonel Lindbergh. Either the War Department had the information as to the strength of the German Air Force in 1936, 1937, and 1938 or somebody in the War Department ought to be court-martialed for neglect of duty.

Colonel Lindbergh testified before our committee that Germany and Italy were building short-range bombers intended to carry quick loads of bombs to London or Paris, and that they were not building long-range bombers. I want to emphasize his statement that while a bomber might accidentally come over here, there is absolutely no chance of any air raids being made at the present time from across the Atlantic by a European power.

General Arnold testified at the regular hearings that there was not a bomber built that could go over 800 miles, locate its target, deliver its load, and return. He changed that testimony to 1,200 miles and later to 1,100 miles, but the radius provided for in our air bases is a maximum of 1,000 miles. After Munich and all the propaganda that followed it came the President's message in January, demanding this tremendous national-defense program. We were told that there was an emergency; that we were in danger of attack from Europe; that Germany might get a base in South America and attack the Panama Canal, and even a base near Mexico. A year ago when the big naval bill was passed, the psychology of fear of a Japanese war was used; now it is an attack from Germany. However, those in command of the Army knew there was no emergency. If there was an emergency, Mr. Chairman, why was it that on January 30, 1939—nearly 5 months after the Munich Conference—the War Department had authorization to contract for and the funds with which to build 907 planes, and had this authorization and funds for 17 to 19 months without taking one step to build them? The fact is that there was no emergency. It was simply a campaign of fear; in fact, General Arnold testified that this program was not based upon an emergency and that we had nothing to fear from an attack from abroad.

Major General Strong, Chief of the War Plans Division of the General Staff, in referring to Panama, used the following language:

> The reason is—if an emergency existed, if there was an immediate threat of war, we would send men down there and put them in tents.

In other words there was no emergency.

BILL WILL NOT PUT IDLE FACTORIES TO WORK

The President in his message to Congress on "national defense" on January 12, 1939, stated that one of the primary objectives was to put idle airplane factories to work so that in case of emergency, such factories could be utilized at once in the production of planes. In doing so, he used the following language:

> I suggest that $50,000,000 of the $300,000,000 for airplanes be made immediately available in order to correct the present lag in aircraft production due to idle plants.

This bill will not accomplish this objective. General Arnold in his testimony before the committee, testified (p. 25) that under the present competitive bidding system, there was no assurance that the idle factories will be put into operation.

On the contrary—

He said—

> there would be an extreme overloading on some, requiring two or three shifts per day, while others may remain practically idle for the whole or a part of the 2-year period.

In answer to a question by the chairman of our subcommittee as to whether this program would be of any help to plants which have little or no business, General Arnold replied that some of them may get business, but some of them obviously are not going to get business from this program. He said there were certain idle factories now, as far as Government business was concerned, because of their inability to compete with the engineering forces of others.

I wish to emphasize his statement that the factories that have the money are the ones that are going to get the business. You are going to have this sort of a condition so long as you have the competitive system of bidding, and only by changing the competitive system of awarding contracts to a system of negotiation by the War Department can you expect to put these idle factories at work.

General Arnold's testimony further shows—page 48—that out of the first 571 planes the War Department purchased recently, including, I believe, 442 out of the $50,000,000 appropriation contained in the regular War Department bill, 524 planes of the P-40 type were placed with the Curtiss-Wright Co., while the remainder of 57 planes were given to 4 other companies. If anyone expects that this program is going to increase our industrial capacity to produce planes, they are going to be badly disappointed. A few of the larger companies, like Boeing, Curtiss-Wright, and Martin Cos., are going to get the business, and the others are going to be left out in the cold, because it is obvious that the smaller companies cannot compete with the larger companies in either the research work or in the construction on a competitive basis.

UNBALANCED PROGRAM

My idea of a balanced program is to replace on the average of one-fifth to one-sixth of the air force each year. Let us assume for the sake of argument that we had an air force of 5,500. My idea is to rebuild 1,100 planes each year. In

this way we would always have one-fifth of our air force modern and up to date; one-fifth of the planes 1 year old, 2 years old, and so on. Under this plan we would keep our airplane factories building planes on an even basis, which means economy and efficiency. It would keep our research facilities operating in full force at all times, with one-fifth of the planes modern at all times.

When the present program is completed, according to the testimony of General Arnold, there will have been delivered between July 1, 1938, and July 1, 1941, 4,400 out of 5,500 planes—page 50—leaving only 1,100 planes which would be 4 or 5 years old. When July 1, 1943, comes around we would have 4,400 planes out of 5,500 which would be from 2 to 3 years old and only 1,100 planes which would be modern and up to date. It would therefore be necessary to balance the program and to keep it balanced; to build at least 1,100 planes each a year in 1942 and 1943; in fact, General Arnold said he would ask for 800 planes. This bill does not provide for a balanced program.

THIS PROGRAM PROVIDES FOR FROM 75 PERCENT TO 85 PERCENT RESERVE PLANES

The War Department has come before the committee with a new formula for figuring reserve planes. Heretofore we have always had 12½ percent of reserve planes. The proposal is to build 5,500 planes—3,300 in operation and 2,200 reserves. Up until now, when we figured reserve or spare engines or planes, we took the total number of engines and added 50 percent. For instance, if a certain number of planes had 400 engines and we wanted 50 percent spare engines, we added 50 percent to the 400 and allowed for a total of 600. General Arnold admitted this practice. He also admitted that under this same plan, if we had 3,300 planes in operation and wanted 50 percent reserve, we would add 50 percent of 3,300, or 1,650 planes, making a total of 4,950. Two thousand two hundred planes constitute a 66⅔-percent reserve, because it would replace 66⅔ percent of the operating planes. However, the program does not provide for spare planes for heavy bombers; neither does it provide for spares for advanced training or a number of other types of planes. The fact is that when we take into consideration the planes they actually do provide spares for we will have between 75 percent and 100 percent reserve planes. No one suggested the need for an excess of 50 percent.

MANUFACTURE OF PLANES

In case of war, we could manufacture from 2,500 to 3,000 military planes the first year and probably more. General Arnold testified that we could probably manufacture 2,500 to 3,000 planes the first year, and 7,000 or 8,000 the second year.

Colonel Jouett, president of the Aeronautical Chamber of Commerce of the United States, testified that the airplane factories of the United States could manufacture up to 1,000 planes a month. When I asked him how long before they could turn out 1,000 planes a month, he answered:

Before we could turn out 1,000 planes a month, even with the present planes, it would be 7 or 8 months.

He further testified that they had built during the first 10 months of 1938, 3,325 both commercial and military airplanes; that the big majority of them were military planes, and that 60 percent of the production was bought by foreign countries. By using overtime, they could step up this production considerably. We are now manufacturing planes at the rate of 4,000 a year, 60 percent military.

There is no need for a 75-percent or even a 50-percent reserve air force that will become obsolete every 2 to 4 years.

LIFE OF A PLANE

In the regular hearings before the committee, General Arnold testified as follows (p. 303) in answer to my question as to the life of the various types of planes, including pursuit planes:

The 300-mile pursuit plane of yesterday is almost obsolete today. We believe as a result of changes in design, methods of construction, and materials that from now on until the next few years the life of the pursuit plane will not be much more than 2 years; 4 years at the maximum.

Then he commented upon the fact that a bombing plane has a life of from 4 to 6 years, and maybe as much as 8 years, and then note the following testimony:

Mr. ENGEL. On the average, you would consider the life of all the planes to be about 5 years?

General ARNOLD. We figure at present somewhere between 5 and 6 years as the average life; yes.

Mr. ENGEL. That means it would require an appropriation of 20 percent of the construction cost of the entire air force a year to keep it up?

General ARNOLD. That is approximately correct; yes.

Throughout the regular hearings General Arnold testified that because of the tremendous progress made in the development of speed we could not expect the life of pursuit planes to be much more than 2 years. During the hearings on this bill he tried to tell us that a pursuit plane 4 years old was not obsolete. However, he qualified that statement as follows—pages 51–52:

Mr. ENGEL. Are there any pursuit planes that you have now that are 4 years old that are not obsolete as compared with other planes in foreign countries, taking into consideration the statement that pursuit planes are the most important planes we have?

General ARNOLD. We have some pursuit planes that are more than 4 years old right now.

Mr. ENGEL. Are they obsolete or obsolescent?

General ARNOLD. As far as we are concerned they are obsolete.

Again—

Mr. ENGEL. I was under the impression that you testified at the hearings on the regular appropriation bill that 2 years was the average life.

General ARNOLD. We do not know definitely, but for the purposes of the estimate we have to put down some number of years.

RESEARCH AND DEVELOPMENT PROGRAM

Everyone who testified before our committee emphasized "research and development." Colonel Lindbergh, in his testimony before the committee, part of which is published and part of which is not, placed research and development first and construction second; quality first and quantity second. He testified that we were from 3 to 5 years behind Germany and the European countries in research and development.

Colonel Lindbergh testified:

A few years ago we led the world in both military and commercial aviation, but during the past 5 years the lead in military aviation has been taken away from us, so that today we stand far from the top.

Again—

It is true that Europe leads us by a large margin in military aviation.

Again—

In the field of applied and basic research I feel that it will probably take us from 3 to 5 years to regain our leading position. In order to do that we must concentrate on the problems involved and push ahead as fast as we can, because we are definitely behind.

Again—

We are not behind in quality as applied to workmanship and equipment, but we are behind in quality as applied to the performance of military aircraft.

Germany has five research laboratories. We have one and expect to have two.

Again Colonel Lindbergh said:

Our geographical position does not necessitate the maintenance of a huge air fleet ready to enter war on a moment's notice. We can gain strength by devoting more attention to the quality of our Air Corps than to the number of aircraft it contains. The problems of European countries are entirely different. In Europe it is necessary to maintain facilities for the production of large reserves of military planes. Over here we are not subject to serious attack from the air in the present stage of aviation; and, in any event, we still have the advantage of distance from any great air power.

Again, he said:

Most important of all to us is the matter of quality, and there we should be ahead of any other country, because of the advantage of our natural position. We are the most fortunate country in the world in this respect. That is why I feel it is so important to develop our applied and fundamental research.

He further said:

I do not believe it is either practicable or advisable for this country to attempt to compete with Europe in the quantity production of military aircraft under present conditions.

While it is true that he said 5,500 planes were not too many, it is equally true that he is a member of the War Department and was their witness, and could not very well have said anything else. He was not questioned as to the fact that we would have 8,500 instead of 5,500 planes.

General Arnold testified that—

We cannot maintain pace with the performance of the other air forces if we do not have research facilities.

He testified that—

The only types of aircraft that we have which are definitely superior to foreign types are our heavy bombers or flying fortresses (p. 26).

Incidentally, Colonel Lindbergh told us the foreign countries are not manufacturing heavy bombers.

Despite all this testimony as to the need for research this bill appropriates $10,000,000 for that purpose out of a total program of $450,000,000, or just 50 percent of the amount General Arnold asked for.

PERSONNEL

This augmented air force will require a personnel of 45,000 enlisted men and 4,663 officers. The Appropriations Act of 1940 provided for 13,106 commissioned officers and 165,000 enlisted men for the entire Army, including the air force. This means that when the augmented air force is in full force and operation, it will contain a force of enlisted men that will equal more than one-third of the enlisted men and more than 30 percent of the officers. When we add the fact that flying pay increases 50 percent you will find that nearly 50 percent of the Army pay will go to the air service.

COST

General Arnold testified that this air program would cost $230,000,000 a year to operate, maintain, and replace 5,500 planes—3,300 in the air and 2,200 in reserve. I think before we are through we will find it will cost close to one-half as much to operate the air force as it is costing us now to operate the Regular Army. When you add to this tremendous cost the cost of operating, maintaining, and replacing 3,000 naval planes we will find that the combined Army-Navy air force will cost more than a half billion dollars annually and more than the entire Army cost heretofore, including its aviation section.

SPEED OF PLANES

Everyone knows or should know that the pursuit plane is the spearhead of offense and defense. The pursuit plane goes over the enemy lines to obtain information as to enemy trenches, enemy artillery, emplacements, machine guns, fortifications, and so forth. The pursuit plane is expected to drive off enemy planes attempting to obtain similar information. The pursuit plane protects bombers—light and heavy. Aviators inform me that even a 10-mile differential in speed with everything else equal means defeat for the slower plane and death to its pilot. A 10-mile differential enables a scouting plane to get away from a slower pursuit squadron and it enables a pursuit squadron to overtake a slower scouting plane.

In questioning General Arnold, I took each type of plane that we would have when this program is completed on July 1, 1941, and put down the maximum number of miles per hour for such plane. I then asked General Arnold the type of plane Germany has which is comparable to each particular type we have, and the speed of the type of plane Germany has. I was amazed to learn that when the last plane will be delivered on July 1, 1941, which is the date given by General Arnold, we would not have a pursuit plane that would come within 60 miles an hour of the pursuit planes that Germany is building now.

On July 1, 1941, we will not have one plane that will come within 145 miles an hour of planes we expect built in 1943, if we reach our research objective.

Colonel Lindbergh also gave us the speed of pursuit planes in Germany, which was in accord with General Arnold's testimony, and when Colonel Lindbergh was asked how he knew how fast these German planes were able to travel, he answered that he had flown a German Messerschmidt.

General Arnold further testified that—

Light bombers and medium bombers contemplated for procurement during 1940 are comparable in speed to similar classes of bombers which have been produced in quantity for some time.

I presume in Europe.

However, it is known that experimental types are now under development abroad with speeds exceeding the types now being produced in quantity—

General Arnold said.

In testifying off the record, General Arnold was asked:

If we were so far behind England, Germany, and France in airplane construction, why was it that France came over here to buy some of our military planes?

General Arnold replied that in the emergency France was in, they were ready to buy anything. This testimony was given off the record. In other words, it was only in an emergency that France and England were justified in buying the planes that we had. Are we placing ourselves into a position that we are building anything just to have planes despite the fact that there is no emergency.

On January 30, 1939, General Arnold testified as follows:

Mr. SNYDER. You mentioned delivery delays in your general statement and mentioned in a general way the reasons. It seems to me, General, that before we talk about a 6,000 airplane program, or as many as 565 above the 2,320 total, we would better be bending all of our energies toward speeding up the delivery of the 906 airplanes for which either funds or contractual authority has been available for from 17 to 19 months.

General ARNOLD. I agree with that, although up to the time of the President's message, there was no reason for expediting production. We could take delays, and we accepted delays in order to take advantage of later developments in our production program. It did not make any difference whether we were 6 months or a year behind time, because we did not have the personnel with which to operate the planes anyway, and if we got a few more or less airplanes nobody was concerned.

Again, he testified:

We were waiting until we had the superchargers and a certain type of gasoline pump improved to such an extent that the airplane would give us greatly increased performance (B–17). The supercharger and gasoline pump may not be perfected for another 6 months or a year, and we cannot wait any longer. It is necessary to have the airplanes now. So we have put in the old pump and the two-stage supercharger, instead of the turbo supercharger and given them the go ahead, and they will produce them very quickly. Now we are asking for quantity, and then we were asking for quality.

In other words, Mr. Chairman, this is a frank confession that we are building obsolete planes because we want quantity now instead of quality. Colonel Lindbergh said we should have quality first, then quantity. I maintain that this is absolutely outrageous, to build planes which they frankly confess are obsolete, as the testimony shows that even with our latest developments we are from 3 to 5 years behind European countries. How far behind will we be with these planes in 1941 when completed?

Again, prior to the President's program we had a 12½-percent reserve. If a 50- or 60-percent reserve is necessary now, it was necessary then. Despite the fact that they had funds or contractual authority to purchase 907 airplanes, and had the funds and authority for 17 to 19 months, they took no action. If we require 50 or 75 percent spare planes now, why did they not build these 907 planes and use them as spares, despite the fact that they did not have the personnel with which to operate them?

EDUCATIONAL ORDERS

Everyone concedes that Germany has attained its present air and military power by using to the limit the industrial power within Germany. The War Department program providing for educational orders under the supervision of the Assistant Secretary of War, Mr. Johnson, was intended to mobilize and make available in case of emergency the tremendous industrial power in this country.

To me, the mobilization of the industrial power in case of emergency is the most important part of the program of the President. The plan calls for tools and dies and jigs to manufacture war material in quantities required during wartime. Because of the inability to manufacture such material in quantity required, we were compelled to use the

Enfield rifle and the 75- and 155-millimeter cannon and to discard our Springfield rifle and our 3- and 6-inch cannon.

Only by industrial mobilization and educational orders can we hope, in case of war, to manufacture and supply an army of any size with the arms and ammunition required in wartime. Again, to me, this is the most important part of the entire program. If this bill is passed we will find not only that we are not putting our idle airplane factories at work and that a few large factories are going to get fat contracts, but we will learn that the committee in this bill has cut the educational orders more than 50 percent. The excuse of the committee was that the appropriation for this item was for 2 years, and they allowed for 1 year only. The entire construction program covers a period of 2 years, including the airplane construction. This is the only item in the bill which was cut 50 percent.

I submit that if it is wise and good legislation to appropriate at this time money for a 2-year program on airplanes and other materials, then it is also wise to appropriate for 2 years on the educational orders program. As a matter of fact, unless the War Department can be assured of a second-year appropriation they are going to be seriously handicapped in carrying out this educational orders program.

[Here the gavel fell.]

Mr. KERR. Mr. Chairman, I yield the gentleman 1 minute more in order that I may ask him a question, if the gentleman will yield.

Mr. ENGEL. I yield.

Mr. KERR. In view of the statement made by the gentleman in the beginning of his speech, which was a most excellent one, that he is in favor of national defense, may I ask him if he opposes this program for national defense?

Mr. ENGEL. I am not opposed to the air-base program or the building of the air bases; I am not opposed to the 3,300 planes as the initial force. I am opposed to putting 2,200 planes in reserve when those planes are obsolete.

[Here the gavel fell.]

Mr. KERR. Mr. Chairman, I yield the gentleman another minute to let him complete his answer.

Mr. ENGEL. I am opposed to building these 5,500 planes, or 4,400 in 3 years.

Mr. TERRY. Mr. Chairman, will the gentleman yield?

Mr. ENGEL. Yes.

Mr. TERRY. In view of the fact that the gentleman has quoted Colonel Lindbergh with approval and seems to rely on what he states, I want to call his attention to page 290 of the hearings, in which Colonel Lindbergh said:

> Colonel LINDBERGH. I do not believe it is either practicable or advisable for this country to attempt to compete with Europe in the quantity production of military aircraft under present conditions. On the other hand, we should certainly increase the strength of our Air Corps, and I believe the present plans are very conservative in this respect.

Colonel Lindbergh was referring to the bill that is before us.

Mr. ENGEL. Ah, Lindbergh had not seen the bill, and Lindbergh emphasized quality first and quantity second, while the War Department emphasizes quantity first and quality second.

[Here the gavel fell.]

Mr. POWERS. Mr. Chairman, I yield the gentleman an additional minute for the purpose of asking him a question, or, rather, to reply to the statement of the gentleman from Arkansas [Mr. TERRY]. Certainly, Colonel Lindbergh testified that; but Colonel Lindbergh was brought down here by General Arnold as a proponent of this program. Do you mean to tell me that Colonel Lindbergh, after being brought down here by General Arnold, would say "no" to this program? Read his testimony and you will find out that he states we are far, far behind in technical construction compared with foreign countries and that we are far below them.

Mr. TERRY. Does the gentleman think that giving Colonel Lindbergh a ride down to Washington would purchase his opinion?

Mr. POWERS. Why, certainly not. No one can purchase his opinion. I am surprised at the gentleman's question.

[Here the gavel fell.]

Mr. POWERS. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Chairman, the gentleman from Michigan [Mr. ENGEL] has made a very able and compelling speech to the House. As far as I am concerned, in the few minutes I have, I want to endorse everything he said to the effect that we should not build all our airplanes this year. A large part of this money ought to go for research and experimentation, and we should see to it that we have the fastest, most modern, and the best-equipped fighting planes in the world.

It is claimed that the planes we build now will be obsolete in 2 years. I submit, regardless of party affiliation, or inferences to the contrary, that no nation has the faintest idea at the present time of attacking the United States of America. I do not know of any nation that has the capacity to attack the United States of America if they wanted to. Therefore, why all this hysteria to rush in and build these planes this year, when this money ought to go to research and experimentation in order to have the modern planes available a few years from now when we may need them, because we cannot foresee what may happen 4 or 5 years from now.

I rose to make a statement in these few moments to the effect that I hope some Member of the Congress will offer an amendment to establish a Negro training camp for pilots. I happened to have served with colored soldiers during the war, colored men of America, who served in our Army forces and in our uniform. They faced the same enemy and they were shot by the same bullets. Naturally they require the same training. If we actually believe in adequate national defense, it must be for the defense of all our people, including ten or twelve million colored people in this country, and it should be on an equal basis, on a democratic basis. Therefore, I submit that we should have a provision in this bill setting aside a certain sum of money, say $1,000,000, to establish and maintain an adequate training school for Negro pilots in our country and to prepare them for the next war as an essential part of our national-defense program.

This is consistent, because when we enlist colored troops, or conscript them, we conscript them into colored regiments, and they fight as colored regiments. Therefore, in order to facilitate their training and efficiency, in order to provide adequate training for colored soldiers, an equal training for these soldiers and officers for any future war, and for adequate national defense, I hope some Member of Congress will offer this amendment and that both sides will support it.

Mr. ENGEL. Mr. Chairman, will the gentleman yield?

Mr. FISH. Yes.

Mr. ENGEL. I am informed that 10 percent of the population of the country is Negro. It would be absurd not to utilize that 10 percent of manpower to the fullest extent.

Mr. FISH. I quite agree with the gentleman, and we should use them in all branches of our service, not merely infantry, but artillery, air crops, engineers, and all of the rest, and on an equal basis with all others.

Mr. POWERS. Mr. Chairman, will the gentleman yield?

Mr. FISH. Yes.

Mr. POWERS. I also served with colored troops overseas, and I hope that one of these training schools will be designated definitely as a school for training colored people.

Mr. FISH. I am glad to have the gentleman say that, and I hope that he will offer such an amendment.

Mr. DWORSHAK. Mr. Chairman, will the gentleman yield?

Mr. FISH. Yes.

Mr. DWORSHAK. The gentleman has referred to preparations for the next war. Does the gentleman feel it is inevitable that we shall be dragged into some future war?

Mr. FISH. I do not believe, as President Roosevelt contends, that it is inevitable that we shall be dragged into

another foreign war. I know of no reason why the United States should ever go to war again, unless we are attacked, and I know of no nation that is thinking of attacking us, but am making this suggestion as an important phase of our national defense program.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. POWERS. Mr. Chairman, I yield 20 minutes to the gentleman from California [Mr. HINSHAW].

Mr. HINSHAW. Mr. Chairman, in the brief time allotted me I want to present a very important and quite technical subject. My discussion will refer to that section of this bill which is concerned with experimental orders to industry with special reference to the aircraft industry, and that section appropriating money for the purchase of airplanes for the Army Air Corps.

I feel that I am qualified to speak on this subject as one of the principal airplane-manufacturing plants, that of the Lockheed Aircraft Corporation, located in Burbank, Calif., is in my district, as is the principal airplane experimental and testing laboratory of the west coast, the Guggenheim Aeronautics Laboratory in the California Institute of Technology located in my home city, Pasadena, Calif.

Mr. POWERS. Mr. Chairman, will the gentleman yield?

Mr. HINSHAW. Yes.

Mr. POWERS. Is not the gentleman further qualified by being a retired officer of the Engineer Corps?

Mr. HINSHAW. I am a former officer of the Corps of Engineers of the Regular Army; yes.

When being questioned on the subject of research in his testimony before the Appropriations Committee, General Arnold, Chief of the Air Corps, said, on page 31 of the printed hearings:

> There are three types of research: The basic type done by the National Advisory Committee for Aeronautics, the applied military research done at Wright Field or at the Naval Air Station at Philadelphia, and the applied production research which is generally done by the manufacturer and the civilian institutions. There is no sharp line between them; they all overlap a little.

Then, under questioning by the gentleman from Arkansas [Mr. TERRY], General Arnold developed the idea that he did not approve of spreading the Army's own basic research program among the several universities across the country. With this idea I am in accord, at least so far as our Army and Navy themselves are concerned.

However, as I read his testimony, it appears that General Arnold does not have a very high opinion of the work done by the universities having aeronautical research facilities, for he says, on page 33:

> The main objection to that would be that institutions such as Carnegie Tech, the University of Michigan, California Tech, the University of California, the University of Washington, or the Massachusetts Institute of Technology, all of which have certain facilities for certain kinds of research, are in general used more in connection with production research, or applied production research, than in basic or fundamental research. The basic or fundamental research is done by the man who sits by himself and plays with a thing until he breaks through some sort of veil surrounding it. Then again the funds provided for the financing of universities are used for giving instruction to classes. The work is done by classes. For instance, if you take a design that comes out of the Curtiss Co., they may send it to the University of Michigan, and they say to the University of Michigan, "What can you do with this design in order to adapt it to production purposes?" That, in general, is the way it simmers down. While they do some basic research work, in general they do not.

Now, it is to that subject as it is intimately related to the sections of this bill already referred to that I want to address myself.

First, of the three catagories of research named by General Arnold I shall eliminate number two, the applied military research, as that is a specialized subject properly done at Wright Field or the Naval Air Station at Philadelphia. That is really a special division of applied research and I, therefore, divide research into but two classifications, namely, basic and applied.

Basic research is concerned with fundamental problems not asscciated with any specific aircraft design, while applied research deals with questions arising in the development of a particular design for a particular purpose.

The fundamental tool for experimental applied research in aerodynamics is the wind tunnel and it seems very certain that the wind tunnel's importance in this connection will increase rather than diminish in the future. It, therefore, appears that an immediate consequence of any considerable expansion program for our Air Corps will be the necessity for an increase in the wind-tunnel facilities available for applied research.

To those who may not have seen a wind tunnel, may I explain that it is a large tube, say 10 or 12 feet in diameter, returning on itself, which contains one or more high-speed fans or air propellers that drive the air through the tube at very high velocity. Models of whole airplanes or parts of airplanes are suspended in the stream of air and measurements are recorded on sensitive instruments which to the aeronautical engineer tell the story of how the prototype of the model will act when built and placed in service and operated at air speeds similar to those attained in the wind tunnel.

The importance of wind-tunnel testing of models and parts of airplanes cannot be too strongly emphasized. It can readily be seen that in this way many "bugs" can be taken out of aircraft designs and improvements made in models and parts which will not only promote safety in the completed plane, but vastly increase its performance. To start out and build a plane directly from drafting-board plans would be the height of folly because many of such planes would be wrecked and their pilots killed before the corrections could finally be made. Also, it would be expensive to make the corrections on completed planes and would vastly increase the time necessary to develop the proper characteristics of planes.

So this is the value of applied research. Changes in models can be made quickly and at comparatively small expense between tests in the wind tunnel, "bugs" removed and improvements made which result in manufacturing in quantity lagging behind basic research by perhaps 2 years instead of 4 or 5 years or more.

Now, let me come down to cases. I can only speak for my own section of the country as that is familiar ground.

At the present time about 50 percent of all the airplane building of this country is conducted in a relatively small region in southern California. Practically all of the wind-tunnel testing for the manufacturers in this area has been done in the 10-foot wind tunnel of the Guggenheim Aeronautics Laboratory at the California Institute of Technology in Pasadena, Calif. When their laboratory was built in 1928 it was planned to divide the use of it about equally between basic research and applied research or industrial testing. But in the past several years the demands of the industry have been so overwhelming that it has been necessary to operate the wind tunnel 15 to 16 hours per day, employing two shifts of research workers. Eighty-four percent of the time has been used in industrial testing, leaving 16 percent of the time for basic research.

In the 8 years of its operation to date 138 reports have been prepared covering separate investigations for manufacturers on 50 complete models. Of these 138 reports 60 percent dealt with military or naval plane models and 40 percent with commercial aircraft. These investigations were conducted for 18 different companies, the five major manufacturers accounting for a large majority of the tests. The pressure of work has lately been so great that the testing facilities have usually been reserved for 2 to 3 months in advance.

The major manufacturers just mentioned, and for whom nearly all of their testing is done in this laboratory, are: Douglas Aircraft Co., Santa Monica, Calif.; Lockheed Aircraft Corporation, Burbank, Calif.; North American Aviation, Inc., Inglewood, Calif.; Vultee Aircraft Division of Aviation Manufacturing Corporation, Los Angeles, Calif.; Consolidated Aircraft Corporation, San Diego, Calif.

This group employs nearly 15,000 mechanics and builds about 50 percent of all the aircraft made in the United States.

Now, why tell you all this? The reference to the pending bill is apparent as probably 50 percent of the planes built under this appropriation will be tested in model form in the Guggenheim Aeronautics Laboratory in Pasadena. But the fact of greatest importance is that the air speed in the wind tunnel is only 200 miles per hour. It was built at a time when higher sustained air speeds were only dreamed of. It is hoped that some of the planes contemplated in this bill will reach a speed of 400 miles per hour and perhaps 600 or more at high altitudes. How can models be tested for those high speeds? I understand that a 400-mile-per-hour tunnel is now being completed at Langley Field and in which it is anticipated that basic research is to be conducted. Another is being designed for Wright Field, and incidentally by the head of the aeronautics department of California Tech in Pasadena and head of the Guggenheim Aeronautics Laboratory. But these tunnels are to be for basic research and applied military research.

As General Arnold said in the second quotation read, "The basic or fundamental research is done by the man who sits by himself and plays with a thing until he breaks through some sort of veil surrounding it." Basic research and applied research do not mix very well. In our laboratory in Pasadena they do all the testing that is presented, and if there is available time left over they engage in basic research—catch as catch can—but this is not conducive to sustained advances in basic research. They do it that way in Pasadena because the industry is there and its needs are highly important.

Now, let me speak a moment about wind tunnels and their location in reference to the industry. It is highly important that these testing facilities be located near the several centers of the industry, because, first, there is the time element involved in transportation of models. In the course of tests models may be returned to the factory several times for changes to be made.

Secondly, there is the necessity that they be located within a reasonably short distance from the office of the engineering staff of the manufacturer for the obvious reason that members of the staff need to be in and out of both the laboratory and their designing rooms while tests are in progress.

Thirdly, there is the considerable element of cost involved both in saving delay and in transportation of models and engineering staff. Then there are other important factors that affect the proper location of an applied research laboratory. One of these is the subject of electrical energy. It requires 8,000 horsepower of electrical energy to operate a 400-mile-per-hour wind tunnel. This is enough power for a city of 30,000 people. Unused power available in that quantity is hard to find in the United States. We have it available in Pasadena.

But most important of all is a trained staff of technical aeronautics research specialists available at all times to conduct tests, compute the results, and consult with the engineers of the manufacturers.

The organization which has been developed in the Guggenheim Aeronautics Laboratory of the California Institute of Technology in Pasadena is the result of long experience. The industrial testing is under the direction of one of the members of the institute staff, whose applied research activities are considered as separate from his academic duties. He is assisted by two other members of the academic staff who are part-time members of the wind-tunnel group. Then there are three permanent technical assistants and certain mechanical aides.

Most of the actual running of the tunnel is done by post-graduate students in aeronautics, all of American citizenship. All members of the group are pledged to secrecy regarding industrial testing and are required to have no affiliation with any aircraft company.

It is of interest to note that since 1930 only 141 degrees have been awarded by the California Institute of Technology for post-graduate work in aeronautics. Under the large expansion program contemplated in aeronautics one of the vital problems will be the adequate training of a sufficient number of engineers to do the work, and it is felt that the training received in wind-tunnel testing will be invaluable to these young engineers in their later work.

Someone may ask the question, Why do not the manufacturers run their own wind tunnels? The answer is obvious. A 400-mile wind tunnel costs a million dollars and requires a staff to run it. A technical institution can do the work better and much cheaper.

In conclusion, Mr. Chairman, this program for expansion of our air fleet is either going to be seriously retarded by the lack of high-speed wind tunnels in this country or the planes built will not be adequately tested in model form before being built. Perhaps it is expected that they will be built from prototypes already developed and which will be comparatively obsolete by the time they are in the Army hangars 2 years from now.

While it seems that it is always necessary to replace planes in service, and it is now necessary for national defense to increase the number of planes in our air force, I believe that we are looking at this thing from the wrong end. The first thing we need is research and testing facilities to work the "bugs" out of high-speed planes. If we do not have this research and testing there are going to be a lot of crack-ups, dead pilots, and wrecked airplanes.

Germany has been referred to here as one of our competitors in this air race. Germany has five wind tunnels capable of testing planes up to 400 miles per hour at sea-level air pressure and 600 miles per hour at the reduced pressure of high altitudes.

We have one at Langley Field, another on the draughting board by now for Wright Field. These are for basic research. We have not a single 400 miles per hour wind tunnel in the United States for industrial testing and nothing but a 200-mile tunnel available for the half of the industry that is located in southern California.

I cannot offer an amendment to this bill that can be defended against a point of order which would appropriate funds for the building of three or four wind tunnels for the combined purpose of basic and applied research at technical institutions as I find that there is no specific authorization for such purposes. But I hope to introduce an authorization bill shortly and join with you in urging its early passage. [Applause.]

Mr. Chairman, the following proposal is suggested as solving one of the problems raised by any considerable expansion in the United States air forces. This proposal has been prepared by Dr. Clark B. Millikan, a prominent aeronautical engineer and a member of the staff of the California Institute of Technology. This proposal, multiplied by the number of institutions fitted for applied aeronautical research, and in proper locations throughout the United States, should receive the earliest possible attention of our Government officials and the appropriate committees of the Congress:

(1) To establish, as a national defense measure, an aerodynamical applied research laboratory at the California Institute of Technology under the direction of one or more of the departments of the United States Government, such as the War Department, the Navy Department, and the Civil Aeronautics Authority.

(2) The primary purpose of this laboratory would be to carry out tests for manufacturers engaged in producing airplanes for the Government.

(3) The chief element in the laboratory would be a very modern wind tunnel, whose characteristics would be such as to permit the investigation of the major aerodynamic problems which can be expected to arise in the near future.

(4) The laboratory would work in close cooperation with the N. A. C. A., Wright Field, and the other governmental research agencies concerned with aeronautics.

(5) The details of organization and administration need not be discussed in this preliminary memorandum. It should, however, be pointed out that a somewhat similar cooperative arrangement between the California Institute and the United States Department of Agriculture has been carried on very successfully during

the past 2 years in connection with the latter's "Cooperative Laboratory, Soil Conservation Service, California Institute of Technology."

The approximate characteristics of the wind tunnel which is suggested as satisfying the anticipated requirements are as follows:

Type: Single return, closed working section, capable of compression up to 4 atmospheres or evacuation to one-quarter atmosphere, circular cross section throughout.

Dimensions: Working section diameter, 12 feet; working section length, 18 feet; contraction ratio, 4; over-all length, 135 feet; fan diameter, 18 feet.

Construction: Welded ½-inch steel plate, water cooling on surface and vanes.

Power: Two 4,000-horsepower A. C. motors driving oppositely rotating propeller type fans with adjustable pitch blades. The motors are designed for short period operation at 50 percent overload.

Approximate performance (with motors operating at 50 percent overload of their rated power): Maximum speed at one-fourth atmosphere pressure, 630 miles per hour; maximum speed at one atmosphere pressure, 415 miles per hour; maximum speed at four atmospheres pressure, 260 miles per hour; maximum Reynolds Number at four atmospheres pressure with aspect ratio six model and moderate tunnel wall corrections, 16.5 by 10^6.

A preliminary analysis leads to the following estimate of the probable costs of the wind tunnel, the necessary associated equipment, and the building required to house them:

Tunnel structure, electric drive, cooling system	$420,000
Installation cost of power supply system to eliminate minimum power charge[1]	84,000
Balance systems, shop facilities, associated research equipment	165,000
Building (heating, ventilating, furniture)	200,000
Operating cost during 1 year calibration period before revenue can be expected	85,000
Total	954,000

[1] Based on a very favorable proposal made by the power bureau of the city of Pasadena, which eliminates an annual minimum power charge of approximately $78,000.

Break-down of preliminary construction cost estimate, Feb. 1, 1939

Wind-tunnel shell	$70,000
Corners and vanes	20,000
Tunnel and motor foundations	30,000
Tunnel and motor cooling systems	35,000
Transformers, motors, and speed regulating equipment	$200,000
Motor mounts	10,000
Motor fairings	10,000
Propellers and controllable-pitch hubs	25,000
Compressor	20,000
Total, tunnel structure, propulsive, compressing, and cooling systems	420,000
Power-supply system installation	84,000
2 rigging and balance systems (including mechanical data reduction and curve-plotting equipment)	90,000
Shop and model-building facilities	40,000
Model handling equipment	5,000
Additional research equipment	30,000
Total, balance, shop, and auxiliary equipment	165,000
Building, heating, ventilation, furniture	200,000
Operating cost during 1-year calibration period	85,000
Grand total	954,000

Operating budget for proposed 12-foot, high-speed, variable-density wind tunnel at the California Institute of Technology

[See following for data used in arriving at this budget]

[Based on 250 working days per year and a 16-hour working day with two shifts of workers]

Personnel:	
Part-time services of California Institute staff	$6,000
Managing engineer (full time)	3,600
2 supervisors (full time at $2,400)	4,800
4 technicians (full time, wind tunnel operators and model experts, at $2,000)	8,000
Operating assistants and computers (postgraduate aeronautical students, equivalent to six full-time men, at $1,400)	8,400
1 machinist	2,000
1 electrician	2,000
1 clerk (secretary and stenographer)	1,200
Total personnel	36,000

Operating budget for proposed 12-foot, high-speed, variable-density wind tunnel at the California Institute of Technology—Con.

Maintenance:	
Maintenance of wind tunnel, including insurance for propeller damage	10,000
Shop supplies, electrical and other apparatus repairs and replacement, miscellaneous materials	10,000
Total maintenance	20,000
Power: 20,000 kilowatt-hours per day,[1] 250 working days, 5 by 10^6 kilowatt-hours per year, at $0.0085	42,500
Total power, personnel, maintenance	98,500
Contingencies	1,500
Annual operating budget	100,000

[1] This is based on the assumption that three-fourths of the tunnel's time would be occupied with atmospheric pressure tests at a "standard" operating speed of 250 miles per hour, corresponding to a power consumption of 2,500 horsepower—1,860 kilowatts. Of this 12 hours of tunnel time, 5½ hours are assumed to be actual running time. This gives 10,000 kilowatt-hours. The other one-fourth of the tunnel time is assumed to be occupied with special tests involving full, overload power and often requiring compression or evacuation. Of these 4 hours, 1 hour is assumed to be actual running time at full 10,000 kilowatts. These assumptions are believed to be conservative in that they furnish an estimated maximum average power consumption.

Revenue data on existing Galcit 10-foot tunnel, Dec. 1, 1938

[The testing unit is the "run" normally consisting of a set of observations on a single model configuration at one air speed, measurements being made at 15 to 20 values of 1 parameter (usually angle of attack or angle of yaw) covering the flying range]

Yearly income (last 2½ years)	$32,000
Cost per run (last 6 years)	$22
Runs per year (last 2½ years)	1,450
Average costs of complete investigations (not including model cost):	
4-engined airplanes, 5 (commercial and military)[1]	$8,000
2-engined airplanes, 16 (commercial and military)	2,700
1-engined airplanes, 7 (1 commercial and 6 military)	2,000

[1] Two of these five models are still undergoing tests from time to time, although the prototype airplanes are already flying.

Estimated revenue data on proposed 12-foot high-speed tunnel

Runs per year	2,000
(Obtained by multiplying the present number of annual runs by 16/14 x 1.2, where the first factor represents the increase in the number of working hours per day from the present 14, and the second takes account of the fact that 15 to 20 percent of the 10-foot tunnel's time has been occupied with basic, nonindustrial research.)	
Average charge per run	$45
(Possible for airplanes built on Government contract with wind-tunnel costs included in contract price.)	
Average annual commercial revenue	$90,000
Deficit (annual)	$10,000
Total	$100,000

The above assumes:

(1) A 40-percent expansion in the use of the tunnel.

(2) A 100-percent increase in the cost per run.

Assuming that the number of runs for a complete investigation would remain approximately unaltered, the estimated average costs for such investigations would then be:

4-engined airplanes (see note on these models, p. 2)	$16,000
2-engined airplanes	5,500
1-engined airplanes	4,000

If these estimates are correct the laboratory could in 1 year carry out complete investigations on about 5½ four-engined airplanes, 16 two-engined airplanes, or 22 single-engined airplanes.

Mr. Chairman, the following statement which has been signed by the heads of the five principal aircraft manufacturing companies speaks for itself:

The question of governmental support for aeronautical research on the Pacific coast is currently under active discussion in Washington. It seems highly desirable, in view of the confused legislative situation, that the major aircraft manufacturers in southern California come to a unanimous agreement as to the program which they feel should be supported. The following recommendation prepared with this in mind is endorsed by the Consolidated, Douglas, Lockheed, North American, and Vultee companies:

(1) The most urgent and pressing need at the moment is for an enlargement and modernization of the wind-tunnel testing

facilities available to the manufacturers for use in connection with individual design projects. These facilities should be as close as possible to the factories and should be under the immediate direction of a staff which has had wide experience with this specialized type of testing. In view of the necessity for extreme flexibility and rapid changes in schedule a normal governmental laboratory is not well adapted to this type of work. The California Institute of Technology has for the past several years been engaged in such industrial research with facilities which have now become entirely inadequate. It is, therefore, recommended that Government support be furnished so as to expand these facilities in substantially the manner outlined in the California Institute of Technology proposal of December 1938. A satisfactory and feasible method of carrying this out might be to have the necessary funds voted by Congress to the N. A. C. A. with the understanding that the latter would allocate them to the project in question. The resulting applied research laboratory at the California institute could then be operated under the general supervision of an administrative committee of the N. A. C. A., set up for this and other supervisory and correlative activities. This project could also be included in a more comprehensive plan in which several such applied research laboratories would be established throughout the country where the demand was indicated, all of these laboratories being under the supervision of the administrative committee of the N. A. C. A.

(2) Additional basic research facilities of the type now existing at Langley Field are also needed on the Pacific coast. These could be most effectively utilized in the form of an N. A. C. A. laboratory like that contemplated in the Sunnyvale proposal, but not necessarily there. Some such expansion of the N. A. C. A.'s research activities on the Pacific coast should, therefore, also be supported. Such a Pacific coast N. A. C. A. laboratory should not, however, be thought of as supplanting or eliminating the immediate and very pressing need for an applied research laboratory of the type discussed in the paragraph above.

J. H. KINDELBERGER.
DONALD W. DOUGLAS.
ROBERT E. GROSS.
R. H. FLEET.
R. W. MILLAR.

Mr. POWERS. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. ANDREWS].

Mr. ANDREWS. Mr. Chairman, my comments on this bill will be general, and I should like to repeat what has been said on the floor of the House earlier in this session during the consideration of the authorization bill for this program—that is, that I have been impressed all along by the fact that what we really need, and what would be of the greatest constructive assistance to the War Department, is the adoption by Congress of a more or less permanent year-by-year policy and particularly insofar as the purchase and construction of airplanes is concerned. I believe the situation in which we find ourselves today is largely our own fault, and the fault of previous Congresses; and the lack of a fixed general policy under which the War Department has suffered for 10 or 15 years by subsisting on "skimmed milk," so to speak, which makes it necessary to purchase a large number of airplanes at the present time. I cannot help but feel that our willingness to go all of the way and provide a total of 5,500 or 6,000 planes at the present time is due largely to the fact that we realize our shortcomings in the past and that in our desire to build up quickly we are overlooking the most important consideration of obsolescence. Insofar as the War Department and the Air Corps is concerned, we cannot blame them for requesting the number of planes referred to, for they are only human. They know it would be a better and a more intelligent way to purchase over a period deferring some contracts until later, but from past experience with Congresses, there being no set program or policy to be depended on from year to year, they are obliged to ask for all of these planes now when it is reasonable for them to expect to get them.

It is only natural, therefore, that you find the airplane manufacturing companies, who are the beneficiaries of our policy, strongly in favor today of receiving orders for all of these planes at the present time.

I want to quote from certain sections of the remarks of Colonel Lindbergh before the subcommittee, in which he stated:

I feel that we have a great natural advantage in the United States, and that consists of being able to place a large portion of our military reserve in the quality of our aircraft. Our geographical position does not necessitate the maintenance of a huge air fleet ready to enter war on a moment's notice. We can gain strength by devoting more attention to the quality of our Air Corps than to the number of aircraft it contains. The problems of European countries are entirely different. In Europe it is necessary to maintain facilities for the production of large reserves of military planes. Over here we are not subject to serious attack from the air in the present stage of aviation; and, in any event, we still have the advantage of distance from any great air power.

Most important of all to us is the matter of quality, and there we should be ahead of any other country because of the advantage of our natural position. We are the most fortunate country in the world in this respect. That is why I feel it is so important to develop our applied and fundamental research and to regain the leading position we once held.

I am not going to argue or haggle over whether we get the last 500 or 600 or 700 or even 1,000 planes now, but we should in the next session of this Congress enact a sound and fixed program for year-to-year purchases. I do favor increasing the appropriation for research beyond that which is covered in the current fiscal bill for the War Department, and I believe by deferring some contracts we should leave ourselves free to take advantage, in our contracting for some of these planes, of the developments which we might reasonably expect from the comparatively large sums we are going to expend for experimental research this year.

I shall therefore favor an amendment deferring our contracts for at least a portion of the planes for which we are to contract.

I yield back the balance of my time.

Mr. SNYDER. Mr. Chairman, I yield 12 minutes to the gentleman from Kansas [Mr. HOUSTON].

Mr. HOUSTON. Mr. Chairman, it is my intention to outline briefly the urgent need, as I now see it, for the 5,500 airplanes authorized for the Army Air Corps and provided for in part by the supplemental military appropriation bill for 1940, H. R. 6791. This bill provides, among other things, for the procurement of airplanes, together with related equipment and services, to be an accomplished fact sometime during the fiscal year 1941, which begins 1 year from the coming July 1.

A study of the hearings before the subcommittee shows it to be unwise to stagger or delay the procurement of these airplanes. It is clearly evident that the aircraft manufacturing industry can produce them more cheaply if given quantity orders which will permit much of the work to be done by effective tooling and long-range planning that will be of inestimable value to the Air Corps in fulfilling our national-defense program.

The hearings conclusively show there must be a reserve supply of aircraft ready in the event this country is attacked. It must be ever remembered and clearly understood that this Air Corps expansion program is for defensive purposes only.

Evidence so far obtainable on the recent operations in the Far East and in Spain indicate that aircraft losses amounted to approximately 50 percent per month. World War figures show, as stated by Colonel Gorrell in his testimony before the subcommittee of the Committee on Appropriations, that the life of a pursuit plane at the front was about 30 days, day bombardment and observation about 60 days, and night bombardment about 90 days. We may, therefore, expect that 50 percent or more of the pursuit planes herein provided for and to be used in our tactical squadrons will have been used up by the end of the first month. It is possible that our bombardment may have a longer life. Reserve aircraft provided for in this act will help to fill the gap, but there still remains, because of the modesty of the program under consideration, a gap between the airplanes available at the end of 60 days and the production programs now possible in our aircraft industry.

There has been much comment on the possibility of building obsolete aircraft. Experts say an air force will always be from 50 to 60 percent obsolescent. If a nation waited until it could build only the latest models, it would never have an air force, because of the rapidity of improvements in design. No nation which waited for the very latest developments would, therefore, ever be prepared to produce aircraft in any sizable quantity consistent with an emergency. Aircraft design and manufacturing is a continuing process, requiring research, engineering, and manufacturing skill beyond the ordinary.

Colonel Lindbergh, after a survey of aviation in Europe and the United States, reports Europe leads us by a large margin in military aviation and qualifies this general statement in the following manner:

> We are not behind in quality as applied to workmanship and equipment, but we are behind in quality as applied to the performance of military aircraft. In quantity, however, we are not in a position of being able to produce in this country on a peacetime basis as much as is now being produced in Europe. The production of military aircraft in Europe today is far ahead of the present production in the United States.

Colonel Lindbergh further states that:

> Our geographical position does not necessitate the maintenance of a huge air fleet ready to enter war at a moment's notice. We can gain strength—

Says he—

> by devoting more attention to the quality of our Air Corps than to the number of aircraft it contains.

I was much interested in this reference to quality and numbers for I wanted to know if the 5,500-airplane program was in excess of Colonel Lindbergh's estimate. I got in personal touch with the Colonel and learned directly from him that 5,500 airplanes accounted for in the authorization bill and provided for in the bill now before us is a very modest program and entirely in line with his testimony, which says:

> We should certainly increase the strength of our Air Corps and I believe the present plans are very conservative in this respect.

Colonel Gorrell, chief of staff of the aviation section of the American Expeditionary Force, testified that the American Army Air Force in its initial activities was a failure in the Mexican Expedition of 1916 and in the World War of 1917.

Within 2 months after the Pershing expedition entered Mexico in 1916, every plane was out of commission and two troops of our cavalry were massacred at Carrizal because there was not a single reserve airplane. This provides our first example of inadequate aviation preparation.

The World War building program was based upon an air force of 4,500 American planes on the Western Front, but America did not get up to the required monthly production rate until the armistice was signed, 18 months after we entered the war—our second example of inadequate aviation preparation.

The best analogy of our attitude toward the time element required for building an air force was recently presented to me by a friend who said that the American people are mail-order minded and expect delivery of everything from an ax to an airplane after filling out an order and attaching the required remittance. This cannot be applied to aircraft built under the rigid specifications and requirements of our War Department, and I do not want my son or your son flying military missions in any but the best equipment, built and maintained under the most rigid specifications and requirements. Manufacturing plants must have time and money for research and planning, and they must have orders of reasonable size to plan and tool for our national defense requirements.

Most of the primary training planes built for our Army Air Corps during the past 4 years have come from a factory in my district. One hundred and thirty of these training planes have been built during the past 4 years, of which the largest order was for 50 units which provides but an infinitely small measure of the experience and tooling equipment necessary to build the five or six thousand training planes that would be required within 12 months after any emergency occurred.

We should also develop and increase the number of our research facilities. The testimony to which I have previously referred shows that we are now from 3 to 5 years behind Germany and other European countries in our research program. The logical place for these increased research facilities would be on the west coast and the central or intermountain region. Two additional facilities would adequately supplement the work now being done at Langley Field—at least for the present.

I deplore the necessity of appropriating apparently large sums of money for what some will call instruments of death and destruction, but world conditions force us to spend for defense. The state of political tension throughout the world and the augmentation of armament by all world powers make it necessary for our Army Air Corps to have a strong and balanced combat force with sufficient reserves for effective and sustained operation. The major portion of this force will be stationed within the continental limits of the United States for defense of our land and coastal frontiers, and I hope this Congress will move with all possible speed toward the accomplishment of this program and thereby add materially to the security of our Nation. Equip and plan our Army for defense, our Navy for defense, and our Air Corps for defense—a balanced defense to the end that American liberties, American freedom, and American institutions and ideals shall be, will be, and can be preserved and perpetuated for our sons and daughters and others to follow. We must be prepared to defend these inalienable rights of every American, and I am convinced, as I hope you are, that the Air Corps as defined and provided for in this bill constitutes an adequate measure of well-proportioned air defense, a defense consistent with our position and responsibility for world affairs as they exist today. [Applause.]

Mr. MASSINGALE. Mr. Chairman, will the gentleman yield?

Mr. HOUSTON. I yield to the distinguished gentleman from Oklahoma.

Mr. MASSINGALE. I would like to ask the gentleman if his idea is not to the effect that with the facilities provided by Congress for additional personnel, the training of these young men, there would be no danger of obsolescence if these planes mentioned in the bill are provided for by Congress?

Mr. HOUSTON. I think the gentleman is absolutely right. May I say that the planes we are producing in this country may be a little slower than some of those produced in European countries, but the planes provided for in this bill, when delivered, will be faster, more modern, and up to date than anything that the foreign powers are producing today. [Applause.]

[Here the gavel fell.]

Mr. ALEXANDER. Mr. Chairman, I make the point of order that there is not a quorum present.

The CHAIRMAN. The Chair will count. After counting.. Seventy-five Members are present, not a quorum. The Clerk will call the roll.

The Clerk called the roll, when the following Members failed to answer to their names:

[Roll No. 99]

Arnold	Douglas	Hendricks	Shannon
Barton	Duncan	Johnson, Lyndon	Smith, Ill.
Bolton	Eaton, Calif.	Kelly	Somers, N. Y.
Boykin	Eaton, N. J.	McReynolds	Starnes, Ala.
Buck	Evans	Martin, Colo.	Stearns, N. H.
Buckley, N. Y.	Faddis	May	Sumners, Tex.
Byron	Fay	Mitchell	Sweeney
Carlson	Fitzpatrick	Murdock, Ariz.	Taylor, Colo.
Cartwright	Folger	Norrell	Weaver
Casey, Mass.	Gibbs	O'Brien	White, Idaho
Cluett	Gifford	Rockefeller	White, Ohio
Curley	Green	Sabath	Whittington
Dies	Hartley	Sasscer	
Dingell	Healey	Schwert	

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. BLAND, Chairman of the Committee of the Whole House on the state of the Union, reported that that

Committee, having had under consideration the bill (H. R. 6791), making additional appropriations for the Military Establishment for the fiscal year ending June 30, 1940, and for other purposes, and finding itself without a quorum, he had directed the roll to be called, when 375 Members answered to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

Mr. POWERS. Mr. Chairman, I yield 4 minutes to the gentleman from Massachusetts [Mr. TINKHAM].

Mr. TINKHAM. Mr. Chairman, with unanimous consent I desire to proceed out of order to make a statement I recently made to the press.

The CHAIRMAN. The gentleman from Massachusetts asks unanimous consent to proceed out of order for 4 minutes. Is there objection?

There was no objection.

Mr. TINKHAM. Mr. Chairman, Secretary of State Hull, in conformity with his 6-year-old foreign policy, under the specious disguise of pretended neutrality, would again sacrifice American interests to the interests of Great Britain. He is now demanding the repeal of the wise and salutary provision in the Neutrality Act which places an embargo on the exportation of arms and ammunition to belligerents in time of war. Removal of this embargo in essence is unneutral. It is intended to and in fact would favor Great Britain, who controls the seas. It means that in the impending conflict in Europe the United States would sell arms and ammunition to only one side. This action, the sale of arms and ammunition, was the first long step taken by the United States toward our involvement in the World War in 1917. If permitted again it may well once more involve the United States in a European war.

Secretary Hull professes to be for world peace, yet he would have the United States furnish arms and ammunition for a bloody slaughter of the human race.

He is continually making claims to be an idealist and a humanitarian, but while preaching a doctrine of peace he is in reality designedly moving toward the involvement of this country in the next war in Europe on the side of Great Britain.

Repeatedly he has intervened politically and has been unneutral both in Europe and in Asia.

Every move that he has made during the last 6 years he has defended by saying that it was in accordance with our traditional policy. The truth of the matter is that nothing he has done has been in conformity with our traditional foreign policy of strict neutrality. It has been contrary to that policy.

His record and his public addresses reveal him as opposing at every turn and in every possible way a policy of genuine neutrality for this country. His constant assault upon this policy is his Machiavellian use of the word "isolation" to discredit those who would have the United States maintain a policy of genuine neutrality.

As Secretary Hull is well aware, the only isolation that advocates of strict neutrality demand is isolation from foreign wars. The whole course of Secretary Hull shows him to be opposed to that salutary policy.

Mr. POWERS. Mr. Charman, I yield myself such time as I may desire.

Mr. Chairman, I am about to introduce a resolution and I would like to read a part of the resolution which will be dropped in the hopper in a few moments:

Mr. POWERS, of New Jersey, submitted the following resolution; which was referred to the Committee on Rules

RESOLUTION

Resolved, That the Speaker of the House of Representatives be, and he is hereby, authorized to appoint a select committee of seven Members of the House to be known as the Select Committee on National Defense. A vacancy in the committee shall not affect the power of the remaining Members to execute the functions of the committee and shall be filled in the same manner as the original appointment.

SEC. 2. It shall be the duty of the committee to make a study of the state of military and naval preparedness upon the basis of appropriations heretofore provided, the adequacy or inadequacy of such state of preparedness, the degree of coordination which obtains between the Army and Navy in shaping programs and policies and the relationship of the augmentation of the programs of both services authorized in acts approved subsequent to May 16, 1938, and the possibility of any curtailment of existing programs or projected programs under existing law or in immediate contemplation.

The committee shall report to the House of Representatives, on or before January 1, 1940, the results of its study, together with such recommendations as it deems desirable.

SEC. 3. The committee is authorized to sit and act prior to January 1, 1940, at such times and places within the United States, whether or not the House is sitting, has recessed, or has adjourned, to hold such hearings, to require the attendance of such witnesses and the production of such books, papers, and documents, and to take such testimony, as it deems necessary.

Mr. Chairman, I shall not read the balance of the resolution because it is the usual type of resolution. I am introducing this resolution at this particular time because I think the bill we have before us indicates as nothing before has ever done the need for complete overhauling of our national-defense program. [Applause.]

Mr. Chairman, for 7 years I have been a member of the Appropriations subcommittee handling the War Department bill. For 7 years I have tried to do a decent, an honest, and a patriotic job; and for 7 years I have agreed to some fairly bad War Department appropriation bills, but I cannot agree to this one today.

Mr. Chairman, as you look over the records of expenditures for the Army and the Navy from 1933 until the fiscal year 1940 you will be amazed. The comparison is set out in the following table:

Appropriations

	War	Navy
1933	$304,961,492	$347,152,220.89
1934	277,050,381	324,755,626.68
1935	280,848,897	314,567,433.52
1936	355,523,020	496,572,848.78
1937	388,244,859	597,567,939.89
1938	417,185,029	535,172,626.98
1939	462,063,710	623,559,252.30
1940	578,528,111	773,049,151.00

CONTRACTUAL AUTHORITY TO BE MET BY APPROPRIATIONS FOR 1941

Army:	
Prior bills	$87,006,988
Pending bill	70,497,500
	157,504,488
Navy	50,708,050

The War Department appropriations from 1933 to 1940 have jumped from $277,000,000 to almost $600,000,000. The Navy Department appropriations have jumped from around $300,000,000 to almost $800,000,000. Thus our annual appropriations this year comprise a sum well over a billion dollars. We have appropriated for the Army $578,000,000 and for the Navy $773,000,000. We have contract authorizations on the prior Army bill of $87,000,000 and on this bill of $70,000,000, making a tentative contract authorization for the War Department of $157,000,000. There is a $50,000,000 contract authorization for the Navy. At the rate we are going now, Mr. Chairman, we shall have to appropriate, beginning next year, almost $2,000,000,000 a year to maintain our Army and Navy; and I claim this country cannot afford a $2,000,000,000 War and Navy appropriation bill unless there is an actual emergency—and there is none now.

In the President's program, recommended in his national-defense message of January 12 of this year, he asked a total appropriation of $342,000,000. Of this amount he stated that approximately $210,000,000 would be withdrawn from the Treasury during 1940—bear this in mind. The fact is that if this pending bill is passed as reported there will have been made available in cash $367,000,000 as a part of the contractual authority, and that amount exceeds by $157,000,000 what the President indicated would be needed.

I call attention to section 202 of the Budget and Accounting Act.

Section 202 (a) of the Budget and Accounting Act provides:

If the estimated receipts for the ensuing fiscal year contained in the Budget, on the basis of laws existing at the time the Budget is transmitted, plus the estimated amounts in the Treasury at the close of the fiscal year in progress, available for expenditure in the ensuing fiscal year, are less than the estimated expenditures for the ensuing fiscal year contained in the Budget, the President, in the Budget, shall make recommendations to Congress for new taxes, loans, or other appropriate action to meet the estimated deficiency.

Section 203 (b) provides:

Whenever such supplemental or deficiency estimates reach an aggregate which, if they had been contained in the Budget, would have required the President to make a recommendation under subdivision (a) of section 202, he shall thereupon make such recommendation.

Mr. REED of New York. Mr. Chairman, will the gentleman yield?

Mr. POWERS. I yield.

Mr. REED of New York. I am very much interested in what the gentleman is saying. Do the figures the gentleman is giving, the possible $2,000,000,000 a year, contemplate this increase in the program we are talking about here?

Mr. POWERS. Yes; they do.

Mr. REED of New York. What about the cost of personnel after this program is once put in operation?

Mr. POWERS. That is included in what I estimate to be a $2,000,000,000 expenditure for the Army and the Navy yearly.

Mr. REED of New York. That is what I wanted to know.

Mr. POWERS. It seems to me, Mr. Chairman, that very few Members realize what the recurring items are in these bills. It seems to me we are not looking sufficiently to the future. This is merely the result of a war bubble which came about a few weeks ago but which personally I think has been very much deflated. I believe this bill was occasioned by a certain hysteria that went over the country, but I believe that hysteria has now subsided.

My colleague the gentleman from Michigan [Mr. ENGEL] pointed out the amazing fact that the War Department knew absolutely nothing about these expenditures until they were sent down from the Budget. Then the War Department had to develop them. It probably seems odd to some of the Members of the House that I should get up here and blast a so-called national-defense appropriation, and I say "so-called" very advisedly, because I do not believe this entire appropriation is necessary.

Mr. Chairman, I am not against the purchase of 5,500 planes if and when needed, or if and when our experimentation and research has reached a point where we are at least on a par with foreign nations.

Mr. REED of New York. Mr. Chairman, will the gentleman yield?

Mr. POWERS. I yield.

Mr. REED of New York. I should like to ask the gentleman a rather pointed and personal question—perhaps not a personal question, but at least a pointed one. Is it the gentleman's opinion that after these planes are built they will be modern or more or less obsolete?

Mr. POWERS. Mr. Chairman, let me say to my good friend from New York that in my opinion the moment these planes are delivered they will be obsolescent. There will not be a plane in the United States Air Force, with the exception of the four-motored bombers, our flying fortresses, that will be comparable in performance to European planes of the present day. And that is the program you are asked to provide for in this bill.

Mr. ENGEL. Will the gentleman yield?

Mr. POWERS. I yield to the gentleman from Michigan.

Mr. ENGEL. When General Arnold was asked why the European countries and France were buying American planes, if our planes were inferior, he answered that France was buying anything in the emergency they were in over there at Munich. In other words, we are going to do what France is doing, and we have no emergency, yet we are buying anything in the way of planes.

Mr. POWERS. That is absolutely correct.

Mr. Chairman, I am going to mention the name of General Craig; I am going to mention the name of General Arnold; I am going to mention the name of Colonel Lindbergh as I proceed, but I want no one here to think I am criticizing these three gentlemen. If you think it is criticism, consider it constructive criticism, please. I have the highest regard for Gen. Malin Craig. I believe one of the tragedies of the Army retirement system is that General Craig must retire within a very few months, because he has reached the age of 64. I know of no officer in the United States Army who has rendered more patriotic, who has rendered a finer, who has rendered a greater, service than Gen. Malin Craig. I think the American people should give him a vote of thanks for the splendid work he has done as Chief of Staff and as an Army officer. [Applause.]

By the same token, Mr. Chairman, General Arnold, I believe, is the finest Chief of Air Corps we have ever had. General Arnold happens to be a personal friend of mine, not a political friend, but one I have known for a great many years. I knew him long before I ever came to Washington. General Arnold has put real pep into the Air Corps, and before he is through, if permitted to have his way, will give us the finest air corps in the world. [Applause.]

Mr. Chairman, Colonel Lindbergh is one of the outstanding Americans of today. He has offered his services to the War Department and is rendering a fine, conscientious, helpful, and patriotic service. I may say that Colonel Lindbergh, who formerly lived in my district, is also a good friend of mine. Anything I say pertaining to Colonel Lindbergh, General Arnold, or General Craig is not said in a critical way.

First, I would like to open the record and read what one of the distinguished members of our committee said about General Craig as our hearings were closing. I am referring to my good colleague the gentleman from Mississippi [Mr. COLLINS], a gentleman who, I believe, knows more about the War Department appropriations than many of the rest of us who are on the floor today. The gentleman from Mississippi [Mr. COLLINS], stated as follows:

Mr. Chairman, I just want to make this statement before we conclude. It is purely personal, but it is for the record. I want to say this to General Craig: I am one of those human beings who has not always, on all occasions, seen eye to eye with officers in the Army, and particularly the higher-ranking officers, but as to you I want to say from the bottom of my heart that I think you are a fine gentleman, an able Army officer who has always displayed a determination to give to this country an effective Military Establishment, and, above all, I consider you the most forward-thinking Chief of Staff that I have ever had the privilege to know.

Mr. POWERS. I think you are voicing the sentiments of the entire committee, Mr. COLLINS.

General CRAIG. I appreciate your remarks more than you will ever know, Mr. COLLINS.

Then there is a statement by the gentleman from Pennsylvania [Mr. SNYDER], who also complimented General Craig. So, when I mention General Craig, General Arnold, or Colonel Lindbergh, I want you to understand my motives are entirely constructive.

You are going to probably hear the next speaker tell you that not one witness appeared before our committee to tell us that 5,500 planes were not necessary. They are going to tell you that every witness, including General Craig, General Arnold, and Colonel Lindbergh, told you this program is necessary; but let me call your attention to this fact: Is there any gentleman in this room who is so naive as to believe General Craig would come before the War Department appropriations to justify a Budget estimate and then tell us it was not necessary? Is there any gentleman in this room so naive as to believe that General Arnold, the Chief of the Air Corps, who was told to come down and justify a program of 5,500 planes, would appear before our committee and say, "Gentlemen, they are not necessary"? Is there anyone in this room so naive as to believe Colonel Lindbergh, who was brought down here by General Arnold, would appear before our committee and say, "Gentlemen, 5,500 planes are not necessary"? No; they would not say that. But by searching through their testimony and looking back over it I can tell

you a few things they did say which were, to me, highly indicative.

Colonel Lindbergh very definitely stated that we are far behind European countries on technical construction. He definitely stated we should spend more money on research and experimentation; that we should get our airplane motors to the point where their performance was as good, if not better, than the performance of those of foreign countries.

General Arnold brought certain documents and presented them to the committee. He explained to us the plan of the Air Corps. When he finished I asked him: "General Arnold, how many planes will that take?" He said: "Mr. POWERS, 3,300 planes."

Mr. Chairman, there is not a word in this entire testimony nor a word in the entire hearings that tells you and proves to you that we must have 5,500 planes now. My point is that an economy wave is bound to come, and when it comes we are going to find ourselves with a top-heavy Army, with a top-heavy Navy, and we will be forced to start to economize. I am telling you the Army is sitting down to one of the grandest feasts it ever had. It is going to fill up—but it will need another meal pretty soon. When it does, and when this economy wave hits, then the Army is going to find out how foolish it was to come in and advocate a program such as this.

I want to read a question I asked the Secretary of War and I want also to read his answer in part to prove that even this important member of the Cabinet agrees with me that some day this economy wave is going to hit.

I said this to Secretary Woodring:

Mr. POWERS. The point I make is that I should take some of this money and instead of buying 5,500 planes, I should buy 3,300 planes, with a 12½-percent reserve, and use some of the money for research and development.

Secretary WOODRING. I think the plan ought to call for both, an airplane strength of 5,500 planes and increased funds for experimentation and development.

Mr. POWERS. I am also worrying as to just where we are going on this whole program. Before we are through we are going to have a $2,000,000,000 Army and Navy appropriation. There are many recurring items and recurring expenditures, and when this economy wave hits us I do not know what we are going to do.

Secretary Woodring said—and this is important:

It is going to hit.

And, gentlemen, when it does hit you will be sorry for having voted for such appropriations as this.

Mr. Chairman, I believe my time is growing short. In closing, let me say this: I am going to offer certain amendments to this bill. There will be a series of four amendments. They are all related, so at the time I offer them I am going to ask unanimous consent that they be considered as one amendment. I intend to offer amendments to reduce this program for actual purchase from 5,500 planes to 4,217; in other words, I am going to try to take 1,283 planes out of the program. These 1,283 are the planes that are to be held in reserve, the planes we are appropriating for but not actually buying unless there is a national emergency.

Mr. DONDERO. Mr. Chairman, will the gentleman yield for a question?

Mr. POWERS. I yield to the gentleman from Michigan.

Mr. DONDERO. How much in money will the 1,283 planes represent?

Mr. POWERS. Counting the actual cost of the planes, the contractual authority, the ordnance equipment, and the Signal Corps equipment, I should say about $37,000,000.

Mr. DONDERO. How much is the total for the airplanes?

Mr. POWERS. The total is $120,000,000. I am attempting to reduce this amount by $37,000,000 by offering my amendment to eliminate these 1,283 planes. By doing this you are not injuring the Air Corps, you are not injuring the cause of national defense.

I know how that term has been tossed around. As I said earlier in the day, "National defense, what crimes have been committed in thy name!" I am not injuring the national defense by this move, and when I say that I am talking to you as one who has vivid recollections of what service in France meant. When I tell you I want to cut this program by 1,283 planes I am not doing a thing to the Air Corps program, I am not hampering it, I am not tying their hands. I am giving them far more than they say they actually need, which is 3,300 planes. Even though we cut this program by 1,283 planes, we will still have 880 planes in reserve. Nothing is being hurt, but you are going to save a lot of money. I believe it is almost time we take that into consideration.

Mr. Chairman, I could go on and on and on about this subject, but I realize my time is drawing to a close. Now, if any gentlemen would like to ask me questions, if I have time to answer, I shall be pleased to yield.

Mr. HINSHAW. How are we going to be able to train pilots enough to run all these planes by the time they are delivered?

Mr. POWERS. We are not. The whole program is cockeyed. That is why I introduced my resolution to investigate the whole subject of national defense, so we will know just where we are going and why.

Mr. SHORT. Mr. Chairman, will the gentleman yield?

Mr. POWERS. I yield to the gentleman from Missouri.

Mr. SHORT. If we purchase immediately planes up to the number of 5,500, is there not grave danger of these planes being obsolete by the time they are completed?

Mr. POWERS. They will be obsolescent when they are delivered.

Mr. VAN ZANDT. Mr. Chairman, will the gentleman yield?

Mr. POWERS. I yield to the gentleman from Pennsylvania.

Mr. VAN ZANDT. What will become of these obsolete ships?

Mr. POWERS. We have a lot of new terms these days. There is now a rotating reserve. A rotating reserve is a lot of planes that just stand on the ground where the elements hit them. I suppose these obsolescent planes would either be classed as the rotating reserve or given some other new name that might be manufactured in the meantime to take care of it.

Mr. SHORT. Perhaps they will rust, as many of the ships that were constructed during the World War rusted in the navy yards.

Mr. THORKELSON. Is it not a fact we are now delivering planes to Russia that are able to go 300 or 350 miles an hour?

Mr. POWERS. I have no idea what planes we are delivering to Russia. I have no idea what speeds those planes might have.

Mr. STEFAN. Mr. Chairman, will the gentleman yield?

Mr. POWERS. I yield to the gentleman from Nebraska.

Mr. STEFAN. Did I correctly understand the gentleman to say that the planes for which we are appropriating money today will be obsolete when they are delivered?

Mr. POWERS. No; they are going to be obsolescent when they are delivered. They are obsolescent now, for the simple reason the testimony we have taken from these various witnesses shows there is not a plane, with the exception of the four-motored bomber, the flying fortress, that compares in speed or performance with any plane now being manufactured in Europe. Nothing we are now manufacturing or buying will compare with them.

Mr. STEFAN. Why are we appropriating money today to buy obsolete planes?

Mr. POWERS. The answer to that is probably, "How high is up?"

Mr. CASE of South Dakota. Mr. Chairman, will the gentleman yield?

Mr. POWERS. I yield to the gentleman from South Dakota.

Mr. CASE of South Dakota. Has the gentleman considered offering the resolution, which he announced he was submitting today for general introduction, as a limitation on this particular bill, making the submission of the findings of that select committee necessary before these appropriations shall be available?

Mr. POWERS. No; I have not considered that and I do not believe it would be feasible or advisable.

Mr. ENGEL. Mr. Chairman, will the gentleman yield?

Mr. POWERS. Yes; I yield.

Mr. ENGEL. I want to call the gentleman's attention to the testimony on page 61 of the record where there is discussion of the fact that a few large companies are going to get the big contracts and the small companies are going to be left out in the cold. Our good friend, the gentleman from Arkansas [Mr. TERRY], said:

Mr. TERRY. To him that hath shall be given, and from him that hath not shall be taken away even that which he seemeth to have.
General ARNOLD. That is it.
Mr. ENGEL. So there is not enough gravy, if I can use that term——
Mr. COLLINS. That is a good word.
Mr. ENGEL (continuing). To go all around.
General ARNOLD. Not under this competitive method.

Mr. STEFAN. I would like to ask the gentleman from Michigan a question, if the gentleman from New Jersey will yield to me for that purpose.

Mr. POWERS. I yield to the gentleman.

Mr. STEFAN. I would like to ask the gentleman from Michigan whether he is intimating that the planes are going to be built by some airplane monopoly and that there will really be no employment given.

Mr. ENGEL. Colonel Jouett, president of the Aeronautical Chamber of Commerce of America, placed in the record the names of 35 manufacturing concerns manufacturing airplanes in the United States, and out of the first 570 planes ordered the Curtiss-Wright Co. got 523 and the balance of 57 were scattered among 5 other companies, leaving the other, approximately, 30 companies out in the cold.

Mr. STEFAN. Then it would be safe to assume that the building of most of these planes will go into the hands of some monopoly?

Mr. ENGEL. General Arnold said you could not do otherwise under the present competitive system.

Mr. HINSHAW. Mr. Chairman, will the gentleman yield?

Mr. POWERS. I yield.

Mr. HINSHAW. Has the gentleman brought out in the course of his discussion that when planes are ordered in excess of 200 in quantity the cost is not very materially reduced after the 200 figure, and that the best orders that the Army has ever placed have been those for 200 plus 100 optional and another 100 optional, and so forth.

Mr. POWERS. I thank the gentleman for that contribution.

Mr. SEGER. Mr. Chairman, if the gentleman from New Jersey will yield, I would like to ask the gentleman from Michigan a question.

Mr. POWERS. I yield to the gentleman from Michigan for that purpose.

Mr. SEGER. Did the gentleman from Michigan state that the Wright Aeronautics Co. got an order?

Mr. ENGEL. The Curtiss-Wright Co.

Mr. MILLER. Mr. Chairman, will the gentleman from New Jersey yield so that I may ask the gentleman from Michigan a question?

Mr. POWERS. I yield to the gentleman.

Mr. MILLER. Does the gentleman from Michigan feel that on this national-defense program—and I am assuming this is national defense and this equipment is for defensive purposes—the contract should be let where it would make for the most employment or where we would get the best possible planes and get them right now?

Mr. ENGEL. I agree with the President's message that we should handle this emergency program in a way so as to put as many idle factories at work as we can, so that in case of an emergency we will have productive capacity as well as efficient planes. I insist we should have quality first and quantity second.

Mr. POWERS. Mr. Chairman, I yield back the balance of my time.

Mr. SNYDER. Mr. Chairman, I yield 20 minutes to the gentleman from Arkansas [Mr. TERRY].

Mr. TERRY. Mr. Chairman, this bill covers a number of items in addition to the airplane expansion program, and I take it from the fact that gentlemen on the opposite side have not raised any issue against the other items that they approve of them and are confining their objections to the airplane expansion program.

It has been said, Mr. Chairman, that the United States has no fixed foreign policy in reference to our European or Asiatic policy. That may or may not be true. Our policy in reference to the Philippines is in a state of change at this time. Personally I do not know just what our policy is in regard to the Asiatic problem, but we do know what our policy is as to the Western Hemisphere. It has been stated by those in high authority—and it has not been disputed—that the fixed policy of this country is to uphold the Monroe Doctrine, and that in upholding the Monroe Doctrine we would defend the entire Western Hemisphere, including Canada, Central America, and South America. A bill was introduced in the Appropriations Committee last week extending the Monroe Doctrine. Some of our good friends wanted to take over a part of the South Pole area and extend the Monroe Doctrine to that. I thought that was going a little far, but we have agreed that the United States will defend the Western Hemisphere.

Mr. JOHNSON of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. TERRY. Yes.

Mr. JOHNSON of Oklahoma. Then I assume from what the gentleman says that he does not feel it is absolutely an emergency to expend $340,000 at this time to send somebody to the South Pole to find out whether or not the pole needs painting.

Mr. TERRY. I do not.

Mr. Chairman, as a part of the doctrine of upholding the Monroe Doctrine we have come to the question of what is an adequate air force in this country.

Several years ago we felt that an air force of 1,800 planes was adequate. Afterward we considered that that was inadequate, and then appointed what is known as the Baker Board to tell us what would be an adequate air force. The Baker Board a number of years ago said that 2,320 planes would be an adequate air force. We have at this time on hand, I am informed, about 1,900 planes. We have just come up to what many years ago was considered an adequate air force. We have never come up to what the Baker Board considered was an adequate air force, namely, 2,320 planes, and we will not come up to what the Baker Board considered adequate for 2 years to come. After last September and the peace of Munich, the people of the United States became aware of the fact that the United States is inadequately protected as to the air. The people of the whole Nation, as has been demonstrated by the Gallup poll, realize that this country at this time, and for 2 years hence, at least, is inadequately protected. Gentlemen in the opposition have said that the program that is presented to you is a trumped-up program, one with no authority behind it, one that has not the real approval of the War Department, one that has not the real sanction of the administration, but that it is a hodge-podge, haphazard program that is thrown into your laps today to swallow, whether you like it or not. On January 12, when the President sent his national-defense message to the Congress, he said, in reference to the air force, as follows:

In the case of the Army, information from other nations leads us to believe that there must be a complete revision of our estimates for aircraft. The Baker Board report of a few years ago is completely out of date. No responsible officer advocates building our air forces up to the total either of planes on hand or of productive capacity equal to the forces of certain other nations. We are thinking in the terms of necessary defenses and the conclusion is inevitable that our existing forces are so utterly inadequate that they must be immediately strengthened.

It is proposed that $300,000,000 be appropriated for the purchase of several types of airplanes for the Army. This should provide a minimum increase of 3,000 planes, but it is hoped that orders placed

on such a large scale will materially reduce the unit cost and actually provide many more planes.

Military aviation is increasing today at an unprecedented and alarming rate. Increased range, increased speed, increased capacity of airplanes abroad have changed our requirements for defensive aviation.

Mr. Chairman, acting on this recommendation of January 12, 1939, the Military Affairs Committee, the legislative committee, went fully into this matter and had long and extensive hearings, heard witnesses on all sides, and as a deliberate result of those hearings, brought out a bill authorizing the purchase of 6,000 planes. Mr. Chairman, that was not a hodge-podge, haphazard action on the part of the Military Affairs Committee, but was taken after due and deliberate consideration and was passed in this House by an almost unanimous vote.

Mr. MOTT. Mr. Chairman, will the gentleman yield?

Mr. TERRY. No. I shall yield at the conclusion of my statement.

How can it be said, Mr. Chairman, that this is a haphazard, hodge-podge program? Some of the gentlemen on this subcommittee, as has been stated on this floor today, were in the war and had military experience. I was in the Army a short period of time. I did not stay long enough or go high enough to cause me to have any fixed opinions on military matters. I am willing to take the testimony of these men who have spent years in the service, and those men, though in civil life, who have given this question years of study.

Is this a hodge-podge program? Colonel Lindbergh, as has been pointed out, said that it is not. He said on page 290 of the hearings:

I believe the present plans are very conservative in this respect.

He had been asked as to whether or not this was a proper program. Colonel Lindbergh, in addition to that, said he was in favor of research. He said we should give ourselves an adequate force and that we should then go into research and spend an adequate sum on it, so that we can keep up with, if not go ahead of, the foreign nations. That is also the testimony of Colonel Gorrell, on page 299. He was a member of the Baker board. He is one of those who, more than 5 years ago, said that 2,320 planes was an adequate air force, yet, although a member of that board, he says that the present program is not too much.

I quote from the testimony:

Mr. COLLINS. We have estimates calling for the building of 2,467 planes in order to be prepared for continued peace, as I would put it. Is that an excessive number?

Mr. BOLTON. In addition to what the Baker board requires?

Mr. SNYDER. Five thousand five hundred planes.

Mr. BOLTON. All told; Yes.

Colonel GORRELL. I would say, in view of world conditions, in view of the theory of hemisphere defense, that that number is not exorbitant. Some day you will provide for a larger number.

Mr. POWERS. Right there, do you know that the Air Corps intends to keep 2,163 of them in reserve?

Colonel GORRELL. I think they ought to keep some reasonable quantity in reserve.

Mr. POWERS. They intend to keep 2,163 in reserve, and that is 40 percent.

Colonel GORRELL. We used, during our activity in Europe, a principle of 50 percent reserve and sometimes 100 percent. You must remember that the Air Corps is like the Navy—what you have on the day hostilities begin is probably all that you are going to have in the first year of war. And, remember, war may not be declared. These days wars start without notice.

Now, Mr. Chairman, reference has been made to the fact that twenty-three-hundred-and-some planes is an entirely excessive reserve. That is about 40 percent, as compared with 60 percent on the active line. It has been stated, and is the common understanding, that at least 12½ percent of the planes are in the shops under repair at any given time. That is taken from the 40 percent of those in reserve. That leaves about 27½ percent of the reserve planes which are ready to take the air on a moment's notice. So instead of having 40 percent in reserve, the actual truth is that we only have 27½ percent.

Now, my friends say, "We will go along with this program if there is an emergency." They say, "If you can point out that there is an emergency, we will go along with you." Then when General Craig says:

I cannot tell you on what day an emergency will come; I cannot tell you on what day the lightning will strike, but we should have an adequate force against the day of the emergency.

Then my friends of the opposition say, "If he says he does not know when the emergency will be, then there is not any emergency, and there will not be any emergency." They say, "Therefore, we are against this because he does not guarantee us that we will have the emergency."

Mr. THORKELSON. Mr. Chairman, will the gentleman yield?

Mr. TERRY. No; not now.

Mr. MOTT. May I inquire if the gentleman intends to yield before he concludes his remarks?

Mr. TERRY. I will yield when I have finished my statement.

Now, Mr. Chairman, what we are trying to do today is to give the United States what the military men, what the civilians who have been long in aviation, and what the Military Affairs Committee of this House have told us is a proper air-defense program. We cannot say when we are going to have that emergency. We do not know what new world conditions will come tonight or next week that will make it essential for America to be adequately prepared.

Look at the headlines of the papers today. Notice the growing tension in the East. We do not know when those warring countries in the East will start something which will involve a world conflagration. We read in the papers today that in Europe there is feverish activity on the part of the Nazi to prepare new lines of fortification on the Polish front. We were told yesterday by the second in command in Germany that Poland must give in. We were told that Danzig must come home to the Reich. While we are not primarily concerned in those things and do not wish to become involved, the conflagration, once started, may sweep across the seas. We do not know what the future will have in store for our country.

[Here the gavel fell.]

Mr. SNYDER. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. TERRY. Mr. Chairman, I ask this Committee, in view of what has been told you by the experts and the citizens of this country who are interested in aviation, to stand by your committee. The reduction covered by the amendment will unbalance the program that has been given us by the administration and by the strong legislative committee of this House.

Mr. McDOWELL. Mr. Chairman, will the gentleman yield?

Mr. TERRY. I yield.

Mr. McDOWELL. The gentleman from Arkansas has exhibited considerable alarm over the pending emergency. Will the gentleman tell us whom we are going to fight?

Mr. TERRY. We have heard that question a good many times. We cannot say whom we are going to fight, nor can we say whom we are going to fight. All we can do, Mr. Chairman, is to give the United States a reasonable amount of preparedness. We are not trying to match plane for plane with the powers in Europe, we are not trying to match their production, we are asking for only what is an adequate and reasonable number of planes.

We have been told that in case of emergency, should actual combat come, the destruction of planes would be appalling. It has been testified by men who were on the western front that the loss of airplanes is about 90 percent, that planes are shot down, that engines go haywire, that trouble develops in various ways to force planes out of the combat line. I think that when an emergency does come we should be prepared not only with a first line of combat planes but with a reasonable reserve that can go into action immediately. [Applause.]

[Here the gavel fell.]

The Clerk read as follows:

Be it enacted, etc., That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the Military Establishment for the fiscal year ending June 30, 1940, and for other purposes, namely:

SALARIES, WAR DEPARTMENT

For compensation for temporary personal services in the District of Columbia, fiscal year 1940, as follows:
Office of Secretary of War, $28,923.
Office of Chief of Staff, $21,505.
Adjutant General's Office, $97,942.
Office of the Judge Advocate General, $9,967.
Office of the Chief of Finance, $29,095.
Office of the Quartermaster General, $10,422.
Office of the Chief Signal Officer, $33,964.
Office of the Chief of Air Corps, $52,153.
Office of the Surgeon General, $14,610.
In all, $298,581.

Mr. SCHAFER of Wisconsin. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I shall be very happy indeed to vote against this appropriation bill.

With a national debt of more than $40,000,000,000, billions of dollars of Government-guaranteed obligations, and the Federal Government spending $2 for every $1 of taxes it collects, the time will soon be at hand when Uncle Sam will be bankrupt. We will then have inflation with its devastating distress, misery, suffering, and despair and perhaps civil warfare. I believe that sufficient appropriations have been made to provide for an adequate and proper defense for America. Should this House reject the Bloom war-promotion bill, which has been dressed up in the robes of neutrality, and should the President of the United States and his New Deal satellites stop rattling their swords and meddling in the affairs of foreign nations while making deals with others, I feel confident that we have made ample provision for our national defense.

This might not be so if we are going to embark on another world crusade "to save world democracy" as we "made the world safe for democracy" in 1917 and 1918, when we made Uncle Sam an international sucker and Santa Claus, and made America safe for the depression.

I sincerely hope that we can keep America out of wars in foreign lands until the 1940 elections. [Applause.] I feel confident that international bankers, international warmongers, war profiteers, and meddlers will be repudiated by the American people in November 1940, as they were in November 1920. In 1920 our ex-international banker, New Deal President, Mr. Roosevelt, ran for Vice President and was overwhelmingly defeated after a campaign in which he vigorously championed international foreign ideals, which he now upholds and defends.

It is ridiculous to spend billions for national defense and then permit potential foreign enemies of our country to get possession of the latest and up-to-date secrets of our Army and Navy, particularly nations which now owe Uncle Sam's almost bankrupt taxpayers' Treasury many billions of dollars, as England and France do.

I hope that when the Bloom fake neutrality bill—that Sol Bloom war-promotion bill—is considered in the House that Members, irrespective of party affiliations, will support an amendment which I shall offer to carry out the principles enunciated in the Johnson Act, which prevents our foreign debt-defaulting nations from borrowing money in America. I shall offer an amendment which provides that no implements of war, munitions of war, or war supplies shall be sold or transported, directly or indirectly, to any foreign government, or any political subdivision thereof, while such government is in default in the payment of its obligations, or any part thereof, to the Government of the United States.

Should this kind of legislation be enacted, we would be able to considerably reduce our appropriations for national defense and still have an adequate defense, as it would put a brake on sword rattling in many of the most powerful nations in the world.

Mr. Chairman, should we amend the Bloom fake neutrality bill and make it a real neutrality bill instead of a war-promotion bill, we will not need to spend the millions of dollars carried in the pending bill for national defense.

Mr. Chairman, I am opposed to giving our ex-international banker, sword-rattling President Roosevelt discretionary power to name aggressor nations or to declare war zones, which will inevitably plunge us into war, particularly since the international banking house of multimillionaire Roosevelt has been joined in the holy bonds of matrimony with the war-munitions house of multimillionaire Du Pont. [Laughter and applause.]

Mr. HOOK. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I was very much interested in the inconsistent remarks of the gentleman from Wisconsin when he talked about the antineutrality bill that we are about to discuss. He followed this by stating that he was going to offer an amendment to that bill so that it would be neutral. He would not make it neutral by offering his amendment, because he would still be trying to legislate neutrality, which cannot be done. It is my contention that we have talked neutrality just about long enough. You cannot legislate neutrality, and therefore the gentleman from Wisconsin is very inconsistent when he suggests that he offer an amendment. [Applause.] Neutrality is a question of policy, not legislation.

Gentlemen, it is, as someone has said before, the best of times and it is the worst of times. Never in the past two decades have issues of greater moment to the Congress and the country at large cried so loudly for prompt solution. Yet never in the history of our land have "we, the people," had greater opportunity to show the world abroad and skeptics at home that our democracy is workable under the most adverse conditions.

For many months Congress has been discussing neutrality. You have no doubt been following the debates through the press and the radio. There has been so much said, so many panaceas suggested that a confused and bewildered public no longer pays heed to any. Frequently the remarks are so far afield from neutrality that discussion simply adds to confusion.

I am not going to offer any startling or novel cure-all or outline any proposed legislation guaranteeing neutrality. I do propose to call your attention to the fundamental problems surrounding neutrality. Too often we become lost in a jargon of technical verbiage that actually means nothing. Too often in speaking or thinking of huge problems we allow ourselves to deal in generalities that cannot be translated into practical realities. It is easier for all of us to indulge in the use of catch phrases and glittering generalities rather than to sit down and do some good, hard thinking.

Scarcely any recent public discussion has been carried on at a lower plane and lack of realistic understanding or disregard of the facts. Let us stop dealing with words as words and attack the fundamental problem.

What is neutrality? It is widely assumed that neutrality means that we maintain complete impartiality or equality in the treatment of belligerents, while remaining at peace and abstaining from acts of violence directed against the one or the other of the contending parties.

Instead of looking to the muddled nations of Europe for the answer, I believe we will find the dictionary adequate. Webster defines neutrality as:

> The condition of a state or government which refrains from taking part, directly or indirectly, in a war between other powers.

International lawyers tell us "the idea of a neutral nation implies two nations at war and a third in friendship with both."

Examine these definitions closely in the light of your own feelings and I believe you will agree with me that it is simply another way of saying that legislated neutrality is a myth—an illusion.

At the present time there are no less than eight bills pending in Congress which purport to deal with neutrality. I doubt very much if any of these bills can be, strictly speaking, properly labeled neutrality bills.

I do not question the sincerity of the advocates of the different proposals. However, the real issue at stake is that never again do we want American soldiers to leave this soil

to spill their blood on foreign lands under any circumstances. [Applause.]

That is the issue here. We should wipe out and repeal every single, solitary bit of legislation on neutrality and place the matter where it belongs, on a question of policy, where it has been from the days of Washington right down until the time this Congress began meddling with it.

Mr. POWERS. Will the gentleman yield?

Mr. HOOK. I yield to the gentleman from New Jersey.

Mr. POWERS. Does not the gentleman think it might be a good thing to postpone a vote on this bill until we find out what the neutrality policy is going to be?

Mr. HOOK. I do not care if they postpone it or not. Unless there is a complete change in this bill, I expect there will be a motion to recommit back to the committee offered asking them to repeal all of the neutrality legislation and set it up as a question of policy and not of legislation.

Mr. THORKELSON. Will the gentleman yield?

Mr. HOOK. I yield to the gentleman from Montana.

Mr. THORKELSON. Does the gentleman not believe that Congress should handle neutrality?

Mr. HOOK. That is not correct. [Applause.] The question of neutrality is a matter of policy and should be handled as all of the foreign policies should be handled, by the President of the United States and Secretary of State. I have faith in those men and feel that they will definitely and positively keep us out of war.

The sole right to declare war rests with Congress. I think that is adequate protection, because if I know the feeling of this Congress they will not vote for war, but will pass legislation for adequate defense to stop an invasion of our shores.

Complete impartiality is not attainable. A static condition of neutrality is not desirable even if it were attainable. This criticism has been made against our present act and may well be leveled at pending legislation.

The greatest factor in the welfare of our country, as an integral part of the world, not shut off to itself, is a strong determination to maintain our democratic institutions. In order to do this, in order to evolve a reasoned and intelligent foreign policy, we must effectually combat organized war propaganda and hate-inspired minorities.

Democracy is tolerant. It allows the free play of discussion and debate. This freedom of speech is the birthright of every American citizen. We, as veterans, know and value this right and look with horror on those agencies of propaganda that are now working night and day trying to undermine the strong national spirit that preserves this right. With the most insidious propaganda these purveyors of foreign ideologies are endeavoring to break down our true American tolerance and supplant it with a barbarous doctrine of government built solely on hate.

It is your duty and it is my duty to learn to recognize this propaganda regardless of the guise it may be wearing. That is a responsibility that we as citizens of a democracy must assume. You cannot legislate against this intangible force—the only effective deterrent is an intelligent aggressive educational program. Let us always be on guard against anything that would tend toward the development of any form of government that will in any way spread out and allow its tentacles to snatch away any of our basic rights.

In foreign lands today there are people ground under the heel of dictatorships that are more arbitrary than any kingdom or empire of antiquity and rivaling in the unmoral usages of absolute power the decadent Neros of ancient Rome. Under the whim and caprice of modern dictators, with a thousand years of scientific development at their fingertips, lesser states and people have been absorbed by sheer strutting of dictatorial might.

Today as we look toward Europe we witness the dictatorial powers in some of the countries assaulting those rights by attacking minorities. When I speak of minorities I speak of them in a broad sense.

The gathering storm of hysteria blackens the horizon. Many of the minority groups have been terrified and driven from their homes with no place to go. They are scourged with the whip of ostracism and seared with the hot iron of hate because they refuse to surrender the rights that have become theirs through long periods of hardship and development. As we from the distance look in sadness upon this tragic situation, let all America lift its heart in thanksgiving that the sky above us is still clear, and let us pray that the stars of freedom continue to shine undimmed over our land of freedom. I think we should contrast the conditions at home and abroad and in so doing let there not be too much of the spirit of smug contentment. Rather let the threat of the eclipse of freedom and democracy in any form stir our souls with righteous indignation.

It is almost unbelievable that a few months ago we witnessed in Madison Square Garden a demonstration which was directed against the very foundations of our Government. A group of agitators, masquerading as patriots, parading the picture of George Washington and quoting the words of Jefferson and Lincoln attacked the very foundation of our Government. They would have you believe that they truly loved the United States and the principles of freedom and liberty for which our country stands. We know differently. We know that Fritz Kuhn and his gang of hoodlums are simply one of the many groups who would implant on American soil a foreign ideology which would engulf our country in the frightful throes of racial and religious persecutions—a wholesale slaughter of the rights of all minorities regardless of law. The methods used by Communists and Nazis today often defies the ability of an expert in propaganda analysis. By the most subtle means these agents of hate disseminate their poisonous matter. They quote the words of Lincoln and of Jefferson when it serves their purpose. They make a very showy pretense of upholding our laws and cleverly use a twisted, perverted doctrine to infiliter communism into our land, and call it democracy. On the other hand, we have that coterie of hate purveyors who would like to make America safe for Hitler—a dictator's Utopia. These doctrines purport to bring plenty to all and everlasting peace to the world. We know differently.

I fully realize that the word "foreigner" has been attached to these groups and that our alien population is supposedly a fertile field and virtually a hot-bed of subversive activities. Here again the real issue has been turned aside simply because of crooked thinking. The alien awaiting his citizenship in this country who has lived up to the laws and is a respected resident hates this un-American element as much or more than those of you who may possibly trace your ancestry back to the *Mayflower*. Those who come from alien stock in this Nation, and that includes me and practically every one of you in this Hall, have richly contributed to law, to morals, and to the culture of America. Our ancestors struggled for national existence and conquered all obstacles, thereby setting up the greatest form of government on the face of this earth. This land, more than all others, is indebted to the genius, the loyalty, and the energy of those who came from foreign lands to escape the unceasing, interminable and everlasting folly of Europe's hates, Europe's jealousies, and Europe's wars. The dynasties of 200 years ago and of 1914 are the dictatorships of today. The leopard has not changed his spots. We have now builded a Nation that can safely defy the rest of mankind to show such undying adherence to democracy and such faith that we who love it will sacrifice for it. However, we cannot make democracy work by making speeches, by passing laws, or holding conventions. We will only make it work by hard work and straight thinking.

We are avowed partisans of the rights of the common man. We believe that the manifest destiny of America lies in making democracy work. We prefer human welfare to property rights and believe that by mutual understanding and tolerance we can face the world strong and united, as one people, Americans. Let the nations of the world take heed of this.

The Monroe Doctrine never escapes mention whenever the United States is considered with relation to the other countries of the world. It is probably the backbone of our foreign policy and has been expanded and interpreted throughout the years. I believe that the Monroe Doctrine in all its

aspects should define our actions in world affairs. That doctrine served notice on the world long ago that the United States would not tolerate interference of foreign powers in the Western Hemisphere. We have steadfastly maintained that principle up to this day. The present administration has made great efforts to preserve the unity and integrity of the countries of the Western Hemisphere. With trying times ahead we should direct our energies toward strengthening the ties that bind our New World together. That thought together with the restraint that we are never again to blindly enter a conflict abroad gives us ample opportunity to work out a solidarity of nations of good will in the Western Hemisphere.

Our desire and goal is peace. With an adequate Army and Navy for the protection of our land and nationals—we have the material force. With an intelligent and learned population, swayed neither to the left nor to the right, we will be adequately protected morally.

The crying need of the hour is an effectual war against propaganda disseminated solely to create hate among ourselves.

The principles of democracy are far more forceful, far more alluring, far more attractive than any totalitarian allurements. Upon the basic truths and principles of democracy and the Constitution of the United States are reared the institutions which characterize the furthest advance of civilization known to man.

The education of our youth is of paramount importance in bringing truth to light. Loyalty oaths and essay contests on patriotism are splendid means of calling attention to the subject. However, those things are only the outward manifestation. The real service that our schools should render calls for harder work. It demands solid research, broad knowledge of world history, and studies of the causes and effects of the different doctrines of government.

Americanism should be taught along with chemistry, mathematics, and history in every secondary school and college. Americanism is a science. Our youth must come to know in full measure the basic truths of democracy—its great and unalloyed supremacy.

We know that the same propaganda that we adults are confronted with day after day likewise finds its way into the classroom, the only difference being in the mode of presentation.

We do not need the Fascist doctrine to combat communism, nor do we need the Communist doctrine to combat fascism. We do need a militant democratic spirit that fights continuously against both these evils.

My friends, the responsibility of keeping America at peace with the world rests equally with each of us. Reaffirm your love of country by combating war-mongering, hate-ridden propaganda and America will be and remain at peace with the world.

We hear much these days about the national debt and our effort to bring comfort to the needy but very little of the costs of war. It may be well that we pause to think over the statement of Dr. Nicholas Murray Butler, of Columbia University, when he said:

> The money spent by all nations for the destructive purposes of the World War amounted to $400,000,000,000.
>
> Do you know what we could have done with that money if we had used it constructively?
>
> We could have built a $2,500 house, furnished with $1,000 worth of furniture, placed it in the middle of 5 acres of land worth $100 an acre, and given this estate outright to each and every family in the United States, Canada, Australia, England, Wales, Ireland, Scotland, France, Belgium, Germany, and Russia.
>
> We could have given to each city of 20,000 inhabitants or over, in each country named, a $5,000,000 library and a $10,000,000 university.
>
> Out of what was left we could have set aside a sum at 5 percent that would provide a $1,000 year salary for an army of 125,000 nurses and another army of 125,000 teachers.

Still we have those who blame the present spending program as a deterrent to business—even though it is being spent to build up, not destroy.

We are at peace with the world, and at peace we shall remain.

Our politicians, our statesmen, our government, and our industrial structure must come to realize the best way to preserve democracy and peace is to provide employment for all, so that the youth will be able to have faith in the future. That is the final step toward neutrality and lasting peace.

Mr. HINSHAW. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I have been very much interested in these impassioned pleas for neutrality. I think you can sum up the two previous addresses by saying that neutrality is a state of mind. It is a state of mind of the people, but if the people are to be subjected to propaganda from all sources designed to arouse their passions, they may become unneutral. So long as their minds and hearts remain neutral we need have no fear of war. [Applause.] But a foreign nation that commits acts of aggression, unprovoked, against us needs to fear the wrath of our people. [Applause.]

Mr. Chairman, I want to address the Committee a moment on the subject of emergency. Everyone knows that an emergency arises when war is declared or when someone attacks our shores. We learned in the last war in which the United States engaged that it takes at least a year to get enough American troops abroad, if we are to fight abroad, to do any good. If our own shores are attacked that is something else. The other fellow has to get the troops over here. He not only has to have ships, but he has to have a much better navy than ours to guard them. He has to bring his army from abroad in transports and in ships that will transport matériel as well as men. Mr. Chairman, it would take a long time to bring an army from abroad to this country, and I refer to an army that could do us any real damage.

It would be possible for aircraft carriers of the navy of some foreign country to come offshore and send bombers over here. The damage they could do might be considerable, but it would not be anything of a permanent nature. No foreign enemy would be able to take our country by means of aircraft alone. That would be impossible. It would require millions of infantrymen supported by artillery and other arms, all delivered by transport, guarded by a huge navy, to occupy and hold such of our country as they might be able to take.

If the United States intends to fight a foreign war, then we should stock up on aircraft and all kinds of equipment immediately and to the greatest possible extent. If we are to defend our own shores and our own shores only, then we need be prepared for national defense and national defense only.

Mr. COLLINS. Will the gentleman yield?

Mr. HINSHAW. I yield to the gentleman from Mississippi.

Mr. COLLINS. Does the gentleman believe there is any nation on earth that would be stupid enough to send an airplane carrier to within 500 miles of the American coast line?

Mr. HINSHAW. I do not see how they could be stupid enough to do that; no. Furthermore, I do not think that we would be stupid enough to attempt the same thing against some country abroad.

Mr. COLLINS. I quite agree with the gentleman.

Mr. HINSHAW. I believe the defense policy of the United States should be confined to this hemisphere unless the people of the United States wish to engage in a foreign war, which seems to be remote at this moment.

Mr. HOUSTON. Will the gentleman yield?

Mr. HINSHAW. I yield to the gentleman from Kansas.

Mr. HOUSTON. Does not the gentleman believe this bill applies only to national defense?

Mr. HINSHAW. I wonder then why we feel the need of long-range bombers.

Mr. HOUSTON. How many planes does the gentleman think we would require if we were going into a foreign war? It would be 10 times as many as outlined in this bill.

Mr. HINSHAW. The planes provided for in this bill would help some foreign nation very much. Evidently the people abroad have very complete air forces. But it would be difficult for us to transport even equipped repair shops along with men to man them to be of assistance with our air force in at least a year.

Mr. TERRY. Will the gentleman yield?

Mr. HINSHAW. I yield to the gentleman from Arkansas.

Mr. TERRY. Under the Monroe Doctrine, we are obligated to protect South and Central America if an emergency should arise down there which would involve the Monroe Doctrine. Would it not be possible that we may need bombing planes if that should occur?

Mr. HINSHAW. It is difficult to conceive of any European nation, and certainly not an Asiatic nation, having serious designs on South America. If they had such designs, they would probably attack us first. Unless we are first defeated at home their position would be most untenable in South America.

Mr. TERRY. Does not the gentleman know that they have a very large European population down there now?

Mr. HINSHAW. Yes. We have them right in the United States. We are all ex-Europeans by descent and immigration. [Applause.]

Mr. TERRY. I hope there are not as many here as there are down there.

Mr. HINSHAW. I would not know. I have not added them up.

Mr. THORKELSON. Will the gentleman yield?

Mr. HINSHAW. I yield to the gentleman from Montana.

Mr. THORKELSON. Is it not a fact that Army secrets and information in regard to the construction of our airplanes is now in the hands of the Russian Government?

Mr. HINSHAW. I really would not know that.

[Here the gavel fell.]

Mr. MOTT. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I regret very much that the gentleman from Arkansas, who consumed so much of the time in general debate, did not see fit to yield for questions, even after he promised a few minutes ago in answer to a direct question of mine, to yield before he concluded. I believe members of committees who speak at great length because their position on a committee in charge of legislation under consideration entitles them to do so, make a serious mistake by not yielding. I think by so doing they injure their cause more often than they advance it. If the gentleman had yielded when I asked him to it would not be necessary for me now to make any remarks at all because he could then have answered the question I wanted him to answer.

Let me say by way of preface that I believe I am just as much interested in national defense as is the gentleman from Arkansas, and I think that will be shown by my actions and my votes. I have had opportunity to demonstrate this, particularly on matters connected with the naval defense, because I am a member of the Naval Affairs Committee, and I may say, incidentally, that in my humble opinion, for the money appropriated and expended, the Navy has a much better and a more effective establishment than the Army.

I believe few in this House objected, or seriously objected, to the recent authorization of 6,000 planes. I think nearly everybody on the minority side voted for that authorization. I believe the gentleman from Arkansas was palpably in error when he said that we on the minority side were opposed to purchasing these 6,000 planes, and he also was in error when he said we were approaching this pending proposition to appropriate at this time for 4,200 instead of 5,500 planes, from the standpoint of economy. That is not the fact. I believe, and all of us on this side think, we should have the 5,500 planes, but because I consider that to be a proper ultimate air force is no reason whatever why I or anyone else should agree that we need to appropriate for and build the entire number authorized at one time.

It is well known by everybody, and it appears in the testimony before the Committee on Military Affairs, that we could greatly profit by having some investigational work and some research work carried on in the meantime. If we appropriate for 4,200 planes now and for the balance of the 5,500 in the appropriation bill of the next session, or of the next Congress, after we have had the benefit of this research, I believe we will be much further ahead than we would be by building the full number this year. For if that is done everyone knows that most of those planes will be obsolete by the time they are delivered.

For that reason, I think it is the sensible thing to do, both for those on the minority and on the majority sides, all of whom I am sure are strongly in favor of an adequate air defense, to appropriate at the present time for the 4,200 planes and appropriate for the balance of the authorized number when the next appropriation bill comes in.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. MOTT. I yield to the gentleman from Kentucky.

Mr. MAY. I just wanted to call the attention of the gentleman to the fact in connection with all these matters of national defense that if we ever have a war Republicans and Democrats alike will have to fight. When the legislative bill that authorized the purchase of these 6,000 planes was considered there were only 15 votes against it out of more than 300 votes cast. I am sure the minority side will be voting for the appropriation in order to carry out the legislative program.

Mr. MOTT. I thank the gentleman for his contribution, and that is the reason I have taken this occasion to observe that the gentleman from Arkansas was in error in his statement that the minority did not favor an adequate national defense and did not favor the authorization. The record shows that the minority's vote in favor of it was practically unanimous. And the gentleman from Arkansas, as I have said, was equally in error when he stated that our support of the Powers amendment was based on the viewpoint of economy. That is not the fact, and there is no word in the debate to support his statement. This minority proposal is just one of good common sense, and that is the reason why on both sides we should support the amendment to be offered by the gentleman from New Jersey.

Mr. POWERS. Mr. Chairman, will the gentleman yield?

Mr. MOTT. I yield to the gentleman from New Jersey.

Mr. POWERS. Is it not the position of the minority, and certainly it should be the position of the majority, that we do not oppose the purchase of 5,500 planes but we do oppose building all of them now, until we spend more money in research and get our production and our actual performance on a par with foreign nations? That is the main point we are arguing today.

Mr. MOTT. The gentleman's statement is correct, and I hope that the membership of the House on both sides of the aisle will support his amendment.

[Here the gavel fell.]

The pro forma amendments were withdrawn.

The Clerk read as follows:

EDUCATIONAL ORDERS

For placing educational orders to familiarize private manufacturing establishments with the production of munitions of war of special or technical design, noncommercial in character, as authorized by law, fiscal year 1940, $14,250,000.

Mr. SMITH of Connecticut. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SMITH of Connecticut: On page 4, line 12, after the figure "$14,250,000", and before the period, insert a comma and the following: "and, in addition, the Secretary of War is authorized to enter into contracts prior to July 1, 1940, for the same purposes, to an amount not in excess of $18,250,000, and his action in so doing shall be deemed a contractual obligation of the Federal Government for the payment of the cost thereof."

Mr. TABER. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. TABER. I make the point of order, Mr. Chairman, that this is legislation on an appropriation bill.

The CHAIRMAN. Does the gentleman from Connecticut desire to be heard on the point of order?

Mr. SMITH of Connecticut. Not on the point of order, Mr. Chairman.

The CHAIRMAN. The point of order is sustained.

Mr. SMITH of Connecticut. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SMITH of Connecticut: On page 4, line 12, strike out "$14,250,000" and insert "$32,500,000."

Mr. SMITH of Connecticut. Mr. Chairman, this amendment would bring the appropriation to the amount recommended by the Budget and asked by the War Department for this purpose for this year. The committee cut the appropriation from $32,500,000 to $14,250,000, apparently on the ground of taking it in two yearly installments and appropriating the balance next year, together with an appropriation of $2,000,000 which was authorized by transfer for this year.

The War Department feels that the full amount requested, which was the amount we authorized in the bill of April 3 of this year, is needed at this time. It is not entirely necessary that this money be actually expended in this fiscal year, but the War Department feels, and I believe they are correct, that they should enter into the contracts and let these educational orders this year so that the making of tools, jigs, dies, and fixtures for the production of munitions, for which we do not have sufficient productive capacity for an emergency, can be proceeded with. If the point of order had not been made against my first amendment it would have provided authority to enter into such contracts this year, which would have been satisfactory, for the balance of this amount.

It would have met the language of the committee in its report which indicated that the balance of this fund should be provided in the fiscal year 1941. However, the whole purpose of the educational-orders program is to get around or obviate the time lag which exists in the manufacture of these special munitions. Even during the World War, when we had been making munitions for foreign countries in great quantities, it took us a great deal of time to get into production on other items that we needed for our own forces. We do not have a physical reserve of munitions today sufficient to carry on even what we call the initial protective force for a period of 30 days.

We are making up some of the deficiency in the munitions production for this year, both by the arsenals and under private contract, but even that amount will not bring us to a position where we will be prepared to turn out the munitions we will need if we get into an emergency. This is a method of meeting that need. It would cut down the time required to produce these items an average of at least 8 months, and it would include a little over 50 items as to which the War Department feels there is a critical situation.

Therefore I ask the Committee to appropriate the amount recommended by the Budget by adopting the amendment I have now offered. As I say, I would prefer the contractual authority, because it is not necessary to expend all of this money this year; but only by appropriating the full amount can we under the existing authorization enter into these contracts, and it is necessary to go into this matter this year or we will still be from 5 to 18 months away from the completion of any contract for needed munitions.

Mr. MURDOCK of Arizona. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Connecticut. I yield.

Mr. MURDOCK of Arizona. Does the gentleman's increased appropriation include stock piles of strategic materials?

Mr. SMITH of Connecticut. That is not included in this item.

Mr. MURDOCK of Arizona. Does it include experimental work in developing such matters?

Mr. SMITH of Connecticut. No; it has nothing to do with the stock-pile item. I may say that it is probable a recommendation will come in within the near future for an additional appropriation for the initial stock pile.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Connecticut. I yield.

Mr. MAY. In spite of the fact that England has been proceeding with her program with respect to this kind of material for more than 15 months, she is not ready to produce in mass production even in the face of her crisis, and in addition, I may say there are a great many things that have to be considered, and I wish the gentleman, if he has the time, would go into that.

Mr. SMITH of Connecticut. Besides what the gentleman has mentioned, there is the fact that today there are a great number of skilled workmen who are not fully employed, but the instant an emergency starts we will have a serious shortage of skilled mechanics which will further complicate the effort we must make then to produce these tools under pressure.

Mr. MOTT. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Connecticut. I yield.

Mr. MOTT. It is a fact, is it not, we do not have tools at the present time whereby we could turn out these munitions, should we be called upon to do so?

Mr. SMITH of Connecticut. We do not have the tools. The ones we had during the war have been destroyed or lost, and there have been great improvements and modifications made in the manufacture of munitions.

[Here the gavel fell.]

Mr. COLLINS. Mr. Chairman, I rise in opposition to the amendment.

Mr. SNYDER. Mr. Chairman, I ask unanimous consent that all debate on this paragraph and all amendments thereto close in 5 minutes.

Mr. WALTER and Mr. CLASON objected.

Mr. SNYDER. Mr. Chairman, I ask unanimous consent that all debate on this paragraph and all amendments thereto close in 15 minutes.

Mr. GAVAGAN. Reserving the right to object, Mr. Chairman, does the gentleman's motion intend to shut off all debate on the entire section?

Mr. SNYDER. Only on the paragraph.

Mr. GAVAGAN. Is it directed to the Ludlow amendment?

Mr. SNYDER. Oh, no; it has nothing to do with that matter.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. COLLINS. Mr. Chairman, let us not be deceived about the military preparation of this country. All of this stuff about our country having ammunition sufficient to last only 30 days is just a lot of bunkum. We have a great quantity of the World War ammunition left, and it has been kept up to date by appropriations that have been made by Congress. Congress also has made ample appropriations for new types of ammunition and modern weapons. I should hate to estimate how much ammunition we have, because it is our only military secret; but I will say it is ample for the guns and implements of the types that the Army is going to use at the present time.

Now, as to the meaning of educational orders, that merely means that the War Department may put out an order for a gun or a shell with a factory and let that factory make a certain number of them, so that they will know how to make them if war comes. The law sponsored by the Military Affairs Committee provided for this sum of thirty-two or thirty-three million dollars, to be expended for the fiscal years 1939, 1940, and 1941. The amount carried in this bill plus the amounts already appropriated constitute half of all of the total money that has been authorized, and in the next year's bill the balance of it will be carried. All of the money for educational orders will be appropriated in due time and for the years provided for in the authorization legislation.

In addition to the amount appropriated for educational orders by this bill, we have already appropriated $110,000,000 with which to buy munitions of war, much of which will be procured from private industries. In other words, our industries are going to make munitions of the same types proposed for educational orders out of the $110,000,000 heretofore appropriated. If you will turn to the list of the educational orders proposed in the justification submitted to this committee, you will find that in more than half of the cases the War Department has already begun the purchase of the same types of supplies out of the $110,000,000.

To show you that this question of educational orders is in the state of flux, even the War Department does not know what they are going to buy or what they may need. One

week they came before the committee with the document I hold in my hand and said, "We are going to buy the articles listed here," and it was proposed that the Air Corps purchases be $4,715,000. About 2 weeks later they came in with another list. Here it is, and in this later list they said they were going to spend for the Air Corps not $4,715,000, but $2,038,000.

Again, from another aspect, no concern can get an educational order for 3 years after one has been given to it. In most cases there is only one bidder for an educational order. That means that that concern cannot get a similar educational order for 3 years, and by that time the workmen who have been making these articles will be making something else, and they will have become inexperienced again. Furthermore, and from another aspect, we find that since there has been only one concern that has bid for many of these educational orders, it follows that in the event of war, if we had to rely on that concern, it could charge whatever price it should see fit for the ammunition or other articles that we would have to purchase from it.

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

Mr. CLASON. Mr. Chairman, I move to strike out the last word.

I am particularly interested in finding out something about these educational orders. Also, because as I read the report which accompanies the bill before us this afternoon, pages 3 and 4, in regard to educational orders, it would appear that out of the $110,000,000 which was carried in the Military Appropriation Act for 1940, 75 percent of that appropriation constituted a tremendous educational program. In other words, $82,500,000 of that bill was really to be paid for educational orders.

Mr. SMITH of Connecticut. Mr. Chairman, will the gentleman yield?

Mr. CLASON. Yes.

Mr. SMITH of Connecticut. I may say that in that regard the $110,000,000 was appropriated for the purchase of munitions, not for the purpose of building tools to make up deficiencies in things not included in the $110,000,000. As a matter of fact the $110,000,000 will make up about one-fourth of the estimated deficiencies in arms and ammunition in the Army today. It will not insure that we have sufficient capacity if we do get into an emergency in the future. Of course part of it is being made in the arsenals, and rightly so.

Mr. CLASON. That is the point which disturbs me, and that is the reason I wanted to ask the chairman of the subcommittee something in regard to the statements contained in the hearings on pages 258 and 259 where the chairman had General Harris under examination.

It appears in regard to the semiautomatic rifles that the PMP will require something like 240,000 semiautomatic rifles. Mr. SNYDER brought out from General Harris that in the next year's program they are going to furnish 151,000 rifles. There is only one arsenal which is making those rifles, which is at Springfield, and apparently only 50,000 rifles, or 1,000 a week, are to be made there. If that is true and if General Harris is right in saying that the only plant that can make the rifles outside of the arsenal is the Winchester Repeating Arms Co., it would look as though the Winchester Repeating Arms Co., without any competition, is going to carry off an order for 101,000 rifles, and their present contract calls for $175 a rifle, while the Springfield Arsenal is making them for $100 or less.

It seems to me that requires some explanation, and I would like to have the chairman of the committee advise us whether or not the Winchester Repeating Arms Co. is expected to make 100,000 semiautomatic rifles during the next fiscal year.

Mr. COLLINS. That does not come out of this money at all.

Mr. CLASON. No; that does not come out of this money at all, but it is a part of the program for which this Congress is appropriating $110,000,000, of which $82,500 is an educational program.

Mr. COLLINS. It is educational, but it is not educational in the sense that this money is educational.

Mr. CLASON. It is educational in this sense that the tools, jigs, dies, and fixtures are furnished to the Winchester Repeating Arms Co.—the only company in the country to get them—at a cost of over $1,000,000, in order to give them the right to make the rifles with Government tools and fixtures, and make a beautiful profit, as I see it.

Mr. COLLINS. The gentleman has reference to an educational order placed under the $2,000,000 appropriation for the current fiscal year. Nobody knows what company is going to get the educational order under the pending appropriation. There will be competitive bidding.

Mr. CLASON. Not according to page 259 of the hearings. General Harris is authority for stating that the only plant that is in position today is the Winchester Repeating Arms Co., where the Government tools and dies are. If no other company has those tools and dies, none of them is going to bid against the Winchester Co., because they have not had any education, and the Winchester Arms Co. has.

Mr. COLLINS. I am referring to educational orders and educational orders are placed after competitive bidding. The Winchester Co., having received an educational order, under the law, cannot receive a repeat order for 3 years.

Mr. CLASON. It might be, but can you answer that: Is it intended to let out a contract for 101,000 rifles to private industry next year?

Mr. COLLINS. No, indeed, not to my knowledge; simply another relatively small educational order.

Mr. CLASON. Then what is the meaning of General Harris' statement on page 259 that next year's program is going to call for 151,000 rifles to be manufactured? Where are they going to be manufactured?

Mr. COLLINS. I assume in the Springfield Arsenal as rapidly as that establishment has the capacity to turn them out.

Mr. CLASON. We are talking about semiautomatic rifles, and General Harris says that next year they are going to make 151,000. If the Springfield Arsenal is only going to make 50,000, who is going to make the rest?

Mr. COLLINS. There is a million dollars, roundly, for automatic rifles in this $14,250,000 for educational orders. As to which concern will get the business, we do not have any more notion than the gentleman does, because whoever gets it will get it upon competitive bids.

Mr. CLASON. Well, who is going to make the 151,000 rifles to be made next year? How many are going to be made in the Springfield Arsenal?

Mr. COLLINS. I should say all of them, but not necessarily all during that year.

Mr. CLASON. If nobody knows, why are we here discussing the appropriation of money?

Mr. COLLINS. The proposition before us deals with educational orders; not production orders under a prior appropriation. One million of the fourteen million for educational orders will be spent for semiautomatic rifles.

Mr. CLASON. How much of the $110,000,000 is going to be spent for semiautomatic rifles to private industry?

Mr. COLLINS. None of it, so far as I am aware.

Mr. CLASON. Then how is General Harris going to make 151,000 rifles next year?

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Connecticut [Mr. SMITH].

The amendment was rejected.

Mr. WALTER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WALTER: On page 4, line 12, after the period, insert the following:

"In order to provide adequate facilities for the constructing, manufacturing, or furnishing of any military or naval equipment, supplies, or other articles for the purposes of the national defense, the Secretary of War and the Secretary of the Navy are respectively hereby authorized and empowered from time to time to include or cause to be included in any contract that shall be made by them or under their authority, respectively, for the constructing, manufacturing, or furnishing of any such equipment, supplies, or other

articles provisions satisfactory to them or their authorized representatives for any or all of the following purposes, to wit: (a) To provide that the contractor shall construct or install additional facilities, or expand, modernize, improve, replace, or otherwise alter existing facilities in order to expedite the constructing, manufacturing, or furnishing of any of such equipment, supplies, or other articles; (b) to provide that the cost of constructing, acquiring, installing, expanding, modernizing, improving, replacing, or otherwise altering such facilities shall be paid by the United States; (c) to provide that any such additional facilities the cost of which shall so be paid by the United States shall be and remain the property of the United States, subject as hereinafter provided, and that the United States shall have the right to acquire any such existing facilities so to be expanded, modernized, improved, replaced, or otherwise altered upon payment of fair compensation therefor to be determined as shall be provided in the contract; and (d) to provide that, if and when any such facilities that shall so become the property of the United States shall no longer be required by the contractor in the performance of any contract for the constructing, manufacturing, or furnishing to the United States or to any department, independent establishment, or other agency or instrumentality of the United States of any equipment, materials, supplies, or other articles, such facilities shall be removed from the premises of the contractor or otherwise disposed of in such manner and on such terms and conditions as shall be agreed upon by the Secretary of War or the Secretary of the Navy, as the case may be, and the contractor, including, but without limitation on the foregoing, the sale or lease of such facilities to the contractor. Any costs of constructing, acquiring, installing, expanding, modernizing, improving, replacing, or otherwise altering any such facilities that shall be paid by the United States pursuant to any such contract shall not be deemed to be a part of the cost of performing, or of the total contract price under any contract within the scope of section 3 of the act of March 27, 1934 (48 Stat. 505), as heretofore or hereafter amended, for the purpose of computing profit or loss on such contract pursuant to said section 3. Any amounts heretofore or hereafter appropriated for the constructing, manufacturing, or acquiring of any such equipment, supplies, or other articles shall to the extent that shall be deemed necessary by the Secretary of War or the Secretary of the Navy, as the case may be, be available for any of the purposes hereinbefore specified."

Mr. SNYDER. Mr. Chairman, I reserve a point of order against the amendment.

Mr. WALTER. Mr. Chairman, in just a few words, this amendment provides that whatever equipment is utilized for the manufacture of these educational orders shall be the property of the United States. Undoubtedly when contracts will be entered into for these educational orders the cost of the machinery and equipment necessary to carry out the order will be passed on to the equipment and to the munitions that are produced. After the cost has been thus passed on, the machinery and equipment that is constructed will become and remain the property of the contractor. Just a moment ago we heard about the cost of the dies that were used in the manufacture and construction of certain rifles. They belong to the contractor, but the cost was included in the cost of the rifles.

Mr. SMITH of Connecticut. Mr. Chairman, will the gentleman yield?

Mr. WALTER. In just a minute.

It seems to be bad business for us to let the cost of this machinery and equipment be absorbed and then the United States not have title to it and not be able to take this equipment and remove it to any place where it is convenient to use it at a future date.

Mr. SMITH of Connecticut. Will the gentleman yield?

Mr. WALTER. I yield.

Mr. SMITH of Connecticut. The existing law provides that such aids to manufacture—tools, jigs, and dies—shall remain the property of the United States in the case of any contract let under that Educational Order Act. If your amendment applies rather to the general purchases, that Educational Order Act would not protect them. But the Educational Order Act provides that any of these fixtures purchased under the educational orders remain the property of the Government.

Mr. WALTER. But there is nothing in the contract with private manufacturing companies producing munitions of war of special design that provides for the retention by the United States of title to the machinery that is necessary for the manufacture of these articles. Immediately after the World War large manufacturers of munitions scrapped their machinery in order to avoid the payment of taxes.

Mr. SMITH of Connecticut. The act does provide that any machinery bought from funds furnished by the Government on one of these educational orders does remain the property of the Government and may be removed by the Government. Title remains in the Government.

Mr. WALTER. That is only when the United States purchases and furnishes the machinery to the manufacturer.

Mr. SMITH of Connecticut. It applies to every contract under this particular act. It does not apply to general procurement, which may be what the gentleman's amendment covers. The amendment is rather long. I have not seen it before. It is sought to be applied to any educational order.

Mr. WALTER. I gave my amendment to the chairman of the subcommittee, who told me he submitted it to his committee and that there was no opposition to it. The present law does not apply to this situation: Suppose a plant is required to install machinery that is not ordinarily used in its business. The plant secures many times the amount of machinery they would need for their usual activities, then proceeds to the manufacture of these educational orders. The cost of that machinery is passed on to the cost of the munitions, and the title to the machinery which is installed by the contractor is in the contractor, not in the United States Government. Under the provisions of my amendment, the Secretary could enter into an agreement with the contractor whereby title would be in the United States instead of in the manufacturer, so that the United States could get the full advantage of all the money that is expended for the equipment used in educational orders.

Mr. SMITH of Connecticut. I believe the existing law covers educational orders. It does not, however, apply to quantity production under the ordinary procurement act. I do not know whether the gentleman's amendment would cover that quantity production which is entirely on a competitive basis, the cost of which is naturally absorbed in the contract price. The contract price is subject to competitive bidding and the lowest bidder gets the business. On educational orders, however, the title to every item of equipment purchased with funds from the Government on the order remains in the Government under the existing act.

[Here the gavel fell.]

Mr. SNYDER. Mr. Chairman, I make the point of order that the gentleman's amendment is legislation on an appropriation bill.

The CHAIRMAN (Mr. BLAND). The point of order is sustained.

The Clerk read as follows:

Regular supplies of the Army: For an additional amount for regular supplies of the Army, fiscal year 1940, comprising the same objects specified under this head in the Military Appropriation Act for said fiscal year, $944,545.

Mr. LUDLOW. Mr. Chairman, I ask unanimous consent to return to page 4 in order to offer an amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Indiana [Mr. LUDLOW]?

There was no objection.

Mr. LUDLOW. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. LUDLOW: On page 4, after line 25, insert a new paragraph, as follows:

"Of the appropriations contained in this act for expanding military aviation, including appropriations for both personnel and material, $1,000,000 shall be available exclusively for training Negro pilots."

Mr. LUDLOW. Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Indiana [Mr. LUDLOW]?

There was no objection.

Mr. LUDLOW. Mr. Chairman, the amendment I am offering ought, I think, to appeal to the sense of right and justice of every Member of this House. It provides:

That of the appropriations contained in this act for expanding military aviation, including appropriations for both personnel and material, $1,000,000 shall be available exclusively for training Negro pilots.

The bill before us carries a total of $7,901,859 for the training of pilots, including tuition and equipment.

It is not contemplated by the bill in its present form that one cent of this amount shall be spent for training Negro pilots.

My amendment is mandatory, in that it requires $1,000,000, or practically one-eighth of the amount carried in the bill for pilot training, to be spent in training Negro pilots.

The sheer justice of this proposal, it seems to me, ought to be obvious to everyone. When war comes Negroes will be conscripted on a widespread scale, and it is just as certain as anything in the future can be that a considerable proportion of Negroes with aviation training will be sent into the air combat detachments.

It would be positively cruel and inhumane to assign Negroes to the combat air service without giving them the means to protect themselves. The protection to which they are entitled is a thorough course in combat air training, the same course that is given to white air pilots. To send a Negro aviator to battle in the air without that thorough training would often mean certain death.

When it comes to furnishing the means of protecting our men in battle, no color line should be drawn. I am sure that those in charge of our national defense and those in charge of this bill have no intention to draw the color line, but the fact remains that no provision is made for training Negro pilots. Now is the time to begin that training.

There is nothing in the record of Negroes in war that serves as a reason for refusing to give Negroes their proportionate share of air-pilot training. In all of our wars Negroes have offered, and many have given, their lives freely to their country without question and without stint. There is no blot on their patriotism. It has been demonstrated to be 100 percent on every battlefield. They have been among our very best and bravest soldiers. If, unhappily, war comes again, they will be in the front ranks, eager to serve and, if need be, to die for the country they love.

These are facts. Since they are facts, what excuse in God's name do we have for not giving Negro pilots the protection of the same basic training in combat service that we give to any other soldiers? Life is as precious to a Negro as it is to a white man.

How can we justify such discrimination before the court of public opinion and before that higher court which we may humbly agree knows no color line when it comes to judging acts of loyalty and devotion?

Secretary of War Woodring says on page 281 of the hearings on this bill:

> We are trying to work out a plan whereby we shall have a program under which Negroes can be trained.

The Secretary of War's words are an eloquent acknowledgment of the justice of giving this training to Negro pilots. Yet not one cent is provided for such training. I appreciate the good intentions, but why should there be such delay in providing this training? In the troubled state of the world we do not know when war will come; and, sooner than we expect, our Negro pilots may be forced into combat service without any adequate training for it. Available land and facilities for these Negro training units are being offered free of charge at Tallahassee, Fla., and Tuskegee, Ala.

The amendment I propose would not add one dollar to the appropriations in this bill. The amount which my amendment makes available for the training of Negro pilots, compared with the total appropriation, is almost the exact proportion which the Negro population bears to the total population of the United States. It would simply make available for training Negro pilots a reasonable proportion of the training funds carried in the bill. Let us do the right thing by these willing and loyal defenders of our country whose skin happens to be black. I hope every Member of the House will vote for the amendment. [Applause.]

I cannot conclude my remarks without paying my tribute of appreciation to a number of colored leaders and organizations who have been most helpful in furnishing information and support in my efforts to prepare the worthy case in behalf of the Negroes of America, which I am presenting to you today. I refer especially to Edgar G. Brown, president of the United Government Employees; Mr. G. N. T. Gray, welfare director of the National Alliance of Postal Employees; the National Airmen's Association; and the Elks Civil Liberties League. Mr. Brown appeared before the subcommittee during the hearings on the bill and made a most impressive and convincing statement.

Mr. POWERS. Will the gentleman yield? I think I might help the gentleman. I am very much in favor of the gentleman's amendment, and I would like to insert in the RECORD the fact that on page 282 of the hearings I asked the following question of the Secretary of War:

> You are definitely going to train some Negro pilots, are you not?
> Secretary WOODRING. We are planning to do so.
> Mr. POWERS. I am very glad to hear that.

The Secretary of War stated that the War Department is going to train Negro pilots. I am very happy to support the gentleman's amendment earmarking certain funds for that purpose.

Mr. LUDLOW. I thank the gentleman.

Mr. POWERS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, due to the fact the amendment offered by the gentleman from Indiana [Mr. LUDLOW] is now pending before the Committee, I ask unanimous consent that the part of the hearings pertaining to the training of Negro pilots appearing on pages 281 and 282, including the colloquy between the Secretary of War, the gentleman from Michigan [Mr. ENGEL], the gentleman from Pennsylvania [Mr. SNYDER], and myself, be placed in the RECORD at this point.

The CHAIRMAN. That request will have to be made in the House.

Mr. DIRKSEN. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, the amendment offered by the gentleman from Indiana is similar to an amendment I have pending on the Clerk's desk. This bill carries approximately $8,000,000 for pilot training. The purport of the amendment offered by the gentleman from Indiana [Mr. LUDLOW] is to earmark one million of that $8,000,000 for the training of Negro pilots. There is certainly justification for the amendment, and it should be adopted.

Mr. COLLINS. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. Let me finish my statement first, and then I will gladly yield.

In the first place, the Negro race, on the basis of the 1930 population, constitutes about 11 or 12 percent of the whole number of our people. This amendment in substance would earmark about 12 percent of the amount that is available for training.

In the second place, the Negroes have served heretofore in all our wars, and in the World War they provided some 300,000 soldiers. They are entitled to have equitable consideration free from all discrimination. What this amendment seeks to do is to carry into effect the assertion made by the Secretary of War in the hearings on this bill. They are adaptable to training, as evidenced by the fact that during the World War there was a Negro training camp established at Des Moines, Iowa. If we could do it in the World War, certainly we can do it during a period of peace when we are preparing for whatever eventualities there may be on the horizon.

In the third place, it can be conveniently done. It is proposed that this training camp be established at Tuskegee Institute in Alabama. At Tuskegee they have a Reserve Officers' Training Corps at the present time, which is officered by a Negro first lieutenant, who is a graduate of West Point, and whose father, I am informed, is the colonel of the Fifteenth Infantry in New York, Col. B. J. Davis. In the second place, they have a mechanical school at Tuskegee. So this appropriation can be very conveniently adapted for the purpose of training civilian Negro pilots at Tuskegee

Institute in order to carry out and effectuate the purposes of section 4 of the act approved in April of 1939.

Mr. MAAS. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. Let me go just one step further and then I shall yield.

Finally, it occurs to me that the Negro has shown aptitude for this kind of work just like anybody else. There are today 350 Negro pilots in the country. There are many distinguished Negro officers. In the past, of course, we have had Col. John R. Marshall, who commanded the Eighth Illinois Infantry in the Spanish-American War. We have Col. B. J. Davis in New York. Negroes have served in all the wars of this Republic. Finally, they pay taxes just like any other element of our people, and therefore we might very well give them assurance in this bill for the purpose of training Negro pilots.

I now yield to the gentleman from Minnesota.

Mr. MAAS. Is there anything in the existing law that bars Negroes from training? Are they not Americans?

Mr. DIRKSEN. There is nothing in existing law to bar them, but in section 4 of the act which was approved on April 3 in pursuance of the President's message of January 12 this House and the Senate wrote in a provision to the effect that facilities should be made available for the purpose of training Negro pilots. In view of the fact that this is written into the substantive law, is there any reason why we cannot earmark a portion of the amount of these funds to carry out and effectuate that purpose?

I yield now to the gentleman from Mississippi.

Mr. COLLINS. I was wondering if the gentleman has investigated the subject sufficiently to find out whether or not he is reducing the appropriation for that purpose rather than increasing it?

Mr. DIRKSEN. I am only going on the theory that the language submitted by the gentleman from Indiana is identical with the language of the amendment I have at the Clerk's desk, to the effect that $1,000,000 of the amount available should be used for this purpose.

Mr. COLLINS. I still insist that I am apprehensive that the gentleman from Illinois and the gentleman from Indiana may be reducing the appropriation rather than increasing it.

Mr. DIRKSEN. I doubt it very much.

Finally, let me add this one suggestion: The gentleman from New Jersey [Mr. POWERS], on page 282 of the hearings is recorded as having asked this question of the Secretary of War:

> You are definitely going to train some Negro pilots, are you not?

Secretary Woodring said:

> We are planning to do so.

If that is the case, there can be no objection to earmarking these funds. [Applause.]

[Here the gavel fell.]

Mr. McKEOUGH. Mr. Chairman, I move to strike out the last three words.

Mr. SNYDER rose.

The CHAIRMAN. For what purpose does the gentleman from Pennsylvania rise?

Mr. SNYDER. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 10 minutes, with the last 5 minutes to be reserved to the gentleman from Arkansas [Mr. TERRY].

Mr. McKEOUGH. Reserving the right to object, Mr. Chairman, does that take away the 5 minutes for which I have just asked?

Mr. SNYDER. No; that gives the gentleman 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. LUDLOW. Mr. Chairman, will the gentleman yield?

Mr. McKEOUGH. I yield to the gentleman from Indiana.

Mr. LUDLOW. In reply to what the gentleman from Mississippi said, the fact of the matter is that while there has been an appropriation ample to train many pilots, including Negro pilots, up to this time not one single Negro has been trained. I am not stating this as a criticism but as a fact. This amendment exercises the right of Congress simply to say that a part of this money shall be used for training Negro pilots.

Mr. McKEOUGH. I thank the gentleman from Indiana for his observation.

I merely wish to join with the gentleman from Indiana and my colleague from Illinois toward favorable action on the amendment offered by the gentleman from Indiana. In Chicago we have a complete colored regiment, known as the eighth regiment, in that city and State. Its record in the interest of the welfare of this Government and in defense of its ideals and purposes is as fine as that of any regiment in the entire national history of this great country. Unless this particular action is taken and the money allocated for the purpose for which it is sought, I am very fearful that Negroes will be denied the right to be trained as air pilots and that it may develop, as it has in the past, that many excuses may be offered by the War Department with a view to defeating that very worthy objective which legislation previously passed by the Congress seeks to attain. I cannot too strongly urge upon the House the adoption of this amendment in order to insure that the Negroes of this country, seeking further patriotically to serve the best interests of our Nation, may not be denied that privilege.

Unless this amendment is adopted, I am fearful that what has happened in the past may be repeated, and the Negroes denied the opportunity that the country ought to willingly give them to further demonstrate their undying fealty and devotion to the high ideals of the Nation they have so unselfishly served. [Applause.]

Mr. TERRY. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, as has been pointed out, on page 281 of the hearings, it is shown that this matter was taken up by the committee with Secretary Woodring, and this question was asked:

> I am wondering whether or not one of these schools will be designated for the training of Negro pilots.
>
> Secretary WOODRING. We are considering that now. We are trying to work out a plan whereby we shall have a program under which Negroes can be trained.

Mr. Chairman, I realize, of course, the splendid history that the colored race has in our country. I realize the patriotic service they have rendered not only in time of war, but in time of peace. I am wondering, however, whether we should adopt this amendment at this time when the Secretary stated in answer to a question by the gentleman from New Jersey [Mr. POWERS]:

> You are going to train some Negro pilots?

The Secretary replied:

> We are planning to do so.

I am wondering, in the face of the definite statement the Secretary of War has made, whether we should include this amendment which freezes $1,000,000 for the training of one section of our citizenship.

Mr. Chairman, the bill providing for the training of pilots sets aside the sum of $10,000,000 for this purpose. It does not set aside $10,000,000 for the training of white pilots or colored pilots or Indian pilots or any particular group, and I am wondering why we should come in here now and in the face of a bill which covers the citizens of this country generally without making any specific mention of any one race——

Mr. THOMASON. Mr. Chairman, will the gentleman yield?

Mr. TERRY. I yield.

Mr. THOMASON. If we are going to give preferential treatment to certain classes and races of our people, I wonder if there would be any objection to including some very fine Mexican citizens in my part of the country who have wonderful war records and who are fine American citizens? Where are you going to stop if you start this ridiculous policy? All American citizens should be treated alike. If you are going to include the Negroes, why not set

aside so much for the Mexicans and the Jews and the Scotch and some of us Swedes? I suppose the Irish will not need help. This is no way to build up a great army, and you are doing a disservice to the Negroes, to whom I am friendly. This sounds like pure and unadulterated politics to me.

Mr. TERRY. I agree with my friend, and as I am partly Irish, I should perhaps feel disappointed that we have not included a specific sum for the Irish.

We have set aside here the sum of $7,900,000, or practically $8,000,000, for the training of pilots. The colored race in this country, as I understand, amounts to about one-thirteenth of the total population. I am not mentioning that as a reason why there should be any particular amount set aside for them, but, certainly, if you are going to set aside for one-thirteenth of the population one-eighth of the sum that is appropriated for this purpose, manifestly, that is not a fair allocation.

Mr. Chairman, I ask that the amendment be defeated.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana.

The question was taken; and on a division (demanded by Mr. LUDLOW) there were—ayes 76, noes 60.

Mr. TERRY. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed as tellers Mr. LUDLOW and Mr. TERRY.

The Committee again divided; and the tellers reported—ayes 89, noes 83.

So the amendment was agreed to.

The Clerk read as follows:

Army transportation: For an additional amount for Army transportation, fiscal year 1940, comprising the same objects specified under this head in the Military Appropriation Act for said fiscal year, $3,384,559, and of such amount not to exceed $650,000 may be expended for the purchase or construction of boats and other vessels, and not to exceed $216,000 may be expended for the purchase of passenger-carrying automobiles, motorcycles, ambulances, and trucks of station-wagon type.

Mr. McCORMACK. Mr. Chairman, I move to strike out the last word, to ask the chairman of the subcommittee a few questions. First, whether included in this lump-sum appropriation there is a flying field in the northeastern section of the country?

Mr. SNYDER. Money is carried in here for a flying field in the northeastern section of the country.

Mr. McCORMACK. And the amount carried is how much?

Mr. SNYDER. Three million six hundred and eight thousand dollars.

Mr. McCORMACK. Is that the total amount or the starting amount?

Mr. SNYDER. As far as we know, that is the total amount apart from the land. Undoubtedly, however, the field will expand and grow larger as time goes on.

Mr. McCORMACK. Also, it is provided here that employment of personnel shall be without regard to civil-service requirements and restrictions of law relating thereto, lines 3, 4, and 5, page 7.

Mr. SNYDER. The Quartermaster General has a trained and experienced temporary force which has been engaged on projects financed with P. W. A. and W. P. A. funds, which is ready and qualified to proceed with the construction program provided for in this paragraph. If he were forced to take on in their stead a force of untrained and inexperienced employees, this program would be delayed, and obviously neither efficiency nor economy would be served. I wish to emphasize that this is a temporary force.

Mr. COLLINS. Mr. Chairman, I think I can add to what has been said by the distinguished gentleman from Pennsylvania. A lot of this work is being done in Panama. Other work is done in Puerto Rico, and part of it is done in Alaska, relatively a small part only in the United States. It may be necessary to employ some people in those outlying areas; and if we do not eliminate the requirements as to civil service, it is very doubtful if you could obtain people to do the work.

Mr. McCORMACK. The gentleman from Mississippi makes a convincing contribution, so far as I am concerned. I simply wish to say that personally I do not like to see too much civil-service exemptions. I believe in the civil-service list and I do not like to see exemptions go through unless there are proper grounds for doing so.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

The Clerk read as follows:

SIGNAL CORPS

SIGNAL SERVICE OF THE ARMY

For an additional amount for signal service of the Army, fiscal year 1940, including the same objects specified under this head in the Military Appropriation Act for said fiscal year, $6,074,564, and, in addition, the Chief Signal Officer, when authorized by the Secretary of War, may enter into contracts prior to July 1, 1940, for the procurement of aircraft-communication equipment and ground radio and telephone facilities to an amount not in excess of $1,160,000, and his action in so doing shall be deemed a contractual obligation of the Federal Government for the payment of the cost thereof.

Mr. POWERS. Mr. Chairman, I offer four amendments, which are at the Clerk's desk.

The CHAIRMAN. The Clerk will report the amendments offered by the gentleman from New Jersey.

The Clerk read as follows:

Amendments offered by Mr. POWERS: On page 8, line 19, strike out "$6,074,564" and insert "$4,214,264."

Page 9, line 11, strike out "$89,727,655" and insert "$68,437,585."

Page 10, line 8, strike out "$44,000,000" and insert "$30,951,370."

Page 11, line 7, strike out "$6,552,833" and insert "$5,885,289."

Mr. POWERS. Mr. Chairman, I ask unanimous consent that these four amendments may be considered together. I am doing that because they are all related. The amendments pertain to reducing the number of planes by 1,283. The first amendment is the signal equipment for the 1,283 planes. The second amendment is the actual purchase price; the third is the contractual authority; and the fourth is the ordnance equipment for the planes.

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey?

Mr. SNYDER. Reserving the right to object, Mr. Chairman, those four amendments under the head of "Signal Corps" are all the amendments the gentleman is going to offer under this heading?

Mr. POWERS. Under "Signal Corps?"

Mr. SNYDER. Yes.

Mr. POWERS. Yes. One under "Signal Corps," two under "Air Corps," and one under "Ordnance."

Mr. SNYDER. I shall not object.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. POWERS. Mr. Chairman, I ask unanimous consent that if necessary I be allowed to proceed for 10 minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. POWERS. Mr. Chairman, I am offering these amendments which will reduce the bill approximately $37,000,000. I am offering these amendments to take 1,283 from the number of planes authorized. As I said earlier in the day, there is not one word of testimony in the hearings that indicates to me or anyone else that 5,500 planes should be purchased immediately, or that they are necessary or essential. Mr. Chairman, if I had my way and if I were chairman of the committee writing this measure, I would have brought out this bill calling for 3,300 planes. If my amendments are carried the total number of planes to be purchased will be 4,217. I am agreeing to 4,217 instead of 3,300 for this reason: Some time ago when another supplemental bill was passed there was $50,000,000 included for the Air Corps for the purchase of airplanes. At that time the Air Corps purchased practically all of the planes of the pursuit type. If their program were limited to 3,300, having purchased all of the pursuit planes with the $50,000,000, the entire program would become out of balance. The Chief of the Air Corps said the program would not be thrown out of

balance despite the purchase of these pursuit planes, if the total number allowed under this bill were to be approximately 4,217. The 1,283 planes that I am asking the committee to strike from the bill are actually reserve planes, but if they are stricken from the bill the Air Corps still has 880 planes in reserve.

Let me read from the committee report, because this pertains to the 1,283 planes. I quote:

> The committee questions the wisdom of proceeding with the immediate procurement of at least the 1,283 planes.

Let me repeat that:

> The committee questions the wisdom of proceeding with the immediate procurement of at least the 1,283 planes.

Proceeding again with the committee report—

> It is highly probable that some of them, if ordered immediately, would be inferior as to speed with planes now in production abroad for comparable missions. It would seem sensible to wait upon improvements promised by studies now under way, unless national defense needs are deemed to warrant their construction now.

Mr. Chairman, one of my reasons for asking to strike these planes from the bill is so that we will have more money for research. Let me read for just a moment from the committee hearings a few words on the subject of research. On page 27 of the hearings I asked General Arnold:

> To administer efficiently the new program, how much money should you have for research?
>
> General ARNOLD. To efficiently carry on the research necessary to secure and then maintain facilities that will enable us to produce airplanes equal to, or better than, any in the world, in my opinion, will require an annual research program of approximately $20,000,000 a year.

Mr. MAAS. Mr. Chairman, will the gentleman yield?

Mr. POWERS. I yield.

Mr. MAAS. I am in hearty agreement with the gentleman that we should have more research, but does the gentleman contend that we are so lagging in research that we do not know how to build airplanes equal with the fastest in the world at the present time?

Mr. POWERS. I do not know whether or not we know how, but the fact remains we are definitely not building any type of plane now, other than our four-motored bombers, which are comparable to those now being constructed by some European countries. The gentleman is an experienced flyer. He knows the answers to these questions as well or better than I.

Mr. MAAS. I think we know as much as the Germans, and probably more than they do today, but the gentleman is a member of the Committee on Appropriations, and I think recognizes that our failure is our lag in applying our research to actual production.

Mr. POWERS. Very definitely; and if we cut these 1,283 planes from the bill we can use more money for research. I shall speak in a few moments about a motion to recommit this bill which I will offer later.

Mr. MAAS. Did the gentleman consider somewhat the working out of a method whereby we can translate the results of our research into production?

Mr. POWERS. Yes: I shall be delighted to do that. That is my entire point. As I stated before, I am not against purchasing the 5,500 planes if and when they are necessary or if and when our research, both fundamental and applied, gets to the point where our plane performance is comparable to that of the planes of foreign nations.

Mr. BROWN of Ohio. Will the gentleman yield?

Mr. POWERS. I yield to the gentleman from Ohio.

Mr. BROWN of Ohio. If a reduction is made in the number of planes, will the amount of money represented by that reduction be transferred for work in experimentation and research?

Mr. POWERS. I am very glad the gentleman asked that question. If my amendment is agreed to, no; but the money is saved for the moment. In a short time I shall explain my motion to recommit, and he will find there is money provided in the motion for research and development.

Mr. BROWN of Ohio. Will the amount of money to be appropriated for research and development be increased over the amount contained in the bill?

Mr. POWERS. In my motion to recommit, most assuredly it will be.

Mr. BROWN of Ohio. Will a portion of that money be used at Wright and Patterson Fields?

Mr. POWERS. I cannot say where it will be used. The money will be turned over to the Chief of the Air Corps, and certainly with such a fine development as the gentleman has at Wright Field some of it will undoubtedly be used there.

Mr. BROWN of Ohio. Does the bill allocate the money?

Mr. POWERS. No. It is entirely within the discretion of the Chief of the Air Corps.

Mr. Chairman, let me repeat what I said earlier in the day. I have been a member of the subcommittee having to do with War Department appropriations for 7 years. As I stated previously, I have tried to do a decent, honest, and patriotic job. There are no politics in this subcommittee and certainly there are no politics on the floor today so far as this bill is concerned. There are no politics either in the amendment I have offered. I merely want to take these 1,283 planes, which will not be purchased unless the President proclaims a national emergency, save that amount of money, and a little later allocate some of the money for research and development, both fundamental and applied. [Applause.]

[Here the gavel fell.]

Mr. SNYDER. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 15 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania [Mr. SNYDER]?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Wisconsin [Mr. JOHNS].

Mr. JOHNS. Mr. Chairman, I am interested of course in airplanes and the defense of our country. It seems to me that we could very easily dispense with some of the airplanes provided in the pending bill and in support of this contention I will read at this time from the testimony given by Charles A. Lindbergh, which appears on page 288 of the hearings.

Colonel Lindbergh made the following statement:

> I feel that we have a great natural advantage in the United States, and that consists of being able to place a large portion of our military reserve in the quality of our aircraft. Our geographical position does not necessitate the maintenance of a huge air fleet ready to enter war on a moment's notice. We can gain strength by devoting more attention to the quality of our Air Corps than to the number of aircraft it contains. The problems of European countries are entirely different. In Europe it is necessary to maintain facilities for the production of large reserves of military planes. Over here, we are not subject to serious attack from the air in the present stage of aviation; and, in any event, we still have the advantage of distance from any great air power.

Mr. Chairman, within the last 24 hours I visited with Colonel Williams, the man who flew to Rome in 1929. Colonel Williams has had 26 years' experience in aviation. I asked him what he thought about the situation, and he agreed with Colonel Lindbergh on this proposition. He made the statement that if we would appropriate money for the purpose of experimenting with planes and for the purpose of developing them, so that if we needed airplanes we could immediately go into production and knew where we could have them produced, we need not worry about defense in this country so far as airplanes are concerned. I think that is a sensible thought, and I hope the amendment offered by the gentleman from New Jersey [Mr. POWERS] will be agreed to.

Mr. SCHAFER of Wisconsin. Will the gentleman yield?

Mr. JOHNS. I yield to the gentleman from Wisconsin.

Mr. SCHAFER of Wisconsin. What will be the good of developing new airplanes if we have an administration in power that gives the secrets of our new developments to potential enemies, as the administration is doing?

Mr. JOHNS. We are going to change administrations in 1940, so we will not need to worry about that. [Laughter and applause.]

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Connecticut [Mr. MILLER].

Mr. MILLER. Mr. Chairman, I rise in opposition to the pending amendment. I observe that my good friend and colleague argues this afternoon that General Arnold, General Craig, and Colonel Lindbergh, testifying before the Appropriations Committee, apparently had their fingers crossed. He does not seem to believe they meant what they said when they testified before that committee that they want this program which includes 5,500 planes.

Further than that the thought has been expressed here this afternoon, and I believe it is true, that there is an economy wave coming here in this country. But the question we have to answer today is, What if we have to face a state of war before the economy wave gets here? This is national defense. We have testimony not only before the Appropriations Committee but before the Committee on Military Affairs, and we accepted the report of that committee and their recommendation before this appropriation bill was brought to the House.

I remind you that world conditions change suddenly. In the fall of 1916 a national election was won in this country on the slogan that somebody had kept us out of war. We were confident in November 1916 that we were not going to become involved in a war, yet in a few short months, the following April, to be exact, we were in a state of war. We badly needed at that time aviation equipment and airplanes and pilots.

I hope this order can be given to the aircraft industry so that our Air Corps officers can find out where the bugs are in the industry, and how rapidly the manufacturers can turn out airplanes. This not an amendment to stagger this program, it is an amendment to strike out 1,200 planes that we need, 1,200 planes that could be built by the industry. We should find out now how quickly they can be built if they are needed.

Mr. THOMAS F. FORD. Mr. Chairman, will the gentleman yield?

Mr. MILLER. I yield to the gentleman from California.

Mr. THOMAS F. FORD. Would it not be better to do more research and find out whether or not the planes if produced now would be as efficient as if they were produced a year from now, after additional research has been done?

Mr. MILLER. I am convinced we can turn out planes just as efficient as any in the world. We are doing research every day. The aircraft industry in this country have spent millions. If the manufacturers are given the orders they will turn out the planes.

Further, I understand that these contracts are not let under frozen specifications. If next month or 3 months from now there is an improvement or if their research engineers find a way to improve certain equipment, the United States Government will get the benefit of the improvement, it will not get a 1938 model. [Applause.]

Mr. THOMAS F. FORD. I thank the gentleman for his information. I was simply wanting to find out.

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Arkansas [Mr. TERRY] for 3½ minutes.

Mr. TERRY. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from New Jersey.

The whole question involved in this amendment is whether or not we know or can know when an emergency will develop. It is all right to say that if we purchase planes now, or if we purchase planes over the next 2 years, we may have some obsolescent planes. This is not an authorization to buy all these planes for immediate delivery. It means that we are going to give the authority and the appropriations to the War Department so that contracts can be let and the Army can make provision with the air industry to put these planes in production over the next 2 years. This does not mean that all the planes will be produced this year. Secretary Woodring told us that if any improvements or developments are made this year or next year, or year after next, such improvements will be incorporated in the planes for which we are giving orders.

Mr. HARTER of Ohio. Mr. Chairman, will the gentleman yield?

Mr. TERRY. I yield to the gentleman from Ohio.

Mr. HARTER of Ohio. As a matter of fact, this program contemplates that it will be completed July 1, 1941, does it not, 2 years hence?

Mr. TERRY. It does. All planes that are manufactured during that time will have the advantage of the devolpments that will be made in the next 2 years.

Mr. Chairman, shall we by our action this afternoon commit the Government of the United States to the same program that it had in the past—that is, that we shall not go ahead and give ourselves an adequate reserve? You know yourselves, as a matter of common sense, that if we have M-day tomorrow, or 6 months from now, the attrition of our first-line combat planes will be terrific. We know that if our planes go into action our first-line planes will be destroyed probably from 50 to 80 or 90 percent; and then you say that we can at that time go into manufacture and give ourselves an adequate reserve. That proposition is absurd.

Mr. THOMAS F. FORD. Mr. Chairman, will the gentleman yield?

Mr. TERRY. I yield to the gentleman from California.

Mr. THOMAS F. FORD. How much money is provided for research in the present appropriation bill?

Mr. TERRY. Ten million dollars is provided for research.

Mr. Chairman, I am just as much in favor of research as anyone else, but we must have an adequate reserve now. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The gentleman from Pennsylvania is recognized for 4½ minutes.

Mr. SNYDER. Mr. Chairman, I should like to call attention to a part of the testimony of three of our witnesses. The gentleman from New Jersey [Mr. POWERS] this afternoon paid high tribute to three distinguished American citizens, namely, Secretary Woodring, Colonel Lindbergh, and the Chief of Staff, Gen. Malin Craig. He eulogized them, and rightly so, because they deserve all the praise he gave them. But I am just wondering why he should take the position, after giving them such praise, that their words to the committee with reference to these airplanes are not sufficient justification for going ahead with their procurement.

Mr. HARTER of Ohio. Mr. Chairman, will the gentleman yield?

Mr. SNYDER. I yield to the gentleman from Ohio.

Mr. HARTER of Ohio. If the amendment of the gentleman from New Jersey prevails, the House will be going counter to the recommendations of the Secretary of War, the Chief of Staff, and the Chief of the Air Corps, that our national defense needs make necessary the provision of the full 5,500 planes at this time.

Mr. SNYDER. The gentleman is correct. I just want to read these excerpts from our hearings right now before my time is up. I quote now from Secretary Woodring.

As a matter of fact, assurance of impregnability of the Panama Canal Zone alone justifies practically all of the Air Corps expansion program.

From Colonel Lindbergh:

It would be, in my opinion, an error to reduce the number of planes called for in the expansion program of the Army Air Corps."

Quoting further from the hearings, where General Craig was before us:

Mr. COLLINS. Did you initially recommend 5,500 planes or any such program as that?

General CRAIG. This 5,500-airplane program, as I have stated before, has now and always has had my unqualified approval.

Mr. Chairman, I ask the Committee to vote down the amendments offered by the gentleman from New Jersey.

The CHAIRMAN. The question is on the amendments offered by the gentleman from New Jersey [Mr. POWERS].

The question was taken; and on a division (demanded by Mr. POWERS), there were—ayes 117, noes 106.

Mr. SNYDER. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed as tellers Mr. POWERS and Mr. SNYDER.

The Committee again divided, and the tellers reported that there were—ayes 121, noes 113.

So the amendments were agreed to.

The Clerk read as follows:

AIR CORPS

AIR CORPS, ARMY

For an additional amount for Air Corps, Army, fiscal year 1940, comprising the same objects specified under this head in the Military Appropriation Act for said fiscal year, including maintenance and repair of aeronautical equipment loaned to aviation schools under the provisions of section 4 of the act entitled "An act to provide more effectively for the national defense by carrying out the recommendations of the President in his message of January 12, 1939, to the Congress", approved April 3, 1939, $89,727,655: *Provided*, That not to exceed $2,500,000 of such amount shall be available until June 30, 1941, for transportation to first destination of equipment procured hereunder, for salaries and travel of personnel in connection with the inspection of new aircraft, equipment, and accessories, and for the cost of tuition for training of Regular Army personnel at civilian educational institutions, under authority of sections 2 and 4 of said act of April 3, 1939: *Provided further*, That $27,000 of the amount herein appropriated shall be available exclusively for the engagement of personal services, by contract or otherwise, at such rates of compensation as the Secretary of War may determine, for preparing a comprehensive digest of the data which has been collected upon geographic, meteorologic, and weather conditions in northern latitudes pursuant to authority contained in the War Department Appropriation Act, fiscal year 1935: *Provided further*, That in addition to the amount herein appropriated the Chief of the Air Corps, when authorized by the Secretary of War, may enter into contracts prior to July 1, 1940, for the procurement of new airplanes, and for the procurement of equipment, spare parts, and accessories for airplanes to an amount not in excess of $44,000,000, and his action in so doing shall be deemed a contractual obligation of the Federal Government for the payment of the cost thereof: *Provided further*, That of the amounts herein appropriated and authorized to be obligated for the procurement of 2,290 airplanes, obligations shall not be incurred for the procurement of more than 1,007 airplanes unless and until the President shall determine that the interests of national defense require the procurement of any portion or all of the number in excess of 1,007.

Mr. RAMSPECK. Mr. Chairman, I make a point of order against the proviso, beginning in line 11, of page 10, and continuing down through line 18, on the ground that it is legislation on an appropriation bill. I presume this appropriation is made on account of the authority contained in the act of April 3, and in that act the authority was given to the Secretary of War and the language reads:

> The Secretary of War is hereby authorized to equip and to maintain an Air Corps of not to exceed 6,000 serviceable airplanes.

Of course, it is necessary for Congress to appropriate the money before the Secretary can carry out this authority, but the proviso against which I have made a point of order takes that discretion away from the Secretary of War and puts it in the hands of the President of the United States. It puts a duty on him which the legislative committee placed in the hands of the Secretary of War, and for that reason it seems to me to be legislation on an appropriation bill, and I therefore make a point of order against it.

Mr. COLLINS. Mr. Chairman, I hope the gentleman will reserve the point of order.

Mr. RAMSPECK. I reserve the point of order, Mr. Chairman.

Mr. COLLINS. Mr. Chairman, I move to strike out the last word.

I hope the gentleman will not make the point of order. This is a very important provision, I will say to the gentleman. It means merely that the President of the United States can, if in his judgment the military requirements of this country demand, purchase the entire 5,500 airplanes.

There are some of us who believe, and are honest in the conviction, that 4,500 airplanes are sufficient to meet the military requirements of this country, especially in view of the fact that there is not a foreign military airplane that can cross the Atlantic Ocean and drop bombs upon any city, even on the Atlantic coast.

With this proviso in the bill the President can expend this additional money if the military requirements 3 or 6 months hence necessitate the purchase of these additional planes. With this language eliminated I fear there are a large number of us who will be unable to support the bill. Therefore I plead with the gentleman as one who wants to give this country adequate military preparedness, to withdraw his objection to this language so that all of us can go along with the committee as they have prepared the bill.

Mr. RAMSPECK. Mr. Chairman, I rise in opposition to the pro forma amendment.

I want to say to my friend from Mississippi, and I have the highest regard for him, I do not believe it is proper legislative procedure for legislative committees to write laws authorizing appropriations and then for the Appropriations Committee to change those laws by writing legislation on appropriation bills.

Frankly, of course, I do not know all about the situation in regard to these planes. It would be foolish for me to stand up here and claim to know as much about it as the gentlemen on the Appropriations Committee or on the Committee on Military Affairs, who have studied this subject. For that reason in this case I am going to withdraw my point of order at the request of the gentleman from Mississippi [Mr. COLLINS], but I say to the House that I feel very strongly that it is unwise and improper for the Committee on Appropriations to overrule the will of the House as expressed in legislative enactment, and I hope that practice will not be persisted in because we ought to legislate in an orderly manner.

Mr. SCHAFER of Wisconsin. Mr. Chairman, I make the point of order against that language.

The CHAIRMAN. The point of order is made against the language by the gentleman from Wisconsin. Does the gentleman from Pennsylvania [Mr. SNYDER] desire to be heard?

Mr. SNYDER. No.

The CHAIRMAN. The point of order is sustained it being legislation upon an appropriation bill.

Mr. WADSWORTH. Mr. Chairman, I move to strike out the last two words, and I ask the indulgence of the members of the Committee for a few moments. I am taking advantage of the rule which permits a member to offer a pro forma amendment and discuss something that is not actually contained or dealt with in the paragraph under discussion. I do it upon this occasion on account of my very, very deep concern at the action of the Committee a little while ago on the amendment offered by the gentleman from Indiana [Mr. LUDLOW]. I think no Member of this House will deny the deep, deep interest I have always taken in the Army and the Navy of the United States, or my devotion or adherence to our military policy. I fear that the precedent set by the amendment offered by the gentleman from Indiana will inject into the military policy of the United States a poisonous thing. For the first time, unless my recollection is wrong, the Committee of the Whole of the House of Representatives has inserted in an Army appropriation bill an amendment drawing a distinction as between the racial origins of Americans. That is a serious, serious thing when we are dealing with the national defense. It makes no difference, Mr. Chairman, what racial origins we are dealing with. The fact that we have inserted a thing of that sort into a bill of this kind dealing with the national defense inserts an element demoralizing and dangerous. [Applause.]

Without drawing any distinctions or making any comparisons, odious or otherwise, let me remind the members of this Committee that the item dealt with by the amendment offered by the gentleman from Indiana has to do with the training of officers in the Regular Army Air Corps. Pilots to be trained under the appropriation made here are to be officers of the United States Army—Regulars. That amendment at least gives the distinct impression to the entire country that it is the purpose and the intention of the House

of Representatives that hereafter one-eighth of all the officers commissioned in the Army Air Corps shall be of a certain racial origin. If this policy is embarked upon in this instance and adhered to by the Congress, a precedent will have been set which will rise to plague the Congresses of the future. It is not at all improbable that, when the appropriation bill comes before the House for the support of the West Point Military Academy, an amendment similar to this, exactly parallel with this Ludlow amendment, may be offered to the effect that one-eighth of the corps of cadets at the West Point Military Academy shall be reserved for citizens of a certain racial origin. In principle there is no difference between such an amendment and the one which this Committee has adopted. If this remains, you will have inserted into the policy of national defense the element of racial distinction—a thing we have kept away from. I hope to God we always will keep away from it. [Applause.]

Mr. COLLINS. Mr. Chairman, I offer the following amendment, which I send to the desk and ask to have read.

The Clerk read as follows:

Amendment offered by Mr. COLLINS: Page 10, line 11, after the word "thereof", insert "*Provided further*, That of the amounts herein appropriated and authorized to be obligated for the procurement of 2,290 airplanes, obligations shall not be incurred for the procurement of more than 1,007 airplanes unless and until the President shall determine that the interests of national defense require the procurement of any portion or all of the number in excess of 1,007."

Mr. COLLINS. Mr. Chairman, I ask recognition on my amendment.

Mr. SCHAFER of Wisconsin. Mr. Chairman, I make the point of order against the amendment.

The CHAIRMAN. The gentleman from Wisconsin makes the point of order.

Mr. SCHAFER of Wisconsin. This is legislation on an appropriation bill.

Mr. COLLINS. I insist, Mr. Chairman, that I have the floor and stated to the Chair that I wish to be heard on my amendment.

The CHAIRMAN. The gentleman from Wisconsin made the point of order when the gentleman from Mississippi was asking recognition.

Mr. CASE of South Dakota. Mr. Chairman, I would like to be heard on the point of order.

The CHAIRMAN. Does the gentleman from Wisconsin make the point of order?

Mr. SCHAFER of Wisconsin. Yes; I make the point of order though I shall be glad to reserve it.

Mr. COLLINS. I hope the gentleman will.

Mr. SCHAFER of Wisconsin. Mr. Chairman, I reserve the point of order.

Mr. COLLINS. Mr. Chairman, I hope the gentleman will not make the point of order for the reason that I do not think the gentleman will accomplish quite what he hopes to accomplish. With the proviso remaining in the bill, neither the President nor the War Department will buy more than 4,500 planes. With the proviso eliminated, the War Department will proceed to buy 5,500 planes, and as I noticed the gentleman's vote a moment ago, he indicated a preference for the 4,500-plane limitation over the 5,500-plane limitation.

I wish to repeat for the gentleman that if this proviso is eliminated the War Department will proceed to buy the 5,500 planes. I believe the gentleman is undertaking to do that which he does not wish to do, and I hope he will see that and not insist upon his point of order.

The CHAIRMAN. Does the gentleman make the point of order?

Mr. SCHAFER of Wisconsin. I make the point of order, Mr. Chairman.

Mr. MAY. I make the point of order, Mr. Chairman, and I insist upon it.

The CHAIRMAN. The gentleman from Wisconsin [Mr. SCHAFER] has made the point of order. The Chair sustains the point of order.

Mr. CASE of South Dakota. Mr. Chairman, I desire to be heard on the point of order.

The CHAIRMAN. The Chair will hear the gentleman.

Mr. CASE of South Dakota. Mr. Chairman, there are two points on which this is in order. In the first place, it proposes retrenchment; and, if so, comes under the Holman Rule. In the second place, the bill before us is not a general appropriation bill. The rule under which the point of order is made is rule XXI, section 2, and that rule specifically says:

No appropriation shall be reported in any general appropriation bill. * * * For any expenditure not previously authorized by law. * * * Nor shall any provision in any such bill or amendment thereto changing existing law be in order—

And so forth. The limitations apply only to recognized general appropriation bills. In Cannon's Procedure, which I have in my hand, on page 20, this point is specifically treated, and on page 20 the statement is flatly made:

The rule applies to general appropriation bills only.

On page 22 of Cannon's Procedure this test question is raised:

Is it a general appropriation bill? The rule applies to general appropriation bills only, of which there are 11.

And then those 11 are recited without listing supplemental bills. In addition, the authority states:

A bill making supplemental appropriations for emergency construction of public works is not a general appropriation bill.

The citation is given to Cannon's Precedents, paragraph 1122, on page 196, of volume 7:

A bill making supplemental appropriation for emergency construction of public works is not a general appropriation bill.

On December 9, 1930, Mr. William R. Wood, of Indiana, from the Committee on Appropriations, asked unanimous consent for the consideration of the bill (H. R. 14804), making supplemental appropriations to provide for emergency construction on certain public works during the remainder of the fiscal year ending June 30, 1931, with a view to increasing employment. The bill provided appropriations for the construction of highways under the jurisdiction of the Department of Agriculture, for roads and trails under the Department of the Interior, and for river and harbor expenditures under the War Department. Mr. Fiorello H. LaGuardia, of New York, on a parliamentary inquiry, took the position that the bill was a general appropriation bill and therefore privileged. The speaker ruled that the bill was without privilege and could be accorded immediate consideration only by unanimous consent.

I submit that this bill before us, by its title, speaks of additional appropriations. On the face of the hearings appear these words:

Hearings before the subcommittee of the Committee on Appropriations, first session, on the supplemental military appropriation bill.

Therefore I contend that the bill before us is not a general appropriation bill and consequently the rule does not apply, and the point of order will not lie.

The CHAIRMAN (Mr. BLAND). The Chair is ready to rule. The argument just made, if containing merit, should have been made earlier, when the bill was taken up. It has been reported as a general appropriation bill and so considered, and was reported under the rules as a general appropriation bill.

As for the application of the Holman rule, that does not apply because there is no saving of expense. The only thing is a change in discretion.

So the point of order is sustained against the amendment.

Mr. COSTELLO. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COSTELLO: On page 9, line 11, strike out "$68,437,785" and insert "$72,437,785."

Mr. TABER. Mr. Chairman, a parliamentary inquiry. Has not this figure already been changed?

The CHAIRMAN. It has.

Mr. TABER. Then, Mr. Chairman, it is not in order to offer an amendment changing the figure again.

The CHAIRMAN. It is not in order to amend an amendment that has been agreed to. The point of order is sustained.

The Clerk read as follows:

No part of the appropriations made in this act shall be available for pay, allowances, or traveling or other expenses of any officer or enlisted man of the National Guard who may be drawing a pension, disability allowance, disability compensation, or retired pay (where retirement has been made on account of physical disability or age) from the Government of the United States: *Provided*, That nothing in this provision shall be so construed as to prevent the application of funds herein contained to the pay, allowances, or traveling expenses of any officer or enlisted man of the National Guard who may surrender said pension, disability allowance, disability compensation, or retired pay for the period of his service in the National Guard: *Provided further*, That adjutants general who may be drawing such emoluments may be continued in a federally recognized status without pay under this act.

Mr. POWERS. Mr. Chairman, I move to strike out the last word.

I would like the attention of the Committee. Mr. Chairman, I rise at this time to explain a certain situation to the Committee and a motion which I will offer to recommit this bill.

As every Member is well aware, the four amendments were adopted, cutting the plane program by 1,283 planes, which were not going to be purchased immediately anyway. Now, if the chairman of the subcommittee asks for a separate vote on those amendments and if the amendments are defeated, I shall offer a motion to recommit.

My motion to recommit will be to strike out the 1,283 planes and to add to the bill for experimental and research activities the sum of $5,000,000; and to provide experimental and research facilities at Moffett Field, Sunnyvale, Calif., the sum of $4,000,000. That motion to recommit the bill will be offered. I realize it is not debatable when I offer it, but I want to call the attention of the Committee to this fact, that those 1,283 planes were not going to be bought. The Committee said in the report they deemed it inadvisable to buy the planes at the moment.

Now that my amendments have been adopted, I hope they will not be stricken from the bill, but if they are, we are going to have a real vote on more money for experimentation and money to start the Sunnyvale project in California.

[Here the gavel fell.]

The Clerk concluded the reading of the bill.

Mr. SNYDER. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill, as amended, do pass.

The motion was agreed to.

Accordingly the Committee rose; and Mr. COOPER having taken the chair as Speaker pro tempore, Mr. BLAND, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H. R. 6791) making additional appropriations for the Military Establishment for the fiscal year ending June 30, 1940, and for other purposes, had directed him to report the same back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill, as amended, do pass.

Mr. SNYDER. Mr. Speaker, I move the previous question on the bill and all amendments thereto to final passage.

The previous question was ordered.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. St. Claire, one of its clerks, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5269) entitled "An act making appropriations for the Department of Agriculture and for the Farm Credit Administration for the fiscal year ending June 30, 1940, and for other purposes."

The message also announced that the Senate insists upon its amendments to the bill (H. R. 875) entitled "An act for the relief of Okie May Fegley", disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. ELLENDER, Mr. SCHWARTZ, and Mr. TOWNSEND to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the amendment of the House to the amendment of the Senate numbered 6 to the bill (H. R. 6260) entitled, "An act making appropriations for the fiscal year ending June 30, 1940, for civil functions administered by the War Department, and for other purposes."

The message also announced that the Senate had adopted the following resolution:

Resolved, That Mr. CONNALLY be appointed as the Member of the Senate to the Joint Committee to Direct a Structural-Engineering Study of the Roofs and Skylights Over the Wings of the Capitol Building, pursuant to the provision of the Legislative Branch Appropriation Act, 1940, approved June 16, 1939.

AGRICULTURAL DEPARTMENT APPROPRIATION BILL, 1940

Mr. CANNON of Missouri. Mr. Speaker, I ask unanimous consent that I may have until midnight tonight to file a conference report on the bill (H. R. 5269) making appropriations for the Department of Agriculture and for the Farm Credit Administration for the fiscal year ending June 30, 1940, and for other purposes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Missouri [Mr. CANNON]?

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, if I understand correctly, the gentleman will call that conference report up tomorrow?

Mr. CANNON of Missouri. That is the intention.

Mr. RAYBURN. That is the intention, as soon as the vote is taken on the pending bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Missouri [Mr. CANNON]?

There was no objection.

EXTENSION OF FACILITIES OF UNITED STATES PUBLIC HEALTH SERVICE

Mr. BLOOM submitted a conference report and and statement on the bill (H. R. 3537) to extend the facilities of the United States Public Health Service to active officers of the Foreign Service of the United States.

PROMOTION OF EFFICIENCY IN THE NATIONAL DEFENSE

Mr. SPARKMAN. Mr. Speaker, I ask unanimous consent to file a minority report in connection with the report on the bill (H. R. 6632) to promote the efficiency of the national defense, and to have it printed with the majority report.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Alabama [Mr. SPARKMAN]?

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, what is this bill?

Mr. SPARKMAN. It is the age and retirement bill of the Army.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Alabama [Mr. SPARKMAN]?

There was no objection.

Mr. POWERS. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. POWERS. Mr. Speaker, what is the state of affairs at the moment in reference to the pending bill? Are we going into this War Department bubble tonight or are we going to vote on that tomorrow?

Mr. RAYBURN. It is the intention to adjourn as soon as the unanimous-consent requests have been disposed of.

Mr. POWERS. What time are we going to meet tomorrow?

Mr. RAYBURN. At 12 o'clock noon.

EXTENSION OF REMARKS

Mr. McKEOUGH. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD, and to include therein a radio address delivered by Mr. Andrews, Administrator of the Wage and Hour Division, over the radio Monday night last.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois [Mr. McKEOUGH]?

There was no objection.

Mr. BENDER asked and was given permission to extend his own remarks in the RECORD.

Mr. LECOMPTE. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include

therein an address of my colleague, the gentleman from Iowa [Mr. JENSEN], which he delivered at Belleville, N. J., on last Sunday.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Iowa [Mr. LECOMPTE]?

There was no objection.

WILL DEMAND VOTE ON FARM TENANCY APPROPRIATION

Mr. JOHNSON of Oklahoma. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oklahoma [Mr. JOHNSON]?

There was no objection.

Mr. JOHNSON of Oklahoma. Mr. Speaker, a few minutes ago the gentleman from Missouri [Mr. CANNON] requested permission to have until midnight tonight to file a conference report on the Department of Agriculture appropriation bill. It is my understanding that this important conference report will be considered by the House tomorrow. If I am advised correctly, the House is in disagreement on a number of items of the bill and that there will perhaps be several separate votes demanded on various amendments. I arise, Mr. Speaker, at this time to mention one of the disagreements on which a roll call of the House will be demanded. I refer to the so-called farm-tenancy provision.

I am sure it is unnecessary for me to remind Members again that Congress, by an overwhelming vote, authorized the sum of $50,000,000 to be expended annually hereafter under provisions of the Bankhead-Jones Farm Tenancy Act. During the past 2 years we have been able to secure the full amount authorized by law only after a stubborn fight. The fact is that some of the so-called leaders on both sides of this aisle are not at all in sympathy with the Farm Tenancy Act and have fought it from the beginning. Various and sundry reasons or excuses have been offered in opposition to it. No one pretends to say that $50,000,000 per year is sufficient to solve the farm-tenant problem during the next 20 years. But this is the beginning of a great, practical, and humane program. It cannot be laughed off or ridiculed. It is not a gift nor a drain on the Federal Treasury. But it is a good, sound, sane program, and every dollar will be returned to the Treasury of the United States with interest. At the same time this program will make a better citizenry of tomorrow. May I express the hope that every Member interested in seeing that Congress keeps faith with the millions of tenant farmers of America be on the floor tomorrow and let us settle this matter once and for all.

Let me call attention to the fact that the last record vote of this House on the Bankhead-Jones Act was more than 2 to 1 in favor of appropriating the full amount of $50,000,000 as authorized by law. I am firmly of the opinion that Members of this House were sincere then and that they will not fail the millions of needy and deserving tenant farmers now. [Applause.]

[Here the gavel fell.]

EXTENSION OF REMARKS

Mr. MICHENER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an editorial.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan [Mr. MICHENER]?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. BOLLES, for 1 week, on account of urgent business.

To Mr. FLANNERY, indefinitely, on account of illness.

To Mr. POLK, for 2 days, on account of important business.

EXTENSION OF REMARKS

Mr. HOFFMAN asked and was given permission to extend his own remarks in the RECORD.

Mr. KRAMER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on the effect of the vote last Friday on the W. P. A. relief bill, and to include therein an article that appeared in the Washington Evening Star of June 16.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. BREWSTER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD by incorporating therein an address by myself delivered before the American Federation of Labor.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Maine?

There was no objection.

Mr. TARVER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD by publishing a brief resolution adopted by the Southern Baptist Convention relating to some public matters.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. SCHAFER of Wisconsin. Mr. Speaker, I ask unanimous consent to revise and extend the remarks I made today in the Committee of the Whole and include therein some extracts from statements of Abraham Lincoln.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. CRAWFORD. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein three brief quotations.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. COCHRAN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD with reference to the retirement of General Ferguson, of the Mississippi River Commission, and to include therein two excerpts from articles concerning his service.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. TERRY. Mr. Speaker, I ask unanimous consent to revise and extend in the RECORD the remarks I made this afternoon on the supplemental military appropriation bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. GRANT of Indiana. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an address delivered before the Grand Army of the Republic.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. WARD. Mr. Speaker, I ask unanimous consent to extend the remarks of my colleague, Mr. BYRON, in the RECORD and include therein a speech made by the Honorable James A. Farley at the graduating exercises of the Bethesda-Chevy Chase High School.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Maryland?

There was no objection.

Mr. GEYER of California. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein an editorial from the Washington News.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. GARRETT. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on what is generally known as the Connally "hot oil" bill that was considered yesterday.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

SUPPLEMENTAL MILITARY APPROPRIATION BILL, 1940

Mr. SNYDER. Mr. Speaker, I ask unanimous consent that all Members who spoke on the supplemental military appropriation bill may have 5 legislative days in which to revise and extend their remarks in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 4133. An act for the relief of Joseph N. Thiele;

H. R. 5619. An act to provide for the training of civil aircraft pilots, and for other purposes; and

H. R. 5762. An act to provide for temporary postponement of the operations of certain provisions of the Federal Food, Drug, and Cosmetic Act.

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 1117. An act to provide for the reimbursement of certain enlisted men or former enlisted men of the United States Navy for the value of personal effects lost in the hurricane at the submarine base, New London, Conn., on September 21, 1938.

ADJOURNMENT

Mr. SNYDER. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 13 minutes p. m.) the House adjourned until tomorrow, Thursday, June 22, 1939, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON IMMIGRATION AND NATURALIZATION

There will be a meeting of the Committee on Immigration and Naturalization on Thursday, June 22, 1939, at 10 a. m., for an executive session on H. R. 6773 and for the consideration of H. R. 6379 and H. R. 3391.

COMMITTEE ON THE JUDICIARY

On Wednesday, June 28, 1939, beginning at 10 a. m., there will be continued a public hearing before the Committee on the Judiciary on the bill (H. R. 6369) to amend the act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory thereof and supplemental thereto; to create a Railroad Reorganization Court; and for other purposes.

COMMITTEE ON PATENTS

The Committee on Patents of the House of Representatives will hold a meeting Thursday, June 22, 1939, at 10 a. m., in the caucus room, House Office Building, to consider the following bills: H. R. 6721, classification of patents; H. R. 6618, trade-marks; H. R. 6877, Navy Department, secrecy of inventions; H. R. 6872, H. R. 6873, H. R. 6874, H. R. 6875, H. R. 6878, changes in patent laws.

COMMITTEE ON MERCHANT MARINE AND FISHERIES

The Committee on Merchant Marine and Fisheries will hold public hearings in room 219, House Office Building, at 10 a. m. on the bills and dates listed below:

There will be a meeting of the Committee on Merchant Marine and Fisheries at 10 a. m. Tuesday, June 27, 1939, for the consideration of H. R. 6572, relating to marine war-risk insurance.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

883. A letter from the Acting Postmaster General, transmitting the draft of a proposed bill designed to give the inspection service of the Post Office Department authority to serve warrants and subpenas in connection with violations of the postal laws; to the Committee on the Post Office and Post Roads.

884. A communication from the President of the United States, transmitting a supplemental estimate of an appropriation for the legislative establishment, Capitol Building, for the fiscal year 1939, to remain available until June 30, 1941, amounting to $30,000 (H. Doc. No. 354); to the Committee on Appropriations and ordered to be printed.

885. A communication from the President of the United States, transmitting a draft of a proposed provision pertaining to an existing appropriation for the Bureau of the Budget (H. Doc. No. 355); to the Committee on Appropriations and ordered to be printed.

886. A communication from the President of the United States, transmitting drafts of proposed provisions pertaining to existing appropriations for the Treasury Department and the Department of Commerce for the fiscal year 1940 (H. Doc. No. 356); to the Committee on Appropriations and ordered to be printed.

887. A communication from the President of the United States, transmitting estimates of appropriations submitted by the Commissioners of the District of Columbia to pay claims which have been settled by them under the provisions of an act authorizing the Commissioners to settle claims, amounting to $10,319.74 (H. Doc. No. 357); to the Committee on Appropriations and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. RANDOLPH: Committee on the District of Columbia. H. R. 6834. A bill authorizing the Commissioners of the District of Columbia to settle claims and suits of the District of Columbia; without amendment (Rept. No. 895). Referred to the Committee of the Whole House on the state of the Union.

Mr. RANDOLPH: Committee on the District of Columbia. H. R. 6876. A bill to make uniform in the District of Columbia the law on fresh pursuit and to authorize the Commissioners of the District of Columbia to cooperate with the States; without amendment (Rept. No. 896). Referred to the Committee of the Whole House on the state of the Union.

Mr. RANDOLPH: Committee on the District of Columbia. S. 1805. An act to establish a lien for moneys due hospitals for services rendered in cases caused by negligence or fault of others and providing for the recording and enforcing of such liens; without amendment (Rept. No. 897). Referred to the Committee of the Whole House on the state of the Union.

Mr. MAY: Committee on Military Affairs. S. 2539. An act to amend section 1223 of the Revised Statutes of the United States; without amendment (Rept. No. 898). Referred to the Committee of the Whole House on the state of the Union.

Mr. KENNEDY of Maryland: Committee on the District of Columbia. H. R. 3834. A bill to amend the act entitled "An act to regulate steam and other operating engineering in the District of Columbia," approved February 28, 1887, as amended; without amendment (Rept. No. 899). Referred to the Committee of the Whole House on the state of the Union.

Mr. RANDOLPH: Committee on the District of Columbia. H. R. 6477. A bill to authorize and empower the Public Utility Commission of the District of Columbia to limit the number of public vehicles to be licensed and operated as taxicabs in the District of Columbia, and to limit the number of taxicab drivers' licenses to be issued; with amendment (Rept. No. 900). Referred to the Committee of the Whole House on the state of the Union.

Mr. IZAC: Committee on Foreign Affairs. Senate Joint Resolution 124. Joint resolution authorizing the President to invite foreign countries to participate in the San Diego-Cabrillo Quadricentennial Celebration, to be held in 1942;

without amendment (Rept. No. 902). Referred to the House Calendar.

Mr. RANDOLPH: Committee on the District of Columbia. H. R. 5288. A bill to amend section 691–a of the Code of Law of the District of Columbia, approved March 3, 1901, and of any act or acts amendatory thereof, relating to foreign building and loan associations doing business in the District of Columbia; with amendment (Rept. No. 903). Referred to the Committee of the Whole House on the state of the Union.

Mr. SCHULTE: Committee on the District of Columbia. H. R. 6316. A bill to amend the act entitled "An act to regulate within the District of Columbia the sale of milk, cream, and ice cream, and for other purposes," approved February 27, 1925; with amendment (Rept. No. 904). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. KEEFE: Committee on Claims. H. R. 1436. A bill for the relief of William H. Keesey; with amendment (Rept. No. 876). Referred to the Committee of the Whole House.

Mr. COFFEE of Washington: Committee on Claims. H. R. 1693. A bill for the relief of certain claimants who suffered loss by flood in, at, or near Bean Lake, in Platte County, in the State of Missouri, during the month of March 1934; with amendment (Rept. No. 877). Referred to the Committee of the Whole House.

Mr. EBERHARTER: Committee on Claims. H. R. 2102. A bill for the relief of Ada Fuller; with amendment (Rept. No. 878). Referred to the Committee of the Whole House.

Mr. MACIEJEWSKI: Committee on Claims. H. R. 2452. A bill for the relief of George Slade; with amendment (Rept. No. 879). Referred to the Committee of the Whole House.

Mr. MACIEJEWSKI: Committee on Claims. H. R. 2610. A bill for the relief of G. W. Netterville; without amendment (Rept. No. 880). Referred to the Committee of the Whole House.

Mr. POAGE: Committee on Claims. H. R. 3087. A bill for the relief of Gdynia America Line, Inc., of New York City, N. Y.; with amendment (Rept. No. 881). Referred to the Committee of the Whole House.

Mr. RAMSPECK: Committee on Claims. H. R. 3477. A bill for the relief of Francisco R. Acosta; with amendment (Rept. No. 882). Referred to the Committee of the Whole House.

Mr. MACIEJEWSKI: Committee on Claims. H. R. 3927. A bill for the relief of Marijo McMillan Williams; with amendment (Rept. No. 883). Referred to the Committee of the Whole House.

Mr. WINTER: Committee on Claims. H. R. 4027. A bill for the relief of Mary Fortune; without amendment (Rept. No. 884). Referred to the Committee of the Whole House.

Mr. EBERHARTER: Committee on Claims. H. R. 4115. A bill for the relief of W. C. and James Latane; with amendment (Rept. No. 885). Referred to the Committee of the Whole House.

Mr. PITTENGER: Committee on Claims. H. R. 4126. A bill for the relief of Warren Zimmerman; with amendment (Rept. No. 886). Referred to the Committee of the Whole House.

Mr. THOMAS of New Jersey: Committee on Claims. H. R. 4292. A bill for the relief of Gustav Schmidt; with amendment (Rept. No. 887). Referred to the Committee of the Whole House.

Mr. ROCKEFELLER: Committee on Claims. H. R. 4554. A bill for the relief of Francis A. Leete; with amendment (Rept. No. 888). Referred to the Committee of the Whole House.

Mr. KENNEDY of Maryland: Committee on Claims. H. R. 4608. A bill for the relief of Lettie Leverett; with amendment (Rept. No. 889). Referred to the Committee of the Whole House.

Mr. KEOGH: Committee on Claims. S. 755. An act to confer jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claim of the Borg-Warner Corporation; without amendment (Rept. No. 890). Referred to the Committee of the Whole House.

Mr. HALL: Committee on Claims. S. 1092. An act for the relief of Sigvard C. Foro; with amendment (Rept. No. 891). Referred to the Committee of the Whole House.

Mr. WINTER: Committee on Claims. S. 2067. An act for the relief of Leslie J. Frane and Charles Frane; without amendment (Rept. No. 892). Referred to the Committee of the Whole House.

Mr. HALL: Committee on Claims. S. 2179. An act for the relief of Guy F. Allen, chief disbursing officer, Division of Disbursement, Treasury Department; without amendment (Rept. No. 893). Referred to the Committee of the Whole House.

Mr. POAGE: Committee on Claims. S. 2239. An act for the relief of Dorothy Clair, G. F. Allen, and Earl Wooldridge; with amendment (Rept. No. 894). Referred to the Committee of the Whole House.

Mr. ALLEN of Pennsylvania: Committee on Foreign Affairs. H. R. 6678. A bill to authorize Leonhard Stejneger, of the United States National Museum, to accept certain decoration from the Norwegian Government; without amendment (Rept. No. 901). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. KING:

H. R. 6936. A bill to amend an act entitled "An act to enable the Legislature of the Territory of Hawaii to authorize the issuance of certain bonds, and for other purposes," approved August 3, 1935, as amended; to the Committee on the Territories.

By Mrs. O'DAY:

H. R. 6937. A bill to authorize employment of Filipinos on American vessels; to the Committee on Merchant Marine and Fisheries.

By Mr. RANDOLPH:

H. R. 6938. A bill providing for the exchange of certain park lands at the northern boundary of Piney Branch Parkway, near Argyle Terrace, for other lands more suitable for the use and development of Piney Branch Parkway; to the Committee on the Public Lands.

By Mr. SNYDER:

H. R. 6939. A bill prescribing tolls to be paid for the use of locks on all rivers in the United States; to the Committee on Interstate and Foreign Commerce.

By Mr. DICKSTEIN:

H. R. 6940. A bill to prohibit the wearing of certain foreign uniforms, and for other purposes; to the Committee on Military Affairs.

By Mr. BUCKLEY of New York:

H. R. 6941. A bill to provide an appropriation for the remodeling and extension of annex No. 1 of the Treasury Building; to the Committee on Public Buildings and Grounds.

By Mr. JENKS of New Hampshire:

H. R. 6942. A bill to authorize the attendance of the Marine Band at a memorial concert for the benefit of the families of the victims of the U. S. submarine *Squalus* disaster at Rye, N. H., July 30, 1939, and for other purposes; to the Committee on Naval Affairs.

By Mr. KING:

H. R. 6943. A bill to ratify and confirm Act 58 of the Session Laws of Hawaii, 1939, extending the time within which revenue bonds may be issued and delivered under Act 174 of the Session Laws of Hawaii, 1935; to the Committee on the Territories.

By Mr. TENEROWICZ:

H. R. 6944. A bill to reduce the number of traffic fatalities in the District of Columbia; to the Committee on the District of Columbia.

By Mr. BLAND:

H. J. Res. 332. Joint resolution providing for a House committee to investigate the transportation problems of the United States; to the Committee on Rules.

By Mr. VINSON of Georgia:

H. J. Res. 333. Joint resolution authorizing an appropriation for the establishment and improvement of landing areas; to the Committee on Interstate and Foreign Commerce.

By Mr. O'CONNOR:

H. J. Res. 334. Joint resolution to approve the action of the Secretary of the Interior in deferring the collection of certain irrigation charges against lands under the Blackfeet Indian irrigation project; to the Committee on Indian Affairs.

By Mr. POWERS:

H. Res. 225. Resolution authorizing the appointment of a select committee to investigate the national defense; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CANNON of Florida:

H. R. 6945. A bill conferring jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claims of all persons who have claims for damages or losses resulting from the construction, further development, and improvement of the intracoastal waterway, Miami to Jacksonville, Fla., and for other purposes; to the Committee on Claims.

By Mr. COLE of New York:

H. R. 6946. A bill for the relief of Salvatore Taras; to the Committee on Immigration and Naturalization.

By Mr. COSTELLO:

H. R. 6947. A bill to correct the military record of Fred E. Strong; to the Committee on Military Affairs.

By Mr. GROSS:

H. R. 6948. A bill granting a pension to Charles W. Smith; to the Committee on Invalid Pensions.

By Mr. HARRINGTON:

H. R. 6949. A bill to authorize the presentation of a Congressional Medal of Honor to Edward J. Zink; to the Committee on Military Affairs.

By Mr. HINSHAW:

H. R. 6950. A bill for the relief of Howard Hutchins; to the Committee on Invalid Pensions.

By Mr. KING:

H. R. 6951. A bill for the relief of Louise Hsien Djen Lee Lum; to the Committee on Immigration and Naturalization.

By Mr. JOHN L. McMILLAN:

H. R. 6952. A bill to correct the military record of Luther Dunn; to the Committee on Military Affairs.

By Mr. OLIVER:

H. R. 6953. A bill granting a pension to Merton M. Ellis; to the Committee on Invalid Pensions.

By Mr. RANDOLPH:

H. R. 6954. A bill for the relief of Dr. J. D. Spencer, Somerset Community Hospital, and Adeline Deitz, registered nurse; to the Committee on Claims.

By Mr. TENEROWICZ:

H. R. 6955. A bill for the relief of Giuseppe Di Marco; to the Committee on Immigration and Naturalization.

By Mr. MICHAEL J. KENNEDY:

H. R. 6956. A bill for the relief of Mijo Stanisic; to the Committee on Immigration and Naturalization.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3932. By Mr. BOLLES: Petition of sundry citizens of Racine, Wis., favoring a strict Neutrality Act which will keep us out of all foreign entanglements; to the Committee on Foreign Affairs.

3933. By Mr. CURLEY: Resolution of the New York State Society of Professional Engineers, urging the adoption of the Mead-Starnes bill (S. 2063; H. R. 4576); to the Committee on Appropriations.

3934. By Mr. GRAHAM: Petition of Mary C. Schultz and other residents of Chicora, Pa., and vicinity, urging the enactment of House bill 5620, the General Welfare Act; to the Committee on Ways and Means.

3935. By Mr. HARRINGTON: Petition of a number of citizens of Remsen, Iowa, in the interest of neutrality; to the Committee on Military Affairs.

3936. By Mr. HART: Petition of the New Jersey State Bar Association, protesting against the enactment of House bill 4038, or of any similar bill; to the Committee on the Judiciary.

3937. By Mr. MICHAEL J. KENNEDY: Petition of the Brooklyn Army Base Local No. 43, United Federal Workers of America, favoring House bill 960 and suggesting inclusion of certain amendments; to the Committee on the Civil Service.

3938. Also, petition of the Suwannee River Valley Association, urging that a maternity hospitalization program be made a part of our National Health Service; to the Committee on Labor.

3939. Also, petition of the New York Clothing Cutters Union, urging the preservation of the Federal Works Program; to the Committee on Ways and Means.

3940. Also, petition of of the Gas Purifying Materials Co. of Long Island City, opposing Senate bill 2009 for the regulation of water carriers; to the Committee on Interstate and Foreign Commerce.

3941. Also, petition of the Herald Tribune Chapel, favoring the National Labor Relations Act in its present state and disapproving amendments proposed to alter it; to the Committee on Labor.

3942. Also, petition of Local No. 3, I. B. E. W., representing 16,500 members, opposing any change in the prevailing wage rate for Works Progress Administration and approving Starnes bill to increase Public Works Administration funds for building construction; to the Committee on Ways and Means.

3943. By Mr. KEOGH: Petition of the Empire State Typographical Conference and the executive committee of Typographical Union, No. 6, New York City, concerning the National Labor Relations Act; to the Committee on Labor.

3944. Also, petition of the Gas Purifying Materials Co., Inc., Long Island City, N. Y., concerning Senate bill 2009; to the Committee on Interstate and Foreign Commerce.

3945. By Mr. MERRITT: Resolution of Eastern Federation of Feed Merchants, favoring the adoption of legislation that will place all types of carriers on an equal competitive basis; to the Committee on Interstate and Foreign Commerce.

3946. By Mr. PFEIFER: Petition of Local No. 251, National Federation of Post Office Clerks, Benjamin R. Radesky, secretary, Brooklyn, N. Y., opposing the Neely-Ramspeck retirement bill (S. 281); to the Committee on the Civil Service.

3947. Also, petition of the Gas Purifying Material Co., Inc., Long Island City, N. Y., opposing Senate bill 2009; to the Committee on Interstate and Foreign Commerce.

3948. By Mr. RUTHERFORD: Petition of residents of Towanda, Bradford County, Pa., favoring House bill 11 as perfected by House bill 5620; to the Committee on Ways and Means.

3949. By Mr. SANDAGER: Petition of Clarence E. Collins and 29 members of the General Federation of America, Second Congressional District of Rhode Island, urging passage of House bill 5620, the General Welfare Act; to the Committee on Ways and Means.

3950. Also, petition of John Caunter and 29 members of the General Welfare Federation of America, Second Congressional District of Rhode Island, urging passage of House bill 5620, the General Welfare Act; to the Committee on Ways and Means.

3951. Also, petition of Ida M. Knox and 29 members of the General Welfare Federation of America, Second Congressional District of Rhode Island, urging passage of House bill 5620, the General Welfare Act; to the Committee on Ways and Means.

3952. Also, memorial of the City Council of Providence, R. I., urging the United States of America use its good offices to safeguard the integrity of the Balfour declaration; to the Committee on the Judiciary.

3953. Also, petition of William H. Atkinson and 23 members of the General Welfare Federation of America, Second Congressional District of Rhode Island, urging passage of House bill 5620, the General Welfare Act; to the Committee on Ways and Means.

3954. Also, petition of Flora B. Kneeland and nine members of the General Welfare Federation of America, Second Congressional District of Rhode Island, urging passage of House bill 5620, the General Welfare Act; to the Committee on Ways and Means.

3955. Also, petition of Lucy Stelia Kneeland and 29 members of the General Welfare Federation of America, Second Congressional District of Rhode Island, urging passage of House bill 5620, the General Welfare Act; to the Committee on Ways and Means.

3956. By the SPEAKER: Petition of American Ports Cotton Compress and Warehouse Association, New Orleans, La., petitioning consideration of their resolution with reference to cotton legislation; to the Committee on Agriculture.

3957. Also, petition of the city of Providence, R. I., petitioning consideration of their resolution with reference to the Jewish National Home in Palestine; to the Committee on Foreign Affairs.

3958. Also, petition of Archie Brown, of San Francisco, Calif., petitioning consideration of their resolution with reference to Casey Works Progress Administration bill; to the Committee on Appropriations.

3959. Also, petition of Vernon Douglas, of San Francisco, Calif., petitioning consideration of their resolution with reference to House bill 6470, Works Progress Administration appropriation; to the Committee on Appropriations.

3960. Also, petition of Lee Davis, of St. Petersburg, Fla., and others, petitioning consideration of their resolution with reference to General Welfare Act; to the Committee on Ways and Means.

SENATE

THURSDAY, JUNE 22, 1939

The Chaplain, Rev. ZeBarney T. Phillips, D. D., offered the following prayer:

O Love unchanging, Light unfading, in whom is all our strength and hope, we thank Thee for the unremitting care that has brought us in safety to this morning hour, this beginning of another day of service to our country and to our God. We silence our thoughts that we may feel Thee near. Shine through the mists of our mortality, that with quiet trust we may know that somewhere truth is always near, however clouded it appear to us, that there is a light that never fades though we lose sight of it.

And if through the deeper gloom of sin we have turned aside to try the ways of darkness and fear the light because our deeds are evil, yet leave us not, but purge our sins in the flame of Thy love, that once more in the light of Thy countenance we may find peace. We ask it in the name of Him who is the true light which lighteth every man that cometh into the world, Jesus Christ, our Lord. Amen.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day, Wednesday, June 21, 1939, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Latta, one of his secretaries.

MESSAGE FROM THE HOUSE—ENROLLED BILLS SIGNED

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 1117. An act to provide for the reimbursement of certain enlisted men or former enlisted men of the United States Navy for the value of personal effects lost in the hurricane at the submarine base, New London, Conn., on September 21, 1938;

H. R. 4133. An act for the relief of Joseph N. Thiele;

H. R. 5619. An act to provide for the training of civil aircraft pilots, and for other purposes; and

H. R. 5762. An act to provide for the temporary postponement of the operations of certain provisions of the Federal Food, Drug, and Cosmetic Act.

FINAL REPORT OF UNITED STATES SUPREME COURT BUILDING COMMISSION (S. DOC. NO. 88)

The VICE PRESIDENT laid before the Senate a letter from the Architect of the Capitol, member and executive officer, United States Supreme Court Building Commission, transmitting the final report of the Commission in connection with the construction, equipping, and furnishing of the United States Supreme Court Building, which, with the accompanying report and papers, was referred to the Committee on Public Buildings and Grounds and ordered to be printed.

STUDY OF INVESTMENT TRUSTS AND INVESTMENT COMPANIES

The VICE PRESIDENT laid before the Senate a letter from the chairman of the Securities and Exchange Commission, transmitting, pursuant to law, the third section of chapter II of part 3 of the Commission's report on the study of investment trusts and investment companies, entitled "Abuses and Deficiencies in the Organization and Operation of Investment Trusts and Investment Companies," which, with the accompanying report, was referred to the Committee on Interstate Commerce.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a petition of sundry citizens of San Francisco, Calif., praying for the enactment of the so-called Casey bill, House bill 6470, appropriating the sum of $2,250,000,000 for the Works Progress Administration for the fiscal year 1940, which was referred to the Committee on Appropriations.

He also laid before the Senate a telegram in the nature of a petition from the Theatrical Managers, Agents, and Treasurers Union, affiliated with the American Federation of Labor, signed by James J. Murphy, secretary-treasurer, New York City, N. Y., praying for the adoption of the so-called Pepper-Wagner-Downey amendment to House Joint Resolution 326, to continue the Federal theater and arts projects under the Works Progress Administration, which was referred to the Committee on Appropriations.

He also laid before the Senate a resolution of the City Council of Providence, R. I., relative to the Jewish National Home in Palestine and the safeguarding of the integrity of the Balfour declaration in connection with the terms of the Palestine mandate, which was referred to the Committee on Foreign Relations.

He also laid before the Senate a paper in the nature of a petition from a citizen of Etna, Pa., praying that the United States keep out of war, which was referred to the Committee on Foreign Relations.

He also laid before the Senate a letter in the nature of a petition from Mrs. Charles Heisz, of Eastman, Wis., praying for the enactment of strict neutrality legislation, which was referred to the Committee on Foreign Relations.

He also laid before the Senate letters in the nature of petitions from several citizens of Pampa, Tex., praying for the

enactment of House bill 6466, embodying the so-called Townsend recovery plan, which were referred to the Committee on Finance.

He also laid before the Senate letters and a telegram in the nature of memorials from the Institute of Library Personnel, American Library Association, signed by Eleanor Hitt, chairman, Chicago, Ill.; the Board of Trustees of the Parmly Billings Memorial Library, signed by J. D. O'Donnell, president, and the library staff of the Parmly Billings Memorial Library, signed by Margaret Fulmer, librarian, Dorothy Huston, reference librarian, and Virginia Sanders, cataloger, all of Billings, Mont.; and the Education Round Table, American Library Association, in meeting at San Francisco, Calif., signed by Alice A. Frost, remonstrating against the confirmation of the nomination of Archibald MacLeish, of Connecticut, to be Librarian of Congress, which were ordered to lie on the table.

ARTS AND PROFESSIONAL PROJECTS UNDER THE W. P. A.—PETITION

Mr. GUFFEY presented the petition of the mayor of the city of Pittsburgh and other citizens, all in the State of Pennsylvania, which was referred to the Committee on Appropriations and ordered to be printed in the RECORD, without all the signatures attached, as follows:

To the honorable the Senate and the House of Representatives of the United States:

The petition of the undersigned respectfully shows:

1. That your petitioners are citizens of United States who are concerned with the cultural development of the Nation, supporters or practitioners in the fields of the fine arts and sustaining or practising organizations in these fields, including the visual arts, letters, music, and drama.

2. That in the past the principle of fostering, protecting, and encouraging the development of the fine arts has been repeatedly adopted by governments throughout the course of history.

3. That the United States of America has during the past 4 years by means of the program fostered, accepted, and acted upon this principle in the field of the arts and demonstrated its profound and democratic value to vast sections of its population.

4. That the fine arts have always been instrumentalities for the promotion of national and international peace; and that therefore the encouragement of the fine arts is in effect a step in the direction of promotion of peace.

5. That promotion of the fine arts tends to develop Nation-wide and world-wide understanding and sympathy, as was pointed out by the first President of this country in his last will and testament.

6. That this support of the fine arts has demonstrated the native resources for a great national culture in the United States worthy of taking rank with any other culture in history.

Wherefore, your petitioners respectfully pray that your honorable Houses, taking full cognizance of the matters set forth above, will by legislative resolution and enactment through the provision of adequate appropriation endorse the principle of fostering, protecting, and encouraging the fine arts in the United States, and, further, by legislation enact into action this principle and make fair and just provision in such form as may be proper for the development of the fine arts by the continuance of the employment of the large number of existing needy professional citizens trained in these various arts on behalf of the millions of persons engaged in public services and the tax-supported and other eleemosynary and educational institutions whom they serve; by

The continuance of the policy of maintenance of skills which will preserve for our Nation these fundamentals of vast, profound, and broad cultural development; and by

The continuance of the underlying American philosophy of self-respect through work.

Respectfully submitted.

[Works Progress Administration workers are not eligible to sign this petition.]

CORNELIUS D. SCULLY,
Mayor, City of Pittsburgh, Pa.
AND OTHERS.

WORK RELIEF AND RELIEF—LETTER FROM MASSACHUSETTS COMMITTEE FOR THE DEFENSE OF W. P. A.

Mr. WALSH presented a letter addressed to Senator ALVA B. ADAMS, chairman of the subcommittee of the Committee on Appropriations on relief appropriations, which was referred to the Committee on Appropriations and ordered to be printed in the RECORD, as follows:

MASSACHUSETTS COMMITTEE FOR THE DEFENSE OF W. P. A.,
Boston, Mass., June 21, 1939.

Senator ALVA B. ADAMS,
Chairman, Subcommittee on Work Relief Appropriations,
Senate Office Building, Washington, D. C.

DEAR SENATOR ADAMS: Following out your suggestion made yesterday noon, this committee submits the following summary of its petition, together with a statement of its position on the work-relief bill now before you.

To date petitions and resolutions in our hands and presented to you yesterday show that this committee has been endorsed by and may assume to speak for—

Thirty-four mayors of Massachusetts cities, including Boston, Worcester, Salem, Somerville, Peabody, Fall River, New Bedford, Holyoke, Northampton, Lowell, Lawrence, Taunton, Brockton, etc., besides smaller places, such as Marlboro, Everett, etc. (The names of all of these mayors and of the majority of the lesser public officials of these 34 cities appear in the petition which you saw.)

Ninety-five labor unions and allied organizations (see list attached), including such powerful groups as the Central Labor Union of Boston, Labor's Non-Partisan League of Massachusetts, Brotherhood of Shoe and Allied Crafts, regional councils and central bodies of both A. F. of L. and C. I. O., totalling in voting strength at least a quarter of a million persons. (We believe that your perusal of the detailed list attached will justify a higher estimate.)

A sponsoring body of 200 religious, civic, fraternal, political, and social leaders who, with the mayors already mentioned, make up 28 city and regional subcommittees of the Massachusetts Committee for the Defense of W. P. A. This organization will be permanent until the problem of unemployment relief in Massachusetts has been solved.

Fifteen thousand nine hundred and fifty-eight individual citizens who have signed petitions circulated by this committee throughout the Commonwealth during the past fortnight. Less than 10 percent of these are W. P. A. workers. (A large portion of these signatures have been collected by small merchantmen and shopkeepers who have displayed the petitions on their counters as a testimony to the dependence of their neighborhoods upon W. P. A.)

The request of all these officials, organizations, and individual signers of this petition is "that Congress appropriate a sufficient sum to restore the jobs now being wiped out, to provide employment for all those qualified and in need of work, and to continue unimpaired the present construction, "white collar," and Federal Arts Projects, without further increase in the costs now borne by local governments."

Attached is a photostat of page 1 of the petition, giving its full text and bearing the names of Mayor Maurice J. Tobin, of Boston, and 19 of the 22 members of the City Council of Boston.

A. WE ENDORSE THE MURRAY-CASEY BILL

This committee's executive board, and all organizations affiliating since the bill was filed, endorse S. 2507, as introduced by Senator MURRAY, of Montana, and Congressman CASEY, of Massachusetts.

The President's original proposals, although preferable to the bill voted by the House, would nevertheless cut W. P. A. so badly as to throw one-third of present W. P. A. employees onto local welfare rolls. Many of our Massachusetts cities and towns would face bankruptcy as a result.

B. THE HOUSE BILL (H. J. RES. 326)

This committee categorically opposes the following eight provisions of the bill adopted by the House:

(1) The transfer of $125,000,000 of W. P. A. funds to P. W. A. This "transfer" is in fact a cut in the amount requested by President Roosevelt for W. P. A.—for new P. W. A. projects cannot possibly be opened in time to care for people now being dropped from W. P. A. rolls. This is especially true in cities like most of ours in Massachusetts, where the size of P. W. A. projects is such as to require long-term advance planning if waste is to be avoided.

(2) The elimination of the Theater Project is indefensible, for this is one of the least costly items in the entire W. P. A. program and represents a service to millions of our people who otherwise would be without recreational opportunities in time of unemployment.

The Theater Project, together with the Federal Music, Writers, Art, and Historical Records Survey Projects, are making notable contributions to community culture in Massachusetts. Allegations of radicalism or extravagance elsewhere should not be made the basis for punishing innocent and faithful workers in Massachusetts.

The House's proposal for requiring Federal projects to seek local sponsors is tantamount to abolition, and should be stricken from the bill. Local governments are not equipped to administer this kind of work, or to supervise such projects efficiently.

(3) The so-called security wage should be abandoned. We request your support for continuance of the prevailing-wage principle of payment, which is a prop to the entire wage structure and standard of living in New England. Good morale cannot be preserved in a town where wage rates are "half free and half relief."

(4) The $40,000 and $50,000 limitations on the size of projects are administratively unsound and tend toward waste and inefficiency. The test of a project should be its usefulness to the community—not an arbitrary financial limitation. The transfer of large construction projects (airports, hospitals, schools, etc.) to P. W. A., involving the greater use of machinery, will not tend to solve the unemployment problem.

(5) We protest most vigorously the proposed discharge without individual investigation of persons employed over 18 months as being arbitrary and capricious, penalizing faithful workers and especially those handicapped in obtaining employment by reason of local unemployment situations in Massachusetts or (in the case of single persons) due to age.

(6) No change should be made in the direction of stiffening present W. P. A. requirements concerning sponsor's contributions under which our local communities are already struggling with their present relief burden.

(7) We most urgently oppose making political activity of administrators and supervisors a felony as a further unwarranted abridgment of the civil rights of a hard-working and patriotic group of citizens.

Disfranchisement of the relief population is a first step toward concentration camps and nazi-ism.

(8) We protest the reduction in recommended N. Y. A. appropriations as tending further to embitter unemployed youth and to increase crime and delinquency. Even the full increase recommended by the President would be inadequate to care for youths dismissed from W. P. A. in present reductions.

In conclusion, we cannot avoid the observation that the entire Woodrum committee report (on which this bill was based) seems partisan, and in some respects sectional, in its approach to the work-relief problem. It is this committee's hope that you will support the position outlined above by voting to make the modifications suggested and by supporting a sufficient appropriation to provide work for all employable persons in need and without jobs.

Respectfully yours,

MASSACHUSETTS COMMITTEE FOR DEFENSE OF W. P. A.,
By JAMES H. SHELDON, *Chairman of Executive Board.*
GEORGE A. O'SHEA,
Member, State Legislature from Lynn, Mass.
GERALD J. CONNOR,
President, Industrial Life Insurance Agents' Union of Massachusetts; Chairman, Executive Committee, Labor's Non-Partisan League of Boston.
ALLEN BEAN, *Somerville, Mass.*
HOWARD NANGLE,
State Council Member, Young Democrats of Massachusetts.
ROBERT MANSMANN,
President, Young Democrats of Massachusetts.

(The above are members of the committee's delegation now in Washington.)

REPORTS OF COMMITTEES

Mr. WALSH, from the Committee on Naval Affairs, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 2157. A bill for the relief of George H. Eiswald (Rept. No. 659); and

H. R. 4511. A bill to extend to Sgt. Maj. Edwin O. Swift, United States Marine Corps (retired), the benefits of the act of May 7, 1932, providing highest World War rank to retired enlisted men (Rept. No. 660).

Mr. NEELY, from the Committee on the Judiciary, to which was referred the bill (S. 1708) to amend section 51 of chapter 2, title 45, of the Code of Laws of the United States of America, reported it with amendments and submitted a report (No. 661) thereon.

BILLS AND JOINT RESOLUTIONS INTRODUCED

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. McCARRAN:

S. 2670. A bill authorizing the Western Bands of the Shoshone Nation of Indians to sue in the Court of Claims; to the Committee on Indian Affairs.

S. 2671. A bill to authorize the presentation of Congressional Medals of Honor to Howard C. Smith and Richard Aldworth; to the Committee on Military Affairs.

By Mr. NEELY:

S. 2672. A bill for the relief of J. W. and Robert W. Gillespie; to the Committee on Claims.

S. 2673. A bill for the relief of Henry C. Perrine; to the Committee on Military Affairs.

S. 2674. A bill granting a pension to Charles Lycans; to the Committee on Pensions.

By Mr. JOHNSON of California:

S. 2675. A bill for the relief of Perry Battle Carpenter; and

S. 2676. A bill for the relief of Henry A. Schoenberger; to the Committee on Finance.

By Mr. ASHURST:

S. 2677 (by request). A bill to amend section 2 of the act of March 4, 1931 (46 Stat. 1528), in regard to service of process on the United States in foreclosure actions; to the Committee on the Judiciary.

By Mr. REYNOLDS:

S. 2678. A bill relating to the reconcentration of cotton owned or held as security by the Commodity Credit Corporation or any other Government agency; to the Committee on Agriculture and Forestry.

S. 2679. A bill to amend the Independent Offices Appropriation Act, 1934, as amended, with respect to the authority of the Attorney General to compromise suits on certain contracts of insurance, to the Committee on Finance.

By Mr. WALSH:

S. 2680. A bill to provide for the clarification of certain provisions of the Social Security Act and of the Internal Revenue Code with respect to trustees of Massachusetts trusts and other fiduciaries, and for other purposes; to the Committee on Finance.

By Mr. SHIPSTEAD:

S. 2681. A bill to extend the times for commencing and completing the construction of a bridge across the Mississippi River at or near Winona, Minn.; to the Committee on Commerce.

By Mr. KING:

S. 2682 (by request). A bill to amend the Fair Labor Standards Act of 1938 to provide a special procedure for fixing minimum wage rates for Puerto Rico and the Virgin Islands; to the Committee on Education and Labor.

By Mr. DONAHEY:

S. 2683 (by request). A bill granting the consent of Congress to the Commissioners of Mahoning County, Ohio, to replace a bridge which has collapsed, across the Mahoning River at Division Street, Youngstown, Mahoning County, Ohio; to the Committee on Commerce.

By Mr. WALSH:

S. J. Res. 157. Joint resolution authorizing the President of the United States to present to Eire on behalf of the people of the United States a statue of Commodore John Barry; to the Committee on Foreign Relations.

By Mr. KING:

S. J. Res. 158. Joint resolution providing that the farmers' market in blocks 354 and 355 in the District of Columbia shall not be used for other purposes; to the Committee on the District of Columbia.

WORK RELIEF AND RELIEF—AMENDMENTS

Mr. HATCH. Mr. President, I ask consent to submit an amendment which I propose to offer next week to the relief joint resolution (H. J. Res. 326) when it comes before the Senate for consideration. I now ask that it be printed and lie on the table.

The VICE PRESIDENT. Without objection, the amendment will be received, printed, and lie on the table.

Mr. HAYDEN submitted an amendment intended to be proposed by him to the joint resolution (H. J. Res. 326) making appropriations for work relief, relief, and to increase employment by providing loans and grants for public works projects, for the fiscal year ending June 30, 1940, which was referred to the Committee on Appropriations and ordered to be printed.

ADDITIONAL COPIES OF SENATE REPORT NO. 610: SURVEY OF EXPERIENCES IN PROFIT SHARING AND POSSIBILITIES OF INCENTIVE TAXATION

Mr. HERRING submitted the following concurrent resolution (S. Con. Res. 24), which was referred to the Committee on Printing:

Resolved by the Senate (the House of Representatives concurring), That there be printed 12,000 additional copies of Senate Report No. 610, a report of a subcommittee of the Committee on Finance submitted pursuant to Senate Resolution 215 (75th Cong.), entitled "Survey of Experiences in Profit Sharing and Possibilities of Incentive Taxation," of which 1,000 copies shall be for the use of the Senate document room, 10,000 copies for the use of the Senate Committee on Finance, and 1,000 copies for the House document room.

ADDITIONAL COPIES OF HEARINGS BEFORE COMMITTEE ON FINANCE ON EXISTING PROFIT-SHARING SYSTEMS

Mr. HERRING submitted the following concurrent resolution (S. Con. Res. 25), which was referred to the Committee on Printing:

Resolved by the Senate (the House of Representatives concurring), That, in accordance with paragraph 3 of section 2 of the Printing Act, approved March 1, 1907, the Committee on Finance of the Senate be, and is hereby, authorized and empowered to have printed for its use 10,000 additional copies of the hearings

held before a subcommittee of said committee during the Seventy-fifth Congress pursuant to the resolution (S. Res. No. 215), providing for an investigation of existing profit-sharing systems between employers and employees in the United States.

FLORENCE A. REICH

Mr. ASHURST submitted the following resolution (S. Res. 149), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay from the contingent fund of the Senate to Florence A. Reich, widow of Chester M. Reich, late assistant financial clerk of the Senate, a sum equal to 6 months' compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

UMPQUA RIVER AND HARBOR, OREG. (S. DOC. NO. 86)

Mr. BAILEY presented a letter from the Secretary of War to the chairman of the Senate Committee on Commerce, transmitting, in response to a resolution of the committee, a report from the Chief of Engineers of the Army on a reexamination of the Umpqua River and Harbor, Oreg., which was referred to the Committee on Commerce and ordered to be printed, with an illustration.

THOROUGHFARE BAY FROM CORE SOUND TO CEDAR BAY NEAR THE MOUTH OF NEUSE RIVER, N. C. (S. DOC. NO. 87)

Mr. BAILEY presented a letter from the Secretary of War to the chairman of the Senate Committee on Commerce, transmitting, in response to a resolution of the committee, a report from the Chief of Engineers of the Army on a reexamination of Thoroughfare Bay from Core Sound to Cedar Bay near the mouth of Neuse River, N. C., which was referred to the Committee on Commerce and ordered to be printed, with an illustration.

AUTHORITY OF GOVERNOR OF PANAMA CANAL

Mr. LA FOLLETTE. Mr. President, when the Senate had under consideration Senate bill 2229 to provide additional locks for the Panama Canal, it was, at my request, that a statement by Mr. Hushing, representing some of the employees of the Canal, was read at the clerk's desk. Under date of June 20, 1939, I received a letter from the Secretary of War, Hon. Harry H. Woodring, together with an enclosure, and, in justice to the Governor of the Panama Canal, I ask unanimous consent that the letter and enclosure may be printed in the RECORD as a part of my remarks.

There being no objection, the letter and enclosure were ordered to be printed in the RECORD, as follows:

JUNE 20, 1939.

HON. ROBERT M. LA FOLLETTE, JR.,
United States Senate, Washington, D. C.

DEAR SENATOR LA FOLLETTE: The Governor of the Panama Canal has called my attention to a statement prepared by Mr. W. C. Hushing, which was read to the Senate on May 31, 1939, during the debate on S. 2229, to provide additional locks for the Panama Canal, and has furnished me with a statement in regard thereto, which I feel will be of interest to you. The Governor states as follows:

"As the statement by Mr. Hushing referred to makes rather definite charges against the Canal administration, I consider it my duty to offer you an explanation of the matters referred to therein, and, in view of the circumstances under which the statement was submitted, I feel that you will welcome the explanation, especially since the statement contains charges that are incorrect and unfounded and other matters which, if unexplained, would leave an erroneous impression.

"Although Mr. Hushing states that the Governor and his department heads have almost unlimited power, the fact is that this authority is definitely prescribed by Congress and by Executive orders of the President and is very definitely limited in scope. There is no basis whatever for the statement, and it is not correct that the Governor resents laws passed by Congress limiting his authority regarding wages and hours of labor. The authority of the Governor has always been limited by law, and, of course, it is realized that it will always continue to be limited as it should be.

"Mr. Hushing states that the Governor in past years has permitted the representative of the employees to go to the United States, 'providing he and those he represented agreed to present to Congress only such matters as were approved by the Governor.' The fact is that the labor representatives have been advised and know that the Governor has no intention or desire to restrict representation in Washington on behalf of the Canal employees on legislative matters pertaining to pay, hours of work, working conditions, leave, and retirement benefits. In this connection it is important to note that the so-called representative of the employees represents only a minority of the employees on the Canal and railroad. With respect to legislative matters other than those mentioned above, it must be borne in mind that the Panama Canal is an important highway for world shipping and an important element in our national defense, for which the Governor is responsible to the President, to Congress, and to the American people. I cannot, therefore, favor, foster, or encourage efforts on the part of employees to secure legislation affecting matters of important policy that I know would be detrimental to the best interests of the Canal and the United States. The only matter of this character that has come up since I have been Governor is the proposal to replace the native tropical workers employed on the Panama Canal with citizens from the United States. This proposition is not only positively detrimental to the best interests of the Panama Canal and the United States but also positively detrimental to the present American employees and their children.

"Mr. Hushing states that the Canal and railroad officials have abused their authority. Since these officials exercise authority under direct and close supervision of the Governor I cannot conceive that they could abuse their authority without the knowledge of the Governor. So far as I know such a charge is entirely unwarranted and without foundation.

"Mr. Hushing states that this year the Governor would not permit the representative of local unions affiliated with the Metal Trades Council to go to Washington to act as legislative representative. This statement, together with the context, leaves the impression that the Governor refused to permit any employee to act as labor representative. The fact is that the representative referred to occupies a key position in the locks organization and was particularly needed on the job on account of the biennial overhaul of the locks which must be done during the dry season—January to April. During this overhaul all skilled mechanics and supervisory personnel are needed and in addition many others must be brought down from the United States. Moreover, the particular representative referred to holds the position of control-house operator, and, to a considerable degree, the safety of vessels passing through the locks depends on his skill and care. Consequently, the Canal administration could not justify his absence from the job 6 or 7 months every year as labor representative or for any other purpose. This local labor organization was given ample notice that the particular employee could not be spared this year, and they were urged to select another man to go in his place. However, they chose to employ Mr. Hushing this year.

"It is not true that the policy of the Canal and Panama Railroad officials 'has been to employ as many alien Negro West Indians as possible.' The present employment policies of the Panama Canal are those which have been in effect for upward of 30 years and are well known to many Members of Congress. This policy basically is that of employing American citizens in the administrative, technical, supervisory, and skilled craft positions and of employing natives of the Caribbean area as laborers, helpers, and in other positions requiring hard manual labor and little dexterity, craft skill, or scholastic knowledge. Our experience during the construction period and during the 25 years since the Canal was opened has demonstrated that this policy is entirely sound and is, in fact, the only one which it is practicable to follow in this tropical region. It is the policy which has been followed by private contractors on large projects in tropical latitudes everywhere in the world, and the experience of these private contractors as well as our own demonstrates conclusively that Americans cannot perform the work of unskilled laborers in the enervating climate of the Tropics. I am thoroughly convinced that the abandonment of this tried policy on this new project would be disastrous, not only so far as concerns the ultimate success of the project itself, but also as concerns the health and welfare of the workmen.

"The bill which was under consideration authorized the Governor to fix compensation without regard to other laws. Mr. Hushing's statement leaves the impression that the Governor will use this to do something detrimental to the employees' interests such as reducing the rates of pay. The purpose of this provision was just the opposite, namely, to meet the possible contingency that the services of engineers, experts, and other highly skilled technical personnel required for effective prosecution of the work could not be induced to come to the Tropics at rates fixed or limited by the Classification Act and the Panama Canal Act. It must be apparent to anyone who has knowledge of or experience in operation of an organization of the character of the Panama Canal that the administration could not discriminate against any part of the organization by paying rates lower than those paid generally in the organization. As a matter of fact it would have been entirely agreeable to the Panama Canal if the bill had provided that the compensation of such employees fixed by the Governor shall not be lower than the compensation paid for the same or similar services by the Panama Canal.

"On May 27 I received a letter from the Metal Trades Council requesting that steps be taken to amend the pending bill by the insertion of a clause to protect existing hours of labor and rates of pay. I promptly informed the employees that I would have no objection to such an amendment. No other suggestions concerning the provisions of the bill have been made to me by local labor organizations, although I have had several conferences recently with their representatives. The fact that the bill would be entirely satisfactory to local labor organizations with the amendment referred to above is attested by a letter received by me from the Metal Trades Council, a copy of which is enclosed."

Sincerely yours,

HARRY H. WOODRING,
Secretary of War.

THE CENTRAL LABOR UNION AND THE METAL TRADES COUNCIL OF THE PANAMA CANAL ZONE,
Balboa Heights, C. Z., June 11, 1939.

GOVERNOR, THE PANAMA CANAL,
Balboa Heights, C. Z.

SIR: In regard to the statement of Mr. W. C. Hushing which was read into the RECORD of the United States Senate on May 31, the Panama Canal Metal Trades Council wishes to make it clear that the language and intent of this statement originated with Mr. Hushing.

Neither the officers of the council nor any of the membership had any knowledge of this matter until a copy of the CONGRESSIONAL RECORD of May 31 covering the proceedings arrived in the mail, just prior to the special meeting of the council on June 4, and was read at that meeting.

Inasmuch as Mr. Hushing is legislative representative of the American Federation of Labor as well as part-time representative of the Metal Trades Council, just where his activities begin and end on our specific instructions is, no doubt, confusing to one not supplied with the action of the council in the exchange of communications between the council and Mr. Hushing. In view of the foregoing, we are submitting the following.

The action of the council on bill S. 2229 to date has been to confer with the Governor and reach an agreement with him over the insertion of an additional clause designed to protect existing rates of pay and hours. The Governor did not object to a change of this nature, and the amendment was immediately cabled to Mr. Hushing with instructions to have it included in the bill and then do everything possible to expedite its enactment. That, in brief, is the extent of the council's activities concerning bill S. 2229.

In answer to the third question in your letter of June 10, the explanation is given in the first paragraphs of this letter; in answer to your question No. 1—no action has yet been taken by the Panama Canal Metal Trades Council.

Respectfully.

Charles F. Wahl, chairman; E. W. Hatchett, secretary; A. C. Plath, M. M. Casey, E. H. Cann, F. B. Turberville, Adam Mallett, T. A. Long, committee members.

PROPOSED ACQUISITION OF GREENLAND

Mr. LUNDEEN. Mr. President, I wish to make a brief statement.

The other day, in connection with the discussion of my resolution on negotiations for the acquisition of Greenland, and the discussion relative to the polar regions, I quoted an article from the magazine Life without giving credit to the magazine. The article in question was a well-illustrated article entitled "Antarctica." I should like to give credit to that very fine magazine.

ENLARGEMENT OF FARM-TENANT PROGRAM

Mr. LEE. Mr. President, yesterday the Senator from Alabama [Mr. BANKHEAD], by authority of the Committee on Agriculture and Forestry, reported a bill to enlarge the farm-tenant program and make it possible for more farm tenants to have a chance to own their own farms. I ask unanimous consent, in relation to that subject, to have printed in the RECORD, as a part of my remarks, an article by Bruce Catton, a Washington columnist.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

SENATOR LEE THINKS HIS MORTGAGE BILL WOULD PUT TWO-THIRDS OF TENANT FARMERS AND SHARECROPPERS BACK ON THEIR OWN LAND

(By Bruce Catton)

WASHINGTON.—One of the big things the New Deal was going to do—back in its green and promising days—was to solve the farm-tenant problem.

It diagnosed the disease, described the symptoms copiously, and set to work, entrusting the task to the Farm Security Administration. But the Bankhead-Jones Farm Tenant Act, with which it equipped F. S. A. to do the job, didn't go far enough.

Under the first year of that act F. S. A. was able to put just 1,800 landless farmers on farms of their own. This year it hopes to raise that number to 7,000. It figures the maximum number it can handle under the act at 12,000 a year.

Meanwhile it estimates that the number of tenant farmers and sharecroppers is increasing at 40,000 a year, which leaves F. S. A. much in the position of the cat that tried to get out of a well by jumping up 2 feet and sliding back 3 on each leap.

AMENDMENT HOLDS PROMISE

Now, at last, there is a fair chance that a real, two-handed effort will be made.

Pending before a Senate subcommittee is the Lee amendment to the Bankhead-Jones Act, which, in effect, would apply F. H. A. mortgage-insurance principles to the farm-purchase program to the extent of $350,000,000.

Fifty-two Senators have signed the bill as coauthors, rendering Senate approval virtually certain. Prospects in the House, though less bright, are still encouraging.

Senator JOSH LEE, of Oklahoma, originator of the bill, believes that ultimately it would get something like two-thirds of the Nation's tenant and sharecrop farmers back on land of their own. That is a large order; as he remarks, 42 percent of American farms today are tenant farms, with the percentage far higher in some States.

In Mississippi, for instance, it is 69 percent; in Alabama, 64; in Senator LEE's own Oklahoma it is 61. Even in Iowa and Nebraska it is slightly higher than 49.

Under the existing law, the Secretary of Agriculture is authorized to make direct loans to tenants and sharecroppers to buy farms. The Lee bill would authorize the insurance of mortgages up to $350,000,000 in 3 years. The tenant would make his own deal, and—if both he and his deal were O. K.'d by an F. S. A. county committee—the Government would simply guarantee his mortgage. He could get up to 40 years to pay, and the paper would bear 3 percent interest.

CHANCE FOR FARM YOUTH

Actually, says Senator LEE, this $350,000,000 wouldn't be a direct outlay by the Government. Most of the mortgages, he believes, would prove good. He is especially enthusiastic about the prospect of enabling ambitious farm youngsters to establish themselves on their own farms.

Thousands of these young people, he points out, come up through the 4-H clubs equipped with a bit of good livestock, boundless energy, and an aptitude for farm work and an ardent desire to buy farms, get married, and become independent farmers. He figures they are first-rate risks.

Some of the big insurance companies are likely to approve the bill. In many cases they have had to go into the farming business on a big scale; in an Oklahoma county, for instance, one insurance company has 600 farms on its hands.

Both Senator LEE and the F. S. A. people figure the insurance companies wouldn't mind getting a lot of those farms off their hands if they knew they wouldn't lose by it.

F. S. A. figures that the average price of a family sized farm the county over is $5,000.

NEUTRALITY AND INTERNATIONAL AFFAIRS

Mr. BORAH. Mr. President, I have in my hand a statement made by several groups of Ohio citizens on the subject of neutrality and international affairs which I think is a statement of exceptional worth. I ask to have it inserted in the RECORD as a part of my remarks.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

In view of the dangerous world situation and of the very important, responsibilities of members of our National Government therein, we as citizens of the Republic here endeavor to make plain to you our minds:

1. We emphatically protest any action taken, undercover or aboveboard, by our President or Members of Congress, or under consideration by them, which violates or alters the historic policy of neutrality which was initiated for our country by Washington and only violated during the last World War.

2. As a companion piece of policy to that of neutrality, the Monroe Doctrine must not be abandoned or perverted. On the contrary, it must be reasserted by the Senate that on the one hand the United States does not intervene in affairs of Europe or Asia and, on the other, we will not tolerate interference by foreign nations in affairs of the American Continent.

3. We remind you that these twin policies are essential to the full and free independence of our representative Republic, an independence in no way restricted by foreign alliances, entanglements, or unneutral actions. For if the United States engages in such relationships and adventures, entailing obligations of our belligerent action upon some future occasion, our form of government and society must of necessity change to one consistent with imperialism—much greater military and naval establishments, a more powerful central government, a constant readiness to carry out our part in world power politics—all of which inevitably greatly reduce the liberties and immunities of free citizens.

4. Naturally, we want peace; but if we are driven to accept war, we want a united people, and we think that that can be guaranteed always if our international relationships are nonpolitical, confined to affairs involving the fundamentals of our just rights and our independent existence.

5. We want those powers granted through our Constitution to President and Congress relating to the conduct of our foreign relations and war to be respected according to the oath of office by every member of our National Government, and we expect no evasion to be practiced, in the sanctimonious name of peace and morality, for the purpose of circumventing constitutional restrictions of those powers.

6. We remind you that whatever influence for peace and justice as among nations may rest with the United States depends upon our consistent and courageous neutrality in foreign disputes. Taking sides before and during one of these disputes destroys any good offices we might have performed as a neutral.

7. We condemn as presumptious, dangerous, and unneutral any official meddling or provocation in other nations' affairs, which condemnation applies as well to criticism by men in public office of forms of government or society in other countries. It is time, too, that we, a people of diverse origin, again take a stand against

the basing of our foreign relations upon religious or racial bias or upon advice from foreigners or alien-minded boarders in our house.

We claim that it is no more absurd to label as fascism every defense of American individualism against socialism and communism than to label as nazi-ism every defense of traditional American neutrality and independence.

8. We confidently assert that very seldom can a nation be intelligently or accurately labeled as "aggressor," particularly by Americans, since the background of an incident or belligerency abroad is nearly always of long standing, cumulative, and involved—the popularly accused "aggressor" in fact being the victim of aggression by the so-called "peace loving" nation. We therefore doubt the practicality of the well-meant Kellogg Pact, as well as the consistency of its place in a policy of true neutrality.

9. We deny that there are any "actions short of war but stronger and more effective than mere words" which America as a neutral can take without assuming the status, responsibilities, and consequences of a belligerent. A nation is either in it or out of it. What kind of mind can think that a country can be a neutral and a belligerent at one and the same time?

10. We suggest it be remembered that the United States may well be at some time a belligerent, other nations neutrals, and that any false measures we as a neutral practice now against or for others will naturally be employed by them toward us then.

11. We object to our country's being used, through "understandings" or otherwise, as a make-weight in the European age-old struggle for boundaries and balance of power. We object to our fleet being used as a part of a world fleet made up of the fleets of the colonial empires, our own interests and safety being subordinated to the interests of others. Such struggles or the defense of the British, French, or other empires are none of our business.

12. We demand a national policy of self-defense only and condemn one of offensive imperialism. Our interest is national independence and the rightful interests of our citizens everywhere, no more nor less than we offer the nationals of other countries.

13. We protest the granting of new and un-American discretionary powers to any President in the matter of deciding what constitutes contraband of war or in the matter of when embargoes are to be imposed or withdrawn, and against whom. Congress, in the light of international law, precedent, and practice, can name a list of contraband. Congress can and should determine the question of embargoes, although we doubt that their imposition would either keep us out of more wars, keep us neutral, or result in justice between the belligerents. More important, we do not think our commerce should be thus deliberately destroyed by ourselves through fear and cowardice, nor, besides, that the fate of our commerce should fall into the hands of the President simply because a war breaks out abroad.

14. We think weak and cowardly the fatalistic, defeatist idea that this Nation could not keep out of any great war. Strange that this propagandized idea never occurred to Americans when the Nation was small and weak. Are we become so degenerate as to admit that the destiny of our Nation is out of our reasoned control now that we have become great and strong? Our forefathers did have courage, a self-respecting, masculine patriotism; they did have a decent regard for the kind of estate which was to be left to their children and their children's children.

15. We realize, of course, that our great economic depression is the direct result of our participation in the World War. It is an insult to anybody's intelligence to be told that this economic collapse is the fruit of capitalism. For once we are in complete agreement with Communists and their fellow travelers in being convinced that our engagement in another war at this time will certainly destroy what is left of our American institutions. These disciples of the gospel of St. Marx work night and day to drag us in.

16. Being mature in mind we also know that that World War did not cease in 1918, but has continued to date economically and politically in Europe; that the Treaty of Versailles was not a treaty of peace but only a military truce the provisions of which have been administered by the League of Nations; that the present eruption in Europe is the inevitable consequence of that oppressive, vindictive treaty applied by the "peace loving" victors upon the vanquished, a consequence freely predicted 20 years ago by opposing American Senators during the debate upon ratification of it.

17. It is our contention that if the people of the United States wish the economic recovery of the world, including ourselves, we should realize it cannot be accomplished through a policy of collective economic suppression of any great nation—Germany or any other.

18. We are continually told that a policy of neutrality is useless, since it did not keep us out of the World War, but we are aware that the record shows America got into that war not as an honest neutral trying to defend American shipping and commerce—the freedom of the seas—but by pretending to be neutral while demanding not only that ordinary belligerent merchantmen be not taken by their enemy but also that armed belligerent merchantmen be treated as peaceful ships. Such was the credulity and subserviency of our national authority before the threats of British imperialism.

19. So today we hereby make known to those chosen to act for us in the National Government of this representative Federal Republic, that we want no more evasion or other shameful behavior toward patronizing or bullying foreign peoples—that we do expect insistent maintenance of the vital interests of a free, independent United States through traditional American methods.

20. To these ends our strong conviction is for positive action at this session of Congress. Therefore we strongly urge that, before adjournment, Congress make a clear and vigorous declaratory statement for the purpose of convincing foreign peoples and our own that this is in fact a self-governing Nation rather than the personal domain of the Chief Executive; so, too, for preventing foreign governments from being misled into warfare with others in the belief that they have our certain partnership.

21. Further and finally we strongly recommend and urge the immediate submission by the Senate and the House of Representatives of a resolution to amend the Constitution by State conventions, to be convened at the earliest date, in order to restore it to its original and traditional meaning relative to use of troops—a meaning that was destroyed in 1917 by the Selective Service Act. Specifically, we want the original power granted by the people to the Federal Government over conscription to be restated as limited to "execute the laws of the Union, suppress insurrection, and repel invasions," and in addition to plainly deny the power of conscription for military service outside the Territorial limits of the United States.

Our study convinces us that this action in 1917 was a defiant usurpation of power by our Central Government, not only destructive of our individual immunities and liberties but also extremely dangerous as placing too much freedom of action into the hands of any administration in its dealings with other nations. The sovereign people have never had the opportunity to approve or disapprove that violent transfer of power from themselves to their government. Such an amendment will limit foreign military service to volunteers, will let remain in the hands of the men at home the power to bring to a stop some disastrous foreign adventure, restrain imperial or personal ambitions of any President or group, and greatly tend to confine our national foreign policies to traditional defensive ones wherein we mind our own business.

The American Independence Association, an emergency group for petitioning the National Government, Carl P. Dick, chairman; Eighth Ohio Volunteer Infantry Association, War with Spain, R. A. Walkup, president; Summit County Council, Army-Navy Union, Robert Thompson, commander; German American Civic Association, Robert L. Soergel, secretary; Veterans of Foreign Wars, Joseph Wein Post, No. 288, W. W. Mathis, commander; Summit Veterans Association, Emerson C. Wolf, chairman; Summit County Horticulturist Society, W. H. Kline, president.

DEFENSE AND EXTERNAL OBLIGATIONS—ADDRESS BY SENATOR THOMAS OF UTAH

[Mr. BARKLEY asked and obtained leave to have printed in the RECORD an address on the subject An American View on the Question of Defense and External Obligations, delivered by Senator THOMAS of Utah before the Third Conference on Canadian-American Affairs at St. Lawrence University, Canton, N. Y., on June 21, 1939, which appears in the Appendix.]

TRIBUTES TO THE LATE DR. GRACE ABBOTT

[Mr. LA FOLLETTE asked and obtained leave to have printed in the RECORD an article from the New York Times of June 21, 1939, an editorial from the New York Times of the same date, and an editorial from the Washington Post, paying tribute to the late Dr. Grace Abbott, which appear in the Appendix.]

TRIBUTES TO THE LATE DR. GRACE ABBOTT

[Mr. WAGNER asked and obtained leave to have printed in the RECORD an editorial from the Washington News and a statement by Miss Katherine Lenroot paying tribute to the late Dr. Grace Abbott, which appear in the Appendix.]

CREDIT AND CURRENCY MANAGEMENT AND PRICE LEVEL—ADDRESS BY CHESTER C. DAVIS

[Mr. BAILEY asked and obtained leave to have printed in the RECORD an address on the subject Credit and Currency Management and Price Level, delivered by Hon. Chester C. Davis, member, Board of Governors of the Federal Reserve System, before the twentieth annual meeting of the American Farm Bureau Federation, at New Orleans, La., on December 14, 1938, which appears in the Appendix.]

RESTRICTION OF IMMIGRATION

[Mr. REYNOLDS asked and obtained leave to have printed in the RECORD an article by James L. Wilmeth, National Secretary of the Junior Order United American Mechanics, relative to the restriction of immigration, which appears in the Appendix.]

ADHERENCE TO POLICIES OF ROOSEVELT ADMINISTRATION—RESOLUTION OF PENNSYLVANIA DEMOCRATIC STATE COMMITTEE

[Mr. GUFFEY asked and obtained leave to have printed in the RECORD a resolution adopted by the Pennsylvania Democratic State Committee at a meeting held in Harrisburg, Pa., on June 21, 1939, which appears in the Appendix.]

ADMISSION OF GERMAN REFUGEE CHILDREN

[Mr. WAGNER asked and obtained leave to have printed in the RECORD a number of editorials and letters dealing with the question of German refugee children, which appear in the Appendix.]

JAPAN AND NEUTRALITY—EDITORIAL FROM WASHINGTON POST

[Mr. SCHWELLENBACH asked and obtained leave to have printed in the RECORD an editorial from the Washington Post of today entitled "Japan and Neutrality," which appears in the Appendix.]

ORDER DISPENSING WITH CALL OF CALENDAR

The VICE PRESIDENT. Morning business is closed. The calendar under rule VIII is in order.

Mr. BARKLEY. I ask unanimous consent that the call of the calendar be dispensed with.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

THE REVENUE

Mr. HARRISON. I move that the Senate proceed to the consideration of House bill 6851, the revenue measure.

The VICE PRESIDENT. The question is on the motion of the Senator from Mississippi.

The motion was agreed to; and the Senate proceeded to the consideration of the bill (H. R. 6851) to provide revenue, equalize taxation, and for other purposes, which had been reported from the Committee on Finance with amendments.

Mr. HARRISON. I ask unanimous consent that the formal reading of the bill be dispensed with, that it be read for amendment, and that the amendments of the committee be first considered.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

Mr. MINTON. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Danaher	La Follette	Russell
Andrews	Davis	Lee	Schwartz
Ashurst	Donahey	Logan	Schwellenbach
Austin	Ellender	Lucas	Shipstead
Bailey	Frazier	Lundeen	Slattery
Bankhead	George	McCarran	Smathers
Barbour	Gerry	McKellar	Taft
Barkley	Green	Maloney	Thomas, Okla.
Bilbo	Guffey	Mead	Tobey
Bone	Gurney	Miller	Townsend
Borah	Harrison	Minton	Tydings
Bridges	Hatch	Murray	Vandenberg
Brown	Hayden	Neely	Van Nuys
Bulow	Herring	Norris	Wagner
Burke	Hill	O'Mahoney	Walsh
Byrd	Holman	Overton	Wheeler
Byrnes	Holt	Pepper	White
Capper	Hughes	Pittman	Wiley
Chavez	Johnson, Calif.	Radcliffe	
Clark, Idaho	Johnson, Colo.	Reed	
Clark, Mo.	King	Reynolds	

Mr. MINTON. I announce that the Senator from Virginia [Mr. GLASS] is detained from the Senate because of illness.

The Senator from South Carolina [Mr. SMITH] is absent because of illness in his family.

The Senator from Arkansas [Mrs. CARAWAY] and the Senator from Texas [Mr. CONNALLY] are necessarily detained.

The Senator from California [Mr. DOWNEY], the Senator from Iowa [Mr. GILLETTE], the Senator from Texas [Mr. SHEPPARD], the Senator from Tennessee [Mr. STEWART], the Senator from Utah [Mr. THOMAS], and the Senator from Missouri [Mr. TRUMAN] are detained on important public business.

Mr. AUSTIN. I announce that the Senator from Oregon [Mr. MCNARY] is absent because of illness, that the Senator from Massachusetts [Mr. LODGE] is absent on public business, and that the Senator from North Dakota [Mr. NYE] is absent because of a death in his family.

The VICE PRESIDENT. Eighty-one Senators have answered to their names. A quorum is present.

Mr. HARRISON. Mr. President, I shall not delay the Senate at any length; but I feel quite sure this legislation is of such an important character that some explanation should be made of its various provisions.

We do not by this bill increase any taxes. The measure might very logically be termed "a relief measure" so far as it goes. We have not disturbed any of the provisions adopted by the House. As Senators well know, in the final vote in the House only one Member voted against the bill, and he explained his vote on the theory that the bill did not go far enough. So I might say in the beginning of the discussion that the only objection to the bill is that it does not go as far as I should like to have it go.

Mr. VANDENBERG. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Mississippi yield to the Senator from Michigan?

Mr. HARRISON. Yes; I yield.

Mr. VANDENBERG. Is the statement quite accurate that the bill increases no taxes? Does not the substitution of the flat tax on corporations constitute an increase in taxation in some particulars?

Mr. HARRISON. I will make an explanation of that now.

Mr. VANDENBERG. I should like to say to the Senator that I am not complaining about the substitution, because I cordially agree with the Senator regarding it; but I thought his statement was a little too broad.

Mr. HARRISON. The present law, as enacted in 1938, contains a corporate tax applicable to corporations with net incomes in excess of $25,000, the minimum rate of which was 16½ percent, and the maximum 19 percent. The differential of 2½ percent is referred to as the remains of the undistributed-profits tax, imposing a penalty upon corporations which do not distribute their profits.

In the present law—which, as Senators will recall, greatly modified the 1936 act, which imposed a very high penalty on undistributed profits—the minimum tax of 16½ percent without the application of the undistributed-profits tax was applied to banks, insurance and trust companies, and to China Trade Act corporations. There was a very limited number of corporations to which the undistributed-profits tax did not apply, but to which the minimum corporate flat tax of 16½ percent applied. That was due to the fact that there were certain reasons, which were apparent, why banks necessarily must build up and retain certain reserves. We felt that for the stability of the banking system of our country we should not force a distribution of dividends by banks unless they had a reasonable reserve; and consequently we provided that the undistributed-profits tax would not apply to that group of corporations.

So to the extent to which the pending bill imposes a flat corporation tax of 18 percent, repealing altogether the undistributed-profits tax, there is an increase in the tax on the banks of the country from 16½ percent to 18 percent. I may add that we have given the same treatment to the China Trade Act corporations. But let me say in that connection that I have not had, and so far as I know the Committee on Finance has not received, a complaint from a bank in this country as to the treatment we are according the banks in this legislation. Prior to the enactment of the 1936 act, applying the undistributed-profits tax, banks, of course, were subject to the normal corporation tax, as all other corporations in this country were, and they should be. There is no reason why they should not have been.

In this bill we have given preferential treatment to the smaller corporations making $25,000 and less. They are given the same treatment that is given in the present law; namely, upon the first $5,000 of normal-tax net income a tax of 12½ percent is applied. On the next $15,000 of normal-tax net income a tax of 14 percent is applied, and on the next $5,000 a tax of 16 percent is applied. In this bill we have given to the smaller banks of the country, those making $25,000 and less, the same preferential treatment that we have given to the smaller corporations, or those making less than $25,000.

So the bill, so far as the corporate tax is concerned, now imposes a flat corporation tax of 18 percent except in the case of corporations making $25,000 and less, and they are accorded the same treatment that is accorded to them in the present law.

A notch provision is also provided to prevent corporations from being heavily taxed by reason of having incomes slightly in excess of $25,000. As is pointed out in the committee report, if it were not for this notch provision a corporation with an income of $25,001 would have its tax increased over $900 by reason of having $1 more in taxable income.

Another important change in the law which was written in the bill as it passed the House and as it has been approved and reported by the Senate committee is the provision permitting corporations to carry over their net operating business losses for a period of 2 years. In my opinion, that is one of the most important provisions incorporated in this legislation, and one which perhaps will give more encouragement to business than any other provision, even though Senators may differ with me about the matter. I think the 2-year provision for loss carry-over is one of the very important parts of the bill. Both in the House bill and in the bill as reported by the Senate committee the 2-year loss carry-over is broadened, and is applied not only to corporations but to partnerships and to individuals as well. It was thought that if this provision should be helpful to corporations, it would likewise be helpful to partnerships and individuals; so in this legislation we have provided for a 2-year loss carry-over to all taxpayers, both corporate and individual.

Mr. NORRIS. Mr. President——

The VICE PRESIDENT. Does the Senator from Mississippi yield to the Senator from Nebraska?

Mr. HARRISON. I yield to the Senator.

Mr. NORRIS. I wish the Senator would make plain the statement he has just made. Does the Senator mean that the loss carry-over in this bill applies to persons, corporations, and partnerships all alike?

Mr. HARRISON. As to net operating losses it does. It does not apply to capital losses.

It will be recalled that there is now a $2,000 limitation on capital losses. We repeal the $2,000 limitation, except that both in the House bill and in the bill as reported by the Senate committee it is provided that if a capital asset has been held less than 18 months, the loss may be applied only as against the gain from the sale of a capital asset held for not more than 18 months. However, if there is not sufficient gain to absorb such loss in that year the excess of loss over gain may be carried over into the following year. If the capital asset has been held over 18 months, the loss resulting from its sale may be applied against ordinary income. However, if there is not sufficient ordinary income in the year in which such loss occurs to absorb it completely, it may not be carried forward as is the case with short-term capital losses.

Mr. LEE. Mr. President, will the Senator yield at that point?

The VICE PRESIDENT. Does the Senator from Mississippi yield to the Senator from Oklahoma?

Mr. HARRISON. I yield.

Mr. LEE. Did I correctly understand the Senator to say that that provision of the pending bill applies to an individual's loss; that an individual, in making out his tax return, may carry over a 2-year loss?

Mr. HARRISON. Yes; it applies to individuals and to partnerships and to corporations with respect to their operating losses. I may say in that connection that that provision takes effect on January 1 of next year, when the present law goes out of existence; and the losses which are sustained this year, in 1939, may be applied as against the gains of next year.

Mr. AUSTIN. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Mississippi yield to the Senator from Vermont?

Mr. HARRISON. I do.

Mr. AUSTIN. I should like to inquire whether the removal of the limitation on deductions for capital losses permits taking a deduction of any amount whatever against capital gains for the period of the return.

Mr. HARRISON. If the asset is held more than 18 months.

Mr. AUSTIN. Then there is no limitation left?

Mr. HARRISON. No. In the present law, as the Senator will recall, the capital-gains provision starts in at 18 months. At 2 years it was reduced to 15 percent. We gave the same treatment to these capital losses because we want to take out of this question the speculative capital assets that may be traded on the stock exchange, and so forth.

Another important provision in the bill is the following: At first there was some consideration of repealing the capital-stock tax and the excess-profits tax. I am sure all of us would like to repeal those two taxes; but upon examination we found that we received last year from that source upward of $170,000,000. The capital-stock tax is very small—one-tenth of 1 percent—and we have not found that it is burdensome; so we felt that the Treasury at this time could not afford the loss of $170,000,000. The chief objection we have heard to the capital-stock tax is because, coupled with it and for the purpose of forcing the corporation to give a true declaration of stock value, we have imposed an excess-profits tax which operates at rates up to 12 percent as a penalty if the valuation is placed too low.

The Revenue Act of 1938 provided that corporations might make a new declaration of value in 1941. We provide in the proposed legislation that corporations may increase their capital-stock valuations for the fiscal years ending June 30, 1939, and June 30, 1940, but not to decrease values for those years. They can increase it next year, but not decrease it, in order to save them from having to place the valuation at such a low figure that, through a turn of good fortune or economic improvement, they might be subjected to a heavy penatly in the excess-profits tax. In the proposed legislation we are permitting a new declaration of value this year and next year, and under the law in 1941 they will have an opportunity to make a new declaration, when they can reduce the figure or increase it.

Mr. President, in the legislation last year we practically repealed, or greatly modified, the undistributed-profits tax, and we provided for undistributed-profits tax purposes a credit for amounts used or set aside to pay or retire indebtedness existing at the close of business on December 31, 1937, and evidenced by a bond, note, or certificate of indebtedness in existence as of that date.

As one of the conferees on the 1938 revenue bill, I felt, and I am sure all the Senate conferees felt likewise, that when we wrote that provision into the law, if one had an indebtedness on December 31, 1937, evidenced by a note or some other written instrument, and he should have to renew it, if he could not pay it, the renewal note should take the place of the other evidence of indebtedness, because we all know that those who have to borrow from the banks have to renew notes sometimes for 3 months or 6 months, and we felt that the renewal note would stand in place with the same old obligation owing on December 31, 1937.

The written report by the managers of the House stated that a renewal note would not be considered as an evidence of debt under the provisions of the law, and they were not safeguarded from the penalty of the undistributed-profits tax. We have taken care of that in an amendment which the Senate committee proposes, providing that if there is a renewal of an old indebtedness, it shall be accepted as an obligation such as we contemplated in writing the act of 1938.

Mr. President, I have stated the major features of the proposed legislation, but there are some administrative changes which the Treasury has recommended, and all the changes are approved by the Treasury officials. I have never seen such harmony as has been evidenced, both by the members of the Ways and Means Committee and of the House generally, and by the members of the Senate committee, as well as by Treasury officials, and I am glad to say by others in the administration in the final preparation of the proposed legislation. I wish such splendid harmony could always exist.

The administrative changes which have been approved by the Treasury and incorporated in the bill are in the interest of certainty, of clarification of some ambiguities, and of simplicity in tax administration.

If there are any questions Senators desire to ask me about any particular provision, I shall endeavor to answer. I have stated in the main the provisions of the bill.

Mr. FRAZIER. Mr. President, will the Senator yield?

Mr. HARRISON. I yield.

Mr. FRAZIER. What has been done with regard to the postage rate on books?

Mr. HARRISON. We have extended the postal rates exactly as they are in the present law. We had to do that, we felt, for revenue purposes. There is $100,000,000 involved in the first-class postal rates. We raised the rate from 2 cents on a certain postal matter to 3 cents. One hundred million dollars annually is involved in that, and the Post Office Department recommends that the rate be continued, and we do not feel that the Treasury could afford to lose it at this time.

Mr. FRAZIER. The special rate on books is continued, too, for another year?

Mr. HARRISON. The present postage rates are all extended without change. Of course, we would have been delighted to repeal some of the miscellaneous excise taxes, such as the tax on cosmetics, and other articles, but we could not afford to do it in view of the condition of the Treasury, and the need of the Treasury for revenue. So all the excise taxes now in the law are extended for 2 years longer. Some of them will expire June 30, and others will expire July 31, this year, and they are extended for 2 years from their expiration dates.

Mr. VANDENBERG. Mr. President, has the Senator stated the estimated total revenue to be produced by the bill?

Mr. HARRISON. By the extension of the excise taxes which would expire June 30 and July 31, we will obtain about $540,000,000 annually; from the postal rates, $100,000,000 annually; under the corporate tax about $1,100,000,000. The total estimated revenue is between $1,700,000,000 and $1,800,000,000 annually, depending upon renewed business activity.

Mr. ASHURST. According to my understanding of the bill, the able Senator has continued the excise tax on copper.

Mr. HARRISON. We have not disturbed that at all. We have extended that tax for 2 years.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. HARRISON. I yield.

Mr. LUCAS. I have a number of letters from constituents in Illinois inquiring about the possibility of changing the revenue act, giving those who file corporate returns a longer time in which to do that. I was wondering whether or not that question was discussed before the committee of which the Senator is chairman.

Mr. HARRISON. No; that question was not discussed. The question of giving additional time for the filing of declarations of value in connection with the capital-stock tax was discussed. Did the Senator have that in mind?

Mr. LUCAS. No; I had in mind the question of the filing of the corporate returns. In other words, as I understand, they must be in not later than March 15. A number of people interested in that question have written me suggesting the possibility of the return being deferred for another 30 days.

Mr. HARRISON. While taxpayers must file the returns by March 15, on application they can get extensions for 2½ months.

Mr. LUCAS. I appreciate that.

Mr. HARRISON. But that phase was not discussed by the committee except with reference to the capital-stock value, because in reading the bill I felt that, since this is late June, and the capital-stock return ought to be made by July 3 of this year, we ought to extend the time, perhaps; but I was informed by the Treasury authorities that all the taxpayers had to do was to make application and they would be given 60 days additional in which to make the declarations of value.

Are there any further questions? If not, I suggest that we proceed to act on the amendments.

The PRESIDENT pro tempore. The clerk will state the first amendment of the committee.

The first amendment of the Committee on Finance was, under the heading "Title I—Excise Taxes and Postal Rates", on page 2, after line 10, to insert:

SEC. 3. Toilet preparations tax amendments.

(a) Section 3401 of the Internal Revenue Code (relating to the tax on toilet preparations) is amended by inserting at the end thereof the following new paragraphs:

"In the case of a sale by a manufacturer to a selling corporation of an article to which the tax under this section applies, the transaction shall be prima facie presumed to be otherwise than at arm's length if either the manufacturer or the selling corporation owns more than 75 percent of the outstanding stock of the other, or if more than 75 percent of the outstanding stock of both corporations is owned by the same persons in substantially the same proportions. Sales by a manufacturer to a selling corporation shall in all other cases be prima facie presumed to be at arm's length.

"Notwithstanding section 3441 (a), in determining, for the purpose of this section, the price for which an article is sold, whether at arm's length or not, there shall be included any charge for coverings and containers of whatever nature, only if furnished by the actual manufacturer of the article, and any charge incident to placing the article in condition packed ready for shipment, only if performed by the actual manufacturer of the article, but there shall be excluded the amount of the tax imposed by this section, whether or not stated as a separate charge. Whether sold at arm's length or not, a transportation, delivery, insurance, or other charge, and the wholesaler's salesmen's commissions and costs and expenses of advertising and selling (not required by the foregoing sentence to be included), shall be excluded from the price only if the amount thereof is established to the satisfaction of the Commissioner, in accordance with the regulations."

(b) The amendments made by subsection (a) shall be effective only with respect to sales made after the date of the enactment of this act.

The amendment was agreed to.

The next amendment was, under the heading "Title II—Income Tax Amendments", on page 30, after line 12, to insert:

(c) Determination of period for which held: Section 117 (h) of the Internal Revenue Code (relating to determination of period for which property is held) is amended by adding at the end thereof the following new paragraph:

"(5) In determining the period for which the taxpayer has held stock or rights to acquire stock received upon a distribution, if the basis of such stock or rights is determined under section 113 (a) (19) (A), there shall (under regulations prescribed by the Commissioner with the approval of the Secretary) be included the period for which he held the stock in the distributing corporation prior to the receipt of such stock or rights upon such distribution."

The amendment was agreed to.

The next amendment was, on page 31, line 1, before the word "Taxable", to strike out "(c)" and insert "(d)", and in line 2, after the word "subsections", to strike out "(a) and (b)" and insert "(a), (b), and (c)", so as to read:

(d) Taxable years to which applicable: The amendments made by subsections (a), (b), and (c) shall be applicable to taxable years beginning after December 31, 1938.

The amendment was agreed to.

The next amendment was, on page 31, line 5, before the word "Basis", to strike out "(d)" and insert "(e)", so as to read:

(e) Basis under prior acts: The following rules shall be applied, for the purposes of the Revenue Act of 1938 or any prior revenue act as if such rules were a part of each such act when it was enacted, in determining the basis of property acquired by a shareholder in a corporation which consists of stock in such corporation, or rights to acquire such stock, acquired by him after February 28, 1913, in a distribution by such corporation (hereinafter in this subsection called "new stock"), or consisting of stock in respect of which such distribution was made (hereinafter in this subsection called "old stock") if the new stock was acquired in a taxable year beginning before January 1, 1936, or acquired in a taxable year beginning after December 31, 1935, and its distribution did not constitute income to the shareholder within the meaning of the sixteenth amendment to the Constitution.

The amendment was agreed to.

The next amendment was, on page 33, after line 7, to insert:

(f) Determination under prior acts of period for which held: For the purposes of the Revenue Act of 1938 or any prior revenue act, in determining the period for which the taxpayer has held stock or rights to acquire stock, received upon a distribution, if the basis of such stock or rights is determined under section 214 (e) (1) of the Revenue Act of 1939, there shall (under regulations which shall

be prescribed by the Commissioner with the approval of the Secretary) be included the period for which he held the stock in the distributing corporation prior to the receipt of such stock or rights upon such distribution. This subsection shall be applicable as if it were a part of each such act when such act was enacted.

The amendment was agreed to.

The next amendment was, on page 34, line 7, after the word "defined", to strike out "if it is established to the satisfaction of the Commissioner" and insert:

if—

(A) it is established to the satisfaction of the Commissioner, or

(B) it is certified to the Commissioner by any Federal agency authorized to make loans on behalf of the United States to such corporation or by any Federal agency authorized to exercise regulatory power over such corporation.

So as to read:

SEC. 215. Discharge of indebtedness.

(a) Income from discharge of indebtedness: Section 22 (b) of the Internal Revenue Code (relating to exclusions from gross income) is amended by adding at the end thereof the following new paragraph:

"(9) Income from discharge of indebtedness: In the case of a corporation, the amount of any income of the taxpayer attributable to the discharge, within the taxable year, of any indebtedness of the taxpayer or for which the taxpayer is liable evidenced by a security (as hereinafter in this paragraph defined) if—

"(A) it is established to the satisfaction of the Commissioner, or

"(B) it is certified to the Commissioner by any Federal agency authorized to make loans on behalf of the United States to such corporation or by any Federal agency authorized to exercise regulatory power over such corporation,

that at the time of such discharge the taxpayer was in an unsound financial condition, and if the taxpayer makes and files at the time of filing the return, in such manner as the Commissioner, with the approval of the Secretary, by regulations prescribes, its consent to the regulations prescribed under section 113 (b) (3) then in effect. In such case the amount of any income of the taxpayer attributable to any unamortized premium (computed as of the first day of the taxable year in which such discharge occurred) with respect to such indebtedness shall not be included in gross income and the amount of the deduction attributable to any unamortized discount (computed as of the first day of the taxable year in which such discharge occurred) with respect to such indebtedness shall not be allowed as a deduction. As used in this paragraph the term 'security' means any bond, debenture, note, or certificate, or other evidence of indebtedness, issued by any corporation, in existence on June 1, 1939. This paragraph shall not apply to any discharge occurring before the date of the enactment of the Revenue Act of 1939, or in a taxable year beginning after December 31, 1942."

(b) Basis reduced: Section 113 (b) of the Internal Revenue Code (relating to the adjusted basis of property) is amended by adding at the end thereof the following new paragraph:

"(3) Discharge of indebtedness: Where in the case of a corporation any amount is excluded from gross income under section 22 (b) (9) on account of the discharge of indebtedness the whole or a part of the amount so excluded from gross income shall be applied in reduction of the basis of any property held (whether before or after the time of the discharge) by the taxpayer during any portion of the taxable year in which such discharge occurred. The amount to be so applied (not in excess of the amount so excluded from gross income, reduced by the amount of any deduction disallowed under section 22 (b) (9)) and the particular properties to which the reduction shall be allocated, shall be determined under regulations (prescribed by the Commissioner with the approval of the Secretary) in effect at the time of the filing of the consent by the taxpayer referred to in section 22 (b) (9). The reduction shall be made as of the first day of the taxable year in which the discharge occurred except in the case of property not held by the taxpayer on such first day, in which case it shall take effect as of the time the holding of the taxpayer began."

(c) Taxable years to which applicable: The amendments made by this section shall be applicable to taxable years beginning after December 31, 1938.

The amendment was agreed to.

The next amendment was, on page 38, after line 20, to insert:

SEC. 218. Employees' trusts.

Section 165 of the Internal Revenue Code (relating to exemption from tax of certain trusts for the benefit of employees) is amended by inserting before the first paragraph "(a) Exemption from tax" and by inserting at the end thereof the following new subsection:

"(b) Taxable year beginning prior to January 1, 1940: The provisions of clause (2) of subsection (a) shall not apply to a taxable year beginning prior to January 1, 1940."

The amendment was agreed to.

The next amendment was, on page 39, after line 6, to insert:

SEC. 219. Inventories.

(a) Amendment to code: Section 22 (a) of the Internal Revenue Code (relating to inventories in certain industries) is amended to read as follows:

"(d) (1) A taxpayer may use the following method (whether or not such method has been prescribed under subsection (c)) in inventorying goods specified in the application required under paragraph (2).

"(A) Inventory them at cost;

"(B) Treat those remaining on hand at the close of the taxable year as being: First, those included in the opening inventory of the taxable years (in the order of acquisition) to the extent thereof, and second, those acquired in the taxable year; and

"(C) Treat those included in the opening inventory of the taxable year in which such method is first used as having been acquired at the same time and determine their cost by the average cost method.

"(2) The method described in paragraph (1) may be used—

"(A) Only in inventorying goods (required under subsection (c) to be inventoried) specified in an application to use such method filed at such time and in such manner as the Commissioner may prescribe; and

"(B) Only if the taxpayer establishes to the satisfaction of the Commissioner that the taxpayer has used no procedure other than that specified in subparagraphs (B) and (C) of paragraph (1) in inventorying (to ascertain income, profit, or loss, for credit purposes, or for the purpose of reports to shareholders, partners, or other proprietors, or to beneficiaries) such goods for any period beginning with or during the first taxable year for which the method described in paragraph (1) is to be used.

"(3) The change to, and the use of, such method shall be in accordance with such regulations as the Commissioner, with the approval of the Secretary, may prescribe as necessary in order that the use of such method may clearly reflect income.

"(4) In determining income for the taxable year preceding the taxable year for which such method is first used, the closing inventory of such preceding year of the goods specified in such application shall be at cost.

"(5) If a taxpayer, having complied with paragraph (2), uses the method described in paragraph (1) for any taxable year, then such method shall be used in all subsequent taxable years unless—

"(A) With the approval of the Commissioner a change to a different method authorized; or

"(B) The Commissioner determines that the taxpayer has used for any period beginning with or during any subsequent taxable year some procedure other than that specified in subparagraph (B) of paragraph (1) in inventorying (for ascertaining income, profit, or loss, for credit purposes, or for the purpose of reports to shareholders, partners, or other proprietors, or to beneficiaries) the goods specified in the application, and requires a change to a method different from that prescribed in paragraph (1) beginning with such subsequent taxable year or any taxable year thereafter. In either of the above cases, the change to, and the use of, the different method shall be in accordance with such regulations as the Commissioner, with the approval of the Secretary, may prescribe as necessary in order that the use of such method may clearly reflect income."

(b) Taxable years to which applicable: The amendment made by subsection (a) shall be applicable to taxable years beginning after December 31, 1938.

(c) Amendment to 1938 act: Section 22 (d) of the Revenue Act of 1938 (relating to inventories in certain industries) is amended to read as follows:

"(d) If the inventory method described in section 22 (d) (1), as amended, of the Internal Revenue Code is used for the first taxable year beginning after December 31, 1938, then, in determining income for the preceding taxable year, the closing inventory of such year of the goods specified in the application under section 22 (d) (2), as amended, of such Code shall be at cost."

The amendment was agreed to.

The next amendment was, on page 42, after line 10, to insert:

SEC. 220. Compensation for services rendered for a period of 5 years or more.

(a) The Internal Revenue Code is amended by inserting after section 106 the following new section:

"SEC. 107. Compensation for services rendered for a period of 5 years or more.

"In the case of compensation (a) received, for personal services rendered by an individual in his individual capacity, or as a member of a partnership, and covering a period of 5 calendar years or more from the beginning to the completion of such services, (b) paid only on completion of such services, and (c) required to be included in gross income of such individual for any taxable year beginning after December 31, 1938, the tax attributable to such compensation shall not be greater than the aggregate of the taxes attributable to such compensation had it been received in equal portions in each of the years included in such period."

(b) The amendment made by subsection (a) shall be applicable to taxable years beginning after December 31, 1938.

Mr. GEORGE. Mr. President, I offer an amendment to the committee amendment, in line 21, page 42, after the word "paid", to insert "(or not less than 95 percent of which is paid)."

The PRESIDENT pro tempore. Is there objection to the proposed amendment to the committee amendment?

Mr. HARRISON. There is no objection to that amendment.

The PRESIDENT pro tempore. Without objection, the amendment to the committee amendment is agreed to, and without objection the amendment as amended is agreed to.

The clerk will state the next committee amendment.

The next amendment was, on page 43, after line 5, to insert:

SEC. 221. Extension of time of orders of Securities and Exchange Commission.

(a) Section 373 (a) of the Internal Revenue Code (relating to the definition of orders of the Securities and Exchange Commission with respect to which Supplement R applies) is amended to read as follows:

"(a) The term 'order of the Securities and Exchange Commission' means an order (1) issued after May 28, 1939, and prior to January 1, 1941, by the Securities and Exchange Commission to effectuate the provisions of section 11 (b) of the Public Utility Holding Company Act of 1935 (49 Stat. 820; U. S. C., Supp. III, title 15, sec. 79 (b)), or (2) issued by the Commission subsequent to December 31, 1940, in which it is expresly stated that an order of the character specified in clause (1) is amended or supplemented, and (3) which has become final in accordance with law."

(b) The amendment made by subsection (a) shall be applicable to taxable years beginning after December 31, 1938.

The amendment was agreed to.

The next amendment was, at the top of page 44, to insert:

SEC. 222. Renewal of indebtedness.

(a) Section 27 (a) (4) of the Internal Revenue Code (relating to corporation credit for amounts used or set aside to pay indebtedness) is amended by inserting at the end thereof the following new sentence: "A renewal (however evidenced) of an indebtedness, if such indebtedness is an indebtedness within the meaning of this paragraph, shall be considered an indebtedness."

(b) The amendment made by subsection (a) shall be applicable to taxable years, beginning after December 31, 1938.

(c) Section 27 (a) (4) of the Revenue Act of 1938 (relating to corporation credit for amounts used or set aside to pay indebtedness) is amended by inserting at the end thereof the following new sentence: "A renewal (however evidenced) of an indebtedness shall be considered an indebtedness."

(d) The amendment made by subsection (c) shall be applicable to taxable years beginning after December 31, 1937.

Mr. HARRISON. Mr. President, in the committee amendment, on page 44, in lines 6 and 7, I move to strike out the words "if such indebtedness is an indebtedness within the meaning of this paragraph." The amendment to the committee amendment is suggested by the draftsman merely for the purpose of clarification.

The PRESIDENT pro tempore. Without objection, the amendment to the committee amendment is agreed to; and, without objection, the amendment as amended is agreed to.

The clerk will state the next committee amendment.

The next amendment was, on page 44, after line 19, to insert:

SEC. 223. Commodity Credit loans.

(a) The Internal Revenue Code is amended by inserting after section 121 the following new section:

"SEC. 123. Commodity Credit loans.

"(a) Amounts received as loans from the Commodity Credit Corporation shall, at the election of the taxpayer, be considered as income and shall be included in gross income for the taxable year in which received.

"(b) If a taxpayer exercises the election provided for in subsection (a) for any taxable year beginning after December 31, 1938, then the method of computing income so adopted shall be adhered to with respect to all subsequent taxable years unless with the approval of the Commissioner a change to a different method is authorized."

(b) Adjustment of basis: Section 113 (b) (1) of the Internal Revenue Code is amended by adding at the end thereof a new subparagraph reading as follows:

"(G) in the case of property pledged to the Commodity Credit Corporation, to the extent of the amount received as a loan from the Commodity Credit Corporation and treated by the taxpayer as income for the year in which received pursuant to section 49 of this chapter, and to the extent of any deficiency on such loan with respect to which the taxpayer has been relieved from liability."

(c) The amendments made by subsections (a) and (b) shall be applicable to taxable years beginning after December 31, 1938.

(d) Retroactive application: The provisions of subsection (a) shall be retroactively applied in computing income for any taxable year subject to the provisions of the Revenue Act of 1934, the Revenue Act of 1936, or the Revenue Act of 1938, or any of such acts as amended, if—

(1) The taxpayer elects in writing (in accordance with regulations prescribed by the Commissioner with the approval of the Secretary) within 1 year from the date of the enactment of this act to treat such loans as income for such year, and

(2) The records of the taxpayer are sufficient to permit an accurate computation of income for such year, and

(3) The taxpayer consents in writing to the assessment, within such period as may be agreed upon, of any deficiency for such year, even though the statutory period for the assessment of any such deficiency had expired prior to the filing of such consent.

Any tax overpaid for any such year shall be credited or refunded, subject to the statutory period of limitation properly applicable thereto.

(e) Adjustment of basis for prior years: In computing income for any taxable year subject to the provisions of the Revenue Act of 1934, the Revenue Act of 1936, or the Revenue Act of 1938, or any of such acts as amended, the basis, for determining gain or loss from the sale or other disposition of any property, pledged to the Commodity Credit Corporation as security on a loan obtained therefrom, shall be adjusted for the amount of such loan to the extent it was considered as income and included in gross income for the year in which received, and for the amount of any deficiency on such loan with respect to which the taxpayer was relieved from liability.

The amendment was agreed to.

The next amendment was, on page 47, after line 5, to insert:

SEC. 224. Charitable contributions to possessions and charities in possessions.

(a) Charitable deductions of taxpayers other than corporations: Section 23 (o) (1) and (2) of the Internal Revenue Code are amended to read as follows:

"(1) The United States, any State, Territory, or any political subdivision thereof or the District of Columbia, or any possession of the United States, for exclusively public purposes;

"(2) A corporation, trust, or community chest, fund, or foundation, created or organized in the United States or in any possession thereof or under the law of the United States or of any State or Territory or of any possession of the United States, organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual, and no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation;".

(b) Charitable deduction of corporations: Section 23 (q) of the Internal Revenue Code is amended to read as follows:

"(q) Charitable and other contributions by corporations: In the case of a corporation, contributions or gifts payment of which is made within the taxable year to or for the use of a corporation, trust, or community chest, fund, or foundation, created or organized in the United States or in any possession thereof or under the law of the United States, or of any State or Territory, or of the District of Columbia, or of any possession of the United States, organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes or for the prevention of cruelty to children (but in the case of contributions or gifts to a trust, chest, fund, or foundation, only if such contributions or gifts are to be used within the United States or any of its possessions exclusively for such purposes), no part of the net earnings of which inures to the benefit of any private shareholder or individual, and no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation; to an amount which does not exceed 5 percent of the taxpayer's net income as computed without the benefit of this subsection. Such contributions or gifts shall be allowable as deductions only if verified under rules and regulations prescribed by the Commissioner, with the approval of the Secretary."

The amendment was agreed to.

The next amendment was, on page 49, after line 4, to insert:

SEC. 225. Pan-American trade corporations.

The Internal Revenue Code is amended by inserting after section 151 the following new section:

"SEC. 152. Pan-American trade corporations.

"If a domestic corporation engaged in the active conduct of a trade or business within the United States (hereinafter referred to as the 'parent corporation') owns directly 100 percent of the capital stock of one or more domestic corporations each of which is engaged solely in the active conduct of a trade or business in Central or South America (hereinafter referred to as a Pan-American trade corporation), such corporations (including the 'parent corporation') shall be deemed to be an affiliated group of corporations within the meaning of section 141 of this chapter, provided that the following conditions are satisfied:

"(1) At least 80 percent of the gross income for the taxable year of the parent corporation is derived from sources other than royalties, rents, dividends, interest, annuities, and gains from the sale or exchange of stock or securities; and

"(2) At least 90 percent of the gross income for the taxable year of each of the Pan-American trade corporations is derived from sources other than royalties, rents, dividends, interest, annuities, and gains from the sale or exchange of stock or securities; and

"(3) No part of the gross income for the taxable year of any of the Pan-American trade corporations is derived from sources within the United States."

The amendment was agreed to.

The next amendment was, on page 50, after line 8, to insert:

SEC. 226. Deductions of insurance companies other than life or mutual.

(a) Section 204 (c) (10) of the Internal Revenue Code is amended to read as follows:

"(10) Deductions (other than those specified in this subsection) as provided in section 23."

(b) The amendment made by subsection (a) shall be applicable to taxable years beginning after December 31, 1938.

The amendment was agreed to.

The next amendment was, on page 50, line 18, to change the section number from 218 to 227.

The amendment was agreed to.

The next amendment was, on page 51, after line 13, to insert:

SEC. 228. Computation of dividend carry-over for personal holding company tax.

(a) Section 504 (a) of the Internal Revenue Code is amended by inserting before the semicolon at the end thereof a comma and the following: "and, in the computation of the dividend carry-over for the purposes of this subchapter, the term 'adjusted net income' as used in section 27 (c) means the adjusted net income minus the deduction allowed for Federal taxes under section 505 (a) (1)."

(b) The amendment made by subsection (a) shall be applicable to taxable years beginning after December 31, 1938.

The amendment was agreed to.

The next amendment was, on page 52, line 1, after the word "Sec.", to strike out "219" and insert "229", and after line 2, to strike out "except the amendments made by sections 211, 213, 214, 215, 217, and 218, the amendments made by this title to the Internal Revenue Code shall be effective only with respect to taxable years beginning after December 31, 1939" and insert "except the amendments made by sections 211, 213, 214, 215, 217, 219, 220, 221, 222, 223, 226, 227, and 228, the amendments made by this title to the Internal Revenue Code shall be applicable only with respect to taxable years beginning after December 31, 1939," so as to read:

SEC. 229. Taxable years to which amendments applicable.

Except the amendments made by sections 211, 213, 214, 215, 217, 219, 220, 221, 222, 223, 226, 227, and 228, the amendments made by this title to the Internal Revenue Code shall be applicable only with respect to taxable years beginning after December 31, 1939.

The amendment was agreed to.

The next amendment was, under the heading "Title IV—Miscellaneous amendments," on page 54, line 10, after "(1)", to strike out "Exception in case of securities: Even though notice thereof has been filed in the manner prescribed in subsection (a), such lien shall not be valid with respect to a security, as defined in paragraph (2), as against any mortgagee, pledgee, or purchaser of such security, for an adequate and full consideration in money or money's worth, if at the time of such mortgage, pledge, or purchase such mortgagee, pledgee, or purchaser is without notice or knowledge of the existence of such lien" and insert "Even though notice of a lien provided in section 3670 has been filed in the manner prescribed in subsection (a) of this section, or notice of a lien provided in section 3186 of the Revised Statutes, as amended, has been filed in the manner prescribed in such section or subsection (a) of this section, the lien shall not be valid with respect to a security, as defined in paragraph (2) of this subsection, as against any mortgagee, pledgee, or purchaser, of such security, for an adequate and full consideration in money or money's worth, if at the time of such mortgage, pledge, or purchase such mortgagee, pledgee, or purchaser is without notice or knowledge of the existence of such lien"; and on page 55, line 17, before the word "civil", to insert "proceeding, suit, or", so as to read:

SEC. 401. Tax liens on securities.

Section 3672 of the Internal Revenue Code is amended to read as follows:

"SEC. 3672. Validity against mortgagees, pledgees, purchasers, and judgment creditors.

"(a) Invalidity of lien without notice: Such lien shall not be valid as against any mortgagee, pledgee, purchaser, or judgment creditor until notice thereof has been filed by the collector—

"(1) Under State or Territorial laws: In accordance with the law of the State or Territory in which the property subject to the lien is situated, whenever the State or Territory has by law provided for the filing of such notice; or

"(2) With clerk of district court: In the office of the clerk of the United States district court for the judicial district in which the property subject to the lien is situated, whenever the State or Territory has not by law provided for the filing of such notice; or

"(3) With clerk of District Court of the United States for the District of Columbia: In the office of the clerk of the District Court of the United States for the District of Columbia, if the property subject to the lien is situated in the District of Columbia.

"(b) (1) Even though notice of a lien provided in section 3670 has been filed in the manner prescribed in subsection (a) of this section, or notice of a lien provided in section 3186 of the Revised Statutes, as amended, has been filed in the manner prescribed in such section or subsection (a) of this section, the lien shall not be valid with respect to a security, as defined in paragraph (2) of this subsection, as against any mortgagee, pledgee, or purchaser, of such security, for an adequate and full consideration in money or money's worth, if at the time of such mortgage, pledge, or purchase such mortgagee, pledgee, or purchaser is without notice or knowledge of the existence of such lien.

"(2) Definition of security: As used in this subsection the term 'security' means any bond, debenture, note, or certificate, or other evidence of indebtedness, issued by any corporation (including one issued by a Government or political subdivision thereof), with interest coupons or in registered form, share of stock, voting trust certificate, or any certificate of interest or participation in, certificate of deposit or receipt for, temporary or interim certificate for, or warrant or right to subscribe to or purchase, any of the foregoing; negotiable instrument; or money.

"(3) Applicability of subsection: Except where the lien has been enforced by a proceeding, suit, or civil action which has become final before the date of enactment of the Revenue Act of 1939, this subsection shall apply regardless of the time when the mortgage, pledge, or purchase was made or the lien arose."

The amendment was agreed to.

The next amendment was, on page 56, after line 9, to insert:

SEC. 403. Credits against estate tax of tax paid to possessions.

(a) Section 813 (b) of the Internal Revenue Code (relating to the 80 percent credit for estate, legacy, succession, and inheritance taxes paid) is amended by inserting after "District of Columbia," the following: "or any possession of the United States."

(b) The amendment made by subsection (a) shall be applicable only with respect to estates of decedents dying after the date of the enactment of this act.

The amendment was agreed to.

The next amendment was, on page 56, after line 19, to insert:

SEC. 404. Returns by attorneys as to foreign corporations.

Effective as of the date of the enactment of the Internal Revenue Code, section 3604 of such code is amended by striking out "Nothing in this section shall be construed to require the divulging of privileged communications between attorney and client" and inserting in lieu thereof "Nothing in this section shall be construed to require the filing by an attorney-at-law of a return with respect to any advice given or information obtained through the relationship of attorney and client."

The amendment was agreed to.

The next amendment was, on page 57, after line 5, to insert:

SEC. 405. Filing of claims for refund of amounts collected under the Agricultural Adjustment Act.

Section 903 of the Revenue Act of 1936 (relating to expiration of time for filing claims for refund of amounts paid under the Agricultural Adjustment Act) is amended by striking out "July 1, 1937" and inserting in lieu thereof "January 1, 1940."

The amendment was agreed to.

The PRESIDENT pro tempore. That concludes the committee amendments.

The bill is still before the Senate and open to further amendment.

Mr. BROWN. Mr. President, I send to the desk an amendment, which I ask to have stated.

The PRESIDENT pro tempore. The amendment offered by the Senator from Michigan will be stated.

The CHIEF CLERK. On page 57, after line 13, it is proposed to insert the following new section:

SEC. —. Insolvent banks.

(a) Section 3798 (c) of the Internal Revenue Code is amended to read as follows:

"(c) (1) Any such tax collected, whether collected before, on, or after the date of enactment of the Revenue Act of 1938, shall be deemed to be erroneously collected, and shall be refunded subject to all provisions and limitations of law, so far as applicable, relating to the refunding of taxes.

"(2) Any tax, the assessment, collection, or payment of which is barred under subsection (a) of this section, or any such tax which has been abated or remitted after May 28, 1938, shall be assessed or reassessed whenever it shall appear that payment of the tax will not diminish the assets as aforesaid.

"(3) Any tax, the assessment, collection, or payment of which is barred under subsection (b) of this section or any such tax which has been refunded after May 28, 1938, shall be assessed or reassessed after full payment of such claims of depositors to the extent of the remaining assets segregated or transferred as described in subsection (b).

"(4) The running of the statute of limitations on the making of assessment and collection shall be suspended, during, and for 90 days beyond, the period for which, pursuant to this section, assessment or collection may not be made, and a tax may be reassessed as provided in paragraphs (2) and (3) of this subsection, and collected, during the time within which, had there been no abatement, collection might have been made."

(b) The term "agent" as used in 3798 (b) of the Internal Revenue Code shall be deemed to include a corporation acting as a liquidating agent.

(c) The amendments made by this section shall be effective as of the date of enactment of the Revenue Act of 1938.

Mr. BROWN. Mr. President, the last time we revised the Revenue Code, I was instrumental in having an amendment adopted which would prevent taxation of the income on assets of a closed bank or trust company held for the purposes of paying depositors unless the depositors were paid the full amount legally due them. The amendment which was adopted does not seem to have entirely covered the result I desired to achieve. I have taken the matter up with the Treasury Department and the legislative counsel and offer an amendment which is the result of our joint labors which I understand meets with the approval of the chairman of the Finance Committee. The matter was presented to the committee in a general way and we were to prepare an amendment for consideration by the Senate.

This amendment does three things.

First, it makes clear what was originally intended, that no income tax should be levied against the income from segregated assets in the hands of liquidating trustees, reorganized banks, or similar agencies unless and until depositors were paid the full amount legally due them, and that recovery of any taxes heretofore paid might be had—in other words, that the statute was retroactive. We intended to provide and do provide that if there are earnings over and above the amount necessary to pay depositors in full, income taxes may then be levied.

Second, we make it clear that such taxes assessed or reassessed by the Department may come from one source only, that is, the segregated assets. The language formerly used permitted an interpretation by which under certain circumstances taxes might be levied against a reopened or new bank on earnings from sources other than the segregated assets. This amendment makes it certain that taxes may be levied only against earnings on the segregated assets over and above the total sum required to pay the depositors the full amount legally due them. It is our intent to permit taxes only against such assets and against no other source.

Third, we make certain that the statute applies to a corporation as well as a liquidating trustee or agent engaged in liquidating the assets of a closed bank or trust company.

Mr. HARRISON. Mr. President, the substance of the amendment offered by the Senator from Michigan was before the Committee on Finance. At that time it had not been finally drafted. The committee requested the Treasury representatives and the committee experts to get together and to draft an amendment which would be accepted on the floor. So I have no objection to the amendment, inasmuch as it is satisfactory to the Treasury. Our experts say it is satisfactory; and we believe it will afford great relief to certain banks.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Michigan [Mr. BROWN].

The amendment was agreed to.

Mr. LA FOLLETTE. Mr. President, I offer an amendment which I send to the desk. I ask unanimous consent that the amendment may be printed in the RECORD without reading, inasmuch as the amendment has been before the Senate a number of times. Further, I shall explain the purport of the amendment in the course of the brief remarks which I intend to offer in support of it.

The PRESIDENT pro tempore. Without objection, the amendment offered by the Senator from Wisconsin will be printed in the RECORD at this point without reading.

The amendment offered by Mr. LA FOLLETTE is as follows:

Amend title II by adding at the end thereof a new section to read as follows:

SEC. 221. Surtax on individuals:

(a) Section 12 (b) of the Internal Revenue Code is amended to read as follows:

"(b) Rates of surtax: There shall be levied, collected, and paid for each taxable year upon the surtax net income of every individual a surtax as follows:

"Upon a surtax net income of $3,000 there shall be no surtax; upon surtax net incomes in excess of $3,000 and not in excess of $4,000, 4 percent of such excess.

"$40 upon surtax net incomes of $4,000; and upon surtax net incomes in excess of $4,000 and not in excess of $6,000, 6 percent in addition of such excess.

"$160 upon surtax net incomes of $6,000; and upon surtax net incomes in excess of $6,000 and not in excess of $8,000, 8 percent in addition of such excess.

"$320 upon surtax net incomes of $8,000; and upon surtax net incomes in excess of $8,000 and not in excess of $10,000, 10 percent in addition of such excess.

"$520 upon surtax net incomes of $10,000; and upon surtax net incomes in excess of $10,000 and not in excess of $12,000, 12 percent in addition of such excess.

"$760 upon surtax net incomes of $12,000; and upon surtax net incomes in excess of $12,000 and not in excess of $14,000, 14 percent in addition of such excess.

"$1,040 upon surtax net incomes of $14,000; and upon surtax net incomes in excess of $14,000 and not in excess of $16,000, 16 percent in addition of such excess.

"$1,360 upon surtax net incomes of $16,000; and upon surtax net incomes in excess of $16,000 and not in excess of $18,000, 18 percent in addition of such excess.

"$1,720 upon surtax net incomes of $18,000; and upon surtax net incomes in excess of $18,000 and not in excess of $20,000, 20 percent in addition of such excess.

"$2,120 upon surtax net incomes of $20,000; and upon surtax net incomes in excess of $20,000 and not in excess of $22,000, 22 percent in addition of such excess.

"$2,560 upon surtax net incomes of $22,000; and upon surtax net incomes in excess of $22,000 and not in excess of $26,000, 24 percent in addition of such excess.

"$3,520 upon surtax net incomes of $26,000; and upon surtax net incomes in excess of $26,000 and not in excess of $32,000, 27 percent in addition of such excess.

"$5,140 upon surtax net incomes of $32,000; and upon surtax net incomes in excess of $32,000 and not in excess of $38,000, 30 percent in addition of such excess.

"$6,940 upon surtax net incomes of $38,000; and upon surtax net incomes in excess of $38,000 and not in excess of $44,000, 33 percent in addition of such excess.

"$8,920 upon surtax net incomes of $44,000; and upon surtax net incomes in excess of $44,000 and not in excess of $50,000, 36 percent in addition of such excess.

"$11,080 upon surtax net incomes of $50,000; and upon surtax net incomes in excess of $50,000 and not in excess of $60,000, 40 percent in addition of such excess.

"$15,080 upon surtax net incomes of $60,000; and upon surtax net incomes in excess of $60,000 and not in excess of $70,000, 44 percent in addition of such excess.

"$19,480 upon surtax net incomes of $70,000; and upon surtax net incomes in excess of $70,000 and not in excess of $80,000, 48 percent in addition of such excess.

"$24,280 upon surtax net incomes of $80,000; and upon surtax net incomes in excess of $80,000 and not in excess of $90,000, 52 percent in addition of such excess.

"$29,480 upon surtax net incomes of $90,000; and upon surtax net incomes in excess of $90,000 and not in excess of $100,000, 56 percent in addition of such excess.

"$35,080 upon surtax net incomes of $100,000; and upon surtax net incomes in excess of $100,000 and not in excess of $150,000, 58 percent in addition of such excess.

"$64,080 upon surtax net incomes of $150,000; and upon surtax net incomes in excess of $150,000 and not in excess of $200,000, 60 percent in addition of such excess.

"$94,080 upon surtax net incomes of $200,000; and upon surtax net incomes in excess of $200,000 and not in excess of $250,000, 62 percent in addition of such excess.

"$125,080 upon surtax net incomes of $250,000; and upon surtax net incomes in excess of $250,000 and not in excess of $300,000, 64 percent in addition of such excess.

"$157,080 upon surtax net incomes of $300,000; and upon surtax net incomes in excess of $300,000 and not in excess of $400,000, 66 percent in addition of such excess.

"$223,080 upon surtax net incomes of $400,000; and upon surtax net incomes in excess of $400,000 and not in excess of $500,000, 68 percent in addition of such excess.

"$291,080 upon surtax net incomes of $500,000; and upon surtax net incomes in excess of $500,000 and not in excess of $750,000, 70 percent in addition of such excess.

$466,080 upon surtax net incomes of $750,000; and upon surtax net incomes in excess of $750,000 and not in excess of $1,000,000, 72 percent in addition of such excess.

"$646,080 upon surtax net incomes of $1,000,000; and upon surtax net incomes in excess of $1,000,000 and not in excess of $2,000,000, 73 percent in addition of such excess.

"$1,376,080 upon surtax net incomes of $2,000,000; and upon surtax net incomes in excess of $2,000,000 and not in excess of $5,000,000, 74 percent in addition of such excess.

"$3,596,080 upon surtax net incomes of $5,000,000; and upon surtax net incomes in excess of $5,000,000, 75 percent in addition of such excess."

(b) The provisions of this section shall apply only to taxable years beginning after December 31, 1938.

Mr. LA FOLLETTE. Mr. President, since I became a Member of this body I have been an ardent and insistent advocate of taxes levied in accordance with the ability of the taxpayer to carry the burden. Beginning with 1934, when the country was in the midst of an economic crisis which has been prolonged, I began offering amendments to the individual income-tax schedules in an effort to levy taxes in accordance with ability to pay. Despite the fact that in the Senate there have been other ardent advocates of taxation in accordance with ability to pay, I think it must be said that, beginning with the first income-tax law of 1916, and coming down to this hour, we have made tragically little progress in placing the burden of taxes in accordance with the ability to pay, for even now, Mr. President, under the existing law, approximately 60 percent of the taxes collected by the Federal Government are collected in the form of excise or hidden taxes, which violate the principle of ability to pay, since they fall upon the taxpayer without regard to his ability to meet the burden.

As I have stated, Mr. President, these amendments have been considered since 1934. Beginning in 1934, I offered similar amendments. I offered them again in 1935, again in 1936, again in 1937, and again in 1938. So I do not propose today to take the time of the Senate to go into a lengthy discussion of the merits of these amendments, as I see them. I merely desire to reemphasize what I have said upon every occasion when a revenue measure has been pending since the inception of the economic crisis, that it is essential that the Federal Government levy taxes in order that it may meet the extraordinary expenditures which it is making, and in order that it may, in the end, protect the credit of the Government of the United States, for in the post-war history of the world we know that every industrial country confronted by the problems of modern industrialism has ultimately reached the cross road where it must choose between uncontrolled inflation and the hard road of taxation. Because I firmly believe in the democratic process, because I want to see it preserved for posterity, I believe that the time has come, Mr. President, when the Congress must choose. If we fail, year after year, to increase taxes and at the same time continue deficit financing, it is clear that we shall reach that cross road, and, unless we discharge our responsibility, we shall experience the same disastrous consequences which have been suffered in other countries.

Mr. President, it will be said that this is not the time to levy these taxes. I have heard that argument each and every year since 1934. Upon the theory, which, I suppose is held by some Senators, that the economic crisis was temporary and transitory in character, they have declined to support these amendments. Now, after 5 long years, it does seem to me that the time has come when we should face our responsibilities and have the courage to increase taxation.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. LA FOLLETTE. I yield to the Senator from Michigan.

Mr. VANDENBERG. The Senator knows that I have consistently supported him year by year in his taxation program.

Mr. LA FOLLETTE. Yes; the Senator from Michigan has done so, and I have welcomed his support.

Mr. VANDENBERG. I want to suggest to the Senator the only misgiving I have in connection with the matter at the present time, because I should like to hear what the Senator has to say about it. It seems to me the Senator's contribution to increased taxation produces such a comparatively small sum as related to the speed with which we are widening the deficit gap that it is almost "love's labor lost," and that it is almost a futile waste of an ultimate device which might be more effectively embraced at a time when there is a corollary purpose to try to save at the expenditure end as well as to balance the Budget by increased taxation. What has the Senator to say about that?

Mr. LA FOLLETTE. Mr. President, of course, as the Senator well knows, the amount of revenue which these amendments, if agreed to, would yield would depend upon the total national income. As I recall, however, according to the estimate made in 1937, had the exemption amendment as well as the pending surtax amendment been agreed to, upon the basis of the then Budget estimate we would have been within $60,000,000 of a balanced Budget.

I am no prophet; I cannot predict the course of economic activity nor the amount of national income which will be realized in the coming year; but I do say, Mr. President, that if we have the courage to begin to increase taxes, we shall have shown to the country that we are proposing to bring expenditures and taxes somewhere within shouting distance of each other, and, should we be so fortunate as to experience a rise in economic activity in 1939 equivalent to that which took place in 1937, this amendment would produce $226,200,000 of revenue. But the Treasury obviously does not anticipate such activity, for its estimate of the increased revenue in 1939 is $182,900,000.

Mr. VANDENBERG and Mr. MALONEY addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from Wisconsin yield; and if so, to whom?

Mr. LA FOLLETTE. I yield first to the Senator from Michigan.

Mr. VANDENBERG. May I add that, aside from the mathematics, I think the Senator could stress another point in defense of his position. I think one of the most dangerous things in America is the popular psychology which seems to contemplate any money out of Washington as coming off a Christmas tree and never having to be accounted for or repaid. I doubt whether that sad and tragic and calamitous illusion will ever be completely dispelled until Government deficits be written into a tax bill which the average citizen has to pay.

Mr. LA FOLLETTE. I think there is much in what the Senator says; and, furthermore, I may say to the Senator that, so far as I am concerned, I would be willing to go further than this surtax amendment proposes to go; but having as yet been unable, except upon one occasion, when there was a certain amount of absenteeism across the aisle, to get a majority of the Senate to adopt a similar amendment, I would fear that I was butting my head against a stone wall if I were to offer an amendment which was more drastic in character than the one now pending. But I say, Mr. President, to the Senator from Michigan that the time to begin is now; that we should now take this important step and thus indicate to the country that we are determined to increase the revenue.

I now yield to the Senator from Connecticut.

Mr. MALONEY. I know that the Senator from Wisconsin is aware that I—like the Senator from Michigan—have consistently supported his proposal.

Mr. LA FOLLETTE. I do.

Mr. MALONEY. I do not know that the Senator from Wisconsin wants to use my suggestion in answering the Senator from Michigan, but it seems to me that it might

profitably be said that, although his proposals would not raise, comparatively, a large amount of money, it would give notice, effective notice by way of a tax bill, to the people of small but steady income that they must share the responsibility of government.

I have consistently voted for relief appropriations, for I believe we need to make those expenditures if we are to avoid chaos, and I think it may be said with force that the taxes proposed by the Senator from Wisconsin would make more people tax conscious and ultimately do good in the direction of enforcing the need of economy. We cannot at the moment drastically slash relief appropriations, but there are places where much money could be saved. I will explain my feeling a little more fully when I obtain the floor in my own right.

Mr. LA FOLLETTE. I agree with the Senator that in theory every citizen should pay taxes to the Federal Government, in order that he may be aware of the fact that he is a citizen of the Federal Government as well as of his State and locality, and that he has a responsibility for the maintenance of the Federal Government. However, I do not believe in carrying that theory to the absurd point where it would cost more to collect the revenue than the tax would yield. I think, however, Mr. President, that this amendment ought to appeal to all points of view in the Senate. It seems to me that it should appeal to the point of view especially of those who have maintained that it was essential that the Government should increase its revenue in order to bring the Budget more nearly into balance and in order that it should indicate to the country that the policy of the Government was to increase revenue in the face of present extraordinary expenditures. Likewise, it seems to me, it should appeal to those Senators who are particularly interested in some of the social objectives which have been sought to be attained under the present administration; for in the last analysis, Mr. President, when we come to the root of each one of these social problems, the question of whether or not we can meet these problems is a question of what, for want of a better term, I call social finance. "Where is the money coming from?" is the question we must face in regard to unemployment relief, in regard to social security, in regard to all the questions that touch upon social problems.

Now, Mr. President, I desire to point out that in the present session of Congress particularly, although the increased appropriations for national defense have been manifest in previous Congresses, there has been a very substantial increase in the appropriations for national defense. I have supported every one of them with the exception of the naval bill, and I voted against that measure primarily because I felt that it launched this country on the program of building 45,000-ton battleships, which I thought was unjustified. But whatever may be said in justification for other governmental expenditures—and I think much may be said for many of them, in that they do produce real wealth and increase the real wealth of the country—it certainly must be admitted by the most casual student that expenditures for national defense are uneconomic in character. They produce no wealth. Therefore, in contemplating a proposal for national defense which will probably, including the maintenance of the Army and the Navy, total $2,000,000,000 in this particular session of Congress, I think there is a compelling argument in favor of increasing taxation to meet, at least in part, these uneconomic, non-wealth-producing expenditures in the form of appropriations for national defense and armaments.

Mr. President, I desire now to speak briefly upon the amendment itself, in order that Senators may have some understanding of what it provides. Because comparisons of rates are difficult to follow, I desire to refer to the effect of the amendment, were it adopted, upon a married person with no dependents. I shall make my comparison between the existing law, the pending amendment, and the tax which a similarly situated taxpayer would pay if he lived in Great Britain.

Mr. KING. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. BROWN in the chair). Does the Senator from Wisconsin yield to the Senator from Utah?

Mr. LA FOLLETTE. I yield.

Mr. KING. I was looking at the two amendments handed me by the clerk, and I fail to perceive any provision lowering the exemptions. I assumed that one of the amendments offered by the Senator would lower the exemptions.

Mr. LA FOLLETTE. I have an amendment, which I intend to offer, which deals with the exemptions.

Mr. KING. These two amendments, then, do not?

Mr. LA FOLLETTE. They do not. These are surtax amendments.

Mr. President, I ask unanimous consent to insert in the RECORD at this point in my remarks a table relating to these amendments.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Income tax, individual—Comparison of total tax payable on specimen net income by a married person without dependents and entitled to the maximum earned-income allowance under existing United States and British laws and La Follette plans

Net income	Existing law	Plan No. 1 [1]	Plan No. 2 [2]	Plan No. 3 [3]	Plan No. 4 [4]	Great Britain 1939
$1,000	0	0	0	0	0	0
$1,500	0	0	0	0	0	$25.00
$2,000	0	0	0	0	0	63.12
$2,500	0	$10	0	$5	$5	173.12
$3,000	$8	28	$8	18	18	283.12
$4,000	44	64	44	54	54	503.12
$5,000	80	100	80	90	90	723.12
$6,000	116	176	136	166	126	943.12
$7,000	172	272	222	262	202	1,163.12
$8,000	248	368	318	358	278	1,410.62
$10,000	415	600	540	590	470	1,960.62
$12,000	602	872	802	862	702	2,625.62
$14,000	809	1,184	1,104	1,174	974	3,312.19
$16,000	1,044	1,544	1,454	1,534	1,294	4,019.06
$18,000	1,299	1,944	1,844	1,934	1,654	4,829.06
$20,000	1,589	2,384	2,274	2,374	2,054	5,609.06
$25,000	2,489	3,664	3,524	3,654	3,234	7,846.56
$30,000	3,569	5,124	4,969	5,114	4,594	10,227.81
$40,000	5,979	8,404	8,234	8,394	7,674	15,277.81
$50,000	8,869	12,224	12,024	12,214	11,334	21,027.81
$60,000	12,329	16,544	16,324	16,334	15,414	27,077.81
$70,000	16,449	21,264	21,024	21,254	19,934	33,127.81
$80,000	21,269	26,384	26,124	26,374	24,854	39,327.81
$100,000	32,469	37,824	37,524	37,814	35,894	52,027.81
$150,000	63,304	68,784	68,474	68,774	65,854	85,277.81
$200,000	95,344	100,744	100,424	100,734	96,814	120,027.81
$300,000	162,244	167,664	167,324	167,654	161,734	191,027.81
$500,000	304,144	309,584	309,224	309,574	299,654	336,027.81
$1,000,000	679,044	684,504	684,124	684,494	664,574	698,527.81
$2,000,000	1,449,019	1,454,481	1,454,099	1,454,474	1,424,534	1,423,527.81
$5,000,000	3,788,994	3,794,464	3,794,074	3,794,454	3,764,494	3,598,527.81
$10,000,000	7,738,969	7,744,441	7,744,049	7,744,434	7,714,474	7,223,527.81
$20,000,000	15,638,969	15,644,444	15,644,049	15,644,434	15,614,474	14,473,527.81

[1] New surtax schedule, applying to surtax net incomes in excess of $3,000 (see attached amendment); personal exemptions reduced $500 for married persons and $200 for single persons.

[2] Same surtax schedule as in plan No. 1; personal exemptions as in existing law.

[3] Same surtax schedule and personal exemptions as in plan No. 1; normal tax rates are 2 percent on the exemption reduction and 4 percent on the balance.

[4] Same personal exemptions and normal tax rates as in plan No. 3; new surtax schedule, applying to net incomes in excess of $4,000. (See attached amendment.)

Mr. LA FOLLETTE. Mr. President, let me point out that a married person with no dependents would have to have $6,000 of taxable income before the pending amendment would increase his taxes over the existing law; and yet a similarly situated taxpayer in Great Britain with an income of $1,500 would begin by paying a tax of $25.

At the point of $6,000 of income for a married person with no dependents, under existing law such a taxpayer would pay $116. Under this amendment he would pay $136, or an increase of $20 for a married person with no dependents who had $6,000 of net income; and yet in Great Britain such a taxpayer would have to pay in taxes $943.12—1939 finance bill.

A married person with no dependents, with $10,000 of net income, under existing law would pay $415. Under the pending amendment he would pay $540. Under the 1939 law in Great Britain he would pay $1,960.62.

A married person with no dependents, with $30,000 of net income, under existing law would pay $3,569. Under this

amendment he would pay $4,969. In Great Britain he would pay $10,227.81.

Mr. President, in the course of enacting revenue legislation during this economic crisis the Congress has seen fit to increase the individual income tax on persons who have $50,000 of net income and above. I, for one, never have been able to see the justice of increasing the taxes upon persons with incomes of $50,000 and above, and at the same time not asking taxpayers whose incomes are in the brackets below $50,000 to make contributions in proportion to their ability to pay to meet the exigencies of the fiscal problems confronting our Government. In fact, I believe that our failure to make the tax increase more uniform in the surtax brackets, our failure to go below $50,000, has led many taxpayers in the other brackets to believe that the taxes were levied with a punitive objective rather than with an objective of obtaining revenue to meet the situation that confronts us. I personally believe that what appears to be a more wide acceptance of the burdens imposed by the heavy taxes levied in Great Britain is due to the fact that the taxpayer at the top of the income-tax brackets knows that taxpayers all the way down the line are carrying their full and their fair share of the burdens which are imposed by government.

Mr. President, it may be said that these amendments were not considered by the Finance Committee. That is true. The Finance Committee was too quick on its feet to enable me to offer the amendments. I offer no criticism in that statement. None is implied or intended. But over the last week end I returned to Wisconsin for the first time since January to attend the fourteenth annual ceremony which has been held at my father's grave since his death, and it never occurred to me that the Finance Committee could take the important provisions which are contained in this revenue bill and dispose of them without hearings and with such celerity. In case, however, any suggestion may be made that the amendments have not had the consideration of the Finance Committee, I desire to anticipate it with a few brief remarks.

First, amendments identical with these have been considered by the Finance Committee during the past several years. I have had a rather interesting experience with them in the Finance Committee. I have seen them voted in, and then I have seen reconsideration had and have seen them voted out again. So I do not think it can be said that the amendments have not had careful consideration by the Finance Committee.

Furthermore, they are amendments to the individual income-tax rates, and therefore are not complicated in character. The entire question involved is whether or not Senators believe in the principle and the policy which the amendments embody.

I know, too, it will be said there is great need to rush this bill because the excise taxes expire on a certain date. I make no complaint about it, but I wish the RECORD to show that that is the position in which we in the Senate have found ourselves nearly every time legislation of this kind has come up for consideration. Far be it from me to criticize the policy of the committees, or of the body at the other end of the Capitol, but the fact remains that we usually get tax bills at times when our genial and affable, but very efficient chairman is in a position to say, "We must get this legislation through," and "This is not the time to consider proposals which are not contained in the bill and which have not been considered by the House of Representatives."

Mr. President, I claim, and I think none will dispute the statement, that the Senate has an equal responsibility with the House of Representatives in shaping revenue legislation and fiscal policies, even though the Constitution provides that measures touching upon that subject must originate in the House of Representatives.

As I see it, it is just as much a responsibility of every Senator to shape fiscal policy as it is a responsibility of a Member of the House of Representatives.

Let me emphasize that if the pending amendment should be adopted every member of the conference committee representing the House would have to give it only 3 or 4 minutes of study in order to understand what is contained in the amendment, what its objectives are, and what in the end the results would be. In case the House conferees should take the position that the amendment had not been given consideration by the House, it would be a simple matter to take the amendment back to the floor of the House and give the House of Representatives an opportunity to pass on these proposals.

Mr. President, I think that the crisis confronting this country is one more serious than war. I think the consequences to this generation and to on-coming generations of our failure to seize our opportunity to cope with the problems of this economic crisis will be more serious than the loss of any war in which this Nation has thus far been engaged since the Republic was established.

There are in our country upward of 11,000,000 persons out of work in this year 1939—almost 10 years since the onset of the economic crisis. Nature has already served notice upon us that, unless we meet her challenge, on-coming generations will charge us with frittering away our most precious asset, namely, our natural resources. Recurring drought and floods warn us that we need to plant a hundred million acres of trees and build countless dams to turn floodwaters from their work of destruction to the creation of new wealth. Dust storms which blow precious topsoil from the Great Plains into our metropolitan cities, sometimes even as far removed as the Atlantic seaboard, serve as a reminder that we must act promptly if we are to preserve the fertility of our soil. In the last analysis, the standard of living upon which any generation's standard is predicated is the natural resource base. Unless we check the profligate waste of resources our civilization will in the years to come ultimately go the way of all civilizations since the dawn of written history which have been profligate and which have wasted their natural resources.

As I see it, only the Federal Government can adequately cope with this momentous problem, and only by Federal taxes, in large measure, can the problem be met, and only by a just and equitable top structure will it be solved.

As I have previously stated in the course of my remarks—and I desire to reiterate it, because I am so firmly convinced of its soundness—every large industrial country in the world has come to the cross road in this post-war economic crisis, where it had to choose between taking the way toward uncontrolled inflation, or choosing the courageous but the hard and difficult way of increased taxation to maintain Government credit.

Mr. President, we have reached the point where we must ascertain whether those who give lip service to our social, economic, and political institutions in the United States are ready, under an equitable system of taxation, to meet their share of the cost of maintaining those precious institutions. We must find out whether those who have a stake in saving our system are willing to contribute to Government, through accredited income and estate taxes, the money necessary to meet the problems of modern industrialism.

Mr. President, I should like to have a record vote upon the amendment when the time comes to vote upon it. If I can answer any questions, I shall be glad to do so. If not, I shall take my seat.

Mr. MALONEY. Mr. President, I shall not long delay the vote, but heretofore, when these amendments of the Senator from Wisconsin have been offered, I have spoken briefly to express the hope that they would be adopted.

We are again about to consider a large relief bill, and the expenditure of a considerable amount of money for relief work. Because I am among those who favor reasonably large appropriations for the W. P. A. and the P. W. A., and because I have not been hesitant about casting my vote for these proposals for good people who are seriously in need and are denied private employment, I desire to associate myself with the splendid description of the existing situation made by the Senator from Wisconsin.

If we are to appropriate money to provide for and protect and continue the governmental and social institutions, to

which the Senator from Wisconsin has referred, we must be ready now, or in a very little while, to raise money to pay for them. That is one of the reasons why I shall vote for the amendment of the Senator from Wisconsin. A second reason is my feeling that by rejecting it we are not entirely keeping faith with ourselves. In the United States we insist that ours is a policy of taxing people in accordance with their ability to pay. As has been so well pointed out by the Senator from Wisconsin, we have not fully recognized the responsibility of the large tax-paying group earning from $3,000 to $50,000 a year. Taxes have not been laid on that group in accordance with the national need and the ability to pay.

We cannot long ignore this situation. We cannot, in justice to ourselves and in justice to the country, continue to make things easier for a large group of our taxpayers who are especially able to pay.

It has been pointed out on the floor this morning, and readily admitted by the Senator from Wisconsin, that this amendment would not result in raising a tremendous amount of money, but it seems to me that it might very easily save a very large amount of money. During these hectic and bewildering days Congress time and time again passes measures providing for the expenditure of a hundred million or two hundred million dollars as though those sums were inconsequential. The people of the country are not paying serious attention to these comparatively small appropriations and expenditures. But if we broaden the tax base, if we call seriously to the attention of the people of the country the fact that it is a burden which they are bearing, that they are paying the cost of the expenditures which are being made, we will one day get back on the path to national economy and in the direction of balancing the Federal Budget.

Mr. President, I for myself am not anxious to balance the Budget at the expense of those who are described as the unemployed. I shall continue to vote for sufficient appropriations to give them work and to keep them from the terrifying stigma of the dole. But I am willing and anxious to accept the other part of the responsibility which goes with the high office of Senator and vote for increased taxes. I hope, with the Senator from Wisconsin, that there will be a record vote and that his proposal will prevail.

Mr. TAFT obtained the floor.

Mr. TYDINGS. Mr. President, will the Senator from Ohio yield so that I may ask the Senator from Wisconsin a question?

Mr. TAFT. Certainly.

Mr. TYDINGS. Will the Senator from Wisconsin state the amount that would be raised by the other amendment which he proposes to offer?

Mr. LA FOLLETTE. I shall be glad to. As stated during my remarks, the pending amendment is estimated by the Treasury to yield $182,900,000 in the calendar year 1939. The exemption amendment, which I shall offer after the pending amendment has been disposed of, is estimated to yield in 1939 the sum of $54,200,000.

Mr. TYDINGS. Two hundred and thirty or two hundred and forty million dollars altogether?

Mr. LA FOLLETTE. Yes.

Mr. TYDINGS. The exemption amendment which the Senator proposes to offer would carry the exemptions down how low?

Mr. LA FOLLETTE. It proposes an exemption of $2,000 for a married person, instead of $2,500, and $800 for a single person, instead of $1,000, and raises the age limit of dependent children from 18 to 20 years, so as to give persons a longer deduction for dependents, on the theory that it will help them to educate their children.

Mr. TYDINGS. What is the exemption per child, the same as at present?

Mr. LA FOLLETTE. The same as under the present law.

Mr. TYDINGS. So that the net reduction in the case of single persons would be from $1,000 to $800, and in the case of married persons from $2,500 to $2,000?

Mr. LA FOLLETTE. That is correct.

Mr. TYDINGS. And the exemption for children would remain the same?

Mr. LA FOLLETTE. It would remain the same. But the age limit would be increased, so the taxpayer could claim exemption for dependent children up to 20 years of age instead of up to 18 years of age, as at present.

Mr. TYDINGS. To what extent would the Senator's amendment, with which I shall try to familiarize myself when I have an opportunity, increase the present rates, say, on incomes of $5,000, $4,000, and $3,000?

Mr. LA FOLLETTE. Does the Senator mean the pending amendment?

Mr. TYDINGS. The one the Senator proposes to offer touching exemptions. Does the Senator's amendment leave the rates the same?

Mr. LA FOLLETTE. Yes; there would be no change in rates. Only the normal tax would apply, because we do not now begin taxing surtax incomes until the income amounts to $4,000. Under the proposed amendment that would be $3,000, so that persons brought within the purview of the income-tax law by the exemption amendment, or any of those affected by it, would have only the normal tax applied to them.

Mr. TYDINGS. I appreciate that. But the Senator a year or two ago, and several times in recent years, offered an amendment dealing primarily with normal rather than surtax rates.

Mr. LA FOLLETTE. Yes.

Mr. TYDINGS. Is this the same amendment?

Mr. LA FOLLETTE. Heretofore I have offered an amendment to increase the normal tax from 4 percent to 6 percent, but I received so little support for the amendment that I did not believe I would offer it at this time.

Mr. TYDINGS. I am sorry the Senator is not offering his original amendment, not that I am criticizing the new one, but I think the original amendment had more merit in it, taking into consideration the whole picture, than as it has been modified.

Mr. LA FOLLETTE. The exemption amendment has been voted down so many times I did not believe there was any possibility of receiving favorable action on both the exemption amendment and an amendment providing for increase in the normal tax from 4 percent to 6 percent, because apparently many Senators believe that a married person with no dependents, who has $2,500 of net income, should not pay $20 tax, which is all he would be required to pay under the exemption amendment.

I thank the Senator from Ohio for yielding.

Mr. TAFT. Mr. President, I wish to say a word as to the amendment of the Senator from Wisconsin proposing to increase the surtax. I am in favor of it, and I intend to vote for it. It would provide some increase in revenue. It would do something toward balancing the Budget. However, I think that I could not vote for it without expressing the opinion that the revenue derived from it would be merely a drop in the bucket, and that, in my opinion, the only way to balance the Budget is to reduce expenses.

When it comes to the amendment which proposes to reduce exemptions, I do not think I can vote for it for the reason that, in my opinion, the tax burden borne today by people with incomes of $2,500 and less is excessive in comparison to their ability to pay. So far as I can figure, a man with an income of $2,500 today pays nearly 15 percent of that income in taxes of some kind.

The Senator's amendment does not assure him of relief from the consumption taxes, which are so exceedingly heavy, even those which are paid to the Federal Government. It certainly cannot assure him of being relieved of the tremendous burden of local and State taxation which falls with almost equal weight on him. He pays the real-estate tax. He pays the sales taxes in the States, and most of the local taxes, which are half the total taxes he pays. So it seems to me that if we were to agree to the Senator's amendment we would simply be increasing the tax of the

man with a $2,500 income when he already pays too much in the form of taxes.

The Senator from Connecticut [Mr. MALONEY] has presented what is to me an extraordinary theory. It is a plausible one, but certainly it seems extraordinary that we should bring home to the citizens the fact that they are actually paying taxes in order that they may induce us to economize. If we want to economize we can economize. That is our function. It is not our function to produce a pressure group to work on us in the effort to bring about economy in the expenditures of the Government.

Mr. MALONEY. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. MALONEY. I am in sympathy with what the Senator from Ohio has just said about persons with small income paying more than their share of the taxes, but let me point out to the Senator—and ask him to think more seriously about it—that the people of this country do not become tax conscious until they receive tax bills. There has not been a real demand for economy in the United States. There has been a demand for economy in every instance except in that one in which the individual himself was concerned. The people do not know that they are paying terrific taxes on cigarettes, and gasoline, and that they are paying other and numerous terribly burdensome taxes.

Mr. TAFT. If I may answer that question, I will say that the people in Ohio know every time they buy anything that they pay 3 cents in tax. They know that every time they buy a package of cigarettes they pay 6 cents in tax. According to the Gallup poll, published yesterday, it was found that 25 percent of the people do not know that they were paying taxes, but the other 75 certainly do know that they are paying taxes.

Mr. MALONEY. I think the Senator is sufficiently a realist to know that, while the average family in this country may pay $10 a year or more in cigarette taxes, if the individual or the family were sent a bill for $10 and were told it was for cigarette taxes, there would be a tax rebellion. If we bring home to the people those about whom the Senator is speaking the fact that they are bearing this burden, they will demand relief from the indirect and hidden taxes.

Mr. TAFT. I myself do not need to have that demand made upon me. I am in favor of economizing now, and I think we can do that without pressure from the people back home if we want to do it.

Mr. LA FOLLETTE. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. LA FOLLETTE. Mr. President, I prefer to debate the exemption amendment after the pending amendment shall have been disposed of. However, in view of all the extraordinary expenditures which have been made to meet the problems which are confronting individuals and families all over the United States, I wish to ask the Senator from Ohio if he believes that in this year of the crisis it is unreasonable to require a married man with no dependents who has $2,500 of net income to pay $20 to the Federal Government as his share of the contribution in meeting the problems which the Government has endeavored to meet; and whether in the case of a single person with no dependents who has $1,000 of net income $8 a year of taxes is an excessive contribution to request from him in these times?

Mr. TAFT. My own estimate is that a person with a $2,500 income is already paying the Federal Government something over $100 in excise taxes today, on an average, besides at least another $100 for State and local purposes. While, of course, a $10 tax is not excessive, I wish the Senator could give me assurance that he is substituting his proposed tax for some of the excise taxes we are continuing. I think the Senator's idea of a tax system is correct. I think we ought to get as large a part of our Government income as we possibly can from income taxes, and when we do that I think we ought to reduce the exemption even lower than the Senator is proposing.

I only say that the Senator is imposing an income tax but he is not doing anything to relieve the taxpayer from all the additional taxes he is already paying.

Mr. LA FOLLETTE. Mr. President, will the Senator yield further?

Mr. TAFT. I yield.

Mr. LA FOLLETTE. Of course it is my fervent hope that I will live to see the day when all the taxes collected by the Federal Government are based on the principle of ability to pay. It is likewise my firm conviction that if we can establish the continuity of yield and the stability of the income-tax system by broadening the base, we shall then be just that much closer to helping to eliminate hidden taxes.

I have not on any occasion, when I have offered these amendments, proposed to substitute them for the excise taxes. Not that I am not unalterably opposed to the excise taxes in principle, but, because of the revenue and fiscal situation confronting the Government, it is my conviction that at this time we cannot afford to make a substitute for those taxes. I think we should take this step, and thus be prepared, when we are in a position to do so, to eliminate the hidden or excise taxes.

Mr. TAFT. Mr. President, in conclusion I merely wish to say that it seems to me that the ultimate solution can only come through a reduction in taxes. I do not think anyone can devise a tax system in the United States which will raise $10,000,000,000 a year for the Federal Government, with any reasonable hope that it will be equitable to everyone or that everyone will stand for it. So ultimately, while I am in favor of raising taxes, particularly on the group between $2,500 and $50,000, which the Senator proposes, I feel that it in no way solves the problem, and that the only solution of this problem ultimately is a reduction of Government expenses rather than further increases in taxes.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Wisconsin.

Mr. HARRISON. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Ellender	Logan	Schwartz
Andrews	Frazier	Lucas	Schwellenbach
Ashurst	George	Lundeen	Shipstead
Austin	Gerry	McCarran	Slattery
Bailey	Green	McKellar	Smathers
Bankhead	Guffey	Maloney	Taft
Barbour	Gurney	Mead	Thomas, Okla.
Barkley	Harrison	Miller	Tobey
Bilbo	Hatch	Minton	Townsend
Borah	Hayden	Murray	Tydings
Bridges	Herring	Neely	Vandenberg
Brown	Hill	Norris	Van Nuys
Bulow	Holman	O'Mahoney	Wagner
Burke	Holt	Overton	Walsh
Byrd	Hughes	Pepper	Wheeler
Byrnes	Johnson, Calif.	Pittman	White
Capper	Johnson, Colo.	Radcliffe	Wiley
Clark, Mo.	King	Reed	
Danaher	La Follette	Reynolds	
Davis	Lee	Russell	

The PRESIDING OFFICER. Seventy-seven Senators have answered to their names. A quorum is present.

The question is on agreeing to the amendment offered by the Senator from Wisconsin [Mr. LA FOLLETTE].

Mr. WALSH. Mr. President, I ask the Senator from Mississippi [Mr. HARRISON] whether or not there are any provisions in the bill changing tariff rates.

Mr. HARRISON. There are none.

Mr. WALSH. The Senator will recall that last year a proviso was inserted in a revenue bill correcting what appeared to be a misinterpretation by the Customs Court of the provisions of the law passed by the Congress. There is no similar proviso this year? If there were, I intended to offer an amendment on cocca mat, because of an apparent erroneous decision by the Customs Court of New York, most injurious to the industry in America.

Mr. HARRISON. There is no provision in the bill which effects any change in tariff rates.

Mr. WALSH. I assume an understanding was reached after conferences between the chairman of the Ways and Means Committee of the House and the chairman of the Finance Committee.

Mr. HARRISON. There were numerous conferences in an effort to work out something, so that we would not get into confusion.

Mr. WALSH. In other words, in the matter of taxation, the Senate committee tried to confine its attention to the provisions of the House bill?

Mr. HARRISON. Yes.

Mr. WALSH. I should like to make another inquiry. Certain requests have been submitted to me by constituents and others. I have a request that the time for exemption from the tax upon whale oil be extended for 3 years, from June 30 of this year. Will the Senator state what his attitude would be if an amendment to that effect were offered?

Mr. HARRISON. The Senator, of course, is familiar, as we all are, with the fight that has taken place on this floor with reference to the importation of oils, whether they were whale oils or coconut oils or what not. When that matter came up in connection with the revenue bill of 1938, as I recall——

Mr. WALSH. And at that time an extension was granted until 1939. That act provided that no whale oil produced on American vessels should be admitted free after June 30, 1939. The extension of the effective date for levying this tax to 1944 is being requested in order to permit the two American companies, which are attempting to revive an old American industry, to continue to exist.

The extension requested will not injure the American farmer or fisherman, as claimed by certain interests which are seeking to destroy the American whaling industry.

Fats and oils are used principally in the preparation of, first, food products; second, soap; and third, paints, varnishes, and linoleum. They are generally classified according to these uses as food oils, soap oils, and drying oils. Over 90 percent of all the oils and fats consumed in the United States are consumed in one or more of these uses. Almost 75 percent of the total domestic consumption ordinarily enters into edible uses, about 20 percent into soap, and about 10 percent into paints and varnishes, linoleum, and miscellaneous materials. There is considerable overlapping, some oils entering into all three classes. But with a few exceptions the consumption of a given oil is a single use preponderate over its consumption in other uses.

In the United States whale oil is used almost entirely as a soap oil. It does not overlap into the class of food oils, and only overlaps to a very small and unimportant extent into the class of drying oils.

Whale oil is not used edibly in the United States. In some foreign countries it is so used. Although there is no legal inhibition against such use here, a manufacturer who used whale oil in the manufacture of edible products would be required to so state on the label.

The PRESIDING OFFICER. The hour of 2 o'clock having arrived, the morning hour is concluded and it is the duty of the Chair to lay before the Senate the unfinished business, which is House bill 3325, to extend the time within which the powers relating to the stabilization fund and alteration of the weight of the dollar may be exercised.

Mr. HARRISON. I move that the Senate proceed to the consideration of House bill 6851, the revenue bill, which has been under discussion.

The PRESIDING OFFICER. The question is on the motion of the Senator from Mississippi to displace House bill 3325 and consider at this time the tax bill, House bill 6851.

The motion was agreed to; and the Senate resumed the consideration of the bill (H. R. 6851) to provide revenue, equalize taxation, and for other purposes.

Mr. WALSH. Mr. President, I was about to say that the operation of the original law, placing a tax of 3 cents a pound on whale oil, was suspended until 1939 in order that those American industries that were engaged in the production of whale oil at sea might have time within which to adjust themselves. Last year the provision was extended for another year. Now they are asking for a further extension, claiming that otherwise serious injury will be inflicted upon American industry. I inquire of the Senator if he feels that an amendment providing a further extension would be entering the domain of tariff legislation, and if he is disposed not to favor it at this time.

Mr. HARRISON. I am of the opinion that it would provoke a discussion that might last some time, because there are certain groups interested in various agricultural products that have made a fight in connection with the importation of oils. The Congress was generous enough to give them more time within which to complete their reorganization. I think the groups to which I have referred would oppose very much a further extension, and I would dislike very much to have the question raised in connection with the pending bill.

Mr. WALSH. I make these inquiries for the purpose of the RECORD. I realize the opposition of the Senator to such an amendment as I contemplated presenting would be effective in defeating it. I regret also that the Senator feels it would provoke a long discussion and delay action on the pending bill at this time. I wish to state further to the Senator that I would not be disposed to interfere with the program of the committee to confine this bill, in large part, to the provisions of the House bill.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Wisconsin [Mr. LA FOLLETTE].

Mr. HARRISON. Mr. President, with reference to the pending amendment proposing to increase surtaxes and the amendment that is to follow it if the pending amendment shall be agreed to, I hope very much that the amendments will not be adopted. I shall not discuss at this time what the condition of the Treasury is or the necessity to raise more revenue; but we had hoped to pass a bill which could be considered somewhat in the nature of a relief tax bill. We believe that the bill as reported to the Senate goes in that direction. If a majority of the Senate desires now, instead of making it a relief tax bill to impose additional taxes, well and good, but I should very much dislike to have that done in connection with this bill.

I offer no criticism of the Senator from Wisconsin at all, because he has been making his fight for some years. He has sought on a number of occasions to lower the exemption feature of the tax law. I have voted for that proposal in the committee in the past. It may be that when we are engaged in considering a general bill involving an increase of taxes we can then give consideration to the proposal of the Senator from Wisconsin.

I may say that the Committee on Finance, as now constituted, has not had this matter before it. It is quite true that the Senator from Wisconsin, in the past, has been active in proposing amendments of similar nature, but in connection with the pending bill they were not presented to the committee. I dare say if they had been—at any rate, it is my guess—that they would not have been recommended to the Senate.

Mr. President, of course, there are two lines of thought in this country. Some believe that the more the Government spends the quicker the country is likely to return to normal conditions. I do not subscribe to that theory.

I have voted for many appropriation bills and am going to vote for many more; but I have been hopeful that we might so adjust matters in considering the pending measure as to give confidence to the people of the country and make them feel that, at least, the Government was encouraging them to give employment, enabling them to enjoy a little prosperity in their business, and assuring them that we are still operating under the capitalistic system; believe in profit making, and feel confident that the more prosperous business becomes the more employment we have, the greater will be the number of people taken off the relief rolls. We who entertain that idea believe that the pending bill is a step in that direction. We believe that the provision of the bill permitting

a 2-year loss carry-over to corporations, individuals, and partnerships, the flat corporation tax of 18 percent, the repeal of the undistributed-profits tax, and the administrative changes which have been suggested and approved by the Treasury, simplifying the revenue law and dispelling some of the confusion that has existed in the administration of tax laws in the past, will give some degree of encouragement to business.

The people of this country in the category between a $6,000 income and a $50,000 income may not be paying as much taxes as they should be paying, but they are, nevertheless, paying a good deal. It would not help the businesses in which they are engaged to require them now to contribute a considerable amount in additional taxes. If this amendment should be agreed to, and we should embark on a tax-adjustment program, a program of laying additional taxes upon the people and lowering the exemptions so as to broaden the base and take in more people, I would follow it up with an amendment I have which would reduce the taxes in some instances where the point of diminishing returns has been reached. I do not want to do that. I prefer that we leave the individual tax structure alone in the consideration of the pending bill.

I had advised the Treasury against suggesting any administrative changes to the bill in the hope that we could confine the measure to the corporate tax structure and the excise taxes which of necessity must be continued; but because they offered some administrative changes for simplification and certainty in the law, we offered the amendments found in the bill; but the point has not been reached until now of suggesting changes of rates on individual incomes.

I hope very much that this amendment will be defeated. Necessarily, if adopted, it will delay the consideration of the bill in conference, and in sending it to the President.

The Senator from Wisconsin said that it was merely a matter of coincidence, possibly, that tax bills reach the Senate just before the time expires and that the bills are brought before the Senate without much time for consideration. I am not to blame for that, and the Senator from Wisconsin does not blame me for it. In the case of the pending bill I tried to get it before the Senate as soon as possible before the dead line of June 30. I wish the bill could have come to us earlier. I cannot be responsible that the House committee felt they had necessarily to take a few days on it, but it seems to me that all who had anything to do with writing or formulating the policy embodied in this bill worked expeditiously and put their shoulders to the wheel in the effort to have it enacted into law as promptly as possible. In my experience, I do not know of an instance of the House acting so quickly on an important measure as they did on the pending bill. They passed it in 1 day, and it came to the Senate. The Committee on Finance considered it. The members of the committee were pretty familiar with what had been done by the House, and the committee reported it to the Senate for consideration in a very short time. Necessarily, however, inasmuch as the House Ways and Means Committee has given no consideration to the amendment proposed by the Senator from Wisconsin, which provides for an increase of taxes on incomes of a large group of people, and which is to be followed by another amendment relative to lowering the exemptions, it is going to take time. It may be referred in the House to the Ways and Means Committee or the House itself may take it up and debate it.

I feel that questions of this importance should be considered carefully. Rates that might have been applicable 2 years ago may not be applicable today. So it seems to me that the committee ought, at least, to counsel together and consider an amendment of such importance as this.

I, therefore, appeal to the Senate not to add to this bill amendments which Senators might ordinarily favor but which will disarrange the whole program, take time, and possibly endanger the passage of the proposed legislation.

For my part, I shall vote against the pending amendment and shall vote against the amendment to follow it providing for lowering the exemptions. I sincerely hope the Senate will not adopt the amendment to the bill.

The PRESIDING OFFICER (Mr. LUCAS in the chair). The question is on the amendment offered by the Senator from Wisconsin [Mr. LA FOLLETTE].

Mr. LA FOLLETTE. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. KING. Mr. President, with the principle involved in the amendment offered by the Senator from Wisconsin [Mr. LA FOLLETTE] I am in accord. The principle of the income tax has been accepted by most nations, and has become an important factor in producing revenues for the Federal Government.

I have believed for some time that there should be important modifications of our income-tax statute. There are inequalities which amount in some instances to discriminations. I have contended for a number of years that the rates upon incomes between the $25,000 and $60,000 brackets should be amended and the rates increased in order to harmonize them with the lower income-tax rates, as well as those in the higher brackets.

It is evident, with the enormous expenditures which are being made by the Government, that larger revenues must be obtained; and one of the important sources from which such revenues may be obtained exists in the so-called income tax. Undoubtedly the income-tax rates must be raised in many of the brackets, and a very large additional sum obtained to add to the Federal revenues.

Obviously an attack should be made upon the spending policies of the Government; but such attacks are unavailing, and if the Congress continues its large and in many instances unjustifiable appropriations, provision must be made to obtain additional revenue. Deficits may not persist indefinitely, and I have stated upon various occasions that if our present unwise policies are pursued, the credit of the Government will be impaired.

As stated, I am in sympathy with the amendment offered by the Senator, and would be very glad to have it adopted in connection with other amendments to the income-tax schedule that would bring them into proper relationship. However, much as I should like to vote for the amendment, I feel constrained to support the action of the committee, of which I am a member. Having acted with the committee in the consideration of the bill, I feel there is some obligation resting upon me to support the chairman and the committee. Some members of committees often find themselves in an embarrassing situation. They desire to support tendered amendments, and yet they feel that under the circumstances they should support the action of the committee. In view of the fact that this measure must be speedily passed and sent to the House for action, amendments might result in serious consequences. It may be that a conference of representatives of the two branches of Congress may be required in order to bring into agreement both the House and the Senate. The bill must be in the hands of the President within the next 2 or 3 days.

In view of this situation, reluctant as I am to do so, I shall feel constrained to vote against the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Wisconsin [Mr. LA FOLLETTE]. On that question the yeas and nays have been demanded and ordered. The Clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. BRIDGES (when his name was called). On this question I have a general pair with the Senator from Utah [Mr. THOMAS]. Not knowing how he would vote, I withhold my vote.

Mr. WHITE (when Mr. HALE's name was called). I announce the unavoidable absence of my colleague [Mr. HALE]. He has a general pair with the junior Senator from South Carolina [Mr. BYRNES]. I am not informed how my colleague would vote if he were present and at liberty to vote.

Mr. HOLMAN (when his name was called). I have a general pair with the junior Senator from Tennessee [Mr. STEWART]. I am advised that if he were present he would vote "nay," the same way I intend to vote. Therefore I am at liberty to vote, and vote "nay."

Mr. FRAZIER (when Mr. NYE's name was called). My colleague [Mr. NYE] is absent because of a death in his family. On this question he is paired with the junior Senator from Texas [Mr. CONNALLY]. If my colleague were present, he would vote "yea," and I understand that if the Senator from Texas were present he would vote "nay."

The roll call was concluded.

Mr. BYRNES (after having voted in the negative). I have a pair with the Senator from Maine [Mr. HALE]. I transfer that pair to the Senator from Iowa [Mr. GILLETTE], and will permit my vote to stand.

Mr. SHIPSTEAD (after having voted in the affirmative). I have a general pair with the senior Senator from Virginia [Mr. GLASS]. I am informed that if he were present he would vote as I have voted and that he is specially paired, so I will let my vote stand.

Mr. MINTON. I announce that the Senator from Virginia [Mr. GLASS] is detained from the Senate because of illness.

The Senator from South Carolina [Mr. SMITH] is absent because of illness in his family.

The Senator from Arkansas [Mrs. CARAWAY] and the Senator from Texas [Mr. CONNALLY] are necessarily detained.

The Senator from Washington [Mr. BONE], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Idaho [Mr. CLARK], and the Senator from Ohio [Mr. DONAHEY] are detained in important committee meetings.

The Senator from California [Mr. DOWNEY], the Senator from Iowa [Mr. GILLETTE], the Senator from Texas [Mr. SHEPPARD], the Senator from Tennessee [Mr. STEWART], the Senator from Utah [Mr. THOMAS], and the Senator from Missouri [Mr. TRUMAN] are absent on important public business.

The Senator from Virginia [Mr. GLASS] has a special pair on this vote with the Senator from Tennessee [Mr. STEWART]. I am advised that if present and voting, the Senator from Virginia would vote "yea," and the Senator from Tennessee would vote "nay."

Mr. HARRISON. I have a general pair with the Senator from Oregon [Mr. MCNARY]. I transfer my pair with him to the Senator from South Carolina [Mr. SMITH], and will vote. I vote "nay."

Mr. AUSTIN. The Senator from Oregon [Mr. MCNARY] is absent because of illness.

The Senator from Massachusetts [Mr. LODGE] is absent on public business.

My colleague [Mr. GIBSON] has a pair on this question with the Senator from Arkansas [Mrs. CARAWAY]. If present, my colleague would vote "nay," and I am advised that the Senator from Arkansas would vote "yea."

The Senator from Massachusetts [Mr. LODGE] has a general pair with the Senator from Texas [Mr. SHEPPARD].

Mr. HARRISON. Mr. President, I ask for a recapitulation of the vote.

The PRESIDING OFFICER. Is there any objection? The Chair hears none.

Mr. LA FOLLETTE. I object.

The PRESIDING OFFICER. The Chair will say to the Senator from Wisconsin that the objection comes too late. The clerk will recapitulate the vote.

The vote was recapitulated.

Mr. TYDINGS. Mr. President, I wish to change my vote from "yea" to "nay."

Mr. LA FOLLETTE. Mr. President, a parliamentary inquiry. How much time has elapsed since this roll call started?

The PRESIDING OFFICER. The Chair will say to the Senator from Wisconsin that he does not believe that is a parliamentary inquiry.

The result was announced—yeas 38, nays 38, as follows:

YEAS—38

Bilbo	Clark, Mo.	Hill	Lundeen
Borah	Danaher	Holt	McCarran
Burke	Frazier	Johnson, Colo.	Maloney
Byrd	Green	La Follette	Mead
Capper	Hatch	Lee	Minton
Neely	Schwellenbach	Tobey	Wheeler
Norris	Shipstead	Townsend	White
Reed	Smathers	Vandenberg	Wiley
Russell	Taft	Wagner	
Schwartz	Thomas, Okla.	Walsh	

NAYS—38

Adams	Byrnes	Holman	Overton
Andrews	Davis	Hughes	Pepper
Ashurst	Ellender	Johnson, Calif.	Pittman
Austin	George	King	Radcliffe
Bailey	Gerry	Logan	Reynolds
Bankhead	Guffey	Lucas	Slattery
Barbour	Gurney	McKellar	Tydings
Barkley	Harrison	Miller	Van Nuys
Brown	Hayden	Murray	
Bulow	Herring	O'Mahoney	

NOT VOTING—20

Bone	Connally	Glass	Sheppard
Bridges	Donahey	Hale	Smith
Caraway	Downey	Lodge	Stewart
Chavez	Gibson	McNary	Thomas, Utah
Clark, Idaho	Gillette	Nye	Truman

So Mr. LA FOLLETTE's amendment was rejected.

Mr. LA FOLLETTE. Mr. President, I offer the amendment which I send to the desk, which I ask unanimous consent to have printed in the RECORD without reading. I wish to make only a brief statement, because, after all of the maneuvering and the footwork that has been going on in relation to the preceding amendment, I see little hope of having this amendment adopted at this time.

I merely wish to say that I desire to offer the amendment to indicate my sincere belief that the Senate of the United States and the Congress of the United States must face their responsibility, so far as the problem of taxation is concerned, and that unless they do face that problem at some time courageously, and with the necessary determination, ultimately only disastrous consequences can result.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Wisconsin.

Mr. NORRIS. Mr. President, the amendment has not been read. What is it?

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. It is proposed to amend title II by adding at the end thereof a new section, to read as follows:

SEC. 220. Credits of individual against net income; returns of net income.

(a) Section 25 (b) (2) of the Internal Revenue Code (relating to credit for dependents) is amended by striking out "18 years of age" and inserting in lieu thereof "20 years of age."

(b) Sections 25 (b) (1) (relating to the personal exemption), 51 (relating to individual returns), 142 (relating to fiduciary returns), 147 (relating to information returns), 214 (relating to credits against net income), and 251 (f) (relating to credits against net income) of the Internal Revenue Code are amended by striking out "$1,000" wherever it appears therein and inserting in lieu thereof "$800", and by striking out "$2,500" wherever it appears therein and inserting in lieu thereof "$2,000."

(c) The provisions of this section shall apply only to taxable years beginning after December 31, 1938.

Mr. NORRIS. I wish the Senator from Wisconsin would explain the amendment. It arouses my curiosity. Would the result of the amendment be to lower the exemptions?

Mr. LA FOLLETTE. That would be the result. I can state in just a word the effect of the amendment. It would reduce the exemption for a married person with no dependents from $2,500 to $2,000, which would have the effect of imposing the normal tax of 4 percent on persons with net incomes of $2,500 who are married and have no dependents, or a tax of $20 a year.

The exemption for single persons would be reduced from $1,000 to $800, which would mean that a single person with no dependents who had a net income of $1,000 would pay the normal tax on $200 of the income, namely, $8 a year.

The amendment further provides that the dependency of children may be claimed until they are 20 years of age instead of until they are 18 years of age, as now provided under existing law.

In view of the outcome of the last roll call I shall not ask for a roll call on this amendment. I am satisfied to have a viva voce vote.

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the Senator from Wisconsin [Mr. LA FOLLETTE].

The amendment was rejected.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had passed a bill (H. R. 6791) making additional appropriations for the Military Establishment for the fiscal year ending June 30, 1940, and for other purposes, in which it requested the concurrence of the Senate.

HOUSE BILL REFERRED

The bill (H. R. 6791) making additional appropriations for the Military Establishment for the fiscal year ending June 30, 1940, and for other purposes, was read twice by its title and referred to the Committee on Appropriations.

THE REVENUE

The Senate resumed the consideration of the bill (H. R. 6851) to provide revenue, equalize taxation, and for other purposes.

Mr. DANAHER. Mr. President, I send to the desk an amendment to the pending bill and ask that it be stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 57, line 16, it is proposed to insert a new section, as follows:

That section 148 (f) of the Internal Revenue Code is amended by adding at the end thereof the following new sentence: "It shall be unlawful for any person to sell, offer for sale, or circulate, for any consideration whatsoever, any copy or reproduction of any list, or part thereof, authorized to be made public by this act or by any prior act relating to the publication of information derived from income-tax returns; and any offense against the foregoing provision shall be a misdemeanor and be punished by a fine not exceeding $1,000 or by imprisonment not exceeding 1 year, or both, at the discretion of the court: *Provided*, That nothing in this sentence shall be construed to be applicable with respect to any newspaper, or other periodical publication, entitled to admission to the mails as second-class mail matter."

Mr. DANAHER. Mr. President, in January of this year there came to my attention first a broadside which was circularized nationally by someone named Helen Lewis, of 331 Southern Building, in Washington. In March of this year, under date of March 24, there came to my attention a similar and later communication, which offered to sell to people who were thus circularzied 23,000 names of taxpayers of this country paid salaries of $15,000 or more. The lists are offered for sale at $50 apiece, obviously the offer being a bold and scandalous exploitation of the taxpayers of this country. The offerer says that her list is taken from an official copy furnished to the Ways and Means Committee of the House of Representatives by the United States Treasury Department.

Mr. President, it does seem that in these days when swindlers, kidnapers, and others are looking for possible victims upon whom to prey the offering of public lists of those who receive salaries of $15,000 a year or more from corporations and business interests should be stopped.

There is nothing in my proposed amendment which would prohibit the newspapers or the magazines, those with legitimate interests to be subserved; those, in other words, whose publications enter the post office as second-class mail matter, from publishing such lists. Certainly, therefore, there is nothing derogatory to the public interest involved.

The amendment would simply prohibit personal gain from the use of official information which has been arrived at from the confidential returns by taxpayers of the United States.

I hope the amendment will prevail.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Connecticut.

Mr. HARRISON. Mr. President, I am in sympathy with what the Senator has set forth in his explanation with respect to the harm that is done by reason of the sale of information procured from income-tax returns, but the experts are somewhat of the opinion that the language is so drawn that it might do some harm in certain particulars. For instance, certain statistics are sometimes published which are procured from the income-tax returns. I do not know whether such statistics could be published under the provisions of the amendment or not.

I was hopeful that the Senator would not press the amendment. I can assure him that it is our idea that from now until January, even though the Senate and the House might adjourn within the next few days, many of these matters will be studied. Suggestions will be made to the Treasury with respect to many tax matters and suggested changes, and the proposal suggested by the Senator is certainly one which they could consider. I hope the Senator will not press his amendment at this time, and that we can take that matter up in the course of our studies.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. HARRISON. I yield.

Mr. VANDENBERG. Since we are all agreed on the idea, and the only difficulty is with respect to the phraseology, I suggest to the Senator from Mississippi that he reverse his process and accept the amendment and take it to conference, where he will have plenty of time to correct the phraseology.

Mr. HARRISON. That might be well if we were sure of going to conference. However, I am optimistic. We have been closely in touch with the House Members, and I have some hope that the bill will not go to conference. We have helped it in some particulars; we have hurt it in no particular; and it may be that the measure will be accepted without going to conference. Of course, if we should accept certain amendments which might arouse opposition, that would be impossible; the bill would then have to go to conference.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. HARRISON. I yield.

Mr. BARKLEY. I am in sympathy with the object sought to be accomplished by the Senator from Connecticut in his amendment. No one can extol the practice of extracting the names of taxpayers from any public source and selling them to the public, or to those who are gullible enough to buy them or for any selfish reason may want to buy them. On the surface it sounds very much like a sort of racket. However, as I understand, that practice is not now possible with respect to any of the returns subsequent to 1937. The practice has been discontinued as to 1938–39 and will be discontinued in the future. So the practice could only apply to returns as far back as 1937.

In view of that situation, it seems to me that it is one of the matters which ought to be given more careful consideration than can be given it here on the floor, although we are in sympathy with its objectives.

While I am on my feet I may say that it is my hope that between now and the next session of Congress many features of the tax law will be given very careful consideration and thorough investigation. We have been talking a great deal about a comprehensive revision of taxes. I wish to congratulate the Ways and Means Committee of the House and the Finance Committee of the Senate, excluding myself, because I had very little to do with it, upon preparing a practical, workable, and, it seems to me, sensible bill with respect to the immediate situation that confronts the Congress.

But there are many features of the tax laws which ought to be thoroughly studied between now and the next session in the hope that there may be constructive revision, modification, coordination, and simplification, both as to rates and practices, and it is my hope that in some official way Congress may provide for such a thorough study between now and next January.

Much as I am in sympathy with what the Senator from Connecticut is trying to do, I doubt whether he will accomplish much now by attempting to have the amendment adopted at this time. I am sure it will receive consideration before Congress reconvenes.

Mr. DANAHER. Mr. President, briefly by way of further comment, let me say that Miss Helen Lewis answers first the objection of the Senator from Kentucky, when she says:

Though most of the information covered 1935 and part of 1936, I believe that the details therein contained will be of value for a long time to come, as there is not a great turn-over in the personnel in this salary classification.

In the second place, it might be of interest to know that, among the items which have been taken from the corporation income-tax returns examined by the House Ways and Means Committee, and thereafter comprising this list, there is published not only the name and address of the corporation, but the position and title of the individual, the percentage of stock he owns, the salary he receives, the commission and bonus, and the like, paid to him.

Mr. President, I may state further in reference to the comment of the Senator from Mississippi [Mr. HARRISON], that I first took the matter up with him on or about March 24 of the present year. At that time I was assured of the same sympathetic consideration that the Senator now mentions. [Laughter.] I took it up with the General Counsel of the Treasury Department.

Mr. HARRISON. Mr. President, I may say to the Senator from Connecticut that I appreciate the compliment he has paid me. I recall the Senator's bill. We immediately took that matter up with the Treasury Department. I just asked my clerk if that were not true. As yet we have had no response to our request for a report. I do not like to admit it, but I have not received a report on the bill from the Treasury Department. I should like to amend the suggestion I made to the Senator before. Since the bill is before the committee, I give him the assurance that I will again call upon the Treasury Department for a report, and try to get the bill reported out of the Finance Committee at this session of Congress, and as early as possible. I will certainly bring it before the committee.

Mr. DANAHER. Mr. President, I thank the Senator from Mississippi. But briefly let me add, that the General Counsel of the Treasury Department also gave the bill what attention it deserved, and with equal results, so far as lack of writing an answer is concerned.

I pointed out to him in a letter of March 23, 1939, that:

I have discussed this bill with Senator HARRISON, chairman of the Committee on Finance. He expressed interest in the bill and was desirous of ascertaining the attitude of the Treasury Department with reference to it. I have also had conversation with various of my Democratic colleagues. They have all expressed unanimity of opinion with reference to the merits of the measure. I personally feel that this bill will effectually stifle an unwanted racket and is definitely in the public interest.

Will you kindly have this bill referred for such comment as the Treasury Department would care to make?

I have had no more reply from the Treasury Department than has the Senator from Mississippi, but in the absence of such reply, I took the bill to our legislative draftsman. It was worked over several days. Drafts of the proposed bill were thereafter sent to the Treasury Department, all without comment.

We all agree that the bill will attain a worthy objective if and when enacted. I respectfully submit that this type of racket in the public name ought to be stopped. I have the greatest confidence, I may say, in the Senator from Mississippi, as we all have who have come to know and love him, but I think one reaches a point in argument where he can say "Yes, but." I take it from the responses I have received on the floor that Senators are quite "sympathetic, but—." Well, I think I have reached the point where I can say "but, I think we ought to have a vote on the amendment."

Mr. HARRISON. Mr. President, the Senator has not accepted my suggestion; but he has been so logical and persuasive that I shall withdraw my opposition to the amendment. I am thoroughly in sympathy with it. I am sorry the Treasury has not reported upon it. If some question on the amendment should be raised in the House, the Senator would not tie up the bill and destroy the effect of it by delaying the bill after June 30, would he?

I have no objection to the amendment.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

The bill is still before the Senate and open to amendment.

Mr. WALSH. Mr. President, I send to the desk an amendment which I ask to have stated.

The CHIEF CLERK. At the proper place in the bill it is proposed to insert the following:

That section 3361 (b) of the Internal Revenue Code is amended by adding a comma and the words "Guam, and American Samoa" after the words "Puerto Rico."

Mr. WALSH. Mr. President, this amendment is presented at the request of the Navy Department, which has jurisdiction and control over Guam and American Samoa. The Navy Department desires that the same customs laws now applicable to Puerto Rico be made applicable to the other possessions referred to. The Navy Department approves the amendment, and the Treasury Department offers no objection.

Mr. HARRISON. Mr. President, will the Senator consent to the amendment being passed over for the present?

Mr. WALSH. Very well. It may be passed over for the present.

The PRESIDING OFFICER. Without objection, the amendment offered by the Senator from Massachusetts is temporarily passed over.

Mr. WALSH. Mr. President, I will send to the Senator from Mississippi a letter from the Navy Department and a letter from the Treasury Department dealing with this subject.

Mr. HARRISON. I have copies of those letters before me.

Mr. WALSH. I ask that the letters be printed in the RECORD.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

DEPARTMENT OF THE NAVY,
Washington, December 30, 1938.

The CHAIRMAN,
Committee on Naval Affairs, United States Senate,
Washington, D. C.

MY DEAR MR. CHAIRMAN: There is enclosed herewith a copy of a letter, together with a copy of a proposed bill "To amend section 302 of the Tariff Act of 1930 (46 Stat. 686; 26 U. S. C. 1481 b), as amended, so as to exempt Guam and American Samoa from internal-revenue taxes," this day forwarded to the Speaker of the House of Representatives.

Sincerely yours,

WILLIAM D. LEAHY, *Acting.*

DEPARTMENT OF THE NAVY,
Washington, December 30, 1938.

The SPEAKER OF THE HOUSE OF REPRESENTATIVES,
Washington, D. C.

MY DEAR MR. SPEAKER: There is transmitted herewith a draft of a proposed bill to amend section 302 of the Tariff Act of 1930 (46 Stat. 686; 26 U. S. C. 1481b), as amended, so as to exempt Guam and American Samoa from internal-revenue taxes.

The purpose of the proposed bill is stated in its title.

Under existing law domestic wine may be exported tax free in bond (40 Stat. 1113; 26 U. S. C. 1303) and fermented and malt liquors may be removed from the place of manufacture or storage for export to a foreign country without the payment of tax under appropriate regulations (26 Stat. 162; 26 U. S. C. 1333b). Neither Guam nor American Samoa is regarded as foreign territory to which shipments tax free in bond may be made. In view of the fact that such commodities are also subject to the local revenue taxes of Guam or American Samoa, United States manufacturers find themselves unable to meet foreign competition.

The Congress has seen fit to provide for shipments tax free in bond of articles from the United States to certain outlying possessions. Among such favored possessions are the Philippine Islands (46 Stat. 685; 26 U. S. C. 1461b), the Virgin Islands (40 Stat. 1142; 26 U. S. C. 1471b), and Puerto Rico (46 Stat. 686; 47 Stat. 158; 26 U. S. C. 1481b).

It would appear that Guam and American Samoa should enjoy a privilege in this respect similar to that accorded the Philippine Islands, the Virgin Islands, and Puerto Rico. Further, United States producers of commodities subject to internal-revenue taxes should not be discriminated against in competition with foreign producers.

Enactment of the proposed legislation would involve no additional cost to the Government beyond the loss to the Treasury of the small revenues derived from shipments to Guam and American Samoa of commodities subject to internal-revenue taxes.

The Navy Department recommends that the proposed legislation be enacted.

Sincerely yours,

WILLIAM D. LEAHY, *Acting.*

TREASURY DEPARTMENT,
Washington, March 1, 1939.

Hon. PAT HARRISON,
Chairman, Committee on Finance, United States Senate.

MY DEAR MR. CHAIRMAN: I have your letter of February 2, 1939, transmitting a copy of bill S. 1111 (76th Cong., 1st sess.), introduced in the Senate on February 1, 1939, to amend section 302 of the Tariff Act of 1930, so as to exempt Guam and American Samoa

from internal-revenue taxes. You request a report in duplicate on the bill.

The amendment proposed is to add a comma and the words "Guam, and American Samoa" after the words "Puerto Rico" in the first line thereof, so that the above-mentioned section will read as follows:

"Articles, goods, wares, or merchandise going into Puerto Rico, Guam, and American Samoa from the United States shall be exempted from the payment of any tax imposed by the internal-revenue laws of the United States."

Under the present internal-revenue laws, oleomargarine, adulterated butter, process or renovated butter, mixed flour, playing cards, narcotics, marihuana, distilled spirits, and fermented liquors withdrawn from the manufacturing premises for shipment from the United States to Guam, American Samoa, or any other possession of the United States (except Puerto Rico, the Philippine Islands, or the Virgin Islands), are subject to a tax measured by the weight, quantity, or number of the articles in the same manner as withdrawals for domestic sale or consumption.

The tax exemptions to Puerto Rico, the Philippine Islands, and the Virgin Islands with respect to such articles appear to have been considered advisable, in part at least, because of the fact that Puerto Rico, the Virgin Islands, and the Philippine Islands have the power to levy reciprocal taxes equal to those imposed by the United States, and it has not been the general policy of the United States to levy taxes on articles destined for such possessions nor for such possessions to levy taxes on articles intended to be shipped to the United States. With respect to Guam, American Samoa, and other possessions of the United States, it is understood that only local taxes are collected, there being no customs or internal revenue administration comparable to those of Puerto Rico or the Philippine Islands. The question of whether, in view of the differences in internal government, the proposed exemption should be granted to articles going into Guam or American Samoa is one of policy for Congress to decide, as to which this Department makes no recommendations.

It is estimated that in the event the bill is enacted, the loss of revenue will be relatively small, and the adoption of the proposed amendment will apparently impose no undue additional administrative difficulties. Therefore, from the standpoint of the bill's effect on the revenues, this Department will offer no objection to its enactment.

Your attention is invited to the fact that the section proposed to be amended has been codified in the Internal Revenue Code (Public, No. 1, 76th Cong.) approved February 10, 1939, as section 3361 (b).

In the event further correspondence relative to this matter is necessary, please refer to IR:MT:ST.

The Acting Director, Bureau of the Budget, has advised the Treasury Department that there is no objection to the presentation of this report.

Very truly yours,

JOHN W. HANES,
Acting Secretary of the Treasury.

Mr. GURNEY. Mr. President, I send to the desk an amendment, which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. At the end of the bill it is proposed to add a new section, as follows:

SEC. —. That effective on the thirtieth day after the day of enactment of this act, section 3412 (c) (2) of the Internal Revenue Code is amended to read as follows:

"(2) The term 'gasoline' means (A) all products commonly or commercially known or sold as gasoline (including casinghead and natural gasoline), benzol, benzene, or naphtha, regardless of their classifications or uses; and (B) any other liquid of a kind prepared, advertised, offered for sale, or sold for use as, or used as, a fuel for the propulsion of motor vehicles, motorboats, or airplanes; except that it does not include any of the foregoing mixed with 10 percent or more of anhydrous ethyl alcohol produced from annual agricultural crops grown in the continental United States and so denatured as to exempt it from the tax imposed by law upon distilled spirits, does not include any of the foregoing (other than products commonly or commercially known or sold as gasoline) sold for use otherwise than as a fuel for the propulsion of motor vehicles, motorboats, or airplanes, and otherwise than in the manufacture or production of such fuel, and does not include kerosene, gas oil, or fuel oil."

Mr. GURNEY. Mr. President, in plain words, the amendment will exempt from the Federal motor-fuel tax of 1 cent per gallon motor fuel containing 10 percent or more of alcohol made from any kind of farm product produced in the continental United States.

This is not a new proposal, not a new idea of mine. The entire Congress is well aware of the provisions of the amendment. It is merely a question of whether the Congress is bent on being compelled each year to appropriate huge amounts of money for subsidies to the farmers, as it has been most necessary to do during the past few years, or whether Congress wishes to give private industry and the farmer a chance to work out their own problems, thereby making possible in the future an opportunity for Congress to cut down the annual Federal subsidies.

The farmer of the United States must have for himself all the market that is available in the United States; and when I say "all the market" I mean an industrial market, something more than just the food and clothing market. It is absolutely necessary that the farmer be prosperous; and when we have farm prosperity in the United States we shall have national security. The farmer is the backbone of the country.

The farmer welcomed the help of industry in supplying cheaper farm power—the tractor, the truck, and the automobile. Industry now has the opportunity to help the farmer find markets for all he can raise with better farm power.

In the matter of revenue for the Federal Government, the amendment would actually increase rather than decrease the present Federal tax income. Remember, the amendment would require the appropriation of not 1 red cent.

In conclusion, let me say that the amendment would materially help the present farm program, under which even now the farmer is producing a surplus.

Mr. President, I hope the amendment will prevail.

Mr. LEE. Mr. President, will the Senator yield?

Mr. GURNEY. I yield.

Mr. LEE. I wish to ask the Senator a question. Is the purpose of the amendment to exempt from Federal taxation fuel alcohol made from farm products?

Mr. GURNEY. That is correct; when the fuel contains 10 percent or more of alcohol produced from crops grown in the United States.

Mr. LEE. That provision would help to increase the market for farm products; would it not?

Mr. GURNEY. That is correct.

Mr. LEE. I am for it.

Mr. GURNEY. I thank the Senator.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from South Dakota.

Mr. HARRISON. Mr. President, the amendment offered by the Senator is somewhat similar to a bill introduced several years ago by the Senator from Missouri [Mr. CLARK]. It is similar to bills introduced at this session by the Senator from South Dakota [Mr. GURNEY] and the Senator from Iowa [Mr. HERRING].

The Committee on Finance appointed a subcommittee to study the matter. The Senator from Missouri [Mr. CLARK], who introduced the first bill some years ago, was appointed chairman of the subcommittee of the Finance Committee. The other members of the subcommittee are the Senator from Texas [Mr. CONNALLY], the Senator from Iowa [Mr. HERRING], the Senator from Maryland [Mr. RADCLIFFE], the Senator from Wisconsin [Mr. LA FOLLETTE], and the Senator from Kansas [Mr. CAPPER].

The question involved is an important one. Naturally, it is one in which the farmers of the country, as well as the oil producers and the general public, are interested. We have received letters from the Department of Agriculture and the Treasury Department respecting the matter; those Departments are opposed to the proposal; it is a very complicated question and requires careful study. Whether gasoline can be economically blended with alcohol from agricultural products is a question upon which I do not think any definite conclusion has been reached. I am informed by the Senator that the practice is being carried out in probably 21 other countries.

However, the study of the subcommittee appointed by the Finance Committee has not been concluded. Many witnesses appeared before the subcommittee, but the subcommittee has made no report to the Finance Committee. Consequently our committee has not been in a position to do anything. The question involves a matter of revenue. Such a measure ought to originate in the House. However, it may be offered as an amendment to the revenue bill.

In view of the fact that the subcommittee has as yet made no recommendation, and in view of the intricate and complicated nature of the question, which is deserving of so much study, I should very much dislike to see the amendment agreed to. I hope it will be rejected.

Mr. TYDINGS. Mr. President, I do not intend to offer an amendment to the pending bill, because I realize that many of the taxes expire on the 30th day of June, and it will be difficult to pass the bill and have it signed in time so that the Government will not lose revenue. However, I wish to point out one phase of our Federal taxation which in my judgment is very harsh and unfair. I refer to the tax upon tobacco.

Tobacco is an agricultural product; and yet the taxation on this one agricultural product is so heavy that it raises $1 out of every $10 that the Federal Government is now collecting in revenue. The tax on one agricultural commodity raises approximately $600,000,000 a year.

There is no more reason to tax tobacco, one agricultural product, than there is to tax any number of agricultural products. Tobacco is practically a necessity. I feel that by keeping the tax as high as it is, we are really imposing a penalty upon the tobacco farmers of America. What an anomaly it is. How ludicrous it is to pay the farmers benefits on the one hand, and, on the other hand, to depress the price of the product which they produce, as we do through the heavy taxation which we have imposed on tobacco. Think of it. At a time when agriculture is receiving all kinds of help from the Federal Treasury, one single agricultural commodity is producing one out of every $10 that come into the Federal Treasury.

In the State of Maryland there are five tobacco-producing counties. Last year was a very difficult year, particularly for the tobacco farmers of the country, insofar as the condition generally was reflected in the State of Maryland. I am hoping that when we reach the point of revising the tax structure at a later date there will be some reduction in tobacco taxes, because the increase in taxation on tobacco has depressed the price of the raw material produced on the farm. It seems to me to be out of all proportion to take this one, small agricultural commodity and superimpose one-tenth of the cost of operating the entire Government upon it.

I am not going to offer an amendment, for I realize there has not been time for hearings, that other provisions of the bill were primarily considered, and that there is not time to substitute for possible tobacco taxes other taxes, which ought, of course, to be done, for we cannot take in any less revenue, and to reduce tobacco taxes without substituting some other form of taxation would not do the national economy any good. I do want, however, to enter an emphatic protest against the continuance interminably of tobacco taxes, particularly to the extent that they are now levied. It is absolutely an outrage upon the tobacco farmers of this Nation that their product should be made to produce one-tenth of all the revenue that the National Government takes in. It seems to me, inasmuch as it is a hidden tax, that it is doubly iniquitous. I am hopeful that the next time the Ways and Means Committee of the House consider tax revision and make a reexamination of the tax structure they will find some means of reducing the tobacco tax and substituting some more equitable taxes therefor.

To put a 6 cents tax on a package of cigarettes is absolutely beyond all reason. Think of what it means in direct taxes? If a man smokes a package of cigarettes a day, or approximately 300 packages a year, he pays $18 in cigarette taxes alone to the Federal Government. If he is making $4.50 a day as a wage he has to work 4 days merely to make sufficient money to pay his cigarette tax. That may be bad in itself, showing the extent to which this one product has been taxed, but when it is traced to its origin the real sufferer is found to be the tobacco farmer, who is getting less for his tobacco because of the huge burden of governmental taxes that is superimposed on one agricultural product.

The wheat farmers would not permit a tax on wheat; the cotton farmers would not permit a tax on cotton; the flax farmers would not permit a tax on flax; yet this one agricultural commodity is a prop which holds up one-tenth of the total tax burden of this Nation. I am hopeful that the committees that deal with this subject will give it some consideration and a hearing when tax legislation comes up in the future.

Mr. TAFT. Mr. President, I wish to say a word in regard to the pending amendment. It seems to me it holds out more promise to the farmers of the United States than any other measure that has been discussed here this year. If the people of the United States should put 10 percent of alcohol in all the gasoline used in the United States, it would create a demand for farm products which would add 50,000,000 acres to farm production in the United States; and if we could add that much production we would, to a large extent, solve the farm problem without any additional subsidy.

As a matter of fact, the remission of 1 cent from the tax on gasoline would not bring about any such fine result, but, at least, it would permit an experiment in that field. It would make it possible to bring the cost of gasoline containing 10 percent of alcohol approximately down to the cost of straight gasoline. It may be said that such gasoline may not be so good as straight gasoline, but let me say that alcohol is used in gasoline in nearly every country in Europe in the proportion suggested by the amendment or even in a larger proportion.

The amendment provides no compulsory requirement. The consumer can determine for himself whether or not the 10 percent alcohol fuel is as good as straight gasoline. The amendment merely permits a subsidy to make an experiment, an experiment which, in my opinion, may lead to more help to the farmers of the United States than any other measure that anyone has proposed to Congress at this session, and at less cost to the United States.

The only solution of the farm problem, it seems to me, is to increase the consumption of farm products; there is no other field. We have established various experimental research laboratories; we are seeking to develop various uses for farm products; but there is nothing else that can compare in volume to the result that might be produced by the encouragement given by the adoption of the pending amendment remitting the 1-cent tax on gasoline which contains 10 percent of the farmer's product.

After all, the farmer lost his market largely because he no longer has to produce feed for horses. We have other methods of locomotion that rely entirely on oil. It seems to me only fair that the farmer should have at least a chance and be afforded encouragement to provide some part of the tremendous volume of fuel which is used in the United States today.

I hope, Mr. President, the amendment may prevail.

Mr. McCARRAN. Mr. President, before the Senator from Ohio yields the floor, will he permit me to ask him a question?

Mr. TAFT. I yield.

Mr. McCARRAN. I know the Senator is serious in sponsoring the proposed amendment, but does the Senator believe that there is anything more important for the surplus farm commodities of America than to provide an avenue for such surplus commodities from the farms of America into the markets of the world?

Mr. TAFT. I think it is more important to provide markets in this country that we can be sure of, no matter whether there is war or blockade or anything else. Yes; I do think it is more important to provide domestic consumption than foreign consumption.

Mr. McCARRAN. May I say to the Senator, then, before he leaves the floor, that, with his theory, we may go back to the principle that was advanced here not long ago of ploughing under cotton and corn and wheat and destroying pigs, so as to confine the farmer's production to that which was or is within the scope of American consumption.

Mr. TAFT. Oh, no; the Senator misunderstands me. I did not say it was not "important" to provide also an outlet to foreign markets. The Senator asked if there was anything "more important" than that, and I said, "Yes; to provide domestic consumption is more important"; but both, of course, are vitally important to the farmer.

Mr. McCARRAN. I am glad to have the Senator from Ohio agree that that is so, because to the proposed legislation—the stabilization-fund measure—which is coming up when we shall have concluded the consideration of the pending bill, is an amendment that I have offered, which, if adopted, will mean that we will offer to the markets of the world that are the greatest consumers of American commodities our farm products in exchange for silver; and when they offer their silver in exchange for our farm commodities, we say that we will take their silver at a price of 25 percent in advance of the world market. I hope the Senator may consider that matter, in view of the statement he has just made.

Mr. JOHNSON of Colorado. Mr. President, will the Senator from Ohio yield?

Mr. TAFT. I have finished.

Mr. JOHNSON of Colorado. I should like to direct a question to the Senator from South Dakota [Mr. GURNEY].

Mr. GURNEY. I shall be glad to answer the Senator, if I can.

Mr. JOHNSON of Colorado. I feel quite in sympathy with the purpose of the amendment of the Senator from South Dakota, but I am wondering how the rebates would be made, whether or not the adoption of the amendment would provide a loophole for the evasion of gas taxes, and whether or not the amendment, if adopted, would be cumbersome in administration?

Mr. GURNEY. I do not believe there will be any difficulty in that respect, for the reason that each refiner who is now obligated for the gasoline tax operates under bond. No enlargement of that surety bond would be required under the amendment. It would be a matter of book work. I cannot foresee any trouble in that respect at all. In the hearings which were held, and which occupied 4 days, no such question was raised.

Mr. JOHNSON of Colorado. May I ask where the mixture will be made; where the alcohol will be added to the gasoline?

Mr. GURNEY. It will be added as near the alcohol refinery as possible; it will be made near the plant where the distributor of gasoline now has his gasoline plant. The denatured alcohol will come from the alcohol refinery to the gasoline dealers distributing plants which are found all over the country.

Mr. President, at this time I should like to reply to the statement of the Senator from Mississippi that the subcommittee has not yet reported on the bills having to do with this matter, the one offered by the Senator from Iowa [Mr. GILLETTE], Senate bill 552, and the bill introduced by me which I have offered in the form of an amendment. The hearings were completed on May 29.

I wish also to make a comment on his statement that the farmers in the farming territory are not interested in this measure. I may say that they are vitally interested by advising the Senate of the fact that the Legislature of the State of Nebraska recently, within the past 2 weeks, passed a bill exempting from the Nebraska gasoline tax, motor fuels containing alcohol produced from Nebraska farm products.

Inasmuch as there are now so many measures under which the Federal Government gives aid to the States when the States furnish part or a small percentage of the money, this would be a fine place for the Federal Government to give aid to the States in the same manner.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from South Dakota [Mr. GURNEY].

Mr. HARRISON. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Donahey	Lee	Schwellenbach
Ashurst	Ellender	Logan	Shipstead
Austin	Frazier	Lucas	Slattery
Bailey	George	McCarran	Smathers
Barbour	Gerry	McKellar	Taft
Barkley	Green	Maloney	Thomas, Okla.
Bilbo	Guffey	Mead	Tobey
Bone	Gurney	Miller	Townsend
Borah	Harrison	Minton	Vandenberg
Bridges	Hatch	Murray	Van Nuys
Brown	Hayden	Neely	Wagner
Bulow	Hill	Norris	Walsh
Byrd	Holman	O'Mahoney	Wheeler
Byrnes	Hughes	Pepper	White
Chavez	Johnson, Calif.	Pittman	Wiley
Clark, Mo.	Johnson, Colo.	Radcliffe	
Danaher	King	Reed	
Davis	La Follette	Reynolds	

The PRESIDING OFFICER. Sixty-nine Senators having answered to their names, a quorum is present. The question is on agreeing to the amendment offered by the Senator from South Dakota [Mr. GURNEY].

Mr. GURNEY. I ask for the yeas and nays on the amendment.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. BRIDGES (when his name was called). I have a general pair with the junior Senator from Utah [Mr. THOMAS]. Not knowing how he would vote on this question, I withhold my vote. If at liberty to vote, I should vote "yea."

Mr. WHITE (when Mr. HALE's name was called). I again announce the unavoidable absence of my colleague [Mr. HALE]. He has a pair with the junior Senator from South Carolina [Mr. BYRNES]. I am not authorized to state how my colleague would vote if present.

Mr. HOLMAN. I have a general pair with the Senator from Tennessee [Mr. STEWART]. I am advised that if he were present he woud vote "nay" on this question. If I were at liberty to vote, I should vote "yea." I withhold my vote.

Mr. FRAZIER (when Mr. NYE's name was called). Making the same announcement as before regarding the absence of my colleague [Mr. NYE], I will state that he is paired on this question with the junior Senator from Texas [Mr. CONNALLY]. If my colleague were present, he would vote "yea." I am advised that if present and voting, the Senator from Texas would vote "nay."

The roll call was concluded.

Mr. MINTON. I announce that the Senator from Virginia [Mr. GLASS] is detained from the Senate because of illness.

The Senator from South Carolina [Mr. SMITH] is absent because of illness in his family.

The Senator from Arkansas [Mrs. CARAWAY], the Senator from Texas [Mr. CONNALLY], and the Senator from West Virginia [Mr. HOLT] are necessarily detained.

The Senator from Florida [Mr. ANDREWS], the Senator from Alabama [Mr. BANKHEAD], the Senator from Nebraska [Mr. BURKE], the Senator from Idaho [Mr. CLARK], the Senator from Nevada [Mr. McCARRAN], and the Senator from Georgia [Mr. RUSSELL] are detained in various committee meetings.

The Senator from California [Mr. DOWNEY], the Senator from Iowa [Mr. GILLETTE], the Senator from Texas [Mr. SHEPPARD], the Senator from Tennessee [Mr. STEWART], the Senator from Utah [Mr. THOMAS], and the Senator from Missouri [Mr. TRUMAN] are absent on important public business.

The Senator from Iowa [Mr. HERRING], the Senator from Louisiana [Mr. OVERTON], the Senator from Wyoming [Mr. SCHWARTZ], and the Senator from Maryland [Mr. TYDINGS] have been called to Government departments on matters respecting their various States.

Mr. HARRISON. I have a general pair with the Senator from Oregon [Mr. McNARY]. I transfer my pair with him to the Senator from South Carolina [Mr. SMITH] and will vote. I vote "nay."

Mr. AUSTIN. The Senator from Massachusetts [Mr. LODGE] has a general pair with the Senator from Texas [Mr. SHEPPARD].

The Senator from Vermont [Mr. GIBSON] has a pair with the Senator from Arkansas [Mrs. CARAWAY]. If present, the Senator from Vermont would vote "yea," and I am advised that the Senator from Arkansas would vote "nay."

The Senator from Kansas [Mr. CAPPER] is paired with the Senator from Georgia [Mr. RUSSELL].

Mr. BYRNES. I have a pair with the Senator from Maine [Mr. HALE]. I transfer that pair to the Senator from Iowa [Mr. GILLETTE] and vote "nay."

Mr. SHIPSTEAD (after having voted in the affirmative). I am paired with the senior Senator from Virginia [Mr. GLASS]. I am not informed how he would vote, if present, and I have been unable to obtain a transfer of my pair, so I withdraw my vote.

The result was announced—yeas 28, nays 38, as follows:

YEAS—28

Austin	Frazier	Minton	Taft
Barbour	Gurney	Murray	Tobey
Bone	Johnson, Calif.	Norris	Townsend
Borah	La Follette	O'Mahoney	Vandenberg
Bulow	Lee	Pepper	Wheeler
Danaher	Lucas	Reed	White
Donahey	Lundeen	Schwellenbach	Wiley

NAYS—38

Adams	Davis	Hughes	Radcliffe
Ashurst	Ellender	Johnson, Colo.	Reynolds
Bailey	George	King	Slattery
Barkley	Gerry	Logan	Smathers
Bilbo	Green	McKellar	Thomas, Okla.
Brown	Guffey	Maloney	Van Nuys
Byrd	Harrison	Mead	Wagner
Byrnes	Hatch	Miller	Walsh
Chavez	Hayden	Neely	
Clark, Mo.	Hill	Pittman	

NOT VOTING—30

Andrews	Downey	Lodge	Shipstead
Bankhead	Gibson	McCarran	Smith
Bridges	Gillette	McNary	Stewart
Burke	Glass	Nye	Thomas, Utah
Capper	Hale	Overton	Truman
Caraway	Herring	Russell	Tydings
Clark, Idaho	Holman	Schwartz	
Connally	Holt	Sheppard	

So Mr. GURNEY's amendment was rejected.

Mr. LEE. Mr. President, I send an amendment to the desk and ask that it be read.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. It is proposed to insert at the proper place the following:

In the case of obligations of the United States issued after September 1, 1917 (other than postal-savings certificates of deposit), and in case of obligations of a corporation organized under act of Congress, the interest shall be exempt—

(1) Only if such obligations were issued or reissued prior to the date of enactment of the Revenue Act of 1939; and

(2) Only if and to the extent provided in the respective acts authorizing the issue thereof, as amended and supplemented; and shall be excluded from gross income only if and to the extent it is wholly exempt from the taxes imposed by this title.

Mr. LEE. Mr. President, this is the same amendment the Senate attached to a revenue bill last year. It would prevent the issuing of tax-exempt bonds hereafter.

The President has, since the amendment was offered last year, sent us a message asking that we pass legislation to stop the further issuance of tax-exempt bonds. Today, in round numbers, there are in the United States $50,000,000,000 in bonds which are either partially or wholly tax exempt. That means that the holders and owners of $50,000,000,000 of wealth are beyond the reach of taxation.

A tax-exempt privilege is a privilege enjoyed by the rich. The poor are not able to salt away a strongbox full of tax-exempt securities. Only those in the wealthy class are able to own tax-exempt bonds. Therefore, this is a privilege of exemption extended only to a certain class, because that privilege of exemption means very little to a man in the lower brackets.

For instance, a man with an income of $500,000 can realize more from a tax-exempt security bearing 3 percent than he can on a taxable security bearing 10 percent. That means that the tax-exempt privilege to a man with a half a million dollar income is worth 7 percent, whereas to a man with a $5,000 income the tax-exempt privilege is worth only two-tenths of 1 percent.

Furthermore, the Government is losing millions of dollars every year because of this tax-exempt privilege. Let us take a specific example as an illustration. Suppose a school district in Oklahoma issues $1,000,000 worth of bonds bearing 3 percent interest, and suppose the entire issue is purchased by a man having an income of $500,000. If the bonds are tax-exempt the Government loses each year in income taxes $21,197.77, whereas if the bonds were taxable the increased cost in interest charges would average only $3,750, according to the estimate of the Treasury Department.

The difference between $21,197.77, which would be the loss in revenue if the bonds were tax-exempt, and $3,750, which would be the additional interest cost if the bonds were not tax-exempt, is $17,447.77. In other words, the net loss in revenue on that $1,000,000 issue of tax-exempt bonds is $17,447.77 each year. If the bonds were issued for 20 years, the total amount of net loss in revenue on that $1,000,000 issue of tax-exempt bonds would be $347,955.40. For that amount many school bells could be kept ringing in the school district issuing the bonds. And, remember, that figure represents the savings on only $1,000,000 worth of tax-exempt bonds, whereas altogether there are $50,000,000,000 worth of tax-exempt bonds in the United States today.

Much of our humanitarian program today is lagging for the want of income. At the same time we exempt from certain taxes those most able to pay. Today if a man derives his income from any other source than from tax-exempt Government securities he must pay taxes, State and Federal, but if he draws an income from those specially exempted securities he is exempt.

If a storekeeper, for example, living in Oklahoma, has an income of $5,000 he must pay income taxes of $146.22. But if his neighbor has an income of $5,000 from interest on tax-exempt bonds he is excused from paying any income tax whatever on such income.

Again, a married man living in Oklahoma who has an income of $10,000 derived from renting his home property, must pay income taxes amounting to $737.85, but if his neighbor has an income of $10,000 derived from the interest on tax-exempt bonds he is excused from paying any taxes whatever on that income.

Again, if a married man living in Oklahoma has an income of $50,000 from the oil business, for example, he would be required to pay income taxes amounting to $11,132.41, whereas if his neighbor had an income of $50,000 derived from tax-exempt bonds he would be excused from paying any income tax whatever on that income.

Again, if a poor farmer does not make enough money on his farm to pay his property taxes his farm is sold from under him. But if a rich man has an income of $1,000,000 derived from tax-exempt bonds he is not required to pay one thin dime of tax on his income.

Such favoritism is not only immoral but unfair, unjust, and economically unsound. Therefore, Mr. President, I ask that the Senate attach to the tax measure without further delay an amendment which will by law hereafter prevent the issue of tax-exempt securities.

Mr. HARRISON. Mr. President, before the Senator concludes, I wish to express the hope that the Senator will not insist on his amendment. I wish to state what the facts are. During the last session the Senate appointed a special committee to study the question referred to, because it is a very complicated one. The committee was appointed to study the question of taxing future issues of Federal, State, and local securities. There is no question, of course, that Congress has the right to tax the interest on Federal issues. However, many questions are involved. Therefore the special committee, of which the Senator from Michigan [Mr. BROWN] is chairman, proceeded to make a study of the

question. The committee did some very valuable work and is now ready to make its report.

Of course, the proposal for such reciprocal taxation must begin in the House. The Senate Committee on Finance is ready to consider the question now.

The Senator from Oklahoma will recall that previously, when the question of reciprocal taxation of State and Federal employees was considered, the Senator from Missouri offered an amendment dealing with the taxation of securities. Assurance was given the Senator that the House would take the matter up and consider it.

The chairman of the Committee on Ways and Means [Mr. DOUGHTON] has just informed me that the committee has been working on the social-security measure, as the Senator knows, for some 2 months, and also on the tax bill which is now before us. Therefore the committee has been unable to get to a study of the tax-exempt securities matter until now. The committee will begin work next Wednesday. I do not know how rapidly they will proceed. I cannot speak for the Ways and Means Committee. However, it will not be long before we shall have the question before us. In view of that I hope the Senator will not at this time insist on his amendment to the pending bill, because the House Ways and Means Committee has not yet given the question any consideration. As I said, they will begin considering it next Wednesday.

Mr. LEE. Mr. President, does the Senator think we may have it up this session?

Mr. HARRISON. I hope so, but I do not know. The Senate cannot start action on the measure because such action must originate in the House of Representatives. Of course, the Senator is in order in offering the amendment on the pending revenue bill.

Mr. LEE. Of course, the reason for offering it at this time is because such an amendment is limited to tax measures as they come up. Can the Senator give me any assurance of consideration in his committee if such a measure does come over from the House during the present session?

Mr. HARRISON. The committee of which I have the honor of being chairman tries to give expeditious consideration to all matters that come over to us, and I can assure him that if the bill comes over here, the Committee on Finance will begin the study of the question immediately.

Mr. LEE. I will say that if the Senator considers it with the speed that he did the pending tax measure, it will be entirely satisfactory.

Mr. HARRISON. We will give expeditious consideration to the matter.

Mr. MALONEY. Mr. President, I hope the Senator from Oklahoma will not be easily persuaded by the eloquent chairman of the Finance Committee. We have had this matter under discussion before, with a similar promise of early consideration—a little later. It is not likely we will have an oportunity to have it considered at this session unless we consider it now, and the least we can get out of it is the giving of some encouragement to those who are enthusiastically concerned about it on the other side of the Capitol. I hope the Senator will make an effort to have his amendment considered.

Mr. HARRISON. I may say to the Senator from Connecticut as well as the Senator from Oklahoma that here is a great and important committee of the House of Representatives as the Senator knows because he has been a Member of the House. The bill goes to that committee. The question will be referred, if need be, to the conference committee, on which there will probably be five members from the Ways and Means Committee. They would naturally want their full committee to study the question. That will hold up the bill. No question of constitutionality is involved. Many people agree that Congress has the right to tax future Federal securities. Yet they think it is unfair to the Federal Government for the States to continue to issue bonds which are tax free, while the Federal Government puts additional burdens of taxes on them. So there are many and varied ideas with respect to this question. I do not know who is correct about the matter, but we are bound to get this question before us for consideration in the not greatly distant future.

Mr. President, I believe I am logical in my contention that the amendment ought not to be placed on the pending bill.

Mr. MALONEY. Mr. President, the Senator from Mississippi is one of the real tax experts of this country, and because he has been long familiar with this particular proposal he understands that it does not require much further study by the Congress. The Members of the House, as well as the Senate, definitely understand the proposition. They have given study to it. I think if they are given a chance they are prepared to vote. I think the majority are prepared to wipe out this unfair exemption.

Mr. GEORGE. Mr. President, will the Senator yield?

Mr. HARRISON. I yield.

Mr. GEORGE. I may say that this proposal is merely to tax Federal bonds. Practically all Federal bonds are now taxed, except the normal tax is not imposed on them. That is to say, almost all taxpayers in any relatively high brackets are now paying the surtaxes on Federal bonds.

The question is one that requires the closest kind of study and it is so related to the question of the bonds issued by the States and political subdivisions that the two ought to be considered together from the standpoint of Federal taxation.

I am quite sure that we would not be able to persuade the House to accept this amendment even if it were unanimously adopted by the Senate at this time. It at least would lead to a very prolonged conference. I doubt if it would be accepted, because the members of the House Ways and Means Committee recognize that taxes upon State and Federal securities are so interrelated, that they so affect the economy of the two forms of government, the State government and the Federal Government, that they ought to be considered together.

Mr. President, I question whether we have even given due consideration to the fact that surtaxes are now imposed upon practically all Federal bonds. There are certain types of Federal certificates or debentures or bonds issued by various lending agencies which perhaps ought to be taxed, but I apprehend that we would not be able to tax those securities on a clear-cut issue, because we would be answered, and with a great deal of force, that we were borrowing this money through new agencies set up by the Government for the purpose of relieving business or giving general relief.

I think we should consider that Federal bonds as such are subject to the surtax rates, that those who come within the high brackets are paying a surtax on Federal securities, and that as yet we are not taxing State securities or securities of local subdivisions. They are very closely related, and the matter ought to proceed regularly. The House committee has already announced that it will commence a study of this very problem next week.

Mr. MALONEY. If I may briefly answer the statement of the Senator, I desire to say that if I could be persuaded on this matter by any Member of this body I am sure I could be persuaded by the Senator from Georgia. I have a tremendous admiration for his judgment and ability as well as his personality. When those are coupled with the eloquence and understanding of the Senator from Mississippi [Mr. HARRISON], I face something that would ordinarily be difficult. I am not persuaded, however, and for myself am quite prepared to vote. I think I have a sufficient understanding of the problem. I know the problem involved in the States and municipalities. However, the amendment is not mine, and I have no right to say more than I have said, except that I am sorry that I do not have an opportunity to vote for the amendment.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. LEE. I yield.

Mr. BARKLEY. I wish to ask the Senator from Georgia a question along the line suggested by him. I am sure I speak for all the colleagues of the Senator from Connecticut [Mr. MALONEY] when I say that we all respect his sincerity; and whenever the Senator from Connecticut really studies a problem and makes up his mind upon it, in my judgment, no

Senator has a clearer understanding of what he is about than has the Senator from Connecticut.

It seems to me the fact that the House did not include this provision in the tax bill is at least affirmative evidence that the House of Representatives was not prepared to consider it, and that the House had not given the question sufficient consideration to justify it in including the provision in the bill.

The question I wish to ask the Senator from Georgia, who probably will be one of the conferees on the bill if and when it goes to conference, is whether or not the fact that the House originally did not include this provision, and has already called the committee to consider it next Wednesday and subsequently as long as the committee may have the time to consider it, would militate against the House now giving sufficient consideration to the amendment, if we should send it over, to justify the House in feeling that it ought to be included in the bill?

Mr. GEORGE. I think the House would definitely decline to consider it.

The Senator from Kentucky may recall that we had this amendment, or substantially this amendment, in the 1938 tax bill. We carried it into conference; and at that time the other House took the position that it wanted to make a study, which it had not made. We might say that the House was not unduly anxious to make the study; but it has since evidenced a disposition to make it, and it is now proceeding with the study of the question.

Mr. BARKLEY. As only one member of the Committee on Finance, I wish merely to add that I join thoroughly in the assurance of the Senator from Mississippi [Mr. HARRISON] to the Senator from Oklahoma [Mr. LEE] that if and when the bill comes over from the House it will be given prompt and speedy consideration. Our committee has already gone very carefully into the matter through a subcommittee, whose chairman is the Senator from Michigan [Mr. BROWN]. I dare say that subcommittee has gone more fully into the question than any such committee in the Senate or House has done within recent years. I will say to the Senator from Oklahoma that we have already laid the groundwork for a very prompt consideration of the whole subject.

Mr. BROWN. Mr. President, will the Senator yield?

Mr. LEE. I yield to the Senator.

Mr. BROWN. In the first place, I do not wish to take offense at the statement of the majority leader that our committee is a subcommittee of the Finance Committee. We are a special committee of the United States Senate.

Mr. BARKLEY. I am glad to accept the correction. We are so in the habit of talking about subcommittees that we automatically mention them.

Mr. BROWN. I am reminded of that fact by my colleague on the committee from Arkansas [Mr. MILLER], and I thought that as chairman of the committee I had better defend the integrity of the committee.

Mr. BARKLEY. It is a special committee. Whether it be a subcommittee or a special committee, it is a very able and hardworking committee, and has done a fine job.

Mr. BROWN. I thank the Senator very much.

I will say to the Senator from Oklahoma [Mr. LEE] that under ordinary conditions I should favor his amendment. I do not understand just what his amendment provides; but, generally, I understand that it prevents a further issue of tax-exempt bonds by the Federal Government, and applies a tax upon future issues of State and municipal bonds.

Mr. BARKLEY. No; it does not do that.

Mr. BROWN. I agree with the general purpose. I should be pleased if I thought we could now write such an amendment into the tax law of the United States. However, as I view the situation today, the 22d day of June, I am satisfied that we cannot write it into the pending bill. I know that there are Senators present who are so strongly opposed to the measure and its consideration under these circumstances that they not only could, but would, act in a way that would prevent consideration of the amendment at the present time if they thought it was to be written into the law.

I will say to the Senator from Oklahoma that I intend to do my part to write into the law this amendment, or the substance of this amendment, so that it will become effective upon the income taxes which are to be paid in March 1940. However, I am satisfied that the conferees from the Ways and Means Committee of the House of Representatives would not permit the amendment to be added to the pending bill so as to become law on the 1st day of July of this year. So I think the Senator's effort is futile, and would not produce the result which he desires to achieve.

Mr. LEE. Does the Senator's contemplation of the proposal preventing tax exemption include State and local tax-exempt securities?

Mr. BROWN. Speaking for myself, I would first prevent the further issue of tax-exempt bonds by the Federal Government. There is no question that we can do that constitutionally. Secondly, by the same reciprocal method we used in applying the income tax to State salaries, I would provide that the States might tax the income from Federal securities, and that the Federal Government might apply its income tax to future issues of State and municipal bonds. That is the proposal which I favor.

Mr. BORAH and Mr. McCARRAN addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Oklahoma yield; and if so, to whom?

Mr. LEE. I yield to the Senator from Idaho, unless he wishes to take the floor in his own right.

Mr. BORAH. I do not desire to take the floor in my own right. I merely wish to make a suggestion. It may be that the Senator from Oklahoma will think it expedient to withdraw his amendment in view of the situation which presents itself with reference to reconsideration of this matter. There is really no reason why the Senator from Oklahoma should not urge his amendment, so far as any legal or constitutional question is involved. It is simply a question of expediency as to whether or not this is the time to urge it. That is a matter for the Senator from Oklahoma to determine.

Mr. McCARRAN. Mr. President, will the Senator yield?

Mr. LEE. I yield.

Mr. McCARRAN. I wish to go along with the expression just made by the Senator from Idaho, that the question is one of expediency and not of law. I wish the able Senator from Michigan [Mr. BROWN], in making his expressions to the Senator from Oklahoma [Mr. LEE] just a few minutes ago, had referred to the record made during the past 2 years when we were considering revenue bills. The same expression has been used in varied form, and the same promise has been made in different ways. I think we are only putting off the hour when we must do that which is recognized to be right. When we have the courage to do it we shall do it.

Mr. AUSTIN. Mr. President, will the Senator yield?

Mr. LEE. I yield.

Mr. AUSTIN. I have no intention of making a speech. I should like to say to the Senator from Oklahoma [Mr. LEE], while he has the floor, that in my opinion we are now nearer a conclusion on the whole matter of the immunity of all classes and kinds of bonds than the Congress has ever before been. The special Senate committee, which spent much time and effort in covering the whole field pro and con, is about ready to report. I believe that before the present session of Congress is concluded the majority report and the minority views will come before the Senate, presenting such phases of the question as have been developed by very thorough study. Therefore I join with others in the belief that it would be wiser for us not to try to pass upon this question singly at this time.

Mr. LEE. Mr. President, in view of the statements of all the Senators who have expressed themselves, and in view of the fact that consideration of a measure of this kind is actually under way in the House, as well as consideration of the entire program of tax exemption, including State and local bonds, as well as Federal bonds, I shall not press my amendment at this time; but, acting in accordance with the suggestions of some of the leaders, I shall withdraw the amendment. I am not running from the fight, and I now

announce that the same argument will not be effective the next time.

The PRESIDING OFFICER. The amendment of the Senator from Oklahoma has been withdrawn.

The bill is still before the Senate and open to further amendment.

Mr. HARRISON. Mr. President, the Senator from Massachusetts [Mr. WALSH] offered an amendment which I asked to go over temporarily. There is no objection to that amendment on the part of the Treasury.

The PRESIDING OFFICER. Without objection, the amendment offered by the Senator from Massachusetts is agreed to.

The amendment of Mr. WALSH is as follows:

That section 3361 (b) of the Internal Revenue Code is amended by adding a comma and the words "Guam, and American Samoa" after the words "Puerto Rico."

The PRESIDING OFFICER. If there be no further amendments to be offered, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

Mr. HARRISON. Mr. President, I ask unanimous consent that the clerks may be authorized to make in the bill such technical changes, including the renumbering of sections, and so forth, as may be necessary.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BARKLEY. I ask unanimous consent that the amendments may be numbered and printed as usual in the tax bill which has just been passed.

The PRESIDING OFFICER. Without objection, it is so ordered.

STABILIZATION FUND AND WEIGHT OF THE DOLLAR

Mr. WAGNER. I move that the Senate proceed to the consideration of House bill 3325, the so-called stabilization fund bill. If the motion is agreed to, I shall ask that the consideration of the bill not be resumed until tomorrow morning.

Mr. BARKLEY. I will say to the Senator, after conferring with both Senators from Nevada, that it is entirely agreeable. The senior Senator from Nevada [Mr. PITTMAN] desires to address himself to the bill for an hour or so, but does not desire to proceed at this late hour, and I myself think he ought not to be required to do so.

Mr. WAGNER. That is quite agreeable to me.

Mr. BARKLEY. So that if the motion is agreed to we will not resume the consideration of the bill until tomorrow.

Mr. McCARRAN. Mr. President, I wish my attitude to be understood in this matter. I am not going to raise any question as to this motion; I am not going even to oppose it for a moment, but I am serving notice now that I will not consent to the taking up of any other bill until the matters involved in the bill which the Senator from New York has moved to take up shall be entirely disposed of.

Mr. WAGNER. That is quite agreeable to me.

Mr. BARKLEY. Of course, I hope we can dispose of the bill, in one way or the other, before any other important legislation is reached, I will say to the Senator.

Mr. McCARRAN. I hope so.

The PRESIDING OFFICER. The question is on the motion of the Senator from New York [Mr. WAGNER].

The motion was agreed to; and the Senate resumed the consideration of the bill (H. R. 3325) to extend the time within which the powers relating to the stabilization fund and alteration of the weight of the dollar may be exercised.

PREVENTION OF PERNICIOUS POLITICAL ACTIVITIES

Mr. HATCH. Mr. President, earlier in the day I sent to the desk an amendment which I propose to offer, if necessary, next week to the relief appropriation bill when it is to be considered. At the time I desired very much to make a very brief explanation of the amendment itself; but in view of the fact that the Senate was engaged in other important business, I did not take the time to explain the amendment which I sent to the desk. Now, however, I wish merely a few minutes to explain the reasons why I sent the amendment to the desk this morning.

The amendment is a redraft of section 9 of Senate bill 1871, which was introduced by the Senator from Texas [Mr. SHEPPARD], the Senator from Vermont [Mr. AUSTIN], and myself. It passed the Senate on the 13th day of April last. Since that time it has been pending in the Judiciary Committee of the House of Representatives. In connection with that bill, I am happy to say to Senators today that the provisions of the bill relating to the removal of what has been termed politics from relief have all been agreed upon; at least, I have heard no objection to them. I have recently conferred with members of the House committee, and they are in unanimous accord with those provisions of the bill, which are quite stringent in their terms and which, at least, serve to strike at what has been termed politics in relief.

Section 9 of the bill, however, has caused considerable comment. Some opposition appears to exist against that section. It is because of that opposition that I plan, if necessary—and I repeat the words "if necessary"—to offer it as an amendment to the relief bill.

There are several reasons for this course. I shall not attempt to enumerate them all, but I would say that there is no desire on my part to raise an issue again here on the floor of the Senate, to cause any embarrassment whatever to any Senator, to cause a roll-call vote or place anyone on record, or, as some people say, "on the spot." That is not my purpose, and I sincerely hope that action in the House of Representatives before the relief bill shall be considered by the Senate will prevent the necessity of offering the amendment on the floor of the Senate.

Mr. President, I am advised that certain Senators have said that they did not understand all the provisions of section 9 when the bill passed the Senate by unanimous consent. Some of them have said that they did not understand that under its provisions practically all employees of the Federal Government except those occupying what I choose to term "policy-making positions" would be barred from any political activity. If that be true, it is a situation which I do not care to have exist. If Senators do not understand the bill, and if they want to have the privilege of voicing their approval or disapproval of it on its merits, I am perfectly willing that they shall have an opportunity of so doing. That is one of the reasons why, if it becames necessary, I shall submit the revised or redrafted provision covering the same points as section 9 does.

The amendment as drawn and as it will be offered will place—I want Senators to understand this, and I want Members of the House to understand it—will place all nonpolicy-making officials and employees of the Federal Government under exactly the same rules which now apply to more than a half million employees of the Federal Government under the civil service. It would do that and nothing more. It would make applicable exactly the same rule.

I see no reason, Mr. President, why we should make fish of one class of Federal employees and fowl of another; and, Mr. President, you may spell "fowl" any way you desire. In view of an aside from our remarks on the floor, I will amplify my statement and say that the word I have just used is spelled in at least two ways—f-o-u-l and f-o-w-l.

It is not my purpose at this time to argue the merits of the amendment. I am merely stating what it will do, so that all Members of the Congress in both branches will understand exactly what it will do. It will prohibit employees of the Federal Government, such as district attorneys, collectors of internal revenue, collectors of customs, and the thousands of other employees in clerical positions, from actively participating in politics; and I want it to do that very thing. It will prevent all these employees from going as delegates to conventions, and I want it to do that very thing; because if there has ever been an abuse of patronage in the history of the country, it has been in the packing of political conventions by political employees.

On that subject I shall have more to say, if necessary, when the amendment reaches the floor.

I do not think it is necessary at this time for me to say more. I have explained what the amendment will do. I have said that I hope the House of Representatives will bring the bill out of committee and act on it, and that it will be unnecessary to submit it again to the Senate of the United States. But in order that it may be certain that some of the criticisms which have been made against the bill, which I do not think are well-founded, may be met, I will say that never have I construed the term "Federal employee" as including the high and dignified office of the President of the United States, a member of his Cabinet, or a Member of Congress; and I think it reflects but little credit upon those high offices and but little credit upon those who fill them to say that those officers come within the definition of a Federal employee. Lest they do, however, lest there be some merit to the suggestion, in the amendment I specifically provide that the term "Federal employee" shall not be construed to include the President of the United States, the Vice President, members of the President's Cabinet, members of the office of the President, Members of Congress, or employees of the legislative branch of the Government. Then, to make doubly sure, so that no person can say that the bill includes the real policy-making officials who ought to carry in a political campaign the burden and the brunt of the policies of the administration which they support, I have added a further provision. This provision specifically declares that all policy-making officials are not included within the terms of the bill, and it defines who are policy-making officials.

I have made this brief explanation; and I hope, as I have expressed the hope before that it will not be necessary again ever to mention this subject on the floor of the Senate. I hope the House of Representatives will act quickly, and will act in a way in which I have always credited the other branch of Congress with acting in an efficient and also in a patriotic manner.

STABILIZATION FUND AND WEIGHT OF THE DOLLAR

The Senate resumed the consideration of the bill (H. R. 3325) to extend the time within which the powers relating to the stabilization fund and alteration of the weight of the dollar may be exercised.

COPPER

Mr. ASHURST. Mr. President, at some unrecorded place, on an indefinite day during what we call the later Stone Age, which began somewhere on the stream of time about 10,000 years ago—your guess as to when it began will be as nearly accurate as mine—women commenced the domestication of plants and animals and discovered the processes of baking, brewing, and weaving. On another indefinite day of the later stone age some man, exhausted from dragging with great friction his quarry or other burden along the ground with a sledge, made one of the most brilliant of all inventions—the wheel.

During the same remote and uncertain later Stone Age some shaggy man picked up a piece of red rock, and from it made a discovery and an invention that ultimately gave to the human race the key—a key of copper—to the kingdom of the arts, industries, communication, transportation, and the material sciences. This piece of red rock seemed to our shaggy man serviceable as a knife or a spear; and this primitive artisan, this embryo scientist, possessing an inquiring turn of mind, in trying to shape the edge of his red rock, found out that this particular rock was a metal that gave way beneath the blows of his stone hammer, and, without breaking, could be bent into any desired form.

If we allow our imagination to make a far-flung excursion, we may well picture with what pride this prehistoric man exhibited his crudely fashioned copper knife or spear among his fellow tribesmen; for the red rock was indeed copper. He was probably regarded as a crank "touched in the head" for attempting to use a metal knife or metal spearhead instead of stone, which had served for generations; but he tremendously influenced the tides of human destiny.

No patent laws of that period gave protection to the discoverers of baking, brewing, and weaving, the domestication of plants and animals, to the inventor of the wheel, or to the discoverer of copper. No chronicle recorded the names of the anonymous benefactors of the human race who made these early discoveries. They are, like our own Unknown Soldier, namelessly immortal, and will probably continue to be nameless.

Copper derived its earliest fame, according to pagan mythology, from the partiality of Venus for this metal—Venus in Greek was Aphrodite—for when Venus rose from the sea somewhere near the island of Cyprus, she asked for a mirror that she might see for herself the reason why all praised her beauty. Only two metals, gold and copper, were supposed to be known at that time out of which a mirror could be made. Venus refused the golden mirror, as it cast a yellow tinge upon the reflection of her countenance, but accepted the copper mirror, as it brightened her titian locks. Thus the word "cyprium," from this island, became the word "cuprum" to the Roman, and copper to the English tongue.

From the dawn of history until the end of the medieval period, copper was the world's most important metal; then iron and steel were the favorites until about the middle of the nineteenth century, when, owing to the application of electricity, copper entered a rejuvenation, and neither imagination nor science is able to foresee a suitable substitute for copper in the electrical field.

Copper is the metal in which the current is born in the generator. Through copper bars and the copper windings of transformers the electricity passes to high-tension transmission lines, which distribute the electrical energy for its ultimate use.

Copper has numerous assets, values, and attributes, and among them are its capacity for conducting heat, its electrical conductivity, its extreme ductility, its malleability, its high tenacity, its tensile strength, its ability to alloy with other metals, its artistic color and its luster, its quality of withstanding corrosion.

When long exposed to air and moisture, it has the wizardry—so far as I know, possessed by no other metal—to create for itself a beautiful protective skin highly esteemed by artists and architects, namely, a greenish or bluish tint called verdigris, Grecian green, "patina," which some municipal authorities unwisely remove, for after copper has given itself this beautiful covering of verdigris, which protects it from oxidation, it will endure for thousands of years in air or in damp soil, and long after iron implements have rotted and are but a heap of dust.

There are metallurgists who deny copper's commonly accepted priority of discovery among metals, and they argue, but with meager evidence, that iron was isolated equally as early as copper and probably anterior to copper. Be this as it may, copper is supreme among the common metals in its everlasting qualities. It is an element native and free. It is permanent and invincible and survives whether in water, earth, or air.

Copper is a good mixer and is the willing, handsome, efficient, ever-dependable servant of electricity. It is so versatile that the ancient alchemists called it the meretricious metal. It enlarges its field of usefulness by alliances with other metals. Tin gives it the hardness of bronze. Zinc gives it the glitter of brass. The precious metals, gold and silver, in their proudest service as coins and jewelry, gain strength and endurance by combination with copper.

As the servant of electricity in sending energy from place to place, copper is unsurpassed by any other metal, with the possible exception of silver, but even a silver wire has only 6 percent more efficiency than a copper wire.

Copious data on copper may be obtained by reading the volume The Story of Copper, by Watson Davis, C. E.

Throughout the world there are many famous structures with copper roofs that are centuries old. These copper roofs give eloquent testimony to the durability of copper. In this country the oldest copper roof is that which was applied to Christ Church in Philadelphia over 200 years ago.

Copper roofs, gutters, and downspouts provide a leakproof and lasting protecting against sun, sleet, snow, and rain.

Bronze vessels buried in the earth for a thousand years endure and become pure blue. Bronze vessels buried in the water for a thousand years endure and become pure green and glossy as jade. Bronze is a combination of copper and tin.

The Serpentine Column, one of the most famous of ancient monuments, may be seen in Constantinople, now called Istanbul. This column of bronze was part of the booty taken by Themistocles in his victory over the Persians somewhere between 497 B. C. and 479 B. C. It is worth while to note that the foundry work of this column is remarkable in view of the remote date in which it was made, but the ancients were familiar with the imperishable quality of copper.

On an island in the Aegean Sea once stood the Colossus of Rhodes, which towered 112 feet above the water. This statue was one of the seven wonders of the world. The Colossus was a nude bronze Apollo, who stood with a torch uplifted in his right hand. There was a curious medieval tradition that the statue straddled the harbor so that ships passed between its enormous legs; but this is not so. Not only would no Greek sculptor design Apollo in this ridiculous attitude but the engineering problem of erecting so vast a mass of bronze on a rock in the sea was sufficiently difficult without added complications.

The Colossus stood only for the space of 56 years—from 280 B. C. to 224 B. C. In that year an earthquake brought Apollo crashing into the sea, where he lay for 900 years. Pliny saw this mass of bronze lying at the entrance to the harbor when he visited the island in the first century A. D.

Even as it lies—

Wrote Pliny—

it excites our wonder and imagination. Few men can clasp the thumb in their arms, and the fingers are larger than most statues.

When the Saracens took Rhodes in 672 A. D. they sold the statue as scrap metal, and this bronze Apollo, which had for 900 years resisted the tooth of time and the corroding canker of the sea, was taken away by a merchant, who salvaged 900 tons of the bronze, or 1,000 camel loads, and the bronze was probably made into weapons of war.

In the year 1911, at a luncheon tendered in New York City to Thomas Alva Edison, inventor of inventions, the world's most famous physicist, whose incandescent lamp bathed all civilization in a flood of light, Mr. Edison was asked the question as to what of all things he most desired to possess. Mr. Edison in reply asked that he be given a true, 1-foot cube of copper.

Forthwith casting of a true 1-foot cube of copper was undertaken, and was finally presented to Mr. Edison, who prized the cube above the many hundreds of medals and other tokens he had received in recognition of his work.

Mr. Edison's extraordinary satisfaction with this unique gift was because copper was symbolic of the generation and distribution of electrical energy, and the increased employment in so many industries which had sprung from his inventions.

At West Orange, in New Jersey, is the ivy-covered laboratory of the late Thomas A. Edison. Here may be found, in a place of honor, this cubic foot of copper.

Mr. President, in the copper mines of the United States for the year 1937 there were employed 24,900 persons; in the copper smelters, mills, plants, and auxiliary works there were employed 22,315 persons, making a total of 47,215. These 47,215 employed persons subsisted about half a million persons.

It may be interesting to the Senate and the country to know the copper yield of Arizona, the premier copper-producing State.

Arizona's copper yield, 1874 to 1939

Produced, in round numbers	$2,816,000,000
How expended (round numbers):	
Wages and salaries	938,000,000
Supplies and equipment	586,000,000
Taxes (State and Federal)	251,000,000
Freight on copper	$157,000,000
Refining	173,000,000
Selling	34,000,000
Insurance, replacements, etc	130,000,000
Dividends	547,000,000
	2,816,000,000

EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. LUCAS in the chair) laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of several postmasters, which were ordered to be placed on the Executive Calendar.

Mr. PITTMAN, from the Committee on Foreign Relations, reported without reservation, the following conventions and submitted reports thereon:

Executive C, Seventy-fourth Congress, second session, a convention between the United States of America and the Republic of Panama, for the regulation of radio communications in the Republic of Panama and the Canal Zone, signed at Washington on March 2, 1936 (Ex. Rept. No. 6);

Executive D, Seventy-fourth Congress, second session, a convention between the United States of America and the Republic of Panama, providing for the transfer to Panama of two naval radio stations, signed at Washington on March 2, 1936 (Ex. Rept. No. 7); and

Executive E, Seventy-fourth Congress, second session, a convention between the United States of America and the Republic of Panama, with regard to the construction of a trans-Isthmian highway between the cities of Panama and Colon, signed at Washington on March 2, 1936 (Ex. Rept. No. 8).

The PRESIDING OFFICER. The reports will be placed on the Executive Calendar.

NOMINATION OF ARCHIBALD MAC LEISH

Mr. BARBOUR. Mr. President, yesterday while the Senate was in executive session the name of Mr. Archibald MacLeish, nominated to be Librarian of Congress, was reached on the calendar, and I understand the nomination went over.

I rise now because I find myself in considerable distress and concern as to this nomination by reason of the fact that on the one hand Mr. MacLeish has been very highly recommended by certain of my friends, and one in particular whose recommendation carries the greatest possible weight with me. On the other hand, however, a distinguished colleague and friend of mine in the House of Representatives, Representative J. PARNELL THOMAS, of New Jersey, who is a member of the so-called Dies committee, has drawn my attention to a speech of his which appears in the Appendix of the CONGRESSIONAL RECORD at page 2613.

Mr. President, I feel I must commend, if I may, to the careful attention of the distinguished leader of the majority, who is also chairman of the Committee on the Library of the Senate, this address of my colleague.

Certainly I would be the last to wish to condemn or cast suspicion on anyone unfairly or unheard; but I would not feel, under the circumstances, that I could do otherwise than object at least to the immediate consideration of the nomination of Mr. MacLeish, certainly until I knew more about the very grave charges which appear in this speech of my colleague from New Jersey, Representative THOMAS, whose opinions I hold in highest esteem and respect.

I hope, therefore, that the distinguished Senator from Kentucky might be able, now or later, perhaps based on the

discussions, if any, which took place in the Committee on the Library, or after reading my colleague's speech, to throw more light on this matter. If he has not had an opportunity to study my colleague's speech, I beg to suggest, if I may take the liberty of doing so, that he study it carefully and make himself familiar with its very serious contents.

Mr. BARKLEY. Mr. President, this nomination was reached on the calendar yesterday in the regular order, and while I had hoped that it might be passed upon and Mr. MacLeish might be confirmed, at the request of the Senator from Vermont [Mr. AUSTIN] the nomination went over.

I have conferred with the Senator from Vermont [Mr. AUSTIN] again about the matter, and he indicates that there may be some desire to discuss this nomination when we have an opportunity to do so. If it is to be discussed, when it is under consideration in executive session I suppose the remarks made by the Member of the House of Representatives from New Jersey [Mr. THOMAS] may be adverted to and discussed.

However, I will say to the Senator from New Jersey now that the Member of the House who made those remarks made no request to be permitted to appear before the Committee on the Library to sustain any of the implications contained in his remarks, and the Senator from Oregon [Mr. MCNARY], who is a member of the Committee on the Library, had a copy of the newspaper release of Representative THOMAS on the same subject, which was substantially what he said in the House, and interrogated Mr. MacLeish somewhat at length and in detail with respect to the statements made by Mr. THOMAS. I can assure the Senator that Mr. MacLeish was able to convince the committee that there was no substance in the accusations or charges or implications contained in the remarks made in the House.

Mr. MacLeish occupies at this time a relationship with Harvard University. He has been an associate editor of Fortune Magazine. He has been a writer. He has been a lawyer actively engaged in the practice of law in the city of Boston, where he was a member of one of the outstanding firms there. He left that firm and left the practice of law because he wanted to devote his life to literature and not to law.

In his capacity as a teacher and as an associate editor, and as a publicist he presided over a meeting or two, at which it was his duty to introduce speakers. It so happened that one of those he introduced was Mr. Earl Browder, who happens to be a Communist. He introduced other speakers on the same occasion in his capacity as presiding officer of that meeting, but he specifically and categorically denied, and I will say he did so rather earnestly, if not vehemently, the implication, or suspicion, or whatever one may see fit to call it, contained in the speech made in the House which referred to Mr. MacLeish as a "fellow traveler," I believe it was said, with Communists. The speech was based very largely upon the introduction of Mr. Browder in this public meeting, and also upon an article which Mr. MacLeish had written for another publication, which was lifted out of that publication and published in a magazine called the New Masses, which, while publishing the article which had been written for entirely different publication, had subsequently criticized Mr. MacLeish very severely for the attitude he takes upon the fundamental principles of the communistic theory.

I think the article referred to in the speech was a little unfair in that it lifted out of the context a sentence or two, and an effort was made to twist the meaning of those sentences into something that sounded bad, whereas the reading of the entire address as well as the articles which Mr. MacLeish has written for magazines, and also his book, I think will convince any fair-minded man that there is no basis whatever for the complaint made by Representative THOMAS.

Mr. BARBOUR. Mr. President, I am very grateful to the distinguished Senator from Kentucky for his characteristic willingness to meet any question that any of his colleagues might raise. I take it, Mr. President, that the Senator does not intend to press the confirmation of the nomination now.

Mr. BARKLEY. Mr. President, in view of the request of the Senator from Vermont [Mr. AUSTIN] that it not be pressed this afternoon, and his statement that probably other Senators may want to discuss the nomination, I would not want to press it today.

While I am on my feet, and in response to the Senator, I wish to say that the hearing before the Committee on the Library was an informal hearing. We first invited Mr. MacLeish. Inasmuch as the committee represented the Senate, and especially inasmuch as the Library is the Library of Congress, an institution in which Congress takes a pride, and rightfully so, I think, one of the agencies and instruments of Congress not only for the gathering of information for itself but for all the Government, and for the public also, we desired to have Mr. MacLeish come before us, and he came and answered all questions frankly. He made a very decidedly good impression, I will say, on all the members of the committee, including the minority leader, who is a member of the committee. When he had finished his statement it was suggested by the Senator from Oregon [Mr. MCNARY], inasmuch as the American Library Association had protested against the appointment on the ground that Mr. MacLeish is not a trained professional librarian, that we invite members of that organization or representatives of that organization to appear before the committee and give their views.

In response to that suggestion I sent a telegram to the president of the American Library Association, but because of the fact that he was leaving for San Francisco to attend the annual convention of that organization, he sent a former president and a distinguished member of the executive committee of the American Library Association to Washington, and they appeared before the Library Committee 3 or 4 days ago. They started out by saying that the only objection they had to the appointment was that Mr. MacLeish is not a professional librarian.

Mr. President, there sits here on the floor the distinguished Senator from New Hampshire [Mr. TOBEY], who is a member of the Committee on the Library, who was present at the time, and I think he will corroborate my statement that these two gentlemen representing the American Library Association in the very beginning of their statements said they had no objection to Mr. MacLeish; they had no charges to make; they acknowledged the scholarship, the ability, and the high character of Mr. MacLeish; but they did object to the appointment on the ground that they felt that a trained professional librarian should have been selected rather than somebody who was not.

Mr. AUSTIN. Mr. President, will the Senator yield so I may ask a question at this point?

Mr. BARBOUR. I yield.

Mr. AUSTIN. Did the distinguished Senator from Kentucky receive from that organization in convention, a convention of 1,411 librarians in California, a communication this morning with respect to this appointment?

Mr. BARKLEY. Mr. President, I have not had time to read it, but I did get a communication from Mr. Ferguson this morning which purported to represent a petition signed by several hundred librarians in attendance at the convention, which is in line with the individual protests which I had received from members of the American Library Association. I have not yet had a chance to read it, but I think that must be the document which I received today.

Mr. BARBOUR. Mr. President, I will not delay the Senate longer. I simply wish to say, as I said at the outset, that Mr. MacLeish has been recommended to me very highly, especially by a close friend of mine whose opinion I esteem very greatly. I am sure the Senator from Kentucky knows, too, that I have the very greatest confidence in what he says. On the other hand, Mr. President, I have greatest confidence also in my colleague, who in his speech which was printed in the RECORD, to which I referred, makes very specific and definite and damaging charges.

So, as I said, I am glad that the matter is going to receive further attention. I feel that in fairness to all, especially Mr. MacLeish himself, this should be so.

Mr. BARKLEY. Mr. President, will the Senator refresh my recollection by giving me the date of the CONGRESSIONAL RECORD in which that speech appears?

Mr. BARBOUR. Yes, Mr. President. It is the Appendix of the CONGRESSIONAL RECORD, page 2613.

Mr. MALONEY. Mr. President, I am very hopeful that the consideration of this nomination of a distinguished man will not be very long postponed, and I am not going to delay the Senate in discussing the matter now. I do, however, respectfully warn Members of the Senate of the great danger involved in charging communism or some alien connection to a prominent American, or to any American.

I do not have the pleasure of knowing Mr. MacLeish, but he comes from my State. I am familiar with his brilliant record and his unusual attainments. I think that members of the library association of the country have a perfect right to protest his appointment on the ground that he is not a trained librarian, but the argument they offer does not have great weight with me. I think that he will lend dignity to the Library. I think that, without such especial training, his love of the artistry that goes with the Library, and his especial love of literature, coupled with a natural brilliance, qualifies him. I think, if his nomination is confirmed, and I expect it will be, that he will reflect credit upon the Senate, and the President of the United States, and will bring greater glory to the world's greatest Library.

The thing which concerns me most, Mr. President, is the veiled inference that the gentleman is communistically inclined. I am hateful of communistic teachings and practices, but I sympathize with the position of Mr. MacLeish in introducing Mr. Browder. I am as anxious as a man could be—hateful as I am of their philosophy—that members of the Communistic Party or any other party have a full and complete opportunity to be heard.

However, the danger I see in referring to a man such as Mr. MacLeish as a "fellow traveler of Communists" is that when the pagan philosophy of communism does creep more forcibly toward us we will not recognize it, because of charges so frequently and so carelessly made about men of liberal mind and tolerant viewpoint.

I do not believe there will be any such charge in the Senate; nor would I be among those to delay or attempt to set aside a sincere discussion of this particular reference to Mr. MacLeish. I do want to admonish Senators that it is a serious undertaking and it involves a man's greatest possession—his character. We should not lend our positions or our forum to a lightly conceived charge against a brilliant and patriotic American, and a great soldier, as is Mr. MacLeish, by giving too sympathetic attention to thoughtless statements by careless men.

With one of his views I am not in accord, but in his record I rejoice. I have had protests about his nomination, and from prominent people. One protest was from a distinguished American, who is likewise brilliant, but as I searched for information about Mr. MacLeish, and I already knew much about him, my admiration increased. I honestly feel that one day we will all be proud of the selection.

Mr. BARKLEY. Mr. President, I appreciate the sincerity of my friend from New Jersey [Mr. BARBOUR] in the remarks he has made in connection with the nomination of Mr. MacLeish; and I deeply appreciate what the Senator from Connecticut [Mr. MALONEY] has said in that connection.

I will say to the Senate that when Dr. Putnam, who had been the Librarian of Congress for 40 years, was retired a year or so ago by reason of an act of Congress which made him the Librarian Emeritus and which provided for the appointment of an active successor, of course, many scholars and eminent men throughout the country very naturally had a right to, and did, aspire to the position. I myself presented to the President the name of a distinguished man and urged his appointment. The American Library Association as an organization recommended to the President its secretary, and urged his appointment to the position.

The President, I think very properly, paid no attention to politics. I do not know what the political faith of Mr. MacLeish is. I do not know whether he is a Democrat or a Republican or whether he is an independent. I think he is a liberal in his political views. So am I.

Mr. MALONEY. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. MALONEY. At this point I should like to say that I am not familiar with the politics of Mr. MacLeish, although he comes from my State. However, I should like to take the opportunity to say that I am entirely in disagreement with one of his political opinions recently expressed. That, however, is not sufficient reason to keep me from voting for his confirmation as Librarian of Congress.

Mr. BARKLEY. Mr. President, it took quite a long time to search the country and find a man who, the President thought, had as nearly as possible the qualifications for the position of Librarian of Congress. Mr. MacLeish was not an applicant for the appointment. He was as much surprised as was any one else in the United States when the President advised him that he had his name under consideration, and asked him to come down and talk the matter over. So the appointment was not a political appointment. It was based entirely upon scholarship and the attainments, the vision, and the general attitude of this man toward the functions of the great Library, not only as an agent of the Government of the United States and of Congress, but as an agent for the dissemination of knowledge and information, and for the utilization of all the accumulated wisdom that we have been able to assemble in the Library of Congress for the benefit of the American people.

The Senator referred to Mr. MacLeish as a great soldier. He is. I do not know that that fact qualifies or disqualifies the applicant, because many great soldiers probably would not be considered for the position of Librarian of Congress. However, it so happens that Mr. MacLeish was a very patriotic and creditable soldier. He had a fine record in the World War.

Mr. MALONEY. Mr. President, I was not mentioning his qualifications as a soldier in connection with the appointment. I was mentioning them only in connection with the question raised concerning his Americanism.

Mr. BARKLEY. I appreciate that.

Whether the possession of long experience as a librarian in a local library in some town is a necessary qualification to preside over the Library of Congress is a matter about which men may honestly differ. However, I think what the President had in mind was not to obtain a cataloger of books. The Library probably has all the catalogers it needs. It was not the purpose merely to obtain even a man who knew what books ought to be added to the Library. Probably the experts in the Library are as well qualified as any librarian could be to recommend additional literature to be added to the Library.

It seems to me the President was in search of a man of well-rounded scholarship and experience, with a broad-minded attitude toward the problems of the American people; a man who not only could make the Library an institution or an instrument for the advancement of knowledge, but could make its facilities available to the American people, not only in the operation of their Government, but in their approach to social, economic, and political problems as well as literary and other problems which are supposed to be met by a great institution such as the Library of Congress.

Congress takes a pardonable pride in the Library of Congress. We regard it as a child of Congress. From time to time suggestions have been made that we change its name. I do not believe Congress will ever consent to changing the name of the institution. It has grown to be one of the greatest libraries in the world, and I would be the last one to want to put at the head of it any man who would in any way detract from its great usefulness, or who did not possess the qualifications and the desire and the urge to advance it and to make it, from year to year and from decade to

decade, a great institution, which Congress wants it to be, and which we believe it is.

I believe Mr. MacLeish will be the sort of librarian we need. I hope we can set a time within the next few days to take up his nomination in executive session and consider it, and that we may act upon it in such a way as not to arouse in the minds of the American people any suspicion or fear that the right man has not been chosen for the highly executive position of Librarian of Congress.

Mr. President, it was not my purpose to discuss this matter at this time; but, inasmuch as the Senator from New Jersey [Mr. BARBOUR] asked me certain questions, I felt that I ought to say this much. I will say to the Senator from Vermont [Mr. AUSTIN] that I hope within the next day or two we can fix a time at which we can take up the nomination and dispose of it.

Mr. AUSTIN. Mr. President, it is not my purpose to delay this matter beyond a reasonable time. In fact, all I desire to do is to give those who have already indicated to me that they desire to be heard an opportunity to be heard.

Mr. BARKLEY. Of course I have no desire to deny any Member of the Senate the right to express himself on the nomination. I agree with the Senator from Connecticut [Mr. MALONEY] that it would be unfortunate if there were any great delay in obtaining action upon the nomination.

FEDERAL POWER COMMISSION

The PRESIDING OFFICER. If there be no further reports of committee, the clerk will state the nominations on the Calendar.

The legislative clerk read the nomination of Leland Olds to be a member of the Federal Power Commission.

Mr. WHITE. Mr. President, as a member of the Interstate Commerce Committee, yesterday afternoon I acquiesced in the favorable report of this nomination. This afternoon I was requested by a representative of an organization in the State of New York to ask that consideration of the nomination go over. The Senator from New York [Mr. WAGNER] and the Senator from Indiana [Mr. MINTON] have both called my attention to the fact that the term of the present member of the Commission expires this day, and that if action on the nomination should be delayed, a vacancy would be created in the Commission. I am not willing to contribute to the creation of a vacancy by asking for any delay in this matter.

I merely wished to make that brief explanation.

Mr. WAGNER. Mr. President, I thank the Senator for the attitude he has taken in this matter. I merely wish to say that we are now confirming an unusually well-qualified man for this particular office. He has served with distinction in New York and throughout the country.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

Mr. WAGNER. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of the nomination of Mr. Olds.

The PRESIDING OFFICER. Without objection, the President will be notified.

THE JUDICIARY—LIBRARY OF CONGRESS

Mr. BARKLEY. Mr. President, the nomination of William S. Boyle, to be United States attorney for the district of Nevada, was not read. I ask that that nomination, together with the nomination of Mr. Archibald MacLeish to be Librarian of Congress, go over.

The PRESIDING OFFICER. Without objection, the nominations referred to will be passed over.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. BARKLEY. I ask that the nominations of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Without objection the nominations of postmasters are confirmed en bloc.

That concludes the calendar.

RECESS

Mr. BARKLEY. As in legislative session, I move that the Senate recess until tomorrow morning at 11 o'clock.

The motion was agreed to; and (at 5 o'clock p. m.) the Senate took a recess until tomorrow, Friday, June 23, 1939, at 11 o'clock a. m.

NOMINATIONS

Executive nominations received by the Senate June 22, 1939

DIPLOMATIC AND FOREIGN SERVICE

Paul H. Alling, of Connecticut, to be a Foreign Service officer of class 4, a consul, and a secretary in the Diplomatic Service of the United States of America.

COLLECTOR OF CUSTOMS

Leo E. Trombly, of New York, to be collector of customs for customs collection district No. 7, with headquarters at Ogdensburg, N. Y. (Reappointment.)

APPOINTMENTS AND PROMOTIONS IN THE NAVY

MARINE CORPS

Maj. Lewis B. Reagan to be a lieutenant colonel in the Marine Corps from the 1st day of April 1939.

Second Lt. John W. Graham to be a first lieutenant in the Marine Corps from the 4th day of June 1939.

The following-named citizens to be second lieutenants in the Marine Corps from the 1st day of July 1939:

Theodore F. Beeman, a citizen of North Dakota.
Warner T. Bigger, a citizen of Florida.
Wyatt B. Carneal, Jr., a citizen of Virginia.
Donald B. Cooley, Jr., a citizen of Tennessee.
Justin G. Duryea, a citizen of New York.
William O. Gall, a citizen of Ohio.
George F. Gober, a citizen of Mississippi.
George V. Hanna, Jr., a citizen of North Carolina.
Edwin R. Harper, a citizen of Pennsylvania.
Raymond D. Hill, a citizen of Alabama.
Sidney F. Jenkins, a citizen of California.
Lewis A. Jones, a citizen of Maryland.
Joseph W. Kean, Jr., a citizen of California.
Lorys J. Larson, a citizen of South Dakota.
Glenn R. Long, a citizen of Kansas.
Julian V. Lyon, a citizen of North Carolina.
Samuel D. Mandeville, Jr., a citizen of Georgia.
Louis J. Nissen, Jr., a citizen of California.
William B. Oldfield, a citizen of Oklahoma.
Wilfred L. Park, a citizen of Kansas.
Robert S. Riddell, a citizen of South Dakota.
John E. Riebe, a citizen of North Dakota.
Charles A. Rigaud, a citizen of New York.
Eliott B. Robertson, a citizen of Maryland
Harold S. Roise, a citizen of Idaho.
Joseph Schmedding, a citizen of California.
Deryle N. Seely, a citizen of Washington.
Cecil W. Shuler, a citizen of South Carolina.
William F. Spang, a citizen of New Jersey.
Richard D. Strickler, a citizen of Virginia.
Carl L. Suhrstedt, a citizen of South Carolina.
William G. Thrash, a citizen of Georgia.
Boyd O. Whitney, a citizen of Oregon.

POSTMASTERS

ALABAMA

William L. Mason to be postmaster at Attalla, Ala., in place of W. L. Mason. Incumbent's commission expired May 15, 1939.

Charlie L. Harris to be postmaster at Blountsville, Ala., in place of C. L. Harris. Incumbent's commission expired June 1, 1939.

Mabel C. Leigh to be postmaster at Brewton, Ala., in place of M. C. Leigh. Incumbent's commission expired January 22, 1939.

Herman L. Upshaw to be postmaster at Eufaula, Ala., in place of H. L. Upshaw. Incumbent's commission expired May 2, 1939.

Clayton C. Baldwin to be postmaster at Fairhope, Ala., in place of C. C. Baldwin. Incumbent's commission expired January 22, 1939.

ARIZONA

John B. Boone to be postmaster at Coolidge, Ariz., in place of J. B. Boone. Incumbent's commission expired March 23, 1939.

ARKANSAS

Ewilda M. Robinson to be postmaster at Little Rock, Ark., in place of C. C. Kavanaugh, deceased.

CALIFORNIA

William J. Beadle to be postmaster at Alhambra, Calif., in place of W. J. Beadle. Incumbent's commission expired April 17, 1939.

Betty M. West to be postmaster at Nevada City, Calif., in place of B. M. West. Incumbent's commission expired February 9, 1939.

James R. Simmons to be postmaster at Pismo Beach, Calif., in place of J. R. Simmons. Incumbent's commission expired March 19, 1939.

Harry A. McBride to be postmaster at Pittsburg, Calif., in place of H. A. McBride. Incumbent's commission expired March 1, 1939.

William H. Smith to be postmaster at Point Arena, Calif., in place of W. H. Smith. Incumbent's commission expired February 9, 1939.

William A. Needham to be postmaster at Rialto, Calif., in place of W. A. Needham. Incumbent's commission expired March 19, 1939.

McBride Smith to be postmaster at Santa Rosa, Calif., in place of E. L. Finley, resigned.

John W. Russel to be postmaster at Tujunga, Calif., in place of J. W. Russel. Incumbent's commission expired March 19, 1939.

COLORADO

Nina M. Weiss to be postmaster at Del Norte, Colo., in place of N. M. Weiss. Incumbent's commission expired June 7, 1939.

James W. McClain to be postmaster at Manzanola, Colo., in place of J. W. McClain. Incumbent's commission expired June 7, 1939.

Townsend W. Monell to be postmaster at Montrose, Colo., in place of T. W. Monell. Incumbent's commission expired January 21, 1939.

James W. Stuart to be postmaster at Pritchett, Colo., in place of J. W. Stuart. Incumbent's commission expired January 21, 1939.

CONNECTICUT

Joseph R. Tyrseck to be postmaster at Montville, Conn., in place of J. R. Tyrseck. Incumbent's commission expired March 28, 1939.

Moses W. Rathbun to be postmaster at Noank, Conn., in place of M. W. Rathbun. Incumbent's commission expired March 19, 1939.

Charles H. Yeager to be postmaster at Rockyhill, Conn., in place of C. H. Yeager. Incumbent's commission expired January 17, 1939.

DELAWARE

Oliver G. Melvin to be postmaster at Frederica, Del., in place of O. G. Melvin. Incumbent's commission expired May 28, 1938.

FLORIDA

Matye E. Mills to be postmaster at Cross City, Fla., in place of M. E. Mills. Incumbent's commission expired March 16, 1939.

John W. Watson to be postmaster at Fort Meade, Fla., in place of J. W. Watson. Incumbent's commission expired June 26, 1939.

Jesse G. Davis to be postmaster at Gainesville, Fla., in place of J. A. Chadwick, deceased.

Edrie V. Strickland to be postmaster at Hallandale, Fla., in place of S. H. Shoenberger, resigned.

Kate T. McDaniel to be postmaster at Milton, Fla., in place of Cason Walker. Incumbent's commission expired January 13, 1936.

William D. Jones to be postmaster at Jacksonville, Fla., in place of W. D. Jones. Incumbent's commission expired May 15, 1938.

John P. Puckett to be postmaster at Perry, Fla., in place of J. P. Puckett. Incumbent's commission expired March 16, 1939.

Fenton M. Prewitt to be postmaster at Plant City, Fla., in place of F. M. Prewitt. Incumbent's commission expired January 17, 1939.

Thomas J. Nobles to be postmaster at Pompano, Fla., in place of T. J. Nobles. Incumbent's commission expired January 17, 1939.

Owen L. Godwin to be postmaster at Sebring, Fla., in place of O. L. Godwin. Incumbent's commission expired March 16, 1939.

GEORGIA

David F. Bruton to be postmaster at Adel, Ga., in place of D. F. Bruton. Incumbent's commission expired January 22, 1939.

Charles R. Brumby to be postmaster at Cedartown, Ga., in place of C. R. Brumby. Incumbent's commission expired June 18, 1939.

Herman E. Malaier to be postmaster at Chattahoochee, Ga., in place of H. E. Malaier. Incumbent's commission expired March 8, 1939.

John A. Baker to be postmaster at Danielsville, Ga., in place of J. A. Baker. Incumbent's commission expired June 1, 1939.

Moses J. Guyton to be postmaster at Dublin, Ga., in place of M. J. Guyton. Incumbent's commission expired March 19, 1939.

Walter G. Hodges to be postmaster at Hartwell, Ga., in place of W. G. Hodges. Incumbent's commission expired May 13, 1939.

Rosa L. Lindsey to be postmaster at Irwinton, Ga., in place of R. L. Lindsey. Incumbent's commission expired January 22, 1939.

Ruth C. Rountree to be postmaster at Lyons, Ga., in place of R. C. Rountree. Incumbent's commission expired March 15, 1938.

Nell Raley to be postmaster at Mitchell, Ga., in place of Nell Raley. Incumbent's commission expired March 19, 1939.

John Gordon Miller, Jr., to be postmaster at Savannah Beach, Ga. Office became Presidential July 1, 1938.

George T. Groover to be postmaster at Statesboro, Ga., in place of G. T. Groover. Incumbent's commission expired February 10, 1938.

Jones R. Arnold to be postmaster at Thomson, Ga., in place of J. R. Arnold. Incumbent's commission expired June 18, 1939.

IDAHO

Pearl Kennedy to be postmaster at Burke, Idaho, in place of Pearl Kennedy. Incumbent's commission expired January 16, 1939.

Clare G. Zimmerman to be postmaster at Emmett, Idaho, in place of J. W. Tyler, deceased.

Ida M. Helton to be postmaster at Homedale, Idaho, in place of I. M. Helton. Incumbent's commission expired February 10, 1938.

William H. Goldsmith to be postmaster at New Plymouth, Idaho, in place of W. H. Goldsmith. Incumbent's commission expired January 16, 1939.

Charles N. Dundas to be postmaster at Pierce, Idaho, in place of C. N. Dundas. Incumbent's commission expired February 18, 1939.

ILLINOIS

William G. Gerbing to be postmaster at Ashland, Ill., in place of W. G. Gerbing. Incumbent's commission expired June 18, 1938.

Roy L. Campbell to be postmaster at Athens, Ill., in place of R. L. Campbell. Incumbent's commission expired May 28, 1938.

Ruth L. Patterson to be postmaster at Bement, Ill., in place of R. L. Patterson. Incumbent's commission expired January 16, 1939.

Leslie W. Hunt to be postmaster at Cambridge, Ill., in place of L. W. Hunt. Incumbent's commission expired January 16, 1939.

Roger M. Tippy to be postmaster at Carterville, Ill., in place of R. M. Tippy. Incumbent's commission expired March 18, 1939.

Ace C. Parris to be postmaster at Champaign, Ill., in place of A. C. Parris. Incumbent's commission expired March 18, 1939.

Edward G. Mochel to be postmaster at Clarendon Hills, Ill., in place of E. G. Mochel. Incumbent's commission expired February 7, 1939.

Martin W. Robertson to be postmaster at Creal Springs, Ill., in place of M. W. Robertson. Incumbent's commission expired May 13, 1939.

Scottie Brown to be postmaster at Edgewood, Ill., in place of Scottie Brown. Incumbent's commission expired March 23, 1939.

John H. Mauzey to be postmaster at Findlay, Ill., in place of J. H. Mauzey. Incumbent's commission expired January 16, 1939.

Henry Earl Ballein to be postmaster at Hanover, Ill., in place of H. E. Ballein. Incumbent's commission expired February 7, 1939.

Lowell R. Murray to be postmaster at Herrick, Ill., in place of L. R. Murray. Incumbent's commission expired January 16, 1939.

Paul H. Sachtleben to be postmaster at Hoyleton, Ill., in place of P. H. Sachtleben. Incumbent's commission expired March 23, 1939.

Florence E. Kelley to be postmaster at Iuka, Ill., in place of F. E. Kelley. Incumbent's commission expired February 7, 1939.

Richard C. Patterson to be postmaster at Johnston City, Ill., in place of R. C. Patterson. Incumbent's commission expired March 18, 1939.

Augustian P. Pope to be postmaster at Kane, Ill., in place of A. P. Pope. Incumbent's commission expired March 18, 1939.

Patrick H. McKeone to be postmaster at Lacon, Ill., in place of P. H. McKeone. Incumbent's commission expired February 7, 1939.

John E. Gorman to be postmaster at Monee, Ill., in place of L. A. Gorman, removed.

George R. Davis to be postmaster at Mount Sterling, Ill., in place of G. R. Davis. Incumbent's commission expired June 18, 1938.

Arthur L. Reinheimer to be postmaster at New Athens, Ill., in place of A. L. Reinheimer. Incumbent's commission expired January 16, 1939.

Andrew J. Eekhoff to be postmaster at Nokomis, Ill., in place of A. J. Eekhoff. Incumbent's commission expired February 15, 1939.

Garnett M. Farthing to be postmaster at Odin, Ill., in place of G. M. Farthing. Incumbent's commission expired February 7, 1939.

Milton O. Harriss to be postmaster at Pinckneyville, Ill., in place of M. O. Harriss. Incumbent's commission expired March 8, 1939.

William D. Steward to be postmaster at Plano, Ill., in place of W. D. Steward. Incumbent's commission expired January 16, 1939.

Alfred H. Barrow to be postmaster at Roodhouse, Ill., in place of A. H. Barrow. Incumbent's commission expired March 8, 1939.

Glenn G. Watson to be postmaster at Roseville, Ill., in place of G. G. Watson. Incumbent's commission expired January 16, 1939.

Joseph E. Pruett to be postmaster at St. Elmo, Ill., in place of J. E. Pruett. Incumbent's commission expired February 7, 1939.

Louis H. Tegtmeyer to be postmaster at Steeleville, Ill., in place of L. H. Tegtmeyer. Incumbent's commission expired March 28, 1939.

Reuben C. Thomason to be postmaster at Tamms, Ill., in place of R. C. Thomason. Incumbent's commission expired March 18, 1939.

Maude B. Youart to be postmaster at Thebes, Ill., in place of M. B. Youart. Incumbent's commission expired March 18, 1939.

Paul H. Rauhoff to be postmaster at Tinley Park, Ill., in place of P. H. Rauhoff. Incumbent's commission expired January 16, 1939.

Joseph J. Morrissey to be postmaster at Utica, Ill., in place of J. J. Morrissey. Incumbent's commission expired February 7, 1939.

Frank Breycha to be postmaster at Villa Park, Ill., in place of Frank Breycha. Incumbent's commission expired March 18, 1939.

Joseph P. Daly to be postmaster at Waukegan, Ill., in place of J. P. Daly. Incumbent's commission expired January 16, 1939.

INDIANA

William W. Houk to be postmaster at Brazil, Ind., in place of W. W. Houk. Incumbent's commission expired January 18, 1939.

Theodore Aldred to be postmaster at Lapel, Ind., in place of E. R. Presser, resigned.

Clement A. Kelsey to be postmaster at Markle, Ind., in place of D. L. Mygrant, deceased.

James R. Morrissey to be postmaster at Peru, Ind., in place of J. R. Morrissey. Incumbent's commission expired January 18, 1939.

Roy E. K. Bowen to be postmaster at Warsaw, Ind., in place of O. B. Kilmer. Incumbent's commission expired January 22, 1935.

IOWA

Mollie J. E. Kachelhoffer to be postmaster at Ackley, Iowa, in place of M. J. E. Kachelhoffer. Incumbent's commission expired February 12, 1939.

William S. Olexa to be postmaster at Batavia, Iowa, in place of W. S. Olexa. Incumbent's commission expired June 18, 1938.

Maude M. Hanna to be postmaster at Burt, Iowa, in place of M. M. Hanna. Incumbent's commission expired February 18, 1939.

John B. Taylor to be postmaster at Centerville, Iowa, in place of J. B. Taylor. Incumbent's commission expired January 18, 1939.

Wilbur H. Fishman to be postmaster at Cherokee, Iowa, in place of W. H. Fishman. Incumbent's commission expired March 14, 1938.

Max B. Bishop to be postmaster at Elkader, Iowa, in place of M. B. Bishop. Incumbent's commission expired May 24, 1938.

Martha E. O'Connor to be postmaster at Gilman, Iowa, in place of M. E. O'Connor. Incumbent's commission expired March 20, 1939.

Frank M. Wheeless to be postmaster at Hopkinton, Iowa, in place of F. M. Wheeless. Incumbent's commission expired February 15, 1938.

Paul J. Kehoe to be postmaster at Manchester, Iowa, in place of P. J. Kehoe. Incumbent's commission expired February 15, 1938.

Anna L. Staudt to be postmaster at Marble Rock, Iowa, in place of A. L. Staudt. Incumbent's commission expired June 18, 1938.

Tracy R. Osborne to be postmaster at New Sharon, Iowa, in place of T. R. Osborne. Incumbent's commission expired January 18, 1939.

Ben Jensen to be postmaster at Onawa, Iowa, in place of Ben Jensen. Incumbent's commission expired January 18, 1939.

Frank H. Peckosh to be postmaster at Oxford Junction, Iowa, in place of F. H. Peckosh. Incumbent's commission expired January 18, 1939.

Andrew M. Simonson to be postmaster at Rolfe, Iowa, in place of A. M. Simonson. Incumbent's commission expired January 18, 1939.

Joseph C. Kinney to be postmaster at Stacyville, Iowa, in place of J. C. Kinney. Incumbent's commission expired May 17, 1938.

Elizabeth M. Hyland to be postmaster at Traer, Iowa, in place of E. M. Hyland. Incumbent's commission expired January 29, 1939.

Walter Ward to be postmaster at Wall Lake, Iowa, in place of Walter Ward. Incumbent's commission expired June 18, 1938.

Teresa V. Moroney to be postmaster at Waukon, Iowa, in place of T. V. Moroney. Incumbent's commission expired June 18, 1938.

Richard Claassen to be postmaster at Wellsburg, Iowa, in place of Richard Claassen. Incumbent's commission expired January 29, 1939.

Hazel H. Gerdes to be postmaster at Wesley, Iowa, in place of H. H. Gerdes. Incumbent's commission expired January 18, 1939.

Ben R. Shine to be postmaster at Winthrop, Iowa, in place of B. R. Shine. Incumbent's commission expired June 18, 1938.

KANSAS

Ruskin R. Couch to be postmaster at Anthony, Kans., in place of R. R. Couch. Incumbent's commission expired January 18, 1939.

Floyd H. Gibbs to be postmaster at Barnard, Kans. Office became Presidential July 1, 1938.

John G. O'Neil to be postmaster at Beattie, Kans., in place of J. G. O'Neil. Incumbent's commission expired January 18, 1939.

Emma C. Strnad to be postmaster at Cuba, Kans., in place of E. C. Strnad. Incumbent's commission expired February 15, 1939.

Vesta Velma McClung to be postmaster at Elkhart, Kans., in place of V. V. McClung. Incumbent's commission expired June 18, 1938.

Fred Sessin to be postmaster at Ellis, Kans., in place of Fred Sessin. Incumbent's commission expired April 27, 1938.

Robert E. Lee to be postmaster at Englewood, Kans., in place of R. E. Lee. Incumbent's commission expired January 18, 1939.

Horace E. Elder to be postmaster at Goodland, Kans., in place of H. E. Elder. Incumbent's commission expired February 15, 1939.

Harold P. Knipe to be postmaster at Grinnell, Kans., in place of H. P. Knipe. Incumbent's commission expired March 23, 1939.

Ila M. Menefee to be postmaster at Hoxie, Kans., in place of I. M. Menefee. Incumbent's commission expired March 23, 1939.

Michael A. Hilgers to be postmaster at Lansing, Kans., in place of M. A. Hilgers. Incumbent's commission expired June 18, 1938.

Hugo E. Lindahl to be postmaster at Lindsborg, Kans., in place of H. T. Lindquist, deceased.

George H. Gill to be postmaster at Raymond, Kans. Office became Presidential July 1, 1938.

Emmett E. Conzelman to be postmaster at Republic, Kans., in place of E. E. Conzelman. Incumbent's commission expired February 15, 1939.

Mary A. Neff to be postmaster at Winona, Kans., in place of M. A. Neff. Incumbent's commission expired March 18, 1939.

KENTUCKY

Hattie R. Tanner to be postmaster at Barlow, Ky., in place of H. R. Tanner. Incumbent's commission expired March 15, 1939.

J. Edgar Moore to be postmaster at Berea, Ky., in place of J. E. Moore. Incumbent's commission expired February 18, 1939.

Newton Sullivan to be postmaster at Burlington, Ky., in place of Newton Sullivan. Incumbent's commission expired May 29, 1939.

Roy Willis to be postmaster at Caneyville, Ky., in place of Roy Willis. Incumbent's commission expired February 18, 1939.

Gena F. Hilliard to be postmaster at Clinton, Ky., in place of G. F. Hilliard. Incumbent's commission expired May 10, 1939.

Dennis L. Sullivan to be postmaster at Corinth, Ky., in place of D. L. Sullivan. Incumbent's commission expired March 19, 1939.

J. Elliott Riddell to be postmaster at Louisville, Ky., in place of J. E. Riddell. Incumbent's commission expired February 18, 1939.

Mary Virginia Garvey to be postmaster at Sanders, Ky., in place of M. V. Garvey. Incumbent's commission expired March 19, 1939.

Beverly L. Bradshaw to be postmaster at Tompkinsville, Ky., in place of B. L. Bradshaw. Incumbent's commission expired February 18, 1939.

Dorothy Crass to be postmaster at Wingo, Ky., in place of O. B. Majors, removed.

LOUISIANA

Charles E. Hearne to be postmaster at Chatham, La. Office became Presidential July 1, 1936.

Mrs. Tommy G. Biggs to be postmaster at Lake Providence, La., in place of L. P. Gross, resigned.

MAINE

John H. McSweeney to be postmaster at Old Orchard Beach, Maine, in place of J. H. McSweeney. Incumbent's commission expired February 13, 1939.

MARYLAND

William H. L. Slade to be postmaster at Reisterstown, Md., in place of W. H. L. Slade. Incumbent's commission expired January 17, 1939.

MASSACHUSETTS

Joseph G. Woodbury to be postmaster at Oxford, Mass., in place of J. G. Woodbury. Incumbent's commission expired January 23, 1939.

MICHIGAN

Frank E. Kroc to be postmaster at Alanson, Mich., in place of F. E. Kroc. Incumbent's commission expired March 21, 1939.

Lewis E. Ledger to be postmaster at Belding, Mich., in place of W. D. Pinkham, resigned.

Roy Winegarden to be postmaster at Boyne City, Mich., in place of Roy Winegarden. Incumbent's commission expired January 16, 1939.

Edna L. Mitchell to be postmaster at Morley, Mich., in place of E. L. Mitchell. Incumbent's commission expired April 26, 1939.

John C. Vaughan to be postmaster at Trout Creek, Mich., in place of J. C. Vaughan. Incumbent's commission expired March 21, 1939.

Jettena Watson to be postmaster at Wolverine, Mich., in place of Jettena Watson. Incumbent's commission expired January 16, 1939.

MISSISSIPPI

Nicie R. Evans to be postmaster at Bassfield, Miss., in place of N. R. Evans. Incumbent's commission expired March 27, 1939.

William C. Bailey to be postmaster at Como, Miss., in place of W. C. Bailey. Incumbent's commission expired January 18, 1939.

Thomas R. Armstrong to be postmaster at Edwards, Miss., in place of T. R. Armstrong. Incumbent's commission expired January 18, 1939.

Louise A. Stephenson to be postmaster at Flora, Miss., in place of L. A. Stephenson. Incumbent's commission expired May 29, 1939.

Harry H. Orr to be postmaster at Holly Springs, Miss., in place of H. H. Orr. Incumbent's commission expired February 15, 1939.

Minnie B. Dubuisson to be postmaster at Long Beach, Miss., in place of M. B. Dubuisson. Incumbent's commission expired March 27, 1939.

Tom W. Crigler, Jr., to be postmaster at Macon, Miss., in place of T. W. Crigler, Jr. Incumbent's commission expired February 15, 1939.

Henry W. Mangum to be postmaster at Mendenhall, Miss., in place of H. W. Mangum. Incumbent's commission expired February 20, 1939.

Bayard K. Culpepper to be postmaster at Meridian, Miss., in place of S. A. Witherspoon. Incumbent's commission expired June 18, 1939.

Effie J. Robins to be postmaster at Rienzi, Miss., in place of E. J. Robins. Incumbent's commission expired January 29, 1939.

Emma D. Barkley to be postmaster at State Line, Miss., in place of E. D. Barkley. Incumbent's commission expired January 18, 1939.

George O. Robinson to be postmaster at Tunica, Miss., in place of G. O. Robinson. Incumbent's commission expired March 7, 1939.

Ernestine Holland to be postmaster at Vance, Miss. Office became Presidential July 1, 1938.

MISSOURI

Mary E. Chambers to be postmaster at Appleton City, Mo., in place of M. E. Chambers. Incumbent's commission expired May 22, 1938.

Giles K. Hunt to be postmaster at Arcadia, Mo., in place of G. K. Hunt. Incumbent's commission expired February 20, 1939.

Herman C. W. Strothmann to be postmaster at Berger, Mo., in place of H. C. W. Strothmann. Incumbent's commission expired February 20, 1939.

John H. Essman to be postmaster at Bourbon, Mo., in place of J. H. Essman. Incumbent's commission expired February 20, 1939.

Angie B. Messbarger to be postmaster at Burlington Junction, Mo., in place of A. B. Messbarger. Incumbent's commission expired February 20, 1939.

Frank F. Page to be postmaster at Canton, Mo., in place of F. F. Page. Incumbent's commission expired February 20, 1939.

Melville C. Shores to be postmaster at Clark, Mo., in place of M. C. Shores. Incumbent's commission expired February 20, 1939.

Elta E. Essig to be postmaster at Clifton Hill, Mo., in place of E. E. Essig. Incumbent's commission expired March 23, 1939.

Harold H. Cash to be postmaster at Curryville, Mo., in place of H. H. Cash. Incumbent's commission expired February 20, 1939.

Richard Pearce to be postmaster at Fairfax, Mo., in place of Richard Pearce. Incumbent's commission expired February 20, 1939.

Joseph V. Cassiedy to be postmaster at Herculaneum, Mo., in place of J. V. Cassiedy. Incumbent's commission expired February 20, 1939.

Leah B. Diggs to be postmaster at Laddonia, Mo., in place of L. B. Diggs. Incumbent's commission expired February 20, 1939.

Lloyd Dorsey Mitchell to be postmaster at La Grange, Mo., in place of L. D. Mitchell. Incumbent's commission expired April 2, 1939.

Laurence D. Estill to be postmaster at Lawson, Mo., in place of L. D. Estill. Incumbent's commission expired March 23, 1939.

Bryan B. Austin to be postmaster at Licking, Mo., in place of B. B. Austin. Incumbent's commission expired February 20, 1939.

Merlin L. Grannemann to be postmaster at New Haven, Mo., in place of M. L. Grannemann. Incumbent's commission expired April 2, 1939.

Youree Douglas Adair to be postmaster at Odessa, Mo., in place of Y. D. Adair. Incumbent's commission expired March 19, 1939.

Elsie L. Eskridge to be postmaster at Platte City, Mo., in place of E. L. Eskridge. Incumbent's commission expired February 20, 1939.

Ivan Weber to be postmaster at Richmond, Mo., in place of Ivan Weber. Incumbent's commission expired March 23, 1939.

Charles F. Heathman to be postmaster at Smithville, Mo., in place of C. F. Heathman. Incumbent's commission expired February 20, 1939.

Victor V. Long to be postmaster at Waynesville, Mo., in place of V. V. Long. Incumbent's commission expired March 19, 1939.

J. Talmage Loyd to be postmaster at Winona, Mo., in place of J. T. Loyd. Incumbent's commission expired March 19, 1939.

MONTANA

Arthur C. Coulston to be postmaster at Bainville, Mont., in place of A. C. Coulston. Incumbent's commission expired January 17, 1939.

Helen P. Gibb to be postmaster at Belton, Mont., in place of H. P. Gibb. Incumbent's commission expired May 24, 1938.

John W. Huntsberger to be postmaster at Sunburst, Mont., in place of J. W. Huntsberger. Incumbent's commission expired May 24, 1938.

Juanita D. McNeill to be postmaster at Troy, Mont., in place of J. B. Farris, removed.

Clarence N. Simons to be postmaster at Turner, Mont., in place of C. N. Simons. Incumbent's commission expired January 17, 1939.

NEBRASKA

Clara L. Bennett to be postmaster at Broken Bow, Nebr., in place of C. L. Bennett. Incumbent's commission expired January 25, 1939.

Henry G. Andersen to be postmaster at Cozad, Nebr., in place of H. G. Andersen. Incumbent's commission expired April 28, 1938.

Roy E. Sheffer to be postmaster at Gering, Nebr., in place of R. E. Sheffer. Incumbent's commission expired May 29, 1938.

Irving E. Tilgner to be postmaster at Lewellen, Nebr., in place of I. E. Tilgner. Incumbent's commission expired February 9, 1939.

Kathryn V. McCusker to be postmaster at Ogallala, Nebr., in place of K. V. McCusker. Incumbent's commission expired June 14, 1938.

NEW HAMPSHIRE

Edith L. Stillings to be postmaster at Bartlett, N. H., in place of E. L. Stillings. Incumbent's commission expired January 16, 1939.

Effie P. Gibson to be postmaster at Kingston, N. H., in place of E. P. Gibson. Incumbent's commission expired April 27, 1936.

Charles E. Tanner to be postmaster at Milton, N. H., in place of C. E. Tanner. Incumbent's commission expired February 8, 1939.

NEW JERSEY

John M. Timcoe to be postmaster at Bradley Beach, N. J., in place of J. M. Timcoe. Incumbent's commission expired January 28, 1939.

Jacob Garrison to be postmaster at Cape May Court House, N. J., in place of Jacob Garrison. Incumbent's commission expired June 8, 1938.

Mamie R. Stone to be postmaster at Egg Harbor City, N. J., in place of M. R. Stone. Incumbent's commission expired June 12, 1938.

Edward F. McKeever to be postmaster at Englewood, N. J., in place of M. A. Whyard, transferred.

Edward W. Seyler to be postmaster at Fords, N. J., in place of W. J. Maloney, removed.

John L. Cagni to be postmaster at Lavallette, N. J., in place of J. L. Cagni. Incumbent's commission expired January 28, 1939.

Joseph D. Donato to be postmaster at Little Falls, N. J., in place of L. W. Morehouse. Incumbent's commission expired June 1, 1936.

Lucy M. Buckbee to be postmaster at Manahawkin, N. J., in place of L. M. Buckbee. Incumbent's commission expired January 28, 1939.

Joseph J. McNally to be postmaster at Park Ridge, N. J., in place of J. J. McNally. Incumbent's commission expired June 7, 1938.

Anna A. Mullen to be postmaster at Sewaren, N. J., in place of A. A. Mullen. Incumbent's commission expired May 22, 1938.

Clarence Smith to be postmaster at Woodstown, N. J., in place of Clarence Smith. Incumbent's commission expired May 30, 1938.

NEW MEXICO

Charlotte Kohlhousen to be postmaster at Cimarron, N. Mex., in place of Charlotte Kohlhousen. Incumbent's commission expired February 12, 1939.

Major M. Hardin to be postmaster at Hobbs, N. Mex., in place of A. L. Langford. Incumbent's commission expired May 12, 1938.

NEW YORK

Thomas A. O'Neill to be postmaster at Au Sable Forks, N. Y., in place of T. A. O'Neill. Incumbent's commission expired January 24, 1939.

Mary J. O'Brien to be postmaster at Bedford, N. Y., in place of M. J. O'Brien. Incumbent's commission expired January 18, 1936.

Arthur J. Lee to be postmaster at Bellmore, N. Y., in place of A. J. Lee. Incumbent's commission expired January 22, 1939.

Sadie E. Hagan to be postmaster at Bloomingburg, N. Y., in place of S. E. Hagan. Incumbent's commission expired January 21, 1939.

Leroy A. Timmerman to be postmaster at Cairo, N. Y., in place of L. A. Timmerman. Incumbent's commission expired January 22, 1939.

David J. Sheridan to be postmaster at Cambridge, N. Y., in place of D. J. Sheridan. Incumbent's commission expired January 29, 1939.

Carlton A. Daigler to be postmaster at Clarence, N. Y., in place of C. A. Daigler. Incumbent's commission expired April 6, 1939.

George M. Lamb to be postmaster at Coxsackie, N. Y., in place of G. M. Lamb. Incumbent's commission expired January 22, 1939.

George H. Lewis to be postmaster at De Ruyter, N. Y., in place of G. H. Lewis. Incumbent's commission expired January 22, 1939.

Louise P. Danner to be postmaster at East White Plains, N. Y., in place of L. P. Danner. Incumbent's commission expired January 28, 1939.

William E. Dorson to be postmaster at Gowanda, N. Y., in place of W. E. Dorson. Incumbent's commission expired January 24, 1939.

William P. Stevens to be postmaster at Greenville, N. Y., in place of W. P. Stevens. Incumbent's commission expired January 22, 1939.

John Hamill, Sr., to be postmaster at Groton, N. Y., in place of John Hamill, Sr. Incumbent's commission expired February 20, 1938.

J. Frank Schummer to be postmaster at Hamburg, N. Y., in place of J. F. Schummer. Incumbent's commission expired February 18, 1939.

Maurice F. Maloney to be postmaster at Haverstraw, N. Y., in place of M. F. Maloney. Incumbent's commission expired March 7, 1939.

Cort Kramer to be postmaster at Holland, N. Y., in place of Cort Kramer. Incumbent's commission expired January 24, 1939.

Robert A. Dolan to be postmaster at Hunter, N. Y., in place of R. A. Dolan. Incumbent's commission expired January 22, 1939.

Emil J. Bruger to be postmaster at Islip Terrace, N. Y., in place of E. J. Bruger. Incumbent's commission expired January 24, 1939.

Frank C. Ness to be postmaster at Lake Grove, N. Y. Office became Presidential July 1, 1938.

Catherine M. McConnell to be postmaster at Machias, N. Y., in place of C. M. McConnell. Incumbent's commission expired January 24, 1939.

Claude B. Isbell to be postmaster at Mount Upton, N. Y., in place of C. B. Isbell. Incumbent's commission expired January 22, 1939.

John Flinn to be postmaster at New Hyde Park, N. Y., in place of John Flinn. Incumbent's commission expired June 18, 1938.

Benjamin Lomench to be postmaster at North Bellmore, N. Y., in place of Benjamin Lomench. Incumbent's commission expired February 28, 1938.

Anna W. Wohlgemuth to be postmaster at Palatine Bridge, N. Y., in place of A. W. Wohlgemuth. Incumbent's commission expired January 22, 1939.

James H. Vaughn to be postmaster at Perrysburg, N. Y., in place of J. H. Vaughn. Incumbent's commission expired January 24, 1939.

Louis S. Martin to be postmaster at Redwood, N. Y., in place of L. S. Martin. Incumbent's commission expired January 24, 1939.

Edward Fennell to be postmaster at Savannah, N. Y., in place of Edward Fennell. Incumbent's commission expired March 19, 1939.

Mark A. Sweeney to be postmaster at Valley Falls, N. Y., in place of M. A. Sweeney. Incumbent's commission expired January 22, 1939.

Victor J. Banfield to be postmaster at Van Etten, N. Y., in place of V. J. Banfield. Incumbent's commission expired March 23, 1939.

Frank T. More to be postmaster at Walton, N. Y., in place of F. T. More. Incumbent's commission expired February 18, 1939.

NORTH CAROLINA

Mortimer H. Mitchell to be postmaster at Aulander, N. C., in place of M. H. Mitchell. Incumbent's commission expired March 12, 1939.

Howard A. Kerlee to be postmaster at Black Mountain, N. C., in place of H. A. Kerlee. Incumbent's commission expired January 16, 1939.

Robert Lee Bridger to be postmaster at Bladenboro, N. C., in place of R. L. Bridger. Incumbent's commission expired March 12, 1939.

Willard T. Martin to be postmaster at Bryson City, N. C., in place of W. T. Martin. Incumbent's commission expired March 19, 1939.

Richard Homer Andrews to be postmaster at Burlington, N. C., in place of R. H. Andrews. Incumbent's commission expired March 19, 1939.

Lemuel A. Smith to be postmaster at Clarkton, N. C., in place of L. A. Smith. Incumbent's commission expired January 16, 1939.

Robert Andrew Love, Jr., to be postmaster at Cliffside, N. C., in place of R. A. Love, Jr., January 16, 1939.

John K. Clark to be postmaster at Elizabethtown, N. C., in place of J. K. Clark. Incumbent's commission expired January 16, 1939.

Victor O. Tilley to be postmaster at Fuquay Springs, N. C., in place of V. O. Tilley. Incumbent's commission expired January 16, 1939.

Alger R. Henderson to be postmaster at Graham, N. C., in place of A. R. Henderson. Incumbent's commission expired January 16, 1939.

Silas M. Whedbee to be postmaster at Hertford, N. C., in place of J. E. Morris, removed.

Irene I. Morphew to be postmaster at Jefferson, N. C., in place of I. I. Morphew. Incumbent's commission expired January 16, 1939.

Anna D. Moody to be postmaster at Lake Junaluska, N. C., in place of A. D. Moody. Incumbent's commission expired March 19, 1939.

James C. Wright to be postmaster at Landis, N. C., in place of J. C. Wright. Incumbent's commission expired January 16, 1939.

Merrimon D. Lanier to be postmaster at Lillington, N. C., in place of M. D. Lanier. Incumbent's commission expired January 16, 1939.

Clarkie Belle Williams to be postmaster at Maxton, N. C., in place of C. B. Williams. Incumbent's commission expired January 16, 1939.

Clarence A. Pennington to be postmaster at Oteen, N. C., in place of C. A. Pennington. Incumbent's commission expired January 16, 1939.

Sallie F. Matthews to be postmaster at Randleman, N. C., in place of S. F. Matthews. Incumbent's commission expired January 16, 1939.

Ernest B. Satterwhite to be postmaster at Sanatorium, N. C., in place of E. B. Satterwhite. Incumbent's commission expired January 16, 1939.

Wallace B. Stone to be postmaster at Swannanoa, N. C., in place of W. B. Stone. Incumbent's commission expired February 18, 1939.

Charles N. Price to be postmaster at Sylva, N. C., in place of C. N. Price. Incumbent's commission expired January 16, 1939.

Milton J. Sexton to be postmaster at Zebulon, N. C., in place of M. J. Sexton. Incumbent's commission expired January 16, 1939.

NORTH DAKOTA

Benjamin Wright to be postmaster at Antler, N. Dak., in place of Benjamin Wright. Incumbent's commission expired January 18, 1939.

Ralph E. Ulrich to be postmaster at Balfour, N. Dak., in place of R. E. Ulrich. Incumbent's commission expired February 7, 1939.

Robert L. Peterson to be postmaster at Bisbee, N. Dak., in place of R. L. Peterson. Incumbent's commission expired January 18, 1939.

Ernest W. Kibler to be postmaster at Cavalier, N. Dak., in place of E. W. Kibler. Incumbent's commission expired January 18, 1939.

Alice M. Sorlie to be postmaster at Churchs Ferry, N. Dak., in place of A. M. Sorlie. Incumbent's commission expired January 18, 1939.

Mary M. Hoesley to be postmaster at Crystal, N. Dak., in place of M. M. Hoesley. Incumbent's commission expired February 15, 1939.

William F. Moede to be postmaster at Dunn Center, N. Dak., in place of W. F. Moede. Incumbent's commission expired March 23, 1939.

Nels A. Anderson to be postmaster at Finley, N. Dak., in place of N. A. Anderson. Incumbent's commission expired February 7, 1939.

Carl Solberg to be postmaster at Hatton, N. Dak., in place of Carl Solberg. Incumbent's commission expired January 22, 1939.

Eivind L. Semling to be postmaster at Hazelton, N. Dak., in place of E. L. Semling. Incumbent's commission expired January 22, 1939.

Albert E. Funk to be postmaster at Hebron, N. Dak., in place of A. E. Funk. Incumbent's commission expired February 15, 1939.

Alf A. Ringen to be postmaster at Kindred, N. Dak., in place of A. A. Ringen. Incumbent's commission expired February 7, 1939.

Oscar Lange to be postmaster at Kulm, N. Dak., in place of Oscar Lange. Incumbent's commission expired January 18, 1939.

John H. Bellon to be postmaster at Lehr, N. Dak., in place of J. H. Bellon. Incumbent's commission expired January 18, 1939.

Anna M. Wagner to be postmaster at Lidgerwood, N. Dak., in place of A. M. Wagner. Incumbent's commission expired February 7, 1939.

James E. Jones to be postmaster at Lisbon, N. Dak., in place of J. E. Jones. Incumbent's commission expired January 18, 1939.

Frank S. Hudson to be postmaster at Mandan, N. Dak., in place of F. S. Hudson. Incumbent's commission expired January 22, 1939.

William G. McBride to be postmaster at Milton, N. Dak., in place of W. G. McBride. Incumbent's commission expired February 7, 1939.

Peter Meier to be postmaster at Napoleon, N. Dak., in place of Peter Meier. Incumbent's commission expired March 8, 1939.

Sidney A. Smith to be postmaster at Portal, N. Dak., in place of Hugh Roan, deceased.

Joseph G. Kringlie to be postmaster at Portland, N. Dak., in place of J. G. Kringlie. Incumbent's commission expired January 18, 1939.

Paul G. Wagner to be postmaster at Sentinel Butte, N. Dak., in place of P. G. Wagner. Incumbent's commission expired January 18, 1939.

John M. Klein to be postmaster at Strasburg, N. Dak., in place of J. M. Klein. Incumbent's commission expired February 7, 1939.

Grace C. Wheeler to be postmaster at Tower City, N. Dak., in place of G. C. Wheeler. Incumbent's commission expired February 7, 1939.

OHIO

Howard M. Whitehead to be postmaster at Alexandria, Ohio, in place of H. M. Whitehead. Incumbent's commission expired March 15, 1939.

Lata A. Barr to be postmaster at Amanda, Ohio, in place of L. A. Barr. Incumbent's commission expired February 21, 1939.

Fred B. Weaver to be postmaster at Amelia, Ohio, in place of F. B. Weaver. Incumbent's commission expired January 17, 1939.

Fred C. Stultz to be postmaster at Bainbridge, Ohio, in place of F. C. Stultz. Incumbent's commission expired January 17, 1939.

Beulah G. Culp to be postmaster at Baltimore, Ohio, in place of B. G. Culp. Incumbent's commission expired February 12, 1939.

Harry Hamilton to be postmaster at Beallsville, Ohio, in place of Harry Hamilton. Incumbent's commission expired January 17, 1939.

Mollie M. Morrow to be postmaster at Bergholz, Ohio, in place of M. M. Morrow. Incumbent's commission expired February 12, 1939.

John D. Moorehead to be postmaster at Bethel, Ohio, in place of J. D. Moorehead. Incumbent's commission expired February 21, 1939.

Florence B. Nichols to be postmaster at Burton, Ohio, in place of F. B. Nichols. Incumbent's commission expired February 21, 1939.

Ralph W. Litzenberg to be postmaster at Centerburg, Ohio, in place of R. W. Litzenberg. Incumbent's commission expired February 21, 1939.

Samuel B. Maury to be postmaster at Clarington, Ohio, in place of S. B. Maury. Incumbent's commission expired January 17, 1939.

Virgil Davis to be postmaster at Corning, Ohio, in place of Virgil Davis. Incumbent's commission expired February 21, 1939.

Alexander J. Shenk to be postmaster at Delphos, Ohio, in place of A. J. Shenk. Incumbent's commission expired January 17, 1939.

Edgar J. Orvis to be postmaster at Dover Center, Ohio. Office became Presidential July 1, 1938.

Marion D. Freeders to be postmaster at Fairfield, Ohio, in place of M. D. Freeders. Incumbent's commission expired February 21, 1939.

Raymond E. Fissel to be postmaster at Galena, Ohio, in place of R. E. Fissel. Incumbent's commission expired March 15, 1939.

John W. Ritz to be postmaster at Hamler, Ohio, in place of J. W. Ritz. Incumbent's commission expired January 17, 1939.

Frederick B. Mowery to be postmaster at Kingston, Ohio, in place of F. B. Mowery. Incumbent's commission expired February 12, 1939.

Harold E. Ralston to be postmaster at Marengo, Ohio, in place of H. E. Ralston. Incumbent's commission expired January 17, 1939.

Edmund L. Churchill to be postmaster at Metamora, Ohio, in place of E. L. Churchill. Incumbent's commission expired January 17, 1939.

Raymond R. Riehle to be postmaster at Milford, Ohio, in place of R. R. Riehle. Incumbent's commission expired January 17, 1939.

Carl V. Beebe to be postmaster at Mount Gilead, Ohio, in place of C. V. Beebe. Incumbent's commission expired February 12, 1939.

Sister Alice Marie O'Meara to be postmaster at Mount St. Joseph, Ohio, in place of Sister Alice Marie O'Meara. Incumbent's commission expired February 21, 1939.

Herman J. Laut to be postmaster at New Bremen, Ohio, in place of H. J. Laut. Incumbent's commission expired January 17, 1939.

Glenn M. Roller to be postmaster at Ohio City, Ohio, in place of G. M. Roller. Incumbent's commission expired January 17, 1939.

Philip B. Mason to be postmaster at Pickerington, Ohio, in place of P. B. Mason. Incumbent's commission expired March 14, 1938.

Iva A. Falls to be postmaster at Shawnee, Ohio, in place of I. A. Falls. Incumbent's commission expired February 12, 1939.

Elsie S. Shafer to be postmaster at Trenton, Ohio. Office became Presidential July 1, 1938.

Harley C. Brubaker to be postmaster at Waynesburg, Ohio, in place of H. C. Brubaker. Incumbent's commission expired January 17, 1939.

Hattie Dale Hufford to be postmaster at West Mansfield, Ohio, in place of H. D. Hufford. Incumbent's commission expired February 12, 1939.

Raynor R. Newcomb to be postmaster at West Unity, Ohio, in place of R. R. Newcomb. Incumbent's commission expired January 17, 1939.

Hartman W. Staker to be postmaster at Wheelersburg, Ohio, in place of H. W. Staker. Incumbent's commission expired January 17, 1939.

OKLAHOMA

Wilma P. Walcher to be postmaster at Braman, Okla., in place of W. P. Walcher. Incumbent's commission expired June 12, 1938.

Otto M. Morse to be postmaster at Calvin, Okla., in place of O. M. Morse. Incumbent's commission expired January 24, 1939.

Clarence D. Hull to be postmaster at Carnegie, Okla., in place of C. D. Hull. Incumbent's commission expired March 18, 1939.

Foster F. Johnson to be postmaster at Carter, Okla., in place of F. F. Johnson. Incumbent's commission expired January 24, 1939.

Mae Tedlock to be postmaster at Choteau, Okla., in place of Mae Tedlock. Incumbent's commission expired January 24, 1939.

Troy Combs to be postmaster at Davenport, Okla., in place of Troy Combs. Incumbent's commission expired January 24, 1939.

Luther C. Dobbs to be postmaster at Davidson, Okla., in place of L. C. Dobbs. Incumbent's commission expired March 18, 1939.

Edwin B. Minich to be postmaster at Eldorado, Okla., in place of E. B. Minich. Incumbent's commission expired March 14, 1939.

Marvin A. Peacock to be postmaster at Fletcher, Okla., in place of M. A. Peacock. Incumbent's commission expired March 15, 1939.

Fred L. Burrow to be postmaster at Gage, Okla., in place of F. L. Burrow. Incumbent's commission expired January 24, 1939.

James Roy Clem to be postmaster at Granite, Okla., in place of J. R. Clem. Incumbent's commission expired January 24, 1939.

Theodore S. Hawkins to be postmaster at Hitchcock, Okla., in place of T. S. Hawkins. Incumbent's commission expired January 24, 1939.

John W. Heinen to be postmaster at Okarche, Okla., in place of J. W. Heinen. Incumbent's commission expired January 24, 1939.

Joe B. Steele to be postmaster at Ringling, Okla., in place of J. B. Steele. Incumbent's commission expired March 18, 1939.

Hugh Ferguson to be postmaster at Rocky, Okla., in place of Hugh Ferguson. Incumbent's commission expired January 24, 1939.

William W. Powell to be postmaster at Salina, Okla., in place of W. W. Powell. Incumbent's commission expired January 24, 1939.

Vernie A. Oates to be postmaster at Shattuck, Okla., in place of V. A. Oates. Incumbent's commission expired January 24, 1939.

OREGON

Neta Daly to be postmaster at Beaverton, Oreg., in place of Neta Daly. Incumbent's commission expired January 18, 1939.

Grace M. Ely to be postmaster at Gladstone, Oreg., in place of G. M. Ely. Incumbent's commission expired January 18, 1939.

Alice J. Nebel to be postmaster at Glendale, Oreg., in place of A. J. Nebel. Incumbent's commission expired January 18, 1939.

Vincent Byram to be postmaster at Gold Beach, Oreg., in place of Vincent Byram. Incumbent's commission expired March 19, 1939.

Charles B. Cox to be postmaster at Heppner, Oreg., in place of C. B. Cox. Incumbent's commission expired February 9, 1939.

Margaret Marie Anderson to be postmaster at Jordan Valley, Oreg., in place of M. M. Anderson. Incumbent's commission expired May 31, 1938.

Russell H. Sullens to be postmaster at Prairie City, Oreg., in place of R. H. Sullens. Incumbent's commission expired February 18, 1939.

Lisle W. Tame to be postmaster at Talent, Oreg., in place of L. W. Tame. Incumbent's commission expired January 18, 1939.

Luella B. Pinkerton to be postmaster at Weston, Oreg., in place of C. L. Pinkerton, deceased.

PENNSYLVANIA

Arthur B. Scheffler to be postmaster at Bath, Pa., in place of A. B. Scheffler. Incumbent's commission expired January 29, 1939.

William S. Scheiry to be postmaster at Bechtelsville, Pa., in place of W. S. Scheiry. Incumbent's commission expired January 29, 1939.

Emma J. Coleman to be postmaster at Braeburn, Pa., in place of E. J. Coleman. Incumbent's commission expired January 29, 1939.

Willard Price to be postmaster at Canadensis, Pa., in place of B. M. Anthony, resigned.

Michael S. Travers to be postmaster at Castle Shannon, Pa., in place of M. S. Travers. Incumbent's commission expired January 29, 1939.

Tilghman S. Cooper to be postmaster at Coopersburg, Pa., in place of T. S. Cooper. Incumbent's commission expired March 18, 1939.

Walter O. Miller to be postmaster at Duncannon, Pa., in place of W. O. Miller. Incumbent's commission expired January 29, 1939.

Raymond D. Kehrer to be postmaster at Eagles Mere, Pa., in place of R. D. Kehrer. Incumbent's commission expired March 18, 1939.

Charles H. Adams to be postmaster at Esterly, Pa., in place of C. H. Adams. Incumbent's commission expired June 18, 1938.

James N. Gardner to be postmaster at Glen Campbell, Pa., in place of J. N. Gardner. Incumbent's commission expired June 6, 1938.

Katharine Olive McCoy to be postmaster at Grove City, Pa., in place of K. O. McCoy. Incumbent's commission expired June 6, 1938.

Maurice M. Rodger to be postmaster at Hooversville, Pa., in place of H. R. Crissey, removed.

James M. Eagen to be postmaster at Jermyn, Pa., in place of J. M. Eagen. Incumbent's commission expired April 6, 1939.

Marie Bengele to be postmaster at Loretto, Pa., in place of Marie Bengele. Incumbent's commission expired February 9, 1939.

Joseph C. McCormick to be postmaster at Marion Center, Pa., in place of J. C. McCormick. Incumbent's commission expired March 14, 1938.

Stephen M. Telep to be postmaster at Mayfield, Pa., in place of S. M. Telep. Incumbent's commission expired April 6, 1939.

Claude E. Musser to be postmaster Millheim, Pa., in place of C. E. Musser. Incumbent's commission expired February 21, 1939.

Luther A. Strayer to be postmaster at Mount Wolf, Pa., in place of L. A. Strayer. Incumbent's commission expired January 29, 1939.

Charles W. Aldrich to be postmaster at New Milford, Pa., in place of C. W. Aldrich. Incumbent's commission expired April 6, 1939.

William Leslie to be postmaster at Parkers Landing, Pa., in place of William Leslie. Incumbent's commission expired June 6, 1938.

William B. Johnston to be postmaster at Philipsburg, Pa., in place of W. B. Johnston. Incumbent's commission expired March 18, 1939.

Thomas V. Brennan to be postmaster at Plymouth, Pa., in place of T. V. Brennan. Incumbent's commission expired February 9, 1939.

Lela E. Randolph to be postmaster at Portland, Pa., in place of L. E. Randolph. Incumbent's commission expired February 15, 1939.

Mae Morgan Beagle to be postmaster at Watsontown, Pa., in place of M. M. Beagle. Incumbent's commission expired February 21, 1939.

RHODE ISLAND

Andrew J. McKeon to be postmaster at Hillsgrove, R. I., in place of A. J. McKeon. Incumbent's commission expired February 13, 1939.

SOUTH CAROLINA

William M. Thornton to be postmaster at Enoree, S. C., in place of W. M. Thornton. Incumbent's commission expired February 20, 1939.

Glen O. Howe to be postmaster at Great Falls, S. C., in place of G. O. Howe. Incumbent's commission expired February 9, 1939.

Eva H. Groce to be postmaster at Lyman, S. C., in place of E. H. Groce. Incumbent's commission expired February 9, 1939.

SOUTH DAKOTA

Berthold Flakoll to be postmaster at Bristol, S. Dak., in place of T. C. Knott. Incumbent's commission expired January 25, 1936.

Arthur P. Ingle to be postmaster at Harrold, S. Dak., in place of A. P. Ingle. Incumbent's commission expired February 15, 1939.

TENNESSEE

Joe C. Hamlett to be postmaster at Ardmore, Tenn., in place of J. C. Hamlett. Incumbent's commission expired January 16, 1939.

Hallie L. Davidson to be postmaster at Daisy, Tenn., in place of Bert Poe, deceased.

Robert T. Lee to be postmaster at Madisonville, Tenn., in place of R. T. Lee. Incumbent's commission expired March 7, 1939.

Flossie Gardner to be postmaster at Tellico Plains, Tenn., in place of Flossie Gardner. Incumbent's commission expired January 16, 1939.

TEXAS

Marshall L. Felker to be postmaster at Avinger, Tex., in place of M. L. Felker. Incumbent's commission expired January 25, 1939.

A. Burton Reagan to be postmaster at Brady, Tex., in place of A. B. Reagan. Incumbent's commission expired January 25, 1939.

Theodore A. Low, Jr., to be postmaster at Brenham, Tex., in place of T. A. Lowe, Jr. Incumbent's commission expired March 12, 1939.

John R. Hays to be postmaster at Cameron, Tex., in place of J. R. Hays. Incumbent's commission expired January 25, 1939.

Charlie L. Pratt to be postmaster at Daingerfield, Tex., in place of C. L. Pratt. Incumbent's commission expired January 25, 1939.

Bessie B. Langford to be postmaster at Evant, Tex. Office became Presidential July 1, 1938.

Robbie G. Ellis to be postmaster at Fort Davis, Tex., in place of R. G. Ellis. Incumbent's commission expired March 12, 1939.

Joseph Kopecky to be postmaster at Hallettsville, Tex., in place of Joseph Kopecky. Incumbent's commission expired February 9, 1939.

Harry H. Mann to be postmaster at Levelland, Tex., in place of H. H. Mann. Incumbent's commission expired February 15, 1939.

Jesse Royce Thigpen to be postmaster at Omaha, Tex., in place of J. R. Thigpen. Incumbent's commission expired January 25, 1939.

Fordyce C. Woodward to be postmaster at Santa Anna, Tex., in place of F. C. Woodward. Incumbent's commission expired June 9, 1938.

UTAH

Theresa R. Taylor to be postmaster at Garfield, Utah, in place of T. R. Taylor. Incumbent's commission expired February 18, 1939.

VIRGINIA

Gertrude C. Ligon to be postmaster at Amelia Court House, Va., in place of G. C. Ligon. Incumbent's commission expired February 9, 1939.

John Hoge Woolwine to be postmaster at Blacksburg, Va., in place of J. H. Woolwine. Incumbent's commission expired February 18, 1939.

Lavone A. Baker to be postmaster at Cartersville, Va., in place of L. A. Baker. Incumbent's commission expired March 8, 1939.

Newman M. Conant to be postmaster at Chincoteague Island, Va., in place of N. M. Conant. Incumbent's commission expired January 18, 1939.

Jane M. Mason to be postmaster at Colonial Beach, Va., in place of J. M. Mason. Incumbent's commission expired January 18, 1939.

Robert B. Spencer to be postmaster at Dillwyn, Va., in place of R. B. Spencer. Incumbent's commission expired March 8, 1939.

Charlie S. Farmer to be postmaster at Jetersville, Va., in place of C. S. Farmer. Incumbent's commission expired January 18, 1939.

Joseph L. Blackburn to be postmaster at Kenbridge, Va., in place of J. L. Blackburn. Incumbent's commission expired January 18, 1939.

Thomas E. Warriner to be postmaster at Lawrenceville, Va., in place of T. E. Warriner. Incumbent's commission expired January 18, 1939.

William C. Whitmore to be postmaster at Leesburg, Va., in place of W. C. Whitmore. Incumbent's commission expired February 18, 1939.

James M. Shannon to be postmaster at Mount Jackson, Va., in place of J. M. Shannon. Incumbent's commission expired January 18, 1939.

Ward S. Atkinson to be postmaster at Shawsville, Va., in place of W. S. Atkinson. Incumbent's commission expired January 18, 1939.

Marion W. Sherman to be postmaster at Shipman, Va., in place of M. W. Sherman. Incumbent's commission expired January 18, 1939.

Edwin J. Shuler to be postmaster at Stanley, Va., in place of E. J. Shuler. Incumbent's commission expired January 18, 1939.

Robert E. Fifer to be postmaster at Staunton, Va., in place of R. E. Fifer. Incumbent's commission expired May 13, 1939.

Jessie R. Stanley to be postmaster at Stanleytown, Va., in place of J. R. Stanley. Incumbent's commission expired March 20, 1939.

Clifford E. Hardy to be postmaster at Victoria, Va., in place of C. E. Hardy. Incumbent's commission expired January 18, 1939.

William T. Fosque to be postmaster at Wachapreague, Va., in place of W. T. Fosque. Incumbent's commission expired March 20, 1939.

Benjamin N. Hubbard to be postmaster at White Stone, Va., in place of B. W. Hubbard. Incumbent's commission expired January 18, 1939.

WASHINGTON

Mark L. Durrell to be postmaster at Deer Park, Wash., in place of M. L. Durrell. Incumbent's commission expired May 13, 1939.

George A. Hauber to be postmaster at Leavenworth, Wash., in place of G. A. Hauber. Incumbent's commission expired January 16, 1939.

Charles E. Schutz to be postmaster at Lind, Wash., in place of C. E. Schutz. Incumbent's commission expired January 16, 1939.

Tolaver T. Richardson to be postmaster at Northport, Wash., in place of T. T. Richardson. Incumbent's commission expired March 8, 1939.

John C. Cody to be postmaster at Republic, Wash., in place of J. C. Cody. Incumbent's commission expired January 16, 1939.

Will W. Simpson to be postmaster at Spokane, Wash., in place of W. W. Simpson. Incumbent's commission expired May 2, 1939.

Raymond M. Badger to be postmaster at Winthrop, Wash., in place of R. M. Badger. Incumbent's commission expired March 21, 1939.

WEST VIRGINIA

Emery L. Woodall to be postmaster at Hamlin, W. Va., in place of E. L. Woodall. Incumbent's commission expired June 15, 1938.

Ellen G. Hilton to be postmaster at Ward, W. Va. Office became Presidential July 1, 1938.

WISCONSIN

Eben R. Hanson to be postmaster at Baileys Harbor, Wis. Office became Presidential July 1, 1936.

Ferdinand A. Nierode to be postmaster at Grafton, Wis., in place of F. A. Nierode. Incumbent's commission expired February 18, 1939.

Michael B. Weyer to be postmaster at Lomira, Wis., in place of M. B. Weyer. Incumbent's commission expired June 15, 1938.

Willard Dirkse to be postmaster at Oostburg, Wis., in place of L. M. Lannoye, deceased.

Louis O. Mueller to be postmaster at Portage, Wis., in place of L. O. Mueller. Incumbent's commission expired May 28, 1938.

Cleveland N. Akey to be postmaster at Port Edwards, Wis., in place of C. N. Akey. Incumbent's commission expired June 8, 1938.

Laura H. Culver to be postmaster at Pound, Wis., in place of L. H. Culver. Incumbent's commission expired January 18, 1939.

CONFIRMATIONS

Executive nominations confirmed by the Senate June 22, 1939

FEDERAL POWER COMMISSION

Leland Olds to be a member.

POSTMASTERS

NEW YORK

Stephen V. Woods, East Randolph.
John G. Funch, Merrick.
Alice E. Colburn, Rose.
Raymond J. Buckley, Valley Stream.

OHIO

Paul C. Schmidt, East Palestine.
J. Lendall Williams, Greenville.
Roy Newlin, Middletown.

HOUSE OF REPRESENTATIVES

THURSDAY, JUNE 22, 1939

The House met at 12 o'clock noon.

Dr. G. Ellis Williams, superintendent of the Washington district of the Methodist Church of the District of Columbia, offered the following prayer:

O Thou true fountain of light and wisdom, we commend our Nation to the guidance of Thine infinite wisdom, to the keeping of Thy love. Pour out upon us and all the people of this country the spirit of grace and reverence, and join us together in loyalty and good will. Direct the deliberations and strengthen the hands of all in authority so that Thy will may be done on earth as it is in heaven. Kindle in our hearts the pure flame of sacrifice to our country's needs, and grant that the fires of our love may ever reveal Thee to mankind and point the way to universal brotherhood, when the nations of this world shall be one in Jesus Christ our Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 3537) entitled "An act to extend the facilities of the United States Public Health Service to active officers of the Foreign Service of the United States."

Mr. RAYBURN. Mr. Speaker, I make the point of order there is not a quorum present.

The SPEAKER. Evidently there is not a quorum present.

Mr. RAYBURN. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, when the following Members failed to answer to their names:

[Roll No. 100]

Arnold	Bolton	Byrne, N. Y.	Cluett
Barden	Boykin	Casey, Mass.	Connery
Boehne	Buck	Chandler	Courtney
Bolles	Buckley, N. Y.	Clark	Culkin

Cummings	Fitzpatrick	Mitchell	Smith, Ill.
Curley	Flannagan	Norrell	Smith, Ohio
Dies	Gibbs	Polk	Somers, N. Y.
Dingell	Gifford	Rockefeller	Stearns, N. H.
Disney	Green	Sabath	Sumners, Tex.
Ditter	Harrington	Sasscer	Sweeney
Douglas	Hartley	Schwert	Vincent, Ky.
Eaton, Calif.	Hendricks	Shanley	Voorhis, Calif.
Faddis	Kelly	Shannon	Weaver
Fish	McReynolds	Short	

The SPEAKER. On this roll call 375 Members have answered to their names, a quorum.

Further proceedings under the call were dispensed with.

SUPPLEMENTAL MILITARY ESTABLISHMENT APPROPRIATION BILL, 1940

The SPEAKER. The unfinished business this morning is the further consideration of the bill (H. R. 6791), making additional appropriations for the Military Establishment for the fiscal year ending June 30, 1940, and for other purposes, on which the previous question has been ordered.

Is a separate vote demanded on any amendment?

Mr. SNYDER. Mr. Speaker, I demand a separate vote on the Powers amendment.

The SPEAKER. Is a separate vote demanded on any other amendment?

Mr. TERRY. Mr. Speaker, I ask for a separate vote on the so-called Ludlow amendment.

The SPEAKER. Is a separate vote demanded on any other amendment? If not the Chair will put them in gross.

The amendments were agreed to.

Mr. POWERS. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. POWERS. The gentleman from Pennsylvania [Mr. SNYDER] has asked for a separate vote on the so-called Powers amendment. There are four amendments and I ask unanimous consent that the vote be taken on all four amendments, due to the fact they are related.

The SPEAKER. The Chair will state that the record discloses that all four amendments were considered as one amendment in Committee of the Whole and therefore will be voted on as one amendment now.

The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. POWERS: On page 8, line 19, strike out "$6,074,564" and insert "$4,214,264."

Page 9, line 11, strike out "$89,727,655" and insert "$68,437,585."

Page 10, line 8, strike out "$44,000,000" and insert "$30,951,370."

Page 11, line 7, strike out "$6,552,833" and insert "$5,885,289."

The SPEAKER. The question is on the amendment.

The question was taken; and on a division (demanded by Mr. POWERS) there were—ayes 121, noes 180.

Mr. POWERS. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 150, nays 217, not voting 63, as follows:

[Roll No. 101]

YEAS—150

Alexander	Crowther	Halleck	LeCompte
Allen, Ill.	Curtis	Hancock	Lemke
Andersen, H. Carl	Darrow	Harness	Lewis, Ohio
Anderson, Calif.	Dirksen	Harter, N. Y.	McDowell
Andresen, A. H.	Ditter	Hawks	McLean
Andrews	Dondero	Heinke	McLeod
Angell	Dowell	Hess	Maas
Arends	Dworshak	Hoffman	Mapes
Ashbrook	Eaton, N. J.	Holmes	Marshall
Barton	Elston	Hope	Martin, Iowa
Bates, Mass.	Engel	Horton	Martin, Mass.
Bender	Englebright	Hull	Mason
Blackney	Fenton	Jarrett	Michener
Bradley, Mich.	Fulmer	Jeffries	Mott
Brewster	Gamble	Jenkins, Ohio	Mundt
Brown, Ohio	Gartner	Jenks, N. H.	Murray
Burdick	Gearhart	Jensen	O'Brien
Carlson	Gehrmann	Johns	Oliver
Carter	Gerlach	Johnson, Ill.	Osmers
Case, S. Dak.	Gilchrist	Johnson, Ind.	Pierce, N. Y.
Chiperfield	Gillie	Jones, Ohio	Pittenger
Church	Graham	Kean	Plumley
Clason	Grant, Ind.	Keefe	Powers
Clevenger	Griswold	Kinzer	Reece, Tenn.
Coffee, Nebr.	Gross	Knutson	Reed, Ill.
Cole, N. Y.	Guyer, Kans.	Kunkel	Reed, N. Y.
Corbett	Gwynne	Lambertson	Rees, Kans.
Crawford	Hall	Landis	Rich
Risk	Shafer, Mich.	Taylor, Tenn.	Wadsworth
Robsion, Ky.	Short	Thill	White, Ohio
Rodgers, Pa.	Simpson	Thomas, N. J.	Wigglesworth
Routzohn	Smith, Maine	Thorkelson	Williams, Del.
Rutherford	Smith, Ohio	Tibbott	Winter
Sandager	Springer	Tinkham	Wolcott
Schafer, Wis.	Stefan	Treadway	Wolverton, N. J.
Schiffler	Sumner, Ill.	Van Zandt	Youngdahl
Seccombe	Taber	Vorys, Ohio	
Seger	Talle	Vreeland	

NAYS—217

Allen, La.	Dunn	Kleberg	Pierce, Oreg.
Allen, Pa.	Durham	Kocialkowski	Poage
Anderson, Mo.	Eberharter	Kramer	Rabaut
Austin	Edmiston	Lanham	Ramspeck
Ball	Elliott	Larrabee	Randolph
Barnes	Ellis	Lea	Rankin
Barry	Evans	Leavy	Rayburn
Bates, Ky.	Fay	Lesinski	Richards
Beckworth	Ferguson	Lewis, Colo.	Robertson
Bell	Fernandez	Ludlow	Robinson, Utah
Bland	Flaherty	McAndrews	Rogers, Mass.
Bloom	Flannagan	McArdle	Rogers, Okla.
Boland	Folger	McCormack	Romjue
Boren	Ford, Leland M.	McGehee	Sacks
Bradley, Pa.	Ford, Miss.	McKeough	Satterfield
Brooks	Ford, Thomas F.	McLaughlin	Schaefer, Ill.
Brown, Ga.	Fries	McMillan, John L.	Schuetz
Bryson	Garrett	McMillan, Thos. S.	Schulte
Buck	Gathings	Maciejewski	Schwert
Buckler, Minn.	Gavagan	Magnuson	Scrugham
Bulwinkle	Geyer, Calif.	Mahon	Secrest
Burch	Gore	Maloney	Sheppard
Burgin	Gossett	Mansfield	Sirovich
Byrns, Tenn.	Grant, Ala.	Marcantonio	Smith, Conn.
Byron	Gregory	Martin, Colo.	Smith, Va.
Caldwell	Griffith	Martin, Ill.	Smith, Wash.
Cannon, Fla.	Hare	Massingale	Snyder
Cannon, Mo.	Hart	May	South
Celler	Harter, Ohio	Merritt	Sparkman
Chapman	Havenner	Miller	Spence
Claypool	Healey	Mills, Ark.	Starnes, Ala.
Cochran	Hill	Mills, La.	Steagall
Coffee, Wash.	Hinshaw	Monkiewicz	Sutphin
Cole, Md.	Hobbs	Monroney	Tarver
Colmer	Hook	Moser	Taylor, Colo.
Cooley	Houston	Mouton	Tenerowicz
Cooper	Hunter	Murdock, Ariz.	Terry
Costello	Izac	Murdock, Utah	Thomas, Tex.
Courtney	Jacobsen	Myers	Thomason
Cox	Jarman	Nelson	Tolan
Creal	Johnson, Luther A.	Nichols	Vincent, Ky.
Crosser	Johnson, Lyndon	O'Connor	Vinson, Ga.
Crowe	Johnson, Okla.	O'Day	Wallgren
Cullen	Johnson, W. Va.	O'Leary	Ward
Cummings	Jones, Tex.	O'Neal	Warren
D'Alesandro	Kee	O'Toole	West
Darden	Keller	Pace	Wheat
Delaney	Kennedy, Martin	Parsons	Whelchel
Dempsey	Kennedy, Md.	Patman	White, Idaho
DeRouen	Kennedy, Michael	Patrick	Whittington
Dickstein	Keogh	Patton	Williams, Mo.
Doughton	Kerr	Pearson	Woodrum, Va.
Doxey	Kilday	Peterson, Fla.	
Drewry	Kirwan	Peterson, Ga.	
Duncan	Kitchens	Pfeifer	

NOT VOTING—63

Arnold	Culkin	Hendricks	Smith, Ill.
Barden	Curley	Hennings	Smith, W. Va.
Beam	Dies	Kelly	Somers, N. Y.
Boehne	Dingell	Luce	Stearns, N. H.
Bolles	Disney	McGranery	Sullivan
Bolton	Douglas	McReynolds	Sumners, Tex.
Boykin	Eaton, Calif.	Mitchell	Sweeney
Buckley, N. Y.	Faddis	Norrell	Voorhis, Calif.
Byrne, N. Y.	Fish	Norton	Walter
Cartwright	Fitzpatrick	Polk	Weaver
Casey, Mass.	Flannery	Rockefeller	Welch
Chandler	Gibbs	Ryan	Wolfenden, Pa.
Clark	Gifford	Sabath	Wood
Cluett	Green	Sasscer	Woodruff, Mich.
Collins	Harrington	Shanley	Zimmerman
Connery	Hartley	Shannon	

So the Powers amendment was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Luce (for) with Mr. Norrell (against).

Mr. Hartley (for) with Mr. Fitzpatrick (against).

Mr. Bolles (for) with Mr. Walter (against).

Mr. Stearnes of New Hampshire (for) with Mr. Harrington (against).

Mr. Cluett (for) with Mr. Chandler (against).

Mr. Rockefeller (for) with Mr. Byrne of New York (against).

Mr. Fish (for) with Mr. Arnold (against).

Mr. Bolton (for) with Mr. Hennings (against).

Mr. Eaton of California (for) with Mr. Buckley of New York (against).

Mr. Wolfenden of Pennsylvania (for) with Mr. Sullivan (against).

Mr. Gifford (for) with Mr. Somers of New York (against).

Mr. Douglas (for) with Mr. Kelly (against).

Mr. Woodruff of Michigan (for) with Mr. Beam (against).

General pairs until further notice:

Mr. Clark with Mr. Welch.
Mr. Boykin with Mr. Culkin.
Mr. Sweeney with Mr. Gibbs.
Mr. Collins with Mr. Sasscer.
Mr. Boehne with Mr. Voorhis of California.
Mr. McReynolds with Mr. Dingell.
Mrs. Norton with Mr. Weaver.
Mr. Shannon with Mr. Mitchell.
Mr. Barden with Mr. Ryan.
Mr. Cartwright with Mr. Wood.
Mr. Smith of Illinois with Mr. Polk.
Mr. Connery with Mr. Faddis.
Mr. Sumners of Texas with Mr. Shanley.
Mr. Dies with Mr. Flannery.
Mr. Sabath with Mr. Disney.
Mr. Smith of West Virginia with Mr. Zimmerman.
Mr. Green with Mr. Casey of Massachusetts.
Mr. Hendricks with Mr. McGranery.

Mr. THOMAS of Texas changed his vote from "yea" to "nay."

The result of the vote was announced as above recorded.

The SPEAKER. The Clerk will report the so-called Ludlow amendment, on which a separate vote is demanded.

The Clerk read as follows:

Amendment offered by Mr. LUDLOW: Page 4, after line 25, insert a new paragraph, as follows:

"Of the appropriations contained in this act for expanding military aviation, including appropriations for both personnel and material, $1,000,000 shall be available exclusively for training Negro pilots."

The SPEAKER. The question is on agreeing to the amendment.

The question was taken; and on a division (demanded by Mr. LUDLOW) there were—ayes 43, noes 207.

Mr. LUDLOW. Mr. Speaker, I demand the yeas and nays.

The SPEAKER. The gentleman from Indiana demands the yeas and nays. As many as are in favor of ordering the yeas and nays will rise and stand until counted. [After counting.] Thirty-nine Members have risen, not a sufficient number, and the yeas and nays are refused.

So the Ludlow amendment was rejected.

The SPEAKER. The question is on the third reading of the bill.

The bill was ordered to be read a third time, and was read the third time.

Mr. POWERS. Mr. Speaker, I offer the following motion to recommit, which I send to the desk.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. POWERS. I am; very much.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. POWERS moves to recommit the bill to the Committee on Appropriations with instructions to report the same back forthwith with reductions in the appropriations carried in the bill aggregating $23,817,000, with reductions in contractual authority carried in the bill aggregating $13,048,000, and with the following additions:

For experimental and research activities, $5,000,000.

For the provision of experimental and research facilities at Moffett Field, Sunnyvale, Calif., $4,000,000.

Mr. SNYDER. Mr. Speaker, I move the previous question on the motion to recommit.

Mr. RANKIN. Mr. Speaker, I make the point of order against the motion to recommit because it contains provisions already defeated in the Powers amendment a few moments ago.

Mr. POWERS. Mr. Speaker, I desire to be heard upon the motion to recommit.

The SPEAKER. The Chair is ready to rule. The Chair has examined the Powers amendment and the motion to recommit is a substantial departure from the original amendment. The Chair overrules the point of order. The question is on ordering the previous question.

The previous question was ordered.

The SPEAKER. The question now is on the motion to recommit.

The question was taken; and on a division (demanded by Mr. POWERS) there were—ayes 112, noes 187.

So the motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

The question was taken and the bill was passed, and a motion to reconsider laid on the table.

EXTENSION OF REMARKS

Mr. COCHRAN. Mr. Speaker, the United States Secret Service is 75 years old next week. I ask unanimous consent to extend my remarks on the Secret Service and some of its achievements.

The SPEAKER. Is there objection?

There was no objection.

Mr. KITCHENS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein an article by E. C. Valentine.

The SPEAKER. Is there objection?

There was no objection.

Mr. SNYDER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a telegram from the adjutant general of the State of Pennsylvania.

The SPEAKER. Is there objection?

There was no objection.

GRACE ABBOTT

Mrs. O'DAY. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mrs. O'DAY. Mr. Speaker, the recent death of Grace Abbott is a great sorrow to those who were privileged to know her, and it has been a tragic loss to the hundreds of thousands of men, women, and children who did not have that privilege, but whose life and home have been directly and indirectly influenced by her beautiful work.

When quite a young woman Grace Abbott came under the inspiration of Jane Addams, and was associated with her at Hull House. From there she was called to the Children's Bureau here in Washington. This had mainly to do with children and Miss Abbott took to her own warm heart the unfortunate children of our country, regardless of race, creed, or color. So brilliantly did she conduct the Children's Bureau and the humanitarian work it involved that she was called to the University of Chicago to occupy the chair of sociology, and was there at the time of her death. It is no wonder that President Roosevelt declared that she had rendered inestimable service not only to the fathers and mothers of America, but to the Federal and State Governments.

There is scarcely a home in the United States which does not share today the deep sense of loss which the Nation feels at the passing of Grace Abbott, whose influence will extend to future generations not only in our own country but in many parts of the world.

If there is any subject endowed with national interest, it is the welfare of the Nation's children.

Miss Abbott always said—

The Nation's future existence, the intelligent use of its resources, the role it will play in world affairs depend on its children—whether or not they are physically fit and whether or not they are trained in self-control, in respect for the rights of others, and in understanding of their own rights and obligations.

Grace Abbott was never afraid to speak boldly in behalf of the childhood of America. She spoke with authority, having first armed herself with a knowledge of the facts.

The protection of mothers and children, the control of child labor, the care of the dependent and delinquent child, the safeguarding of the interests of immigrants and aliens, the relief of unemployed engaged the constructive interest, sympathetic understanding, and courageous support of this remarkable woman who represented the best that women have to contribute to public life.

Thousands of mothers and children are alive today who might have died but for the beneficent activities which Grace Abbott initiated or furthered; the boundaries of our knowledge of children's needs have been widened by the invaluable research and educational work carried on by the United States Children's Bureau under her able direction; cooperative relationship between the Federal Government and the States

has been greatly strengthened by the methods of administration developed by Miss Abbott through the years. In addition, and more important still, thousands of individual fathers and mothers have been helped in their creative task of rearing the future citizens of our country as a result of Miss Abbott's insistence that the test of our civilization is what it does for children.

THE LATE HONORABLE DENNIS T. FLYNN

Mr. MONRONEY. Mr. Speaker, I ask unanimous consent to address the House for one moment.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. MONRONEY. Mr. Speaker, it is in sorrow I rise to announce to the House the death of a former delegate to this body, the Honorable Dennis T. Flynn.

Mr. Flynn died in Oklahoma City, June 19. He was Oklahoma's first representative in this body. He served as Oklahoma's Territorial delegate in the Fifty-third, Fifty-fourth, Fifty-sixth, and Fifty-seventh Congresses. He declined the nomination for the Fifty-eighth Congress. Mr. Flynn, a true pioneer and first postmaster of Guthrie, came to Oklahoma before the famous Run of '89. He was a civic, educational, and commercial leader of the State from that time until his death last Monday.

He left his mark on the West that will live forever. As the author and sponsor of the "free homes" bill, he sponsored the opening of much of Oklahoma, and other Territories to settlement of farmers from other States.

In addition to his work in this body, he was most active in Republican affairs, having been Oklahoma's first Republican national committeeman, and throughout the years one of that honorable party's respected leaders in Oklahoma.

I would like to quote from the Daily Oklahoman of Oklahoma City the following tribute to Dennis T. Flynn.

They called him "Free Homes" Flynn, this genial, lovable Irishman who died Monday at the age of 78.

Dennis Thomas Flynn was proud of the title. It represented one of the greatest achievements of his long and brilliant public career.

When President McKinley signed the bill in the late spring of 1900 giving Oklahoma settlers free homes, it was the proudest moment of Flynn's life, his son, Streeter Flynn, recalled Monday.

That moment was vividly impressed on the mind of the son, because as a boy of 10 years, he was taken into the office of the President to watch the signing of the bill.

BACKER IS GIVEN PEN

The President put his signature on the bill and then gave the pen to the Oklahoma Territorial Congressman, with a word of congratulations on the victory won after an 8-year battle.

Flynn's dream of free homes for Oklahoma pioneers was born amidst the suffering and hardships of the severe drought of 1890. Settlers were required to pay $1.50 an acre for their lands. The first half fell due after 2 years, and the second half was to be paid at the end of a 5-year period.

DUE DATE FOLLOWS FAMINE

During the winter it was necessary for the Government to spend $50,000 for flour, bacon, and beans for the stricken settlers. After surviving the winter, the settlers were faced with making the first payment, an impossible task.

Flynn ran for Congress on a platform of free homes. He lost his first race but was elected in 1892. His bill to wipe out the debt on these lands was laughed out of the Committee on Public Lands.

But it was no laughing matter to the fighting Irishman who had seen the suffering back home. During that first session he fought through a measure giving a time extension on the first payments.

FAMILIAR CRY RAISED

Opponents of the Flynn bill assailed the measure as a raid on the Treasury. But Flynn came right back with bills in both the following sessions. The bill finally passed the House in March 1896, but was lost in the Senate.

At that time Flynn, being a Territorial Representative, had no vote in the House. This made his task doubly difficult. He could engage in no logrolling. But in 1900 he finally achieved the remarkable task of whipping the bill through both Houses of Congress. The feat was credited almost entirely to his great personal popularity with leaders in Congress.

FRIENDLY WITH THE GREAT

Old-timers contend Oklahoma has never had a Representative with the popular appeal of Flynn. He made friends with big men easily. He served in Congress with George Sutherland, who later became a Justice of the United States Supreme Court. They became close personal friends. One of Flynn's best friends at his death was Justice Van Devanter, United States Supreme Court, retired, who was with the Interior Department when Flynn was in Congress. President Taft was a close friend.

Flynn's bill waived payments and gave patents to settlers who had lived 5 years on lands in the Cherokee strip, the Iowa, Sac, Fox, and Pottawatomie Reservations.

One of the greatest pleasures of his latter years was meeting old-timers who were enabled to keep their homes because of this bill, R. M. Rainey recalls.

A HANDSHAKE PAYS

For more than 30 years these old-timers would come into his office and say, "You got me my home. I want to shake your hand."

In latter years, sons of these pioneers would come in to meet him, saying they had heard their fathers talk so much of him.

Flynn suffered a cerebral hemorrhage Tuesday night and was taken to St. Anthony Hospital Wednesday, where he died shortly after noon Monday.

Reared an orphan, Flynn became one of the outstanding leaders of early Oklahoma history. He was printer, editor, utility, and businessman, in addition to territorial congressional delegate.

He was born at Phoenixville, Pa., February 3, 1861. He was only 3 years old when both parents died. He went to a Catholic orphanage near Buffalo, where he remained until 16 years old.

In 1925 he was named a knight of the Order of St. Gregory, the highest order that can be conferred on a layman in the Catholic Church.

Flynn rode the first train into Oklahoma to become postmaster at Guthrie, after running a newspaper and developing townsites at Kiowa, Kans. There he met and married Addie M. Blanton, and was picked by Republican leaders as a young man of promise.

He retired from politics in 1902. He is survived by his wife and two sons, Streeter, an Oklahoma City attorney, and Olney F. Flynn, Tulsa.

EXTENSION OF REMARKS

Mr. O'BRIEN. Mr. Speaker, I ask unanimous consent to extend my own remarks and include a speech by J. Edgar Hoover at Memphis last week.

The SPEAKER. Is there objection?

There was no objection.

Mr. ANDERSON of California. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

THE WAGNER ACT

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. HOFFMAN. Mr. Speaker, the National Labor Relations Board, like King Belshazzar of old, having seen the handwriting on the wall and having, according to yesterday's press, like the thief who was hanged on the cross, seemingly repented of some of its sins and announced that it intended to change some of its rules, we should now, in order to make sure there is no backsliding after Congress adjourns, bring out the Wagner Act, incorporate those provisions which the Labor Relations Board so kindly has said we might have, and amend it so as to make it serve the purpose for which it was enacted.

Undoubtedly next week will see a continuation of the Labor Board's filibuster before the House Labor Committee. [Applause.]

[Here the gavel fell.]

EXTENSION OF REMARKS

Mr. THORKELSON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Appendix of the RECORD and include the President's reply to the Spanish and Russian Ambassadors.

The SPEAKER. Is there objection?

There was no objection.

Mr. ALEXANDER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD, and to insert an article which I have written on the subject, What Have the Philippines Meant to America?

The SPEAKER. Is there objection?

There was no objection.

Mr. SPRINGER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD, and include therein

an editorial appearing in the Washington Evening Star of date June 21, 1939.

The SPEAKER. Is there objection?

There was no objection.

DEPARTMENT OF AGRICULTURE AND FARM CREDIT ADMINISTRATION APPROPRIATION BILL, 1940—CONFERENCE REPORT

Mr. CANNON of Missouri. Mr. Speaker, I call up the conference report on the bill (H. R. 5269) making appropriations for the Department of Agriculture and for the Farm Credit Administration for the fiscal year ending June 30, 1940, and for other purposes; and I ask unanimous consent that the statement may be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5269) making appropriations for the Department of Agriculture and for the Farm Credit Administration for the fiscal year ending June 30, 1940, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 1, 3, 5, 6, 7, 9, 14, 15, 28, 39, 41, 42, 54, 59, 63, 76, 81, 98, 104, 120, 129, 134, 139, 144, 150, 151, 152, and 154.

That the House recede from its disagreement to the amendments of the Senate numbered 2, 4, 10, 11, 12, 13, 18, 35, 36, 37, 40, 43, 47, 48, 51, 53, 58, 60, 64, 66, 67, 70, 71, 74, 79, 80, 87, 93, 96, 102, 103, 109, 112, 113, 117, 126, 131, 140, 143, 145, 149, and 153, and agree to the same.

Amendment numbered 8: That the House recede from its disagreement to the amendment of the Senate numbered 8, and agree to the same with an amendment, as follows: In line 13 of the matter inserted by said amendments strike out the word "Appropriation" and insert in lieu thereof the word "Adjustment"; and the Senate agree to the same.

Amendment numbered 16: That the House recede from its disagreement to the amendment of the Senate numbered 16, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$6,848,750"; and the Senate agree to the same.

Amendment numbered 17: That the House recede from its disagreement to the amendment of the Senate numbered 17, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$7,093,485"; and the Senate agree to the same.

Amendment numbered 20: That the House recede from its disagreement to the amendment of the Senate numbered 20, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$65,000"; and the Senate agree to the same.

Amendment numbered 22: That the House recede from its disagreement to the amendment of the Senate numbered 22, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$560,170"; and the Senate agree to the same.

Amendment numbered 23: That the House recede from its disagreement to the amendment of the Senate numbered 23, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$77,898"; and the Senate agree to the same.

Amendment numbered 24: That the House recede from its disagreement to the amendment of the Senate numbered 24, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$928,314"; and the Senate agree to the same.

Amendment numbered 25: That the House recede from its disagreement to the amendment of the Senate numbered 25, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$692,816"; and the Senate agree to the same.

Amendment numbered 29: That the House recede from its disagreement to the amendment of the Senate numbered 29, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$3,500,000"; and the Senate agree to the same.

Amendment numbered 30: That the House recede from its disagreement to the amendment of the Senate numbered 30, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$6,172,870"; and the Senate agree to the same.

Amendment numbered 31: That the House recede from its disagreement to the amendment of the Senate numbered 31, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$722,719"; and the Senate agree to the same.

Amendment numbered 34: That the House recede from its disagreement to the amendment of the Senate numbered 34, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$802,880"; and the Senate agree to the same.

Amendment numbered 38: That the House recede from its disagreement to the amendment of the Senate numbered 38, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$8,300,000"; and the Senate agree to the same.

Amendment numbered 44: That the House recede from its disagreement to the amendment of the Senate numbered 44, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$16,663,712"; and the Senate agree to the same.

Amendment numbered 45: That the House recede from its disagreement to the amendment of the Senate numbered 45, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$16,663,712"; and the Senate agree to the same.

Amendment numbered 46: That the House recede from its disagreement to the amendment of the Senate numbered 46, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$100,000"; and the Senate agree to the same.

Amendment numbered 49: That the House recede from its disagreement to the amendment of the Senate numbered 49, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$551,121"; and the Senate agree to the same.

Amendment numbered 50: That the House recede from its disagreement to the amendment of the Senate numbered 50, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$313,450"; and the Senate agree to the same.

Amendment numbered 52: That the House recede from its disagreement to the amendment of the Senate numbered 52, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$1,348,982"; and the Senate agree to the same.

Amendment numbered 55: That the House recede from its disagreement to the amendment of the Senate numbered 55, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$330,000"; and the Senate agree to the same.

Amendment numbered 56: That the House recede from its disagreement to the amendment of the Senate numbered 56, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$5,183,009"; and the Senate agree to the same.

Amendment numbered 57: That the House recede from its disagreement to the amendment of the Senate numbered 57, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$1,761,950"; and the Senate agree to the same.

Amendment numbered 62: That the House recede from its disagreement to the amendment of the Senate numbered 62, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$613,403"; and the Senate agree to the same.

Amendment numbered 65: That the House recede from its disagreement to the amendment of the Senate numbered 65, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$664,181"; and the Senate agree to the same.

Amendment numbered 68: That the House recede from its disagreement to the amendment of the Senate numbered 68, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$14,923,466"; and the Senate agree to the same.

Amendment numbered 69: That the House recede from its disagreement to the amendment of the Senate numbered 69, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$859,659"; and the Senate agree to the same.

Amendment numbered 72: That the House recede from its disagreement to the amendment of the Senate numbered 72, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$2,200,000"; and the Senate agree to the same.

Amendment numbered 73: That the House recede from its disagreement to the amendment of the Senate numbered 73, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$54,800"; and the Senate agree to the same.

Amendment numbered 75: That the House recede from its disagreement to the amendment of the Senate numbered 75, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$3,000,000"; and the Senate agree to the same.

Amendment numbered 77: That the House recede from its disagreement to the amendment of the Senate numbered 77, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$20,294,466"; and the Senate agree to the same.

Amendment numbered 78: That the House recede from its disagreement to the amendment of the Senate numbered 78, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$61,628"; and the Senate agree to the same.

Amendment numbered 82: That the House recede from its disagreement to the amendment of the Senate numbered 82, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$349,469"; and the Senate agree to the same.

Amendment numbered 83: That the House recede from its disagreement to the amendment of the Senate numbered 83, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$89,400"; and the Senate agree to the same.

Amendment numbered 84: That the House recede from its disagreement to the amendment of the Senate numbered 84, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$225,000"; and the Senate agree to the same.

Amendment numbered 85: That the House recede from its disagreement to the amendment of the Senate numbered 85, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$1,379,369"; and the Senate agree to the same.

Amendment numbered 86: That the House recede from its disagreement to the amendment of the Senate numbered 86, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$895,500"; and the Senate agree to the same.

Amendment numbered 94: That the House recede from its disagreement to the amendment of the Senate numbered 94, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$175,000"; and the Senate agree to the same.

Amendment numbered 99: That the House recede from its disagreement to the amendment of the Senate numbered 99, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$154,790"; and the Senate agree to the same.

Amendment numbered 100: That the House recede from its disagreement to the amendment of the Senate numbered 100, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$67,518"; and the Senate agree to the same.

Amendment numbered 101: That the House recede from its disagreement to the amendment of the Senate numbered 101, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$134,984"; and the Senate agree to the same.

Amendment numbered 106: That the House recede from its disagreement to the amendment of the Senate numbered 106, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$879,986"; and the Senate agree to the same.

Amendment numbered 107: That the House recede from its disagreement to the amendment of the Senate numbered 107, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$40,900"; and the Senate agree to the same.

Amendment numbered 108: That the House recede from its disagreement to the amendment of the Senate numbered 108, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$700,000"; and the Senate agree to the same.

Amendment numbered 110: That the House recede from its disagreement to the amendment of the Senate numbered 110, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$630,000"; and the Senate agree to the same.

Amendment numbered 111: That the House recede from its disagreement to the amendment of the Senate numbered 111, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$2,368,691"; and the Senate agree to the same.

Amendment numbered 118: That the House recede from its disagreement to the amendment of the Senate numbered 118, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$431,470"; and the Senate agree to the same.

Amendment numbered 119: That the House recede from its disagreement to the amendment of the Senate numbered 119, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$747,510"; and the Senate agree to the same.

Amendment numbered 121: That the House recede from its disagreement to the amendment of the Senate numbered 121, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$459,000"; and the Senate agree to the same.

Amendment numbered 122: That the House recede from its disagreement to the amendment of the Senate numbered 122, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$425,000"; and the Senate agree to the same.

Amendment numbered 123: That the House recede from its disagreement to the amendment of the Senate numbered 123, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$1,138,302"; and the Senate agree to the same.

Amendment numbered 124: That the House recede from its disagreement to the amendment of the Senate numbered 124, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$155,000"; and the Senate agree to the same.

Amendment numbered 125: That the House recede from its disagreement to the amendment of the Senate numbered 125, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$20,000"; and the Senate agree to the same.

Amendment numbered 127: That the House recede from its disagreement to the amendment of the Senate numbered 127, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$475,000"; and the Senate agree to the same.

Amendment numbered 128: That the House recede from its disagreement to the amendment of the Senate numbered 128, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$495,000"; and the Senate agree to the same.

Amendment numbered 130: That the House recede from its disagreement to the amendment of the Senate numbered 130, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$400,000"; and the Senate agree to the same.

Amendment numbered 132: That the House recede from its disagreement to the amendment of the Senate numbered 132, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$6,078,888"; and the Senate agree to the same.

Amendment numbered 133: That the House recede from its disagreement to the amendment of the Senate numbered 133, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$1,564,733"; and the Senate agree to the same.

Amendment numbered 135: That the House recede from its disagreement to the amendment of the Senate numbered 135, and agree to the same with an amendment, as follows: In lieu of the sum named in said amendment insert "$30,094"; and the Senate agree to the same.

Amendment numbered 136: That the House recede from its disagreement to the amendment of the Senate numbered 136, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$193,180"; and the Senate agree to the same.

Amendment numbered 137: That the House recede from its disagreement to the amendment of the Senate numbered 137, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$2,741,138"; and the Senate agree to the same.

Amendment numbered 138: That the House recede from its disagreement to the amendment of the Senate numbered 138, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$826,158"; and the Senate agree to the same.

Amendment numbered 157: That the House recede from its disagreement to the amendment of the Senate numbered 157, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$3,650,000"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 19, 21, 26, 27, 32, 33, 61, 88, 89, 90, 91, 92, 95, 97, 105, 114, 115, 116, 141, 142, 146, 147, 148, 155, 156, and 158.

CLARENCE CANNON,
M. C. TARVER,
Managers on the part of the House.

RICHARD B. RUSSELL,
CARL HAYDEN,
M. E. TYDINGS,
J. H. BANKHEAD,
GERALD P. NYE,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5269) making appropriations for the Department of Agriculture and for the Farm Credit Administration for the fiscal year ending June 30, 1940, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

Correction of totals, etc.

The following amendments relate to the correction of totals, allocations, corrections of text, etc.:

Amendments Nos. 5, 9, 10, 11, 16, 24, 25, 44, 45, 46, 48, 56, 57, 58, 68, 69, 77, 78, 85, 86, 105, 106, 107, 111, 112, 113, 115, 116, 117, 126, 132, 133, 137, 138, 139, and 153.

Office of the Secretary

On amendment No. 1: Appropriates $581,920, as proposed by the House, instead of $620,720, as proposed by the Senate, for salaries in the office of the Secretary.

On amendment No. 2: Strikes out, as proposed by the Senate, the provision inserted by the House prohibiting price prediction on apples.

On amendment No. 3: Appropriates $103,250, as proposed by the House, instead of $111,450, as proposed by the Senate, for miscellaneous expenses.

On amendment No. 4: Retains the provision, inserted by the Senate, permitting purchase of twine of foreign production where required in or incidental to research or experimental work.

Office of Information

On amendment No. 6: Appropriates $383,040, as proposed by the House, instead of $385,440, as proposed by the Senate, for salaries and expenses in the Office of Information.

On amendment No. 8, printing and binding: Retains the provision, inserted by the Senate, amended so as to correct a typographical error, which authorizes the transfer from certain general appropriations of not to exceed $600,000 to the appropriation for printing and binding, to cover the cost of printing necessary to the activities provided for by the appropriations from which the transfers are made and for which the amount appropriated directly for printing and binding does not provide.

Library

On amendment No. 10: Appropriates $109,220, as proposed by the Senate, instead of $105,420, as proposed by the House.

Office of Experiment Stations

On amendment No. 13, Hawaii: Appropriates $60,000, as proposed by the Senate, instead of $55,000, as proposed by the House.

On amendment No 14, Alaska: Appropriates $23,750, as proposed by the House, instead of $25,000, as proposed by the Senate.

On amendment No. 15, title I, Bankhead-Jones Act: Appropriates $2,400,000, as proposed by the House, instead of $3,000,000, as proposed by the Senate.

Special research fund

On amendment No. 18: Appropriates $1,400,000, as proposed by the Senate, instead of $1,143,190, as proposed by the House.

Extension Service

On amendment No. 20, Puerto Rico: Appropriates $65,000, instead of $45,000, as proposed by the House, and $128,000, as proposed by the Senate.

On amendment No. 22, farmers' cooperative demonstration work: Appropriates $560,170, instead of $545,170, as proposed by the House, and $575,170, as proposed by the Senate.

On amendment No. 23, cooperative farm forestry extension work: Appropriates $77,698, instead of $56,838, as proposed by the House, and $100,000, as proposed by the Senate. The increase allowed by the conferees is to permit the employment of two extension foresters in seven States which have heretofore had but one and of one extension forester in six States which have heretofore had none, at not to exceed $1,620 each.

Weather Bureau

On amendment No. 28, general weather service and research: Appropriates $2,527,870, as proposed by the House, instead of $2,681,570, as proposed by the Senate. It was agreed by the conferees that out of the sum provided $53,700 should be allocated for teletype installations at city offices in addition to the present service.

On amendment No. 29, airways weather service and research: Appropriates $3,500,000, instead of $3,334,095, as proposed by the House, and $4,105,000, as proposed by the Senate.

Bureau of Animal Industry

On amendment No. 34, animal husbandry: Appropriates $802,880, instead of $792,880, as proposed by the House, and $812,880, as proposed by the Senate. The amount allowed retains the Senate increases of $5,000 for the Brooksville, Fla., station, and $5,000 for increased administration of the national poultry improvement plan; it eliminates the Senate increases of $5,000 for expansion of horse-breeding work under range conditions and $5,000 for investigations of the relation of inheritance and nutrition to periodic ophthalmia (moon-blindness) of horses. This action does not disturb the current allocation of $10,000, continued in the bill for 1940, under the item "Diseases of animals" for the study of periodic ophthalmia as an infectious disease.

On amendment No. 37, diseases of animals: Retains the Senate increases of $5,000 for trichomonas disease of cattle and $10,000 for trichinosis in swine.

On amendment No. 38, eradicating tuberculosis and Bang's disease: Makes direct appropriation of $8,300,000, instead of $7,175,000, as proposed by the House and $9,800,000 as proposed by the Senate, or $1,125,000 above the House figure. Since the bill reappropriates large unexpended balances in addition to the direct appropriations, a better understanding may be had if the conference action is stated in terms of the total funds provided. As the bill passed the House it carried total funds of $8,402,000, or a reduction of $2,625,000 under the Budget. As the bill passed the Senate it was the purpose of that body to restore the full amount of the Budget estimate. In conference it was learned that the unexpended balance, originally estimated by the Budget at $1,227,000, had increased to an estimated sum of $3,400,000. The amount of the direct appropriation provided in the conference report, together with the unexpended balances as presently estimated, make an aggregate of $11,700,000, which is $673,000 more than the Budget estimate of the 1940 requirements and $1,870,000 more than the present estimated expenditures for the current year.

On amendments Nos. 39 and 40, eradicating tuberculosis and Bang's disease: Retains the language, inserted by the House and stricken out by the Senate, requiring the States to match, dollar for dollar, the amount of the Federal payments for indemnities; and strikes out, as proposed by the Senate, the House language requiring the States to contribute but one-third for animals condemned on account of Bang's disease.

On amendments Nos. 41 and 42, eradicating cattle ticks: Appropriates $475,000 as proposed by the House, instead of $503,940, as proposed by the Senate, and retains the House provision requiring dollar for dollar matching by the States from May 1, 1940, on the part of States whose legislatures have been in regular session during the fiscal year beginning July 1, 1939.

On amendment No. 43, meat inspection: Appropriates $5,433,000, as proposed by the Senate, instead of $5,412,000, as proposed by the House.

Bureau of Dairy Industry

On amendment No. 47, dairy investigations: Appropriates $645,905, as proposed by the Senate, instead of $641,905, as proposed by the House.

Bureau of Plant Industry

On amendment No. 49, cereal crops and diseases: Retains $10,000 of the Senate increase of $20,000 for flaxseed investigations.

On amendment No. 50, forage crops and diseases: Retains $5,000 of the Senate increase of $10,000 for alfalfa blight disease, and eliminates the Senate increase of $10,000 for turf grass investigations.

On amendment No. 51, forest pathology: Retains the Senate increase of $10,000 for London plane tree disease investigations.

On amendment No. 52, fruit and vegetable crops and diseases: Retains the Senate increase of $10,000 for carbon dioxide studies, retains $5,000 of the Senate increase of $10,000 for the Orlando, Fla., station, retains the Senate increase of $5,000 for disease-resistant onions, and eliminates the Senate increase of $20,000 for the Cheyenne, Wyo., station.

On amendment No. 53, rubber and other tropical plants: Retains the item, inserted by the Senate, appropriating $46,749 for rubber and other tropical plants.

On amendment No. 54, soil fertility investigations: Appropriates $121,622, as proposed by the House, instead of $168,457, as proposed by the Senate.

On amendment No. 55, sugar-plant investigations: Retains $7,500 of the Senate increase of $10,000 for chlorotic disease of sugarcane.

Forest Service

On amendment No. 59, national forest protection and management: Permits the use of this appropriation for expenditure within "experimental forests" (outside the boundaries of the national forests), as proposed by the House, instead of "experimental areas under administration of the Forest Service," as provided by the Senate.

On amendment No. 60, national forest protection and management: Retains the Senate increase of $34,246 for strengthening fire-control forces on national forest land; retains the Senate increase of $50,000 for intensifying management under grazing use on national forest land; and retains the Senate increase of $100,000 for continuation of development work on lands transferred to the Forest Service from the Resettlement Administration.

On amendments No. 62 and No. 63, forest management: Retains the Senate increases of $10,000 for mensuration studies and of $10,000 for regeneration studies; eliminates the Senate increases of $40,000 for silvicultural investigations, of $10,000 for forest genetics, and of $15,000 for fire protection investigations; and earmarks $5,000 of the appropriation, as provided by the House, instead of $20,000, as provided by the Senate, for investigations of the lowland hardwoods in the lower Mississippi River Basin.

On amendment No. 64, range investigations: Eliminates the Senate increase of $20,000 for artificial reseeding investigations.

On amendment No. 65, forest products: Appropriates $664,181, instead of $628,361, as proposed by the House, and $700,000, as proposed by the Senate.

On amendment No. 66, forest economics: Retains the Senate increases of $10,000 for private forestry investigations, and of $18,000 for work in the Allegheny region on social benefits of forestry.

On amendment No. 67, tropical forest experiment station: Retains the item inserted by the Senate appropriating $30,000 for the establishment and maintenance of a tropical forest experiment station in Puerto Rico.

On amendments No. 70 and No. 71, international forest research: Retains the Senate provision earmarking $500 for the contribution of the United States to the cost of the Department of Timber Utilization of the Comité International du Bois.

On amendment No. 72, forest-fire cooperation: Appropriates $2,200,000, instead of $2,000,000, as proposed by the House, and $2,500,000, as proposed by the Senate.

On amendment No. 74, cooperative distribution of forest planting stock: Appropriates $100,000, as proposed by the Senate, instead of $70,579, as proposed by the House.

On amendment No. 75, acquisition of forest lands: Appropriates $3,000,000, instead of $2,000,000, as proposed by the House, and $5,000,000, as proposed by the Senate.

On amendment No. 76, acquisition of lands, Lake Tahoe National Forest: Eliminates the item inserted by the Senate, appropriating $325,000 for this purpose.

Bureau of Agricultural Chemistry and Engineering

On amendments No. 79 and No. 80, agricultural chemical investigations: Appropriates $19,000, as proposed by the Senate, instead of $15,000, as proposed by the House, for enlargement of the Winter Haven, Fla., laboratory building.

On amendment No. 81, agricultural engineering investigations: Eliminates the words "drainage and" inserted by the Senate.

On amendment No. 82, agricultural engineering investigations: Appropriates $349,469, instead of $339,469, as proposed by the House, and $359,469, as proposed by the Senate.

On amendment No. 83, naval stores investigations: Appropriates $89,400, instead of $79,400, as proposed by the House, and $100,000, as proposed by the Senate.

On amendment No. 84, fertilizer investigations: Appropriates $225,000, instead of $200,000, as proposed by the House, and $263,000, as proposed by the Senate.

Bureau of Entomology and Plant Quarantine

On amendment No. 87, fruit insects: Appropriates $110,013, as proposed by the Senate, instead of $60,013, as proposed by the House, for investigations of Asiatic and Japanese beetles.

On amendment No. 93, forest insects: Appropriates $253,100, as proposed by the Senate, instead of $200,000, as proposed by the House.

On amendment No. 94, barberry eradication: Appropriates $175,000, instead of $100,000, as proposed by the House, and $200,000, as proposed by the Senate.

On amendment No. 96, bee culture: Appropriates $83,000, as proposed by the Senate, instead of $68,000, as proposed by the House.

On amendment No. 98, insects affecting man and animals: Appropriates $181,500, as proposed by the House, instead of $191,100, as proposed by the Senate, restoring $6,500 for dogfly investigations.

On amendment No. 99, insect-pest survey and identification: Appropriates $154,790, instead of $149,790, as proposed by the House, and $159,790, as proposed by the Senate.

On amendment No. 100, control investigations: Appropriates $67,518, instead of $62,518, as proposed by the House, and $72,518, as proposed by the Senate.

On amendment No. 101, insecticide and fungicide investigations: Appropriates $134,984, instead of $129,984, as proposed by the House, and $140,000, as proposed by the Senate.

On amendment No. 102, foreign plant quarantines: Appropriates $680,000, as proposed by the Senate, instead of $650,000, as proposed by the House.

On amendment No. 103, control of incipient and emergency outbreaks of insect pests and plant diseases: Retains the language inserted by the Senate extending the availability of $400,000 of the appropriation made for this purpose in the First Deficiency Act, 1939, from December 31, 1939, to June 30, 1940.

On amendment No. 104, control of incipient and emergency outbreaks of insect pests and plant diseases: Eliminates the additional appropriation of $2,417,000 provided by the Senate. This action is taken for the reason a joint resolution has been passed providing for this purpose $1,750,000.

Bureau of Biological Survey

On amendment No. 108, control of predatory animals and injurious rodents: Appropriates $700,000, instead of $650,000, as proposed by the House, and $750,000, as proposed by the Senate.

On amendments Nos. 109 and 110, maintenance of mammal and bird reservations: Retains the Senate increase of $30,000 for road materials in the Wichita Mountains Wildlife Refuge, and eliminates the additional increase of $50,000 inserted by the Senate.

Agricultural Marketing Service

On amendment No. 118, marketing farm products: Appropriates $431,470, instead of $418,970, as proposed by the House, and $443,970, as proposed by the Senate.

On amendment No. 119, crop and livestock estimates: Appropriates $747,510, instead of $642,799, as proposed by the House, and $772,510, as proposed by the Senate.

On amendment No. 120, crop and livestock estimates: Retains the provision, inserted by the House and stricken out by the Senate, requiring that estimates of apple production shall be confined to the commercial crop.

On amendment No. 121, market inspection of farm products: Appropriates $9,000, proposed by the Senate but not provided by the House, for additional inspections in Chicago of dairy and poultry products; eliminates the following increases of the Senate: (1) $15,000 for four additional inspectors and their travel expenses for inspection and certification of fruits and vegetables; (2) $9,000 for expansion of the grading work on canned fruits and vegetables in San Francisco and vicinity and to furnish service for short periods in the Rio Grande Valley and other points; (3) $5,000 for increased inspection of soybeans at Chicago; (4) $7,000 for grading of livestock in the Southeastern States; and (5) $5,000 for expanding the rice grading service at New Orleans.

On amendment No. 122, Tobacco Inspection Act: Appropriates $425,000, instead of $375,000, as proposed by the House, and $525,000, as proposed by the Senate.

On amendment No. 123, market news service: Eliminates the Senate increase of $6,000 for opening a branch office at Cincinnati for maket news on grain, hay, and feed; retains $16,000 of the Senate increase of $31,698 for market news service on fruits and vegetables.

On amendment No. 124, Perishable Agricultural Commodities and Produce Agency Acts: Appropriates $155,000, instead of $149,628, as proposed by the House, and $160,000, as proposed by the Senate.

On amendment No. 125, Standard Container Acts: Appropriates $20,000, instead of $17,000, as proposed by the House, and $22,000, as proposed by the Senate.

On amendment No. 127, Cotton Quality Statistics and Classing Acts: Appropriates $475,000, instead of $460,000, as proposed by the House, and $480,000, as proposed by the Senate, of which $20,000 shall be for an additional amount for services in "one variety" cotton communities.

On amendment No. 128, United States Cotton Futures and United States Cotton Standards Acts: Appropriates $495,000, instead of $491,900, as proposed by the House, and $507,000, as proposed by the Senate.

On amendment No. 129, United States Grain Standards Act: Appropriates $723,941, as proposed by the House, instead of $760,000, as proposed by the Senate.

On amendment No. 130, United States Warehouse Act: Appropriates $400,000, instead of $391,700, as proposed by the House, and $425,000, as proposed by the Senate.

On amendment No. 131, Packers and Stockyards Act: Appropriates $381,879, as proposed by the Senate, instead of $300,000, as proposed by the House.

Food and Drug Administration

On amendment No. 134, enforcement of the Federal Food, Drug, and Cosmetic Act: Appropriates $2,288,380, as proposed by the House, instead of $2,455,000, as proposed by the Senate. It was agreed by the conferees that of the amount provided, $80,000 shall be used for infants' and invalids' food and $110,000 for permits, new drugs.

On amendment No. 135, Enforcement of the Tea Importation Act: Retains the appropriation under this head, inserted by the Senate, but appropriates $30,094, instead of $40,094, as provided in the Senate amendment.

On amendment No. 136, enforcement of the Insecticide Act: Appropriates $193,180, instead of $183,180, as proposed by the House, and $208,180, as proposed by the Senate.

Soil Conservation Service

On amendment No. 140, general administrative expenses: Strikes out, as proposed by the Senate, the words, "or other," included in the House language. The action of the conferees will permit the allocation of funds to this appropriation from any other nonemergency appropriation required to be administered by the Soil Conservation Service.

On amendment No. 143, Soil Conservation Service: Eliminates the language, inserted by the House and stricken out by the Senate, limiting to $500,000 the amount to be available for general administrative expenses in the District of Columbia and to $1,300,000 the amount to be available for expenditure in the District of Columbia for personal services in connection with research, map reproduction, and certain other activities.

Regional laboratories

On amendment No. 144: Provides $3,200,000, as proposed by the House, instead of $4,000,000, as proposed by the Senate, and permits the use of the fund for research on food products of farm commodities.

Parity payments

On amendment No. 145: Retains the appropriation of $225,000,000 inserted by the Senate.

Water facilities, arid and semiarid areas

On amendment No. 149: Appropriates $500,000, as proposed by the Senate, instead of $250,000, as proposed by the House.

Beltsville Research Center

On amendment No. 150: Appropriates $85,000, as proposed by the House, instead of $90,000, as proposed by the Senate.

Cooperative Farm Forestry

On amendment No. 151: Appropriates $300,000, as proposed by the House, instead of $400,000, as proposed by the Senate.

Forest roads and trails

On amendment No. 152: Appropriates $10,000,000, as proposed by the House, instead of $14,000,000, as proposed by the Senate.

Farm Credit Administration

On amendment No. 157: Appropriates $50,000 for study of farm cooperatives, instead of $100,000, as proposed by the Senate.

In disagreement

The committee of conference have not agreed to the following Senate amendments:

On amendment No. 19, Extension Service: Appropriating $300,000, as proposed by the Senate, for allocation to about 21 of the smaller States which receive less under farm-population formula of the Bankhead-Jones Act appropriation than was received by them formerly under the rural population formula of the Smith-Lever Act supplemental appropriation.

On amendment No. 32, Weather Bureau building: Appropriates $250,000, as proposed by the Senate, for the first unit of a new Weather Bureau building.

On amendment No. 61, Forest Service: A provision, inserted by the Senate, that, in sales of logs, ties, poles, posts, and other finished products, the amounts made available for schools and roads by the act of May 23, 1908 (16 U. S. C. 500), and the act of March 4, 1913 (16 U. S. C. 501), shall be based upon the stumpage value of the timber.

On amendment No. 88, sweetpotato weevil control: Appropriates $75,000, as proposed by the Senate.

On amendment No. 89, Mexican fruitfly control: Appropriates $160,460, as proposed by the Senate.

On amendment No. 90, citrus-canker eradication: Appropriates $13,485, as proposed by the Senate.

On amendment No. 91, gypsy and brown-tail moth control: Appropriates $375,000, as proposed by the Senate.

On amendment No. 92, Dutch elm disease eradication: Appropriates $500,000, as proposed by the Senate.

On amendment No. 95, pink-bollworm control: Appropriates $1,366,800, instead of $446,800, as proposed by the House.

On amendment No. 97, Thurberia weevil control: Appropriates $2,808, as proposed by the Senate.

On amendment No. 114, Federal aid in wildlife restoration: Appropriates $2,000,000, instead of $1,500,000, as proposed by the House.

On amendment No. 146, disposal of surplus commodities: Appropriates $113,000,000, as proposed by the Senate.

On amendment No. 147, farm-tenant loans: Appropriates $49,984,500, instead of $24,984,500, as proposed by the House.

On amendments Nos. 155 and 156, forest roads and trails: Authorizes, as proposed by the Senate, the purchase or construction of buildings at a cost not to exceed $7,500 for any one building.

On amendment No. 158, Farm Credit Administration: Inserts language providing that employees are not to be personally liable

for fraud or misrepresentation of applicants or borrowers where the Governor of the Farm Credit Administration determines that such employees have exercised reasonable care.

CLARENCE CANNON,
M. C. TARVER,
Managers on the part of the House.

Mr. CANNON of Missouri. Mr. Speaker, I ask unanimous consent that the separate Senate amendment providing for an additional appropriation of $113,000,000 for the purchase of surplus agricultural commodities be taken out of its order and considered before we take up the conference report.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

Mr. WOODRUM of Virginia. Mr. Speaker, reserving the right to object, such a request is very unusual. It seems to me the gentleman would give us some explanation for desiring to take up a Senate amendment in disagreement before we dispose of the conference report. What is the purpose of it?

Mr. CANNON of Missouri. Some of the Members must leave early in order to make engagements, and desire to vote on this particular amendment, and they fear we will not reach it within the time, and they have asked that it be taken up at this time.

Mr. WOODRUM of Virginia. Mr. Speaker, this is an important matter, and if it does not make a great deal of difference I think we should proceed in the regular order. I object.

The SPEAKER. Objection is heard. The gentleman from Missouri [Mr. CANNON] is recognized for 1 hour.

Mr. CANNON of Missouri. Mr. Speaker, this bill is more than a supply bill. It differs from the average supply bill in that it carries in addition to appropriations to run the departments an appropriation to provide for the agricultural relief program, appropriations to put into effect the only remedy for agricultural ills which this Congress is today in position to apply.

The House committee in reporting the bill to the House made substantial reductions in the items providing for the departmental establishment throughout the bill, and when we sent the bill to the Senate had cut the appropriations for purely departmental support $7,000,000 below the Budget estimate. The Senate restored the $7,000,000 and added an additional $9,000,000. They sent the bill back $16,000,000 above the amount provided by the House for the Department of Agriculture.

Mr. COCHRAN. Mr. Speaker, will the gentleman yield?

Mr. CANNON of Missouri. I yield.

Mr. COCHRAN. Was that within or above the Budget estimate?

Mr. CANNON of Missouri. That was $9,000,000 above the Budget estimate. The conference cut the $16,000,000 added by the Senate to a little less than $1,000,000; and the bill as presented to the House is as economical a bill as could be secured under the circumstances for the support of the Department of Agriculture for the coming year.

In addition to the items agreed to in the conference report the managers on the part of the House brought back a number which were stricken out on points of order on the floor, and which were largely perfunctory, as they have been carried in the bill for many years. In addition, there are seven items which, under the rules or because the two Houses could not agree, we have brought back for a separate vote. They include an additional extension service allotment in 21 States, an appropriation for gypsy-moth control, an appropriation for Dutch elm disease, an appropriation for wildlife conservation, an appropriation for farm tenancy, an appropriation for pink boll worm, an appropriation for a building for the Weather Bureau, and an appropriation of $113,000,000 for the purchase of excess surplus commodities.

Mr. AUGUST H. ANDRESEN. Mr. Speaker, will the gentleman yield?

Mr. CANNON of Missouri. I yield.

Mr. AUGUST H. ANDRESEN. Will the gentleman explain to the House just the standing of the Bang's disease appropriation so there may be no misunderstanding as to what was done with reference to the funds in conference for Bangs disease?

Mr. CANNON af Missouri. For Bang's disease we compromised with the Senate on $8,300,000, a very substantial amount for that purpose.

Mr. AUGUST H. ANDRESEN. What about the matching of funds by the States? Is it the requirement of the conference report that the funds shall be matched by the States before Federal aid will be given?

Mr. CANNON of Missouri. We retained the current provision. Instead of requiring two-thirds cooperation by the States we provide for the present a continuation of the 50-50 provision.

Mr. AUGUST H. ANDRESEN. Requiring a 50-percent contribution by the States.

Mr. CANNON of Missouri. Yes; as heretofore.

Mr. MOTT. Mr. Speaker, will the gentleman yield?

Mr. CANNON of Missouri. I yield to my friend.

Mr. MOTT. The gentleman observed in his remarks that he thought the House conferees had done pretty well in the Senate. In view of the fact that the House in its consideration of the bill rejected the $225,000,000 for farm-parity payments, so-called, and that the House conferees yielded to the Senate conferees and put it back in the bill, how can the gentleman say that the conferees of the House did pretty well?

Mr. CANNON of Missouri. My statement referred to the appropriations for the maintenance of the Department of Agriculture.

Mr. MOTT. I misunderstood the gentleman on that point. I am glad to be corrected. But may I ask the gentleman if he thinks the House conferees did pretty well on the balance of the bill including parity payments?

Mr. CANNON of Missouri. I shall leave the gentleman to judge that for himself. And in making up his mind, I hope he will take into consideration the fact that agriculture has suffered in the last 20 years as no other industry has suffered in the history of this or any other country. The last year in which agriculture was in parity with industry and labor was in 1920, and as the result of that parity the country was universally prosperous. Agriculture's share of the national income at that time was 19.7 percent.

In round numbers, agriculture received approximately one-fifth of the national income, and the country has never been more profitably and equitably adjusted either before or since; but beginning at 1920, and in the deflation that followed, the loss suffered by agriculture was so out of proportion to that suffered by other industries that today agriculture's share of the national income is only 7.4 percent. The farmers' share of the national income has dropped, roughly, from 20 percent to 7 percent. In addition to that, the value of all agricultural assets has declined. In 1920 the agricultural assets of the United States were $66,000,000,000. In 1933 they were $30,000,000,000. From 1920 to 1933 the value of all farm property in the United States decreased more than one-half. During the same length of time the value of manufacturing assets went from $17,000,000,000 up to $20,000,000,000. While agriculture was losing more than one-half of its assets, industry was adding one-fifth to its assets. And during the same period the financial assets of the United States were increased from $9,000,000,000 during that time to $16,000,000,000. While agriculture was losing one-half of its assets, the financial assets of the United States nearly doubled. In the process of deflation the price of everything entering into the farmer's cost of production advanced while his prices declined. The price of everything he had to buy went up, while the price of everything he had to sell went down. Wheat from 1910 to 1938 went down from $1.22 to 73 cents. It was selling at $1.22 in 1910. Today it is selling at 73 cents a bushel, but the binder that reaped that wheat went from $145 up to $300. During the same length of time the price of cotton went from 16 cents down to 8 cents, but

the wagon to haul that cotton went from $100 up to $150. And other farm necessities in proportion, as:

Purchases	1910	1938
1 grain binder (horse drawn)	$145	$300
1 drill	125	240
1 wagon and grain tank	100	150
1 mower	50	100
1 rake	30	45
Harness for 5 horses	85	150
1 harrow	18	30
Gang plow	65	125
1 cultivator	35	75
16,000 feet lumber sufficient to build barn 48 by 22, 12 feet to eaves	480	800
Average tax on quarter section of land	25	125
Total	1,158	2,265

Likewise all other services rendered the farmer advanced while the price of his products declined. In 1910 the freight rate on hogs from Des Moines to New York City was 53½ cents per hundred. Today it is 93 cents per hundred. Hogs went from $24 down to $6.75. And at the same time the freight on those hogs went from 53½ cents up to 93 cents.

Corn dropped from 72 cents per bushel in 1914 to 51½ today, but the fertilizer to grow that corn advanced from $20 per ton to $22.55 per ton in the same length of time. And similar contrasts in the prices the farmer receives and the prices he pays apply to every farm product and farm necessity.

The contrast in the treatment accorded labor and agriculture is as marked as the treatment accorded industry and agriculture. During the years of farm deflation the union wage scales have reacted to a corresponding inflation as shown by the following tables:

Comparative salaries per annum

	1920	1938
All railway engineers [1]	$2,810	$3,399
Freight engineers [1]	2,653	3,299
Federal employees in the District of Columbia [2 3]	1,321	2,066
Farm family, 5 persons [4]	1,020	670

[1] Interstate Commerce Commission.
[2] U. S. Department of Labor, Bureau of Labor Economics.
[3] The Budget, 1934.
[4] Department of Agriculture, Bureau of Agricultural Economics.

Carrying the comparison into the day-labor class, the change in rates of pay per day were as follows:

Comparative wage scales per 8-hour day

	1920	1933	1938
Carpenters, general [1]	$5.36	$8.80	$11.18
Painters, general [1]	5.20	9.92	10.91
Plumbers and gas fitters [1]	5.76	10.40	12.12
Electricians, inside wiremen [1]	5.52	10.56	12.35
Bricklayers, building [1]	6.24	11.44	13.18
Farmers, field hands [2 3]	2.84	.75	1.31

[1] U. S. Department of Labor, Bureau of Labor Economics.
[2] With board.
[3] Department of Agriculture, Bureau of Agricultural Economics.

Federal employees in the District of Columbia were receiving in 1920 an average salary of $1,321, and were paying at the rate of $24 per hundredweight for hogs and 60 cents a dozen for eggs. Today they are receiving $2,066, but are paying the farmer only $6.75 for hogs and 16 cents a dozen for eggs on the farm.

And yet there are Members of the House who think the farmer is getting too much and object to even this pitiful increase in his deflated prices. I can understand why a Member might take a view which would justify refusal to appropriate for work relief for the unemployed, but I am unable to follow the devious mental processes which would deny a farmer who works 14 hours a day even three-fourths of his meager wages. Surely, "the laborer is worthy of his hire."

Mr. COCHRAN. Will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from Missouri.

Mr. COCHRAN. I will not dispute what the gentleman says in reference to the price that the farmer receives for his products, but I may say that so far as what the city man pays, the union man and nonunion man for his food today, there is a very slight difference. Those in between the farmer and the consumer are getting that money. There is where your trouble lies.

Mr. CANNON of Missouri. What the gentleman from Missouri [Mr. COCHRAN] states is absolutely true.

Mr. COCHRAN. I hope the gentleman will go very fully into the distribution question, because I say again there is where the fault lies. If the farmer received a reasonable part of what he is now getting and what we now pay, his troubles would be over.

Mr. CANNON of Missouri. My colleague touches one of the important phases in the solution of the farm problem. For example, the farmer receives 3⁷⁄₁₀ cents a quart for milk and the consumer pays 12 cents.

And here is an interesting table in that connection:

	1913	1939
Average price of hogs in Chicago	$8.35	$6.75
Average price of sliced ham	.27	.60
Average price of lambs in Chicago	7.70	9.75
Average price of leg of lamb	.19	.33

And here is another:

	1913	1939
Milk-wagon drivers	[1] $19.50	[2] $37.50
Milk at farm	2.60	1.96

[1] Per week. [2] Minimum.

Mr. DOWELL. Will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from Iowa.

Mr. DOWELL. Were not the parity payments in the agricultural appropriation bill of last year substantially the same as the parity payments provided in the present conference report?

Mr. CANNON of Missouri. Practically the same. The total appropriation is higher this year to meet increased compliance on the part of the farmers. The amount provided this year will take care of approximately the same increase in farm prices as the appropriation made last year—that is, an additional 2 cents for cotton, an additional 6 cents for corn, and an additional 11 cents for wheat. A vote against this appropriation is a vote to decrease farm prices even more than those figures as it would demoralize the market and bring on a debacle which would sweep the price of all agricultural commodities to the levels of 1932.

Permit me at this time to say most emphatically that the farmer is not protesting any increase in the wages of labor. Every increase has been justified. These tables are merely cited to show how far the farmer is below parity and the sense of fairness and good sportsmanship not only of labor but of the entire American people will approve any action taken by Congress to increase farm prices in proportion to the increase in industrial prices and to increase farm wages to a comparable figure with union wages.

Also, let me point out that while there has been a drastic drop in farm prices the heaviest decline was from 1920 to 1933 and prices received by farmers today are vastly in excess of 1933 prices as indicated in the following table:

Farm prices quoted in the St. Louis Globe-Democrat

	Peak	1933	1939
Wheat	$3.40	$0.49½	$0.72
Corn	1.70	.23½	.51½
Oats	1.08	.16¼	.35
Cattle	18.75	.625	12.35
Hogs	28.00	3.80	6.75
Eggs	.80	.11½	.16
Butter	.89	.20	.23¼
Poultry	.46	.08½	.13
Milk	----------	1.45	1.96
Cotton	.39	.06	.0855

The present system is woefully deficient. It falls far short of its objective. And yet it has supported farm prices more effectively than any legislative program placed on the statute books since 1920.

Cotton at 8.6 with the added conservation benefits and loan privileges of 5.6 and the 1.6 parity payment now nets 15.6 cents per pound. The testimony before the Committee on Appropriations is that without these legislative supplements cotton could hardly be sold at any price.

Corn was selling at 35 cents. With the loan basis of 57 cents, the 9-cent conservation additions, and 6 cents from the parity fund, corn is today bringing a total of 81 cents a bushel.

Wheat which was bringing 35 cents before the loans became available is now selling for 73 cents and, with the additional 11 cents provided by the parity fund, is giving the farmer 84 cents per bushel. For more detailed discussion of these prices I refer you to page 1067 of the hearings before the committee during the consideration of this bill. These prices are too low. A way must be found to increase them. But they are vastly better than the 30 cents for wheat and the 15 cents for corn and the 6 cents paid for cotton at the beginning of this administration.

However, it should not be forgotten that if the farm prices had advanced proportionately along with industrial prices and the union wage scale, wheat would today be selling for $4.90 a bushel, cotton for 81 cents a pound, hogs for $52 per hundredweight, and other commodities at a similar ratio. Check the increases in the prices of machinery and wages of labor in the above tables and then raise farm prices correspondingly and work it out for yourself. How can you vote against this beggarly increase of 2 cents for cotton, 11 cents for wheat, and 6 cents for corn in the face of a situation like that?

And remember, further, that when you pay 15 cents for corn, you must accept 15 cents patronage for the products of your factories. And when you tender 6 cents for cotton you must expect to do a 6-cent business with labor. Wages may be high, but how many can you employ with 30-cent wheat and $2 hogs? Let it never be forgotten that when hogs were $28 and eggs were 60 cents there was not a single hungry child in the land. And when eggs were 6 cents and hogs were $2 there were soup kitchens and bread lines in every city and W. P. A. projects throughout the Nation. It is a case of live and let live. Labor, agriculture, and industry are the three musketeers of modern economics. All for one and one for all. And the first step is an appropriation to put into effect the parity-payment law passed in fulfillment of every party platform in the last election.

Mr. Speaker, I yield 10 minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Speaker, I believe I will first give a picture of what the legislative situation is here today so that every Member of the House may have it clearly before him.

In the first place we are going to vote upon the conference report. This conference report includes several items in disagreement between the House and the Senate. The only item of a major character which is in disagreement is the parity item. The vote upon this conference report is the only way we can have an opportunity to vote upon the question of so-called parity. The other items in disagreement, the major ones of which are the surplus commodity item involving $113,000,000, approximately, and the farm tenancy item, will come up for separate vote at the conclusion of the vote upon the parity question, which is involved mainly in this conference report. I wanted to make that point clear at first.

There are a large number of other items such as those referring to the Dutch elm disease and to the gypsy moth, and other minor items involving a small amount of money. These are back in disagreement, and also the wildlife and some Weather Bureau items that are not large, but the vote on this conference report is the one where we determine whether or not the House is for parity payments or against them.

This parity item involves $225,000,000. It is an item that comes to us above the Budget, without a Budget estimate. It is an item whose purpose is to pay money to the operators of farms and the producers of certain agricultural commodities regardless of whether or not they are in need of relief. It is an item in addition to an amount approximating $499,000,000 which is provided in this bill for soil-conservation payments to the farmers. These items are a direct subsidy to certain farmers.

It seems to me that at this time we should refuse to approve this conference report, calling for as large a payment as $225,000,000 without any Budget estimate. We have already approved the appropriation of $500,000,000, and other items are involved. There is $92,100,000 which will be available for the purchase of surplus commodities or export bounties under the Borah amendment to the tariff act. There is a large balance available in the Credit Corporation, amounting to approximately $130,000,000 or $140,000,000, for the purchase of farm commodities or loans upon farm commodities. Therefore, without this item there is upward of $700,000,000 available already for farm subsidies. I do not see how we can afford to go further at this time.

Mr. SHORT. Mr. Speaker, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Missouri.

Mr. SHORT. I am sure the distinguished and able gentleman from New York is aware of the fact that while the Federal Government under the A. A. A. program last year was paying $500,000,000 to the American farmers to restrict production, we imported $742,000,000 of farm products from foreign nations, 70 percent of which, or $518,000,000 worth of commodities, could have been produced here at home.

Mr. TABER. And the importation of those items tended to reduce the price the American farmer received for his products. I believe that is unquestionable. It requires only a small amount of imports to break the price and throw it down so far that it is impossible for the American farmer to get anything. Why we should be importing foreign products and at the same time because of the direct reduction of prices be paying parity payments to the farmers I cannot see. It is wrong end to. At the same time that we have had this enormous surplus of cotton piling up in the warehouses we have been importing foreign cotton, and our manufacturers of cotton have reached the point where they are unable to buy American cotton in many instances and are obliged to buy imported cotton because of this complicated situation in which our agriculture finds itself. It is entirely wrong end to, and unless we stop it we are not going to get any relief.

Mr. AUGUST H. ANDRESEN. Mr. Speaker, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. Let me add to what the gentleman has said that in the first 3 months of this year Japan shipped here 17,000,000 yards of unbleached cotton goods as against 4,000,000 yards last year, made out of Brazilian raw cotton.

Mr. TABER. That is to be expected with the kind of a situation we are facing. We must get the farmer to realize that we must not go on with this program any longer or any further. It is absolutely necessary if we are to solve America's farm problem that we stop making appropriations in this way to hand out to the farmer, just because we are doing something else that is foolish. We ought to stop doing the foolish thing instead of appropriating money for parity payments.

Mr. ZIMMERMAN. Mr. Speaker, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Missouri?

Mr. ZIMMERMAN. The gentleman says we must stop spending money in order to give the farmer an approach to parity. What does the gentleman say about doing something to stop increasing the price of farm machinery to the point where the farmer now pays $300 for a binder to cut 72-cent wheat?

Mr. TABER. I wonder if the gentleman voted for some of the laws that helped to increase that price, such as the

Wagner Labor Relations Act and some of the other vicious laws that have not given the American workingman a dollar of advantage in the wage situation but instead have ruined him and deprived him of work, and at the same time have raised prices so the farmer has to pay too much.

I believe that it is because of all these foolish pieces of legislation which have ruined the workingman, the farmer, and everybody else that we are being asked to make these parity payments, because there would have been no need for it if we had had honest and decent legislation. If we could have honest and decent legislation now and get rid of these reactionary and destructive programs we would not be thinking about such a thing as this. If we do not stop it right now and refuse to approve of this conference report we are going to put our necks in the noose and postpone the day of real, constructive legislation.

Mr. SHORT. Mr. Speaker, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Missouri.

Mr. SHORT. And a little honest and decent administration would not hurt.

Mr. TABER. That would help.

Mr. JENKINS of Ohio. Mr. Speaker, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Ohio.

Mr. JENKINS of Ohio. As I understand it, the House, after much debate and after complete consideration, voted down this item of $225,000,000.

Mr. TABER. Yes.

Mr. JENKINS of Ohio. The item then went to conference and five or six or seven conferees put back into this bill that item of $225,000,000 and we cannot do very much about it unless we defeat this report.

Mr. TABER. That is the only chance we have.

Mr. JENKINS of Ohio. May I say that I believe the time will come when the conferees in the Congress will be shorn of their power. It is absolutely an insult to our parliamentary system that four or five people can put upon this country a charge of $225,000,000 when one branch of the Congress has spoken emphatically against it.

Mr. TABER. I hope the House will reject this conference report. [Applause.]

[Here the gavel fell.]

Mr. CANNON of Missouri. Mr. Speaker, I yield 5 minutes to the gentleman from Virginia [Mr. WOODRUM].

Mr. WOODRUM of Virginia. Mr. Speaker, it is not a pleasant thing to vote against a conference report, but that is what I expect to do in a few moments.

Mr. CRAWFORD. Mr. Speaker, I rise to a point of order. I make the point of order there is not a quorum present.

Mr. WOODRUM of Virginia. I hope the gentleman will not stress that, so far as I am concerned.

Mr. CRAWFORD. I withdraw it, Mr. Speaker.

Mr. WOODRUM of Virginia. I would very much rather go ahead.

If we adopt this conference report and take the action which seems entirely probable with respect to amendments in disagreement, this bill will be something like $350,000,000 above the Budget estimates. Now, maybe that does not mean anything, maybe we just should not pay any attention to that sort of thing. It is bad enough to go against our budgetary procedure to that extent, but I would even be willing to do that if by so doing we would even be taking a feeble step toward solving the problems of the American farmer.

When we passed the 1938 agricultural adjustment bill and the President signed it, he did so with a very definite and a very specific reservation, and, so far as I know, he has not changed his position, that if and when the Congress should ever undertake to make parity payments it should provide the taxes to meet those payments.

Mr. H. CARL ANDERSEN. Mr. Speaker, will the gentleman yield at that point?

Mr. WOODRUM of Virginia. I am sorry; I have not the time to yield.

The President, every time he has expressed himself upon the subject, has made that statement.

I believe the Democratic administration has tried to solve the agricultural problem, and if we have an agricultural policy, certainly we should stick to it, and we should have an agricultural leadership and stick to that.

The President does not want this fund in here for parity payments. He has specifically asked the Congress not to put it in, and, in my judgment, I do not see how on the face of the earth he can sign the bill if it is in the measure. The President and the Secretary of the Treasury both have said that these funds for agricultural parity payments should not be in this bill.

When this bill is passed and the other items come along that are in the mill this Congress very likely will leave Washington with a record for spending unexcelled, perhaps, by any Congress that has ever met here, in that we have appropriated something like three-quarters of a billion dollars over and above Budget estimates.

I now want to appeal to the House and addressing myself particularly to my colleagues over here, if our President and our Secretary of Agriculture are not willing to say to the country and say to the Congress and say to you and say to me that this appropriation should be made, then what justification have we for taking the leadership in this matter in our own hands and going ahead and increasing these estimates?

Some day the workingman and the American farmer, who constitute two-thirds of our citizenship and who are the people who produce the wealth from which taxes must eventually come, are going to wake up to the fact that every Congressman who gets up here and votes a little hand-out to them is not necessarily their friend or doing them a favor. [Applause.]

The President requested that if Congress ever sought to make parity payments, it must raise the money to meet the bill by special taxes. Congress has refused to take that action. How can we justify ourselves? If we love the farmer as we say we do—and I will vote the funds for him if you will vote the taxes to pay it, if you think he should have this fund, but what earthly excuse have we got for not going into somebody's pockets, somewhere, and getting the money to pay for it. That is what the President says ought to be done.

I do not think anyone has shown himself more concerned about American agriculture than Franklin D. Roosevelt. He does not approve this measure. He has not asked for it. Why? Because he knows, just as you and I know, that it is an irritant instead of a help. It does not help anybody but the big producers. Instead of this $225,000,000, it would take $1,000,000,000 or $1,500,000,000 to give you parity for agriculture. [Applause.]

[Here the gavel fell.]

Mr. CANNON of Missouri. Mr. Speaker, I yield 10 minutes to the gentleman from Georgia [Mr. TARVER].

Mr. TARVER. Mr. Speaker, since when has the gentleman from Virginia [Mr. WOODRUM] become the spokesman of the White House? If he has been selected to act in that capacity, it is certainly since he engineered the W. P. A. bill through this House last week. I deny that he has any information upon which he can base the statement that the President has asked Congress not to appropriate this $225,000,000 for parity payments. The President did state, as the gentleman from Virginia said, in signing the Agricultural Adjustment Act, that in his judgment Congress should provide by taxation for raising the necessary funds with which to make these parity payments. In that position I am in accord with him, but most of us are not members of the Committee on Ways and Means and do not have it within our power to bring to this floor legislation which would provide for the raising of the necessary revenue.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. TARVER. I cannot yield at this time. I may be able to yield later. I believe that the President of the United States has a deep interest in the provision for parity payments if they can be provided in a way which he thinks is proper to the farmers of the Nation in an effort to bring

back agriculture to a basis approaching parity. I have never known the President to take a position against any legislation which was intended to benefit the common, ordinary man, whether that man works in a factory, in the city, or works upon the farm, and I believe that if this House should pass, as I hope it will, this bill containing the provision for parity payments, that the President of the United States, notwithstanding the views he has often expressed regarding the desirability of raising the additional money by taxation, will permit the farmers of the country to have this measure of relief.

The gentleman from Virginia [Mr. WOODRUM] says that we have no farm policy. I insist that we have. That farm policy is represented by the Agricultural Adjustment Act of 1938, for which the gentleman from Virginia voted, and against which I cast my vote. I agree that the farm program as represented in that act is in need of revision. I do not, however, agree with the gentleman from New York [Mr. TABER] that it may be properly revised upon the consideration of this appropriation bill. Certainly, all of us, in view of the distressed condition of agriculture throughout the United States, must realize that it is essential that the farmers must have some program, and if we destroy by failure to make provision for these parity payments, the program which we are now endeavoring to carry on, without making provision for a substitute program, the effect on the agriculture of the Nation will be disastrous. Gentlemen have talked in opposition to this conference report as if the conferees had brought back to the House identically the same amendment on which the House voted, which was rejected by the narrow margin of 13 votes. That is not correct. The amount which has been brought back in the conference report for parity payments is $25,000,000 less than the amount upon which the House cast its vote on the passage of this bill through this body, and represents a substantial concession to the views of those who felt obliged upon the passage of the bill through the House to vote against the appropriation of $250,000,000.

I do not wish to take up any more of the time than is necessary, because I know others want to speak, but I do desire to impress upon the House, if it is possible for me to do so, my belief, and I think the feeling of those who are interested in agriculture throughout the country, that the failure to enact a provision for parity payments will result in the destruction of the pending program. The farmers have been promised these payments impliedly in the passage of the Agricultural Adjustment Act and upon the assurance contained in that act they submitted to restrictions in agriculture and in their productions that they would not have agreed to except for the parity-payment provision.

Mr. JOHNSON of Oklahoma. Mr. Speaker, will the gentleman yield?

Mr. TARVER. Yes.

Mr. JOHNSON of Oklahoma. With reference to the veiled threat just made by the distinguished gentleman from Virginia that the President would veto the bill in case the parity payments are left in it, I just want to say that a committee of this Congress called at the White House recently and discussed with the President the importance of retaining parity payments to the farmers of America. Permit me to add that I agree that the President is justified in urging Congress to find a way of paying for any parity payments in this bill. But, on the other hand, without pretending to quote anyone, I feel safe in saying that no one has any reason to say or even of insinuating that this bill will be vetoed by the President of the United States because of the very reasonable amount it carries for the so-called parity payments to the American farmers.

Mr. TARVER. I have no hesitation in joining in the expression of opinion made by the gentleman from Oklahoma. It is inconceivable to my mind that the President of the United States should veto something so vital to agriculture as the parity-payment provision.

Mr. COFFEE of Nebraska. Mr. Speaker, will the gentleman yield?

Mr. TARVER. Yes.

Mr. COFFEE of Nebraska. With reference to the parity payment provision, is there not this further distinction between the amendment on which the House voted, and the amendment brought back to us, in that the present amendment restricts the payment to corn producers, as far as corn is concerned, to those in the commercial area only?

Mr. TARVER. I am under the impression that the language of the Senate amendment is substantially the same language which was proposed in the House by the chairman of our subcommittee, after the original provision was stricken out on a point of order.

Mr. COFFEE of Nebraska. Will the gentleman yield further?

Mr. TARVER. I yield to the gentleman.

Mr. COFFEE of Nebraska. I would like to call the attention of the gentleman to the language in parentheses, and I quote, "In the commercial corn producing area." That language was not in the amendment as the House voted on it previously.

Mr. TARVER. I have been informed by the chairman of the committee, who is more concerned about the commercial corn producing areas than I am, because I do not come from a commercial corn producing area, that the language of the Senate amendment is substantially the same as that offered by him in the House.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. TARVER. I yield to the gentleman from Pennsylvania.

Mr. RICH. The gentleman said it was the duty of the Ways and Means Committee to raise the revenue. What part is the House going to take in trying to raise revenues to meet the expenditures? I will say, the gentleman is a member of the Committee on Appropriations. He knows we have appropriated for 1940 more than $4,000,000,000 now more than we received. What is your responsibility?

Mr. TARVER. We may have done that, but when the gentleman comes to voting for bills for the national defense and items for taking care of the unemployed in the cities throughout the country, I think he ought to get up and make speeches about insisting on raising special taxes to pay for those appropriations, and he ought not to raise the question only when the question of the farmer's interests are before the House. [Applause.]

Mr. RICH. I want to help the farmers, but we will not do it under this bill. You ought to be fair.

Mr. TARVER. Unfortunately, the gentleman from Pennsylvania has not been able to figure out any way by which he might help the farmers justly, in his opinion.

Mr. MURDOCK of Arizona. Mr. Speaker, will the gentleman yield?

Mr. TARVER. I yield.

Mr. MURDOCK of Arizona. I have heard a great deal of opposition to the parity payments being paid for the cotton export subsidy——

Mr. TARVER. The question of cotton export subsidy is not involved in the parity payments. The gentleman has reference to the $113,000,000 for the purchase of surplus commodities, which will come up later.

Mr. Speaker, I yield back the balance of my time.

Mr. MOTT. Mr. Speaker, will the gentleman yield?

The SPEAKER. The gentleman yields back 1 minute.

Mr. CANNON of Missouri. Mr. Speaker, I yield 5 minutes to the gentleman from Kansas [Mr. LAMBERTSON].

Mr. LAMBERTSON. Mr. Speaker, I was one of three conferees. Two Members have used 30 minutes and I have 5 minutes to represent the side that the House voted for on the parity payments. I opposed parity in conference. I understand 5 minutes more will be given to a colleague of mine who will support parity payments. So we are not getting much of a break on this hour.

I want to say that I believe the greatest danger to the Nation today is the public debt. I really think so. There is no greater danger than this mounting debt. Some of us do not justify our expenditures for agriculture, as many do, simply because others have gotten theirs.

This is my subcommittee. This is the only committee, aside from deficiency committees on which I serve. Each subcommittee holds its own responsibility. I do not think, just because others have gotten theirs, that that is any justification for us to get some "gravy," especially for ourselves.

First of all, I am opposed to parity, because the two hundred million—I do not know when they took the twenty-five million off; I did not hear of it in conference—but whatever it is, it is estimated that ninety-three million will go to cotton; that probably an equal amount will go to the big wheat raisers of the country that my colleague represents primarily—my good friend, who will follow me, probably. The little, poor, family-sized farmer will get the rest. I think parity ought to be defeated in the interest of the small farmer, because the big farmers make our surpluses. He has created our problem. That is the big fellow that there is no limitation on what he is paid. No limitation on the big wheat farmers in this country. So I think it is in the interest of the small farmer to beat parity, and in order to help some place, stop this spending.

When the farmer is drawn in in "gravy" and joins the back-scratching program, the last group in America for economy is gone. The last group fighting for the democracy that we have is gone. Then we have all joined in the back-scratching proposition.

I hope this House beats this conference report. We only saved $13,000,000 out of $380,000,000 which the Senate added. We were weak sisters generally when we met them. It ought to be beaten on general principles, aside from parity. We did not stand by the House vote, two of the three of us in the conference committee. We should have at least insisted on a vote by the House before this parity proposition came back. So I am saying, representing the farmers, being a farmer myself, coming here because of the farmers, that the small farmer, the family-sized farmer is not in it. He can afford to give up his little pittance here to see that the cotton boys and the big wheat boys that make our surpluses do not get theirs. That is my attitude about it. [Applause.]

We are doing a good thing in the interest of the small farmer to cut it off at the top. Parity is not going to heal the sore. Parity is not going to solve the farm problem. The farmers never asked for this farm bill. I voted against it, and I came back here with an increased majority after I voted against the bill a year ago. My farmers did not demand this bill. They would like to have the home market which we have been losing. They would like to have cheaper interest rates, but God knows they never asked for this bill. The man in the White House did not even have the courage to ask his Budget Director to recommend the money.

Mr. MOTT. Mr. Speaker, will the gentleman yield?

Mr. LAMBERTSON. I cannot yield, I have only 5 short minutes. That is my attitude. I thing we ought to stand up on our hind legs here and beat the conference report. Then we would be doing what we did when we first passed the bill. Let us tell the Senate conferees that we still stand where we were. We only saved $13,000,000 out of the $380,000,000 added by the Senate. In another body they defend what a Member desires—it is a collection of individual desires—what they put in an appropriation bill. The two things they do are to debate a man's qualifications for office and increase appropriations. [Applause.]

[Here the gavel fell.]

Mr. CANNON of Missouri. Mr. Speaker, I yield 5 minutes to the gentleman from Kansas [Mr. HOPE].

Mr. HOPE. Mr. Speaker, I had not intended to say anything on the conference report until the distinguished gentleman from Virginia [Mr. WOODRUM] spoke. I was struck by what he said as to the attitude of the President on the parity provision. I am in accord with the views expressed by the gentleman from Virginia as to our duty to levy a tax to make these parity payments. I think we should make this program self-supporting. Farmers are in favor of making it self-supporting. I have introduced in the House, and there is pending before the Committee on Ways and Means, a bill imposing a tax upon the processing of the commodities upon which parity payments will be made which it is estimated would raise approximately the amount of these payments. I venture to say that if the Ways and Means Committee would report that bill to the House that the vote on that bill would almost parallel the vote on this conference report; that is to say, those who are going to vote against the conference report because they say we have not the money, would also vote against that tax bill; and those who are going to vote for this appropriation today would vote for the tax bill. I think that if the Ways and Means Committee would bring in a bill to levy a tax which would meet these benefit payments that the House would pass it. I think it ought to do that, but I have also been struck with this thought when I hear any discussion of the attitude of the President on these matters, and that is, why is it so easy for the President and the Director of the Budget to find some budgetary authority for bringing in these huge appropriations for national defense and other matters in which the administration is interested and so hard to approve appropriations for agriculture. We are going to appropriate about $1,700,000,000 this year for the Army and Navy, almost doubling what we spent in previous years; and I understand we have budgetary authority for all of it. If the President were as interested in the great industry of agriculture in this country as he is in increasing our military and naval power beyond what some of us think is reasonable, then I say he could go to the Director of the Budget and get budgetary authority for these expenditures.

Furthermore, the necessity for parity payments to equalize the income of the farmer is due, in considerable measure at least, to the laws that have been passed by Congress and sponsored by the present administration increasing taxes, increasing wages, and imposing additional burdens upon business. The farmers of this country have had to shoulder a great burden imposed upon them because of these increasing costs, which are reflected in increasing prices of everything they have to buy. So I say that if the President were interested in equalizing the income of the farmer with that of those employed in other industries he could find some way to approve these items in the Budget. Furthermore, I have not seen any requests from the President of the United States that we pass tax legislation to cover the cost of increased armament and other war expenditures.

Mr. MOTT. Mr. Speaker, will the gentleman yield?

Mr. HOPE. Not right now; I have not the time.

Mr. Speaker, the suggestion has been made that the President might veto this bill. I say, let us send the bill down to the President and let him take his own responsibility about vetoing it. If he feels that the vast expenditures for military affairs can be made without any provision for raising the money, but that we cannot spend money for farmers without raising the funds in advance, then it is time the farmers of this country know about it. [Applause.]

Mr. CANNON of Missouri. Mr. Speaker, I yield 2 minutes to the gentleman from Minnesota [Mr. ANDERSEN].

Mr. H. CARL ANDERSEN. Mr. Speaker, when we leave here this session we are going to leave a record of having spent $10,000,000,000 of the American taxpayers' money. Who is going to pay the bill? Agriculture is going to pay the largest segment of this vast sum of money; yet you Members here today quibble about giving agriculture what it ought to have in all fairness, and that is sufficient even to begin to put into effect that bill which most of you voted for 2 years ago—the Soil Conservation Act. I say that if you are going to vote against this appropriation bill at least be men enough to bring in the Soil Conservation Act of 1938 and repeal it; in other words, if we cannot put up the money to pay this 75-percent parity to the farmers of the Nation, that Congress has stated the farmers are entitled to, let us show our colors and endeavor to bring in here some kind of farm legislation that will do something worth while for the one largest tax-paying group in the United States of America. [Applause.]

Mr. CANNON of Missouri. Mr. Speaker, I yield 2 minutes to the gentleman from Wisconsin [Mr. HULL].

Mr. HULL. Mr. Speaker, I am not in sympathy with the objections which the gentleman from New York [Mr. TABER]

and the gentleman from Virginia [Mr. WOODRUM] voice regarding this particular measure; and like others here, I cannot understand why it is that economy has to start in the House of Representatives with measures of importance to the farmers of the country. I cannot understand why, if it is necessary to have additional taxation for farm appropriations, these two gentlemen were not out in front with some suggestions with reference to a tax provision in connection with the bill that was passed here today, adding another $292,000,000 to already greatly increased appropriations for the War Department.

May I say further that the amount involved in both items in this conference report, one for parity payments and the other for surplus-commodity purchases, amounts to approximately as much as the cost of three of the modern battleships voted by this Congress. I failed to hear the melodious voices of these distinguished gentlemen protesting that no taxes were being raised for those three particular battleships. It is only when the farmer comes to the Congress for a little part of Government funds, in consequence of the immense loss in purchasing power, which he has suffered during the last year even, that objection is made on the ground that we have to balance the Budget and that the deficit is twisting the Nation out of shape. May I say that this year the farmers of the country will have the lowest percentage of the national income they have ever had in history and the appropriations involved in this bill are small compared with the immense loss of purchasing power of the farmers this year. Less than 7 percent of the total appropriations of this Congress will go to farmers. [Applause.]

[Here the gavel fell.]

Mr. CANNON of Missouri. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the conference report.

The question was taken; and on a division there were—ayes 112, noes 119.

Mr. CANNON of Missouri. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 182, nays 175, answered "present" 1, not voting 72, as follows:

[Roll No. 102]

YEAS—182

Alexander	Delaney	Hull	Merritt
Allen, Ill.	Dempsey	Hunter	Mills, Ark.
Allen, La.	DeRouen	Jacobsen	Mills, La.
Andersen, H. Carl	Doughton	Jensen	Monroney
Anderson, Mo.	Dowell	Johnson, Ind.	Mouton
Andresen, A. H.	Doxey	Johnson, Luther A.	Mundt
Arends	Duncan	Johnson, Lyndon	Murdock, Ariz.
Barnes	Dunn	Johnson, Okla.	Murdock, Utah
Barry	Elliott	Jones, Tex.	Nelson
Beckworth	Ellis	Kee	O'Connor
Bell	Fay	Kennedy, Michael	O'Day
Bloom	Ferguson	Kerr	Pace
Boland	Fernandez	Kilday	Parsons
Boren	Flannagan	Kirwan	Patman
Brooks	Folger	Kitchens	Patrick
Brown, Ga.	Ford, Miss.	Kleberg	Patton
Bryson	Ford, Thomas F.	Knutson	Pearson
Buckler, Minn.	Fries	Kocialkowski	Peterson, Fla.
Burch	Fulmer	Landis	Peterson, Ga.
Burdick	Garrett	Lanham	Pfeifer
Byrns, Tenn.	Gathings	Larrabee	Pierce, Oreg.
Caldwell	Gavagan	Leavy	Poage
Cannon, Fla.	Gehrmann	LeCompte	Ramspeck
Cannon, Mo.	Geyer, Calif.	Lemke	Randolph
Carlson	Gilchrist	McAndrews	Rankin
Case, S. Dak.	Gore	McCormack	Rayburn
Celler	Gossett	McGehee	Richards
Claypool	Grant, Ala.	McKeough	Robertson
Coffee, Nebr.	Gregory	McLaughlin	Robinson, Utah
Cole, Md.	Griffith	McMillan, John L.	Rogers, Okla.
Collins	Guyer, Kans.	McMillan, Thos. S.	Romjue
Colmer	Gwynne	Maciejewski	Schaefer, Ill.
Cooley	Hare	Mahon	Schuetz
Cooper	Hart	Maloney	Schulte
Cox	Healey	Mansfield	Secrest
Crowe	Hill	Marcantonio	Sheppard
Cullen	Hobbs	Martin, Colo.	Sirovich
Cummings	Hook	Martin, Ill.	Smith, Wash.
Curtis	Hope	Martin, Iowa	Snyder
Darden	Houston	Massingale	South
Sparkman	Tarver	Vincent, Ky.	White, Idaho
Spence	Taylor, Colo.	Vinson, Ga.	Whittington
Steagall	Terry	Ward	Williams, Mo.
Stefan	Thomas, Tex.	Warren	Zimmerman
Sutphin	Thomason	West	
Tolle	Tolan	Whelchel	

NAYS—175

Allen, Pa.	Edmiston	Keogh	Rodgers, Pa.
Anderson, Calif.	Elston	Kinzer	Rogers, Mass.
Andrews	Engel	Kramer	Routzohn
Angell	Englebright	Kunkel	Rutherford
Ashbrook	Evans	Lambertson	Sacks
Austin	Fenton	Lea	Sandager
Ball	Flaherty	Lesinski	Satterfield
Barton	Ford, Leland M.	Lewis, Colo.	Schafer, Wis.
Bates, Mass.	Gamble	Lewis, Ohio	Schiffler
Bender	Gartner	Ludlow	Scrugham
Blackney	Gearhart	McArdle	Seccombe
Bland	Gerlach	McDowell	Seger
Bradley, Mich.	Gillie	McLean	Shafer, Mich.
Bradley, Pa.	Graham	McLeod	Short
Brewster	Grant, Ind.	Maas	Simpson
Brown, Ohio	Griswold	Magnuson	Smith, Conn.
Buck	Gross	Mapes	Smith, Maine
Bulwinkle	Hall	Martin, Mass.	Smith, Ohio
Burgin	Halleck	Mason	Smith, Va.
Carter	Hancock	May	Springer
Chapman	Harness	Michener	Taber
Chiperfield	Harter, N. Y.	Miller	Taylor, Tenn.
Church	Harter, Ohio	Monkiewicz	Thill
Clason	Havenner	Moser	Thomas, N. J.
Clevenger	Hawks	Mott	Thorkelson
Cochran	Heinke	Murray	Tibbott
Coffee, Wash.	Hess	Myers	Tinkham
Cole, N. Y.	Hinshaw	O'Brien	Treadway
Corbett	Hoffman	O'Leary	Van Zandt
Costello	Holmes	Oliver	Vorys, Ohio
Crawford	Horton	O'Neal	Vreeland
Crosser	Izac	Osmers	Wadsworth
Crowther	Jarrett	Pierce, N. Y.	Wallgren
Culkin	Jeffries	Pittenger	Welch
Darrow	Jenkins, Ohio	Plumley	Wheat
Dirksen	Jenks, N. H.	Powers	Wigglesworth
Disney	Johns	Rabaut	Williams, Del.
Ditter	Johnson, Ill.	Reece, Tenn.	Winter
Dondero	Johnson, W. Va.	Reed, Ill.	Wolcott
Drewry	Jones, Ohio	Reed, N. Y.	Wolverton, N. J.
Durham	Kean	Rees, Kans.	Woodruff, Mich.
Dworshak	Keefe	Rich	Woodrum, Va.
Eaton, N. J.	Kennedy, Martin	Risk	Youngdahl
Eberharter	Kennedy, Md.	Robsion, Ky.	

ANSWERED "PRESENT"—1

Sumner, Ill.

NOT VOTING—72

Arnold	Creal	Hennings	Schwert
Barden	Curley	Jarman	Shanley
Bates, Ky.	D'Alesandro	Keller	Shannon
Beam	Dickstein	Kelly	Smith, Ill.
Boehne	Dies	Luce	Smith, W. Va.
Bolles	Dingell	McGranery	Somers, N. Y.
Bolton	Douglas	McReynolds	Starnes, Ala.
Boykin	Eaton, Calif.	Marshall	Stearns, N. H.
Buckley, N. Y.	Faddis	Mitchell	Sullivan
Byrne, N. Y.	Fish	Nichols	Sumners, Tex.
Byron	Fitzpatrick	Norrell	Sweeney
Cartwright	Flannery	Norton	Tenerowicz
Casey, Mass.	Gibbs	O'Toole	Voorhis, Calif.
Chandler	Gifford	Polk	Walter
Clark	Green	Rockefeller	Weaver
Cluett	Harrington	Ryan	White, Ohio
Connery	Hartley	Sabath	Wolfenden, Pa.
Courtney	Hendricks	Sasscer	Wood

So the conference report was agreed to.

The Clerk announced the following pairs:

On this vote:

Miss Sumner of Illinois (for) with Mr. Gifford (against).
Mr. Tenerowicz (for) with Mr. Bolton (against).
Mr. Clark (for) with Mr. Luce (against).
Mr. Barden (for) with Mr. Stearns of New Hampshire (against).
Mr. Harrington (for) with Mr. Hartley (against).
Mr. Voorhis of California (for) with Mr. Cluett (against).
Mr. Gibbs (for) with Mr. Douglas (against).
Mr. Cartwright (for) with Mr. Eaton of California (against).
Mr. Ryan (for) with Mr. Rockefeller (against).
Mr. Norrell (for) with Mr. Bolles (against).
Mr. Fitzpatrick (for) with Mr. Wolfenden of Pennsylvania (against).

General pairs:

Mr. Starnes of Alabama with Mr. Fish.
Mr. Patton with Mr. Marshall.
Mr. Nichols with Mr. White of Ohio.
Mr. Jarman with Mr. Schwert.
Mr. Courtney with Mr. Keller.
Mr. Dickstein with Mr. Creal.
Mr. O'Toole with Mr. Elliott.
Mr. Bates of Kentucky with Mr. D'Alesandro.
Mr. McReynolds with Mr. Dingell.
Mrs. Norton with Mr. Weaver.

Mr. Shannon with Mr. Mitchell.
Mr. Smith of Illinois with Mr. Polk.
Mr. Connery with Mr. Faddis.
Mr. Sumners of Texas with Mr. Shanley.
Mr. Dies with Mr. Flannery.
Mr. Green with Mr. Casey of Massachusetts.
Mr. Hendricks with Mr. McGranery.
Mr. Hennings with Mr. Byrne of New York.
Mr. Arnold with Mr. Sweeney.
Mr. Walter with Mr. Chandler.
Mr. Kelly with Mr. Wood.
Mr. Beam with Mr. Smith of West Virginia.
Mr. Boehne with Mr. Somers of New York.
Mr. Sabath with Mr. Buckley of New York.
Mr. Sullivan with Mr. Boykin.
Mr. Curley with Mr. Sasscer.

Mr. DOUGHTON changed his vote from "nay" to "yea."

Mr. MAGNUSON changed his vote from "yea" to "nay."

Miss SUMNER of Illinois. Mr. Speaker, I have a live pair with the gentleman from Massachusetts, Mr. GIFFORD. Had he been present, he would have voted "nay." I therefore withdraw my vote and answer "Present."

The result of the vote was announced as above recorded.

NEUTRALITY ACT OF 1939

Mr. SMITH of Virginia, from the Committee on Rules, submitted the following privileged resolution (Rept. No. 908), which was referred to the House Calendar and ordered to be printed:

House Resolution 227

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for consideration of House Joint Resolution 306, Neutrality Act of 1939. That after general debate, which shall be confined to the joint resolution and shall continue not to exceed 9 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Foreign Affairs, the joint resolution shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the joint resolution for amendment, the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the joint resolution and amendments thereto to final passage without intervening motion, except one motion to recommit, with or without instructions.

SUPPLEMENTAL REPORTS ON VARIOUS DISTRICT BILLS

Mr. RANDOLPH. Mr. Speaker, I ask unanimous consent to file supplemental reports from the Committee on the District of Columbia on the bill H. R. 6509, to provide for insanity proceedings in the District of Columbia; H. R. 4533, to amend the District of Columbia Unemployment Compensation Act to provide for unemployment compensation, and to amend the Social Security Act providing for the complete separation of the District Unemployment Compensation Board from the Social Security Board, and for other purposes; and H. R. 3950, to amend paragraphs (b), (c), and (d) of section 6 of the District of Columbia Traffic Act, 1925, as amended by the acts of July 3, 1926, and February 27, 1931, and for other purposes, all of which are now pending on the calendar.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia [Mr. RANDOLPH]?

There was no objection.

ANNOUNCEMENT OF VOTE

Mr. JOHNSON of Oklahoma. Mr. Speaker, my colleague from Oklahoma, Mr. CARTWRIGHT, is unavoidably detained on account of illness. If present, he would have voted "yea" on the Agricultural Department appropriation conference report.

Mr. KELLER. Mr. Speaker, I did not hear the bell or I would have voted "yea" on the vote on the conference report.

Mr. BROWN of Georgia. Mr. Speaker, my colleague the gentleman from Georgia, Mr. GIBBS, is unavoidably absent. If he were here, he would have voted "yea" on the vote of the conference report.

COMMITTEE ON BANKING AND CURRENCY

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent that the Committee on Banking and Currency may be permitted to sit during the sessions of the House tomorrow and for the next week to consider the bill H. R. 5535.

Mr. MARTIN of Massachusetts. Reserving the right to object, Mr. Speaker, what is the bill the committee intends to consider?

Mr. STEAGALL. It is a bill to amend the Federal Home Loan Bank Act.

Mr. MARTIN of Massachusetts. Is this request agreeable to the minority members of the committee?

Mr. STEAGALL. I do not know about that.

Mr. MARTIN of Massachusetts. Then I object for the present, Mr. Speaker.

EXTENSION OF REMARKS

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein an editorial.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. SMITH of Ohio asked and was given permission to extend his own remarks in the RECORD.

DEPARTMENT OF AGRICULTURE AND FARM CREDIT ADMINISTRATION APPROPRIATION BILL, 1940—CONFERENCE REPORT

The SPEAKER. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Amendment No. 19: Page 15, after line 14, insert the following: "Extension work, act of April 24, 1939: To enable the Secretary of Agriculture to carry into effect the provisions of the act entitled 'An act to provide for the further development of cooperative agricultural extension work,' approved April 24, 1939 (Public, No. 41, 76th Cong.), $300,000."

Mr. CANNON of Missouri. Mr. Speaker, on this amendment I submit a motion, which I send to the Clerk's desk.

The Clerk read as follows:

Mr. CANNON of Missouri moves that the House insist upon its disagreement to the Senate amendment.

Mr. CANNON of Missouri. Mr. Speaker, this is a peculiar proposition. It is surprising that a question like this should be brought before the House. Under the law, appropriations are allocated to the different States for the extension service. Originally this money was divided among the States on the basis of rural population. This system was considered inequitable, and later it was provided that the allocation be made upon the basis of farm population.

Distributing the money on the basis of rural population, you include the people in the inland cities, towns, and villages. Distributing the money on the basis of farm population distributes it on the basis of the number of people living on the farm and actually engaging in farming.

When they made the change it was discovered that 21 of these States, which had fewer farmers, got a little less money than they got before, and they came in and made such a protest last year and the year before last that in order to give them time to adjust their programs we provided extra money so as to give them the same amount they got on the basis of rural population.

This year, for the third time, these States with small farm populations ask special consideration. They asked to receive more in proportion than the rest of the States of the Union. They asked to receive more than they are entitled to receive under the established ratio of distribution. They ask more than their fair share. Now, if the Congress wants to divide this money in such a way as to pay out money to farmers who live in town and are not real farmers, we will follow the old ratio; but if you intend this money to go as Congress intended when it passed the law, then you will follow the plan under which each State receives its share in proportion to its number of farmers.

Mr. Speaker, why should we allow some States to count people in the cities as farmers when other States are not allowed to count them? In other words, the proposition before you today is, will you favor 21 States and rob 27 States?

Mr. CUMMINGS. Mr. Speaker, will the gentleman yield?

Mr. CANNON of Missouri. I yield to my friend the gentleman from Colorado.

Mr. CUMMINGS. The gentleman knows that statement is not true. It does not take a penny away from those other States.

Mr. CANNON of Missouri. Oh, yes; if the States with fewer farmers get this additional money, the other States do not get proportionately as much as the specially favored 21 States. If you give 21 States more than they are entitled to, that means that 27 States will get less than they are entitled to. Do as you prefer about it, but do it equitably. Adopt a rule and stand by it. Either give this money to all the States on the basis of rural population or give it to all the States on the basis of farm population.

Mr. CUMMINGS. Do not all the other States get a big increase, and 21 States get a big decrease?

Mr. CANNON of Missouri. They get less under the present bill. All get in proportion to the number of farmers. It is not the fault of the 27 States that the 21 States have less farmers.

Mr. CUMMINGS. Does not this have a Budget clearance? The gentleman is talking about the Budget.

Mr. CANNON of Missouri. I am talking about an equitable distribution.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. If a mistake has been made——

Mr. CANNON of Missouri. No mistake has been made.

Mr. McCORMACK. Why was not the mistake made when the 27 States that wanted the allocation on the farm basis came in here and got it? Was not that the time when the mistake was made?

Mr. CANNON of Missouri. The 27 States did not request it. The Department of Agriculture made the change in order to provide for farmers and not for townspeople. It is a farm measure.

Mr. McCORMACK. Only a few dollars are involved. It costs more to print the CONGRESSIONAL RECORD in connection with this matter than the amount involved.

Mr. CANNON of Missouri. That is why we ought to treat every State alike. There is not enough involved to warrant discrimination against bona fide farmers and discrimination against part of the States of the Union. Why should we treat States differently? Every one of these States is a child of the Union, and a father treats all of his children alike. He does not give one more money at the expense of the rest, and that is the proposition before us today.

Mr. Speaker, I yield 5 minutes to the gentleman from South Dakota [Mr. CASE].

Mr. CASE of South Dakota. Mr. Speaker, I offer a preferential motion which is at the Clerk's desk.

The SPEAKER. The Clerk will report the preferential motion offered by the gentleman from South Dakota.

The Clerk read as follows:

Mr. CASE of South Dakota moves that the House recede and concur in Senate amendment No. 19.

Mr. CASE of South Dakota. Mr. Speaker, the item that comes before us meets practically every test that has ever been raised for justification of any item in an appropriation bill. This particular item has authority of law, and it has authority of a law passed by this Congress and approved by this House and approved by the President on April 24.

This item has Budget approval. The reason the item could not be presented in the House bill was that at the time the House considered the agricultural appropriation bill the authorizing act had not been passed, and, of course, no estimate could come up from the Budget, but this House, by unanimous consent, passed a bill to authorize this $300,000. The Senate passed the bill without objection, and then a supplemental Budget estimate went to the Senate and this item comes in the bill by authority of law and with a Budget estimate.

As the gentleman from Missouri [Mr. CANNON] has said, this bill is to provide funds for the extension service in some 21 States. The gentleman suggested that these are States with little agricultural population. Let me read to you the list of the States that are involved: Arizona, Colorado, Connecticut, Florida, Idaho, Maine, Maryland, Massachusetts, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, North Dakota, Oregon, South Dakota, Utah, Vermont, Washington, and Wyoming.

If this $300,000 is not provided, it means a reduction in the work of the county agent's program in these several States. This money is not to increase the work in any of these States. It is simply to maintain the work at the level at which it has been pursued for a great number of years. It is true that by a change of law in the Bankhead-Jones Act, in the formula set up these 21 States were to receive reduced appropriations. The proposal now before us is not to take away from the 27 States that gained by the new formula, but it is simply to maintain the county agent work at the same level in these 21 States that it has had for a number of years.

This is not an emergency program. It is not anything that has just been concocted. There is not anything special about this. It is simply to maintain the most constructive, far-sighted, basic agricultural help and assistance that the Government has ever provided for these States over a number of years.

Mr. SHEPPARD. Mr. Speaker, will the gentleman yield?

Mr. CASE of South Dakota. I yield.

Mr. SHEPPARD. I would like to ask the gentleman why it was confined to 21 States.

Mr. CASE of South Dakota. Because these 21 States are the ones that the money was taken away from under the new formula.

Mr. HOPE. Mr. Speaker, will the gentleman yield?

Mr. CASE of South Dakota. I yield to the gentleman from Kansas.

Mr. HOPE. The gentleman recalls, does he not, that the House passed the bill that was on the unanimous consent calendar, equalizing these difficulties and furnishing the authority for the appropriation which the Senate has made?

Mr. CASE of South Dakota. The gentleman is exactly correct. This House in this Congress passed a bill by unanimous consent providing the authority for this appropriation, and it has Budget approval. It really deserves the support of everyone who wants to do the constructive thing for agriculture. It is not a subsidy, it is not a bonus, it is simply carrying out the regular county agent work in these States.

[Here the gavel fell.]

Mr. CASE of South Dakota. Mr. Speaker, may I inquire if the first vote will be on my preferential motion to recede and concur?

The SPEAKER. The first vote will be on the gentleman's preferential motion.

Mr. CANNON of Missouri. Mr. Speaker, I yield 5 minutes to the gentleman from Colorado [Mr. CUMMINGS].

Mr. CUMMINGS. Mr. Speaker, it is barely possible that I made a rather unfortunate statement a few moments ago, but when the gentleman from Missouri said that this was taking away from their colleges I said that was wrong. The fact is that every agricultural college, every land-grant college in the States receives increases except those 21. The gentleman's college receives $23,471 increase. We are not taking from, we are not taking the full $300,000 for the land-grant colleges, we are appropriating $200,000 to the land-grant colleges, and appropriating $100,000 for inspectors on reclamation projects in the West, as approved by the Secretary of the Interior, Mr. Ickes, after his committee made an investigation. We asked the Director of the Budget, we asked the Secretary of Agriculture, we asked the President, and every step that could possibly be taken has been taken. The gentleman says that he wants to follow the rules and regulations, and then he comes back and tries to turn down an appropriation of $300,000 that has every appearance of propriety and sticks on $330,000 that has not even Budget approval. I am wondering if the fact that the colleges from the States of the three gentlemen who comprised the conferees that happen to get a very large increase has anything to do with it.

When the Bankhead-Jones Act passed it was not intended to decrease the appropriation of any college. It was a reallocation of funds, and when those funds are reappropriated, if this amendment is approved at $300,000, as I hope, $200,000 will go to the land-grant colleges in 21 States, and $100,000 will go on those reclamation projects, and although it might not look well for a man from the West to say so, in my opinion that $100,000 will bring back several times that amount, because the people on the reclamation projects will be made to pay back what they owe, and it is my guess that it will bring back $5 for $1. I yield back the remainder of my time.

Mr. CANNON of Missouri. Mr. Speaker, I yield 5 minutes to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Speaker, if ever there was a bewildering and confusing, annoying, and disturbing patchwork of appropriations, it is in the field of extension work. First, under the Capper-Ketcham Act, $1,480,000 is appropriated, and we give each State and each Territory $20,000. That makes $980,000, and the rest of it we allocate on a matching basis. Then we have the Smith-Lever Act, embracing $4,701,000 a year. All except $500,000 is matched, pretty much along the same lines. Then we have the supplemental Smith-Lever Act and the supplemental cooperative act under which we appropriate $1,580,000, to be disbursed to the States, and another $1,000,000 to be disbursed for cooperative purposes, all to be allocated and apportioned. Those have been on the books a long time. Then in 1935 we came along with the Bankhead-Jones bill. That is up to $12,000,000 a year right now. It is amazing how they grow. Nine hundred and eighty thousand dollars is disbursed on the basis of $20,000 to each State, and then the balance is allocated on the basis of farm population. That is characteristic of this whole business. The Bureau of the Budget, as the Bankhead-Jones Act started mounting, thought we ought to curtail on those appropriations. They wanted to cut them down. In cutting down, you are cutting down unequally—one where it is apportioned on the basis of farm population, and the other on the basis of rural population. Farm population and rural population are not the same thing. Rural population includes all of the villages, the people who work in those villages being included, and if you allocate on the basis of farm population, it means the people actually engaged in agriculture and working on the farm. So that you have increases going up under two bills and decreases going down under another bill, the result is that when they changed the basis from rural to farm population it actually did decrease the appropriations for 21 States.

In other words, they fare a little less well than they did before; not much. South Dakota, for instance, lost $21,000 under that deal. The State of Washington lost only $900. Wyoming lost $19,000. Colorado lost $15,000.

Then there was a bill on the calendar along in February or March, finally enacted into law in April, which gave authority for remedying the situation so that there could be restitution made of that $300,000. That is the situation that is involved here. The Senate has written this in. There is $300,000 over all involved. It seems to me we have been making a tempest in a teapot over it, in view of the amount involved; especially so when our heads are still fairly ringing over this $225,000,000 that went across this floor a moment ago.

Mr. CUMMINGS. Mr. Speaker, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. CUMMINGS. I know the gentleman wants to be accurate. The $200,000 goes to the land-grant colleges.

Mr. DIRKSEN. Oh, yes. It is an extension program that is administered in that fashion. That is quite right.

I just wanted to make clear to the Members of the House that there is authority in law for this, and it is within your discretion whether or not you want to do this—whether or not you want to kick up your heels over $300,000, in view of the astronomical amounts involved heretofore.

Mr. CASE of South Dakota. Will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. CASE of South Dakota. The gentleman is aware, is he not, that in these States which have been mentioned, the people living in these small towns are really engaged in the farming business, even if not actually engaged in farming?

Mr. DIRKSEN. They may or may not be, because you have the operator of a barber shop, for instance, who is not engaged in farming, or somebody who runs a general store. You can hardly say such persons are numbered among the farm population.

Mr. CASE of South Dakota. A great many of these people do operate farms.

Mr. DIRKSEN. Oh, a great many do; but, on the other hand, there are some who do not. So there is a difference. One basis, of course, is farm population and the other is rural, so there came this clause. I am just going to leave it at that, but I think the House ought to be aware of what the situation is and how this came about, and furthermore to emphasize the duplication of work in our appropriations for extension work. We would save thousands of dollars a year in personnel expense if we gave some direction to this thing and consolidated this appropriation.

[Here the gavel fell.]

Mr. CANNON of Missouri. Mr. Speaker, I yield 5 minutes to the gentleman from Georgia [Mr. TARVER].

Mr. TARVER. Mr. Speaker, in view of the interest of our colleagues from 21 States, in the motion made by the gentleman from South Dakota, it is a matter of sincere regret with me that I am not in position to support the motion, rather than oppose it. I view, however, the situation with a great deal of sympathy. To my mind, the question resolves itself to this, Whether or not the Congress desires to adhere to the basis for distributing these extension funds, which it fixed in the passage of the Bankhead-Jones Act. By that act it said that these funds should be distributed according to farm population. Theretofore such funds had been distributed according to rural population, which included in many States, such as some of the States of the West, large numbers of miners and other persons who lived in the rural sections but who were not farmers. It seemed to the Congress at that time, evidently, by reason of its passage of the Bankhead-Jones Act with this provision in it, that that type of population ought not be considered in determining what money should be allocated to the States for agricultural extension work.

The act under which this additional money is sought passed on April 24, 1939, is deceptive on the face of it. It does not authorize an appropriation by Congress to make up the differences in what these 21 States would have received had the measure of allocation been different. It simply says that the sums appropriated pursuant to this act shall be allotted by the Secretary of Agriculture to the several States in such amounts as he may deem necessary. That passed the House on the Consent Calendar.

Evidently few Members of the House were advised as to the purpose for which it was introduced and what was intended to be done under it. We are faced now with the question of whether or not we want to indirectly change the basis of allocation of those funds; that is, from farm population as fixed in the Bankhead-Jones Act, to rural population. That is the whole question in a nutshell. If you want to do it, I certainly would not be vociferous in my protest against it. As I have said, I sympathize with the situation which confronts these people from the 21 States, but the making of this appropriation involves changing the basis of allocation which we fixed only a year or two ago.

Mr. HOPE. Mr. Speaker, will the gentleman yield?

Mr. TARVER. I yield to the gentleman from Kansas.

Mr. HOPE. I will say to the gentleman that my State is not involved. It is not one of the 21 States which would receive an increase under this act. However, in view of the gentleman's statement that the bill does not indicate what

it purports to do in the way of increasing these allocations to the 21 States, I call the gentleman's attention to the report on the bill which does go into the matter at considerable length and sets out the States which will be benefited by the bill. Not only that, but the additional amount that each State would receive by reason of the passage of the act.

Mr. TARVER. I assume that the gentleman, by referring only to the report, concedes what I have said about the language of the bill being correct. I have a copy of the bill before me.

It does not indicate any sign of any purpose on the part of Congress to authorize the appropriation here sought to these 21 States. May I say further that some of these States are among the wealthiest States of the Union. The State of New Jersey, for example, is included in the 21 States which will be benefited by the passage of this appropriation. None of these States have lost any money; as a matter of fact, the first year after the passage of the Bankhead-Jones Act all of the States received very large additional appropriations. They are not getting as much as they would get if the basis of allocation were on the rural population instead of the farm population. This effect is conceded. [Applause.]

[Here the gavel fell.]

Mr. CANNON of Missouri. Mr. Speaker, I move the previous question.

The previous question was ordered.

Mr. CASE of South Dakota. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. CASE of South Dakota. May the amendment be again reported?

The SPEAKER. Without objection, the Clerk will again read the preferential motion offered by the gentleman from South Dakota.

There was no objection.

The Clerk read as follows:

Mr. CASE of South Dakota moves that the House recede and concur in the amendment of the Senate No. 19.

The SPEAKER. The question is on the motion to recede and concur.

The question was taken; and on a division (demanded by Mr. CANNON of Missouri) there were—ayes 64, noes 78.

So the motion was rejected.

The SPEAKER. The question is on the motion of the gentleman from Missouri further to insist on the disagreement of the House to the amendment of the Senate No. 19.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

Mr. CANNON of Missouri. Mr. Speaker, I ask unanimous consent that the Clerk be authorized on Senate amendments Nos. 21, 26, 27, 33, 105, 115, 116, 142, and 148 to correct the totals contained in said foregoing amendments and to formulate the proper motions and messages in respect thereto in accordance with the action of the House on the remaining Senate amendments reported in disagreement, and such motions so formulated shall be considered as agreed to by the House.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Thereupon, pursuant to the foregoing order:

Mr. CANNON of Missouri. Mr. Speaker, I move that the House recede from its disagreement to the amendment of the Senate No. 21 and concur therein with the following amendment:

In lieu of the sum proposed by said Senate amendment, insert "$13,566,418."

The motion was agreed to.

Mr. CANNON of Missouri. Mr. Speaker, I move that the House recede from its disagreement to the amendment of the Senate No. 26 and concur therein with the following amendment:

In lieu of the sum proposed by said Senate amendment, insert "$14,494,732."

The motion was agreed to.

Mr. CANNON of Missouri. Mr. Speaker, I move that the House recede from its disagreement to the amendment of the Senate No. 27 and concur therein with the following amendment:

In lieu of the sum proposed by said Senate amendment, insert "$26,501,297."

The motion was agreed to.

Mr. CANNON of Missouri. Mr. Speaker, I move that the House recede from its disagreement to the amendment of the Senate No. 33 and concur therein with the following amendment:

In lieu of the sum proposed by said Senate amendment, insert "$6,172,870."

The motion was agreed to.

Mr. CANNON of Missouri. Mr. Speaker, I move that the House recede from its disagreement to the amendment of the Senate No. 105 and concur therein with the following amendment:

In lieu of the sum proposed by said Senate amendment, insert "$6,199,809."

The motion was agreed to.

Mr. CANNON of Missouri. Mr. Speaker, I move that the House recede from its disagreement to the amendment of the Senate No. 115 and concur therein with the following amendment:

In lieu of the sum proposed by said Senate amendment, insert "$4,053,691."

The motion was agreed to.

Mr. CANNON of Missouri. Mr. Speaker, I move that the House insist upon its disagreement to the amendment of the Senate No. 116.

The motion was agreed to.

Mr. CANNON of Missouri. Mr. Speaker, I move that the House insist upon its disagreement to the amendment of the Senate No. 142.

The motion was agreed to.

Mr. CANNON of Missouri. Mr. Speaker, I move that the House recede from its disagreement to the amendment of the Senate No. 148 and concur therein with the following amendment:

In lieu of the sum proposed by said Senate amendment, insert "$31,950,230."

The motion was agreed to.

Mr. CANNON of Missouri. Mr. Speaker, I move that the House recede and concur in the amendment of the Senate No. 32.

Mr. Speaker, I yield 5 minutes to the gentleman from Texas [Mr. LUTHER A. JOHNSON].

Mr. LUTHER A. JOHNSON. Mr. Speaker, I do not care to discuss the pending amendment. I do want, however, to take advantage of this occasion to speak briefly with reference to the plight of the cotton farmers and the great need for the parity payments given them and other farmers under this bill.

I certainly favor the item of $225,000,000 for parity payments to producers of cotton, wheat, corn, rice, and tobacco which is to be paid in addition to so-called conservation benefit payments, and this $225,000,000 is to be paid farmers, the rate of payment with respect to any commodity not to exceed the amount by which the average farm price of the commodity is less than 75 percent of the parity price. This sum should be larger so as to insure full parity payments, so that farmers may receive parity prices for their products. This $225,000,000, however, when added to the conservation payments, makes a total of approximately $725,000,000 available for cash payments to farmers. This

is only an increase of about $13,000,000 over payments made last year.

Representing, as I do, an agricultural district which is one of the largest cotton-producing districts in the Nation, I am thoroughly familiar with the distressed economic condition of the producers of cotton. The plight of the cotton farmer today cannot be exaggerated. The price of cotton today is relatively lower than that of any other agricultural commodity, and the cotton farmers have suffered more, and are in more distressed financial condition than any other group of farmers.

This I can demonstrate by statistics which I have secured from the Department of Agriculture. Take the five basic commodities named in the Agricultural Adjustment Act: Cotton, corn, wheat, rice, and tobacco. I have the prices of these commodities, both the low price in 1932 and the average price of each of these commodities for 1938, and they reveal this to be true—that at this time the price of cotton is only 33⅓ percent higher than the low price of 1932; whereas wheat in 1938 was 45 percent higher than in 1932, corn 58 percent higher than in 1932, rice 40 percent higher, and tobacco 90 percent higher. I submit herewith a table showing prices of each of these commodities to substantiate this statement.

Comparative prices

Commodity	Farm prices	
	1932	1938
	Cents	*Cents*
Cotton	6.5	8.6
Wheat	38.2	55.3
Corn	31.9	50.3
Rice	43.0	60.0
Tobacco	10.5	19.0

The prices given do not include the cash benefit payments made by the Government. I am making this comparison since someone in the debate, a few moments ago, expressed the fear that cotton would receive a larger proportion of this parity appropriation than other commodities and to show that they are entitled to receive more.

Another reason why the cotton farmers' economic condition is worse than the producers of other commodities is that they have made a greater reduction in acreage as compared with the producers of the other four basic commodities, and I submit herewith a table, being statistics which I secured from the Department of Agriculture to substantiate this statement.

Comparative planted acreage

	1928–32 planted acreage	1939 national acreage allotment	Percent allotment of 1928–32 planted acreage
	1,000 acres	*1,000 acres*	*Percent*
Cotton	41,423.6	27,900.0	67.4
Corn	51,502.1	41,250.0	80.0
Wheat	67,410.6	55,000.0	81.6
Rice	927.4	861.1	92.8
Tobacco	1,871	1,540.5	82.3

The cotton farmers, therefore, have received a proportionately lower price for what they produced and have been required to make greater reduction in acreage planted. They should, therefore, receive a liberal and generous allotment of the amounts appropriated in this bill, and I hope the Department of Agriculture will bear these figures in mind when allocation is made.

The conference report that we are considering is not a farm bill, but merely the general agricultural appropriation bill to appropriate funds to carry on agencies created by the Government to aid farmers and to make available money to be paid to them. It is my hope that the Committee on Agriculture will bring in a general farm bill by which methods of aiding farmers may be materially improved. The distress of farmers certainly warrants and demands that such relief be afforded.

There are two other items in the conference report to be voted upon which I wish to briefly discuss. The first is the additional appropriation added by the Senate of $113,000,000 to enable the Secretary of Agriculture to further carry out the provisions of section 32 of the Agricultural Adjustment Act with reference to a disposal of surplus commodities, and which provides that not more than 25 percent of this amount may be devoted to any one agricultural commodity, which means that cotton should be allocated about $28,000,000 of this sum. The Senate amendment contained no restrictions and the full amount could, if the Secretary so determined, be used by him in subsidizing the sale of cotton abroad. The House committee has offered an amendment by which only one-half of the $28,000,000 allotted to cotton can be used in subsidizing cotton sales abroad, and the other half would be expended in our country under the provisions of the act. Personally, I favor the expenditure of this full amount at home and none of it abroad; and if the parliamentary situation permits a vote to so restrict same, I will vote for it, but, of course, if this cannot be obtained, the House amendment is preferable to the Senate amendment.

There is another item, making appropriation for farm-tenant loans under the Bankhead-Jones Farm Tenant Act to enable tenant farmers to buy farm homes. When the bill passed the House it appropriated $24,984,500 for this purpose, but the Senate increased same to $49,984,500. I shall vote for the $25,000,000 increase, believing that it is both justified and deserved. It merely carries out the terms of the act that such an amount should be appropriated, and I wish that it could be for a very much larger amount, as the question of farm tenancy is one of the most distressing and urgent problems demanding solution, and which must be solved before economic recovery is complete.

Those opposing these increased appropriations base their opposition on the ground of economy. After the billions of dollars that have been appropriated for other classes of our citizens, it is unthinkable that with the distressed condition of agriculture anyone should oppose these small increases, which are only a drop in the bucket compared to the vast expenditures made for other purposes and other classes of citizens. The farmers of America constitute about one-fourth of our population and they are receiving less than 10 percent of the total amount expended by the Federal Government. It ill behooves those from the industrial centers to oppose these increased items, for they will receive benefits when the buying power of the farmers is increased. I wish that I had time to present more facts as to the distressed condition of agriculture and the great need for help at this time.

In my own district last year we had what I call a "triple R." We had a reduced acreage, a reduced production, and reduced prices. So the farmers are in bad straits.

Mr. TABER. Will the gentleman yield?

Mr. LUTHER A. JOHNSON. I always yield to my friend from New York.

Mr. TABER. But you had an increased allotment and payment of Federal benefits?

Mr. LUTHER A. JOHNSON. Not an increased allotment. Yes; we did have soil-conservation payments, and thanks to Congress, an additional appropriation for so-called subsidy payments, and had it not been for these additional cash benefit payments by the Federal Government the distress among the cotton farmers and those dependent upon them would be even greater than it is, and that is why I am pleading with the House today to give us these additional benefits which are so badly needed.

My friend, Mr. TABER, of New York, who is the watchdog of the Treasury and who always stands for economy, I am sure if he lived in my district and if he knew the

condition of the farmers down there, instead of voting against the parity payment today he would vote "Yea."

[Here the gavel fell.]

Mr. CANNON of Missouri. Mr. Speaker, I yield 2 minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Speaker, this $250,000 is being provided for one of the units of an extensive building for the Weather Bureau in Washington. It is for an additional building, which is not authorized by law and it is therefore brought back here for a separate vote. It seems to me that we should not embark upon any more buildings not authorized by law and that we should keep down expenses of this kind.

For the reasons stated above, I hope the House will not agree to amendment of the Senate No. 32.

[Here the gavel fell.]

The SPEAKER. The question is on the motion of the gentleman from Missouri [Mr. CANNON] to recede and concur in the Senate amendment.

The question was taken; and on a division (demanded by Mr. CANNON of Missouri) there were—ayes 44, noes 133.

So the motion was rejected.

Mr. CANNON of Missouri. Mr. Speaker, I move that the House insist on its disagreement to the Senate amendment.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 61: Page 44, line 24, after the word "Idaho", insert the following proviso: "*Provided further*, That in sales of log, ties, poles, posts, cordwood, pulpwood, and other forest products the amounts made available for schools and roads by the act of May 23, 1908 (16 U. S. C. 500), and the act of March 4, 1913 (16 U. S. C. 501), shall be based upon the stumpage value of the timber."

Mr. CANNON of Missouri. Mr. Speaker, I move that the House recede and concur in the Senate amendment.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 88: Page 56, beginning in line 13, strike out down to and including line 17 and insert the following:

"Sweetpotato-weevil control: For the determination and application of such methods of control for sweetpotato weevil as, in the judgment of the Secretary of Agriculture, may be necessary, $75,000: *Provided*, That, in the discretion of the Secretary of Agriculture, no part of this appropriation shall be expended for the control of sweetpotato weevil in any State until such State has provided cooperation necessary to accomplish this purpose: *Provided further*, That no part of this appropriation shall be used to pay the cost or value of farm animals, farm crops, or other property injured or destroyed."

Mr. CANNON of Missouri. Mr. Speaker, I move that the House recede and concur in the Senate amendment.

Mr. DIRKSEN. Will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from Illinois.

Mr. DIRKSEN. I notice in this amendment the Senate has inserted the word "application." In the House the language used was "for the determination of such methods of control." Does that have any particular indication with respect to the expenditure of funds herein contained for sweetpotato weevil control? Does that mean we have to send people down there and actually carry on the work, or indicate to the States how it shall be done?

Mr. TARVER. Mr. Speaker, this is one of a number of items of similar character which were stricken in the House on points of order, because they provided for control in addition to investigation. The language contained in the Senate bill is identical with that which has been carried heretofore. The language originally in the House bill has been restored by amendment in the Senate. The same thing applies to succeeding items.

The House committee is simply moving to restore the language in regard to these items which has been heretofore carried in agricultural appropriation bills.

Mr. DIRKSEN. I may say to the gentleman from Georgia in no case did they carry the word "application" with respect to prevention, control, and eradication.

Mr. TARVER. The substance of the word "application" is the same as control. The application of methods discovered by investigation is necessarily a matter of control.

Mr. DIRKSEN. It may or may not be. I have no particular objection, but I was wondering why the Senate changed that language.

The SPEAKER. The question is on the motion offered by the gentleman from Missouri [Mr. CANNON] to recede and concur in the Senate amendment.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 89: Page 57, line 3, insert the following:

"Mexican fruitfly control: For the control and prevention of spread of the Mexican fruitfly, including necessary surveys and control operations in Mexico in cooperation with the Mexican Government or local Mexican authorities, $160,460."

Mr. CANNON of Missouri. Mr. Speaker, I move that the House recede and concur in the Senate amendment.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 90: Page 57, after line 6, insert the following:

"Citrus canker eradication: For determining and applying such methods of eradication or control of the disease of citrus trees known as 'citrus canker' as in the judgment of the Secretary of Agriculture may be necessary, including cooperation with such authorities of the States concerned, organizations of growers, or individuals, as he may deem necessary to accomplish such purposes, $13,485: *Provided*, That no part of the money herein appropriated shall be used to pay the cost or value of trees or other property injured or destroyed."

Mr. CANNON of Missouri. Mr. Speaker, I move that the House recede and concur in the Senate amendment.

The motion was agreed to.

Mr. LUTHER A. JOHNSON. Mr. Speaker, I ask unanimous consent to revise and extend in the RECORD the remarks I made today.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 91: On page 57, after line 16, insert the following:

"Gypsy and brown-tail moth control: For the control and prevention of spread of the gypsy and brown-tail moths, $375,000."

Mr. CANNON of Missouri. Mr. Speaker, I move that the House recede and concur in the Senate amendment.

The motion was agreed to.

The SPEAKER pro tempore (Mr. PATMAN). The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 92: On page 57, after line 19, insert the following:

"Dutch elm disease eradication: For determining and applying methods of eradication, control, and prevention of spread of the disease of elm trees known as 'Dutch elm disease' and of a virus disease of elm trees prevalent in the Ohio Valley, $500,000: *Provided*, That, in the discretion of the Secretary of Agriculture, no expenditures from this appropriation shall be made for these purposes until a sum or sums at least equal to such expenditures shall have been appropriated, subscribed, or contributed by State, county, or local authorities, or by individuals, or organizations concerned: *Provided further*, That no part of this appropriation shall be used to pay the cost or value of trees or other property injured or destroyed."

Mr. CANNON of Missouri. Mr. Speaker, I move that the House recede and concur in the Senate amendment.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 95: On page 61, line 7, strike out "$446,800" and insert in lieu thereof "$1,366,800."

Mr. CANNON of Missouri. Mr. Speaker, I move that the House recede and concur in the Senate amendment with an amendment, which I send to the desk.

The Clerk read as follows:

Mr. CANNON of Missouri moves that the House recede and concur in the Senate amendment with an amendment as follows: In lieu of the sum proposed in said amendment, insert "$906,800."

Mr. KLEBERG. Mr. Speaker, I offer a preferential motion, that the House recede and concur in the Senate amendment.

Mr. CANNON of Missouri. Mr. Speaker, I yield 10 minutes to the gentleman from Texas [Mr. KLEBERG].

Mr. KLEBERG. Mr. Speaker, I dislike very much to take up the time of the House on a matter that has been so fully discussed, and particularly do I regret to find myself at complete variance with my good friends, the members of the House committee of conference. I feel perfectly sure that the matter of disagreement concerning this proposed increase is one which in reality comes from a misunderstanding of the real facts involved. The reason I say I feel there has been a misunderstanding in this matter is that I have carefully read the remarks of my good friend the gentleman from Missouri [Mr. CANNON] concerning the fact that the pink bollworm has been in the State of Texas and in Mexico for a number of years, that moneys have been appropriated for its control, and that there has been no great spread of the pink bollworm from 1917 to 1936 and through 1937, 1938, and 1939.

As a matter of fact, the pink bollworm has in Mexico heretofore been confined to the central or Laguna area, where cotton is grown, and from which area the prevailing winds carry the moth up into the Big Bend or Presidio area of Texas, the Arizona infested area, and the New Mexico infested area, from whence there is no place, carried by the prevailing winds, to which this moth can spread to cotton. In 1936 the infestation occurred in the Matamoras area, just across the Rio Grande, adjacent to the Gulf shore, over which the trade winds blow, and from which during the entire period of time when the pink bollworm reaches the moth or adult stage these winds blow directly into and over the central and southern portion of the major Cotton Belt of the United States.

Therefore, the reason for this increased appropriation became immediately patent to scientists in the Bureau of Entomology and to scientists in the employ of the pink bollworm control division under the commissioner of agriculture of Texas. This infestation has reached the point where private and State means of combating this insect are found definitely not to be sufficient, by reason of the encroachment of that insect from the Rio Grande section in the past 2 years up a distance of over 130 miles into the Cotton Belt. During the entire period this insect had existed in the Presidio area in Texas, and in Arizona and New Mexico, there had, of course, been no spread because there was no cotton to which this pest could go. He is not able to propel himself according to his own desires but rather is carried by wind currents. It was only due to the geographic location of the present infestation that it was deemed not only necessary but desperately necessary to have sufficient funds to provide a control which would, to say the least, be reasonably thorough and efficient.

Mr. Speaker, the amount granted was the amount agreed to by the Budget Director, but at the same time I submit that in document 201, in which the Budget Director made his recommendation, he admitted the need for the entire amount because he suggested that the $460,000 provided in the supplementary estimate should be augmented by a like amount from the State of Texas, and I submit that inasmuch as he has submitted a project requiring the State of Texas to match dollars with the Federal Government and had nothing whatever to say concerning Arizona and New Mexico, he, patently, ignored the international and vitally national issue presented concerning an invasion of a pest which, in my opinion, when added to the cotton hopper and the boll weevil, means the total destruction of the cotton industry in our country.

There is no amendment, in my opinion and on my responsibility as a Member of Congress, as important to the greatest single giver of employment, cotton, in this Nation as is the amendment which gives us the hope and the reasonable belief that we can control this pest. Now, when you add to that the fact that this House has recently passed a bill introduced by me providing for the development of ways and means by treaty with Mexico to eradicate this pest in Mexico it should be manifest that we should use every possible means to prevent this insect pest from getting into the Cotton Belt here, pending an opportunity to try out thorough eradication methods in Mexico.

If you permit this pest to come into the Cotton Belt in this area, the cost will be infinitely greater than the fragment of an ounce of prevention which is requested in this increased appropriation.

I am not one who believes in exorbitant, careless, or ill-advised expenditure of money, but I am equally firm in my conviction that we have no right through misconception to endanger the cotton industry of this Nation while the balance hanging on the decision is the sum of $460,000.

Mr. ZIMMERMAN. Mr. Speaker, will the gentleman yield?

Mr. KLEBERG. I yield to my friend from Missouri.

Mr. ZIMMERMAN. I would like to ask my colleague from Texas if it is not a fact that if this pest spreads as the boll worm has spread, it will absolutely destroy the cotton industry in the cotton States and those people will have to go into some other form of business in order to earn a livelihood?

Mr. KLEBERG. Of course, my friend is absolutely right, because that would be the inevitable result of this situation, and the reason I feel there has been misapprehension and misunderstanding of this matter is due to the fact that because of the heretofore geographical location of this pest in areas to the north where you have climatic conditions that will not permit them to propagate and where they cannot reach cotton, they believe we are asking too much money; but he is now at the very gateway through which his first cousin, the boll weevil, entered the United States.

Mr. CRAWFORD. Mr. Speaker, will the gentleman yield?

Mr. KLEBERG. I yield to the gentleman from Michigan.

Mr. CRAWFORD. Mr. Speaker, I wish to congratulate the gentleman from Texas on the clear presentation he has made of this pink-bollworm situation, and I concur 100 percent in the observations which the gentleman has placed before us. Anyone who has traveled through the cotton area where this insect operates and has witnessed the devastation which it creates should be impressed with the fact that during the last 10 years we have burdened our Treasury with approximately one and a half billion dollars for cotton, and then we come along here and hesitate about handing to cotton the small amount necessary to destroy an insect which will destroy the industry unless we do conquer the pest. I hope the gentleman's contention will be supported by the House, and I wish we could set it aside as a separate bill and not only go as far as the gentleman has recommended but even further if the entomologists say it will help them in their conquering of this insect.

Mr. KLEBERG. Now, Mr. Speaker, in conclusion I want to call attention to the fact that I have no fault whatsoever to find with the valiant and earnest efforts made by the conferees to arrive at a decision, and I repeat that I feel this whole situation is due to the enormous amount of work placed upon them in considering a supply bill with as many varied angles as the one under consideration, which has obscured the true reason this appropriation was asked for in its increased form. In view of the present geographic location of this pest, unless we give the cotton people of this country the safeguards that have been recommended by the best trained men in the United States on entomological problems, our efforts will be of no avail.

[Here the gavel fell.]

Mr. CANNON of Missouri. Mr. Speaker, I yield 5 minutes to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Speaker, the situation with respect to the pink bollworm is about this: The Budget sent up an item for $448,800. That item was approved by the House when the bill was on the floor. An effort was made to increase it by amendment, and that amendment was defeated. Then it went to the Senate. The Senate increased the amount to $1,366,800. In other words, the Senate took the Budget figure of $448,800 and increased it by approximately $900,000. The chairman of the committee has moved to recede and concur with an amendment which would bring the amount to about $902,000. The preferential motion of the gentleman from Texas [Mr. KLEBERG] is to increase it to the Senate figure, which would be substantially $500,000 over that which is contained in the motion of the chairman of the committee.

Mr. KLEBERG. Mr. Speaker, will the gentleman yield?

Mr. DIRKSEN. Yes.

Mr. KLEBERG. The Senate figure involved $460,000.

Mr. DIRKSEN. That is right.

Mr. KLEBERG. And the $920,000 additional asked for is based upon the most earnestly studied recommendation that the Bureau of Entomology and Plant Quarantine has been able to give to it with any reasonable expectation of controlling the invasion of this pest.

Mr. DIRKSEN. Mr. Speaker, I can quite understand the solicitude of the gentleman from Texas [Mr. KLEBERG]. His home is along the Texas border. This pink boll moth comes from Mexico into this country. It probably comes in by means of the winds that blow from over in that area, and so for the most part the infestation is contained in the very area of the country where the gentleman resides. Dr. Strong, who administers this department, appeared before the Senate committee. I read his testimony this morning. I think he indicated there that if he had the $902,000 it would be ample for his needs, and I am wondering whether if the rest of this money was voted it could be efficiently expended. I ask the gentleman from Texas now whether that is the case? The figures I saw in the Senate hearings were $902,000. That does not mean that they would not take any more money if we gave it to them, but I am wondering whether there could be efficient expenditure of that money.

Mr. KLEBERG. Mr. Speaker, will the gentleman yield?

Mr. DIRKSEN. Yes.

Mr. KLEBERG. There is no doubt at all that there is a very definite spot, a very definitely established place where this money is expected to be expended. And I think the gentleman will find that instead of its being $902,000 additional recommended by Dr. Strong, it was $920,000 additional.

Mr. DIRKSEN. I meant $920,000, but not additional. As I read the language this morning it was for a total appropriation of $920,000, and that is substantially what the chairman is recommending in his motion today.

Mr. RAYBURN. Mr. Speaker, will the gentleman yield to me?

Mr. DIRKSEN. Certainly.

Mr. RAYBURN. In an effort to compose this matter and do what is right and just about it, getting an amount that will control this pink boll weevil, I called up Dr. Strong day before yesterday. He said that if the infestation of this pest is to be stopped, it would take all of the money carried in the Senate bill. That was the day before yesterday in his conversation over the telephone.

Mr. KLEBERG. Mr. Speaker, the usual thoroughness and efficiency with which my good friend from Illinois goes into matters involving expenditure is commendable, but the gentleman will find that the recommendation he refers to was a recommendation made to the Budget Director at the request of the gentleman from Texas [Mr. KLEBERG] who now addresses you, and that it was additional to the amount agreed upon by the committee in the original appropriation.

Mr. DIRKSEN. I may say to my friend from Texas that I did not so read Dr. Strong's testimony before the Senate committee and it occurs to me that if he actually needed $1,360,000 he would not have been bashful in asking for that amount. I never yet saw one of these department division heads who was particularly bashful about asking for money with which to articulate the demands of his division.

Of course, if he said that was enough, that probably would take care of the requirements for the next fiscal year.

Mr. HEALEY. Mr. Speaker, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. HEALEY. What is the increase over the Budget estimate that this represents?

Mr. DIRKSEN. The Budget estimate was $448,800.

The SPEAKER pro tempore (Mr. PATMAN). The time of the gentleman from Illinois has expired.

Mr. CANNON of Missouri. Mr. Speaker, I yield the gentleman 3 additional minutes.

Mr. DIRKSEN. The Senate increased that amount by almost $900,000. The chairman of the committee now offers an amendment to set the amount at approximately $902,000. The gentleman from Texas [Mr. KLEBERG] offers a preferential motion to increase it to the Senate figure. It is just a question of the amount of money that the Bureau of Entomology and Plant Quarantine can efficiently expend in pursuance of the purpose of this particular appropriation.

Mr. HEALEY. Will the gentleman yield further?

Mr. DIRKSEN. I yield.

Mr. HEALEY. What is the Senate figure?

Mr. DIRKSEN. One million three hundred and sixty-six thousand dollars.

Mr. HEALEY. That is an increase of $400,000?

Mr. DIRKSEN. That is an increase of $900,000 over the Budget.

Mr. KLEBERG. Nine hundred and twenty thousand dollars.

Mr. DIRKSEN. I am speaking in round figures.

Mr. KLEBERG. Will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. KLEBERG. In order to keep the record clear, and in order to substantiate my statement that there had been a misunderstanding, I want to state to the gentleman on my responsibility as a Member of the Congress that Dr. Strong, Dr. Rohrer, and Mr. McDonald, the men who actually have had charge of this work, collaborated at length over the figures involved, and I assure the gentleman that all three of them prepared the estimate that went before the Director of the Budget requesting an addition of $920,000 over the $446,000 in the committee. Now, the gentleman is a member of the committee, and the gentleman will recall the occasion of my appearance before the committee and the request by the chairman that I go down and see if I could get a supplemental estimate.

Mr. DIRKSEN. I remember the splendid and vigorous effort that the gentleman from Texas made on the floor to get it increased. I was sorry that I had to oppose it at that time. It was not that I was insensible to the worthy purpose involved. It was only a question of whether that amount of money was necessary.

Now, let me say for the benefit of the House that this is not the first appropriation made for this purpose. We started appropriating for the pink bollworm in 1930. From 1930 to 1939 we have appropriated $3,301,000 for this purpose. So that if this were approved it would make it nearly $4,500,000. It is every indication of the difficulty of effecting good control measures and of eradicating infestations with which we are bothered in so many fields today.

Mr. MURDOCK of Arizona. Will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. MURDOCK of Arizona. There is an old saying indicating false economy, "Saving at the spigot and wasting at the bung." After so much has been spent in this area, is it not a false saving to cut down on this particular item?

Mr. DIRKSEN. Let me say to my friend from Arizona, I am afraid some of these pink bollworms got their idea from the New Deal in 1933, when they were plowing under this cotton. They thought they could do it so much better and more efficiently and required no appropriation of funds

from the Federal Treasury. It looks like they have been doing a pretty good job.

Mr. MURDOCK of Arizona. The gentleman would not refuse to carry fire insurance on his house because that, of all the money he has paid for insurance heretofore, he has not received any back, would he? Let me remind the gentleman that this cotton down in the Southwest is mostly on costly irrigated land in which the Government has a financial stake.

Mr. DIRKSEN. That is right.

Mr. MURDOCK of Arizona. Government-owned land or something like that. I feel that the United States Government is not pursuing good business policy by not attempting to eradicate this thing, because if the worm does its deadly work, not only American citizens lose but the Government itself will stand to lose.

Mr. DIRKSEN. That is not the question. The question is the size of the insurance policy premium carried, and not whether we should carry any insurance at all.

The SPEAKER pro tempore. The time of the gentleman from Illinois has again expired.

Mr. CANNON of Missouri. Mr. Speaker, I yield to the gentleman from Texas [Mr. LANHAM].

Mr. LANHAM. Mr. Speaker, I realize that a great majority of the Members of this House do not live in cotton-growing areas, and some Members perhaps have never even seen the plant. Consequently, erroneous inferences are likely to be made with reference to this crop, important to our national life and progress, by those unfamiliar with the cotton industry.

To think that this is a question that affects Mr. KLEBERG'S district and his district only, by reason of the fact that there is infestation there, is grossly erroneous. This is not solely a Texas question. This is a very serious matter affecting the entire cotton industry of the United States. The wind can carry these pink bollworms a distance of 300 miles. Experimentation has shown that. The pink bollworm is perhaps a more disastrous pest to the cotton industry than the boll weevil. If we permit it to threaten seriously the cotton industry of this country we are likely to put out of employment in the matter of their money crop, not only thousands but perhaps millions of people who live in the South and Southwest, and thereby add to our unemployment and the intensity of our problem of relief. To haggle about a small increase in an appropriation to stop the ravages of this pest threatening to destroy an entire industry which throughout the history of our Nation has been a most important one, is very tragic quibbling.

I trust if there be any doubt as to the amount that should be carried in this appropriation bill for this purpose, that we will resolve the doubt into duty by protecting this important industry not only for our Southland, but for our country, and stop the ravages of this pest that threatens the very existence of the cotton industry and therefore the prosperity and livelihood of farmers throughout the South and the Southwest.

[Here the gavel fell.]

Mr. CANNON of Missouri. Mr. Speaker, this infestation starts down on the Mexican border. On the other side of the Rio Grande, Mexico, is alive with this pest. Unless we stop growing cotton immediately adjacent to the river, every dollar that we put in here is wasted. We have gone down there two or three times and cleaned it out, but instead of keeping a free zone they go back and plant cotton to provide a host for the pink bollworm when it comes across. It is like a small boy who eats green apples and gets the stomach ache. The doctor straightens him up, and then he goes right back and eats more green apples. Until we stop growing cotton in this zone adjacent to the Rio Grande and cut off reinfection from Mexico, we shall never get rid of this pest. We have given them every dollar of the Budget estimate, and even that will be wasted until they enter into negotiations with Mexico for cooperation in the campaign of extermination or establish a cotton-free zone between.

Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the preferential motion of the gentleman from Texas that the House recede and concur in the Senate amendment.

The question was taken; and on a division (demanded by Mr. KLEBERG) there were—ayes 43, noes 99.

So the amendment was rejected.

The SPEAKER pro tempore. The question recurs on the motion of the gentleman from Missouri.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 97: Page 61, line 10, insert:
"Thurberia weevil control: For the control and prevention of spread of the Thurberia weevil, $2,808."

Mr. CANNON of Missouri. Mr. Speaker, I move that the House recede and concur in the Senate amendment.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 114. Page 71, line 2, strike out "$1,500,000" and insert "$2,000,000: *Provided,*".

Mr. CANNON of Missouri. Mr. Speaker, I move that the House further insist on its disagreement to the amendment of the Senate No. 114.

Mr. ROBERTSON. Mr. Speaker, I offer a preferential motion.

The Clerk read as follows:

Mr. ROBERTSON moves that the House recede and concur in Senate amendment No. 114.

Mr. CANNON of Missouri. Mr. Speaker, I yield 5 minutes to the gentleman from Virginia [Mr. ROBERTSON].

Mr. ROBERTSON. Mr. Speaker, on yesterday I brought to the attention of the House the motion that I have just made and which I said I would make if this item were brought back in disagreement. In the Appendix of yesterday's RECORD you will find a full statement of what is involved.

In 1937 we passed an act to earmark and set aside for grants-in-aid to the States for wildlife conservation the 10-percent excise tax on sporting arms and ammunition. In 1938 we brought out a new revenue act, and in that act we repealed all of the excise taxes on sporting goods except this one item of sporting arms and ammunition which the committee at my request did not eliminate, and the House did not eliminate. When we adopted the Revenue Act of 1939, which passed the House recently, we not only continue the 10-percent excise tax on sporting arms and ammunition but made it permanent.

The Treasury Department since July 1, 1938, has been carrying the proceeds of this tax in a separate fund. In the fiscal year 1938 the proceeds amounted to two-million-eight-hundred-thousand-some-odd dollars. Last year we appropriated from that sum $1,000,000, which left a balance of $1,800,000. During the present fiscal year the proceeds of this tax will amount to $2,211,000, making the total in this fund $4,011,000. The Senate has provided $2,000,000 for this item. If we concur in the Senate amendment, this will still leave $2,000,000 to the credit of this fund.

We have promised the States and the sportsmen of the States that we were continuing this particular tax on their sporting equipment to be used for their benefit in increasing the wildlife in which they were interested; and I believe that the House will be only too glad today to join in the action taken by the Senate to appropriate just $2,000,000, which will be less than one-half of the amount to the credit of the fund at the end of the fiscal year.

Mr. AUGUST H. ANDRESEN. Mr. Speaker, will the gentleman yield?

Mr. ROBERTSON. I yield.

Mr. AUGUST H. ANDRESEN. As I recall it, when the authorization was passed to turn this money over to the States it was the intent of Congress and the framers of the amendment that all of the money collected from this tax

on sporting arms and ammunitions should eventually be distributed to the States.

Mr. ROBERTSON. The gentleman is absolutely correct. We had a special fund set up in the Treasury for this specific purpose, and even with this $2,000,000 appropriation there will still be left to the credit of the fund at the end of the year $2,000,000.

Mr. MURDOCK of Arizona. Mr. Speaker, will the gentleman yield?

Mr. ROBERTSON. I yield.

Mr. MURDOCK of Arizona. Is it keeping faith with the sportsmen of the country if we make them pay a tax on guns and ammunition, and then not give them and the whole country the benefit of it through proper protection of wild life?

Mr. ROBERTSON. No; it is not.

Mr. DONDERO. Will the gentleman yield?

Mr. ROBERTSON. I yield to the gentleman from Michigan.

Mr. DONDERO. What we are doing is not imposing a tax on all the people generally?

Mr. ROBERTSON. No.

Mr. DONDERO. But just upon the sportsmen and we are giving back to them what they pay for?

Mr. ROBERTSON. This is a tax on sporting guns and ammunition. We continue the tax and provide it specifically in order to give aid to the States for this particular purpose; otherwise it would have been dropped in 1938.

Mr. AUGUST H. ANDRESEN. Will the gentleman yield?

Mr. ROBERTSON. I yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. It does not go to the sportsmen. It goes for conservation purposes and for wildlife?

Mr. ROBERTSON. Yes; for refuges and all those things contemplated for the public benefit.

Mr. IZAC. Will the gentleman yield?

Mr. ROBERTSON. I yield to the gentleman from California.

Mr. IZAC. Is it not true if we appropriate this $2,000,000 we are still not appropriating all the money that is being taken from the sportsmen through taxation?

Mr. ROBERTSON. That is true.

Mr. IZAC. But only about two-thirds.

Mr. ROBERTSON. We would like to have a balance. Eventually we will get on a basis where we can approximate the current income. In the meantime, we would like to keep a balance.

Mr. KELLER. Will the gentleman yield?

Mr. ROBERTSON. I yield to the gentleman from Illinois.

Mr. KELLER. Is it not true there is no protest from the sportsmen of the country against this?

Mr. ROBERTSON. They are very glad to have this tax collected, but we certainly will hear a protest if we do not appropriate the money.

Mr. LELAND M. FORD. Will the gentleman yield?

Mr. ROBERTSON. I yield to the gentleman from California.

Mr. LELAND M. FORD. Was it not originally contemplated that the funds collected on this account would be devoted to this purpose?

Mr. ROBERTSON. Yes; absolutely.

Mr. KERR. Will the gentleman yield?

Mr. ROBERTSON. I yield to the gentleman from North Carolina.

Mr. KERR. In other words, we are taking $2,000,000 of the funds which have already been accumulated in the Treasury to preserve the wildlife of this country?

Mr. ROBERTSON. Exactly so.

[Here the gavel fell.]

Mr. CANNON of Missouri. Mr. Speaker, I yield 5 minutes to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Speaker, no one disputes the statement that has been made by the gentleman from Virginia. He is one of the finest enthusiasts in behalf of conservation and restoration who has ever had membership in this House. Out in my country they know the name of WILLIS ROBERTSON almost as well as they know my name, because we are in the watershed of the Illinois River. So they are very much interested in this proposal.

Here is the situation in a nutshell. The Budget sent up an estimate for $1,000,000 for this purpose, and we raised it in committee, reporting the bill to the House with an additional $500,000; so that when the bill left the House it contained $500,000 over the Budget estimate. We were mindful of the fact, of course, there was a provision to use the money derived from the tax on ammunition and sporting goods for this purpose. When it got over to the Senate side they added another $500,000. There is before us the preferential motion to concur in the action of the Senate, which is offered by the gentleman from Virginia. This would retain the $2,000,000 written in by the Senate.

If you will ask the Director of the Biological Survey if it has one friend on the subcommittee, you will probably be informed that I have stood up devotedly and religiously for conservation and restoration since I have been a member of that committee. I think my good friend, the gentleman from Missouri, will bear out that statement.

We talked to Dr. Gabrielson and he indicated, of course, he could use more money but he was eminently well satisfied with the $1,500,000. Thus far 28 projects in 20 different States have been approved, where the States have proposed a sanctuary or wildlife refuge or some other conservation project. They submit these down here for approval and if approved the Treasury draws a check for 75 percent of the amount, the State contributing the other 25 percent. There have been 53 other projects submitted in 28 States, some of which are pending at the present time.

Let us not make the mistake of raising this too speedily. The time will come when all the money derived from this ammunition and sporting-goods tax will be devoted to this purpose. Let us permit the Biological Survey to get its feet on the ground and let them nurse this program along, instead of permitting it to mushroom, in which case wildlife and the cause of conservation will suffer. If they are satisfield with the extra half million dollars this year, let us not force another half million on them. I am willing to take my cue from the Director, who came up in the ranks of the Biological Survey, who has been in the Department for 28 years, and who came out of an Iowa high school, and, after teaching for a couple of years, became one of the associates in the Biological Survey. There he has come from the very bottom as a field man to the position of Director today. He has plenty on the ball. I have great confidence in him. I would rather hold this appropriation down to $1,500,000, which is an increase of $500,000 over the Budget and only $500,000 under the Senate figure. As they go along and approve these projects, we will be subserving best the cause of wildlife and restoration and conservation by not permitting this program to get out of hand. Therefore, I ask that you vote down the preferential motion offered by the gentleman from Virginia and concur in the action of the chairman of the committee and the subcommittee.

Mr. CANNON of Missouri. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the preferential motion offered by the gentleman from Virginia [Mr. ROBERTSON].

The question was taken; and on a division (demanded by Mr. ROBERTSON) there were—ayes 45, noes 98.

So the motion was rejected.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Missouri [Mr. CANNON].

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 141: On page 92, after line 11, insert the following:

"Emergency erosion control, Everglades region, Florida: For research and demonstration work in soil conservation control measures, including fire control and irrigation construction work to eliminate fire hazards, in the Everglades region of Florida, $75,000: *Provided*, That no expenditures shall be made for these purposes until a sum at least equal to such expenditures shall have been made available by the State of Florida for the same purposes."

Mr. CANNON of Missouri. Mr. Speaker, I move that the House recede and concur in the Senate amendment with an amendment, which I send to the desk.

The Clerk read as follows:

Mr. CANNON of Missouri moves that the House recede and concur in Senate amendment No. 141 with an amendment, as follows: In lieu of the matter inserted by said amendment, insert:

"Emergency erosion control, Everglades region, Florida: For research and demonstration work in soil conservation control measures, including research and demonstration work in fire control and irrigation construction work to eliminate fire hazards, in the Everglades region of Florida, $75,000: *Provided*, That no expenditures shall be made for these purposes until a sum at least equal to such expenditures shall have been made available by the State of Florida for the same purposes."

Mr. TABER. Mr. Speaker, will the gentleman from Missouri yield?

Mr. CANNON of Missouri. I yield to the gentleman from New York.

Mr. TABER. It does not seem to me that we should embark upon another system of soil conservation. We have half a dozen systems pending. We ought not to get into more of them. This amendment involves a small amount, but it means embarking upon another system. It ought to be included in what we already have, it would seem to me. Does not the gentleman from Missouri think so?

Mr. CANNON of Missouri. We are providing here for research and demonstration.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Missouri [Mr. CANNON].

The question was taken; and on a division (demanded by Mr. CANNON of Missouri) there were—ayes 53, noes 76.

So the motion was rejected.

Mr. CANNON of Missouri. Mr. Speaker, I move that the House insist on its disagreement to the Senate amendment.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 146: Page 96, after line 18, insert the following:

"DISPOSAL OF SURPLUS COMMODITIES

"To enable the Secretary of Agriculture to further carry out the provisions of section 32, as amended, of the act entitled 'An act to amend the Agricultural Adjustment Act, and for other purposes,' approved August 24, 1935, and subject to all provisions of law relating to the expenditure of funds appropriated by such section, $113,000,000. Such sum shall be immediately available and shall be in addition to, and not in substitution for, other appropriations made by such section or for the purpose of such section: *Provided*, That not in excess of 25 percent of the funds herein made available may be devoted to any one agricultural commodity."

Mr. CANNON of Missouri. Mr. Speaker, I move that the House recede and concur in the Senate amendment with an amendment, which I send to the desk.

The Clerk read as follows:

Mr. CANNON of Missouri moves that the House recede and concur in Senate amendment 146 with an amendment, as follows: At the end of the matter inserted by said amendment, strike out the period, insert a colon and the following: "*Provided further*, That of that part of the funds appropriated in this paragraph which may be allocated for expenditure in connection with cotton not less than 50 percent shall be allocated for use in carrying out clause (3) of such section, or in carrying out clause (2) of such section, which clause (2) is hereby amended by inserting before the semicolon after 'commerce' the following: 'or by increasing their utilization through benefits, indemnities, donations, or by other means, among persons in low-income groups as determined by the Secretary of Agriculture.'"

Mr. DIRKSEN. Mr. Speaker, I offer a preferential motion.

The Clerk read as follows:

Mr. DIRKSEN moves to substitute the following:

"To enable the Secretary of Agriculture to carry out that provision of section 32, as amended, of the act entitled 'An act to amend the Agricultural Adjustment Act and for other purposes', approved August 24, 1935, which provides for the encouragement of domestic consumption of such commodities or byproducts by diverting them through the payment of benefits or indemnities or by other means, from the normal channels of trade and commerce and subject to all provisions of law relating to the expenditure of funds appropriated by such section, $113,000,000. Such sum shall be immediately available and shall be in addition to and not in substitution for other appropriations made by such section or for the purpose of such section: *Provided*, That not in excess of 20 percent of the funds herein made available may be devoted to any one agricultural commodity."

Mr. CANNON of Missouri. Mr. Speaker, I make the point of order against the substitute offered by the gentleman from Illinois that it is not a preferential motion.

The SPEAKER pro tempore. The Chair sustains the point of order.

Mr. DIRKSEN. If the gentleman from Missouri will indulge me for just a moment, I should like to say to the membership of the House that I was not disposed to argue the point of order, but the amendment that was offered in the form of a preferential motion took that portion of the language of section 32 of the act of 1935 that pertains to the encouragement of domestic consumption and leaves out export subsidies and export indemnities entirely. My notion is that if this House is going to vote $113,000,000 the benefit ought to remain to the people of the United States rather than be transposed to people abroad. It could be done under the language that is in the motion now pending on the desk and which went out on a point of order, because it limits the benefits of the $113,000,000 to domestic consumption.

Mr. CANNON of Missouri. Mr. Speaker, I yield 10 minutes to the gentleman from Minnesota [Mr. ANDRESEN].

Mr. AUGUST H. ANDRESEN. Mr. Speaker, we have just voted parity payments of $225,000,000 to take care of three basic commodities—corn, wheat, and cotton.

The appropriation called for in amendment 146 is $113,000,000 to be used for all other agricultural commodities, part of which will also be used for cotton, which will also be the recipient of a substantial part of the $225,000,000 just voted under parity payments.

Agriculture outside of the basic products represents by far a much larger total in our agricultural structure than do the basic commodities, and when we are asking here for the House to concur in the Senate amendments by approving the $113,000,000 we feel we are giving to the farmers a necessary appropriation to aid them in their distressed condition.

The question has been raised here as to getting the money to provide all these funds. Possibly, the appropriations made here today for parity payments and for other benefit purposes are more or less stimulants, but I say to you that they are necessary stimulants due to the depressed condition of agriculture, which has been largely brought about by an unfortunate agricultural policy now in effect under this administration. I have opposed consistently the agricultural policy of the administration because I felt it would bring lower prices, loss of our American market, and general dislocation of agriculture. All of this has now taken place. Cotton has gradually been losing its world market, other commodities are losing their domestic and world markets, and general dislocation has taken place, so that the price level has now gone down and the farmer is suffering because of lack of income due to conditions over which he has no control.

The success of the entire program of the New Deal with reference to agriculture is dependent upon ability to get money to pay the farmers. When Federal funds are no longer available, bankruptcy will stare every farmer in the face.

This item of $113,000,000 is not paid to the farmers. It is used to purchase surplus farm commodities, such as dairy products, poultry products, lard, citrus fruits, peanuts, and other farm commodities not covered by the Agricultural Act or designated as basic commodities. We have a glutted market, virtually, in all agriculture. The purchases made through this fund of the nonbasic commodities are used for relief distribution by taking a domestic surplus or a local surplus from one part of the country and distributing it in another part of the country where it is needed. Part of the funds may be used as subsidies to dispose of national surplus in foreign markets. Some of the money was used last year to dispose of a quantity of wheat where we had a surplus wheat situation in certain parts of this country.

Mr. MURDOCK of Arizona. Mr. Speaker, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield to the gentleman from Arizona.

Mr. MURDOCK of Arizona. Will the gentleman explain a little more fully regarding the proposed cotton exports subsidy? I find a great deal of complaint or opposition to that. Is that necessarily involved in the matter now before us?

Mr. AUGUST H. ANDRESEN. The Senate amendment has come over here with $113,000,000, and it did not contain the item as proposed by the gentleman from Missouri, which provides that not more than 50 percent of the amount allocated for cotton may be used at the discretion of the Secretary for an export subsidy. I do not know just how much the amount will be, but it is possible it would be around $20,000,000. Possibly the gentleman from Georgia [Mr. TARVER] can give us that information.

Mr. TARVER. The amendment which has been agreed to by the conference and has been proposed by the chairman of the subcommittee in submitting this motion, does not authorize the use of any of this money for an export subsidy for cotton, but the general law, section 32 of the Agricultural Adjustment Act of 1938 as amended, would authorize the use of these funds in the discretion of the Secretary for subsidizing the export of any agricultural commodities. The amendment agreed upon in conference would restrict the use of the money allocated to cotton so as to provide that 50 percent of it at least should not be used for that purpose, but should be used for diverting cotton from the ordinary channels of trade and to pay benefits to cotton producers on their proportion of domestic consumption.

Mr. AUGUST H. ANDRESEN. I think that answers the question and it should be very clear that many of us here are not in favor of using any substantial part of this amount for subsidizing the export of this cotton.

Mr. O'CONNOR. Mr. Speaker, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. Yes, with pleasure.

Mr. O'CONNOR. Does this item include the disposition of surplus wheat?

Mr. AUGUST H. ANDRESEN. A part of the funds will be used for the disposition of surplus wheat whenever such surpluses occur. The money may be used so as to dispose of it in the world market. In fact, $112,000,000 have been disposed of during the last year as I understand it with funds from this section of the law.

Mr. MOSER. Mr. Speaker, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. Yes.

Mr. MOSER. Paul Mallon in his column about 6 weeks ago made a statement about domestic American wheat purchased at 67 cents a bushel which was sold by the Surplus Commodity Corporation to Japan at 32 cents a bushel. Is the gentleman familiar with that?

Mr. AUGUST H. ANDRESEN. I am not. I understand that a very liberal subsidy has been paid to dispose of some of the far western soft wheat, and some of the other wheat in this country, but what the amount of the subsidy is I cannot say. We do have a surplus of wheat in the United States. Prices are depressed, and the fact is that in Minnesota today the farmers are receiving for No. 1 wheat 67 cents, winter wheat, and 72 cents for hard spring wheat. Prices are depressed and something must be done in order to give aid to these farmers, and the only way we can do it with a very small sum of money is to aid them in disposing of surpluses both in the domestic and the foreign markets, which should give them normal prices without adding anything to the cost of bread to the consumer.

Mr. STEFAN. Mr. Speaker, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. Yes.

Mr. STEFAN. The gentleman and myself are agreed on what we think the principles of the farm program are. We voted together. Today we are voting $113,000,000 of the taxpayers' money which we must borrow to eliminate an alleged surplus. Will the gentleman in his remarks deviate from export and talk a little about imports as they come into the United States, and affect the American market which belongs to the American farmer. If that practice is not eliminated, there is no use of voting out the taxpayers' money in this way.

Mr. AUGUST H. ANDRESEN. I wish I had time to go into that proposition. We are all faced with the fact that a large amount of competitive farm imports are coming into this country. Many of us have tried to secure action by the administration to protect the American market for the farmers of the United States, but the answer has been given to us that such protection is contrary to the foreign-trade policy of the New Deal administration. I cannot go into that subject any more than to say that we are faced with a practical situation. Surpluses are accumulating in the United States of dairy products, pork products, poultry products, and prices are being driven down to unheard-of levels, and the farmers are suffering through no fault of their own. Imports are coming in in excessive quantities and here is one way by which we can help the farmers who do not receive any benefits from the $225,000,000 appropriation, and I hope that the Members here who voted for the parity-payment item of $225,000,000, in which I joined and in which many of my colleagues joined, will stay by us and in fairness and fair play give us their support in this $113,000,000 item.

Mr. COFFEE of Nebraska. Mr. Speaker, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. Yes.

Mr. COFFEE of Nebraska. I know the gentleman is very much interested in the provisions of section 32, but does he not fear that if we load the wagon with $113,000,000 more to the $90,000,000 provided for that purpose by virtue of the 30 percent of the customs receipts now received, that we may jeopardize the entire section 32, and if that is done then the dairy farmers and the farmers who are not provided for under parity payments may lose out after all? Also I would like to know from the gentleman whether or not he can be assured that this $113,000,000 will be spent along the line he has in view? May it not be spent by the Surplus Commodities Corporation for these stamps which provide for the purchase of surplus, and as a consequence should not that be charged to relief rather than to agriculture?

Mr. AUGUST H. ANDRESEN. It is possible it should. Of course, we have no authority over how the Secretary shall spend this money.

I hope the Members will approve this amendment, so that at least this attempt may be made to give parity to all farmers.

Mr. Speaker, while I have voted for the parity item and now urge the House to approve this appropriation for $113,000,000 for the purchase and distribution of dairy and other farm surpluses, I am fully convinced that the New Deal farm program is a dismal failure. The success of the program depends entirely upon the ability of Congress to appropriate money for benefit and parity payments. When Federal funds become exhausted, our whole economic structure will collapse. A program dependent upon Federal bounty and scarcity can never succeed in the long run. The present program has lost us our world market, depressed farm prices, given away our home market to foreign producers, and brought general dislocation to American agriculture.

We face realities today. Instead of waiting for the inevitable day of reckoning, we, as representatives of the people, should be working day and night in perfecting a sound and

permanent program for the farmers of this country—a program to actually bring parity prices for agricultural prices instead of bounties; a program to restore economic balance for all types of agriculture, to protect our American market from injurious foreign competition, and to regain our foreign market for surplus production. I say, let Congress wake up and do its duty, and do it now, before it is too late. [Applause.]

The SPEAKER pro tempore. The time of the gentleman from Minnesota has expired.

Mr. CANNON of Missouri. Mr. Speaker, I yield 2 minutes to the gentleman from Massachusetts [Mr. McCORMACK].

Mr. McCORMACK. Mr. Speaker, I rise in support of the recommendation of the conferees on the part of the House. I thoroughly agree with the remarks of the distinguished gentleman from Minnesota [Mr. AUGUST H. ANDRESEN], who just preceded me, that this is a very practical problem. As a matter of fact, our entire farm problem, the distress of our people generally on the farms and in the cities in these trying days, is a very, very practical problem. We cannot meet it from the angle of consideration under normal times. We must realize that we are in exceedingly trying days, not only as far as continental United States is concerned, but as far as the entire world is concerned. Most of our questions are practical questions, and we must decide them based upon the laws of necessity and exigency. This is one of those practical questions. It is a question of necessity and exigency. In this case we are not only helping the farmer, but we are utilizing surplus products and distributing them among those of the city people who are unable, under their present financial conditions, to purchase even the minimum necessities of life.

I hope the recommendation of the conference committee will be agreed to. I take this position as one who has not a single farm in his district, as one who realizes the farming question is a fluctuating question, varying from year to year, the permament solution of it being difficult. But this is a normal way; this is a natural way of trying to meet some aspects of the farm problem. This is not plowing under, and I am not criticizing that, because that policy is in response to the laws of necessity and exigency. This is the purchase of farm surpluses in order to equalize the law of supply and demand, in order that the farmer may get a fair price. The surpluses are then distributed; not destroyed, as some countries have done, but distributed among those who cannot purchase them in the ordinary market, and which action is not interfering with the normal business and the normal trade in the city.

Mr. Speaker, there is one angle about this item of $113,000,000 for the purchase of farm surpluses that should not be overlooked by city people. These funds, of course, mean a great deal to farmers, but they are vitally important also to the cities.

This appropriation will make millions of additional pounds of food available to the needy in every State of the Union. We all know that the State and city governments are hard pressed to take care of their relief load. The distribution of surplus foods which this appropriation will make possible is absolutely essential to many of them, and an important help to all of them, in taking care of that load.

There are millions of men, women, and children in our cities who, according to reliable estimates, often have less than a dollar a week per person to spend for food. We all know what that means. It means that millions of children are growing up underfed and undernourished. It means that millions of needy people do not have enough to eat and cannot have a diet that will protect their health.

The Federal Surplus Commodities Corporation has been buying surplus farm products and making them available to the States for relief use under authority of section 32 of Public No. 320, enacted in 1935. In the current fiscal year, for example, the Corporation will have spent approximately $66,000,000 in buying and giving to the States over 2,000,000,000 pounds of surplus foodstuffs. Part of this went into daily school lunches for more than 800,000 underprivileged children. Part of it was used to meet human needs following disasters such as the New England hurricane. Most of it went onto the dinner tables of nearly 3,000,000 needy families each month. And these food supplies were made up very largely of the fruits and vegetables and dairy products so vital to the health of our people.

If this appropriation is approved by the House, it is estimated that, with other funds available, from $100,000,000 to $120,000,000 will be used next year to buy surplus farm products, which will go to persons on relief in the 48 States.

The Federal Surplus Commodities Corporation reports that 3,700,000 families, representing 13,000,000 people, have been certified as eligible to receive surplus commodities. Another 3,000,000 needy families not now certified for surplus commodities could be made eligible to get these farm products if adequate funds were available.

Demands from the States for food supplies from the Federal Surplus Commodities Corporation cannot be met with the limited funds now available. Many of the States are forced to call for help because they are without funds to meet the needs of people cut off the W. P. A. and direct relief rolls.

While our farmers are suffering from low prices because of surpluses, there is great need in our cities, and millions are without adequate food because they do not have the purchasing power to buy it. This appropriation is needed to help answer the terrible paradox of need in the midst of plenty.

I hope the recommendation of the conferees will be agreed to.

[Here the gavel fell.]

Mr. CANNON of Missouri. Mr. Speaker, I yield 5 minutes to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Speaker and Members of the House, whether you know it or not, you are right up against a very ticklish vote on a proposal that actually amends the act of 1935. If you will read that amendment, it leaves the $113,000,000 stand, and then it provides that not less than 50 percent of the appropriation therein contained shall be used for increasing, through benefits, and indemnities, and donations, and by other means, to persons among the low-income groups——

Mr. TARVER. The gentleman just made a mistake in reading the language. I would like to correct him.

Mr. DIRKSEN. I would be glad to have the gentleman correct me if I have made a mistake.

Mr. TARVER. The gentleman read the language as if it provided that 50 percent of the $113,000,000 shall be used for the purpose mentioned, when the language is that 50 percent shall be allocated for use in carrying out clause 2 of section 3, which involves only $14,000,000.

Mr. DIRKSEN. The language of the amendment is on the desk and it reads:

Provided further, That of that part of the funds appropriated in this paragraph which may be allocated for expenditure in connection with cotton, not less than 50 percent shall be allocated for use in carrying out clause 3 of such section or clause 2 of such section; and clause 2 of the act of 1935 is amended by inserting before the semicolon, after the word "commerce," the following: "Or by increasing their utilization through benefits, indemnities, donations, or by other means among persons in low-income groups as determined by the Secretary of Agriculture.

Clearly, in my judgment, the conferees have exceeded their authority. They are, by reference, amending the act of 1935 by means of this, and there is no one who will stand in his place and deny it. That is very poor legislation, and I believe it ought to be voted down.

Now, let us look at section 32 for a minute.

Mr. TARVER. Will the gentleman yield?

Mr. DIRKSEN. Please let me continue for just a moment.

Mr. TARVER. The gentleman asked somebody to stand in his place and deny the statement that he made. I want to ask the gentleman a question in that connection.

Mr. DIRKSEN. Very well. Will the gentleman deny that this amends the act of 1935?

Mr. TARVER. Let me ask the gentleman a question in that connection. The gentleman offered an amendment a while ago, which was ruled out of order, which would have accomplished substantially what this language is intended to

accomplish—that is, allow these surplus agricultural products to reach the low-income families of the country instead of being exported by subsidy payments.

Mr. DIRKSEN. I will say to the gentleman that section 32, as such, of this provision does not accomplish that at all.

The proposal I cite was to give the benefit to the consumers in this country. Clause 1 of section 32 provides that benefit shall be paid and indemnities shall be paid to export commodities and to give the benefits to the people in foreign countries. If we are going to sell orange, red, or blue stamps at Rochester, Dayton, or Cleveland, that is all right, if that is the program, because at least the benefits of the sale of these commodities will go to our own people rather than to those of foreign countries. Why should we barter away our surpluses so as to afford benefit to people on the other side of the ocean? We are taking a loss of $25,000,000 on our exports of these commodities this year. Is the benefit to go to some foreign country? I would rather see it go to the 10,000,000 people who are out of work in this country and who would be enabled to buy these surplus commodities at a cheaper price. It would benefit not only the poor people of the country but the American taxpayers as well. It seems to me that to do otherwise would be to destroy the effect and purpose of this theory of preferential treatment.

Mr. COFFEE of Nebraska. Mr. Speaker, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. COFFEE of Nebraska. Does the gentleman think that the major portion of this $113,000,000 will eventually find its way to those few cities that have been selected for the benefit of these stamp programs?

Mr. DIRKSEN. I do not know what the outcome of this program may be. My concern is to see that the benefits are kept here rather than being given to some foreign country, rather than giving them the same program for buying wheat and exporting it from the Pacific seaboard or the Atlantic seaboard to foreign countries and then have them dip into the taxpayers' funds for the purpose of liquidating the loss.

Mr. AUGUST H. ANDRESEN. Mr. Speaker, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. AUGUST H. ANDRESEN. The principal question is the disposition of these surplus products in such way that the benefit will accrue to the people of our own country; that the American people will get the benefit of these commodities.

Mr. DIRKSEN. That is correct.

[Here the gavel fell.]

Mr. CANNON of Missouri. Mr. Speaker, I yield 5 minutes to the gentleman from Michigan [Mr. CRAWFORD].

Mr. CRAWFORD. Mr. Speaker, approximately 30 years ago the cotton South was furnishing three-quarters of the cotton to the world markets. Today the situation is indeed far different from that. For instance, the 178,000 running bales of American cotton exported in April were only 47 percent as large as exports during April last year and were the smallest for the month in more than half a century. The 2,964,000 bales exported during the 9 months ended April were only 59 percent as large as the unusually small exports during the first 9 months of last season, and were the smallest for the period in 57 years. As compared with the corresponding period during the 10 years 1923–34 to 1932–33, exports in April and from August to April, this season, showed declines of 62 and 56 percent, respectively.

Looking at the present production of cotton throughout the world we find that out of the 27,800,000 bales to be produced during the current year the United States may produce approximately 11,800,000 or less bales. Indeed, we have a cotton tragedy in the United States; and in all sincerity I make this statement after having familiarized myself with the statistical situation that now governs, after having conferred in recent weeks with cotton growers, cotton-mill operators, and cotton merchants. In the light of the present world cotton statistical position, insofar as production, stored stocks of cotton, imports, and exports, prospective production, and dislocated markets are all concerned, I personally feel that Congress is making a great mistake in authorizing the Secretary of Agriculture to subsidize exports of cotton. In considering the $225,000,000 which was approved by the House, I am informed that approximately $93,000,000 will be made available for cotton; I also understand that out of the $113,000,000, approximately $28,250,000 will go to cotton; and that out of the $90,000,000—section 32 money—approximately $22,500,000, less the $14,125,000, will be made subject to being used for subsidizing exports of cotton to other parts of the world. It appears to me that in putting into operation a cotton subsidy program at this time is not exactly playing honest with our people who are engaged in growing cotton, milling the fiber, and distributing the finished products.

Let me at this time support the observations which I have just made with a quotation from a December 16, 1938, press release of Secretary Wallace:

> Turning to alternative plans proposed by agricultural improvement, the Secretary shows that many of them have limited application already in the existing program. For example, with minor crops and to a certain extent with wheat, the Government diverts supplies into foreign trade at prices lower than the domestic price level. "Export diversion and the two-price export system on a large scale," says Secretary Wallace, "would involve the abandonment of our present integrated method of acreage allotments, soil conservation, marketing quotas, and price-adjustment payments. Ten or fifteen years ago the plan might have worked. The thought then was that an inexhaustible and complacent foreign market would allow goods to be dumped on it indefinitely. There is no basis for entertaining that thought now."
>
> Plans that called immediately for greatly increased agricultural exports could not succeed. Importing countries would raise their tariffs or would exclude unwanted supplies through quotas and embargoes. World prices would fall. Prices in the United States would have to be fixed at high levels so that the farmer could break even. There would be loud protests from the consumers. Unlimited export dumping, with losses charged to the domestic consumer, is simply not practicable. If tried as a complete substitute for the present farm program, the results within a year or two would be disastrous both for agriculture and the other groups in the Nation whose welfare is bound up with that of agriculture.

In further support of my statement, let me quote from a May 5 address delivered by Dr. Sayre, Assistant Secretary of State, in charge of reciprocal-trade agreements:

> Export subsidies may temporarily increase certain kinds of exports, but in the long run they constitute a giving away of the Nation's assets—often at less than cost—at the expense of the taxpayers.

And so in this manner Dr. Sayre confirms the statement made by Secretary Wallace.

On May 25, at the world-trade dinner in New York, Secretary Hopkins said:

> Simple economic motives in foreign trade today are too often subordinated to the political objectives which dominate the policies of certain countries.

From the presentation made by Secretary Hopkins, we learn there is great difficulty in getting a correct perspective of our international trade position in that he admits that "some are even beginning to question the wisdom of the policies we are pursuing," and are being "impressed by the plausible character of barter deals, export subsidies, and other artificial trade schemes resorted to by certain countries." Secretary Hopkins also pointed out that submission to such artificial schemes was simply making a virtue out of necessity, and he warned that "economic circumstance and political ambitions determine national policies."

Mr. Speaker, the production of the world's supply of cotton is no longer restricted to the geographical area of the cotton South. Today we find more than eight Latin American countries embraced in South America engaged in the production of cotton. We find that Asia, which includes the large production of India, now ranks in number of bales with the reduced cotton acreage of the South. We also find that a number of areas in Africa produce the "white fleece." Insofar as I am informed, no country has heretofore dared launch a program of subsidizing cotton exports. The Democratic party and particularly Secretary Hull and Secretary Wallace have been most generous in their repeated contention of the chaos which they claim followed the enactment

of the Smoot-Hawley Tariff Act. No cotton man dare deny that the launching and operation of a subsidized cotton-export program will bring down upon the United States a greater curse than all of the tariff acts which have been approved by the Congress of the United States during the present century. Secretaries Wallace, Hull, and Hopkins, and Assistant Secretary of State Sayre were fully cognizant of the enormity of the initiation of such a destructive program when they made the statements to which I have referred. Mr. Speaker, they well know that the initiation of our subsidizing cotton exports cuts directly across all of the work which we have performed in our attempt to be a "good neighbor" to Latin American countries and to pave the way for an expansion of our trade in that area. These Cabinet members know and those Members of Congress from southern cotton areas who are supporting this program know that the initiation of subsidies on cotton exports will put into operation economic forces which will prove destructive to the economic interests of the cotton growers of the South and of the cotton goods processing plants of this country and that this damage will spread to every cotton-producing country in the world. Our officials well know the damage that has already occurred to the currencies of a number of the other countries and particularly Peru, and Brazil and India, since it was first announced by the President and Secretary Wallace that this program today by this House approved, would be pursued.

Mr. Speaker, this program cuts directly across the economic path of private industry in the United States. We know that, to the extent the program operates, we will be subsidizing and thereby cheapening the cost of cotton and cotton goods to the other people of the world and the burden of this cheapened price to foreign countries will fall directly upon the shoulders of the workers and the consumers of the United States. We need only refer to the May 27, 1939, statement of the Department of Agriculture to find that, calculated on the basis of past export experience, a very large percentage of the total benefits will go to Germany, Italy, and Japan. As an illustration, of the 4,762,000 bales of cotton exported during the year 1936–37, to Germany we shipped 574,000 bales; to Italy, 313,000 bales; and to Japan, 1,355,000 bales. I wonder why the Members of this House from cotton-growing States are willing to impose a burden of this nature upon the taxpayers of the United States and in an effort to further disturb the international flow of the fleecy fiber? To specifically try to escape from a net which the Representatives from the cotton areas have primarily brought upon the cotton South through the 22 cotton legislative programs enacted during the past 10 years, the net result of which has cost in excess of one and one-half billion dollars for cotton alone and has brought our exports to a 57-year low, is perhaps their objective. If the Representatives from the cotton areas argue that the subsidized export benefits are not to flow to Germany, Italy, and Japan, then we must assume, on the basis of that argument, that the Secretary of Agriculture will break away from those cotton-importing countries which have heretofore furnished us with such a vast amount of our export market. For the Secretaries of Agriculture and State to deny these three countries the right to enjoy subsidized imports of cotton would be to extend to the United Kingdom, France and other countries benefits withheld from Germany, Italy, and Japan. Such an action would, of course, cut directly across the path of neutrality which the President and the Secretary of State claim to be anxious to maintain.

Thus we begin to see the network which will be further extended when the cotton subsidy program is initiated and which all students of the problem must necessarily agree, will prove more and more disastrous depending upon the degree in which the program is executed.

Mr. Speaker, as we proceed to subsidize exports of cotton, we directly operate against the interests of Egypt which has heretofore exported to those countries to which we ship cotton. We cut directly across the path of British India in her exports to Japan, Italy, Germany, France, and other countries which India makes entirely without resort to subsidy. We direct a challenge to Brazil in her exports to Japan, the United Kingdom, France, Italy, Belgium, and other countries and thus we serve notice on Brazil and other Latin American countries that "Uncle Sam," the big brother to the north, no longer respects their trade rights in the open cotton markets of the world. We know these other countries are not in a position to subsidize. We take a great economic force in the form of the white fleece which has not heretofore been traded in on the markets of the world through subsidy and which has escaped cartels and trade quotas; we proceed to bungle the whole works by injecting this type of chaos into the raw-cotton market knowing full well it will spread to the great diversified cotton-goods market of the entire world. It is unfair; it is unjust; it is unbrotherly; it in no way carries out the good-neighbor policy; it will not benefit our people in the long run and it will lead to more trouble.

What do you men from the cotton sections mean? I have talked with many of you personally. I am not going to repeat what you have said to me; I will treat it in confidence, but you know that you are doing the wrong thing; you know you are playing with the souls and bodies of the black and the white people of the South as well as the white people of the North—and I will put the black people of the North in with them. You are by this action placing in operation a scramble for world trade which defies the whole trading history of cotton, and you know you should not do it.

What do you mean by doing such a thing? You know you are putting into operation economic forces which will call for retaliations that will be as bad or worse, in this dark hour of our world's trade history, as any tariff provision ever caused to be put into operation in the way of retaliation. I have here on this table before me the statements that will support my charge that you know what I am saying is true.

I know why you are doing these things, but I plead with you not to do it. I also know that you are going to carry this thing through. I have made the statement publicly and confidently in the last 48 hours that you would do so. I felt in my bones you were going to do this thing, but may I say that you are doing the thing which will further contribute to the destruction of the economy of the South and the whole country? You are antagonizing the South American and Latin American countries. You are operating against the reciprocal trade-agreements program. You are carrying the cotton fight over into India. You should read the reports I have on cotton that have come from India. They are watching the action that this House will take today. Of course, you are further disturbing the cotton markets of the world, which will bring added damnation on the cotton South as well as the industrial North.

Such acts as you have committed here today in your approval of the $225,000,000 wherein cotton growers can receive parity payments and at the same time add to the amount of cotton in the loan and your approval of the $113,000,000 which can be used for the purpose of subsidizing exports are further contributions to demoralized markets. You have no right to commit such unfair acts and at the same time complain against private industry for its inactivity. While this Congress continues to follow such a course we should expect no healthy expansion of business activity or restoration of sound prosperity. But, Mr. Speaker, if we are to continue this program, we should expect further artificial stimulation of consumption by renewed public spending; we should expect a greater direct and guaranteed Government debt; we should expect more unemployment, more idle bank reserves, a greater danger of inflation, and a greater degree of dictation by the Federal Government. Acts such as we have committed here this afternoon further prevent the people of this country from making certain crucial decisions. Some day, Mr. Speaker, we shall have to decide whether we are to try and continue to operate under the American system of private enterprise or whether we are to submit, body, mind, and soul, to an authoritarian system with a further decrease in our standard of living.

If we had the courage and the sense to do so, we could move cotton out to the other consuming countries of the world, move it through the channels of private trade and industry,

move it without the mechanics of subsidy, and we could move it at the going world price. Likewise, we could move cottonseed oil; we could move hog lard, and we could move other commodities produced on the American farms in a similar manner. It appears easier to subsidize, but in the long run and when the final accounting is made, we shall find that was the wrong way to do it.

[Here the gavel fell.]

Mr. CANNON of Missouri. Mr. Speaker, I yield 10 minutes to the gentleman from Georgia [Mr. TARVER].

Mr. TARVER. Mr. Speaker, I am interested in the motion offered by the gentleman from Missouri for a number of reasons. One is because it involves a measure of justice to the dairy interests of the country and certain other interests which will not receive any benefits from the parity-payment provision which has heretofore been adopted. Apparently from statements made by some Members of the House, there is a misunderstanding of the language which was agreed to by the conferees. That agreement was unanimous, with the exception of the gentleman from Kansas [Mr. LAMBERTSON], who was not present at the conference at which the agreement was reached.

The gentleman from Illinois [Mr. DIRKSEN] seemed to be laboring under the impression that the amendment offered by the conferees through motion of the chairman of the subcommittee involved the appropriation of some money for a cotton export subsidy, but nothing is further from the fact. The whole purpose of the amendment is to so limit the appropriation as to insure that at least 50 percent of the part allocable to cotton of this extra $113,000,000 will be used under paragraphs 2 and 3 of section 32 and not under paragraph 1, which provides for paying subsidies on the exportation of agricultural commodities.

The whole question of cotton subsidies arose in the Senate in connection with an amendment offered by Senator BANKHEAD, which was rejected by the Senate. The Agricultural Adjustment Act for 1938, as now amended, provides in section 32 for payment from funds of the character appropriated in that section for either of three purposes in the discretion of the Secretary of Agriculture. I shall not undertake to follow the exact language of the law, which I have before me, but will give it in substance. First, to pay export subsidies on agricultural products; and second, to divert agricultural products from the ordinary channels of trade; and third, the payment of benefits to agricultural producers in proportion to their share of domestic consumption.

There are already $90,000,000, approximately 30 percent of the tariff receipts as estimated for the next fiscal year, available under section 32 for the use of the Secretary in carrying out these three objectives or either of them. That $90,000,000 is not involved in this bill one way or the other and there is not anything that the House or the Senate can do with regard to the expenditure of that money in this bill. The Secretary of Agriculture, if he sees fit, may use one-fourth of that money in subsidization of the export of any agricultural commodity, including cotton. There is not anything we can do about that. As to the additional $113,000,000, which it is sought to provide under section 32 in this bill, the Secretary of Agriculture may use 25 percent of that for any one agricultural commodity. He could use for cotton, therefore, approximately $28,000,000.

The effect of this amendment is to not leave that $28,000,000 entirely within the discretion of the Secretary of Agriculture, but to require that at least $14,000,000 of it be used for the purposes of paragraphs 2 and 3 of section 32. In other words, it is the position of those who sponsor this amendment that the surplus agricultural products of the United States ought to be used, if money is to be paid from the Public Treasury for the purpose of getting rid of them, to furnish the one-third of our population which it is said is ill-clothed and ill-fed with those surpluses or the products of those surpluses to the extent that may be necessary to take care of their needs.

As one member of the conference I insisted that we ought to limit the expenditure of cotton's part of the entire $113,000,000 to the purposes of paragraphs 2 and 3.

Mr. LUTHER A. JOHNSON. What are those sections?

Mr. TARVER. I have already explained what they were. Subparagraph 1 is the paragraph which provides for the export subsidy on all agricultural products. I sought to restrict the expenditure of cotton's proportion of this money solely to the purposes of paragraphs 2 and 3 and to exclude entirely the purposes of subparagraph 1. I was not able to impress my views on the conferees to the extent that they were willing to go along with me on the entire amount involved, but as the result of our conferences and as a result of a conference with the Assistant Secretary of Agriculture, as well as with the chairman of the Committee on Agriculture, we agreed upon the language of this amendment, which will prevent the Secretary of Agriculture from using half of this money allocable to cotton for any export-subsidy purpose in connection with cotton. It is a compromise amendment. It is a compromise agreement entered into by all the conferees with the exception of the gentleman from Kansas [Mr. LAMBERTSON], who was not present, and, in my judgment, it represents the best that can be done to carry out the views of those of us who do not want to see any money spent from the Public Treasury at all in trying to furnish cheap cotton to the people of other countries.

We want it spent, insofar as it is spent at all, to furnish free cotton and cotton goods to the lower-income families of this country who are not supplied with a sufficient quantity of those goods at the present time.

Mr. AUGUST H. ANDRESEN. Mr. Speaker, will the gentleman yield?

Mr. TARVER. I yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. Does not the gentleman believe that what we are doing here today is merely a temporary expedient to aid distressed agriculture, and that the time must come shortly when we must get down to business and work out a real solution for the farm problem?

Mr. TARVER. I think the gentleman is undoubtedly right.

Now, with regard to this cotton-subsidy agitation, in the original section 32 there was a provision that no raw cotton should be exported; that is, that no subsidy should be paid on the export of any raw cotton. This House passed without objection after that an amendment striking out that limitation. We authorized the Secretary of Agriculture to exercise his discretion. That bill also passed the Senate and is now the law. Furthermore, when you come down to talking about a question of the export subsidy on cotton being involved in this amendment, the Senate without objection, as I understand, put in this $113,000,000. Nobody raised the point over there that it involved the question of whether an export subsidy on cotton is wise or unwise. That question arose in the Senate only in connection with the Bankhead amendment, which the Senate refused to consider.

Mr. ANDERSON of California. Mr. Speaker, will the gentleman yield?

Mr. TARVER. I yield to the gentleman from California.

Mr. ANDERSON of California. I should like to have the gentleman from Georgia explain why in the name of all that is fair and just any of the growers of the five basic commodities can expect to share in this $113,000,000 after they have just fallen heir to $225,000,000. Why should not this $113,000,000 be expended for the benefit of all the other agricultural commodities in the country?

Mr. TARVER. That is a matter which necessarily is left to the discretion of the Secretary of Agriculture under the terms of the law. There is nothing in this appropriation requiring him to use any portion of this appropriation for cotton, as far as that is concerned. He is simply vested with discretion and presumably will exercise that discretion in a fair way without discriminating against any of the crops which should share in the funds provided under this provision.

Mr. HARE. Mr. Speaker, will the gentleman yield?

Mr. TARVER. I yield to the gentleman from South Carolina.

Mr. HARE. I know the gentleman is on the committee and is decidedly familiar with the facts involved on this question. The gentleman gives us to understand that the Secretary will have discretion as to whether or not he will use approximately $14,000,000 for subsidizing cotton or cotton products. Does the gentleman believe the Secretary will exercise this discretion and subsidize domestic products, or will he use the money to subsidize the exportation of cotton or cotton goods?

Mr. TARVER. Of course, I cannot undertake to make any prediction as to what the Secretary of Agriculture will do. I may say to the gentleman that under the existing law if we did not put this limitation in that the conferees have agreed on and if this $113,000,000 is made available, he could, if he wanted to, use the whole of $28,000,000 to subsidize the exportation of cotton. However, under the committee language to which we are asking you to agree, he could use only $14,000,000 of it at the outside for that purpose. Therefore, anybody who believes as I do that the exportation of cotton by a subsidy method is an unwise thing to undertake ought to support the committee position, because it is favorable to the position of those who assume that attitude.

Mr. HARE. As I understand, then support for this motion will decrease the amount the Secretary will have to use for the exportation of cotton?

Mr. TARVER. To support the motion made by the gentleman from Missouri will have that effect.

Mr. HARE. That is, reduce the amount from $28,000,000 to $14,000,000?

Mr. TARVER. The gentleman is correct.

Mr. HARE. Of course, that is not as much as I thought and it will not hurt so bad, but I am decidedly opposed to the export subsidy.

Mr. DIRKSEN. Mr. Speaker, will the gentleman yield?

Mr. TARVER. I yield to the gentleman from Illinois.

Mr. DIRKSEN. I agree that what the gentleman from Georgia has said is a fair statement. I was not under a misimpression. However, the gentleman from Georgia will admit that under clause 1 of section 32 of the act of 1935, where this $113,000,000 plus the $90,000,000 already in the bill is to apply, that every other commodity can be exported and will also be paid for out of the fund, whereas it would have been infinitely better if the benefits had been given to the American people rather than to those countries to which the commodities are exported.

Mr. TARVER. I quite agree with the gentleman, but we cannot change the Agricultural Adjustment Act of 1938 in this bill in that particular.

Mr. DIRKSEN. No; but we can vote this provision down and send it back to conference and really get a good provision.

Mr. TARVER. If we did that it would simply have the effect of knocking $113,000,000 out of the bill. As far as I am concerned I did not vote for that section 32 as amended in the Agricultural Adjustment Act of 1938. I wonder if the gentleman from Illinois supported it?

Mr. DIRKSEN. I do not remember.

Mr. LAMBERTSON. Mr. Speaker, will the gentleman yield?

Mr. TARVER. I yield to the gentleman from Kansas.

Mr. LAMBERTSON. I am very jealous of my record of attending conference committees. The gentleman has twice referred to the fact that I was absent from one of these meetings.

Mr. TARVER. That is correct.

Mr. LAMBERTSON. I had no notice of this last meeting. It was called on the day after we had finished our conference and the blanks had been passed out for us to sign, and after we had all stood up for the report. I had no notice of this subsequent conference to which the gentleman refers, and I was absent.

Mr. TARVER. If the gentleman had stayed until the meeting was over instead of walking out and saying that he would not sign the conference report, he would have been advised of the fact that we were to meet the next day.

Mr. LAMBERTSON. If the gentleman will yield further, I may say I stayed until the committee had adjourned and had stood up for the report, and the blank reports were passed. The meeting had adjourned when I left.

Mr. TARVER. The gentleman is mistaken about that.

Mr. CRAWFORD. Mr. Speaker, will the gentleman yield?

Mr. TARVER. I yield to the gentleman from Michigan.

Mr. CRAWFORD. I want to see if I can get verification of these figures. As I understand, under section 32, of the $90,000,000 or $92,000,000 duty money cotton will get approximately $22,500,000.

Mr. TARVER. Not necessarily so. The Secretary of Agriculture may allocate not more than one-quarter of the amount to cotton, but he does not have to allocate a dollar.

Mr. CRAWFORD. Let us say a maximum, then, of roughly $22,500,000, and that from the $113,000,000 we get approximately $28,250,000.

Mr. TARVER. That likewise is in the discretion of the Secretary.

Mr. CRAWFORD. Then would the gentleman say a maximum of $28,250,000?

Mr. TARVER. A maximum of $28,250,000.

Mr. CRAWFORD. Then deducting from that the maximum of $14,125,000 as covered by this amendment would leave roughly a maximum of $36,600,000 that might be used for the purpose of subsidizing shipments of cotton.

Mr. TARVER. The major portion of which is not carried in this bill and with regard to which this bill cannot do anything at all and the House can do nothing, because it is in the Agricultural Adjustment Act, section 32, and already appropriated. [Applause.]

Mr. CANNON of Missouri. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Speaker——

Mr. CRAWFORD. Mr. Speaker, will the gentleman yield for a question?

Mr. TABER. Yes.

Mr. CRAWFORD. Taking the questions I just propounded to the gentleman who was speaking and tying them into the June 21 statement issued by Secretary Wallace, which reached our desks today, I necessarily come to the conclusion by reason of what the Secretary has said in this bulletin that the entire $36,000,000 will be used for the purpose of paying subsidies on exports of cotton.

Mr. TABER. Well, I would expect that.

This whole $113,000,000 is above the President's Budget. He has protested against it verbally and in the press. I do not suppose there is the respect for the Budget amongst the majority side of the House that there ought to be, but it does seem as if they ought to think at least twice before they override the President's Budget twice in 1 day.

There has been a great deal said about what might be done under this proposition. A great deal of interest has been created among the dairy people back home as to what they might get out of it in the way of purchase of farm commodities. The trouble with this whole thing from the farmers' standpoint is that it tends to promote the purchase of these commodities and their storage and it tends to make it a continuous and everlasting menace to the price of those commodities. Between the Commodity Credit Corporation and the operations of the Surplus Commodity Corporation, with the items that are not distributed, we are in a situation where there is a surplus of butter and fruits and all that sort of thing, which is a continual menace to our markets for agricultural products. I do not believe the dairy farmer, Nation-wide, will derive a benefit exceeding $5,000,000 out of this proposed increase.

Mr. HAWKS. Mr. Speaker, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Wisconsin.

Mr. HAWKS. On that basis, then, is not this just a political rape of the dairy farmers of this country?

Mr. TABER. That is about what it is.

Mr. AUGUST H. ANDRESEN. Mr. Speaker, will the gentleman yield?

Mr. TABER. I yield to the gentleman.

Mr. AUGUST H. ANDRESEN. May I say to the gentleman that it does no good for the Government to purchase dairy products and other commodities unless they get rid of them and distribute them.

Mr. TABER. Even when they do that they destroy the market for almost as much as they distribute, because they put the things into the hands of people who are obliged to spend money for such things as dairy products.

I do not believe we are going to accomplish a single thing by this operation of purchasing these commodities, and I do not believe we are going to help the farmers a bit. I think we ought to get away from it and stop going above the Budget on these bills. There is going to be a stage reached very quickly when we are simply going to break down the financial structure of the United States, especially if we continue the way we have been doing in not taking a single step to put our people to work or to solve our economic problems. We are going to increase steadily the amount of money by which the expenditures of the Government exceed its receipts and we are going to reach the point where we will break the Government.

I hope this motion will be voted down. [Applause.]

Mr. CANNON of Missouri. Mr. Speaker, I yield 5 minutes to the gentleman from Texas [Mr. JONES], and then I shall move the previous question.

Mr. JONES of Texas. Mr. Speaker, section 32 provides for setting apart 30 percent of the proceeds of the tariff for three purposes; first, the purchase and distribution of surplus products in foreign markets; second, the purchase and distribution of those products in the home market; third, the payment of additional benefits in connection with the adjustment program.

Personally I feel that all that can properly be distributed should be used in the markets of this country. I am in thorough accord with that philosophy. I believe that this is the primary way to tackle the farm problem. Every effort should be made to supply fully the markets of our own country.

When the surplus of any commodity gluts the market and materially depresses the price, the use of this fund can serve as a great stabilizing influence. It has already proved so in many instances. The use of the fund has inured to the benefit of all parts of the country and to all classes of people. In fact, labor probably gets more out of the use of this fund than does the farmer. This is especially true in the distribution of cotton.

The processing, transportation, and distribution of cotton involves a great deal of work. Out of each dollar that the consumer pays the officials estimate 12 cents goes for lint cotton, 54 cents for labor, and 30 cents for various forms of transportation. Thus, in distributing the cotton through relief channels or to low-income families, many people receive benefits.

The same is true in a lesser degree in connection with all other commodities for which the fund has been and is being used. When cotton or any other product is delivered through relief channels, not only is labor created and industry, manufacturing, and transportation stimulated, but it also tends to lighten the relief load.

In the current fiscal year these funds have been used in connection with 17 different commodities. More money was used in connection with dairy products than any other one—and I think properly so—because dairy products are the greatest in value of any one American farm commodity. Thirty-five million dollars were spent during the year on dairy products.

When we purchase farm commodities in a glutted market and distribute through relief or the low-income families we both stabilize the price and help to dispose of the surplus. I believe that just as much of the purchases from this fund should be distributed in our own land as it is possible to distribute. I think that is the way the fund should be handled.

There has been much misunderstanding here about the cotton situation and the effect of the proposed amendment. If the Members of the House understood it thoroughly, I believe they would vote for the proposal almost unanimously. I have great faith in the judgment of the House when all the facts are presented. I wish there were time for a fuller discussion.

We have a very serious situation in reference to cotton. While I prefer that the money be spent in this country, I do not believe the cotton people are in a position to be choosy. When an effort is being made to relieve us in such a situation, I believe we should welcome help from any source. If this building were on fire, I would not want the doors locked, would you? I certainly would not insist on helping lock some of the doors. I would want every door open so that we would have a chance to get out.

We have 11,000,000 bales of cotton in the loan. Some have said they do not want to favor the people in foreign lands. Nor do I. But I want to call your attention to a list I have here of industrial products which I wish I had time to read. This is a list of industrial products that are sold cheaper abroad than they are sold in this country. Every time an industrial product is shipped to market abroad there is a reduced freight rate from the point of production to the point of export. When two plows are shipped from Moline, Ill., to New Orleans, loaded on the same platform, unloaded on the same dock, one to go abroad and one to stay at home, the plow that goes abroad pays about one-half the freight rate that is paid on the plow that is to be used in this country. The farmer in this country pays the full freight rate. This is not a new proposition, and these men from the industrial centers who are complaining about exportation do not complain at the favoritism shown industrial products.

As a matter of fact, this is not a question of subsidizing and selling cotton cheaper abroad. It is a question of freeing the cotton from the artificial barriers that keep it from flowing.

My friend from Michigan, Mr. CRAWFORD, involves himself in a contradiction. He claims that our foreign market is being lost, and yet he urges that the cotton be kept dammed up in this country through an artificial loan so that it cannot flow freely into the general markets.

Mr. CRAWFORD. Will the gentleman yield?

Mr. JONES of Texas. I am sorry. If the gentleman will get me some more time, I shall be glad to yield because I know the gentleman from Michigan is fair. He is always fair, and he is tremendously interested in this subject, and I appreciate the interest which he has always manifested.

This cotton in dammed up with an artificial barrier of 8 cents per pound plus carrying charges. It would flow abroad if left free. If the new cotton comes along and no provision is made for keeping it out of the loan, it will also get tied up and little, if any, of it will flow into the markets of the world.

This fund will be available for all commodities. Not more than 25 percent of it can be used in connection with any one commodity.

The proposed amendment does not authorize an export subsidy. In fact, it restricts the use of the fund by stipulating that at least one-half of any money made available from the fund for use in connection with cotton shall be used for distribution in this country.

If the price of cotton were 7½ cents per pound and if the loan plus carrying charges were 8½ per pound, of course, such cotton would not flow into the market. However, if 1 cent per pound were paid, such cotton would flow into the markets of the world. This would not be a subsidy. It would simply be paying the amount necessary to release the cotton from the artificial loan barrier and permitting it to flow normally and naturally into the market place as it would flow if it had never been placed in the loan.

Likewise, if the price of cotton is 7½ cents per pound, when the new cotton comes onto the market and the loan figure of 8 cents per pound is offered the cotton would rush immediately into the loan and would be kept from entering the markets of the world. If a small amount were offered to

keep the new cotton from flowing into the artificial barriers again, it would not be a subsidy in the ordinary sense, but simply the payment of the amount necessary to enable such cotton to flow into the markets of the world as it would flow if the loan were not available. In other words, the payment of a small amount would enable it to be released. A cent or two per pound, or whatever is necessary, would enable some of the new crop to flow naturally. This would not be a subsidy in the ordinary sense of the word. I feel that in using the fund for exports it should apply to the finished product wherever practicable.

As a matter of fact, the amendment does not require that any of these funds be used for cotton. There has been more misunderstanding about this particular provision than in reference to any provision that has been up during the session.

The SPEAKER. The time of the gentleman from Texas [Mr. JONES] has expired.

Mr. CANNON of Missouri. I yield the gentleman from Texas [Mr. JONES] 2 additional minutes.

Mr. JONES of Texas. The $113,000,000 made available by this provision will certainly be used again in connection with a great many different commodities. I wish I had time to read the items on which it was used last year. This included corn, dairy products, citrus fruits, and numerous others. During the current fiscal year $68,000,000 of the fund now available was used in distributing products to American homes among the low-income groups, giving labor to American industry in order to translate these agricultural products into products that are used in the American home.

Mr. HARE. Mr. Speaker, will the gentleman yield?

Mr. JONES of Texas. I am sorry. I have so little time.

The fund was used in connection with a number of different kinds of fruits. It was used for potatoes, dried beans, peas, vegetables, eggs, tobacco, peanuts, and a number of other commodities. It attacks the farm problem at its heart—the recurring surpluses.

Farmers have found it necessary from time to time to make adjustments and reductions in production, just as industry has found it wise and necessary to use the same methods. In fact, industry used them long before they were adopted by the farmers of our country.

And yet in both industry and in agriculture, I feel that all the products that the public can absorb should be produced and distributed. After all, the greatest problem in connection with both is the problem of distribution, which is manifestly linked with purchasing power.

We talk of surpluses, but in the final analysis there has never yet been a real surplus. There may be in the future, but to date there has never been a pound of cotton grown that was not needed as clothing for a human being somewhere in the world. There has never been a bushel of wheat produced that was not needed by an unfortunate being somewhere who was hungry. There has never been an industrial product manufactured but that the wishes and wants of the human race called for it. Yes; we have gone much further in solving the problem of production than we have in solving the problem of distribution. I hope the future may hold in store a true solution for all of these problems.

But in the meantime, the use of this comparatively small fund to enable useful commodities to flow into the homes of people who need them, both here and abroad, will be far better than damming them up with artificial barriers so that for the time being they cannot be useful to anyone.

Such a program will be better for the farmer. It will be better for the laborer. It will be better for the manufacturer. It will be better for the people who are in need. It will be better for America. [Applause.]

[Here the gavel fell.]

Mr. CANNON of Missouri. Mr. Speaker, I move the previous question on the motion.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the motion offered by the gentleman from Missouri [Mr. CANNON].

The question was taken; and on a division (demanded by Mr. CANNON of Missouri) there were ayes 145 and noes 100.

So the motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 147: On page 99, line 2, strike out "$24,984,500" and insert "$49,984,500."

Mr. CANNON of Missouri. Mr. Speaker, I move that the House insist upon its disagreement to the Senate amendment.

Mr. JOHNSON of Oklahoma. Mr. Speaker, I offer a preferential motion to recede and concur in the Senate amendment.

The SPEAKER. The gentleman from Oklahoma moves that the House recede and concur in the Senate amendment.

Mr. CANNON of Missouri. Mr. Speaker, I yield the gentleman from Oklahoma 5 minutes.

Mr. RAYBURN. Mr. Speaker, will the gentleman yield?

Mr. JOHNSON of Oklahoma. I yield to the gentleman.

Mr. RAYBURN. I want to propound an interrogatory to the gentleman from Missouri. How much time does he intend to yield on this amendment?

Mr. CANNON of Missouri. I intend to yield for one more speech and then move the previous question.

Mr. MARTIN of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. CANNON of Missouri. I yield.

Mr. MARTIN of Massachusetts. On a $25,000,000 appropriation the gentleman is only going to discuss it 1 minute—an appropriation that the House never put into the bill?

Mr. CANNON of Missouri. I am only going to take 1 minute. That is ample time to convince anybody that this ought not to be in the bill.

Mr. MARTIN of Massachusetts. The gentleman is going to try to keep it out?

Mr. CANNON of Missouri. I certainly am.

The SPEAKER. The gentleman from Oklahoma [Mr. JOHNSON] is recognized.

Mr. JOHNSON of Oklahoma. Mr. Speaker, on yesterday I gave notice that a preferential motion would be offered to recede and concur in the Senate amendment. That is the amendment I have just offered, which means, of course, that all Members will have the opportunity to vote for the full amount of $50,000,000, as authorized by the Bankhead-Jones Act.

In the brief time allotted me I endeavored to point out that the Farm Security Administration program for making farm owners out of farm tenants is one of the safest and most profitable investments this country has ever made. It strikes at the root of one of the most serious evils afflicting our people; and on the basis of present experience, the cost to the taxpayer is negligible.

There can be no question that it is a sound, self-liquidating investment, because the loans already made are being repaid in advance of the date due. There has been some criticism of the manner in which this program has been administered. But the record speaks for itself. Since the Bankhead-Jones farm-tenant program was started 2 years ago loans have actually been made to approximately 5,000 tenants and sharecroppers to enable them to buy farms of their own. Although the installments due on these loans total only about $103,000, the borrowers already have repaid more than $138,000 into the Federal Treasury. In other words, repayments have exceeded maturities by 35 percent. I do not believe there are many lending agencies—public or private—which can show as good a record as that.

This splendid repayment record is all the more remarkable when we remember that not one of the borrowers could obtain credit for the purchase of a farm on reasonable terms from any other source.

One of the most serious objections that I have heard about this program is that it is not big enough to do the job. That

same objection was raised when this program was started. No one pretends to say that we are going to solve this program with $50,000,000 per year. But we are making an excellent beginning.

By the end of the current fiscal year the Farm Security Administration advises me it confidently expects to have completed loans to about 7,000 tenant families. This is a sound beginning, but it is only a beginning, because the number of tenant families in the United States is increasing at the rate of about 40,000 a year.

Already more than 42 percent of the Nation's farmers are tenants, and the number is climbing steadily. In my own State more than 99 percent of the farmers tilled their own land just 50 years ago; but today more than 60 percent of them are tenants, most of them without security, a decent income, or much hope for the future. If we continue to wipe out the independent, family-sized farmer at that rate, I do not know how long we can expect our American civilization to survive.

Possibly some of you recall that in the Democratic platform of 1936 we pledged ourselves to fight this economic cancer which is eating into our agricultural economy. We started the tenant purchase program on a cautious, conservative basis. It will be recalled that Congress authorized appropriations of $10,000,000 for the 1938 fiscal year, $25,000,000 for the current fiscal year, and $50,000,000 for each fiscal year thereafter. But it has been a difficult task to secure the actual funds thus authorized to carry out the solemn promises to the tenant farmers in the authorization act.

The proposal for a $50,000,000 appropriation for the coming fiscal year, therefore, does not constitute an expansion of this program. It would merely carry out the original intention of Congress, clearly stated in the Bankhead-Jones Farm Tenant Act. Moreover, it would not impose an additional burden on the taxpayer, because there is every prospect that virtually all of these loans will be repaid in full, with 3 percent interest.

As I stated a moment ago, even if we provide the full $50,000,000 which Congress has authorized, that sum will not by any means meet the urgent, immediate needs of our tenant farmers. During the 2 years this program has been under way the Farm Security Administration has been literally swamped with applications for loans. Nearly 143,000 families are clamoring for the 7,000 loans it is able to provide—or more than 20 applicants for every loan. In my own State, some 4,600 tenant families have sought this help, although there was no chance to provide farms for more than 264 of them.

Probably the best guaranty of the success of the tenant purchase program is the extreme care with which the Farm Security Administration has selected these borrowers. It makes loans only to American citizens, who have proved their ability to operate a family-sized farm successfully. A committee of three local farmers, set up in each county where the program operates, passes on the character and qualifications of every borrower, and on the value of the land which he intends to purchase.

Every precaution has been taken to make sure that the land is priced right, and that it will produce enough income to support the borrower's family, and to pay off the loan, with interest, within a 40-year period. The average farm purchased with Bankhead-Jones loans has cost slightly more than $5,000; and in the great majority of cases the annual amortization payments, plus taxes and insurance, will amount to less than the borrower previously had been paying in rent.

Such low annual payments are possible only because F. S. A. has helped its borrowers to hold their total investment to an absolute minimum. The existing farm buildings have been repaired, whenever that was necessary to provide decent shelter for the family and livestock. In a relatively few cases, where houses were not already standing on the land, new homes have been built, under contract with private builders. These homes have cost between $1,000 and $1,500, which I believe is the lowest price at which comparable farm buildings have ever been erected in this country. Less than 7 percent of the loans have been used for house building, but even this small amount has provided a very welcome stimulus to the rural building industry.

Only last month the National Lumber Manufacturers Association advised all of its members that:

> Probably no agency concerned with housing for people of low income has attained greater success than the Farm Security Administration in its tenant purchase program.

It attributed this success to sound management, economical design, and the "avoidance of expensive utilities." There are few agencies in the Government which have received such a tribute from major business organizations.

Under the proposed $50,000,000 appropriation it would be possible to provide loans for the purchase of farms to about 10,000 needy tenant families. This means that 10,000 families now living on the border line of poverty would get a new start toward independence and security. To these people it would mean a new pride in their country, in the soil they till, and in our democratic institutions. I cannot imagine a more effective way of fighting radicalism than by providing a stake in the land for the poorest, most unstable part of our population. It would represent an investment in the American way of life.

The Nation can well afford to make this investment—I am not sure that it can afford to pass it by, even though I realize that it is late in the day, Members are tired, and we have been told that the die is cast against any effort to increase the amount for the farm-tenant program at this time.

Mr. Speaker, the question this afternoon is, Will we keep faith with the tenant farmers throughout the land or will we say to them that we were only joking, we were just kidding them, when we voted to authorize $50,000,000?

Mr. MURRAY. Mr. Speaker, will the gentleman yield?

Mr. JOHNSON of Oklahoma. I yield.

Mr. MURRAY. There is just one short question I would like to ask the gentleman from Oklahoma.

Mr. JOHNSON of Oklahoma. Yes; and I shall be glad to answer it.

Mr. MURRAY. Does the gentleman believe it is fair and just to farmers who are in debt on their farms today and having to pay 3½-percent and 4-percent interest to have the Government subsidize by 100 percent new farmers to compete with them and to give these new farmers 40 years in which to pay at 3-percent interest?

Mr. JOHNSON of Oklahoma. The gentleman has raised an interesting question. Merely because farmers who are in debt on their farms must pay 3½ or even 4 percent, the gentleman raises the question if it is fair for the Government to charge tenant farmers an interest rate of only 3 percent.

My reply is that, of course, many farmers have been charged exorbitant interest rates in the past. But let me further add that two wrongs do not make one right. [Applause.] Moreover, I am fully convinced that the average farm owner would rejoice to know that the tenant farmer who might be able to secure one of these loans was charged a more reasonable rate of interest than he has been forced to pay. No; the average farmer of America will not play the role of the dog in the manger. [Applause.]

[Here the gavel fell.]

The SPEAKER pro tempore (Mr. MCCORMACK). The time of the gentleman from Oklahoma has expired.

Mr. CANNON of Missouri. Mr. Speaker, I yield 1 minute to the gentleman from Georgia [Mr. PACE].

Mr. PACE. Mr. Speaker, I think the slum dweller and the tenant on the farm are about on a parity when it comes to economic conditions. We are asking that you provide $50,000,000 for loans to the tenants. You have already appropriated this year $28,000,000 in gifts or subsidies to the slum dwellers. A bill is now pending and has already passed the Senate to increase this by an addition of $43,000,000, making an annual grant of $73,000,000 for

60 years to the slum dwellers in the large cities. Is it not fair that you at least set up a fund of $50,000,000 just to make loans to the poor tenants on the farm, that they might have a home of their own? [Applause.]

[Here the gavel fell.]

Mr. CANNON of Missouri. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the motion to recede and concur.

The question was taken; and on a division (demanded by Mr. JOHNSON of Oklahoma), there were—ayes 38, noes 157.

Mr. JOHNSON of Oklahoma. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were refused.

So the motion was rejected.

The SPEAKER. The question recurs on the motion that the House insist upon its disagreement to the amendment of the Senate.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 155: Page 102, line 23, after the word "rental", insert "purchase, or construction."

Mr. CANNON of Missouri. Mr. Speaker, I ask unanimous consent that the Clerk report the next amendment in disagreement and that the two be considered en bloc.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

The Clerk read as follows:

Amendment No. 156: Page 102, line 26, after the word "maintenance", insert a comma, and the following: "but the total cost of any such building purchased or constructed under this authorization shall not exceed $7,500."

Mr. CANNON of Missouri. Mr. Speaker, I move that the House recede and concur in amendments of the Senate Nos. 155 and 156.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 158: Page 108, line 5, after the parenthesis following the figures "50 Stat. 5", insert a colon and the following: "*Provided*, That no employee of the United States on whose certificate or approval loans under said act of January 29, 1937, as amended, or other acts of the same general character, are or have been made, shall be held personally liable for any loss or deficiency occasioned by the fraud or misrepresentation of applicants or borrowers, if the Governor of the Farm Credit Administration shall determine that such employee has exercised reasonable care in the circumstances, and has complied with the regulations of the Farm Credit Administration in executing such certificate or giving such approval."

Mr. CANNON of Missouri. Mr. Speaker, I move that the House recede from its disagreement to the amendment of the Senate No. 158 and concur therein.

Mr. TABER. Mr. Speaker, will the gentleman yield me a minute or two on the motion?

Mr. CANNON of Missouri. Mr. Speaker, I yield 2 minutes to the gentleman from New York.

Mr. TABER. Mr. Speaker, this is an amendment that exempts employees of the Farm Credit Administration from punishment on account of fraud. Why not let the courts continue to have jurisdiction just as they have in the past? I do not believe that the Farm Credit Administrator ought to pass on the question of fraud against the Government of the United States in that manner. I think this should be left to the courts and to the Department of Justice.

Mr. Speaker, I hope the House will not accept this motion.

Mr. CANNON of Missouri. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the motion offered by the gentleman from Missouri [Mr. CANNON].

The question was taken; and on a division (demanded by Mr. CANNON of Missouri) there were—ayes 73, noes 118.

So the motion was rejected.

Mr. CANNON of Missouri. Mr. Speaker, I move that the House further insist on its disagreement to the Senate amendment.

The motion was agreed to.

By unanimous consent, a motion to reconsider the several votes by which the various motions were agreed to was laid on the table.

Mr. CANNON of Missouri. Mr. Speaker, I ask unanimous consent that all Members who have spoken this afternoon on the conference report may have permission to revise and extend their own remarks in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Missouri [Mr. CANNON]?

Mr. RICH. Mr. Speaker, reserving the right to object, it seems to me that a great many Members of the House ought to have a lot to say about this bill, because if there is anything that will wreck the farmers of this country, I think it will be this bill.

The SPEAKER. Is there objection to the request of the gentleman from Missouri [Mr. CANNON]?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. HARRINGTON (at the request of Mr. JACOBSEN), for balance of week, on account of sickness.

To Mr. CONNERY (at the request of Mr. FLAHERTY), on account of illness at home.

To Mr. VINSON of Georgia, for 10 days, on account of important business.

To Mr. SMITH of Washington, for 1 day, Friday, June 23, 1939, in order to address Townsend national convention at Indianapolis, Ind.

To Mr. SHANLEY, on account of illness.

To Mr. CLAYPOOL, for 2 days, on account of important business.

To Mr. MCLAUGHLIN, for 1 week, on account of important business.

PERMISSION TO ADDRESS THE HOUSE

Mr. DONDERO. Mr. Speaker, I have a special order on the Speaker's table, but due to the lateness of the hour, I ask unanimous consent that I may be permitted to withdraw that today and that I may be given the same time to address the House tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Michigan [Mr. DONDERO]?

There was no objection.

JOINT COMMITTEE TO CONDUCT STRUCTURAL ENGINEERING STUDY ON WINGS OF THE CAPITOL BUILDING

The SPEAKER. The Clerk will read an announcement by the Chair.

The Clerk read as follows:

Pursuant to the provisions of Public Law 130, Seventy-sixth Congress, the Chair appoints the gentleman from Michigan [Mr. RABAUT] to serve on the Joint Committee to Direct a Structural Engineering Study of the Roofs and Skylights Over the Wings of the Capitol Building.

ENROLLED BILL SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H. R. 6260. An act making appropriations for the fiscal year ending June 30, 1940, for civil functions administered by the War Department, and for other purposes.

BILLS PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, bills of the House of the following titles:

H. R. 4133. An act for the relief of Joseph N. Thiele;

H. R. 5619. An act to provide for the training of civil aircraft pilots, and for other purposes; and

H. R. 5762. An act to provide for temporary postponement of the operations of certain provisions of the Federal Food, Drug, and Cosmetic Act.

ANNOUNCEMENT OF VOTE

Mr. STARNES of Alabama. Mr. Speaker, I was unavoidably detained at the time of the vote on parity payments. Had I been present, I would have voted as I did previously, for parity payments.

PERMISSION TO ADDRESS THE HOUSE

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Texas [Mr. RAYBURN]?

There was no objection.

Mr. RAYBURN. Mr. Speaker, we have been here a long time today and we desire to adjourn before 6 o'clock out of respect to a deceased Member. I trust that gentlemen who desire to extend their remarks in the RECORD will put over the requests until tomorrow morning.

The SPEAKER. The Chair is inclined to adopt the suggestion of the majority leader under all the circumstances. The first thing tomorrow morning the Chair will recognize Members to ask unanimous consent to extend their own remarks.

THE LATE EMMETT MARSHALL OWEN

Mr. VINSON of Georgia. Mr. Speaker, it is with profound regret that I announce to the House the sudden death last night of our distinguished and beloved colleague, Hon. EMMETT OWEN, Representative of the Fourth Congressional District of Georgia.

For 30 years Mr. OWEN was a prominent figure in the affairs of Georgia and the Nation. For 20 years he was prosecuting attorney in Georgia and for the past 8 years served with distinction as a Member of this honorable body.

Few men in Georgia held the confidence of the people as he did. He was always courteous and most considerate of the viewpoint of others. He possessed a charming personality.

To know him was to form a deep attachment for him. He was a lovable character. He was faithful and loyal to every trust.

The State of Georgia and the Nation have lost a distinguished son. We all mourn his passing.

Mr. Speaker, I send to the Clerk's desk a resolution and ask for its immediate consideration.

The Clerk read as follows:

House Resolution 228

Resolved, That the House has heard with profound sorrow of the death of Hon. EMMETT MARSHALL OWEN, a Representative from the State of Georgia.

Resolved, That a committee of four Members of the House, with such Members of the Senate as may be joined, be appointed to attend the funeral.

Resolved, That the Sergeant at Arms of the House be authorized and directed to take such steps as may be necessary for carrying out the provision of these resolutions, and that the necessary expenses in connection therewith be paid out of the contingent fund of the House.

Resolved, That the Clerk communicate these resolutions to the Senate and transmit a copy thereof to the family of the deceased.

The resolution was agreed to.

The SPEAKER appointed the following Members of the funeral committee on the part of the House: Mr. VINSON of Georgia, Mr. COX, Mr. TARVER, and Mr. BROWN of Georgia.

The SPEAKER. The Clerk will report the concluding part of the resolution.

The Clerk read as follows:

Resolved, That as a further mark of respect the House do now adjourn.

ADJOURNMENT

Accordingly (at 5 o'clock and 43 minutes p. m.), the House adjourned until tomorrow, Friday, June 23, 1939, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON MERCHANT MARINE AND FISHERIES

The Committee on Merchant Marine and Fisheries will hold public hearings in room 219, House Office Building, at 10 a. m. on the bills and dates listed below:

There will be a meeting of the Committee on Merchant Marine and Fisheries at 10 a. m. Tuesday, June 27, 1939, for the consideration of H. R. 6572, relating to marine war-risk insurance.

COMMITTEE ON THE JUDICIARY

On Wednesday, June 28, 1939, beginning at 10 a. m., there will be continued a public hearing before the Committee on the Judiciary on the bill (H. R. 6369) to amend the act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory thereof and supplemental thereto; to create a Railroad Reorganization Court; and for other purposes.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

888. A letter from the Attorney General, transmitting the draft of a proposed bill to amend section 2 of the act of March 4, 1931 (46 Stat. 1528); to the Committee on the Judiciary.

889. A letter from the Chairman, Securities and Exchange Commission, transmitting the third section of chapter 2 of part 3 of the Security and Exchange Commission's report on the study of investment trusts and investment companies made pursuant to section 30 of the Public Utility Holding Company Act of 1935 (H. Doc. No. 279); to the Committee on Interstate and Foreign Commerce and ordered to be printed.

890. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated June 13, 1939, submitting a report, together with accompanying papers, on reexamination of Onancock River, Va., requested by resolution of the Committee on Rivers and Harbors, House of Representatives, adopted May 24, 1939 (H. Doc. No. 358); to the Committee on Rivers and Harbors and ordered to be printed.

891. A letter from the Architect of the Capitol, member and executive officer, United States Supreme Court Building Commission, transmitting the final report of the United States Supreme Court Building Commission in connection with the construction, equipping, and furnishing of the United States Supreme Court Building; to the Committee on Public Buildings and Grounds.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. MARTIN of Colorado: Committee on Interstate and Foreign Commerce. H. R. 944. A bill to protect producers, manufacturers, distributors, and consumers from the unrevealed presence of substitutes and mixtures in spun, woven, knitted, felted, or otherwise manufactured wool products, and for other purposes; with amendment (Rept. No. 907). Referred to the Committee of the Whole House on the state of the Union.

Mr. SMITH of Virginia: Committee on Rules. House Resolution 227. Resolution providing for the consideration of House Joint Resolution 306, Neutrality Act of 1939; without amendment (Rept. No. 908). Referred to the House Calendar.

Mr. RANDOLPH: Committee on the District of Columbia. S. 1575. An act to provide that the annual registration of motor vehicles in the District of Columbia shall be for the period from April 1 in each year to March 31 in the succeeding year; without amendment (Rept. No. 909). Referred to the Committee of the Whole House on the state of the Union.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H. R. 6093) for the relief of Irene E. Smith; Committee on Naval Affairs discharged, and referred to the Committee on Claims.

A bill (H. R. 2114) granting a pension to Elmer J. Rush; Committee on Invalid Pensions discharged, and referred to the Committee on World War Veterans' Legislation.

A bill (H. R. 2473) granting a pension to Elizabeth B. Kemp; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. LEAVY:

H. R. 6957. A bill to extend to the Colville Indian Reservation in the State of Washington the provisions of the act of June 18, 1934 (48 Stat. 984), as amended; to the Committee on Indian Affairs.

By Mr. FULMER:

H. R. 6958. A bill to amend the United States Warehouse Act, approved August 11, 1916, as amended; to the Committee on Agriculture.

By Mr. HORTON:

H. R. 6959. A bill to abolish the Grand Teton National Park in the State of Wyoming and to transfer the lands, improvements, and facilities of the United States within the boundaries of said park to the Teton National Forest, and for other purposes; to the Committee on the Public Lands.

By Mr. ALEXANDER:

H. R. 6960. A bill for the relief of the tornado sufferers of Hennepin and Anoka Counties and for the city of Anoka, Minn.; to the Committee on Appropriations.

By Mr. SHAFER of Michigan:

H. R. 6961 (by request). A bill for the benefit of employees involuntarily separated from the service of the United States; to the Committee on the Civil Service.

By Mr. MAY:

H. J. Res. 335 (by request). Joint resolution providing for the utilization of unfilled immigration quotas in order to colonize Alaska for purposes of national defense and as a market for surplus production; to the Committee on Immigration and Naturalization.

By Mr. KRAMER:

H. J. Res. 336. Joint resolution to provide that the United States extend to foreign governments invitations to participate in the Congress of the International Federation for Housing and Town Planning to be held in the United States in 1941, and to authorize an appropriation to assist in meeting the expenses of the Congress; to the Committee on Foreign Affairs.

By Mr. BLAND:

H. Res. 226. Resolution providing for a House committee to investigate the transportation problems of the United States; to the Committee on Rules.

By Mr. SMITH of Virginia:

H. Res. 229. Resolution creating a select committee to investigate the National Labor Relations Board; to the Committee on Rules.

H. Res. 230. Resolution creating a select committee to investigate the Wage and Hour Division of the Department of Labor; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ALLEN of Pennsylvania:

H. R. 6962. A bill granting an increase of pension to Flora Heath; to the Committee on Invalid Pensions.

By Mr. BURCH:

H. R. 6963. A bill for the relief of Buford Lee Pratt; to the Committee on Claims.

By Mr. GIFFORD:

H. R. 6964. A bill for the relief of Mr. and Mrs. Nathan Kaplan; to the Committee on Claims.

By Mr. HOLMES:

H. R. 6965. A bill for the relief of Stina Anderson; to the Committee on Immigration and Naturalization.

By Mr. McCORMACK:

H. R. 6966. A bill for the relief of Maurice Victor; to the Committee on Claims.

By Mr. McGRANERY:

H. R. 6967. A bill for the relief of Thomas Boyd; to the Committee on Claims.

By Mr. PIERCE of New York:

H. R. 6968. A bill granting an increase of pension to Minerva Sterling; to the Committee on Invalid Pensions.

By Mr. SECREST:

H. R. 6969. A bill granting a pension to Grace V. Newman; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3961. By Mr. CARTER: Assembly Joint Resolution No. 13 of the State of California, memorializing Congress to enact legislation limiting the number of cars in trains; to the Committee on Labor.

3962. By Mr. ENGLEBRIGHT: Assembly Joint Resolution No. 35, relative to additional Federal aid to dependent children; to the Committee on Ways and Means.

3963. By Mr. HARTER of New York: Petition of 46 citizens of the Forty-first District of New York, opposing House bill 4862; to the Committee on Interstate and Foreign Commerce.

3964. By Mr. MICHAEL J. KENNEDY: Petition of the Emerson Radio & Phonograph Corporation of New York City, urging repeal of the Federal 5-percent excise tax on radios, which expires on June 30; to the Committee on Ways and Means.

3965. Aso, petition of the National Cooperative Milk Producers' Federation, expressing opposition to the Schulte bill (H. R. 6316) dealing with the health standards of milk and cream; to the Committee on the District of Columbia.

3966. Also, petition of the American Farm Bureau Federation, expressing approval of the enactment of House bill 5269, the agricultural appropriation bill; to the Committee on Agriculture.

3967. Also, petition of the Dairymen's League Cooperative Association, urging enactment of the agricultural appropriation bill; to the Committee on Appropriations.

3968. Also, petition of United Government Employees, Inc., representing 15,000,000 Negro Americans, urging that the $1,000,000 earmarked in the War Department appropriation bill for the training of Negro air pilots for service in the United States Army be sustained; to the Committee on Military Affairs.

3969. Also, petition of the Pressed Steel Car Co., Inc., favoring Senate bill 2009, relative to transportation legislation; to the Committee on Interstate and Foreign Commerce.

3970. By Mr. MARTIN J. KENNEDY: Petition of the Gas Purifying Materials Co., Inc., Long Island City, N. Y., concerning Senate bill 2009; to the Committee on Interstate and Foreign Commerce.

3971. Also, petition of the Swanee River Valley Association, Cedar Keys, Fla., urging that a maternity hospitalization program be inaugurated and made part of our National Health Service; to the Committee on Labor.

3972. By Mr. KEOGH: Petition of the National Cooperative Council, Washington, D. C., concerning House bill 6316; to the Committee on the District of Columbia.

3973. Also, petition of L. A. Chapin, secretary, Dairymen's League Cooperative Association, New York City, concerning purchase of surplus commodities in agricultural appropriation bill; to the Committee on Agriculture.

3974. By Mr. PFEIFER: Petition of the Washington Restaurant Association, Washington, D. C., favoring the Schulte bill (H. R. 6316); to the Committee on the District of Columbia.

3975. By Mr. RICH: Petition of sundry citizens of McKean County, Pa., favoring House bill 5620; to the Committee on Ways and Means.

3976. By Mr. SCHIFFLER: Petition of Victor W. Brandon, chairman, Marion County Industrial Union Council, Fairmont, W. Va., opposing favorable action on House bills 130, 273, 279, 280, 999, 3029–3031, 3032, 3033, 3051, 3241, 3245, 3392, 4006, 4172, 4769, 4806, 4905, 5196, and Senate bills 407, 408, 409, 410, 411, 668, 1470, and amendment to emergency relief appropriations bill; to the Committee on Appropriations.

3977. By the SPEAKER: Petition of Industrial War-Time Laborers, members of the Puerto Rican expeditionary forces, city of San Juan, P. R., petitioning consideration of their resolution with reference to House bill 6133, to compensate certain Puerto Rican citizens of the United States for services rendered the United States in the World War; to the Committee on War Claims.

3978. Also, petition of the city of Cleveland, Ohio, petitioning consideration of their resolution, File No. 1074–39, with reference to Works Progress Administration; to the Committee on Appropriations.

SENATE

FRIDAY, JUNE 23, 1939

(Legislative day of Thursday, June 22, 1939)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

The Chaplain, Rev. ZeBarney T. Phillips, D. D., offered the following prayer:

O God, in whom are all the springs of being, from whom all thought and actions flow, and the river of life runs clear and strong: Renew in us from day to day strength sufficient for our daily needs. Make us wise with influences from on high that we may discern clearly and endeavor uprightly; give to our thoughts and words the logic which is the product of intelligence and sincerity, and make us superior by reason of our virtue, integrity, and love of liberty, for we know that reputation is only what men think and say of us, whereas character is what God, the angels, and ourselves know us to be. Help us all, therefore, to be our best and, in these trying days, to work together in harmony for the safety, honor, and welfare of our people, and for the promotion of lasting peace and good will among all nations. We ask it in our Saviour's name. Amen.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Thursday, June 22, 1939, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. MINTON. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Bulow	George	Hughes
Andrews	Burke	Gerry	Johnson, Calif.
Ashurst	Byrd	Green	Johnson, Colo.
Austin	Byrnes	Guffey	King
Bailey	Capper	Gurney	La Follette
Bankhead	Chavez	Harrison	Lee
Barkley	Clark, Idaho	Hatch	Logan
Bilbo	Danaher	Hayden	Lucas
Bone	Davis	Herring	Lundeen
Borah	Donahey	Hill	McCarran
Bridges	Ellender	Holman	McKellar
Brown	Frazier	Holt	Maloney
Mead	Pittman	Slattery	Van Nuys
Miller	Radcliffe	Smathers	Wagner
Minton	Reed	Taft	Walsh
Murray	Russell	Thomas, Okla.	Wheeler
Norris	Schwartz	Tobey	White
O'Mahoney	Schwellenbach	Townsend	Wiley
Overton	Sheppard	Tydings	
Pepper	Shipstead	Vandenberg	

Mr. MINTON. I announce that the Senator from Virginia [Mr. GLASS] is detained from the Senate because of illness.

The Senator from South Carolina [Mr. SMITH] is absent because of illness in his family.

The Senator from Arkansas [Mrs. CARAWAY], the Senator from Texas [Mr. CONNALLY], and the Senator from North Carolina [Mr. REYNOLDS] are necessarily detained.

The Senators from Missouri [Mr. CLARK and Mr. TRUMAN], the Senator from California [Mr. DOWNEY], the Senator from Iowa [Mr. GILLETTE], the Senator from West Virginia [Mr. NEELY], the Senator from Tennessee [Mr. STEWART], and the Senator from Utah [Mr. THOMAS] are absent on important public business.

Mr. AUSTIN. I announce that the Senator from Oregon [Mr. MCNARY] is absent because of illness, that the Senator from Massachusetts [Mr. LODGE] is absent on public business, and that the Senator from North Dakota [Mr. NYE] is absent because of a death in his family.

The VICE PRESIDENT. Seventy-eight Senators have answered to their names. A quorum is present.

SENATORIAL PASSENGERS ON "YANKEE CLIPPER"

Mr. ASHURST. Mr. President, I rise, not to speak on the pending business, but to speak by way of camaraderie.

I am authorized to announce that at sunrise tomorrow morning the Senator from New Mexico [Mr. CHAVEZ] and the Senator from Minnesota [Mr. LUNDEEN] will embark in New York City on the *Yankee Clipper*. They will skim the cream from the Milky Way. They will wing their flight within 24 hours to Plymouth, England, in the *Yankee Clipper*.

I am sure I speak the sentiments of every Senator when I say we wish them bon voyage. We believe that on their right hand will sit courage, on their left hand will sit confidence, and before them American emprise reading the dials.

It is interesting to know that the ancestors of the Senator from New Mexico [Mr. CHAVEZ] came from the Old World to New Mexico in 1587. It is quite an epic that one whose ancestors came to America so long ago should, in this romantic method of transportation, be one of the first American officials to fly across the Atlantic Ocean.

FEES AND EXPENSES OF CONCILIATION COMMISSIONERS, UNITED STATES COURTS (S. DOC. NO. 89)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting draft of a proposed provision to continue the availability of the unexpended balances of existing appropriations for fees and expenses of conciliation commissioners, United States courts, Department of Justice, to June 30, 1940, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

PETITIONS

The VICE PRESIDENT laid before the Senate a telegram in the nature of a petition from the Bronx (N. Y.) Settlement House Staff, praying that the appropriation for the Works Progress Administration be increased to $2,000,000,000, so as to include the so-called white-collar, art, and Federal theater projects, which was referred to the Committee on Appropriations.

He also laid before the Senate a resolution adopted by the Milwaukee County (Wis.) Industrial Union Council, favoring amendment of the Sherman Antotrust Act, so that trade-unions may not be included within the scope of the act, which was referred to the Committee on the Judiciary.

Mr. HOLT presented the petition of Council No. 191, Junior Order United American Mechanics, of Barboursville, W. Va., praying for the enactment of legislation to prohibit immigration until unemployment in the United States is

reduced to a minimum, which was referred to the Committee on Immigration.

REPORT OF THE COMMITTEE ON THE DISTRICT OF COLUMBIA

Mr. OVERTON, from the Committee on the District of Columbia, to which was referred the bill (H. R. 6577) to provide revenue for the District of Columbia, and for other purposes, reported it with an amendment in the nature of a substitute and submitted a report (No. 662) thereon.

FLORENCE A. REICH

Mr. BYRNES. From the Committee to Audit and Control the Contingent Expenses of the Senate I report back favorably without amendment Senate Resolution 149, and I ask unanimous consent for its present consideration.

There being no objection, the resolution (S. Res. 149) (submitted by Mr. ASHURST on the 22d instant), was considered and agreed to, as follows:

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay from the contingent fund of the Senate to Florence A. Reich, widow of Chester M. Reich, late assistant financial clerk of the Senate, a sum equal to 6 months' compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

Mr. LOGAN, from the Committee on Military Affairs, reported favorably the nominations of sundry persons for appointment and several officers for appointment, by transfer, in the Regular Army.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of several postmasters.

The VICE PRESIDENT. The reports will be placed on the Executive Calendar.

BILLS AND JOINT RESOLUTIONS INTRODUCED

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. TYDINGS:

S. 2684. A bill for the relief of Gustav Paks; to the Committee on Immigration.

By Mr. ASHURST:

S. 2685 (by request). A bill to amend section 1 of the act providing punishment for the killing or assaulting of Federal officers; to the Committee on the Judiciary.

By Mr. MALONEY:

S. 2686. A bill authorizing the reenlistment of John Mudry in the United States Army; to the Committee on Military Affairs.

By Mr. BONE:

S. 2687. A bill to establish a circuit court of appeals for patents;

S. 2688. A bill to amend section 4884 of the Revised Statutes (U. S. C., title 35, sec. 40); and

S. 2689. A bill to amend section 33 of the act entitled "An act to amend and consolidate the acts respecting copyright," approved March 4, 1909, and for other purposes; to the Committee on Patents.

By Mr. BAILEY:

S. J. Res. 159. Joint resolution authorizing the appointment of Harley B. Ferguson as a major general, United States Army; to the Committee on Military Affairs.

By Mr. BYRD (for himself and Mr. GLASS):

S. J. Res. 160. Joint resolution to provide for the maintenance for public use of certain highways in the Shenandoah National Park; to the Committee on Public Lands and Surveys.

CHANGE OF REFERENCE

On motion by Mr. WHEELER, the Committee on Interstate Commerce was discharged from the further consideration of the joint resolution (S. J. Res. 81) providing for the discontinuance of the transportation services, liquidation of the assets, and winding up of the affairs of the Inland Waterways Corporation and the Warrior River Terminal Co., and it was referred to the Committee on Commerce.

RELIEF OF TORNADO SUFFERERS OF ANOKA AND HENNEPIN COUNTIES, MINN.—AMENDMENT

Mr. LUNDEEN submitted an amendment in the nature of a substitute intended to be proposed by him to the bill (S. 2665) for the relief of the tornado sufferers of Anoka, Minn., which was referred to the Committee on Appropriations and ordered to be printed.

WORK RELIEF AND RELIEF—AMENDMENTS

Mr. RUSSELL and Mr. TYDINGS each submitted two amendments, and Mr. LEE submitted sundry amendments, intended to be proposed by them, respectively, to the joint resolution (H. J. Res. 326) making appropriations for work relief, relief, and to increase employment by providing loans and grants for public-works projects, for the fiscal year ending June 30, 1940, which were referred to the Committee on Appropriations and ordered to be printed.

ADDITIONAL COPIES OF HEARINGS ON TRANSPORTATION ACT OF 1939

Mr. WHEELER submitted the following concurrent resolution (S. Con. Res. 26), which was referred to the Committee on Printing:

Resolved by the Senate (the House of Representatives concurring), That, in accordance with paragraph 3 of section 2, of the Printing Act approved March 1, 1907, the Committee on Interstate Commerce of the Senate be, and is hereby, authorized and empowered to have printed for its use 1,000 additional copies of the hearings held before said committee during the current session on the bill (S. 2009) entitled "Transportation Act of 1939."

FINANCIAL AND OTHER DATA PERTAINING TO SUNDRY GOVERNMENTAL AGENCIES AND CORPORATIONS

Mr. BYRD submitted a resolution (S. Res. 150), which was ordered to lie over under the rule, as follows:

Resolved, That the Secretary of the Treasury is authorized and directed to prepare and transmit to the Senate forthwith a complete financial statement of each of the following agencies and corporations: Reconstruction Finance Corporation, Commodity Credit Corporation, Export-Import Bank of Washington, Federal Crop Insurance Corporation, Federal Deposit Insurance Corporation, Tennessee Valley Authority, Public Works Administration, United States Maritime Commission, Rural Electrification Administration, Home Owners' Loan Corporation, Federal Savings & Loan Insurance Corporation, Federal Savings and Loan Associations, Federal Home Loan Banks, Federal Housing Administration, United States Housing Authority, Farm Credit Administration, Federal Farm Mortgage Corporation, Federal Intermediate Credit Banks, Banks for Cooperatives, Production Credit Corporations, Regional Agricultural Credit Corporations, Disaster Loan Corporation, Electric Home and Farm Authority, Farm Security Administration, Federal National Mortgage Association, Inland Waterways Corporation, Panama Railroad Co., Puerto Rican Reconstruction Administration, RFC Mortgage Co., Tennessee Valley Associated Cooperatives, Inc.

The said financial statement of each of the foregoing agencies and corporations shall include:

(1) A statement of its assets (including outstanding loans) and liabilities for each fiscal year since its organization, and as of June 30, 1939.

(2) A statement in reasonable detail of the accounting principles used in the preparation of the statement submitted under paragraph (1).

(3) A statement of its revenues and expenditures for each fiscal year since its organization, classified to reflect profit or loss and to segregate operating costs together with a statement as to the part of such expenditures paid out of the Treasury and the part paid out of the income of the agency or corporation.

(4) A brief description of the nature and kind of its principal assets (including outstanding loans) as contained in the financial statement of June 30, 1939, submitted under paragraph (1), including the date and manner of acquisition, the value when acquired, expenses incurred thereon and the appraised value as of June 30, 1939, and a brief description of the liabilities reported in such statement showing whether the same be indebtedness on open account or represented by bonds, notes, debentures, or other evidence of indebtedness.

(5) A statement setting forth, from its organization through June 30, 1939—

(a) The aggregate principal amount of loans, if any, made;

(b) The aggregate principal amount of any such loans outstanding on June 30, 1939; classified as to original loans, renewals, or extensions, uncollected accrued interest or other assessments;

(c) The aggregate principal amount of repayments made with respect to such loans;

(d) The aggregate principal amount and the number of its loans which were in default, on June 30, 1939, classified to show principal or interest and the probable value thereof with a statement as to the method of evaluation;

(e) The aggregate principal amount and the number of its loans or other assets which have been written off, in whole or in part;

including assets which have been appraised at less than cost value; and

(f) The aggregate principal amount of loans the property securing which, as a result of a default, was acquired by it or sold, at foreclosure or otherwise; the aggregate appraised value, as of the date the loans were made, of all such property; expenses incurred and capitalized in connection with the custody and disposition of such property and the amount realized on property sold or disposed of otherwise.

(6) A statement setting forth the authority of law pursuant to which its liabilities have been or may be incurred and the limit or limits, if any, upon its power to incur obligations. Such statement should report on the character and amount of any notes, bonds, debentures, or other such obligations issued by it and its capital stock and other participating interests or rights, the extent to which and the authority of law under which the United States, or any corporate or other agency or instrumentality thereof, is or may become liable as guarantor or otherwise with respect to any of its liabilities, now existing or which may be incurred, or with respect to any securities issued or which may be issued by it and include list of its creditors and of the owners or holders of its securities (including its capital stock and other participating interests or rights), so far as reasonably ascertainable.

SEC. 2. (a) The Secretary of the Treasury is further authorized and directed to make and transmit to the Senate as a part of his report hereunder (1) a list of all such agencies and corporations which are required to make an annual report to Congress, and (2) a list of all such agencies and corporations whose accounts are subject to audit by the Comptroller General and a list of those which are not subject wholly to such audit.

(b) The Secretary of the Treasury shall also secure and transmit to the Senate immediately a copy of the last annual report of each such agency and corporation whether or not such report, pursuant to law, is required to be made to the Congress.

ADDITIONAL COPIES OF SENATE REPORT AND HEARINGS

Mr. HAYDEN. By direction of the Committee on Printing, I report back favorably without amendment several concurrent resolutions, and ask unanimous consent for their immediate consideration.

There being no objection, the concurrent resolutions were considered and agreed to, as follows:

ADDITIONAL COPIES OF SENATE REPORT NO. 610—SURVEY OF EXPERIENCES IN PROFIT SHARING AND POSSIBILITIES OF INCENTIVE TAXATION

(S. Con. Res. 24, submitted by Mr. HERRING on the 22d instant)

Resolved by the Senate (the House of Representatives concurring), That there be printed 12,000 additional copies of Senate Report No. 610, a report of a subcommittee of the Committee on Finance submitted pursuant to Senate Resolution 215 (75th Cong.), entitled "Survey of Experiences in Profit Sharing and Possibilities of Incentive Taxation," of which 1,000 copies shall be for the use of the Senate document room, 10,000 copies for the use of the Senate Committee on Finance, and 1,000 copies for the House document room.

ADDITIONAL COPIES OF HEARINGS BEFORE COMMITTEE ON FINANCE ON EXISTING PROFIT-SHARING SYSTEMS

(S. Con. Res. 25, submitted by Mr. HERRING on the 22d instant)

Resolved by the Senate (the House of Representatives concurring), That, in accordance with paragraph 3 of section 2 of the Printing Act, approved March 1, 1907, the Committee on Finance of the Senate be, and is hereby, authorized and empowered to have printed for its use 10,000 additional copies of the hearings held before a subcommittee of said committee during the Seventy-fifth Congress pursuant to the resolution (S. Res. No. 215) providing for an investigation of existing profit-sharing systems between employers and employees in the United States.

ADDITIONAL COPIES OF HEARINGS ON TRANSPORTATION ACT OF 1939

(S. Con. Res. 26, submitted today by Mr. WHEELER)

Resolved by the Senate (the House of Representatives concurring), That, in accordance with paragraph 3 of section 2 of the Printing Act approved March 1, 1907, the Committee on Interstate Commerce of the Senate be, and is hereby, authorized and empowered to have printed for its use 1,000 additional copies of the hearings held before said committee during the current session on the bill (S. 2009) entitled "Transportation Act of 1939."

GENERAL DESCRIPTION OF THE ARMY

Mr. HAYDEN. By direction of the Committee on Printing, I also report back favorably with amendments Senate Concurrent Resolution 22 (submitted by Mr. SHEPPARD on the 20th instant), and I submit a report (No. 663) thereon. I ask unanimous consent for the present consideration of the resolution.

There being no objection, the Senate proceeded to consider the concurrent resolution.

The amendments of the Committee on Printing were, in line 8, after the word "that", to strike out "twenty-one thousand" and insert "ten thousand seven hundred"; in line 10, after the word "which", to strike out "five thousand" and insert "two thousand five hundred"; in line 11, before the word "thousand", to strike out "sixteen" and insert "eight"; and in line 12, after the name "Representatives", to insert a comma and "and 100 copies to each of the Committees on Military Affairs of the two Houses of Congress."

The amendments were agreed to.

The concurrent resolution, as amended, was agreed to, as follows:

Resolved by the Senate (the House of Representatives concurring) That the manuscript submitted to the Senate by Senator MORRIS SHEPPARD on June 7, 1939, and referred to the Committee on Printing, containing a general description of the Army of the United States, its components, its arms, services, and bureaus, its military and nonmilitary activities, be printed, with illustrations, as a public document; and that 10,700 additional copies shall be printed, with illustrations, and bound, as may be directed by the Joint Committee on Printing, of which 2,500 copies shall be for the use of the Senate and 8,000 copies for the use of the House of Representatives, and 100 copies to each of the Committees on Military Affairs of the two Houses of Congress.

THE BRITISH DEBT

Mr. LUNDEEN. Mr. President, yesterday's Washington Times-Herald contained an article headed as follows:

London acts to win debt settlement—Sir Ronald Lindsay ordered to approach Morgenthau, Hull and seek agreement.

I ask to have the article printed in the RECORD. I should like to say that it is rather welcome news, if it is correct, when we consider that for a number of years many of us have been on the firing line asking for something along this line. It is to be hoped that some successful negotiations will result from this meeting.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Times Herald of June 22, 1939]

LONDON ACTS TO WIN DEBT SETTLEMENT—SIR RONALD LINDSAY ORDERED TO APPROACH MORGENTHAU, HULL, AND SEEK AGREEMENT

LONDON, June 22.—Harried by totalitarian foes on both ends of Eurasia, Great Britain today initiated a move to seek a debt settlement with the United States and thereby consolidate advantages gained by the King's visit to America on the day of His Majesty's return.

At the same time hopes ran high in London and Paris, in spite of chilling reports from Moscow, that Russia would join a triple entente within a few days.

The British Cabinet at yesterday's meeting, it was understood, decided to try for a debt agreement enabling payments to be resumed in December.

Instructions already have been sent to Sir Ronald Lindsay, the Ambassador in Washington, to approach Secretary of State Cordell Hull and Secretary of the Treasury Henry Morgenthau, Jr., and negotiate a solution satisfactory to both countries.

Sir Ronald was told to point out that, while the debt cannot be paid in full, either the principal or interest might be paid, preferably the principal.

The Cabinet was understood to be in agreement that it might be necessary, because of the heavy rearmament drain on British finances, to raise a loan to begin reservicing the American debt. Sir John Simon, Chancelor of the Exchequer, and Montagu Norman, chairman of the Bank of England, have been in conference on a plan.

Such a loan also would be available to Americans—on the assumption that renewal of payments would lower the bars of the Johnson Act.

WAR MAY YET COME

Reports that Winston Churchill, holder of three Cabinet posts during the World War, might return to the Cabinet in the anticipated forthcoming reorganization were revived today after he publicly pledged his support to the present foreign and rearmament policy of Prime Minister Neville Chamberlain's government.

At a dinner given by conservative members of Parliament for Foreign Secretary Lord Halifax, Churchill said, however, that in spite of Britain's alliance policy, "war may yet come."

"But," he said, "if, after every resource and expedient has been exhausted, they (Halifax and Chamberlain) feel it necessary to give the dread signal, a united party, a united nation, and a united empire will do their duty and do their best."

MEMORIAL SERVICE FOR ROBERT M. LA FOLLETTE, SR.—ADDRESS BY THE ATTORNEY GENERAL AND HON. ALVIN REIS

[Mr. LA FOLLETTE asked and obtained leave to have printed in the RECORD the address by Hon. Alvin C. Reis, of the Wisconsin Circuit Court, introducing Hon. Frank Murphy, the Attorney General, and also the address by the Attorney General on the occasion of the fourteenth annual memorial

service held at the grave of Robert M. La Follette, Sr., in Madison, Wis., on June 18, 1939, which appear in the Appendix.]

BUSINESS, GOVERNMENT, AND THE ECONOMIC CRISIS—ADDRESS BY SENATOR O'MAHONEY

[Mr. MALONEY asked and obtained leave to have printed in the RECORD an address on the subject Business, Government, and the Economic Crisis, delivered by Senator O'MAHONEY before the National Catholic Social Action Congress at Cleveland, Ohio, on June 12, 1939, which appears in the Appendix.]

ADDRESS BY HON. JAMES A. FARLEY BEFORE KNOX COUNTY (TENN.) DEMOCRATIC WOMEN'S CLUB

[Mr. MCKELLAR asked and obtained leave to have printed in the RECORD an address delivered by Hon. James A. Farley before the Knox County Democratic Women's Club at Knoxville, Tenn., June 5, 1939, which appears in the Appendix.]

ARCHIBALD M'LEISH—ARTICLES BY GLENN DILLARD GUNN

[Mr. MALONEY asked and obtained leave to have printed in the RECORD two articles relative to the nomination of Archibald MacLeish to be Librarian of Congress, by Glenn Dillard Gunn, which appear in the Appendix.]

ADDRESS BY CHARLES H. SHREVE BEFORE YOUNG DEMOCRATIC CLUBS OF CALIFORNIA

[Mr. MINTON asked and obtained leave to have printed in the RECORD an address delivered on May 28, 1939, by Charles H. Shreve, executive secretary of the Young Democratic Clubs of America, before the State convention of the Young Democratic Clubs of California, which appears in the Appendix.]

SHALL WE GO TOTALITARIAN?—EDITORIAL FROM WALL STREET JOURNAL

[Mr. WILEY asked and obtained leave to have printed in the RECORD an editorial from the Wall Street Journal of June 23, 1939, entitled "Shall We Go Totalitarian?" which appears in the Appendix.]

ATTITUDE OF THE UNITED STATES IN THE ORIENT—ARTICLE BY JOHN T. FLYNN

[Mr. HOLT asked and obtained leave to have printed in the RECORD an article entitled "United States Should Steer Clear of China Row," written by John T. Flynn and published in the Washington Daily News of Friday, June 23, 1939, which appears in the Appendix.]

STABILIZATION FUND AND WEIGHT OF THE DOLLAR

The Senate resumed the consideration of the bill (H. R. 3325) to extend the time within which the powers relating to the stabilization fund and alteration of the weight of the dollar may be exercised.

Mr. TOWNSEND. Mr. President, my amendment of June 7 to House bill 3325, now under discussion, has for its sole purpose to terminate completely the purchase of foreign silver. It does not alter any of the provisions of the House bill, whose purpose to continue the stabilization fund, the President's power over the gold content of the dollar, and his power to acquire domestic silver by proclamation, is left undisturbed.

My purpose in offering this amendment now is to give the Congress an opportunity to end foreign silver purchases forthwith, and thereby to terminate the waste of American wealth in the acquisition from abroad of a metal for which we have absolutely no need.

That further purchases of foreign silver are entirely unnecessary is clear to all who have studied the question. It is evidenced, for example, by the fact that the Treasury today holds almost as much silver outside of monetary use as it holds as reserve against silver certificates. On June 6, 1939, the Treasury held approximately 1,200,000,000 ounces of silver as reserve against silver certificates outstanding, and over 1,100,000,000 ounces of silver bullion absolutely sterile and frozen in the general fund. If it used this now sterile hoard of silver for monetary purposes, it could almost double the number of silver certificates outstanding. If the President, in addition, fully used his present power to revalue the bullion in this country, he could quadruple the number of dollars of silver certificates in our monetary system.

Some persons hold that the acquisition of foreign silver is desirable, even though we do not need the metal, because it tends to result in larger American commodity exports. I hold that it is a waste of American wealth to send out machinery or cotton, automobiles, or wheat to buy from foreigners a vast stock of metal which we cannot use, do not need, and can never again reexport unless at a great loss. Some persons claim that that process may "make jobs" here as well as abroad; but it is really a most careless scattering of our wealth abroad. We might just as well give away to foreign countries the goods we now export in exchange for silver for all the good that the imported silver does us.

Even if we needed foreign silver, and could put to good use the metal we import, there would still be a waste of American wealth in paying for the silver more than we could in turn realize by reexporting it. Without United States Government support, the price of silver would not be where it is today. The Director of the Bureau of Mines has testified that it would be 30 cents an ounce or less.

If we are going to subsidize the domestic silver industry, it is certainly Alice-in-Wonderland economics to send $9 abroad for every $1 of bonus to the domestic industry. Yet that is exactly what the Director of the Bureau of Mines has demonstrated that this country is doing.

Not only do we thus scatter our wealth abroad in acquiring foreign silver; we confer benefits on different countries without rime or reason. For example, when Japan ships us Chinese silver, our silver policy is to turn that silver into United States funds for Japan's benefit. When Mexico, the world's largest silver producer, decides to ship its metal to us, here is our Silver Purchase Act to finance the Mexican Government.

This process has been going on for 6 years. The Secretary of the Treasury has testified that he does not know whether we are buying Mexican silver; he says he has no way of knowing where the foreign silver he buys comes from. But the official American statistics are clear enough on this point. In 1938 alone we bought over 97,000,000 ounces of Mexican silver, as well as $36,500,000 of Mexican gold.

Our policy subsidizes not only Mexico but all other countries, from Canada to Germany, from Bolivia to the Union of Soviet Socialist Republics.

Our Silver Purchase Act, moreover, involves us in foreign quarrels. It has been used to help finance wars in China, in Spain, and in Ethiopia. It has made bad feeling for us in various quarters.

The Director of the Bureau of Mines has testified that through the present silver program domestic producers during the period 1933–37 "received over $95,000,000 more for the products of their mines as a result of the higher silver prices paid by this Government." In other words, the domestic industry has been $95,000,000 better off under this program than it would have been with no program at all.

But altogether foreign and domestic silver producers have received over $1,000,000,000 for silver acquired by the United States Government. In other words, not even one-tenth of the total paid to silver sellers has constituted what the Bureau of Mines has defined as the benefit to the domestic silver-mining industry.

This is a most amazing situation.

In the hearings on silver this year before the Senate Banking and Currency Committee the silver policy has been carefully explored by a number of expert and disinterested witnesses. Compelling arguments for discontinuing our present program were presented, but not a single witness favored the current program. I can find no reasonable argument for buying silver, although I know many good reasons why every patriotic American should wish to bring to an immediate end the present wasteful silver imports. Even the mining interests of this country must now realize this.

Federal Reserve Chairman Marriner S. Eccles, of Utah—a silver State—told the Banking and Currency Committee on March 20 that he "did not know of anything that tended to

destroy ultimately, or would tend to destroy ultimately, the domestic silver industry as thoroughly as the present silver program."

Mr. Eccles urged that Congress discontinue the purchase of foreign silver, because it increases member-bank reserves, and its acquisition "is on a one-way street." We are buying lots of unneeded gold, he admitted; but gold can go out as well as in, while silver cannot go out, Mr. Eccles testified.

I should like the Senate to note a few conclusions of the head of the Federal Reserve System concerning the silver program:

Silver, of course, is not acceptable by the countries of the world in settlement of international balances.

Mr. Eccles testified.

From the monetary point of view there is no justification for any kind of silver program.

He said.

The Federal Reserve Chairman pointed out that, while bank reserves since 1933 had increased $6,000,000,000, the increase due to silver alone was $1,220,000,000.

Said Mr. Eccles:

The issuance of silver certificates does not change the amount of currency outstanding but results in the substitution of silver certificates for the same amount of other currency in circulation. * * * There is no more and no less currency in circulation as the result of issuing silver certificates than if we had not issued them.

From now on—

He added—

silver certificates will replace Federal Reserve notes, and you would reach a point where those notes would cease to exist at all, and you would have nothing then but your silver certificates.

Some people proudly state that the silver certificate is the only United States paper currency for which an individual American citizen may obtain metal in redemption. But it is a truth which is all too little appreciated that, as Mr. Eccles testified before your committee, "the fact that silver certificates are redeemable in silver does not amount to anything."

The silver program, according to the Federal Reserve chief, tends toward eventual inflation. "The tendency," he told us, "is very inflationary," because "excess reserves are created by the amount of the silver certificates that are issued."

Mr. Eccles said:

It is argued that the acquisition of silver involves no cost to the Government—[that] rather it is a source of profit. This is misleading—

He commented.

The Government could issue just as good currency without the cost of acquiring silver. United States notes, for instance, are as good currency as silver certificates.

Note well Mr. Eccles' statement. He says that silver certificates are no better than greenbacks. And I agree with him.

Said Mr. Eccles to the Banking and Currency Committee:

The money paid for the silver back of silver certificates is a waste. The cost of paper alone would serve as well.

This is the judgment of the Chairman of the Federal Reserve System, and it merits the Senate's close attention.

Mr. Eccles examined the argument that Federal Reserve notes involve an interest burden on the public and that silver certificates do not. This argument Mr. Eccles thoroughly disposed of.

"Silver is almost useless as an international reserve," Mr. Eccles correctly advises the Senate. "Foreign governments and central banks do not want it," he states. And he ought to know, being head of our central bank.

"United States silver buying has weakened other sources of demand for silver," Mr. Eccles reports, and it has caused "a great shift in the nature of the silver market."

Our silver purchases, Mr. Eccles' testimony shows, are equivalent to a gift to foreigners, or a loan that does not have to be repaid. Said Mr. Eccles to the Banking and Currency Committee:

We would be no worse off with a foreign loan that does not have to be repaid than by the acquisition of a supply of silver that we cannot sell.

We hear much about the supposed "advantages" of the silver program in building up foreign purchasing power and demand for our merchandise. I should like to quote a longer passage from Mr. Eccles' testimony, because it is so much to the point:

We could take anything that a foreigner might give us, that we did not need, for instance, and give him our goods. Now, whether it is silver or some other metal or some other product, we could take it as well as we could take silver, and as a result we would find a foreign market for our goods. Then we could issue money against what we took, whether it happened to be copper or seashells, or what not. We could issue money to pay for what we took, or we could give a foreign loan, and the foreigners would spend the money. We would get export trade that way. The point I am trying to make is that there is no particular argument from a monetary or a credit standpoint to justify our continued purchase of foreign silver.

My very esteemed colleague the senior Senator from Virginia [Mr. GLASS] describes the silver program as a "swindle" on the American people. The Senator said:

If we can buy $1.29 of goods with 43 cents' worth of silver, what is it?

The Senator from Virginia really understates the case, for it was demonstrated to the Banking and Currency Committee that the present silver laws enable the administration to turn a dollar's worth of silver into $12.92 of currency. Moreover, the $12.92 in turn can be used as the basis of credit inflation.

Another witness before our committee, Mr. Herbert M. Bratter, who was for many years the Government's silver expert in the Commerce and Treasury Departments, testified against the present silver program on numerous grounds.

The present silver program—

He said—

is extremely wasteful. It is completely unnecessary. I do not know of a single valid argument for its continuance. It has been condemned time and again by economists and disinterested financial observers, and I am at a loss to name any such person here or abroad who favors it or any part of it.

Every month's delay in repealing the silver program—

Mr. Bratter further testified—

means that about $17,700,000 needlessly passes from the American people to sellers of silver, based upon actual past experience. While this may not seem much money for a rich country to waste every month, it is worth noting that it is almost as much as the Public Health Service, a most meritorious project, receives in an entire year. It would support the Coast Guard for over 8 months.

According to Mr. Bratter, the silver program has failed to accomplish its objects. The price of silver, although now artificially supported, is today actually lower than it was when the silver-purchase law was enacted.

The silver program—

He testified—

has converted us from a supplier to a consumer of silver in the world markets and induced the abandonment of the silver standard in the last remaining silver-standard countries.

Over four-fifths of the silver acquired by the Treasury since 1933 has come from abroad—

Mr. Bratter reported to the Senate committee.

The program has cost over $1,100,000,000 to date. Yet there is no way of telling how much more silver must be bought to fulfill the 1934 act, because the terms of the law are so peculiar. In 1934 the law called for the purchase of 1,332,000,000 ounces; to date about 2,000,000,000 ounces have been acquired. "Yet under this same strange law there still remains to be acquired over 1,250,000,000 ounces," or just about the same as at the start, Mr. Bratter informed the committee.

Dr. Charles O. Hardy, financial expert of the Brookings Institution, a nonpartisan, private research organization, testified against the silver program. Silver certificates, he stated, are really just as much fiat money as are greenbacks. He carefully examined the argument that the silver program costs the Government nothing.

The silver certificates outstanding—

Dr. Hardy testified—

constitute a deferred liability and will become an actual liability whenever the public wakes up to the fact that there has been an

enormous increase in the supply of money without any increase in the need for it.

Moreover, Dr. Hardy pointed out, the domestic silver industry gets no benefit from the purchase of foreign silver. In fact, the Western States have to share the cost of this subsidy to foreign nations.

No other industry has been subsidized as heavily as silver mining in proportion to the number of people employed in it, with the possible exception of gold mining—

Dr. Hardy reported.

Concerning silver and inflation, the Brookings Institution expert says:

It (silver) has contributed to the building up of an enormous potential inflation and will make it much more difficult to prevent a harmful inflation—

The silver program, further—

has made it necessary for industrial consumers of silver to pay a much higher price than would otherwise have been necessary.

We do not need silver in our monetary system, Dr. Hardy holds. He says:

We are the only important country that is buying silver.

Still another witness, the Government's present balance-of-payments expert, Dr. Amos Taylor, testified that we can never use our silver again in settling future balances with foreigners, because no foreign nation today finds silver acceptable for that purpose.

There is no country which would create a monetary demand for silver at the present time—

Dr. Taylor reported, adding:

There would be no demand for it.

Dr. Taylor's testimony also showed that through the silver program "funds have been placed at the disposal of foreign governments which they otherwise would not have had."

No justification for silver legislation today exists, Benjamin H. Beckhart, Columbia University professor of banking and finance, testified. Professor Beckhart introduced statistics showing that the great preponderance of sentiment of American economists in 1934 was opposed to all types of silver legislation. How much more true must that be in 1939, when the failure of the silver program has been thoroughly demonstrated?

In these brief remarks I have only touched some of the highlights of the subject. Should any Senators desire to know detailed facts, I would refer them to the printed testimony of the witnesses who have appeared during the hearings on my bill to repeal the Silver Purchase Act of 1934. The printed hearings are now available. Even the most casual perusal of the facts about the silver program will reveal the desirability of terminating at once the great waste involved in the purchase of foreign silver. Past waste cannot be made good. But adoption of my amendment will terminate any further waste on foreign silver.

At this point, Mr. President, I should like to read an article comprising one paragraph which appeared in the New York Herald Tribune of June 17, 1939:

CHINESE SILVER

It is becoming a habit for conquerors to present as the first demand on their victims the surrender of the latter's metallic reserve. Germany gained possession of much of Czechoslovakia's gold reserve, even though that reserve had in considerable part been sent to London for safekeeping. Now Japan is said to be pressing Britain for surrender of that part of the Chinese silver reserve which was sent to Hong Kong when Shanghai was threatened. While Britain surrendered a good part of the Czech gold to Germany, it will probably take a bit more doing for Japan to come into possession of the Chinese silver sent into haven abroad. Japan has been busy scraping up as much silver as possible in those parts of China which it has overrun; and if the United States continues to buy the silver seized by Japan and offered for sale here to raise foreign exchange, the silver-purchase program may receive a body blow from which the silverites will be a long time recovering.

Mr. AUSTIN. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER (Mr. HERRING in the chair). Does the Senator from Delaware yield to the Senator from Vermont?

Mr. TOWNSEND. I yield.

Mr. AUSTIN. What does the evidence show was the effect of the silver laws, and practices of the United States under those laws, upon the monetary standards of China?

Mr. TOWNSEND. It shows that China went off the silver standard completely and is now a seller of silver instead of a purchaser of silver, which she was in years past.

Mr. AUSTIN. Were other countries similarly affected?

Mr. TOWNSEND. Yes; several countries were affected.

Senators, bear in mind that the Secretary of the Treasury has never endorsed the present silver program; at least, to my knowledge he has never endorsed it.

The money the Government has spent for silver since the Silver Purchase Act was passed is enough to pay all the expenses of all the legislative, judicial, and executive branches of the Federal Government for more than 24 years, believe it or not.

This country's silver program has completely reversed the flow of metal since 1933 and has made us a large importer instead of an exporter of silver.

Although the silver program was designed to increase the monetary standing of silver throughout the world, it has resulted in and actually financed the complete abandonment of the silver standard abroad.

In 1934, before the Silver Purchase Act was a demonstrated failure, 2,560 economists were polled on bimetallism, and only 31 were found who favored it.

Although silver with a "monetary value" of about $2,500,000,000 has been acquired under the present program, the actual increase of silver-dollar coins in circulation has been less than 12,000,000, or not even half of 1 percent of the purchases.

Until June 30 the administration has the power, which it has long had, to revalue silver and bring to an immediate end the Silver Purchase Act, without further action by Congress.

Regardless of the pending bill (H. R. 3325), the administration possesses under the Silver Purchase Act the power to buy domestic newly mined silver at any price it chooses.

Under the Silver Purchase Act there is absolutely no way for anyone to tell how much more silver must still be bought to fulfill its terms. The act constitutes a colossal treadmill.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Latta, one of his secretaries.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Calloway, one of its reading clerks, communicated to the Senate the intelligence of the death of Hon. Emmett Marshall Owen, late a Representative from the State of Georgia, and transmitted the resolutions of the House thereon.

The message informed the Senate that, pursuant to the provisions of the foregoing resolutions, the Speaker had appointed Mr. VINSON of Georgia, Mr. COX, Mr. TARVER, and Mr. BROWN of Georgia members of a committee, to join with such Members of the Senate as may be appointed, to attend the funeral of the deceased Representative.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5269) making appropriations for the Department of Agriculture and for the Farm Credit Administration for the fiscal year ending June 30, 1940, and for other purposes, that the House receded from its disagreement to the amendments of the Senate numbered 61, 88, 89, 90, 91, 92, 97, 155, and 156 to the bill, and concurred therein; that the House receded from its disagreement to the amendments of the Senate numbered 21, 26, 27, 33, 95, 105, 115, 146, and 148, and concurred therein, severally with an amendment, in which it requested the concurrence of the Senate; and that the House insisted upon its disagreement to the amendments of the Senate numbered 19, 32, 114, 116, 141, 142, 147, and 158 to the bill.

ENROLLED BILL SIGNED

The message further announced that the Speaker had affixed his signature to the enrolled bill (H. R. 6260) making

appropriations for the fiscal year ending June 30, 1940, for civil functions administered by the War Department, and for other purposes, and it was signed by the Vice President.

STABILIZATION FUND AND WEIGHT OF THE DOLLAR

The Senate resumed the consideration of the bill (H. R. 3325) to extend the time within which the powers relating to the stabilization fund and alteration of the weight of the dollar may be exercised.

Mr. FRAZIER. Mr. President, the Senator from Delaware [Mr. TOWNSEND] states that he is opposed to the buying of foreign silver. I agree with him. I also do not see any use, speaking generally, in buying foreign gold. It has been done, of course, but, in my opinion, the trouble is that the metal has not been put to good use. Gold buried down in Kentucky does not do the people much good; neither does silver hoarded in the basement of the Treasury of the United States or in Philadelphia in the mint do much good. If either gold or silver is used to back paper money, if that is thought to be necessary, I must say that I am not much in favor of that policy. However, I believe we should have more money in circulation, and if we can get it through producing more gold and silver from our own mines, well and good.

Mr. President, I wish to speak on the pending amendments from an angle which is a little different than that from which the subject heretofore has been approached, especially with reference to the stabilization fund. I think everyone remembers the history of the stabilization fund, and I wish to present to the Senate an amazing picture of what has happened to our foreign trade while the stabilization fund has supposedly been operating to protect America against the depreciated currencies of foreign countries.

What I am interested in is the effect on American agriculture, and I now present, Mr. President, some figures from the Monthly Summary of Foreign Commerce of the United States, issued by the Department of Commerce for December 1937 and corrected to January 27, 1938.

On page 6 I find the summary of exports and on page 22 the summary of imports. Mr. President, it is from this Government report that we understand that for the year 1937 the imports of foreign merchandise into this country totaled $3,012,486,953, and that our exports from the United States to foreign countries totaled $3,294,916,261. In other words, we had a visible balance of trade in favor of the United States of some $281,500,000.

Mr. President, we must keep in mind that the object of our monetary legislation was to protect the trade of the United States against the depreciated currencies of foreign nations. I now read the following table of precisely what has happened during the year 1937, three years after the stabilization fund of $2,000,000,000 was set up to protect our commerce.

Summary of imports and exports, 1937

[Extracted from the Monthly Summary of Foreign Commerce of the United States, issued by the U. S. Department of Commerce, pp. 6 and 22]

Groups	Imports	Exports
00—Animals and animal products, edible	$114,494,760	$62,428,599
0—Animals and animal products, inedible	222,392,014	53,891,732
1—Vegetable food products and beverages	738,879,148	216,419,606
2—Vegetable products, inedible except fibers and wood	489,932,612	219,219,918
3—Textile fibers and manufactures	476,988,464	467,292,767
4—Wood and paper	306,469,074	136,627,453
Subtotal	2,349,056,072	1,155,880,075
5—Nonmetallic minerals	153,107,478	498,730,592
6—Metals and manufactures, except machinery and vehicles	280,741,358	501,373,366
7—Machinery and vehicles	24,999,256	889,003,198
8—Chemicals and related products	102,571,308	139,447,201
9—Miscellaneous	101,911,481	110,481,819
Total	3,012,486,953	3,294,916,251

These figures are taken from the Monthly Summary of Foreign Commerce of the United States, issued by the Department of Commerce, pages 6 to 22.

Group 00, animals and animal products, edible. The imports for that year were $114,494,760, and the exports $62,428,599.

Group 0, animals and animal products, inedible. Imports $222,392,014. The exports were only $53,891,732.

Group 1, vegetable food products and beverages. Imports of vegetable food products and beverages for 1937 were $738,879,148, and the exports of the same products that year from the United States were $216,419,606.

Group 2, vegetable products, inedible, except fibers and wood. The imports amounted to $489,932,612 and the exports the same year of the same products $219,918,000.

Group 3, textile fibers and manufactures. The imports were $476,988,000 plus; the exports $467,292,000 plus.

Of wood and paper for the same year the imports were $306,469,000 plus, and the exports $136,627,000 plus.

The sum total of these imports was $2,349,056,072 for that year. The exports were only $1,155,880,075.

I may say that the first group is composed of what might be termed "agricultural and forest products," and the latter groups are nonagricultural products.

Nonmetallic minerals, imports $157,107,478, and exports $498,730,592.

Metals and manufactures, except machinery and vehicles. Imports $280,741,358. Exports $501,373,366.

With respect to machinery and vehicles, the imports were $24,990,000 plus and the exports $889,000,000 plus. In other words, we imported only approximately $25,000,000 worth of farm machinery and vehicles in 1937, but we exported $889,000,000 worth.

It will be noticed that in the nonagricultural products the situation was just the opposite with respect to agricultural products. We imported more agricultural products than we exported. In the nonagricultural category we imported less. We exported more than we imported.

With regard to chemicals and related products, imports were $102,571,000, exports $139,447,000.

With regard to miscellaneous products, nonagricultural imports were $101,911,000, exports $110,431,000.

Total imports were $3,012,486,953, exports $3,294,916,251. It is noted that the exports exceeded the imports by slightly more than $200,000,000.

The stabilization fund is $2,000,000,000. According to the only reports we can obtain, it is claimed that only about $200,000,000 of the stabilization fund has been used. Our exports have exceeded our imports by practically the same amount. Does that mean that we have paid $200,000,000 to have a balance of exports over imports of $200,000,000? I do not know what it means; and we cannot find out, because we cannot obtain a report from the Treasury Department as to how the money has been spent.

Let us interpret the table for the benefit of the 6,800,000 farm families in this country who are victims of demoralized markets. Our great agricultural population has not had the cost of production returned to it for 17 years. Back in 1920, just after the war closed, prices were high, and the farmers were making at least a fair profit. That was 17 years before the date of the figures which I have given, which was 1937.

In 1937, under the first classification of the Department of Commerce—namely, "animals and animal products, inedible"—we exported $62,000,000 worth, in round numbers, and the imports were $114,000,000, in round numbers. In other words, we bought $114,000,000 worth of edible animal products from foreign sources. With respect to this vast sum, the foreign agriculturists raised the stock, and foreign labor processed the products. Foreign transportation systems carried the products to our shores, while American agriculture and American labor, including American railway labor, lost the advantage of the American market.

In the next category of the Department of Commerce report we find "animals and animal products, inedible." We exported in 1937 $53,000,000 worth, in round numbers, and imported $222,000,000 worth. On this item alone the foreign farmers raised the products, foreign labor processed the products, and foreign transportation systems, rail and water, carried the products to our ports; $222,000,000 worth of goods that could have been produced in this country to encourage American prosperity were bought abroad.

In the next category are "vegetable food products and beverages." We exported only $216,000,000 worth, and we imported the tremendous total of $738,000,000 worth; $738,000,000 worth of vegetable food products and beverages consumed by the American people were produced in foreign lands by foreign labor, to the detriment of the American farmer, the American laborer, and the American transportation system.

In the next classification are "vegetable products, inedible, except fibers and wood." We exported $219,000,000 worth in 1937, and imported $489,000,000 worth. Once again foreign competition in the markets of the world found America buying $489,000,000 worth of agricultural products, while American agriculture remained prostrate, victims of the low cost. While we sought to curtail the agricultural production of our own farmers, we bought in the markets of the world nearly half a billion dollars' worth of products in the single category of "vegetable products, inedible."

In the category of "textiles, fibers, and manufactures" we sold in export $467,000,000 worth, and bought $476,000,000 worth. Even in this category, in which America had long been prominent, we lost our favorable balance of trade. We are soon to discuss wages and hours as a principle, while our monetary policies result in importing nearly half a billion dollars' worth of textile, fibers, and textile manufactured goods, American agriculture lies prostrate, and American labor remains idle.

In the last category, associated with agriculture and forestry, are forest products. Today forest products are more closely associated with agriculture than at any time in our history. If one travels today throughout the great Southland, he will see portable sawmills being dragged onto plantations to cut lumber so that the owner may receive from the sale of wood from his wood lot some little supplementary cash income to eke out his existence. In 1937 we exported $136,000,000 worth of wood and paper products and imported $306,000,000 worth from foreign nations.

This, then, is the history of foreign commerce in 1937, 3 full years after the gold revaluation took effect, and after the $2,000,000,000 stabilization fund was placed in the hands of the Secretary of the Treasury to protect American commerce from the adverse effects of depreciated foreign currencies.

Let me summarize the story of American agriculture in 1937 from the facts submitted by the Department of Commerce. We exported in animal products, edible and inedible, vegetable food products and beverages, vegetable products, inedible, textiles and textile fibers and manufactured goods, and wood and paper products, $1,155,880,075 worth; and we imported during the same period $2,349,056,072 worth. Almost twice as much agricultural products were imported as exported in 1937.

At the same time we were paying the farmers to reduce their acreages and cut down their production under the A. A. A. policy we were importing more than $1,000,000,000 worth of agricultural products which could have been produced in the United States. Not only that, Mr. President, but those products coming into the United States had the effect of underselling our products and beating down the market to the American farmer for the products he had produced at home.

In other words, Mr. President, in 1937 we had an unfavorable balance in trade of $1,195,175,997 in agricultural products; but that does not express the true picture. The point I wish to make is that 3 years after we had set up the stabilization fund of $2,000,000,000 to protect the commerce of the United States $2,349,000,000 worth of foreign agricultural goods came across our borders in a single year, all of which were produced on foreign soil, processed or partly processed by foreign labor, and transported by foreign rails and foreign ships. So far as concerns American agriculture, American labor processing the goods of agriculture, and the American railways, which are supposed to carry the raw materials to the processing plants and the processed materials to the consumers, America lost, and foreigners won.

The imports of agricultural products naturally had the effect of keeping down the domestic price of our farm products, because foreign producers raised their products a little more cheaply; labor abroad was cheaper; and sometimes the freight rates and water transportation were cheaper. The effect was to enable them to undersell the American products. So our farmers lost more on their products because of the importations of foreign products than they gained by the benefit payments under the triple A program.

Mr. President, there is another part of the picture. Let us see how imports and exports were fairly balanced in the next category of our foreign-trade statistics, the nonmetallic minerals:

We imported $153,000,000 worth of these, and we exported $498,000,000.

In the next category are the metals and manufactures. We imported $280,000,000 and we exported $501,000,000.

In the next category are machinery and vehicles. We imported $25,000,000 and we exported the gigantic total of $889,000,000.

Then we have the chemicals and related products. Of these we exported $139,000,000 and imported $102,000,000.

In the miscellaneous group we exported $110,000,000 and we imported $102,000,000.

In the last five groups—minerals, metals, manufactures, machinery, vehicles, chemicals, and miscellaneous—we exported $2,139,036,177 worth of materials, and we imported $663,330,881, giving us a favorable balance of trade of $1,475,705,296.

What do these figures really mean? Mr. President, they mean that the manufactured goods of the United States were traded for the agricultural goods of foreign nations.

In other words, we made reciprocal-trade agreements with Canada and with South America and other countries, and we traded our manufactured farm machinery and automobiles and other manufactured products and metallic products, such as oil, for the farm products of the other nations. Their farm products came into the United States to the detriment of every American farmer, and had the effect of keeping down his prices and discouraging him in trying to farm and trying to make a living.

I am glad, Mr. President, when American-made products can be sold in export because that helps American labor. I rejoice more when they find a foreign market in exchange for goods not produced in the United States. But I protest that form of national economy which adversely affects agriculture, because I am of that school of thought which believes that agricultural prosperity is the basis of a national prosperity, and that if agriculture is prosperous there follows the prosperity of labor and of industry.

Mr. SMATHERS. Mr. President, will the Senator yield?

Mr. FRAZIER. I am glad to yield to the Senator from New Jersey.

Mr. SMATHERS. Would the Senator be willing to continue the purchase of foreign silver provided the agricultural products of America could be exchanged for it instead of paying for it by cash?

Mr. FRAZIER. That would change the situation to a considerable extent, of course. If that could be done, it would be worth while, that is, if we paid a normal price for their silver.

I desire to comment a little further on the subject I was discussing. During 1937 our farmers were all losing money. They had no purchasing power; they could not buy new farm machinery which they needed.

Mr. President, if the farmers in 1937 had had their share of the national income they would have made from $5,000,000,000 to $6,000,000,000 more than they did make during that year, and if they had had that extra money they could have bought and would have bought farm machinery and automobiles. Our own farmers could take care of the automobiles and farm machinery now exported for a year or two at least if they had the money with which to buy.

The truth is that "Buy American" should still be the slogan of our people. It was to protect American goods that we entered upon the policy of gold revaluation. It was to protect us

that the gold dollar was cheapened by Presidential proclamation January 31, 1934. It was to protect us against the adverse effects of depreciated currencies of foreign nations that we set up the stabilization fund. Look at the results—$2,300,000,000 of agricultural products produced on foreign farms crossed our borders in 1937; $2,300,000,000 of foreign agricultural products were in part processed by foreign labor; $2,300,000,000 of these products were transported by foreign carriers; and $2,300,000,000 of these products came in competition with American commodities and served to break the American market and break American agriculture. Judged by the old gold-standard dollar at $20.67 an ounce, basic commodity prices are practically at their historic "lows" right now. No. 1 hard dark northern wheat is selling in North Dakota at 59 cents a bushel. Figure it out. At the old price of gold wheat would be about as low as it ever has been in the history of the United States. The same thing is true of cotton in the South and corn in the corn-producing States and hogs and cattle in the livestock-producing States.

I cannot leave the subject, Mr. President, without reference to some specific examples. I want to take three of our great agricultural products—cotton, wheat, and pork. The farmers of the 11 great cotton States of this country—North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Louisiana, Arkansas, Texas, Oklahoma, and Tennessee—should be interested in what happened to cotton exports after the Congress of the United States revalued gold and set up a stabilization fund to protect cotton from the adverse effects of depreciated foreign currencies.

The one great reason for setting up the $2,000,000,000 stabilization fund was to protect the American cotton raiser, because the one great surplus in our agricultural production is in American cotton. There is not so much surplus in any other product, and there would not be much surplus in cotton if the poor people of the South could have the cotton goods and cotton mattresses and clothing they should have and would have if they had the price to buy them; but they have not the price to buy cotton clothing down there where they raise cotton; they have not money with which to buy cotton mattresses for their beds there where they raise cotton. Why? Because they have to sell every pound of cotton they can produce in order to live, in order to get sufficient groceries, in order to pay the landlord, probably for their store bills. It is an awful situation.

The record is found in the hearings before the subcommittee of the Committee on Appropriations of the House of Representatives on the Agricultural Department appropriation bill for 1939, page 856. In 1928 we exported 9,159,000 bales. In 1929 we exported 7,963,000 bales. In 1930 we exported 6,900,000 bales. In 1931 we exported 7,300,000 bales. In 1932 we exported 9,600,000 bales. In 1933 we exported 9,000,000 bales. Then came revaluation and the stabilization fund and the three A program. In 1934 we exported 6,200,000 bales of cotton. Let me remind the Senate that in 1932 we had exported 9,600,000 bales and in 1933, 9,000,000 bales of cotton. Exports of cotton dropped to 6,200,000 bales in 1934. In 1935, 6,400,000 bales of cotton were exported. In 1936, 5,900,000 bales were exported. In 1937, 6,400,000 bales were exported. The statistics for the 4 years preceding revaluation and the setting up of the stabilization fund to protect American agriculture against the adverse effects of depreciated foreign currencies show that before revaluation the average export for the 4 years was 8,243,000 bales, and the average for the 4 years after the stabilization fund was set up was 6,289,000 bales—practically 2,000,000 bales less per year for the 4 years after the stabilization fund was set up than for the 4 years prior to that time. There was something wrong with the stabilization fund. No wonder we cannot get a report on how it is used.

In the United States there are 556 counties that are known as hog counties, in the States of Missouri, Kansas, Nebraska, South Dakota, Minnesota, Wisconsin, Iowa, Illinois, Indiana, Michigan, and Ohio. Of course, there are several other States which raise quite a good many hogs too; but there are 11 States in the Union in which pork and pork products are practically the chief agricultural products. Let us see what happened before and after the Congress of the United States set up the stabilization fund to protect hogs and hog products from being imported here to the serious disadvantage of our farmers. I will compare the 4 preceding years with 1934, 1935, 1936, and 1937. I am taking my figures from the testimony of the Government, represented by Dr. Black, before the House subcommittee holding hearings on the Agricultural Department appropriation bill for 1939, page 855, under the heading, "Bacons, hams, and shoulders."

What do we know, Mr. President, from Dr. Black's testimony? We know that for the 4 years before stabilization, and in the depression, we averaged in exports of bacon, hams, and shoulders 131,138,250 pounds annually. That was the average. What happened in the next 4 years, after the stabilization fund was set up to protect these exports and imports? We averaged in the next 4 years 58,749,750 pounds, against 131,138,250 pounds in the 4 previous years. So the stabilization fund did not do much good to the farmers who raised hogs and sold bacon and hams, and so forth.

Now I come to wheat. There are 11 hog States and 11 cotton States. There are some 13 States—namely, Minnesota, South Dakota, North Dakota, Montana, Wyoming, Idaho, Washington, Oregon, Colorado, Nebraska, Kansas, Oklahoma, and Texas—that produce the bulk of the wheat of the Nation. Again, Mr. President, what happened? In the 4 years before stabilization, 1930 to 1933, from the same source, Dr. Black, I find that we exported an average of 95,892,250 bushels of wheat annually. In the 4 years after stabilization—1934, 1935, 1936, and 1937—we exported an average of 31,150,750 bushels annually, a difference of approximately 64,000,000 bushels each year; and that, of course, helps to discourage the wheat growers, because they have not been able to get prices that will give them cost of production for their crops.

What does that mean to American agriculture, to the cotton farmers of 11 States, to the hog farmers of 11 States, and to the wheat farmers of 13 States? What does it mean to the transportation system of America? It means that so far as American agriculture is concerned, far from protecting our interests against the depreciated foreign currencies, the currencies have further depreciated, and an unfavorable balance of trade is noted in every agricultural commodity. Across our borders come hundreds of thousands of tons, and from our borders go less and less cotton and pork and wheat.

Mr. President, I want to go one step further with an instance of how the American industrial worker, as well as the American farmer, is prevented from securing fair prices for American products. I want to take the years 1933 and 1935, before and after stabilization.

In 1933, when the factory wholesale value of canned meat was 13.8 cents per pound, 43,000,000 pounds, with a value of $2,812,806, were imported into this country, principally from Uruguay, with a foreign invoice value of 6.2 cents a pound. The landed cost in New York City for the Uruguay product was 12½ cents a pound, which is 1.89 cents, or practically 2 cents, under our domestic price. This was before stabilization.

Now I want to take the year 1935, after stabilization was in effect, under which we sought to protect, through a stabilization fund, the commerce of the United States against the adverse effects of depreciated foreign currencies; and what do we find?

Canned meat, by volume, increased 76.7 percent in 1935 over 1933, and by dollar value increased practically 100 percent. That canned meat was raised on foreign farms, processed by foreign labor, transported by foreign carriers, and landed in New York Harbor at $12.50 per hundred pounds, while the Chicago price in New York was $14.39 almost $2 per hundred pounds more than the canned meat that came in from South America.

Of course, there is one thing that can be said in favor of South American corned beef. It is put up down there by the same big packers who operate in Chicago, only they have

South American labor, and South American cattle, and all that; and the importation of that beef is to the detriment of every stock raiser in the United States, regardless of whether he is in Colorado or Nevada or elsewhere.

Mr. President, I want to take an example from Pennsylvania. My friend here from Pennsylvania [Mr. DAVIS] is strong for labor. He himself knows what it means to work. At least, he claims he used to work a long time ago [laughter], and I think he did; and he knows what labor needs. If there is anyone in the Senate who knows what labor wants, and what it should have, and what it needs, and what it is entitled to, it is the Senator from Pennsylvania here at my right.

In 1933 there were shipped into America from Russia 407,000 long tons of anthracite coal, with a value of $2,617,504, at a cost of $6.43 per ton, according to the foreign invoice record. In 1935, the year after the stabilization fund was set up to protect our laborers and producers, there were shipped into this country 510,000 long tons of anthracite coal, with a value of $3,542,737, and that while American miners in the Senator's State were out of work part of the time at least, and going hungry, because they could not get enough work to do. The operators could not sell the coal; and still during that year, in spite of having the stabilization fund of $2,000,000,000 to protect our labor, we imported over three and a half million dollars' worth of anthracite coal, which can be produced in Pennsylvania in unlimited quantities.

Mr. DAVIS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from Pennsylvania?

Mr. FRAZIER. I am glad to yield.

Mr. DAVIS. This morning there came to my office two gentlemen representing people in the anthracite section of Pennsylvania who wanted to discuss matters with the Reconstruction Finance Corporation. There being but little market for their coal in Pennsylvania, they defaulted on a loan made to them by the Reconstruction Finance Corporation; and yet, as the Senator has just pointed out, Russian anthracite coal is coming into this country, and not only taking work away from Pennsylvania operators and miners, but causing the Kingston Coal Co. to default on its loan to the Reconstruction Finance Corporation. I have forgotten the amount of the loan, but there is here today, discussing the matter with the Reconstruction Finance Corporation, the committee that called upon me this morning.

Mr. FRAZIER. I suggest that the Senator recommend to the Reconstruction Finance Corporation that they take coal in payment of their loan—coal produced in the Pennsylvania mines. Why not pay the loan off in coal?

Mr. DAVIS. I thought the Senator was going to say they should take Russian coal.

Mr. FRAZIER. Oh, no; American coal; let them pay the loan off with coal. If the Senator will introduce a bill to that effect, I shall be glad to support it and vote for it. There are many loans in the agricultural districts—loans on wheat, loans on cotton, loans on corn—which ought to be paid off in kind.

Mr. DAVIS. Mr. President, will the Senator yield further?

Mr. FRAZIER. I yield.

Mr. DAVIS. What has been stated applies not only to anthracite but to bituminous coal as well. In other words, all the soft coal we can consume in this country can be produced here in at least 7 months of work in the bituminous mines.

Mr. FRAZIER. I believe that to be an accurate statement; and there is more coal in the United States than is found in all the rest of the world.

Mr. DAVIS. That is correct.

Mr. FRAZIER. And there is no excuse for shipping it in from Russia or any other foreign country. I do not have any objection to Russian coal or any other kind of coal, but, in my opinion, there is no excuse for allowing foreign coal to come into the United States.

I desire to give another example along this line. In 1933, 1,021,806 pounds of creamery butter, principally from New Zealand, with a value of $160,000, entered our ports. That was before the stabilization fund was set up.

In 1935, 22,674,642 pounds—22 times the former quantity—with a value of $3,576,942, entered the country. That was while the dairy producers of the States of Wisconsin, Minnesota, Illinois, Indiana, and other dairy States were going broke because they could not get a price for their milk and cream that would give them sufficient money to feed their families and educate their children.

Mr. DAVIS. I understand, too, that some of the dairy concerns are having financial trouble in the States the Senator has just mentioned.

Mr. FRAZIER. They are, indeed. They are selling milk there now, and have been, according to the testimony before some of the committees, for as low as a dollar a hundred pounds—just giving it away. No dairyman can live with prices of that kind. They are getting about 1 or 2 or 3 cents a quart for milk, but the consumer in the cities is paying anywhere from 10 to 15 cents a quart.

Mr. DAVIS. Can the Senator tell me what amount of money has been spent by the Government from the stabilization fund for the benefit of the dairy industry, and how much butter is now in the hands of the Government, so to speak?

Mr. FRAZIER. I have not the figures, but a considerable amount of money was used by the Surplus Commodities Corporation in an attempt to stabilize the price of butter. I do not know whether or not they have any on hand now. I presume they have some in cold storage. I think they have done a pretty good work; in fact, I think they have done much better work in their line than has been accomplished through the stabilization fund of $2,000,000,000 in seeing that imports and exports are on a fair basis. The New Zealand butter, produced in a far-off land by foreign farmers and processed by foreign labor, is transported halfway around the globe and enters America 2 cents cheaper than our domestic product; yet we wonder what is happening to railway volume, to American labor, and to the American farmer.

The railroads of America are crying for increased rates and the right to reduce the wages of labor. The solemn columns of statistics out of the Department of Commerce are eloquent in one respect. On page 27 of the Monthly Summary of Foreign Commerce for December 1937, I note that railway ties to the number of 466,005 were imported from foreign countries in 1937, of a value of $316,415; and telegraph poles, 427,228 in number, with a value of $2,126,176, were imported. They were produced in foreign timber lands, cut by foreign labor, and transported by foreign carriers, while the railroads applied to the Government for help because of their distress.

The midcontinental oil fields have their product prorated. But I note that in 1933, $17,718,108 worth of foreign oil, principally from Venezuela, was brought into the country, and that after stabilization, $18,021,858 was the value of the imports—and that the Venezuelan oil had a price advantage landed in New York over our domestic product of 43.3 cents per barrel.

I could take the corn and show how that product, from Argentina principally, to the extent of $76,609, entered our country in 1933, while in 1935, after stabilization, 43,000,000 bushels, with a value of $20,288,097, entered America. The advantage of the foreign corn from Argentina over our domestic product was 26 cents a bushel.

The corn farmers are having a hard time. They are receiving benefit payments for cutting down their acreage of corn. They are getting loans on their corn higher than the market value at home. In other words, our Government is paying the corn farmers for cutting down their acreage, furnishing loans to them to protect them against low prices, and at the same time in 1 year allowing 43,000,000 bushels of corn to come into the country, at a value of

over $20,000,000, underselling our American corn, even with our low price, at 26 cents a bushel.

Mr. President, let me summarize. You can take the agricultural situation 4 years before and 4 years after, or 1 year before and 1 year after—with the gold revaluation and the stabilization fund to protect our commerce against the adverse effects of depreciated foreign currencies—and the result will be the same, whether it be the great cotton crop of the South, dominating the economic life of 11 States, or whether it be pork, the basic agricultural product of 11 States, or whether it be wheat, principal product of 13 States, or petroleum, or canned meat, or anthracite coal, the livestock industry, the textile industry, the dairy industry—North and South and East and West—American agriculture has been victimized, and American labor has been victimized, American transportation has been victimized, and not protected under the Treasury's arbitrary use of a $2,000,000,000 stabilization fund, and agriculture is on the rocks.

Mr. President, I wish to give another illustration. Where I live in North Dakota, in the Red River Valley, we raise a very fine variety of potatoes which are in great demand for seed purposes in the southern States. We have been shipping our seed potatoes from the Red River Valley of the North to Florida, Alabama, Louisiana, Texas, and all the other southern States, and some to the Eastern Shore of Maryland. We have shipped our North Dakota certified seed potatoes, and some years we have gotten a fair price for them.

Late last fall I received a letter from a potato dealer in the Red River Valley, a man I have known for many years, a man who has been engaged in potato raising ever since we have been raising potatoes—for 35 or 40 years. He stated that the reciprocal trade agreement with Canada was giving an advantage to the potato growers of Canada, who raise certified seed potatoes, over the North Dakota growers of certified seed potatoes, or the growers of any other Northern State where certified seed potatoes are raised for shipment into the Southern States, or to the State of Maine, the State of Vermont, or Colorado, or Idaho. He said the Canadian reciprocal trade agreement, lowering the tariff on potatoes and allowing hundreds of thousands of bushels of the seed potatoes to come in at low tariff rates, brought them into direct competition with the potatoes grown in the Red River Valley. He further stated in his letter that a farmer who had been raising potatoes in that section for years went to Canada after the reciprocal trade agreement was put into effect and leased some land in Prince Edward Island on which he proposed to raise potatoes. He said he did not remember just what the figures were, but that he would get them and send them to me. At the close of the letter he added a postscript in which he stated that the farmer had just come into his office and that he would give the figures. The farmer who rented land in Prince Edward Island on which to raise seed potatoes last year, 1938, raised 61 carloads of certified seed potatoes. He shipped those 61 carloads of seed potatoes to the State of Florida, the State represented by my good friend on the other side of the Chamber. He shipped those 61 carloads of certified seed potatoes from Prince Edward Island, which he had raised on rented land, and after paying the duty, after paying the extra commission charges, he saved in freight charges 28 cents a hundred on every 100 pounds of potatoes he shipped to Florida in that shipment of 61 cars.

There are 600 bushels of potatoes in an ordinary carload, and there are 60 pounds of potatoes to the bushel. At the figure of 28 cents a hundred, he saved on the entire shipment over $6,000. That is the amount of money saved in that one shipment of 61 carloads of potatoes from Prince Edward Island down to Florida. That meant 61 carloads of potatoes which were not shipped to Florida from North Dakota, or from Maine, or from Colorado, or New Hampshire, or Vermont, or any other potato-growing State of our northern country.

So, Mr. President, I feel that these reciprocal trade agreements and the stabilization fund have not amounted to very much so far as the farmers are concerned.

I wish to give a few more figures and bring this situation a little closer to date. I have in my hand the July issue of the Farm Journal. It is an agricultural paper published in the city of Philadelphia. It is one of the old agricultural magazines of the country. I remember when I was a little boy my mother subscribed to this little farm journal from Philadelphia. There is an article in it, on page 15, headed "Do We Import the Surplus?"

While the A. A. A. spends $500,000,000 a year for parity payments the American consumer spends $742,000,000 a year for foreign foods and byproducts.

Mr. MINTON. Mr. President, will the Senator break that figure down and let us know what it is composed of?

Mr. FRAZIER. Yes; I will. This article is written by R. W. Howard. I do not know who he is, but since it is published in this magazine, which is a magazine of long-continued high standing, I have every reason to believe his figures are accurate. He has not gone far enough. Under the A. A. A. the Government appropriates more than $500,000,000 a year. Five hundred million dollars a year is provided for benefit payments under the Soil Conservation Act, and we have appropriated almost as much more in direct appropriation out of the United States Treasury to help pay the parity, or to pay the difference between the local market price and the so-called parity as figured by the Department of Agriculture.

The representatives of the Department of Agriculture admitted before our committees that it would take at least one and one-half billion dollars each year, that is at present prices or anywhere near the present prices, to make up the difference between the present market prices and their parity prices—to pay the farmers the subsidy, the dole, if you please. And their parity price is not anywhere near cost of production either.

Here is a list of imports in 1938. I give the major items only.

Meat products, 137,249,000 pounds.
Sausage casings, 11,800,000 pounds.
Cheese, 55,000,000 pounds.
Condensed milk, 739,000 pounds.

Fish, 302,623,000 pounds imported last year into the United States. I do not see any of the Senators from New England here, but fishermen on the New England coast are on relief, working on relief, Mr. President, because they cannot sell their fish for a price sufficient to enable them to make a living. Yet last year we imported the small amount of 302,623,000 pounds of fish! I think they catch a few fish in California; they catch a few sardines and fish of that kind; but such fish are shipped across the ocean cheaper than they can be caught and canned in California.

Mr. JOHNSON of California. Mr. President, what does the Senator suppose we are running this Government for? For the Americans?

Mr. FRAZIER. The Senator will have to answer that question himself. I myself have often wondered for whom the Government is being run. The Congress of the United States delegated to the President of the United States the authority to devalue gold. He did devalue to some extent and it helped somewhat. The trouble was that the money was taken out of circulation instead of being put into circulation.

I shall read from another article before I conclude, which will tend not only to lend support to my own opinion but give another opinion which is much better than my own.

The trouble, as I see it, is that when the President devalued gold, foreign countries devalued their money more than we did. They just beat us to it. They went a step further than we did. So with the present value of our money and the domestic value of the dollar much higher than the actual dollar, as the Senator from Oklahoma so clearly demonstrated with his charts a day or two ago, the farmer, the laborer, the manufacturer simply cannot compete with those of foreign countries, with their cheaper money and cheaper production. They are shipping products to the United States to the detriment of the farmers, the workers, the transportation companies and other interests, and also to the detriment

of the Government of the United States itself, for we are paying our farmers actual cash to reduce their acreage, and letting in foreign products in direct competition with the products which we produce.

I shall proceed with the figures as to importations of a few more products. Fish, 302,623,000 pounds. That was in 1938, just last year.

Of gelatin, 3,576,000 pounds were imported.

Of eggs, 2,200,000 pounds were imported. In North Dakota last winter during the coldest months of the winter eggs were selling for as low as 13 cents a dozen. That return did not pay for the grain the chickens ate during the cold weather. The producers received 13 cents a dozen. Still we imported 2,200,000 pounds of eggs last year.

Hides imported, 181,951,000 pounds.

Bone, hoof, and horn; we imported 46,511,000 pounds.

Bee and animal wax, 2,994,000 pounds.

Of rice we imported 58,000,000 pounds last year. The rice growers of the South are being paid—the Senator from Illinois is not present, so it is perfectly safe for me to call it a dole—for decreasing their acreage devoted to the production of rice. Yet rice is shipped in from foreign countries and sold in competition with the rice that is produced here, and we do not produce nearly the amount we now need in our country, because last year we imported 58,000,000 pounds of rice.

Mr. MINTON. Mr. President——

The PRESIDING OFFICER (Mr. LEE in the chair). Does the Senator from North Dakota yield to the Senator from Indiana?

Mr. FRAZIER. I yield.

Mr. MINTON. Is it not a fact that in 1938 the imports of grains into the United States decreased very materially?

Mr. FRAZIER. I think the imports of grains did decrease.

Mr. MINTON. And corn, which the Senator has been talking about, which is raised in my State of Indiana and in Illinois——

Mr. FRAZIER. I gave the figures for the year 1937.

Mr. MINTON. Well, in 1938 we were operating under the same trade agreement to which the Senator is referring. We imported 403,371 bushels of corn, valued at $257,000. That was a mere drop in the bucket, as the Senator knows.

Mr. FRAZIER. The Senator will admit that is 403,000 bushels too much.

Mr. MINTON. It is probably some kind of seed corn which we do not raise.

Mr. FRAZIER. No; we do not ship in seed corn from South America.

Mr. MINTON. How much corn did we get from South America in 1938?

Mr. FRAZIER. The Senator just read the amount.

Mr. MINTON. This is the total sum of corn imported from all countries.

Mr. FRAZIER. Where did it come from?

Mr. MINTON. It was a mere drop in the bucket—403,000 bushels.

Mr. FRAZIER. Little drops in the bucket go a long way.

Mr. MINTON. Let us see about wheat. The Senator is interested in wheat. I read from the record:

> Wheat ranked as the second most important item in 1938 grain export trade, shipments abroad totaling 86,930,843 bushels, valued at $78,141,208. This total was more than twice as large as that of 1937 and many times in excess of the 1936 and 1935 figures. The United Kingdom was the leading export outlet.

So, as a matter of fact, under the same trade agreements, our position with reference to the importation and exportation of grain is improving very materially in favor of the farmers of this country.

Mr. FRAZIER. The Senator is not well informed as to wheat shipments or he would not make that statement. It will be remembered that there was a provision to the effect that the Secretary might export wheat and pay a subsidy on it. According to the figures of the Department, in 1938 we exported 103,000,000 bushels, and for every bushel exported there was a subsidy of from 5 to 30 cents a bushel at the expense of the American taxpayer.

Mr. MINTON. I am giving the Senator figures from the Department of State. Does he say the figures are not correct?

Mr. FRAZIER. I have obtained figures from the Department of Agriculture as to the amount of wheat exported in 1938. It was 103,000,000 bushels. It was admitted that a subsidy, or whatever one chooses to call it, of from 5 to 30 cents a bushel was paid on that wheat. If anyone wishes to brag about that situation, let him do it. I myself am ashamed of it.

Mr. MINTON. What I am pointing out to the Senator is that although the Senator claims a disadvantage to the farmer in the trade agreements for such years as he has selected, under the same trade agreements in 1938 the importation of grains very materially decreased.

Mr. FRAZIER. I appreciate that fact.

Mr. MINTON. The importation has practically disappeared. Under the same agreements the exportation of the grains which the Senator wishes to sell and has to sell in the world market has very materially increased. So the trade agreements, instead of hurting the farmers of the country so far as grains are concerned, have very materially improved their position.

Mr. FRAZIER. The other day I read a story to the effect that Canada had bought some of the wheat that was being exported by the Department and had shipped it back to the United States and sold it at a profit. That is all right so far as the Canadian people are concerned, but it does not stack up very well with the American taxpayer or the American farmer who produces wheat in abundance in the United States. In North Dakota we produce the same kind of wheat that is produced in Canada, hard spring wheat. We have never had a surplus of hard spring wheat in the United States in any year since the Government has been established. Yet if we are to receive benefit payments and allotment payments we are compelled to reduce our acreage of hard spring wheat in North Dakota, although we have never had a surplus of it, which fact is admitted. Nevertheless, it is wheat, and, therefore, in order to comply with the wheat program, we must reduce our acreage of wheat.

In my section of the country we have been cutting down the acreage of wheat for years because it did not pay. We have diversified. We have been told to raise hogs. Hogs were the mortgage lifters. So we raised hogs, cattle, and other things and cut down our acreage of wheat. On my own farm of 480 acres I have not averaged more than 100 acres of wheat in the past 30 years, because raising wheat did not pay except on the very best of land, and then it did not pay much. The farmer had to cut down his acreage in order to receive the benefits of the A. A. A.

Mr. WAGNER. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. LEE in the chair). Does the Senator from North Dakota yield to the Senator from New York?

Mr. FRAZIER. I yield.

Mr. WAGNER. A little while ago the Senator referred to the increase in imports of foodstuffs in 1937. Was not the increase due to the fact that we had a drought late in 1936, and that the importation of foodstuffs was necessary because of the reduced production, due to the drought?

Mr. FRAZIER. In some instances the drought had something to do with the condition, although we were supposed to have had a normal supply of practically everything, even with the drought. The drought covered only portions of some six or seven States. Undoubtedly the drought had something to do with it; but we have had a surplus of cotton all the while, and are said today to have a surplus of wheat.

Let me cite a few more figures.

The writer to whom I have referred gives the imports of wheat in 1938 as 18,000,000 pounds. That would be 600,000 bushels. That is not a great amount, of course, but it is that much more than there is any excuse for bringing in.

The imports of barley malt were 100,575,000 pounds. The imports of beans were 14,000,000 pounds. I do not see either of the Senators from California in the Chamber. I think

California has the largest production of beans of any area in the United States, and perhaps in the world. Plenty of beans can be raised in California, but 18,000,000 pounds of beans were imported.

Five million pounds of peas were imported; 10,000,000 pounds of lentils, and so forth; and 1,400,000 pounds of mushrooms. Mushrooms are grown in great quantities in Pennsylvania, and yet more than 1,000,000 pounds were imported.

In 1938, 45,820,000 pounds of potatoes were imported. That would mean 763,500 bushels. At 600 bushels to a car, it would mean 1,272 carloads of potatoes. At 50 cars to a train, it would mean 25 trainloads of potatoes imported into the United States in 1938, when our potato growers were not receiving any fancy prices. A few years ago a potato law was passed to give some advantage to our potato growers; and yet all these potatoes were imported.

One hundred and twenty-eight million pounds of tomatoes were imported. I do not need to read all the figures; 22,241,000 pounds of corn oil were imported, and 77,500,000 pounds of cottonseed oil were imported into the United States in 1938. We have the largest surplus of cotton that we have ever had in the United States. Cottonseed comes from cotton, and cottonseed oil is made from cottonseed. If we had a surplus of cotton, we also had a surplus of cottonseed as well as a surplus of cottonseed oil, or we should have had. Nevertheless, according to these figures, last year we imported 77,500,000 pounds of cottonseed oil, which comes into direct competition with the product of the 11 cotton-producing States.

Fifteen million five hundred and fifty-three thousand pounds of peanut oil were imported, and 230,879 pounds of tapioca.

I have mentioned some of the principal imports. The writer says that at least 70 percent of the products mentioned, to the value of $518,000,000, could have been produced in the United States. That is why he asks, "Do we import the surplus?" I am inclined to agree that it amounts to importing the surplus.

A day or two ago, when the Senator from Oklahoma [Mr. THOMAS] was speaking, he introduced into the RECORD a speech made by Frank Gannett, of Rochester, N. Y. The speech was introduced into the RECORD with little comment. I wish to quote a paragraph or two from it. I am not acquainted with Mr. Gannett. He owns and operates a big chain of newspapers. He is a very prominent citizen. I think he is what is called a "stand-pat" Republican. I do not know, but that is what I have heard about him. This speech was made over the radio in the farm hour under the auspices of the Grange organization. He was talking to the farmers, and he made a pretty good speech.

He said:

> Since 1929 farmers have been in the worst depression in history. More than one and one-half million farmers have lost their homes, their life savings. Prices were so low they could not buy what they needed for home and farm.

I have some statistics from the Department which I wish to give in that connection. Perhaps they are a little more authentic. At least, they bear on the same subject. The statistics to which I refer are from a publication entitled "Gearing Credit to Agricultural Needs—1938," published in Washington by the Farm Credit Administration. I read:

> The total farm mortgage debt dropped approximately $2,400,000,000 in the 10 years ending January 1, 1938, due to foreclosures—

Due to foreclosures—

> to less borrowing by farmers, and to refinancing after scale down of indebtedness had been made.

Of course, if there was refinancing under a scale down of indebtedness, there would still be farm mortgages. So the supposition is that the bulk of this $2,400,000,000 of drop in farm mortgages in the 10 years ending January 1, 1938, was from the foreclosure of farm mortgages. The question naturally arises, Why were the farmers foreclosed? They were foreclosed because they could not sell their products for sufficient to pay their living expenses and the interest and principal on their indebtedness. They have, as Mr. Gannett says, lost the savings of a lifetime. Prices were so low they could not buy what they needed for farm and home.

He says:

> Last year I wrote 59,000 leaders of cooperatives, farm bureaus, and officers of granges. Their replies tell the story.
>
> The secretary of the Western Farm Bureau says, "In my township 8 out of 46 farm homes have been abandoned since 1929, and more will be abandoned within the next 3 or 4 years."
>
> The secretary of a grange in North Carolina writes, "A fair chance for everybody is all farmers ask. If we could have living conditions even as good as the poorest town people—

I want the Senator from New York to get that, because he is interested in building new homes for town people, clearing the slums, and all that—a very laudable undertaking—but I want to call attention to what this farmer said according to Mr. Gannett.

> "If we could have living conditions even as good as the poorest town people, our boys and girls would stay here—

On the farm he means—

> even if hours are long and work hard. We carry water 200 yards because we have no money to drill a well through rock. Yet we love farm life. It gives us freedom, peace, and contentment found nowhere else."

That farmer is a real optimist. "Peace and contentment found nowhere else," even if they are going broke and the boys and girls leave the farm because they cannot make a living there. It is a terrible situation, Mr. President, when the boys and girls cannot be kept on the farm. They will not stay on the farm, and we cannot blame them for not staying on the farm, because, under present conditions, there is no future outlook for the boys and girls on the farm. The old man will tell them, "If you will be good boys and girls, and stay here on the farm, work long hours, early and late, and keep at it long enough, you will go broke and have to go out of business." That is all he can hold out to them under present circumstances. What is facing the farmer under present conditions is bankruptcy, the loss of his home and farm, and going out of business.

As some Senator said on the floor of the Senate the Congress of the United States is to blame for these conditions. Mr. President, I agree with that statement. We are to blame for the existing conditions, for the farmer's going broke, for the farmer's product being sold below the cost of production.

Practically nothing that the farmer has produced in the last several years has brought anywhere near cost of production. I do not care what State he may live in or what kind of farm product he produces, scarcely anything brings the cost of production. The farmers are forced to sell their products at prices fixed by someone else, prices over which they have no control, and yet the consumer who buys those products sometimes pays three times as much as is received by the farmer who produces them. We found in a hearing before the Committee on Agriculture and Forestry a few years ago, from experts called in from the Agriculture and other departments, that the consumers paid about three times as much as the farmer received for the average farm product. In other words, the farmer got about from 30 to 35 cents of the consumer's dollar.

Mr. President, in my opinion, if the Congress of the United States had the backbone and the courage to stand up and vote for a measure that would give the farmers a price for their products that would afford them cost of production and a fair profit, his products could then be sold to the consumer in the cities just as cheaply as they are sold now in most cases. The farmers get 2 or 3 or 4 cents a quart for milk and yet in the cities the consumer pays anywhere from 10 to 15 or 16 cents a quart for the same milk. A similar situation prevails in the case of bread, and practically every other food product, not in the same percentage in all instances, but the average is about 35 cents that the farmer gets out of the consumer's dollar.

The wife of a farmer near Gainesville, N. Y., writes:

> I pray America will awaken to the farmers' plight soon enough to save our homes, our farms, and our families.

Yes; the farmers are long on hope. It is the hope of a better crop next year and better conditions that keeps the farmers going. If it were not for that eternal hope in the breast of our American farmers, they would have gone on a strike long ago and let others look after themselves in the way of producing food crops. If our farmers were only organized anywhere nearly so well as are the business interests organized that handle their products they would control their own prices.

If the Secretary of Agriculture or some other official could figure out what it costs to produce agricultural products, on an average, and what a fair profit would be, everything considered, and fix the price and say, "This is the price for a bushel of wheat; this is the price for a hog or a steer or a bale of cotton; take it or leave it," the farmer would be nearer a parity with the manufacturers.

That is what the manufacturers do. If one goes to buy an automobile from one of the dealers, the dealer says, "This is the price, so much, take it or leave it." If a farmer has to buy a piece of farm machinery, he encounters the same situation—"Pay the price; take it or leave it." In those instances the price is based on cost of production and a fair profit, including everything on earth that can be figured in as a part of the cost of production.

The Senator who at the present time occupies the chair [Mr. LEE in the chair] knows the farm situation. He knows that when the producer of farm machinery or automobiles or of any other manufactured product which the farmer has to buy figures his cost of production he includes wages and all his overhead expenses, taxes, and everything else. Yes, the farmers pay even the school taxes for the businessmen in town to educate their boys and girls, because the school tax is figured in the cost of production for the products of the merchant as well as the manufacturer, and the farmer pays it; the worker pays it. It is impossible to get away from that. Let no one tell me that the Congress of the United States cannot remedy the situation.

I have made the statement on the floor on a previous occasion, and I make it again, that if any other line of industry even approximating agriculture in importance were in the plight agriculture is in, we would stay in session night and day until we enacted legislation to take care of them. Yes; we would.

The R. F. C. was set up with billions of dollars for the purpose of helping industry. Of course, agriculture has gotten a little money, but at the same time we have allowed imports to come in to keep down agricultural prices. We have never had the courage to fix the price of farm products based on cost of production including a fair profit for our American farmers. If anyone on earth is entitled to cost of production for his products it is the American farmer who produces the food products and the material that goes into clothing and other necessities. He is entitled to the cost of production; he should have it. There is no reason why the American farmer is not entitled to the American market at a profit just as the manufacturers are. We protect our manufacturers or, at least, have done so in the past by tariff walls. It is true that we have some tariffs on agricultural products but generally the tariff rates are not effective. The farmers are not organized; they are not financially able to make their tariff rates effective, and generally in only a small percentage of cases are the tariff rates on agriculture effective.

Another paragraph from Mr. Gannett's letter reads:

> In the past 10 years the farmers of the United States, because of depressed prices, received thirty-five and a half billion dollars less than their average predepression income.

That is the total, of course—thirty-five and a half billion dollars less than they would have received if they had gotten their share.

> Producers of other basic commodities lost $15,000,000,000 more, making a total destruction of income and buying power of $50,000,000,000.

That is the loss in the buying power of America.

No wonder we have a depression. It is really worse than that if the truth were told; in my opinion, "depression" is hardly the proper word.

Mr. Gannett says:

> Think of it! The farmers in the last 10-year period lost almost as much as our total national debt.

Another paragraph:

> Let me repeat, give the farmer the income that he should have and prosperity will return immediately to our cities and to the country as a whole.

He is absolutely correct. Agriculture is the basic industry of the Nation; and if we have profitable agriculture, we shall have a profitable nation. There is no getting away from it.

Mr. Gannett further says:

> What makes me burn with indignation is the fact that other countries have solved this monetary problem and are enjoying great prosperity while we ignore their experience and remain in deflation and depression.

Yes; we remain in deflation and depression. The junior Senator from Wisconsin [Mr. WILEY] the other night made a statement about inflation. We have not had any inflation in the United States since I can remember; not in money, at least. We have an inflation of Government bonds. There is no question about that; but as far as money is concerned there has been no inflation. There has been a deflation.

The Senator from Oklahoma [Mr. THOMAS] pointed out very clearly that deflation started back in 1920. The Senator from Oklahoma left out a little part of the story, though, which I think should be told, at least from the standpoint of this side of the Chamber. In 1920 the Federal Reserve Board was a Democratic board. The Democrats had been in power for 8 years at that time, and, of course, the members of the Federal Reserve Board were appointed by the President, and it was a Democratic board. I think it is not unfair to say that. They passed a resolution in March 1920 to deflate. It is true that it was carried out after the Republicans were elected in November—oh, yes. I am not holding any brief for them, either. They followed the lead of the Federal Reserve Board, and deflated; and, of course, the same thing is true now. The present Federal Reserve Board is a Democratic board, and it apparently is opposed to anything that is for the benefit of the farmers, just the same as the Republican Federal Reserve Board has been.

The Federal Reserve law was passed in 1913. At that time the bankers fought it. They said it was not any good, and was not what they wanted, and they fought it hard; but after it was passed, what did they do? They organized a little stronger and took control of the Federal Reserve System to their own advantage and their own profit. At every session of Congress since 1913, when that act was passed, the bankers of the country have come back to Congress and asked for amendments to strengthen the Federal Reserve System from their viewpoint, and to make it easier for them to make a profit; and they have gotten what they wanted every time, too.

Mr. Gannett says:

> A few years ago, I flew to Buenos Aires. While our farmers were compelled to plow under wheat and cotton and kill pigs, I found some South American nations enjoying great prosperity. Farmers down there were receiving in Argentine currency, with which they paid their taxes, interest, and debts, and bought their supplies, prices practically as high as during the predepression period. In Buenos Aires new buildings were being erected at an unprecedented rate. There was confidence in the future and there was no unemployment. These prosperous conditions still prevail there.

And he goes on to say that the prosperity came about because in Venezuela and other South American countries the leaders realized that they should follow the lead of the President of the United States in devaluing their dollar; but they went a little further than our President did. They put their money down a little cheaper than ours, and the result is that they can sell their products and get out a higher-priced dollar and make money on it. They have been very prosperous, and that is why we get so much canned beef and other farm products from South American countries. The same thing is true of many other countries.

Mr. President, I have here a statement of the national income for 1938, $64,000,000,000. This is from the survey of current business, June 1939, Division of Business Review,

United States Department of Commerce. The national income of the United States for last year is given as $64,000,000,000. Former Senator Brookhart was before the Banking and Currency subcommittee yesterday morning, and he quoted from this little pamphlet. He said that the per capita income of the United States for 1938 was approximately $500, including farmers, workers, businessmen, and everybody else. The pamphlet does not give the per capita income of farmers. I called up the Department of Commerce this morning, and they said, "No; they had no figures on that subject. Of course they do give the amount of the national income of the farmers last year, 1938; namely, $5,432,000,000 out of a total of $64,000,000,000, hardly a fair comparison. All that the statisticians of the Department of Commerce would have to do was to divide the amount of money that the farmers made last year, $5,432,000,000, by the number of farm families, and they would have had the annual per capita income.

Former Senator Brookhart did the figuring. I will take his word for it. He is a good mathematician. He said the average per capita income of the American farmer in the United States last year was $170. Think of it. No wonder the farmers are going broke. No wonder they are losing their farms. No wonder farmers and their wives are going crazy, committing suicide, and everything else. They are discouraged. Why is it that the Members of the United States Senate and the Members of the other body of Congress and the businessmen of the Nation cannot wake up to the fact that something must be done to cure these conditions for American agriculture, for the people who produce the food products to feed the Nation? Something should be done. They are entitled to cost of production.

Cost-of-production bills have been before the committees of Congress at least ever since this administration started, dating back to 1933. Cost-of-production bills have been introduced every year in this branch of Congress and in the other branch of Congress, and there are several of them before the committee right now, any of which would be a thousand times better than the system we have; but we cannot obtain favorable consideration for them. Why not? Why cannot the Senator who now occupies the chair, the Senator from Oklahoma [Mr. LEE], have his bill favorably considered? I will tell the Senate why. The department at the other end of Pennsylvania Avenue is opposed to it. It is opposed to the bill which I, myself, with 17 other Members of this body, introduced. Seventeen Senators, in addition to myself, placed their names on the cost-of-production bill, and it was introduced. The department at the other end of Pennsylvania Avenue—in fact, all of the departments down there—are opposed to that bill, too. A similar bill was introduced in the House. The departments are opposed to all bills of that kind.

I have here a little paper from which I desire to read just a paragraph or two. It is a little paper published by a former Representative from the State of Iowa. He practiced law before he came to Congress. After he left Congress—I do not remember how he came to leave; I presume he was defeated—he remained in Washington and still practiced law. He is a very fine man. I have become quite well acquainted with him. Among other things, coming from an agricultural State as he does, he knows the farm situation. He is a Democrat, too, one of the more liberal, progressive sort of Democrats. Before he came to Congress he was very prominent in the National Democratic Party. If my memory serves me correctly, he was at one time treasurer of the National Democratic Committee. He is very loyal to his party and very loyal to the administration.

This is a paper published January 18, 1939. That was before some of the cost-of-production bills of which I speak were introduced. Some of them have been introduced since that time.

He writes this little article as a sort of open letter to the President. He says:

> Mr. Roosevelt, please keep your farm promise. In your political speech Saturday night at the Jackson Day $100-a-plate dinner, you said you were elected in 1932 on a platform which the people believed would be kept. Maybe.
>
> In that platform you made one promise to the farmers which you have not even started to keep. Here it is.

This is what the editor of this paper, Mr. Jamieson, former Representative from Iowa, a good Democrat, and loyal to the President, says to President Roosevelt:

> Here it is.

This is what appeared in the Democratic platform of 1932. I have heretofore read it on the floor of the Senate, but I will read it again, coming from Mr. Jamieson's paper:

> We favor the enactment of every constitutional measure that will aid the farmers to receive for their basic farm commodities prices in excess of cost.

Mr. President, that means cost of production for the farmers. It cannot mean anything else. "Prices in excess of cost" is what was said in the Democratic platform of 1932. I think I have a copy of it in my desk, and if anyone desires to verify it, I shall be glad to read the exact wording. But this comes from Mr. Jamieson, and I am quite sure it is correct. He proceeds, writing to the President:

> As your friend, I tell you emphatically you have not kept this promise. In every Congress session since you've been in, a cost-of-production farm bill or amendment has been offered. Just a little effort on your part, any session, would have made this idea a law.
>
> Instead, here's what you've been doing: The Hoover platform in 1932 called for acreage control. And this is exactly what you and your farm advisers have been doing—trying to influence the farmers to reduce their crop acres. Actually, we need more farm acres.
>
> What's the result? The same kind of a mess for the farmers that Mr. Hoover brought on the whole country when he was President. Low prices, uncontrolled surpluses, foreclosures, unnecessary taxes, farm distress.
>
> Franklin Roosevelt, haven't you been tagging along after the Hoover farm garbage wagon long enough?
>
> Much alike: Our present farm fix is about the same as the school kid's definition of "nonsense." Said the youngster: "It's an elephant hanging over a cliff with his tail tied to a daisy."

That is a fair comparison. The farmers have been hanging over the cliff for a long time, and are not tied to anything, not even to a daisy. They are falling over day by day, going broke and going out of business day by day, and Congress fails to do anything to help them.

Mr. Jamieson proceeds to mention some of the farm bills, the cost-of-production bills; he very strongly favors them and says they should be enacted and the President should carry them out. He says he knows the President is a friend of the farmer and wants to do something for him. He thinks the President has had bad advisers and does not know what the situation is.

Perhaps that is true. I remember very well that on March 4, 1933, on the central steps of the Capitol Building, at the first inauguration of President Roosevelt, he made a wonderful inaugural address, and, among other things, he made a statement which clung to my memory, namely, that he was going to drive the money changers out of the temple. We hoped at the time that the President meant what he said, but President Roosevelt, we find, has about the same class of advisers that President Hoover had—just about the same crowd.

It is true that some Democratic members have been appointed on the Federal Reserve Board, and during the Hoover term the members were Republican. But they have the same viewpoint. I think the Federal Reserve crowd are nonpartisan; they do not care much who is in power so long as they can run the show, and they are the group who put up the money in campaign time to elect politicians to office. Whether the candidates are Democrats or Republicans does not make much difference; they put up the money; and they are going to have something to say about what is done with the money after the successful candidate gets into the White House. I want the senior Senator from Michigan [Mr. VANDENBERG], who is doing me the honor to listen to my remarks, to remember that. That is the plain English of the situation, and it presents a very difficult situation for the American farmer to face, because he has not the money to put up to elect anyone to office; he simply cannot do it. In some States the farmers

are sufficiently well organized to get out and elect men to office, but when it comes to national campaigns they have not the money and have not the influence. The financial crowd, who have the money, are the ones who make the campaign investments, not as a patriotic action to help the "grand old party" or the great Jeffersonian party; they contribute their campaign money as an investment, and they make dividends on it, too; probably the largest dividends they get.

The tax amendment which was defeated yesterday by a change of one vote will save every big interest of the United States enough money in the coming year so that it can contribute to both the Democratic fund and the Republican fund; and they will do it, because that amendment was defeated, not by Republican votes or Democratic votes, but by a combination of the "regulars" on both sides of the Chamber. So that the taxes will not be taken from them, as could have been done if the La Follette amendment had been agreed to; and that is laying the foundation for a good campaign fund for both the old parties in 1940. Do not worry; they will get it.

Mr. President, I could speak much longer, but I do not desire to. I feel that the money question is of great importance, and has much to do with the welfare of the people, with agricultural prices, and with everything else. During the last administration I introduced a bill—I have forgotten how many years ago it was—to refinance the existing indebtedness of the farmer, to provide for the issuance of new money to be loaned to the farmers to enable them to pay their existing indebtedness, at 1½-percent interest. I could not get the bill passed because the departments at the other end of the Avenue were all opposed to it and because those departments were opposed to it or for some other reason, a majority of both branches of Congress were opposed to it. So the farmers are still going broke.

We have introduced cost-of-production bills session after session, bills designed to give the farmers good prices for their products, but we have not been able to get enough votes to pass them because of the opposition of the various departments, and because of the opposition of those who pay the campaign expenses to elect politicians to office; and that is what talks. So the farmers are still struggling.

Mr. President, I believe, and have believed for years, that if we could have more money in circulation—I do not care whether it is called inflation or what it is called—if we could have enough actual money in circulation to transact the business that is carried on from day to day, it would be of benefit to the farmers and would raise the prices of their commodities. It would be a little cheaper money; yes. When money is plentiful, of course it is cheap. On the other hand, commodity prices rise. The commodity dollar should be based on the quantity of the products we have to sell, as was so ably stated a few days ago by the Senator from Oklahoma [Mr. THOMAS], who has from time to time, year after year, preached that philosophy in the Senate and in other places. Everyone knows what his theory is, everyone, I think, agrees with him, or practically everyone, but when it comes to a vote, we cannot accomplish what he proposes because the great interests are against it.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield?

Mr. FRAZIER. I yield.

Mr. THOMAS of Oklahoma. Those of us who are taking some time on the floor are behind the movement to bring about higher prices. In 1926, with the price level at a hundred cents, wheat sold at $1.67. In 1937, with the price level at $1.13, wheat sold for $1.32. Today, with the price level at $1.33, wheat is selling for 66 cents. It is clearly evident that with a high-valued dollar prices are low in proportion.

I should like to ask the Senator from North Dakota whether or not, in his opinion, the farmers of his State and of the Northwest generally can exist and retain their farms with the present price level, with wheat selling for 66 cents a bushel, corn for 50 cents, hogs for 6 cents, and cattle selling for 8½ cents? Those are the prices that were current yesterday in the great markets of the United States. I should like to ask the Senator what, in his opinion, would be the result to the farmers and the tenants who live on the farms in North Dakota and the Northwest generally if the price level were retained at the present figure?

Mr. FRAZIER. Mr. President, there is no question in my mind that if present prices continue the farmers will continue to go broke. The prices the Senator from Oklahoma quoted are those at the terminal market. The farmers in North Dakota, according to the last statement that came in yesterday, are receiving 59 cents a bushel for hard spring wheat. That includes a little protein premium they receive, so their wheat sells a little above the market price. Other prices they receive are in proportion. Of course, that means bankruptcy, because the prices are below the cost of production. If the farmer is to make any profit one year and another on his wheat he must receive $1.50 a bushel.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator further yield?

Mr. FRAZIER. I yield.

Mr. THOMAS of Oklahoma. The record shows that on June 30, 1926, with the price level at 100, which means that the dollar had a value of 100 percent measured in price terms, wheat sold at $1.67 a bushel, corn at 83 cents, oats at 49 cents, cotton at 18 cents per pound, oil in the oil States was selling for $1.55 a barrel, hogs were selling for 15 cents a pound, and cattle were selling for 10 cents a pound.

Today, with the price level low and the dollar high, wheat is selling in New York at 66 cents, corn at 50 cents per bushel, cotton is selling at $9.35 a hundred pounds, oil is selling at 78 cents a barrel, hogs at 6 cents a pound, and cattle at 8½ cents a pound.

The record shows that the dollar buys 14.7 percent more now than it did in 1929. In 1929 the Nation had a national debt of approximately $16,000,000,000. Today the national debt is estimated to be approximately $40,000,000,000. That is an increase of from $16,000,000,000 in 1929 to $40,000,000,000 in 1939. State debts, city debts, county debts, district debts, and personal debts have increased comparably. I should like to ask the Senator from North Dakota if this high-valued dollar is maintained what will be the ultimate effect of the people's ability to pay the increased indebtednesses which are now being placed upon them in increasing amount?

Mr. FRAZIER. Mr. President, I can see no possible way of paying our debts, public or private, under the existing conditions with the high valued dollar that we have. It seems to me we must have some inflation of our currency, that is cheaper money, if we are ever to get out from under our debt burden.

Mr. THOMAS of Oklahoma. What will be the ultimate effect if the dollar value is not decreased and the price level increased?

Mr. FRAZIER. In my opinion, we will all go into bankruptcy. But before that time comes, or by the time it begins, there probably will be a collapse, and then there will be a real inflation of the currency, or else repudiation of the debt.

Mr. THOMAS of Oklahoma. Does not the Senator agree with me that there are only two alternatives? One is to decrease the buying power of the dollar, which means increasing prices, which will enable the people to have more money.

In my State, for instance, the farmers raise a very large amount of cotton. Suppose that a cotton farmer in Oklahoma has $100 of taxes to pay each year. At the present time cotton is selling for about 8 cents a pound to the farmer. There are 500 pounds of cotton in a bale. That means that the farmer producing a bale of cotton sells it for $40. That means that two bales and more must be raised and sold in order to obtain the $100 with which to pay his taxes at the present value of 8 cents plus for cotton.

If prices can be raised so that the cotton farmer in my State can get 20 cents a pound, then he can produce one bale of 500 pounds, and sell it at 20 cents a pound, and get $100 for it. So by raising prices we increase the amount of money that the farmer receives for his product.

What is true of cotton is true of wheat, corn, hogs, and cattle. So by raising prices the farmers will receive more money and will have to produce less with which to pay their fixed charges, which include their taxes, their interest, and other charges.

In my judgment, if that is not done there is only one other way that the people can get rid of these debts, and that is through repudiation. And if the powers that be insist on keeping high-value money and low prices it will not be long until there will be an issue raised in this country of direct repudiation. If the powers that be will not permit the people to obtain for the things they produce sufficient money with which to pay their taxes, then the people will have no recourse except arbitrarily, through force, to repudiate. I do not think anyone wants that thing to happen.

I am not for too high prices. I think it is obvious to anyone that in the event we raise the price level to 100, cheapen the dollar down to 100 cents, and thereby raise the price of wheat to, say, $1.50 a bushel, we would not add materially to the price of a loaf of bread. If the price of cotton were raised to 20 cents a pound, it would not add more than 5 cents to the cost of a shirt or a pair of overalls. So a reasonable price rise will not affect the consumer but will benefit the producer immeasurably.

I wonder if the Senator from North Dakota agrees with my contention in that respect?

Mr. FRAZIER. I think the Senator from Oklahoma is correct, and unless we have some change so as to correct these conditions we naturally can expect the situation to grow worse. In my opinion, it cannot help but go from bad to worse unless something is done to raise the prices paid to the farmers.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield further?

The PRESIDING OFFICER (Mr. TOBEY in the chair). Does the Senator from North Dakota yield to the Senator from Oklahoma?

Mr. FRAZIER. I yield.

Mr. THOMAS of Oklahoma. The New England States are mainly engaged in manufacturing. It is obvious and of record that when this matter comes up before the Senate the representatives in this body and in the House of Representatives from the manufacturing States vote almost universally against any increase in the price level. They vote against any cheapening of the dollar. Does the Senator not agree that such a vote is against the best interest of that section of the country, for the reason that unless the West, which is a marketing place for the eastern manufacturing industry, can produce and sell and have a surplus for the purchase of eastern manufactured goods, the Eastern States will not have a very good market for the commodities they produce? And if the dollar should be cheapened slightly, if prices could be raised comparably, that would give more money for the western people to spend in the purchase of the manufactured products of the East. Does the Senator agree with that proposition?

Mr. FRAZIER. I do agree with it 100 percent. What surprises me is that the great financial interests of the East cannot realize that the farmers must have better prices, and that if they receive better prices, more people will be put to work. A large percentage of the unemployed would be put to work, and that would make a demand for the manufactured products of the mills and factories that are now closed by reason of the fact that they cannot sell their products, because there are not enough buyers and farmers and laborers have not the purchasing power to buy their manufactured products. So they have had to close down in many instances. But give the farmers a decent price for their products, put the laborers to work, and they will buy the manufacturers' products. There is no question about it.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield further?

Mr. FRAZIER. I yield.

Mr. THOMAS of Oklahoma. Is it not a fact that in the South and in the Central and Western sections of the country the cities prosper in proportion to the prosperity manifested on the farms? Is it not true that the cities, towns, and villages prosper only when the farmer prospers, and then they prosper in proportion to the prosperity enjoyed by the farmer? Is that not practically a universal rule?

Mr. FRAZIER. I think that is very true.

Mr. President, as far back as I can remember, any time when we have had what we call good times, prosperous times, money seemed to be plentiful, and, of course, being plentiful was what we term cheap, and at the same time our commodity prices, prices for our farm products, and wages of labor, were high. Plenty of money and high prices for farm commodities and high wages always go together.

On the other hand, when there have been hard times, depressions, money has been scarce, and the dollar high in value, and our commodity prices have been low, which means bankruptcy for the farmers and unemployment for labor. Mr. President, it seems to me that the situation could and should be changed.

I am anxious and ready to go still further than the amendments now pending go. I should like to see considered and acted on now some of the banking measures that are pending in both branches of Congress, measures providing that the Congress shall assume its constitutional duty in coining money and regulating the value thereof, and that the Federal Reserve Bank System, which now controls the finances of the Nation, be taken over by the Government itself as a Federal bank. And why not? Way back in the early history of our country some of our great leaders advocated the establishment of a national bank. I believe we should have it and I believe we are coming to it.

As the Senator from Oklahoma [Mr. THOMAS] said with respect to the debt, if something is not done to allow people to pay their debts there will be either deflation or an inflation, which will allow them to pay. I am not at all afraid of inflation, even inflation such as Germany had. As I see it, there is no excuse for this country ever going as far as Germany went. In my opinion, we would not go that far under any circumstances. There is no necessity for it. I think such a situation would be impossible in the United States. However, inflation in Germany had the effect of leveling off the debt. The farmers and small-business men paid their debts with cheap paper money.

Mr. BORAH. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from Idaho?

Mr. FRAZIER. I yield.

Mr. BORAH. The design of the plan in Germany was to have inflation.

Mr. FRAZIER. It will be the design in the United States unless something is done in the next few years.

Mr. BORAH. Many persons speak about our drifting into the situation which prevailed in Germany, whether we want to or not, if we pursue the course we have been pursuing. However, the German inflation was a designed inflation. It was intended that there should be inflation, and it was intended that it should wipe out the debts, as it undertook to do and did do.

Mr. FRAZIER. It was successful.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator from North Dakota permit me to ask the Senator from Idaho a question?

Mr. FRAZIER. I gladly yield.

Mr. THOMAS of Oklahoma. Does not the Senator from Idaho agree that if we pursue the present course, which is one of deflation, the Nation, the States, and the cities—and corporations, too, for that matter—must go deeper and deeper in debt and involve themselves under a heavier and heavier load of debt? The record shows that today the dollar is more valuable than it was last week. Last week the dollar was worth $1.321. This week the dollar is worth $1.326. If we should persist in that course, does not the Senator agree that the only way out is to invoke the German system and designedly cheapen the money to such an extent that the people can pay their debts with money of little or no value?

Mr. BORAH. I think that will ultimately happen if we continue to drift in the direction in which we are now going.

Mr. THOMAS of Oklahoma. If the Senator will further yield, I will say that my policy is so to cheapen the dollar, before it is too late, that the holders of fixed investments will not suffer any more than they must suffer in order to preserve the remainder of their investments. My policy is to cheapen the dollar to the point at which the people can pay their debts, and save in the investors' hands such value as it is now possible to save. That is the policy I am working for, and nothing more than that.

Mr. FRAZIER. I think the Senator from Oklahoma is absolutely correct; and I trust his amendment will be adopted.

Mr. THOMAS of Oklahoma. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Davis	La Follette	Schwartz
Andrews	Donahey	Lee	Schwellenbach
Ashurst	Ellender	Logan	Sheppard
Austin	Frazier	Lucas	Shipstead
Bailey	George	Lundeen	Slattery
Bankhead	Gerry	McCarran	Smathers
Barkley	Green	McKellar	Taft
Bilbo	Guffey	Maloney	Thomas, Okla.
Bone	Gurney	Mead	Tobey
Borah	Harrison	Miller	Townsend
Bridges	Hatch	Minton	Tydings
Brown	Hayden	Murray	Vandenberg
Bulow	Herring	Norris	Van Nuys
Burke	Hill	O'Mahoney	Wagner
Byrd	Holman	Overton	Walsh
Byrnes	Holt	Pepper	Wheeler
Capper	Hughes	Pittman	White
Chavez	Johnson, Calif.	Radcliffe	Wiley
Clark, Idaho	Johnson, Colo.	Reed	
Danaher	King	Russell	

The PRESIDING OFFICER. Seventy-eight Senators having answered to their names, a quorum is present.

Mr. PITTMAN. Mr. President——

The PRESIDING OFFICER. The Chair recognizes the Senator from Nevada.

Mr. PITTMAN. Mr. President, I am going to deal, first and briefly, with the indifference of the Treasury Department to unemployment in certain Western States—indifference with actual knowledge.

On April 24, 1935, under authority of an act passed by the Congress, the President of the United States had directed that the Treasury Department buy annually silver mined in the United States at 77.57 cents an ounce. Prior to the issuance of that order mining conditions in the West were deplorable. According to the testimony of Dr. Finch, of the Bureau of Mines, there were only about 20,000 men employed in the mines and in the mills and in the smelters. It was almost impossible to operate a metal mine in this country.

I know the general conception of a mine is that it is something very rich. However, when the price of silver dropped to 27 cents an ounce many mines in the United States closed. When I say "mines" I do not mean silver mines only, for, as a matter of fact, there are only one or two mines in the United States that may be called silver mines. The testimony of Dr. Finch, which is in the Silver Committee's hearings, discloses the fact that silver is produced as a byproduct of the mining of lead, zinc, copper, and gold; that 75 percent of the silver produced in this country is such a byproduct.

The President first established a price of 64.64 cents an ounce, which is the price now, and shortly afterward he raised it to 77.57 cents, where it remained for 3 years. Mine operators went back to work. They had to go to great expense in opening up the old mines that had filled with water, repairing shafts which had gone to ruin, repairing the mills and doing all those things which it is necessary to do in order to reestablish a business which has been closed down for 3 or 4 years.

All the mines of the country did not open up, but the best of them did. When I say "the best" I mean those that had real value in the rock in lead, zinc, copper, gold, and silver. With the increased price for silver they commenced to operate, and there was a fair degree of prosperity in the mining States of the West. Many mines could not open up with a price of 77.57 cents an ounce for silver; but some of them did very well.

It came to the attention of those interested in metallic mining, as distinguished from coal and iron mining, in December 1937, that it was the intention of the Secretary of the Treasury to cut the price of silver down from 77.57 cents to 64.64 cents an ounce. Men in the mining States met, the Governors of seven States met, and they sent to the Secretary of the Treasury letters, resolutions, and telegrams, with the accompanying proof, of mine operators, miners' unions, civic associations, and others, stating that if he cut the price down practically 13 cents an ounce many mines in the West would close and still more would reduce their capacity and hang on in the hope there would be a change.

Mr. Morgenthau testified before the House committee that he had asked expert advice and the experts had indicated that no such result would ensue. He referred to the Bureau of Mines in his testimony. Well, we had before our committee Dr. Finch, director of the Bureau of Mines, one of the ablest mining engineers and geologists of this country, who testified that his advice was never asked by the Secretary of the Treasury as to what would be the result of cutting the price down 13 cents an ounce, and that no one else in the Bureau of Mines was ever asked for advice. Of course, the Secretary of the Treasury asked the advice of someone. He picked up one of his brain trusters from New York and asked him whether or not the mining industry could stand a reduction of 13 cents an ounce, and the young gentleman, of course, said "Yes."

The Secretary of the Treasury was warned by the Governors of Western States, by all the mine operators, by the mining unions what would happen if he reduced the price. What has happened? The production of silver as a byproduct of lead, copper, zinc, and gold was 71,000,000 ounces in 1937, when the price was 77.57 cents an ounce. In 1938, when the price was 13 cents less, or 64.64 cents, the production was only 58,000,000 ounces. That falling off in production from 71,000,000 ounces to 58,000,000 in 1 year cannot be attributed to anything except the reduction of the price; there can be no other excuse.

What was the effect on employment? Dr. Finch, in his testimony, stated that in 1937 there were 57,000 men engaged in metal mining in 7 Western States. He did not know the figures for 1938, but he put in the RECORD a table from the Bureau of Labor Statistics with regard to those 7 States; and what did the table show? It showed that employment dropped off in 1937 from the index figure of 103.6 to 68 at the end of 1938. It showed that in 1937 there were 57,000 men employed in the mines, and that in 1938, with silver at 64.64 cents, there were only 34,272 men employed in the mines. That was a falling off of 22,728 men in 1 year in the metal mines in those 7 States.

It may be said that is not much of a falling off; but let us turn to the testimony of Dr. Finch. The fact was called to the attention of Dr. Finch that the statistical bureau of the University of Utah went into the statistics with regard to that State, and they solemnly found that over half of the people of the great State of Utah were dependent for their existence upon the miners, millers, and smelter people of the State of Utah—over half of them. They found that 17 persons depended for labor upon 1 man engaged in the mining, milling, and smelting industry in the State of Utah. In the State of Nevada more than 17 persons depend on every miner, miller, and smelting man; but take an average of 14 for those 7 States, and what is the result? We find that 318,000 persons were deprived of employment by reason of cutting down the price of silver from 77.57 cents to 64.64 cents; and Mr. Morgenthau was warned in advance by incontrovertible evidence what was going to happen. Three hundred and eighteen thousand persons were thrown out of work in those 7 States?

Were they put on the relief roll? It is a conservative estimate to say that 100,000 out of the number of 318,000 went on the relief roll. What did that cost the Government? The 100,000 men who went on the relief pay roll cost the

Government of the United States $900 each. That is the average cost. It cost the Government $90,000,000 to put them on the relief roll. Is that all? No. Those mines were paying corporation income tax to the Government. I have been trying to find out how much the Government lost in corporate income tax. I have not found out. Nearly all the States have a tax which is called a bullion tax. It is a tax assessed against the quantity of bullion produced—lead, copper, zinc, gold. How much did the States lose? Millions of dollars. What did the Government gain? They were getting 40 percent of all the silver produced, and they were so greedy that they wanted 50 percent. Forty percent of the bullion gave the miner 77.57 cents an ounce, and the Government took the rest; but the Government wanted more, so they reduced the price 13 cents so as to get 50 percent of all the bullion that the miner produced; and how much did they make by the transaction? They had 40 percent of 71,000,000 ounces in 1937, and they got 50 percent of 58,000,000 ounces in 1938. They made less than $2,000,000 in what is called seigniorage by pinching $2,000,000 more out of the miners of this country, and they threw 318,000 persons out of employment; and of that number of 318,000, conservatively 100,000 went on the relief roll at a cost of $900 each, or $90,000,000. The Treasury lost the income tax of all those mines and the States and the counties lost their bullion taxes.

I say that Mr. Morgenthau had presented to him in December 1937 conclusive proof as to what would happen. In spite of that, instead of even asking the Bureau of Mines, their expert institute, instead of asking Dr. Finch, who had been an operator of mines all his life, he did not go near that Bureau. He consulted some brain truster there and said, "Do you think it will result that way?" and he said, "No."

The President is not to blame. Obviously he cannot investigate all these things; but Secretary Morgenthau is to blame.

Let me go on a little further and tell you the difference between a mining country and an ordinary industrial country. It is estimated that in every industry there are four or five persons depending as auxiliaries on each person employed in the industry. In the West the condition is different. Take the case of Utah: Utah has no farming except the small amount of farming which is found on irrigation projects. Its industries are mining, milling, smelting, and the stock-raising industry. So it is in my State of Nevada. When a mine closes down, there is no chance for anyone in the community to make a living. Several years ago, in the State of Nevada, at McGill, a smelter closed down until it could be rebuilt, and the mines had to close down during a period of 2 years; and there was not a single thing on earth that could support the 6,000 persons living in that vicinity—nothing. There was no farming there. The small amount of cattle raising that was done around there was in the hands of a few stock raisers. I saw that community drop down from 6,000 to 2,500 in 1 week. The women stayed there because there was nowhere to go, and their children stayed there because there was nowhere to go; and 2,500 men drifted around the country trying to find jobs somewhere as miners.

That was unavoidable. This thing was avoidable, and it is absolutely inexcusable. Yet the same Governors of these States met in March out in the West. They brought before that convention in Reno, Nev., mining experts, operators, and miners' union men from all over those seven States and took their testimony. Then resolutions and statements of facts were drawn up, adopted, and submitted again to Mr. Morgenthau, Secretary of the Treasury, in March, disclosing what had happened and what would happen. They said, "Not only will the condition be worse if you do not put the price of silver back to 77.57 cents but many mines which have been trying to run under a price of 77.57 cents will close. Our labor costs are going up. At 77.57 cents many of the mines were just drifting along the margin of expense. A mine will continue to run if there is hope for the future, even though operating at a loss, because frequently they will lose less by running, by pumping the water that will destroy a mine, than to close down.

When all this evidence had been presented to Mr. Morgenthau—it came in from every source in December 1937—he never even asked the Bureau of Mines for their opinions on the subject; but some brain truster in his Department, whose name is unknown, advised the President that nothing would happen.

Now, however, the Secretary has the facts before him, because in May I took down to his Department, as is shown by a letter which I put in the RECORD day before yesterday, the galley proof of the testimony, including the expert testimony, including the report of the Governors made in March; everything. He had the report of the Bureau of Labor Statistics that I have read here. He had Dr. Finch's testimony, which I have here in the hearings. I laid it all before him in galley form before it was printed in pamphlet form.

I did not hear from him for over a month. Then I received a formal letter acknowledging the receipt of my communication, and saying they were continuing to give study to the question.

Then I wrote him another letter, in which I asked him if the evidence I had submitted to him did not prove every fact I am stating today. I did not hear from him again for nearly a month, when I received another letter courteously acknowledging receipt of my last letter, in which I asked whether the evidence did not prove what I had stated. He acknowledged receipt and said they were still giving the matter study.

They are giving it study while the time is approaching when it is possible that these 22,728 men will remain out of work with more added. I asked him in March of this year to tell the mine operators out West what was going to happen on the 1st day of July so that if they had to close down on the 1st day of July they could tell their men in advance to get ready to find something else, because they would not be able to run the mines. He said, "No, that will give speculators a chance. I do not want to give speculators a chance." I said, "Will not the speculators have the same chance on the 1st day of July as they would have on the 1st day of April? If the facts are encouraging, stocks will go up; if they are discouraging, they will go down."

Today I am receiving telegrams and letters from all over the West announcing that mines are closing down—that the big mine, the Tintic Standard mine, in Utah, has reduced its capacity three-quarters because the smelters will not pay even the 64.64 cents an ounce at this date because of the rules and regulations, as they say. If the price of silver is not raised on the 1st of July, the Tintic Standard, which has been hiring 1,000 men, will close down. It is not going to hurt the Tintic Standard so much, not the mine itself, but tell me what the thousands of persons dependent on that mine are going to do.

Understand, mining people are different from others. Mining is an expert occupation. Go out into the West some day and see one of these old ghost camps about which you have read. You will see 100 men and their wives and two or three hundred children living there, not a mill running and not a smelter running, and you wonder why they stay there—you wonder why they live there. Well, while those mines were running, these men built their homes; their children have been born there; their schools are there; they know no other home. The mines have stopped operations, but they leased them to the men who were working in them. They say, "Go into the mine, find little columns here and there which we left out, find little stringers of ore we could not mine on a mass scale, and we will let you take what you can in the way of the lowest kind of ore." So they have lived there, as has been the case in the Comstock mine, for 30 years, without mining operations, until 2 years ago—living there because they loved those places as home.

In April 1935, when the price of silver was made 77.57 cents, the lessees could find more pay ore. The result was that all the lessees went to mining again, and in 1937 they and little companies produced 500,000 ounces of silver, at lower wages, to be sure; they were not making high wages, but they were living in their own homes, with their children going to school. Then, when Mr. Morgenthau advised the President

to cut the price of silver 13 cents an ounce, every activity in the Comstock ceased. There is nothing doing there now; 500,000 ounces in silver was produced in 1937; nothing in 1938.

I am making this statement to my colleagues because only a few of the Members of the Senate understand what the mining industry is. I know that many Senators have the idea that a mine is a rich thing. Yet I have produced the proof—from departments of Government, from the Bureau of Labor Statistics, and the Bureau of Mines—showing that 318,000 people have been thrown out of employment in 7 States—that at least $90,000,000 has been lost if a third of those people went on the relief rolls; the Government has lost the taxes which were coming in—the corporation taxes; the States have lost the bullion taxes; and the counties have lost their local taxes. That is the situation.

Mr. President, are we getting any encouragement now? The Department has had the proof, but there has been no encouragement for 318,000 people.

Mr. BORAH. Mr. President, will the Senator yield?

Mr. PITTMAN. I yield.

Mr. BORAH. The Senator speaks of the immediate losses, which he has pictured; but those losses have spread out into the community, especially where there are agricultural communities, to the farming sections of the country, and have increased the losses in those parts of the country until they almost equal the immediate losses of which the Senator has spoken.

Mr. PITTMAN. Of course, that is true, and it has been found by the statistical bureau of the University of Utah that half the people of the State of Utah are entirely dependent on mining.

On the reclamation projects the people depend more on their own market than on exports. They cannot depend on exports. When a mine is running, and the smelter and the mill are running, they take their product to the people in the towns, and those people live on it. Yet I hear some of my friends around the Senate who know nothing about the mining situation expressing wonder as to why we are so serious.

In the sections to which I am referring the people have really only two occupations—one mining, the other stock raising. The few reclamation farmers do not mean much.

I hear those who do not understand trying to bicker with us over 5 cents or 6 cents, but in reality they are bickering with 318,000 human lives in seven States.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. PITTMAN. I yield.

Mr. BARKLEY. I happen to be one of those who do not know much about silver, and the questions I am about to ask are prompted purely by a desire to secure information.

Is the present program for the purchase of silver by the Treasury at the price of 64.64 cents per ounce, which expires, as I understand, on the 30th of this month, carried on under the Silver Purchase Act of 1934 or is it carried on under the Thomas amendment to the Agricultural Act?

Mr. PITTMAN. Under the Thomas amendment to the Agricultural Act.

Mr. BARKLEY. Which also expires, I believe, on the same day.

Mr. PITTMAN. Yes.

Mr. BARKLEY. So that if the present proclamation shall expire on the 30th, and the Thomas amendment, under which it operates, shall expire on the same date, then the Treasury, without any new legislation, would be relegated to the Silver Purchase Act of 1934?

Mr. PITTMAN. That is correct.

Mr. BARKLEY. Which is not mandatory, as I understand.

Mr. PITTMAN. That is correct.

Mr. BARKLEY. At the time the price of about 77½ was put into effect by Presidential proclamation, or by order of the Treasury—and I understand that all these monetary decisions are reached with the approval of the Treasury—what was the market price of silver, or what we call the world price? Does the Senator recall?

Mr. PITTMAN. It was approximately 75 cents an ounce, or somewhere around that.

Mr. BARKLEY. It went up a little while after that, I believe, to 80 cents?

Mr. PITTMAN. It went up to 80 cents for about 3 days, long enough for Secretary Morgenthau to break it down.

Mr. BARKLEY. And it has gradually gone down, until it is now about 40 cents?

Mr. PITTMAN. It has not gradually gone down; it went down pretty fast, and is held at about 40. Morgenthau fixes the price at any figure he chooses.

Mr. BARKLEY. That is brought about as a result of the fact that he is purchasing large quantities of silver outside of the United States?

Mr. PITTMAN. Yes.

Mr. BARKLEY. Suppose he should cease purchasing silver outside the United States, for which he is paying 43 cents an ounce; what would be the effect on the world price?

Mr. PITTMAN. I think it would drop to 25 cents an ounce, the lowest it ever was.

Mr. BARKLEY. The world price now being somewhere in the neighborhood of 40 cents, and the Treasury paying 43 cents, and paying for domestic silver, all the production of which it is required to purchase, I believe, at 64.64 cents, what I am trying to get in my head is, if the program now being carried out, under which the Treasury is purchasing all of the American silver at 64.64 cents, and a large quantity of foreign silver at 43 cents, should lapse in 1 more week, and the Secretary of the Treasury should then be forced to operate, if he operated at all, under the Silver Purchase Act of 1934, under which he may or may not purchase silver, either foreign or domestic, and at any price he sees fit to pay, what would be the effect on the price of silver in this country, and what would be the effect on those who are interested in the silver industry?

Mr. PITTMAN. Mr. President, I shall try to tell the Senator from Kentucky. It would seem that he is trying to place me in the same position in which Hitler placed Chamberlain at the time of the Munich conference.

Mr. BARKLEY. Mr. President, I have no umbrella.

Mr. PITTMAN. The Senator has everything except the umbrella.

Mr. BARKLEY. I can look forward, and I think we can all look forward to the possibility of that situation developing.

Mr. PITTMAN. We in the West have suffered a great many times from relying on administrations, and we are not going to rely on administrations now, but shall rely on Congress. Let me say that I have voted for every farm relief bill that has ever been put before Congress. I realize that the farmers of this country could not make a living on the prices now received for their products. I could not see why the Government should allow the property of those people to be foreclosed, and to lose their property and be put out on the streets or out on the roads, no matter what the cost of saving their property was, and I have voted for billions of dollars in the form of bonuses for the farmers of the United States because of the necessities of the situation. Only a few days ago I voted for a billion and a half dollars act merely for bonuses for farmers, because I did not want them thrown on the roads of this country.

I expect Congress to do the same sort of thing for the mining industry. I am not at all frightened by what is going to happen on the 1st day of July. If on the 1st day of July, silver goes to 25 cents an ounce, our people can stand it. They can stand it, and they will stand it. They will be thrown on the roads of this country just as they were thrown on the roads by Mr. Morgenthau last year. There will be more thrown on the roads this year. But we will not yield the principle, we will not permit ourselves to be bulldosed constantly by any such argument from any department of the Government. The argument does not appeal to me at all. I trust Congress, and I have no fear that when it knows what is right in this matter Congress will do the right thing and obviate the need for us to be mendicants.

Mr. BARKLEY. Mr. President, I hope the Senator does not mean by that remark that I am trying to frighten him or trying to bulldose him. I am not a bulldoser, and I am not trying to frighten him. I assume that the Senator is not directing his remarks to me, because even if I had the desire to frighten the Senator, I do not have the power to do so.

Mr. PITTMAN. The Senator asked me what I thought would happen in certain contingencies. I thought the Senator had a point to make about it.

Mr. BARKLEY. I have. I should like to know what would happen if the whole program should lapse.

Mr. PITTMAN. I know what would happen.

Mr. BARKLEY. The Senator referred to the farm program and I grant that he has cooperated in that farm program. I suppose his State is also interested in that program.

Mr. PITTMAN. We raise no wheat, we raise no cotton, we raise no corn.

Mr. BARKLEY. The West generally is interested. Perhaps the Senator's State is not so largely interested in the farm program.

Mr. PITTMAN. Most of the mining States are interested in the farm problem to a lesser extent than other States.

Mr. BARKLEY. Will the Senator please inform me on one point? A subsidy, if that is what we should call it, is being paid by the Government for domestic silver, in that the price is about 24 or 25 cents higher than the world price. Can the Senator tell us in what respect that corresponds, either below or above, with the artificial price which has been injected into the farm situation by carrying out the farm program? In other words, can the Senator tell us how the 64½-cent price which the Government pays for domestic silver, when it could get silver in the markets of the world for about 40 cents, compares with what the Congress is doing for the farmers? I ask that so as to ascertain whether, after all, what the Government is doing by way of keeping the price above the normal price of farm products is any more than what it is now doing for silver in the matter of the price which is being paid for it.

Mr. PITTMAN. The normal price of silver is $1.29 an ounce.

Mr. BARKLEY. That is the monetary price.

Mr. PITTMAN. I am going to prove to the Senator that it is the normal price.

Mr. ADAMS. Mr. President, will the Senator yield?

Mr. PITTMAN. I yield.

Mr. ADAMS. Will the Senator please make it clear to the Senator from Kentucky what the actual fact today is, that the silver miner takes to the mint a certain quantity of silver, and the mint gives him back only one-half of the silver which he brings, and keeps the other half, and that the Federal Government does not pay one single cent of subsidy.

Mr. PITTMAN. I shall try to do that.

Mr. BARKLEY. That has been referred to here by others as a subsidy.

Mr. PITTMAN. I wish to enlighten the Senator on that point.

Mr. TOWNSEND. Mr. President, will the Senator yield?

Mr. PITTMAN. Let me complete my answer to the Senator from Kentucky, and then I shall yield to the Senator from Delaware.

In February 1793 we created a monetary system in which we established bimetallism. We established the gold dollar. We established the silver dollar. The contents of the gold dollar was reduced slightly before the last reduction, but the silver content of the silver dollar has never been reduced. Its content is 371 grains of pure silver. But the price of silver in the world at that time was above $1.29 an ounce; 371 grains would sell for more than $1. So there was no minting of silver until in 1835. Then the foreign price of silver fell down to $1.29 an ounce, and we started to coin silver money in this country, and coined both gold and silver, I think until 1873, during which period wheat was selling for $1.60 a bushel and cotton was selling around 30 cents a pound. Prior to 1873 the farmers of this country were prosperous. In 1873 an amendment was slipped into the coinage measure by which was stricken out the legal-tender character of the silver dollar. It was no longer legal tender. It was not money.

Mr. BARKLEY. Mr. President, I recall as a boy listening to the campaign orators in 1896, and that was then referred to as the "crime of '73."

Mr. PITTMAN. I appreciate the Senator's statement. It was so referred to. Then all the statesmen in this body were sorry at the mistake that had been committed. It was admitted that it was an error. Then we had the Bland-Allison Act, by which it was agreed to buy 4,000,000 ounces of silver a month, and then a little later on it was agreed to buy not less than $2,000,000 and more than $4,000,000 worth a month, but no more than $2,000,000 worth a month was bought. But from the beginning of our Government until the monetary character of silver was legislated out of existence, the value of silver was either at the normal price of $1.29 an ounce, or above that in the world, and when it was above it we did not coin silver.

This Government ever since has legislated in every way on earth against silver as money, and yet it is full legal tender in this country today. Your silver coins are all full legal tender. Your silver certificates are all full legal tender. And no one has ever refused to accept one, nor has it ever gone below par in this country.

Congress came to the rescue of the war greenbacks. Silver was put back of the greenbacks and they went to par, and they are at par, and a lot of them are in circulation in this country.

As to what the par value of silver is, what does the Government do? Does the Government say that the silver they take from the miner is nothing but a commodity? Oh, no. They have said already that it is full legal tender when issued. And what do they do? They issue silver certificates for one-half of the silver bullion and they take the rest of the silver bullion and deposit it, subject to provisions of the law, and may issue certificates against it.

The Government has paid the miner half the value, or rather for half of his silver, which is the same thing, in silver certificates, Government money, and have taken the other half as profit, and put it in the vault, and the Government has the power of issuing all of it at $1.29 an ounce.

Mr. BARKLEY. Mr. President, will the Senator yield there?

Mr. PITTMAN. I yield.

Mr. BARKLEY. Suppose I am a miner of silver; I have a thousand ounces and I take the silver to the Treasury. I get back then, if I correctly understand, silver certificates issued by the Treasury for 500 ounces. I take that money back home with me, and do as I please with it. It is legal tender, and I can spend it where I want to. The Treasury keeps the other 500 ounces, and it may issue the same sort of silver certificates against that silver, I suppose.

Mr. PITTMAN. Yes; the Treasury is authorized by law to do that.

Mr. BARKLEY. Can the same sort of silver certificates be issued against that silver that the Treasury issued to me? Are they on the same terms? Are they identical?

Mr. PITTMAN. They are identical.

Mr. BARKLEY. The Government does not have to do it but it may do it?

Mr. PITTMAN. It may do it.

Mr. BARKLEY. It may do so any day it wants to. When it takes my 500 ounces, that is what is called seigniorage, I believe.

Mr. PITTMAN. Yes; seigniorage.

Mr. BARKLEY. I never fully understood that word, but it means the Government's share.

Mr. PITTMAN. Yes.

Mr. BARKLEY. So long as the Government keeps the silver, of course, it is frozen in the Treasury; but if it issues silver certificates, they go into circulation.

Mr. PITTMAN. That is correct.

Mr. BARKLEY. Through what method?

Mr. PITTMAN. Through paying the debts.

Mr. BARKLEY. Paying Government obligations?

Mr. PITTMAN. Yes. That is what ought to be done now, instead of borrowing money.

Mr. BARKLEY. I do not know how much silver the Government has; and I do not know how much of the debt would be paid if it were all issued.

Mr. PITTMAN. I can tell the Senator.

Mr. WILEY. Mr. President, will the Senator yield?

Mr. PITTMAN. I yield.

Mr. WILEY. Does the same arrangement apply to foreign silver? Suppose I bought foreign silver at 40 cents, and bought domestic silver at a higher price?

Mr. PITTMAN. The same thing would apply.

Mr. WILEY. If I bought foreign silver and sold it to the Government, the Government would make an additional profit?

Mr. PITTMAN. Yes.

Mr. WILEY. The Government would make more profit on foreign purchases?

Mr. PITTMAN. The Government would make more profit on foreign purchases. Today the Government has on hand silver stocks of 2,716,000,000 ounces in seigniorage profits. The Government has already made a seigniorage profit on that silver of about $1,143,000,000.

Mr. TOWNSEND. Mr. President, will the Senator yield?

Mr. PITTMAN. I yield.

Mr. TOWNSEND. Is it not a fact that the Secretary of the Treasury has full authority to purchase all silver up to a price of $1.295?

Mr. PITTMAN. He has.

Mr. TOWNSEND. He has full authority to fix the price.

Mr. PITTMAN. And he will have full authority to fix the price, even though the Adams amendment is adopted. That authority is in the law.

Mr. TOWNSEND. I think it is in the law.

Mr. PITTMAN. Absolutely. The Secretary has full authority to fix the price on both gold and silver.

Mr. TOWNSEND. The Adams amendment applies only to further depreciation of the amount of gold in the gold dollar.

Mr. PITTMAN. That is all. It does not make any difference whether the bill is passed or not. The Secretary still has the authority to fix the price.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. PITTMAN. I yield.

Mr. BARKLEY. As I understand the Senator, the difference is that until the 1st of July, under the Thomas amendment, under which the Secretary is now operating, he is compelled to buy all domestic silver. He may buy any quantity of foreign silver; but, as I understand, he is not compelled to buy any particular quantity of foreign silver.

Mr. PITTMAN. No; he is not compelled to buy anything.

Mr. BARKLEY. He is compelled to buy all domestic production.

Mr. PITTMAN. No; he is not compelled to buy all domestic silver. Under the act he is authorized to fix the ratio between gold and silver, and to coin silver at that rate.

Mr. TOWNSEND. He is authorized to fix the price absolutely.

Mr. BARKLEY. After the 1st of July he would be authorized in his discretion to fix the price and the quantity that he would purchase.

Mr. PITTMAN. He is required to do so solely under the proclamation of the President.

Mr. BARKLEY. I understand that; but that proclamation is now issued under the Thomas amendment.

Mr. PITTMAN. I understand; but the Senator says that under the law he is required to do it. He is authorized to do it. Unless the President issues a proclamation he does not do anything.

Mr. BARKLEY. Of course, the President's proclamation is based upon the law. The Secretary of the Treasury follows the President's proclamation.

Mr. PITTMAN. That is correct.

Mr. TOWNSEND. He has the authority without the President's proclamation.

Mr. PITTMAN. The authority of the President is to fix the ratio between gold and silver, and to coin silver at that rate. The Secretary can only pay a higher price for domestic silver under Presidential proclamation.

He could buy American silver under the Silver Act at the world price.

Mr. WILEY. Mr. President, will the Senator again yield?

Mr. PITTMAN. I yield.

Mr. WILEY. Does the Senator intend in his argument today to take the position that Congress ought to reclaim its constitutional right instead of delegating the power to the President?

Mr. PITTMAN. I think it ought to be done; and I am willing to trust Congress in this matter. I am not willing to trust the Secretary of the Treasury. That is a plain statement. I do not know what the view of Congress will be after we get through with this matter; but I want to make clear, as nearly as I can, the view of those of us from the West. Then whatever is done in the matter I will bow to it, of course. I would rather have Congress do something than to be in a situation in which, for 6 months at a time, we do not know what is going to happen during the next 6 months. That is the situation in which we now are.

Mr. WILEY. My position—and I take it the Senator agrees with it—is that under the Constitution it is the business of Congress to attend to this very item.

Mr. PITTMAN. I think it is.

Mr. WILEY. There is still a constitutional question, is there not, as to whether or not we have the right to delegate that power to the Executive?

Mr. PITTMAN. I do not know whether or not the question has been passed upon. A slightly different question was involved in the decision of the gold cases.

Mr. ADAMS. Mr. President, will the Senator yield?

Mr. PITTMAN. I yield.

Mr. ADAMS. The Senator may have covered the point; but I wish to call his attention to the fact that in the asset statement of the Treasury the seigniorage appears as an asset. The statement shows that during the fiscal year 1939, $21,700,000 was entered as a seigniorage asset; and for the fiscal year 1938, $35,241,000. This month $2,181,000 has been entered as seigniorage. The seigniorage is entered upon the books of the Treasury as an asset. I am reading from the statement of June 21.

Mr. PITTMAN. It is entered as an asset; and it has gone into the general fund and has been spent. That is all there is to it. It is not kept in a separate account. It goes in as an asset.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. PITTMAN. I yield.

Mr. BARKLEY. Before the Senator leaves that point, will he permit me to ask him concerning the question asked by the Senator from Wisconsin [Mr. WILEY]?

Mr. PITTMAN. Yes.

Mr. BARKLEY. The Senator from Wisconsin raised the question of the authority of Congress to delegate to the President the power to fix the value. As I understand, that point is not involved in the question which has been raised by the Senator from Nevada. The right of Congress to coin money and regulate the value thereof is one thing. The policy of Congress in fixing by law what the Treasury shall pay for silver is another thing, as I understand. There may be some relation between the two, but they are not dependent upon each other.

Mr. PITTMAN. The act does not authorize the Secretary to buy silver. It authorizes him to coin silver. Let me relate some of the history of the matter.

At the time the President was determining how much seigniorage to charge for coining he had two professors at the White House. One of them was Professor Warren and the other was Professor Rogers. They were trying to do just what the Senator has in mind. That is, they were trying to find out what was the normal price of silver, and

what should be paid for silver. Unfortunately they did not start from the same point or end at the same point. Rogers had a curve which ended at 50 cents, and Warren had one which ended at 40 cents. I could not understand why these two distinguished men could not agree, but they could not. So I suggested to the President that he take half the silver as seigniorage and give the miner half, going into partnership with the miner. The idea of going into partnership with the miner appealed to the President. That meant 64.64 cents an ounce, or half of $1.29.

The law did not anticipate the purchase of silver. It anticipated the coinage of silver at a monetary value of $1.29, and taking part of it as seigniorage, for the cost of the transaction. The seigniorage for the cost of the transaction should have been 1.1 cents for each silver dollar, because that is what it costs to mint it, but the administration got into the habit of thinking it was buying silver when it was not. It was coining silver under the Coinage Act. Now we are talking about buying.

As a matter of fact, the administration is coining silver dollars out of this silver and circulating them at a value of $1.29 an ounce, because there is only three-quarters of an ounce of silver in a dollar. The silver dollars are actually being handed to the people of the country as full legal tender coin, and the Government has a right to hand out its own seigniorage at the same rate. The transaction results in an outrageous profit.

If we took the wheat of the farmers of the country and gave them half the value of it, the Government taking a profit on the other half, we should never hear the end of it. If we took hogs, chickens, or anything else and used them for legal-tender money and gave the producer only half, the Government taking the other 50 percent as profit, nobody would ever stand for it. The Government of the United States cannot, under an act of Congress, circulate the silver as full legal tender at the rate of $1.29 an ounce, with the right to circulate its seigniorage at the same value, and say that the transaction is a transaction in commodities. It is not. It is a monetary transaction. There is no excuse whatever for it.

I ask unanimous consent to insert in the RECORD at this point a statement of the total purchases of silver. It shows the silver purchased abroad, the silver purchased at home, and the seigniorage. It shows the number of ounces on hand, the number of silver certificates issued, and the whole transaction. Anyone can look at the statement and see just what is happening.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

1939

Apr. 30	Total gold stock	$15,790,500,000	*Ounces*
	Silver required	5,260,000,000 @ $1.29 =	4,070,000,000
	Total silver stock		2,716,000,000
	To be purchased		1,354,000,000

Silver purchased 1934—April 1939	Total ounces (millions)	Total dollars (millions)	Cost per ounce (cents)
Newly mined domestic	273.0	198.4	72.7
Nationalized silver	113.0	56.5	50.0
Foreign silver	1,648.9	869.3	52.7
Total silver purchased (cost)	2,034.9	1,124.2	55.25
Total coinage value	2,034.9	2,630.9	129.29
Seigniorage	2,034.9	1,506.7	74.04

	Federal Reserve notes	Silver certificates
1939, Apr. 30	$4,736,362,500	$1,639,866,878
1933	3,349,806,750	496,406,296
Total increase	1,386,555,750	1,143,480,582

Monetary stocks of gold and silver

[In millions of dollars. On basis daily Treasury statements, revised]

	Gold ($35 per fine ounce)	Silver per fine ounce		Ratio of silver to gold and silver in monetary stocks	
		At $1.29	At $2.18	At $1.29	At $2.18
1934	7,856.2	898.2	1,502.6	10.3	16.2
1937	12,318.3	2,542.1	4,303.8	17.2	25.3
1938, July	13,017.4	3,102.9	5,253.2	19.2	28.7
1939, January	14,681.7	3,404.8	5,764.3	18.8	28.2
1939, April	15,790.5	3,511.7	5,945.3	18.2	27.4

Mr. PEPPER. Mr. President, will the Senator yield?

Mr. PITTMAN. I yield.

Mr. PEPPER. Will the Senator be kind enough to tell us the relationship between the gold coin and the gold actually in the coin, so far as its present market value is concerned, and how that relationship compares with the relationship with respect to the silver coin and the present value of the silver in the coin if it were coined as the Senator suggested?

Mr. PITTMAN. When gold was $20.67 an ounce, it was $20.67 an ounce all over the world. But when Great Britain reduced the ratio of the pound to our dollar, and at the same time said that instead of a pound sterling buying 112 grains of gold it could buy only 75 grains of gold, then the pound sterling was depreciated by raising the gold. On the other hand, if 75 grains of gold would buy a pound sterling, then gold was worth more than $20.67, because when it was worth $20.67, 112 grains were required to buy a pound sterling. But when the pound sterling was reduced only 75 grains of gold were required to buy a pound sterling. When we had 25 and a fraction grains in the gold dollar, one of our paper dollars would buy that much gold. Therefore, that paper was worth, relative to gold, 25 and a fraction grains of standard gold. When we fixed it so that 15 and a fraction grains of gold could buy a dollar that gold was worth more than $20.67; it was worth $35. The $35 that we pay in the market for gold is its valuation with reference to our dollar today, and it is its value in relation to the pound sterling today; it is the value in relation to the franc today. Measured by the amount of paper money, legal-tender money, it will buy in the United States and in England and in France, it is worth $35 in either one of those three moneys. The ratio today between the pound sterling and the dollar is approximately $4.86, which is what it was before both countries depreciated.

Mr. REED. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Kansas?

Mr. PITTMAN. I yield.

Mr. REED. May I suggest to the Senator, who is an authority upon monetary questions, that he might inform the Senator from Florida that there is but one free gold market in the world, or there was, and that is London, and that there is a slight fluctuation in what may be called the price of gold in a free gold market which does not exist so far as the monetary quality of gold is concerned. Is that a correct statement?

Mr. PITTMAN. Yes; but, in the long run, the value of gold is determined by how much currency of certain countries such as Great Britain and the United States it can buy; that is exactly what it is measured by. In other words, no one would sell gold for less than $35 when he could buy with it $35 of currency in the United States. That is the measure of it. It is measured both ways. There is a fluctuation, but it is a slight fluctuation. They have a free market for gold in London today, of course. They did not do what we did. Their measure of the pound sterling was silver—20 shillings to a pound—and 20 shillings still constitute a pound.

Mr. REED. Mr. President, will the Senator yield further?

Mr. PITTMAN. I yield.

Mr. REED. I want to confirm, out of my slight knowledge of the question, what the distinguished Senator from Nevada has just said, that the British pound sterling got its name because it was based upon the value of silver and not of gold.

Mr. PITTMAN. That is so. The British did not depreciate their gold as we did, because they did not have any gold coin to depreciate. They depreciated in the same way by saying that they would not pay gold for a pound sterling in the same amount, but they would give 40 percent less gold for the old pound sterling of 20 shillings. It had exactly the same effect. It has been said that Great Britain never depreciated her gold, but she did appreciate her gold by providing that a pound sterling could not purchase 112 grains of gold, and it had exactly the same effect that devaluation had in this country, except that we had a unit called a dollar and they had a unit called the pound sterling made up of 20 silver shillings.

So, in the long run, it is the same thing. Our money here today will buy just as much in Great Britain and France as it would ever buy. Today we can buy with our degraded money more farm products than we could buy when we were on the gold standard; we can buy more farm products with our cheap dollar, as it is called. It has been depreciated 49 percent but, in spite of that, we can buy more farm products, and the same amount of labor that we could buy when the gold dollar had 25 grains in it. That is why the Supreme Court in one case held that claimants could not recover any damages because they could not show any damages.

Mr. PEPPER. Mr. President, will the Senator yield?

Mr. PITTMAN. I yield.

Mr. PEPPER. What is the value of the silver that is in a silver dollar, if the Senator will pardon a puerile question?

Mr. PITTMAN. An ounce of silver today in the world market is worth about 43 cents; there are three-fourths of an ounce of silver in a silver dollar; so three-fourths of 43 cents would be about the value of the silver in a silver dollar, if melted into bullion.

Mr. PEPPER. What is the value of the gold that would be in a $5 gold piece? Is that $5 in value?

Mr. PITTMAN. It is $5 in value.

Mr. PEPPER. Are the market value and coinage value the same?

Mr. PITTMAN. Its intrinsic value is $5 because it happens that the world price today is, as I recall, $5; but, upon the other hand if gold throughout the world should drop to the old price of $20.67, gold would be in the same fix that silver is now in; it would have an intrinsic value as bullion of only 49 percent. At the present time, however, it happens that the world price of gold is practically $35 an ounce.

Mr. DAVIS. Mr. President, will the Senator yield?

Mr. PITTMAN. I yield.

Mr. DAVIS. What does it cost to produce an ounce of silver in a modern mine?

Mr. PITTMAN. In 1918 there was created by the Senate the Commission of Gold and Silver Inquiry. At the instance of that Commission one of the ablest engineers in the United States went all over the mining section to try to ascertain what it costs to mine silver. In one mine the cost is much less than in another mine. The quantity of silver produced in one mine is greater than in another and the overhead less. Mr. Morgenthau testified, I have heard, before some committee that it was 50 cents an ounce. We had experts of the Bureau of Mines before the silver committee who said it was impossible to fix the price of producing an ounce of silver, that it could not be done. In the hearings are figures which give the cost as nearly as it can be ascertained. There is what we call a high-grade silver mine operating in the State of Nevada. It is the Desert Silver Mine. There is nothing in the ore of that mine, it so happens, except silver. Therefore, the costs do not have to be apportioned. The mine contains what is called high-grade ore, running 14 ounces of silver to the ton. Fourteen ounces of silver to the ton is what we call high-grade ore, because rarely are 14 ounces found in a ton of rock. We do not know why, but God did not put as much as 14 ounces of silver in a ton of rock; in other words, there is less silver than iron. So 14 ounces of silver to the ton of ore is what we term "a high-grade mine." There is a mill at that mine, and the mine is under excellent management. They have no water to contend with; they have cheap electric power; they are down only 600 feet under the ground. There is a statement regarding this mine in the hearings Senators may read. The average cost of this high-grade mine, working under the most advantageous conditions, according to a year's cost balance sheet, was 70 cents an ounce. What did they make in the way of profit on the investment of several hundred thousand dollars? Their profit was $10,000.

Here is an ideal mining property, mind you, Mr. President; it is the cheapest in the world, because there are no base metals in it. Where lead, zinc, and copper are mixed in the ore it has generally to go through a smelter, through a fire process, and the ore has to be transported by rail. Here is a cheaply mined property, a high-grade mine, and the balance sheets, placed in the hearing, show that the cost of producing silver was 70 cents an ounce, and the company wound up at the end of the year with $10,000 to the good.

That comes as near as anything I have ever seen on which the price of an ounce of silver could be based. The Bureau of Mines says it is impossible to fix the price. In the case of the mine referred to, operating under ideal conditions, the price was 70 cents, and in that instance the cost could be counted. When the silver is mixed with lead and zinc and copper, so that it has to go through firing processes, the price cannot be fixed.

Could the mine to which I have referred afford to operate at 70 cents an ounce and make only $10,000 on several hundred thousand dollars of investment? It would be merely foolishness. Yet that is an ideal mine, a high-grade mine. If it cannot run, I should like someone to tell me how other mines can run.

I am tired of the question of a bonus. It is a monetary proposition. If the Government bought silver and sold it abroad in the open market of the world at 43 cents an ounce, I say that the Government would be giving the silver producers a bonus because they would be paying more than they could get for it; but the Government does not sell any of it abroad at the market price. It has the power to issue it at $1.29 an ounce, and it would be doing well by the people of the United States today if it would issue it, instead of borrowing money. The Government has actually the constitutional right to issue money, it is its duty to issue it, and it has it on hand. It has $700,000,000 of free gold on hand. Why should it not issue that money instead of borrowing $700,000,000?

Are Senators afraid of inflation? Let me say that every specialist, every expert who testified before our committee—and we have had magnificent hearings there for months, charts and all—testified that this country should have an irreducible minimum of $5,000,000,000 in currency. What have we? If the Treasury issued all of the silver they have, including that which they give to the miners, that which they have issued for the purchase price, and that which is already on hand, including dimes, halves, and quarters, the total silver currency in circulation in this country would be, according to the testimony of Mr. Morgenthau, only $3,600,000,000. We should still have a deficit of $1,400,000,000 if he issued it all. But he said, "We have the Federal Reserve notes, so we do not have to do it." But the Federal Reserve notes, according to the testimony of Mr. Morgenthau and Mr. Eccles, are reducible below $5,000,000,000. As a matter of fact, through the emergency sale of bonds in this country they could practically withdraw all the Federal Reserve notes.

The Senator from Oklahoma [Mr. THOMAS] the other day showed the Senate a chart of the circulating money in this country. We now have about $7,000,000,000 of circulating

currency all put together. Of that amount, nearly $5,000,000,000 of Federal Reserve notes, I say to you, can be withdrawn by the bankers of the country. They have the power to withdraw it.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. PITTMAN. Yes, sir.

Mr. WAGNER. The $7,000,000,000 now in circulation is a higher amount than we have ever had in the history of our country, is it not?

Mr. PITTMAN. Yes; it is a higher amount than we ever had before; and, according to the testimony of Mr. Eccles, not all of it is really in circulation. He testified that the Treasury Department in its report called in circulation everything that was not in the Treasury Department; but he said that, as a matter of fact, two-thirds of it was in the banks, not circulating. That is what is called "circulation."

Now, let me get off that subject for just a second.

Mr. BANKHEAD. Mr. President, has the Senator any information about how much of that circulating currency is in foreign countries?

Mr. PITTMAN. No; I have not. Mr. Morgenthau did not know where it was; but he himself testified that there was not that much currency in circulation, because it was somewhere out of sight. It was not there; but the bankers have the power to withdraw that part of the circulation, leaving in circulation today less than $2,000,000,000 of actual currency.

That is not all. We talk about inflation and being afraid of inflation. What would happen if we should actually coin all of the silver in the world, if we could get it all? We never have been able to get it all. When we were paying as high as $1.36 an ounce for silver, and above parity, India was buying silver at the rate of 60,000,000 ounces a year. They always buy as the market goes up. China was buying as the price of silver went up. We could not get it all to save our lives. The reason we got silver, as it was, was that we were not accepting many imports, and the only thing on earth that the people of India and the people of China had to buy with is silver. Silver was a necessity of life. It was their only export product, and they wanted the products of this country. We have charts here to show that our exports rose and fell with the price of silver. Of course they did, because the people of other countries could purchase more. We have charts here; we have the statement of the spinners of Liverpool that the reason why they cannot prosper is because the people of India cannot get a high enough price for their silver to buy cotton goods.

Speaking about inflation, perhaps you would like to have read some of the testimony on that subject. I think probably it would not hurt to read the exact words when we are dealing with the testimony of an expert.

Here is a letter to Mr. Trent, signed by Mr. Chester C. Davis, member of the Board of Governors of the Federal Reserve Board, and approved by Mr. Eccles when he was on the stand. He says, speaking of Federal Reserve notes:

> This means that $40,000,000,000 in currency—

Mark that; $40,000,000,000 in currency—

> might conceivably be issued without altering the requirements that the Federal Reserve banks must keep a reserve equal to 40 percent of their note liabilities.

Some persons are very much afraid of inflation with a little silver or a little gold; but Mr. Eccles approves this statement. Federal Reserve notes to the amount of $40,000,000,000 can be issued without relinquishing the 35-percent gold reserve. That is the statement.

Let me read the rest of it:

> But if the need should arise, even this requirement may be suspended by the Board of Governors, so that no hard-and-fast outside limit to note expansion can be fixed.

There is a power. They do not have to have the 35-percent gold reserve; but, having the 35-percent gold reserve, they can issue $40,000,000,000 of currency. And yet we hear talk about inflation!

I have said to you now that if today the Treasury Department carried out the law, and issued dollar certificates against all the seigniorage silver it has on hand, in addition to the certificates it issued as the purchase price, in addition to the actual silver in circulation before this transaction was started, we would have only $3,600,000,000 in that kind of currency; and that is practically the only currency we have outside of Federal Reserve notes, which may be cut off tomorrow or which may be expanded to $100,000,000,000. Which money is the better?

While we are passing on money, I think our refined bank-credit system may go to an extreme. I think the handling of this money by the Federal Reserve Board, which may go to an inflation of $100,000,000,000 in currency and may cut it down to the ground, may go too far. I have found that the Federal Reserve banks are wonderful in pyramiding credit in good times, such as we had in 1929, but that they are perfectly helpless to meet a depression. I would rather have some actual hard money hoarded in the pockets of the people, and in the houses, and in the floors, than to trust to all of it being in the banks of the country.

In 1872, when Bismarck, with the German Army behind him in Paris, refused ever to leave French territory unless the French paid him 5,000,000,000 gold francs, there were not 100,000,000 gold francs in all the banks in France together. They had used all the gold in the banks of France to buy ammunition and materials in foreign countries during the Franco-Prussian War. It was a hopeless situation. It was equal to a demand for absolute surrender of sovereignty. But no! The French Government called upon the peasants of France to bring in their gold, and they tottered in from every section of the country with gold coin in sacks. The peasants had had it hidden in the walls of their houses; they had had it in stables, beneath manure piles; they had had it hidden everywhere; and when the sacks were emptied in the treasury of France there were 5,000,000,000 gold francs in the pile.

I should not be surprised if it might relieve many a panic that we have in this country, which the banks do not seem to be able to handle, if we had some solid coins that the people could hoard, that they could put in safe-deposit boxes or in the walls and floors of their houses, so that when the banks of the country become impotent, as they have become impotent on many occasions, the people would at least have something. It might teach thrift, too.

In those days in France thrift was admired. Economy was admired. It was admired in this country until the doctrine started here, 8 or 10 years ago, that the way to have prosperity was to borrow and buy. The Senator from Wisconsin [Mr. WILEY] probably will incorporate that in his next speech. That policy originated under another administration. We have carried it out, though. We are still carrying it out.

Now let us see what Mr. Eccles has to say about currency inflation. He was before our committee. We are now having this volume bound for the use of the Senate. It is going to be a very valuable volume for all the Senators, because we not only have the testimony of experts like Mr. Eccles and Mr. Morgenthau but we have the testimony of bankers from New York, and we have charts showing the curves and showing what is happening. But let us see what Mr. Eccles has to say:

> The CHAIRMAN—

I was the chairman of that meeting—

> When the gold reserves were very high you increased the bank reserves to a maximum, but when they got still higher you reduced them.
>
> Mr. ECCLES. At the time they were reduced it was, of course, at a point where, no matter what the excess reserves were, they would not do any harm; there was no credit expansion at all; there was a deflationary situation existing, and they could certainly do no harm.

In 1937, when prosperity started and the bank reserves were small because we were having prosperity, he doubled the bank-reserve requirement. He admitted it was only psychological. He was afraid of a boom. Then, when he got his

depression, later on, and the reserves in the banks had increased, he decreased the requirements.

Let us see what he says about inflation:

The CHAIRMAN. What do you call "currency inflation"? Describe "currency inflation." I have heard the expression used quite a lot. I would like to know distinctly what it is.

Mr. ECCLES. To me it would mean where the supply of money—bank deposits and currency—in the hands of those that spend that money, is greater than a country's ability to produce the goods for the market. It would be a condition of overemployment, a condition of inability to produce the goods, so that the supply of money in the hands of those who spend it is in excess of a country's ability to supply the demands.

The CHAIRMAN. What would be the effect, then?

Mr. ECCLES. The effect would be the rapidly rising price level. It would be a diminution of the purchasing power of the dollar.

The CHAIRMAN. Has not the Government been striving apparently for 6 years to lower the purchasing power of the dollar and to raise the price level of commodities? That has certainly been the effort of our Government for 6 years.

Mr. ECCLES. Of course you speak of "the Government." It is difficult for me to say. There are different views with reference to it. There are some people in the Government, and I think practically everybody, felt that the prices should go up, it would be desirable to have higher prices certainly than they were in 1932, that the prices should bear certainly some relationship to fixed charges and debt structure. If it is possible to create that condition, I would think that was desirable.

The CHAIRMAN. As I understand you now, and I hope I do, the effect of currency inflation would be to raise rapidly price levels, isn't that true?

Mr. ECCLES. That is right.

He repeated that answer two or three times. When people speak of inflation, of course they refer to the German mark. There is such a thing as currency inflation. But let me call the attention of my colleagues, and particularly to the junior Senator from Wisconsin [Mr. WILEY], to whom I listened a few days ago with pleasure, there has never been an inflation, like that which occurred in Germany, and in France, and in other countries, which had any relationship whatever to metal. No country that has tied its currency to metal—gold or silver, or both—has ever had inflation.

Mr. WILEY. Mr. President, will the Senator yield?

Mr. PITTMAN. I yield.

Mr. WILEY. I should like to have the Senator amplify that, if he will. Does he mean, in substance, that inflation in other countries occurred when their so-called currency was not backed up by metal in the hands of the government?

Mr. PITTMAN. That is the fact. The German inflation started in this way. The Germans naturally had exhausted practically all of their metal supply during the war. They can buy only with metal now, practically. Of course, they had to resort to the credit of the Government. As they issued more and more paper money, they grew fearful that they could not buy anything with the money, and the result was inevitable.

The inflation in France of the earlier days referred to by the Senator from Wisconsin was the same exactly. We came very near having the same kind of inflation during the war and after the war with our greenbacks, but we saved ourselves by putting both gold and silver back of them. The minute we put silver and gold back of the money we avoided inflation. That silver and gold is still behind the greenbacks, and the minute we put the gold back of the greenbacks—and it was not dollar for dollar—prices became normal and remained normal. No inflation I know of has had any relation to a metallic reserve.

When we look into the facts of the last French inflation, we find that France did not need to do what Germany did after the war, but the first thing they did was to decrease the gold content of the franc 80 percent, and they issued currency against it. That is the difference. They increased the value of the gold franc five times, but they issued currency up to that extent. The result was a boom in France. The taxicab drivers discovered that the money was deflated, and they began to charge more, costs ran up and up and up, and when Great Britain went off the gold standard and depreciated her currency, and when we went off the gold standard and depreciated our currency, France had the reaction, and has never gotten over it. But she did base her action on gold.

I have heard some of my friends here state that we have been terribly injured by the cutting off of some of the content of the gold dollar. The Supreme Court could not find the damage, and I have not been able to find it myself, because we can buy more products with the dollar today than we could before, and nobody can find out what the injury is.

Mr. LUNDEEN. Mr. President, will the Senator yield?

Mr. PITTMAN. I yield.

Mr. LUNDEEN. I wonder whether the Senator would care to enter into the question of the inflationary effect of the unlimited issuance of bonds? If that is not pertinent to the discussion, the Senator need not take the matter up.

Mr. PITTMAN. I really think that when the Government is selling bonds, it has a currency deflationary effect, because when banks buy bonds, they have to surrender Federal Reserve notes if demanded. That is exactly what we mean by open-market transactions. The Government can make bonds so cheap that banks and people will buy them, and when they do, Federal Reserve notes come in. Of course, when they buy bonds, they take the same notes and put them out again. That is the way I look at the question.

Mr. WILEY. That would be a different situation from issuing money without the backing of gold.

Mr. PITTMAN. I think so. I have not anything further to say on this matter, except that I do think there is a distinction between qualitative money and quantitative money. I do not think there is anyone who does not want good quality in his money, and I do not think there is any money that is qualitatively good that is not backed by gold or silver, or both, because for 2,000 years or longer those metals have been recognized as money, whether they go up or down. We can take a piece of silver or gold that is unstamped and go to any country in the world and buy something to eat or get a place to sleep. That is money, and has been for all time, although its value may vary.

The Federal Reserve note can be expanded to $40,000,000,000, as testified by Mr. Eccles, without disturbing the 35-percent requirement. If they desire to relieve themselves of the responsibility of the 35-percent gold requirement, they can issue unlimited currency. That is inflation that is very injurious and very desperate. They are selling bonds today, but if they wanted to they could issue Federal Reserve notes up to $10,000,000,000, and we would have that much paper money. That cannot be done with gold and silver, because there is but $700,000,000 of free gold, and by issuing all the silver they have in this country, they could not get out over $3,600,000,000 of currency.

Mr. WILEY. Mr. President, will the Senator yield?

Mr. PITTMAN. I yield.

Mr. WILEY. As I understand the Senator, he is discussing the question of the duty and obligation of Congress to fix the price of silver. Is that correct?

Mr. PITTMAN. Yes.

Mr. WILEY. There is no serious thought that we should by any act whatsoever decrease the metal content of the present silver dollar?

Mr. PITTMAN. I do not think so. It could be doubled in value if that were desired.

Mr. WILEY. I mention that because to me it seems very important from a psychological standpoint that the people of this country should realize that Congress is not once again trying to take the lid off the money content of the dollar, either in the case of gold or silver, because if the people think we are doing that, then we are just interjecting another element of fear into the situation, and I think fear is largely the cause of our inability to get back onto the highway again.

Mr. PITTMAN. I have considerable sympathy with that thought.

I shall close with this statement. Some of my friends have stated that there is nothing to the quantitative theory of money. Practically every political economist I have ever read sustains the quantitative theory of money. I think a study of the inflation of the mark itself proves the quantitative theory of money.

I believe some confuse the qualitative theory with the quantitative theory. None of us wants a changeable dollar, in a sense, but no matter how good the dollar is, if there were in this country today only a billion of currency it would be hard to get; we would have to pay more for it in goods than we would otherwise.

Let me illustrate. When I was in the Klondike in Northwest Territory in 1897 there was nothing we could use as money but gold dust. There was no currency. We had the gold dust in pokes in our pockets, and we paid it out. Everyone had gold dust in his pocket. That territory was a great mining district, but there were very few things to buy. I had the unfortunate habit in those days of using tobacco. I smoked it and chewed it. There was only one kind of tobacco in Dawson at that time and that was the kind owned by the mounted police. It was a little blackjack plug about this long [indicating]. I found one of those men who did not use tobacco, but had it allocated to him. Once a week I paid him an ounce of gold for a plug of tobacco. Why? Because we had plenty of gold, but we did not have plenty of tobacco. We paid a hundred dollars a sack for flour because gold was plentiful but there was not much flour.

One day a man came into town with a sled load of eggs. He had driven 500 miles to get there. We paid him an ounce of gold for one egg, because eggs were scarce.

There is no doubt on earth that the law of supply and demand applies to money just as to anything else. When we get it into our minds that products buy money as well as that money buys products, we can see the whole situation in life. At the time I speak of there was no question as to the qualitative character of the gold. That gold in Canada at that time was worth only $20.67 an ounce. The regular price of a plug of tobacco at that time was worth 25 cents in Canada, but not in Dawson.

I draw the distinction between qualitative money, which I stand for, and other kinds, and I do not trust any human intelligence to issue the amount of money they think is necessary. That is dependent entirely upon the human will. I do trust gold and silver, because for the last hundred years there has been no excess of production of gold and silver. Only 1,256,992,826 ounces of gold have been produced in all the world. Only 16,446,205,815 ounces of silver have been produced in all the world in all time. For 400 years we have actual count of it. Back in 1926, when the Finance Committee of the League of Nations met to examine the question of the production of gold, what did it find? It found that by 1932 the production of gold would fall below the demand for gold. The production of gold used to increase annually about 3 percent, and the increased demand was 3 percent; but in the great industrial age the demand for gold increased to 6 percent, and therefore the quantity of gold gradually fell. In 1932, according to that report, the production of gold did not meet the demand for gold, and the price of it had to go up.

Mr. President, that is all I have to say.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Nevada [Mr. PITTMAN] to the amendment of the Senator from Colorado [Mr. ADAMS].

Mr. THOMAS of Oklahoma. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Capper	Herring	Mead
Andrews	Chavez	Hill	Miller
Ashurst	Clark, Idaho	Holman	Minton
Austin	Danaher	Holt	Murray
Bailey	Davis	Hughes	Norris
Bankhead	Donahey	Johnson, Calif.	O'Mahoney
Barkley	Ellender	Johnson, Colo.	Overton
Bilbo	Frazier	King	Pepper
Bone	George	La Follette	Pittman
Borah	Gerry	Lee	Radcliffe
Bridges	Green	Logan	Reed
Brown	Guffey	Lucas	Russell
Bulow	Gurney	Lundeen	Schwartz
Burke	Harrison	McCarran	Schwellenbach
Byrd	Hatch	McKellar	Sheppard
Byrnes	Hayden	Maloney	Shipstead
Slattery	Tobey	Van Nuys	White
Smathers	Townsend	Wagner	Wiley
Taft	Tydings	Walsh	
Thomas, Okla.	Vandenberg	Wheeler	

The PRESIDING OFFICER. Seventy-eight Senators have answered to their names. A quorum is present.

Mr. BARKLEY. Mr. President, I wish to preface the request I am about to make by announcing that I shall ask the Senate to meet at 11 o'clock a. m. tomorrow.

I now ask unanimous consent that at not later than 12 o'clock tomorrow the Senate shall proceed to vote on the pending amendment.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Kentucky?

Mr. ADAMS. Mr. President, may I inquire of the Senator from Kentucky if he means the Pittman amendment?

Mr. BARKLEY. I refer to the amendment of the Senator from Nevada [Mr. PITTMAN] to the amendment of the Senator from Colorado [Mr. ADAMS]. That is the question on which the vote first has to come.

Mr. ADAMS. And does the Senator mean that the vote on the principal amendment is to follow the vote on the amendment to the amendment?

Mr. BARKLEY. Not at that hour. I think there may be a little more discussion on the amendment of the Senator from Colorado.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. THOMAS of Oklahoma. Mr. President, reserving the right to object——

The PRESIDING OFFICER. The Chair will withdraw his statement.

Mr. THOMAS of Oklahoma. The Senator from Kentucky [Mr. BARKLEY] was speaking, and I had no chance to attract the attention of the Chair. The Senator from Nevada [Mr. MCCARRAN] was not in the Chamber when the request was made. I merely objected until he could arrive. He is now present, and if he has no objection I have none.

Mr. BARKLEY. I will say to the Senator from Nevada [Mr. MCCARRAN] and also to the Senator from Oklahoma [Mr. THOMAS] that I consulted the senior Senator from Nevada [Mr. PITTMAN] about the request I made in respect to voting on his amendment, which is an amendment to the amendment offered by the Senator from Colorado. My request referred only to the pending amendment.

Mr. MCCARRAN. The Senator has made a request to fix the time for voting on some amendment?

Mr. BARKLEY. To vote on the amendment offered by the Senator from Nevada [Mr. PITTMAN] to the amendment offered by the Senator from Colorado [Mr. ADAMS] at 12 o'clock noon tomorrow.

Mr. MCCARRAN. I am sorry that I cannot go along with that request at this time. From certain matters that have come to me, I might be able to agree at that time, but now I do not care to do so.

Mr. BARKLEY. The Senator objects at this time?

Mr. MCCARRAN. I do.

Mr. BARKLEY. Very well.

APPROPRIATIONS FOR AGRICULTURAL DEPARTMENT

The PRESIDING OFFICER (Mr. TOBEY in the chair) laid before the Senate a message from the House of Representatives announcing its action of certain amendments of the Senate to House bill 5269, which was read as follows:

IN THE HOUSE OF REPRESENTATIVES,
June 22, 1939.

Resolved, That the House recede from its disagreement to the amendments of the Senate numbered 61, 88, 89, 90, 91, 92, 97, 155, and 156 to the bill (H. R. 5269) making appropriations for the Department of Agriculture and for the Farm Credit Administration for the fiscal year ending June 30, 1940, and for other purposes, and concur therein;

That the House recede from its disagreement to the amendment of the Senate numbered 21 to said bill and concur therein with an amendment as follows: In lieu of the sum inserted by said amendment insert "$13,566,418";

That the House recede from its disagreement to the amendment of the Senate numbered 26 to said bill and concur therein with an amendment as follows: In lieu of the sum inserted by said amendment insert "$14,494,732";

That the House recede from its disagreement to the amendment of the Senate numbered 27 to said bill and concur therein with an amendment as follows: In lieu of the sum inserted by said amendment insert "$26,501,297."

That the House recede from its disagreement to the amendment of the Senate numbered 33 to said bill and concur therein with an amendment as follows: In lieu of the sum inserted by said amendment insert "$6,172,870."

That the House recede from its disagreement to the amendment of the Senate numbered 95 to said bill and concur therein with an amendment as follows: In lieu of the sum inserted by said amendment insert "$906,800."

That the House recede from its disagreement to the amendment of the Senate numbered 105 to said bill and concur therein with an amendment as follows: In lieu of the sum inserted by said amendment insert "$6,199,809."

That the House recede from its disagreement to the amendment of the Senate numbered 115 to said bill and concur therein with an amendment as follows: In lieu of the sum inserted by said amendment insert "$4,053,691."

That the House recede from its disagreement to the amendment of the Senate numbered 146 to said bill and concur therein with an amendment, as follows: At the end of the matter inserted by said Senate engrossed amendment strike out the period and insert a colon and *"Provided further,* That of that part of the funds appropriated in this paragraph which may be allocated for expenditure in connection with cotton not less than 50 percent shall be allocated for use in carrying out clause (3) of such section, or in carrying out clause (2) of such section, which clause (2) is hereby amended by inserting before the semicolon after 'commerce' the following: 'or by increasing their utilization through benefits, indemnities, donations, or by other means, among persons in low-income groups as determined by the Secretary of Agriculture.' ";

That the House recede from its disagreement to the amendment of the Senate numbered 148 to said bill and concur therein with an amendment, as follows: In lieu of the sum inserted by said amendment insert "$31,950,230"; and

That the House insist upon its disagreement to the amendments of the Senate numbered 19, 32, 114, 116, 141, 142, 147, and 158 to said bill.

Mr. RUSSELL. I move that the Senate agree to the amendments of the House to the amendments of the Senate numbered 95, 105, and 146, disagree to the amendment of the House to the amendments of the Senate numbered 21, 26, 27, 33, 115, and 148, further insist upon the amendments of the Senate numbered 19, 21, 26, 27, 32, 33, 114, 115, 116, 141, 142, 147, 148, and 158, and ask a further conference with the House thereon; and that the Chair appoint as conferees on the part of the Senate the same conferees as have served heretofore on the bill.

The PRESIDING OFFICER. The question is on the motion of the Senator from Georgia.

Mr. GEORGE. Mr. President, it had been my purpose to offer an amendment to the amendment of the House by striking out "50 percent" and inserting "95 percent," so that the Secretary of Agriculture would not have the right to use any appreciable part of the appropriation known as the $113,000,000 appropriation to supplement section 32 funds; but events which are now occurring, coupled with the events which have previously occurred, in my judgment, make it impossible for the Secretary of Agriculture to engage in any exportation of raw cotton by means of a subsidy, whatever may be his present thought upon the subject and whatever may be his desire upon the subject.

It is announced today that one barter agreement, at least, has been made between the British Government and the United States, by which 600,000 bales of American cotton will be exchanged for rubber. It is very well known that other barter arrangements are under way. Whether or not this primitive method of exchange is advisable ordinarily, there has been no very great complaint made in this country against the exchange of cotton for necessary materials in case of an emergency under existing circumstances.

I know, Mr. President, without any definite information on the subject, that Great Britain would not take 600,000 bales of American cotton without an agreement to protect that cotton against whatever subsidy may be subsequently paid by the Secretary of Agriculture, because there has not been a bale of American cotton sold since Mr. Wallace began his talk about subsidies that did not carry the condition that if the cotton went abroad the foreign purchaser would ultimately be entitled to whatever subsidy was placed on exports of American cotton by this Government.

So, surely Great Britain is protecting herself; surely, if she takes additional cotton, she will likewise protect herself; and certainly if any other country expects to take some of our cotton by the exchange of some other products which may be used in the event of war by us and which are necessary to our national defense, it will likewise protect itself by a requirement that whatever subsidy, if any, shall be finally put into effect, it shall receive a like subsidy upon the cotton it acquires. Whatever may be said of Mr. Wallace, I am certain he knows that he cannot pay a subsidy on a million bales of cotton already exchanged for rubber, already in the hands of Great Britain, actually or constructively. Politically, Mr. President, there are some things that even the Secretary of Agriculture cannot afford to do, and that would be one of them.

So this subsidy is practically out of the window. If the Secretary of Agriculture would use the good judgment which often characterizes his action and his policy and announce that the subsidy is out of the window, and would use whatever powers are in his hands—and they are ample—to permit American cotton to flow into the market, our exports would be as great at the end of the next fiscal year as they would be if the Secretary should throw away $60,000,000 or $70,000,000 or $90,000,000 of American money by paying it to foreigners to take our cotton.

My amendment is in order; I could offer it, and I had intended to offer it; but I am not going to offer it, because I am now morally certain that under no circumstances can the Secretary engage in export bounty payments in order to induce foreign spinners to take American cotton, especially since the House amendment cuts down funds for that purpose.

Mr. BYRNES. Mr. President, will the Senator yield?

Mr. GEORGE. I yield.

Mr. BYRNES. The Senator is interested in the provision which is contained in the barter contract signed this afternoon. The provision is that if any subsidy is paid, the amount of such subsidy shall be paid to Great Britain in cotton by the United States.

Mr. GEORGE. In cotton?

Mr. President, I had about concluded what I desired to say. I do not believe that the Secretary of Agriculture or the present administration will pay a subsidy on the 600,000 bales of cotton which today are being transferred to Great Britain; and I likewise do not believe they will pay a subsidy, whether in money or in cotton, to any other purchaser under any barter arrangement, as I have already said.

For that reason, and for that reason only, I am not offering the particular amendment to the provision on which the House and Senate were in disagreement, and on which the House had a vote yesterday. The cotton subsidy should now be forgotten by Mr. Wallace.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Georgia [Mr. RUSSELL].

The motion was agreed to; and the Presiding Officer appointed Mr. RUSSELL, Mr. HAYDEN, Mr. TYDINGS, Mr. BANKHEAD, Mr. SMITH, Mr. NYE, and Mr. MCNARY conferees on the part of the Senate at the further conference.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Hess, one of his secretaries.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had agreed to the amendments of the Senate to the bill (H. R. 6851) to provide revenue, equalize taxation, and for other purposes.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6392) making appropriations for the Departments of State and Justice, and for the judiciary, and for the Department of Commerce, for the fiscal year

ending June 30, 1940, and for other purposes, and that the House receded from its disagreement to the amendments of the Senate Nos. 17 and 30, and concurred therein, each with an amendment, in which it requested the concurrence of the Senate.

ORDER FOR RECESS

Mr. BARKLEY. Mr. President, I ask unanimous consent that when the Senate concludes its business today, it stand in recess until 11 o'clock a. m. tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

NATIONAL CENSUS OF HOUSING

Mr. WAGNER. Mr. President, there is on the calendar a bill introduced by me, Senate bill 2240, Calendar No. 698, to provide for a national census of housing. The bill was unanimously reported by the committee, and is endorsed by every Department which has to do with housing, plus a number of business groups. It seems to me very essential that such a census should be taken if we are to have a national housing program.

In order that the census may be utilized it will be necessary to pass the bill at the earliest possible time, because it will have to be passed also by the House of Representatives and signed by the President, and then any additional appropriation which may be necessary will have to be provided for in the deficiency legislation. We are able, because of the decennial census next year, to secure at a very low cost this census, which is a very valuable one.

I have consulted Senators who, I thought, were interested in the subject, and I ask unanimous consent that the bill may be considered at this time.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the bill?

There being no objection, the Senate proceeded to consider the bill (S. 2240) to provide for a national census of housing, which had been reported from the Committee on Banking and Currency, with amendments.

The PRESIDING OFFICER. The amendments reported by the committee will be stated.

The amendments were, on page 1, line 10, after the words "Puerto Rico", to strike out "and Alaska in the year 1940 and every 5 years thereafter, and" and insert "the Virgin Islands, and Alaska, in the year 1940 in conjunction with the population inquiry of the sixteenth decennial census. Such census of housing shall relate as closely as possible to the day and month provided by law for the population census. The Director of the Census"; on page 6, after the word "such", to strike out "censuses" and insert "census"; in line 7, after the word "thereof", to strike out "The census of housing to be taken in the year 1940 shall be taken in conjunction with the population inquiry of the sixteenth decennial census. Each census of housing shall relate as closely as possible to the day and month provided by law for the population census"; in line 18, after the word "this", to strike out "act during the sixteenth decennial census period" and insert "act"; in line 19, after the words "to be", to strike out "appropriated out of" and insert "appropriated, out of any"; and in line 20, after the word "appropriated", to strike out "a sum sufficient" and insert "not to exceed $8,500,000", so as to make the bill read:

Be it enacted, etc., That to provide information concerning the number, character, and geographical distribution of dwelling structures and dwelling units in the United States and concerning the social and economic characteristics of their ownership and use, necessary to aid in the formulation of a national housing program and in the administration of housing legislation, the Director of the Census shall take a census of housing in each State, the District of Columbia, Hawaii, Puerto Rico, the Virgin Islands, and Alaska, in the year 1940 in conjunction with the population inquiry of the sixteenth decennial census. Such census of housing shall relate as closely as possible to the day and month provided by law for the population census. The Director of the Census shall be authorized to make such supplementary studies (either in advance of or after the taking of such census) as are necessary to the completion thereof.

SEC. 2. All of the provisions, including penalties, of the act providing for the fifteenth and subsequent decennial censuses, approved June 18, 1929 (46 Stat. 21; U. S. C., Supp. VII, title 13, ch. 4), shall apply to the taking of the census provided for in section 1 of this act.

SEC. 3. For the purpose of carrying out the provisions of this act there is authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, not to exceed $8,500,000 to cover the estimated cost of such census.

The amendments were agreed to.

Mr. ADAMS. Mr. President, I thought the Senator from New York really wanted to dispose of the pending bill and not to send it to the calendar.

Mr. WAGNER. The bill now under consideration is upon the calendar.

Mr. ADAMS. No; I am speaking of the unfinished business. As I understand, the motion of the Senator from New York would result in sending the unfinished business to the calendar.

Mr. WAGNER. No; I asked unanimous consent that Senate bill 2240 be considered. I do not think that has any effect upon the unfinished business.

Mr. BARKLEY. The unfinished business was temporarily laid aside.

The PRESIDING OFFICER. The Chair will state that the bill being considered at the request of the Senator from New York is now before the Senate by order of the Senate, no objection having been made to its immediate consideration.

Mr. McCARRAN. It would set aside the pending bill.

Mr. WAGNER. Very well; then I withdraw the request.

The PRESIDING OFFICER. The Senator from New York withdraws the request.

Mr. WAGNER subsequently said: Mr. President, as I am called away by other official business, I ask unanimous consent that the unfinished business be temporarily laid aside so that I may ask the Senate further to consider Senate bill 2240, the amendments to which have already been considered and agreed to by the Senate.

The PRESIDING OFFICER. Without objection, the unfinished business is temporarily laid aside, and the Senate will proceed further to consider Senate bill 2240, to provide for a national census of housing, the amendments to which have already been agreed to.

If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

STABILIZATION FUND AND WEIGHT OF THE DOLLAR

The Senate resumed the consideration of the bill (H. R. 3325) to extend the time within which the powers relating to the stabilization fund and alteration of the weight of the dollar may be exercised.

Mr. LEE. Mr. President, I am not responsible for the seats in the Senate Chamber not being filled. I am reminded of the preacher, who, after preaching a while, said to one of the ushers, "Wake Brother Brown up." The usher replied, "Wake him up yourself; you put him to sleep." [Laughter.] I disclaim responsibility for the fact that the Senate Chamber is not filled.

AN HONEST DOLLAR

We have heard an able discussion of gold by the Senator from Colorado, Mr. ADAMS. We have heard a learned speech on silver by the Senator from Nevada, Mr. PITTMAN. We have heard a glowing tribute to copper from the Senator from Arizona, Mr. ASHURST, and now I propose to put in my nickel's worth. [Laughter.]

I presume there were too many coppers in the collection plate when St. Paul said, "Alexander, the coppersmith, hath done me much harm." I had hoped the Senator from Arizona, Mr. ASHURST, would be present to give us his classical interpretation of this Biblical reference to copper.

In spite of the fact that it is said that more people go crazy over money than any other subject, I shall venture a few observations on the subject of money. Mr. President, I rise to support the amendment offered by my colleague, the senior Senator from Oklahoma, Mr. THOMAS.

Mr. SCHWELLENBACH. I should like to inquire just the implication of the Senator's remark. Does he imply that he has already gone crazy or that he expects us who listen to him to go crazy? [Laughter.]

Mr. LEE. One of the symptoms of insanity, so I am told, is that the victim believes everybody else but himself to be crazy; therefore, I might not be in the proper position to judge.

Usually the man who has the least money knows the most about money. I suppose the reason for this is that the rich have more dollars than cents (sense) and the poor have more cents than dollars, and on that basis, I think I have full authority to speak without limitation on the subject of money, because I never had any.

BARTER AND EXCHANGE

Mr. President, I grew up in western Oklahoma. Money was not needed. We had jackrabbits and white gravy to live on. If it had not been for white gravy western Oklahoma would never have been settled. Every morning for breakfast on all the quarter sections in western Oklahoma there was so much white gravy that if it had been spread out it would have looked like a blanket of snow. We did not have money. We did not seem to need money.

In pioneer days when life was more simple than it is now, people used the simple device of barter and exchange. That is, they actually traded so many chickens for a pig, and so many pigs for a cow, and so many cows for a horse, and so many bushels of corn for a day's work, and so forth and so on; but as civilization became more complex, it was desirable to have a symbol of value in order to make the exchange more convenient. Different peoples and different tribes have used different things for money. Most peoples have used metal coins of different kinds. Some tribes of Indians and Africans have used shells and the teeth of wild animals.

Today the more civilized governments are using paper as a symbol of exchange. The Government of the United States is using paper dollars stamped by the Government as the medium of exchange. These paper dollars are legal tender. That means that if a person owes a debt and tenders payment in these paper dollars, legally he has met the requirements for payment of that debt. In other words, he has tendered legal money in payment of his obligation.

This paper dollar has no intrinsic value in itself but it represents the value which is found in land, buildings, livestock, grain, fiber, metals, and all other goods and services.

MONEY IS A SYMBOL

Because of the complexity of civilization today, it is not only desirable but necessary that we have a medium of exchange, a symbol of value. Money is supposed to be that symbol. It is intended to be a medium of exchange. The purpose of money is to serve as a convenience of trade. Therefore, the value should not be in the money itself but in the services and commodities represented by money.

For example, it is not necessary that the dollar have any intrinsic value in itself in order that it serve as a medium of exchange. When people exchange commodities, it is convenient to have a token which represents a certain unit of value. Therefore, we have the dollar, which is supposed to represent 100 smaller units of value, called cents.

If the dollar itself represents an intrinsic value equal to or greater than its monetary value, then the dollar becomes a commodity instead of a symbol. Money should not be a commodity in itself. It should be a medium to make easier the exchange of commodities. Therefore, money is a symbol of a value not necessarily having a value in itself. A dollar bill has no intrinsic value but it represents a certain unit of value which is found in commodities and services. It should be the symbol and not the commodity. It should be the servant of exchange and not the master.

When the dollar becomes a commodity, it ceases to be a symbol which best serves civilization in the exchange of goods and services.

For example, if our dollars were made of gold and silver and if we could melt those dollars and sell the gold and silver which they contain for 100 cents or more, then a dollar would be a commodity. It would be the commodity of gold or the commodity of silver and, in that case, the dollar would be a unit of value of these two commodities instead of a fair symbol of value for all commodities and services.

If this unit of value could be maintained at a 100-cent price level, then it would be satisfactory to use the metal dollar having an intrinsic value exactly equal to its monetary value; but it is impossible to maintain a gold dollar at a 100-cent price level when the metal content of the dollar is subject to the law of supply and demand.

The supply of gold might diminish and the demand correspondingly increase. This would raise the value of the metal content of the dollar above the 100-cent level. Therefore, the gold dollar would not be a fair and just yardstick of value by which to measure other commodities since it would have an intrinsic value greater than the intended symbolic value. It would then be no fairer yardstick of value than a bushel of wheat or a bale of cotton or a ton of coal or any other commodity. It would be of less bulk and therefore more convenient, but it would not be an accurate token of a 100-cent value.

On the other hand, if the supply of gold should increase during a certain period and the demand correspondingly decrease, then the intrinsic value of the gold content of the dollar would fall below 100 cents and once more the dollar which is supposed to have a value representing 100 cents would not be a correct yardstick of value. Except for its small bulk and convenience of handling, it would not be any fairer symbol of value than a bushel of potatoes or a dozen eggs or any other commodity which is subject to the law of supply and demand.

Therefore, when we seek a symbol of value, we should keep clearly in mind that it should be a symbol only and that it should never at any time become a commodity which in itself would be subject to all of the changes of value which result from the economic law of supply and demand.

The dollar should be merely a symbol of value, nothing else, and nothing more, and when that symbol becomes more important than land, and cotton and cattle and corn and goods and lumber and minerals and services, then the servant has become the master. The symbol has become the commodity. The medium of exchange is no longer an accurate yardstick of value. We are confused in our exchange values, and the producer of raw products suffers.

That is the situation in which we find ourselves today. The dollar has ceased to be merely a convenience of exchange. It has ceased to be a symbol of value, because it has a monetary value greater than 100 cents in terms of commodities and services.

Money as such does not satisfy any human need. You cannot eat it and you cannot wear it. But today the man who owns wheat and corn and land and livestock is poor while the man who owns money is rich. In other words, those who own things of real value are economically in a worse position than those who own things of a symbolic value. This should not be. The symbol has become the commodity; the servant has become the master.

A YARDSTICK OF VALUE

I have shown how metal dollars can have an intrinsic value greater or less than the value they are supposed to represent. Therefore, it is impossible to stabilize the intrinsic value of the dollar.

Now I wish to show how a paper dollar can have a monetary value greater or less than the value it is supposed to represent unless the Government stabilizes it at a certain value by increasing and decreasing the supply of money. The paper dollar is subject to the law of supply and demand just as anything else is. That is, if we have an oversupply of paper dollars, the value of the paper dollar decreases. If the supply of paper dollars is not adequate, then the paper dollar increases in value beyond the 100-cent price level it is intended to represent. Therefore, it is necessary to regulate the supply of dollars in order to regulate the value of dollars, no matter whether these dollars be metal or paper.

Let me ask the Members of the Senate, "Do you feel that it is the duty of Congress to regulate the supply of money?" Personally, I feel it is our constitutional duty because the supply of money determines the value of money, and the Constitution says, "Congress shall coin money and regulate the value

thereof." Therefore, I believe it is our sworn duty to regulate the value of the dollar by regulating the supply of dollars.

STABILIZE IN TERMS OF WHAT?

Now I know you are asking yourselves the question, Regulate the dollar in terms of what? I have referred to a 100-cent dollar. No doubt you have asked yourselves the question, What do you mean by a 100-cent price level or a 100-cent value?

All of us want a stabilized dollar, but when I say "stabilized," that may mean one thing to me and something else to you. You are asking yourselves the question, stabilized with respect to what?

There are those who would stabilize the dollar with relation to gold and, if gold never changed in value, that might be all right, but as I have just pointed out, gold changes in value the same as all other commodities. Therefore, when we try to stabilize the dollar with relation to gold, we are trying to make something stable by tying it onto something else which is constantly unstable. Therefore, we cannot stabilize the dollar by regulating its value according to the value of gold.

Then again, there are others who believe we should stabilize the unit of value by some necessary commodity; for example, bread has been called "the staff of life." There are those who believe that we should stabilize all values by a bushel of wheat. The theory supporting this argument is that bread always supplies human need to the same extent. No matter whether wheat is selling for 25 cents a bushel or $3 a bushel, it is a value which is stable with respect to the human need which it supplies.

This argument, of course, is unanswerable, but the fact that the supply of wheat varies greatly and the fact that the demand for wheat varies greatly, and the fact that the commercial value of a bushel of wheat changes with these variations, is ample proof that a bushel of wheat would not serve as a standard for stabilizing the value of money.

Then again, there are those who believe that we should use some unit of labor as a stable unit of value. This is called "technocracy." They argue, for example, that it takes a certain number of man-hours of labor to produce a bushel of wheat or a ton of steel or a bale of cotton. Therefore, we can determine the value of all commodities and services by using a man-hour of labor as the unit.

The technocrats believe that everything which is produced by labor should have its value measured by the amount of labor necessary to produce it. This, at first, is a very appealing theory but we soon discover the difficulties with which we are confronted when we undertake to apply this theory to all of the different services and commodities.

There are so many different kinds of labor. There are so many different gradations from the lowest form of unskilled labor to the highest form of technical labor. There is the unskilled labor; then there is the slightly skilled labor, which is worth a little more. Then the skilled labor which is worth still more; then the craftsman's man-hour of labor which is worth still more. Then the highly technical man-hour of labor worth still more, and then we get into the field of brainwork or mental labor, and we begin with the unskilled brainwork which any average person can perform, and from that we go to the skilled mental work. Then we have some work that is partly physical and partly mental. Then the gradation runs on up to the highly trained mental labor which requires not only experience and training but in some cases even wisdom. Therefore, we see the difficulty if not the impossibility of stabilizing value in terms of a man-hour of labor.

ALL-COMMODITY INDEX

So what can we find that is stable to which we can look for a yardstick by which we can stabilize the dollar? Mr. President, there is another economic law which is just as constant and just as dependable as the law of supply and demand and that other law is the law of averages. Therefore, let us turn to the law of averages in order to find an index which is sufficiently constant and sufficiently stable to serve as a yardstick of value by which we can stabilize the dollar.

For example, I have pointed out that gold alone as a commodity is not an accurate yardstick of value; I have pointed out that wheat alone is not a fair yardstick of value; I have pointed out that no one commodity, because of the variations to which it is subjected, is an accurate or just measure of value.

Furthermore, I have pointed out that no one service performed, no matter whether it is 1 man-hour of manual labor or 1 man-hour of skilled labor, can be used as a practical yardstick of value. But if all of these commodities and all of these services were averaged it would give us an accurate yardstick of value based upon human needs and human services.

The law of averages is a safe criterion. Most businesses depend upon the law of averages. Some businesses will lose in one part of the country and gain in another part of the country and then depend upon the average to indicate whether or not the business as a whole has been profitable or unprofitable.

Most every business will lose on some commodities but gain on other commodities. They do not necessarily discontinue the commodities on which they lose but rather depend upon the law of averages to show a gain at the end of the month. Every businessman understands and depends upon the law of averages. Some months a business will show a loss; other months it will show a gain, but the shrewd businessman depends upon the law of averages rather than any one commodity or any one community or any one period of the year by which to establish a fair estimate of his business.

The life-insurance business depends upon the law of averages. The law of averages tells the insurance companies how long they can expect a man to live. A life-insurance company can therefore in writing life-insurance policies figure the premiums down to the finest point so that the company may make a profit and at the same time insure the individual at the lowest possible cost.

The life-insurance companies depend upon the average span of years. They rely upon the law of averages to tell them the mortality rate and the law of averages is entirely reliable. It is constant; it is dependable. Therefore, why not stabilize the dollar upon the law of averages by averaging human conduct, so to speak? That is, by averaging the commodities most used by human beings. Human conduct and human habits follow a pattern and by averaging the individual results, we arrive at a reliable relation of value between the different commodities, which represents the amount of labor required to produce those commodities as well as the amount of value in supplying human needs.

The law of averages protects us from ruinous extremes by averaging extremely low prices with extremely high prices which might be caused by unusual circumstances. For example, during one year corn might be so scarce and wheat so plentiful that it would take 2 bushels of wheat to purchase 1 bushel of corn but usually a bushel of wheat is worth more than a bushel of corn. That is, over a period of years, a certain relative value has been established between these two commodities. This relative value takes into consideration the human need that a bushel of wheat will supply as compared to that supplied by a bushel of corn. It takes into consideration the amount of labor necessary to produce a bushel of wheat as compared to that necessary to produce a bushel of corn. After all of these factors are averaged, we have a relative value of one commodity as compared to another. This relative value is the average of human conduct and human habits. This relative value is constant and reliable and therefore may be depended upon as a gage for stabilizing the value of the dollar.

Every month the Bureau of Labor Statistics in the Department of Labor gives us the price level of 784 of the most-used commodities as compared with the base year of 1926. This calculation is called the all-commodity index.

In 1926 the price level of all commodities was considered the most fair to everyone concerned. Prices were considered fair to the farmer, to the wage earner, to the consumer, to the manufacturer. Therefore, that year was considered a normal

prosperous year. Of course, there may have been exceptions, but according to the economists the average price level of 1926 is considered the best year to use as a base year from which to make these calculations.

Therefore, the Bureau of Labor Statistics uses the price level of 1926 to represent a 100-cent price level. Then by comparing the price level of today with the price level of 1926 they find that the dollar does not represent only 100 cents of value when translated in terms of commodities but they find that it represents 132 cents of value when translated in terms of commodities. That means that a dollar today will buy 32 cents more commodities than it would buy in 1926.

Thus by comparing the price level of the commodities most used by human beings, numbering 784, with the base year of 1926, we have a barometer of value. This barometer of value has well been called the all-commodity index, which means that it is an index of the average value, in terms of dollars, of the most-used commodities today as compared with the value of the most-used commodities during the base year of 1926. This barometer is based upon the law of averages.

The purpose of this index is to establish the value of the dollar with respect to all commodities and services averaged. It is not intended to establish the value of the dollar with respect to any one of these commodities.

On this very point I wish to clear up a general misunderstanding. There are those who have indicated by their questions that they understood this proposal was to establish wheat at the same price per bushel it was selling in 1926; that is, if wheat was selling for $1.50 a bushel in 1926, the proposal involved here was to issue enough new money until the value of wheat is raised to $1.50 a bushel, but that is not the proposal at all.

Let me repeat it with respect to another commodity. There are those who seem to have so misunderstood this proposal as to believe that we would issue enough money at the present time to bring the price of cotton up to the price at which cotton was selling in 1926, regardless of the circumstances which causes cotton to be very low at the present time. But again, this is far from the proposal which we are offering.

In the first place, such a proposal would be impossible because if enough money were issued to bring the price of cotton up to the same price which was paid for cotton in 1926, obviously it would not bring the price of other commodities to the exact price which was paid for them in 1926.

Therefore, I wish to reiterate I do not propose a plan that would undertake to fix the price of any one of the many commodities at exactly the same price of that same commodity in 1926; but I do propose that the Government by the device of expanding and contracting the supply of money should fix the price of the dollar at the same price which was paid for it in 1926, namely, 100 cents in terms of the average of all commodities.

Then again, I wish to point out that it would be impossible to hold the price of any one commodity at the same level which it enjoyed during the base year of 1926, because any one commodity will be affected by supply and demand. For example, the price of wheat will fluctuate up and down from year to year, according to the circumstances which make for supply and demand with respect to this single commodity. The same will be true of cotton and corn and every other single commodity. The price of these individual commodities will be determined by supply and demand, and this proposal is not to stabilize the price of individual commodities but to stabilize the value of the dollar at a 100-cent level.

This does not mean that it must remain parallel with the price of a bushel of wheat or a bale of cotton or any other commodity. It does mean, however, that it must remain parallel to the line which marks the average relative values of the 784 most-used commodities. In other words, it should represent the normal relative value of all of these commodities because that normal ratio of value has been established by years of human habits as the fair and honest relation which these commodities bear to each other.

By averaging these relative values, we chart a constant, unwavering line which is a perfect gage by which to stabilize the dollar. The value of the dollar should chart a line which is parallel to this line. Obviously, the dollar could not be held in line with each one of the different items. Cotton might be up when wheat was down and so forth and so on through the long list of all 784 commodities, but when all of these commodities are averaged it is a constant, definite barometer of value which we propose to use for stabilizing the value of the dollar.

By thus holding the dollar parallel to the price level of 1926, which price level we call 100, we will thereby stabilize the dollar at the 100-cent price level and thereby use the law of averages to give us this constant value.

For fear there are those who still misunderstand, I wish to repeat that it is not the purpose to undertake to fix the price of the different individual commodities at the price for which they were selling in 1926, but rather to fix the value of the dollar at the 1926 level.

I again illustrate my point by referring to life insurance. Suppose a life-insurance company insures a man's life and he dies the next day. Obviously, the life-insurance company sustains a loss on that policy, but it makes up that loss on all of the other policyholders who live beyond the period of expectancy. Therefore, when wheat is low because the supply is greater than the demand, this proposal would not change that situation, but it would prevent the situation from being worse by making the price of wheat still lower on account of the demand for dollars being greater than the supply. We cannot prevent the price of wheat from being low because of an oversupply of wheat but we can prevent the price of wheat from being low because of an undersupply of dollars.

Even if this proposal were adopted now, the price of wheat and cotton would be low on account of execssive supplies of these two commodities, but they would be higher than they are now because there are not enough dollars. That is, if enough more dollars were issued now to bring the dollar back to the 100-cent level, that would raise the price of wheat and cotton about one-fourth of the present price.

During the years that the Bureau of Labor Statistics has been keeping figures on the all-commodity index, the law of averages has been constant. The figure has been entirely reliable and in my opinion is the best possible barometer from which to calculate a stabilized dollar.

Mr. President, my colleague, Senator THOMAS of Oklahoma, has offered an amendment that directs the fiscal authorities of the Government to issue enough more dollars to reduce the value of the dollar from 132 cents to the base level of 100 cents, as indicated by the all-commodity index. I favor that proposal.

This all-commodity index gives us a fair and just barometer by which to gage the value of the dollar. The law of supply and demand as applied to the number of dollars in circulation gives us the device by which to hold the dollar at the 100-cent level.

Let me state it in other words. Our goal is a stabilized dollar at a fair price level. The all-commodity index furnishes us with the yardstick of value, and by the device of increasing and diminishing the supply of money we can hold the value of the dollar at the 100-cent price level as indicated by the barometer. Therefore, I believe we should apply it.

Now let us suppose that we apply this remedy at the present time. Suppose, for example, this amendment is passed and the fiscal authorities issue enough money to bring the value of the dollar to a 100-cent level, according to the all-commodity index. What effect would it have on cotton, for example?

There is an oversupply of cotton in the world today. Naturally, the mere fact that we bring the value of the dollar to a 100-cent level would not change the fact that we have an oversupply of cotton. The law of supply and demand would still apply to cotton. The price of cotton would still be low on account of the abundant supply. But the cotton farmer

would receive about one-fourth more for his cotton than he is receiving now.

In other words, at the present time he is not only suffering from an oversupply of cotton but from an undersupply of dollars. The law of supply and demand is operating against him with respect to both cotton and dollars. There are not enough dollars and there is too much cotton. My proposition is that if the supply of dollars were normal and average so as to make the value of the dollar equal to the base price of 100 cents, then the farmer would suffer because of low prices of cotton on account of the supply being greater than the demand but he would not suffer because of a high price of dollars on account of the demand being greater than the supply.

Let us take another example. Today the wheat farmer is suffering because of an oversupply of wheat. This makes the price of wheat low. Then add to that the fact that there is an undersupply of dollars which makes dollars 32 cents too high, and you can readily see that the farmer is the loser on two counts; first, because there is too much wheat, and second, because there are not enough dollars. The law of supply and demand gets him coming and going.

A NEUTRAL DOLLAR

I propose that the law of supply and demand with respect to dollars should be so regulated by the Government as to make the dollar a neutral factor and in this manner relieve the farmer of the loss he suffers by virtue of a shortage of dollars, even if we cannot relieve him entirely of the loss he suffers by virtue of the oversupply of wheat and cotton and other farm commodities. This, in my opinion, would make the dollar merely a medium of exchange as it should be. The farmer should not be required to suffer 32 cents loss on every dollar of exchange simply because we have not furnished him with enough of these symbols of value.

By regulating the value of the dollar at a 100-cent level based upon the all-commodity index, we would in no way undertake to prevent the operation of the law of supply and demand on any commodity. For example, if we have an oversupply of any commodity, as we have today of wheat and cotton, those particular commodities would suffer low prices on account of the oversupply. I do not propose that we can protect the farmer or anyone else from low prices that result from overproduction. That would always be true with respect to individual crops or commodities, but there is no reason or justification why all commodities should be 32 cents too low in value simply because there is an undersupply of dollars.

Whenever there is a trade or transaction or purchase, the law of supply and demand comes into operation with respect to two things. If wheat is traded for hogs, the value of the hogs is gaged by the law of supply and demand, and the value of wheat is gaged by the law of supply and demand, and when these two commodities come together, the ratio of the value of one is figured against the value of the other, and that value in each case is determined by the law of supply and demand as applied to each of these two commodities. The law of supply and demand with respect to two things comes into operation on every transaction.

If the hog is sold for money, the same is still true. The law of supply and demand regulating the value of the hog comes together with the law of supply and demand which regulates the value of the dollar.

Now, therefore, when a farmer sells his hogs for cash, then takes that cash and buys overalls, the law of supply and demand has operated upon three different things in those two transactions. That is, the law of supply and demand determined the value of the hog; then it determined the value of the dollar; and then it determined the value of the overalls.

My contention is that the value of the dollar should be neutral in order to allow a fair exchange between hogs and overalls. If that is done, then the dollar is serving its true and intended purpose as a convenience of exchange, as a mere symbol of value. The dollar should be so regulated that its value is neutral and I contend that if the value of the dollar is held at a 100-cent price level, then it will serve as a convenience of exchange without benefiting one group and injuring another group. The dollar should be an average dollar; it should be a normal dollar; it should be a neutral dollar.

You see, in every transaction there are two things concerned, and the law of supply and demand determines the value of each; that is, when you trade wheat for corn, the law of supply and demand determines the value of both wheat and corn. The same is true when you trade wheat for dollars. The law of supply and demand determines the value of the dollar as well as the bushel of wheat, so today when the farmer trades wheat, of which there is an oversupply, for dollars, of which there is an undersupply, he gets penalized twice. He trades low-priced wheat for high-priced dollars.

Since the dollar is supposed to be only a convenience of exchange, and nothing more, then it should be a neutral factor in every transaction. It should not have an artificial value of its own. It should not add to or take from either party in any transaction. It should be neutral and in order for it to be neutral it must be stabilized at the base line of 100 cents.

The law of supply and demand should be so used by the Government as to make the dollar a 100-cent dollar. Then the exchange of commodities would be a fair exchange, but as long as we allow the dollar to be a commodity, as it is today, worth 132 cents, it is damaging to the producer of raw products every time he sells some of his raw products in order to get dollars to pay certain fixed charges.

I want us to establish a dollar that in any transaction is a neutral factor, so when a farmer sells hogs and pays his debts he is not penalized because of a shortage in dollars. If the dollar can be made neutral or average, then neither he is injured nor is the man from whom he purchases commodities. But at the present time when the dollar is not a neutral servant of exchange, the advantage is very much on the side of the banker and the financier to the amount of 32 cents. It takes 132 cents' worth of pork to buy $1. It takes 132 cents' worth of cotton to obtain $1. It takes 132 cents' worth of oil to pay $1 worth of taxes. It takes 132 cents' worth of wheat to pay a dollar of the premium on a life-insurance policy or on a fire-insurance policy. It takes 132 cents' worth of corn to pay a dollar's worth of interest. In other words, it takes 32 cents more than a 100-cent dollar to pay one of the fixed charges which the producer of raw products must pay. Therefore, he labors under a handicap.

REFLATION

What is the remedy? How can we bring the dollar back to an average dollar, back to a normal dollar, back to a stabilized dollar, on the basis of the 1926 price level? Obviously, this can be accomplished by issuing more dollars, since the law of supply and demand applies to dollars as it does to other things. Issue more dollars; issue sufficient dollars to bring the value of the dollar back to a 100-cent level, a 100-cent price level, according to the all-commodity price level of 1926.

The amendment offered by my colleague from Oklahoma [Mr. THOMAS] authorizes those who are in charge of the fiscal policies of Government to take such steps to increase the amount of money necessary to stabilize the value of the dollar at the 100-cent level.

When we talk of issuing more money we find there are those who fear inflation. A question about inflation was asked from the floor the other day of my good friend the Senator from Wisconsin [Mr. WILEY], but I do not believe the dollar is being inflated when we bring it down to a 100-cent level. I think it is only being reflated. I do not believe that inflation begins until it goes below the 100-cent mark and is less than a 100-cent dollar. After that, it is inflation. But as I understand the amendment, it charges the fiscal authorities with the obligation of using the means at their disposal to hold the dollar at a 100-cent level, which means that they must prevent the dollar from going below the 100-cent level as well as prevent it from going above, and that they must use the same means; that is, the law of supply and demand. That means if the dollar should go below the 100-cent level they must contract the money supply until they bring it back to that 100-cent level. But today we are suffering, not from inflation but from deflation, and deflation is just as hurtful to one group of people as inflation is hurtful to another.

For example, today every time a farmer exchanges some of his commodities for dollars he must give 132 cents of commodities in order to get 100 cents of dollars. That is, he loses 32 cents on every dollar's transaction; whereas, the man who collects interest on bonds is the gainer because for every dollar of interest that he collects he can buy 132 cents' worth of goods. Therefore, I repeat, deflation is just as hurtful to the farmer as inflation is hurtful to the banker, but I maintain that it is not necessary for either group to suffer. By maintaining a fair 100-cent dollar, both farmer and banker could transact business without injury to either. I submit that it is just as hurtful for us to have a 132-cent dollar as it would be to have a 68-cent dollar. One is as hurtful as the other, but neither is necessary.

Mr. WILEY. Mr. President, will the Senator yield?

Mr. LEE. I yield.

Mr. WILEY. I have listened with a great deal of attention to what the able Senator has said, and also to what his colleague [Mr. THOMAS of Oklahoma] said the other day, and whatever I ask now is asked merely because I am seeking light. When the Senator refers to feeding additional currency into the economic current of the country, does he mean paper money, or does he suggest, as did his colleague, hard money?

Mr. LEE. It would not make any difference to me, so long as the dollar were kept at a 100-cent level. It then would be a symbol of value rather than the value itself. That would be a detail the Treasury Department, with the others who handle the fiscal policies of the country, could determine for themselves.

The idea of coining such money is to furnish a medium for convenience of exchange. It is till money. It has very little value in itself. It would not have to have any intrinsic value. In my opinion, it is simply till money for the convenience of transacting business. Whether it be issued as hard money or paper money would not make any difference to me, provided enough were issued to bring the financial steam gage back to the 100-cent point, and hold it there.

Mr. HILL. Mr. President, will the Senator yield?

Mr. LEE. Mr. President, I hope to conclude my remarks by 5 o'clock. I do not wish to go on in the morning. I wish to conclude this evening. I shall ask Senators to bear with me until I conclude my remarks. I am now on the "home stretch." I hope Senators will permit me to finish.

The Senator from Wisconsin was asking a question, which I will ask him to repeat.

Mr. WILEY. The Senator said it did not make any difference to him whether the money were paper currency or hard money. If it were simply paper money, in the Sentor's opinion, would it make any difference whether or not it were backed by hard money?

Mr. LEE. It would not make a particle of difference in the world to me because the Government and all of the property which it owns would be back of the money. If the Government should say that brass buttons are money, then brass buttons would be money because back of those brass buttons would be all of the property of the Government of the United States which includes today $16,000,000,000 worth of gold alone. Not only the actual property to which the Government has title would be back of the brass buttons but the tremendous taxing power of the Government would guarantee financial solvency, provided, of course, the Government did not extend itself too far.

Naturally, if we issued too much money it would be too cheap, just as I have been pointing out we have not issued enough money and therefore it is too dear.

While I am on that subject, I will say to the Senator that cases of governments ruining their money by inflation have been closely connected with war.

I am glad the Senator from New Hampshire [Mr. BRIDGES] is present. He and I have differed somewhat on this point. Periods of inflation which have really injured governments have occurred during or following wars, when the governments could no longer raise money by the voluntary system. That is one of the reasons why I have advocated a system of drafting capital in case of war, so that the Government would not be in such a position. The worthless currency of the South and the depreciated greenbacks of the North during the Civil War are but proofs of the desperate efforts of two governments undertaking to continue a fight after the voluntary system for financing war had broken down.

What other cases of inflation have we in history? Germany is pointed to as an example. Of course, everyone knows that Germany deliberately destroyed her mark in order to repudiate her debts, which she thought she could not pay. Those debts were closely connected with war.

It is also known that Germany broke down at home before she broke down on the front lines, as always happens to a nation which depends upon a voluntary system of raising money to finance a war. I do not wish to bring up that point at this time, except as it arises in answer to the question of the Senator from Wisconsin.

Of course, inflation is bad if it runs riot and is uncontrolled. If the Government should by law establish the stop mark ahead of time at a 100-cent level, where it ought to be, I do not see why anyone should object to enough reflation to bring the dollar back to that fair and honest figure.

In the 1920's the financial masters who were then running this country decided that the dollar was too cheap and commodities were too high. They had a meeting, and they deliberately set about to increase the value of the dollar and decrease the value of commodities. That transaction is a long story in itself. It was not Congress which increased the value of the dollar, and yet the Constitution says that Congress shall have the power to coin money and regulate the value thereof. We have exercised the first part of that authority. We have coined money; but we have exercised to very little extent, if any, the authorization in the Constitution to regulate the value of money. Instead, we have allowed the financial masters to regulate the value of money. We have allowed the big bankers of the country to regulate the value of money by the contraction and expansion of credit, which is the same device by which, under the provisions of the Thomas amendment, the Government would exercise to regulate the value of money and stabilize the dollar at the 100-cent level.

What happened in the past? Wheat was selling at $1.25 a bushel. I borrowed $1,000, and then the program of deflation started. The dollar started up and wheat started down. I remember that at the time I borrowed the $1,000 I could have paid it back with 800 bushels of wheat at $1.25 a bushel. However, when the note came due I was selling wheat at 25 cents a bushel. Four thousand bushels of wheat were required to pay the note for $1,000. I had borrowed 1 bushel of wheat. I paid back 5 bushels of wheat. I am asking Congress today to exercise its authority and its duty, as prescribed under the Constitution, to regulate the value of money, and take from the financial hierarchy which has controlled the value of money in this country the power to create a dishonest dollar such as was then created. The result was that thousands of farmers lost their farms. Millions of home owners lost their homes. Other people lost their property. Why? Because of the creation of a dishonest dollar. When we borrowed one we had to pay back five in terms of what we produced. I want Congress to exercise its prerogative.

Mr. BRIDGES. Mr. President, will the Senator yield?

Mr. LEE. Gladly.

Mr. BRIDGES. To what year did the Senator refer in making his personal reference?

Mr. LEE. I do not know what the Senator means by "personal reference."

Mr. BRIDGES. The Senator was referring to 25-cent wheat.

Mr. LEE. That was during the depths of the depression. It must have been about 1930 or 1931. Does the Senator obtain any consolation from that illustration?

Mr. BRIDGES. No; I was rather interested in checking the statement of the Senator.

I should like to ask the Senator another question. The Senator referred to his bill for drafting wealth in case of

war, upon which the distinguished Senator from Oklahoma and I do not happen to be in agreement. Am I to understand him to say that in his judgment that bill would prevent inflation in wartime? Is that the point?

Mr. LEE. Would the amendment of my colleague [Mr. THOMAS of Oklahoma] prevent inflation in wartime?

Mr. BRIDGES. No. I understood the Senator to refer to his bill for drafting capital in case of war.

Mr. LEE. Yes.

Mr. BRIDGES. Does the Senator claim that that bill would prevent inflation?

Mr. LEE. No; I never claimed that it would prevent inflation.

Mr. BRIDGES. As I understood, the Senator spoke of the inflation which ruins a country always being associated with war, and then referred to his bill. I gathered that he meant that his bill might be the answer.

Mr. LEE. No; I had another point in mind.

Mr. President, today in round numbers the national debt is more than $40,000,000,000. If the States which produce oil, for example, were required to pay the total national debt, figuring oil at $1 a barrel, 40,000,000,000 barrels of United States oil would be required to pay the debt. However, if enough more money were issued to bring the value of the dollar back to a 100-cent level, we could pay the national debt with 30,000,000,000 barrels of oil instead of 40,000,000,000 barrels and still have a dollar which would be worth 100 cents.

Today, if the wheat-producing States were required to pay the total national debt in terms of wheat, figuring wheat at 75 cents a bushel, 55,000,000,000 bushels of wheat would be required to pay the national debt. But if the dollar were stabilized at the 100-cent level we could pay the national debt in terms of wheat with 40,000,000,000 bushels of wheat. The same thing is true of cotton, corn, hogs, and cattle. It is true of all mineral and agricultural products; in fact, it is true of almost all raw products.

Mr. WILEY. Mr. President, will the Senator yield?

Mr. LEE. I yield to the Senator from Wisconsin.

Mr. WILEY. I do not wish to interrupt too much, but the discussion is along the line of my previous questions. I remember the argument of the senior Senator from Oklahoma [Mr. THOMAS], and I take it the Senator's argument is along the same line. I need more light on the point.

With the value of the dollar at $1.32, is it the Senator's view that the Government could place in the economic current enough dollars to reduce the value of the dollar to the equalized value of a dollar of purchasing power?

Mr. LEE. That is true. I believe that to be the case.

Mr. WILEY. I take it both the senior Senator from Oklahoma and the junior Senator from Oklahoma base their conclusion that the law would operate in that way on the fact that Governor Strong was supposed to have manipulated the Government-bond market of the country.

Mr. LEE. No; I do not base my belief on that fact. I base my belief on the law of supply and demand. With a larger supply of money, naturally the value of the money would come down. That is the first law of economics.

Mr. WILEY. The other day I asked the Senator's distinguished colleague whether or not there might be other causes which would affect the situation. At the time Governor Strong manipulated the market were there not other causes which had a decided bearing on the situation? If so, how can the Senator measure the relative effect of the various causes?

Mr. LEE. Naturally, that is true. There would be other causes; but we all know that the major cause is supply and demand, and the other contributing causes would be so minor that the result could be attained by expanding the credit or the currency, or both, or contracting the money of the country to the point of holding it at the 100-cent level.

As was pointed out in previous debate, it is possible that the financial steam gage might swing 1 cent past the ideal point one way or the other; but the goal toward which we would strive would be to hold the gage as nearly as possible at the 100-cent level by the device of increasing and diminishing the supply of money. I believe that course would do it. I believe we should exercise the authority given us under the Constitution. I believe we should have an honest dollar which can look a farmer in the face, so that when he comes to pay a debt which he has incurred he will not have to pay it in terms of two or three or four or five times the amount with which he could have paid the debt at the time he incurred it; and I believe in that way we can establish the credit and lay the foundation on which all permanent prosperity in the future may be based.

Mr. WILEY. Mr. President, will the Senator further yield?

Mr. LEE. I yield.

Mr. WILEY. Does the Senator know whether or not the leading economists of the country are in agreement with him on this subject?

Mr. LEE. I will say to the Senator that economists seem to differ among themselves just as scientists differ among themselves as to the age of the universe. Sometimes they differ as much as 2,000,000,000 years on the age of the universe, but what is a few billion years among scientists? [Laughter.]

Mr. WILEY. I think the Senator has answered my question. They do not agree with the Senator.

Mr. LEE. Of course, some hold to this theory, but there are others who do not.

Mr. WILEY. Do those who disagree with the Senator claim that if this plan were tried there could be any particular damage to the economy of the Nation?

Mr. LEE. I have never heard that claim made by anyone whose opinion carried any weight in my own mind. We make our decision on the basis of our own minds after we have heard others. I cannot possibly conceive how any damage could be done. At the present time the fiscal authorities are exercising this power, but they are not exercising it toward this goal. They are rather using it, whether they intend to do so or not, for the benefit of those who benefit by deflation instead of by a stabilized dollar.

Mr. President, I have concluded.

APPROPRIATIONS FOR THE DEPARTMENTS OF STATE, JUSTICE, ETC.—CONFERENCE REPORT

Mr. McKELLAR submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6392) making appropriations for the Departments of State and Justice and for the judiciary, and for the Department of Commerce, for the fiscal year ending June 30, 1940, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 2 and 33.

That the House recede from its disagreement to the amendments of the Senate numbered 3, 6, 7, 8, 9, 10, 11, 12, 14, 15, 20, 22, 23, 24, 28, 35, 37, 38, 39, 40, 42, and 43, and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$2,192,000"; and the Senate agree to the same.

Amendment numbered 4: That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$750,000"; and the Senate agree to the same.

Amendment numbered 5: That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$250,000"; and the Senate agree to the same.

Amendment numbered 13: That the House recede from its disagreement to the amendment of the Senate numbered 13, and agree to the same with an amendment, as follows: In lieu of the matter inserted by said amendment insert the following: ", of which sum not to exceed $50,000 may be available for the investigation and prosecution of alleged violations of civil liberties"; and the Senate agree to the same.

Amendment numbered 16: That the House recede from its disagreement to the amendment of the Senate numbered 16, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$937,500"; and the Senate agree to the same.

Amendment numbered 18: That the House recede from its disagreement to the amendment of the Senate numbered 18, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$3,180,000"; and the Senate agree to the same.

Amendment numbered 19: That the House recede from its disagreement to the amendment of the Senate numbered 19, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$3,887,000"; and the Senate agree to the same.

Amendment numbered 21: That the House recede from its disagreement to the amendment of the Senate numbered 21, and

agree to the same with an amendment, as follows: Restore the matter stricken out by said amendment amended to read as follows: "That no part of this appropriation shall be used to defray the salary or expenses of any probation officer whose work fails to comply with the official orders, regulations and probation standards promulgated by the Attorney General: *Provided further*, That no funds herein appropriated shall be used to defray the salary or expenses of any probation officer unless the District Judge shall have so far as possible required the appointee to conform with the qualifications prescribed by the Attorney General: *Provided further*, That nothing herein contained shall be construed to abridge the right of the District Judges to appoint probation officers, or to make such orders as may be necessary to govern probation officers in their own Courts: *Provided further*,"; and the Senate agree to the same.

Amendment numbered 25: That the House recede from its disagreement to the amendment of the Senate numbered 25, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$2,330,000"; and the Senate agree to the same.

Amendment numbered 26: That the House recede from its disagreement to the amendment of the Senate numbered 26, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$890,000"; and the Senate agree to the same.

Amendment numbered 27: That the House recede from its disagreement to the amendment of the Senate numbered 27, and agree to the same with an amendment, as follows: Restore the matter stricken out by said amendment amended to read as follows: ": *Provided further*, That the foregoing proviso shall not be held to apply to the employment of a person possessing the dual qualifications of a stenographer and a licensed attorney who acts as a stenographer-law clerk, but the maximum salary of any such person so employed shall not exceed $3,600 per annum: *Provided further*, That the salary of not more than one employee for any one district judge shall be paid from this appropriation: *Provided further*, That if any United States district judge certifies to the senior judge of the Circuit Court of Appeals having jurisdiction over his district that he is unable to secure a law clerk who is a competent stenographer residing within his district then the limitations contained in the two provisos immediately preceding shall not apply"; and the Senate agree to the same.

Amendment numbered 29: That the House recede from its disagreement to the amendment of the Senate numbered 29, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$541,500"; and the Senate agree to the same.

Amendment numbered 31: That the House recede from its disagreement to the amendment of the Senate numbered 31, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$94,500"; and the Senate agree to the same.

Amendment numbered 32: That the House recede from its disagreement to the amendment of the Senate numbered 32, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$465,400"; and the Senate agree to the same.

Amendment numbered 34: That the House recede from its disagreement to the amendment of the Senate numbered 34, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$160,000"; and the Senate agree to the same.

Amendment numbered 36: That the House recede from its disagreement to the amendment of the Senate numbered 36, and agree to the same with an amendment, as follows: In lieu of the matter inserted by said amendment insert the following: ", of which not to exceed $75,000 may be available for the development of pH standards"; and the Senate agree to the same.

Amendment numbered 41: That the House recede from its disagreement to the amendment of the Senate numbered 41, and agree to the same with an amendment, as follows: In lieu of the sum named in said amendment insert "$10,000"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 17 and 30.

KENNETH MCKELLAR,
RICHARD B. RUSSELL,
PATRICK MCCARRAN,
JNO. H. BANKHEAD,
KEY PITTMAN,
STYLES BRIDGES,
Managers on the part of the Senate.

THOS. S. MCMILLAN,
JAS. MCANDREWS,
LOUIS C. RABAUT,
WILLARD F. CALDWELL,
JOHN H. KERR,
ALBERT E. CARTER,
KARL STEFAN,
Managers on the part of the House.

The report was agreed to.

The PRESIDING OFFICER laid before the Senate a message from the House of Representatives announcing its action on certain amendments of the Senate to House bill 6392, which was read, as follows:

IN THE HOUSE OF REPRESENTATIVES,
June 23, 1939.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 17 to the bill (H. R. 6392) making appropriations for the Departments of State and Justice, and for the judiciary, and for the Department of Commerce, for the fiscal year ending June 30, 1940, and for other purposes, and concur therein with an amendment as follows:

In lieu of the matter inserted by said amendment insert a colon and "*Provided*, That none of this appropriation shall be expended for the establishment and maintenance of permanent regional offices of the Antitrust Division: *Provided further*, That any person hereafter appointed at a salary of $7,500 or more and paid from this appropriation shall be appointed by the President, by and with the advice and consent of the Senate"; and

That the House recede from its disagreement to the amendment of the Senate numbered 30 and concur therein with an amendment as follows: In lieu of the matter inserted by said amendment insert a colon and "*Provided*, That not to exceed $100,000 of this appropriation shall be available for expenditure by the Secretary of Commerce for personal services of experts and specialists at rates of compensation not in excess of $9,000 per annum without regard to the civil-service laws and regulations or the Classification Act of 1923, as amended: *Provided further*, That any person paid from the said $100,000 an annual salary of $7,500 or more shall be appointed by the President, by and with the advice and consent of the Senate."

Mr. MCKELLAR. I move that the Senate agree to the amendments of the House to the amendments of the Senate numbered 17 and 30.

The motion was agreed to.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER, as in executive session, laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

DEATH OF REPRESENTATIVE EMMETT MARSHALL OWEN, OF GEORGIA

The PRESIDING OFFICER. The Chair lays before the Senate a resolution from the House of Representatives, which will be read.

The resolution (H. Res. 228) was read, as follows:

Resolved, That the House has heard with profound sorrow of the death of Hon. EMMETT MARSHALL OWEN, a Representative from the State of Georgia.

Resolved, That a committee of four Members of the House, with such Members of the Senate as may be joined, be appointed to attend the funeral.

Resolved, That the Sergeant at Arms of the House be authorized and directed to take such steps as may be necessary for carrying out the provisions of these resolutions and that the necessary expenses in connection therewith be paid out of the contingent fund of the House.

Resolved, That the Clerk communicate these resolutions to the Senate and transmit a copy thereof to the family of the deceased.

Resolved, That as a further mark of respect the House do now adjourn.

Mr. GEORGE. Mr. President, on behalf of my colleague [Mr. RUSSELL] and myself, I send to the desk a resolution and ask unanimous consent for its immediate consideration.

The resolution (S. Res. 151) was read, considered by unanimous consent, and unanimously agreed to, as follows:

Resolved, That the Senate has heard with profound sorrow the announcement of the death of Hon. EMMETT MARSHALL OWEN, late a Representative from the State of Georgia.

Resolved, That a committee of two Senators be appointed by the Vice President to join the committee appointed on the part of the House of Representatives to attend the funeral of the deceased Representative.

Resolved, That the Secretary communicate these resolutions to the House of Representatives and transmit a copy thereof to the family of the deceased.

The PRESIDING OFFICER. Under the second resolving clause, the Chair appoints the Senators from Georgia [Mr. GEORGE and Mr. RUSSELL] members of the committee on the part of the Senate to attend the funeral services of the deceased Representative.

Mr. GEORGE. Mr. President, as a further mark of respect to the memory of the deceased Representative, I move that the Senate now stand in recess until 11 o'clock tomorrow morning.

The motion was unanimously agreed to; and (at 5 o'clock and 7 minutes p. m.) the Senate took a recess, the recess being, under the order previously entered, until tomorrow, Saturday, June 24, 1939, at 11 o'clock a. m.

NOMINATIONS

Executive nominations received by the Senate June 23 (legislative day of June 22), 1939

ENVOY EXTRAORDINARY AND MINISTER PLENIPOTENTIARY

Louis G. Dreyfus, Jr., of California, now a Foreign Service officer of class 1 and counselor of embassy at Lima, Peru, to be Envoy Extraordinary and Minister Plenipotentiary of the United States of America to Iran.

FEDERAL LOAN ADMINISTRATOR

Jesse H. Jones, of Texas, to be Federal Loan Administrator, to be effective July 1, 1939.

FEDERAL WORKS ADMINISTRATOR

John M. Carmody, of New York, to be Federal Works Administrator, to be effective July 1, 1939.

CHIEF JUSTICE OF THE UNITED STATES COURT OF CLAIMS

Hon. Richard S. Whaley, of South Carolina, to be chief justice of the United States Court of Claims, vice Hon. Fenton W. Booth, retired.

JUDGE OF THE UNITED STATES COURT OF CLAIMS

Sam E. Whitaker, of Tennessee, to be judge of the United States Court of Claims, vice Hon. Richard S. Whaley.

CIVIL SERVICE COMMISSIONER

Arthur S. Flemming, of the District of Columbia, to be a Civil Service Commissioner, vice Samuel H. Ordway, Jr., resigned.

APPOINTMENT TO TEMPORARY RANK IN THE AIR CORPS IN THE REGULAR ARMY OF THE UNITED STATES

Capt. Harlan Thurston McCormick, Air Corps, to be major from June 18, 1939.

APPOINTMENTS IN THE REGULAR ARMY

The following-named officers of the Medical Corps Reserve to be first lieutenants in the Medical Corps, Regular Army, with rank from date of appointment:

Ralph Leon Marx	Richard Hamilton Brierley Dear
Alton Herbert Saxer	James Wellington Brown
Paul Charles Sheldon	Donald Eugene Reiner
Roosevelt Cafarelli	Howard Eugene Sellards
Charles Kasile Morris	Alva Edward Miller
Leo Joseph Butler	Ralph Everett Reiner
Robert Scurry Anderson	George Gilmore McShatko
Myles Patton Moursund	Byron Atlee Nichol
William Henry Donovan, Jr.	Norman Elwood King
Hallman Earl Sanders	Austin W. Bennett
Wendell Playfair Harris	John Mayo Talbot
David Paul Ward	George Savage Boyer
Francis Patterson Wells	Rolland Bernard Sigafoos
Frederick Clay Weekley	Richard Henry Schug
Wilbur Warren Hiehle	Robert Leonce Hullinghorst
Everett Charles Freer	Carl Neil Ekman
Wolcott Loweree Etienne	Laurence Addison Potter
Kenneth Eugene Hudson	

The following-named second lieutenants of the Officers' Reserve Corps to be second lieutenants in the Regular Army in the arm or service specified with rank from date of appointment:

INFANTRY

Elbridge Reed Fendall	John Irving Pray
Jack Alloyse Requarth	Joseph Bayne Sallee
Walden Francis Woodward	Gerald Hamilton Ragsdale
George Carpenter Dewey	Harry Balish
Albert William Frink	James Newton Shigley
Albert Joseph Genetti	Kenneth Earl Lay
Harold Edward Hassenfelt	Carl Thomas Schooley
William Robert Donaldson	Roger Martin Bachman
John William Gorn	Robert Allen Sharrer
Kurt Gustav Radtke	James Franklin Bishop
Robert Murphy Williams	George Benedict Cullison
Kenneth Gool Pavey	Glenn Taylor Beelman
Mylo LeRoy Heen	Jesse Price Moorefield
James Richard Myers	Kenneth Willard Kirtley

FIELD ARTILLERY

Robert Irven Beaver	Charles Pettingell Samson
Byron Benjiman Webb	Gene Sawyer Edwards
Raymond Harley Lumry	Homer Edward Miller
Lewis Dowe Vieman	Gordon David Bilat
Donald Francis Slaughter	Leonard George Jewett

CHEMICAL WARFARE SERVICE

Claude Jones Merrill

COAST ARTILLERY CORPS

Bernard Richard Luczak	Murray Dean Dougan
William John Alphonse Hussey	Charles William Reeves
	Richard Farris Ludeman
John Enos Wood, Jr.	Calvin Oliver Smith
Oliver Kenneth Marshall, Jr.	

CAVALRY

Joe Ahee	Tom English Matlack
Leslie Hector Cross	Leo Gunnard Carlson

CORPS OF ENGINEERS

Duane David Davis	Julius Porter Faris, Jr.
Lawrence Merril Hoover	Frank Albert Swatta

SIGNAL CORPS

Robert Richard Christofk
Glen S. Waterman

AIR CORPS

Robert Mathias Krummes	Eugene Batchelder Fletcher
Edwin Bruce Miller, Jr.	Edwin Harley Hatch
Dale Donald Brannon	Dean Carrol Hoevet
Fred Thomas Crimmins, Jr.	Marvin Leonard McNickle

HOUSE OF REPRESENTATIVES

FRIDAY, JUNE 23, 1939

The House met at 12 o'clock noon.

Rev. J. Luther Neff, pastor of the Wesley Methodist Church, of Washington, D. C., offered the following prayer:

Infinite Lord and Father of us all, we pause in the midst of daily duty to acknowledge and call upon Thy name. Thy mercy and care hath endured throughout all generations, and we believe that even today Thou hearest our every call and are mindful of our every need. Deepen our faith in Thee, O Lord, and increase our trust in Thy wisdom, love, and redeeming power. In our weakness, give us of Thy great strength; in our sinfulness, may we experience Thy merciful forgiveness; and in our selfishness, may we be ever reminded of Thy sacrificial spirit. By our faith and righteous living, may we daily open our hearts to the inexhaustible resources of God, as we face our multiplied tasks and responsibilities. Help us this day to renew our allegiance and loyalty to Thee, that in all our work, begun, continued, and ended in Thee, we may truly serve our day and age in accord with the pattern of Him who said, "It is more blessed to give than to receive." In the name of Christ. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 6851. An act to provide revenue, equalize taxation, and for other purposes.

PERMISSION TO ADDRESS THE HOUSE

Mr. COX. Mr. Speaker, I ask unanimous consent that today at the conclusion of the legislative program of the day and following the special order heretofore entered I may be permitted to address the House for 30 minutes in an attempt to defend the program set up under the administration of the Trade Agreements Act.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

URGENT DEFICIENCY AND SUPPLEMENTAL APPROPRIATION BILL

Mr. WOODRUM of Virginia, from the Committee on Appropriations, reported the bill (H. R. 6970) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1939, to provide appropriations required immediately for the fiscal year ending June 30, 1940, and for other purposes (Rept. No. 910), which was read a first and second time, and, with the accompanying papers, referred to the Committee of the Whole House on the state of the Union and ordered printed.

Mr. TABER reserved all points of order on the bill.

EXTENSION OF REMARKS

Mr. REED of New York. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein certain quotations.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

HENRY FORD

Mr. DONDERO. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. DONDERO. Mr. Speaker, a few minutes ago in front of the Nation's Capitol a photograph was taken of the Michigan delegation with the twenty-seven millionth Ford car produced by the Ford Motor Co., of Detroit, Mich.

It may be somewhat of news to you to know that this one company has produced one-third of all the cars made in the world, and during the last 10 years, according to the reports filed with the Federal Trade Commission, the profit of the Ford Motor Co. has been one-tenth of 1 percent, less than $1 per car. Henry Ford is not making automobiles today because he needs bread; he is making cars in order that men may have work. For more than a quarter of a century Henry Ford led the world in the payment of high wages to the laboring man; and because of his mechanical genius he has made it possible for the common man, the poor man, to have and to enjoy one of the great conveniences of our day and age, namely, the automobile. [Applause.]

EXTENSION OF REMARKS

Mr. RICH. Mr. Speaker, I ask unanimous consent to insert in the RECORD a letter from the Williamsport Community Trade Association, also a statement of facts showing why the city of Williamsport, Pa., and surrounding territory is a great location for the northeast air base to be established by the Army. Williamsport is one of the finest cities of this country, and the people of this community are the finest we have in this country. To locate this air base near Williamsport would be a fine thing for the Army to do for the benefit of our country.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to address the House for 1 minute in regard to two resolutions I have introduced.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, the President at a press conference is reported to have said that "if Congress goes home without enacting neutrality legislation and if war should break out in the meantime, it would be difficult to pass any sort of neutrality measure without leaving the United States open to charges that it was favoring one side or the other." Therefore President Roosevelt is reported to have said "It would be to Congress' own advantage to insure itself against any such a dilemma." If the President was correctly reported, such remarks clearly indicate that in his opinion, based upon information in his possession but of which Congress and the American people are not apprised, that war in foreign countries is imminent and liable soon to break out. My concurrent resolution provides that the Congress of the United States, regardless of the enactment of any pending neutrality measure, should remain in continuous session in order to be in readiness to meet any eventuality that might arise that would require the exercise of our authority as Representatives of the people. I know every Member here wants to keep this country out of war. I do not like the hot weather in Washington any better than anyone else, but I believe we have a duty just as the President has to keep the United States out of entangling alliances and to do what is best for this country. We have a very grave responsibility.

My second resolution is a privileged resolution and provides that—

The President of the United States is hereby requested to transmit forthwith to the House of Representatives if not incompatible with the public interest such information as may be in his possession or in the files of the State Department which indicates that actual war is imminent between certain countries on the Continent of Europe.

My concurrent resolution also provides that the Congress remain in continuous session to solve the unemployment problem and put the people back to work, thus ending the business depression. We should solve the unemployment question. [Applause.]

MINORITY VIEWS ON H. R. 6316

Mr. BATES of Kentucky. Mr. Speaker, I ask unanimous consent that I may have until midnight tonight to file minority views on the bill (H. R. 6316) to amend the act entitled "An act to regulate within the District of Columbia the sale of milk, cream, and ice cream, and for other purposes," approved February 27, 1925.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

EXTENSION OF REMARKS

Mr. ALLEN of Pennsylvania asked and was given permission to extend his own remarks in the RECORD.

Mr. VOORHIS of California. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a brief statement by one of my constituents, entitled "Let's Think."

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. JACOBSEN. Mr. Speaker, I ask unanimous consent to extend my remarks in the Appendix of the RECORD and to include therein a speech by Mr. Seaman on the occasion of the dedication of Dam No. 13 on the Mississippi River.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. SNYDER. Mr. Speaker, on yesterday I received unanimous consent to extend my remarks in the RECORD and to include therein a telegram. I have not as yet inserted my remarks in the RECORD, and I ask unanimous consent to include therein an additional telegram when I extend my remarks today.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. LUDLOW. Mr. Speaker, I ask unanimous consent to insert in the RECORD a statement by the gentlewoman from New York [Mrs. O'DAY].

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

AMENDMENT OF FEDERAL HOME LOAN BANK ACT, HOME OWNERS' LOAN ACT, AND NATIONAL HOUSING ACT

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent that the minority may have until midnight tonight to file minority views on the bill (H. R. 6971) to amend the Federal Home Loan Bank Act, Home Owners' Loan Act of 1933, title IV of the National Housing Act, and for other purposes, and that these views may be printed with the majority report.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent that I may have until midnight tonight to file a report on the bill to which the gentleman from Michigan [Mr. WOLCOTT] has just referred.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

AMENDMENT OF THE WAGNER ACT

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

HOW LONG, O LORD, HOW LONG?

Mr. HOFFMAN. Mr. Speaker, shall the people of this country be denied the right to work until they have paid tribute to a labor organization?

Within 200 miles of the Nation's Capital, in Somerset County, Pa., this Government of ours fails to protect citizens who want to work on Federal projects. The State of Pennsylvania and the Federal Government have joined in providing funds for the building of a turnpike. Yet the demand is made that Somerset County farmers who want to work on this turnpike pay a membership fee of $15 and monthly dues before they can be employed upon a Federal project. And a department of the Federal Government, which is either cowardly or corrupt or for some unknown reason, fails to come to their aid.

Next week before the House Labor Committee the National Labor Relations Board will continue its filibuster to prevent amendment of the National Labor Relations Act.

Mr. ALLEN of Pennsylvania. Mr. Speaker, will the gentleman yield?

Mr. HOFFMAN. I yield to the gentleman from Pennsylvania.

Mr. ALLEN of Pennsylvania. Will the gentleman explain to whom the farmers pay this money?

Mr. HOFFMAN. In this particular instance it happens to be the A. F. of L. that is making the demand, but the two unions, the C. I. O. and the A. F. of L., each try to get the $15, or the membership fee and the dues. My point is that neither one should get it, that no organization has the right to demand membership in it before a worker is to be employed on a P. W. A. job or on any job for that matter. Those farmers and others ought to be able to get those jobs without paying $15 for the privilege of working to earn the money we appropriate for relief.

In the Appendix, under leave granted, I will print an editorial from the June 22 issue of the Daily American of Somerset, Pa., which tells something of the situation, and several letters which disclose some of the reprehensible practices which are being carried on under this act. [Applause.]

Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to print certain communications in the Appendix.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. ALLEN of Pennsylvania. Mr. Speaker, I ask unanimous consent to address the House for 30 seconds.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. ALLEN of Pennsylvania. Mr. Speaker, the farmers of Somerset County, which is just outside my district, did have considerable trouble for several weeks. They organized into an independent and individual union of their own. They have been granted the right to work on that highway and I believe the gentleman's information is not correct.

[Here the gavel fell.]

EXTENSION OF REMARKS

Mr. DITTER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a copy of a letter addressed to the Secretary of State by one of my constituents.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. CULKIN asked and was given permission to extend his own remarks in the RECORD.

Mr. WOODRUFF of Michigan. Mr. Speaker, I ask unanimous consent to extend my remarks in the Appendix and print with those remarks a letter from a constituent.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. YOUNGDAHL. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include an editorial from the Minneapolis Tribune of June 20.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. RISK. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein an article appearing last Sunday in the Providence Journal in reference to the so-called submarine diving bell.

The SPEAKER. Is there objection to the request of the gentleman from Rhode Island?

There was no objection.

Mr. CRAWFORD. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the bill passed yesterday and to include certain excerpts from official and unofficial records.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. BUCK. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein an address delivered at Sacramento, Calif., on May 19, 1939, by the Honorable James A. Farley.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

ANNOUNCEMENT OF VOTE

Mr. D'ALESANDRO. Mr. Speaker, I ask unanimous consent to address the House for 30 seconds.

The SPEAKER. Is there objection to the request of the gentleman from Maryland?

There was no objection.

Mr. D'ALESANDRO. Mr. Speaker, on yesterday, when the conference report on parity payments was before the House, my colleague the gentleman from Maryland [Mr. BYRON] and I were out on official business. If the gentleman from Maryland, Mr. BYRON, had been present, he would have voted "yea," while if I had been here, I would have voted "nay."

EXTENSION OF REMARKS

Mr. SHAFER of Michigan. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include a letter from a constituent.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. SHAFER of Michigan. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD relative to the Schulte milk bill, which is coming before the

House shortly and to include therein two editorials from Washington newspapers.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

THE REVENUE BILL

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 6851) an act to provide revenue, equalize taxation, and for other purposes, with Senate amendments, and agree to the Senate amendments.

The reason I ask this, Mr. Speaker, is because we do not consider the Senate amendments very important, because they make no vital change in the bill as it passed the House. The Members of the House who would have been on the conference committee if we had requested that the bill go to conference, have gone over the Senate amendments very carefully, including the majority and minority members. We think some of the amendments, perhaps, help the bill, while none of the amendments are seriously objectionable. They do not affect at all seriously the revenue to be produced under the bill. The Senate has made no changes in what we did. What the Senate did was in addition to the House bill, and after going over the Senate amendments very carefully with our experts, we have decided we could agree to the Senate amendments.

The Clerk read the title of the bill.

The SPEAKER. Without objection, the reading of the Senate amendments will be dispensed with and the amendments printed in the RECORD.

There was no objection.

The Senate amendments are as follows:

IN THE SENATE OF THE UNITED STATES,
June 22, 1939.

Resolved, That the bill from the House of Representatives (H. R. 6851) entitled "An act to provide revenue, equalize taxation, and for other purposes," do pass with the following amendments:

(1) Page 2, after line 10, insert:

"SEC. 3. Toilet preparations tax amendments.

"(a) Section 3401 of the Internal Revenue Code (relating to the tax on toilet preparations) is amended by inserting at the end thereof the following new paragraphs:

" 'In the case of a sale by a manufacturer to a selling corporation of an article to which the tax under this section applies, the transaction shall be prima facie presumed to be otherwise than at arm's length if either the manufacturer or the selling corporation owns more than 75 percent of the outstanding stock of the other, or if more than 75 percent of the outstanding stock of both corporations is owned by the same persons in substantially the same proportions. Sales by a manufacturer to a selling corporation shall in all other cases be prima facie presumed to be at arm's length.

" 'Notwithstanding section 3441 (a), in determining, for the purpose of this section, the price for which an article is sold, whether at arm's length or not, there shall be included any charge for coverings and containers of whatever nature, only if furnished by the actual manufacturer of the article, and any charge incident to placing the article in condition packed ready for shipment, only if performed by the actual manufacturer of the article, but there shall be excluded the amount of the tax imposed by this section, whether or not stated as a separate charge. Whether sold at arm's length or not, a transportation, delivery, insurance, or other charge, and the wholesaler's salesmen's commissions and costs and expenses of advertising and selling (not required by the foregoing sentence to be included), shall be excluded from the price only if the amount thereof is established to the satisfaction of the Commissioner, in accordance with the regulations.'

"(b) The amendments made by subsection (a) shall be effective only with respect to sales made after the date of the enactment of this act."

(2) Page 29, after line 9, insert:

"(c) Determination of period for which held: Section 117 (h) of the Internal Revenue Code (relating to determination of period for which property is held) is amended by adding at the end thereof the following new paragraph:

" '(5) In determining the period for which the taxpayer has held stock or rights to acquire stock received upon a distribution, if the basis of such stock or rights is determined under section 113 (a) (19) (A), there shall (under regulations prescribed by the Commissioner with the approval of the Secretary) be included the period for which he held the stock in the distributing corporation prior to the receipt of such stock or rights upon such distribution.' "

(3) Page 29, line 10, strike out "(c)" and insert "(d)."

(4) Page 29, line 11, strike out "(a) and (b)" and insert "(a), (b), and (c)."

(5) Page 29, line 14, strike out "(d)" and insert "(e)."

(6) Page 31, after line 15, insert:

"(f) Determination under prior acts of period for which held: For the purposes of the Revenue Act of 1938 or any prior revenue act, in determining the period for which the taxpayer has held stock or rights to acquire stock, received upon a distribution, if the basis of such stock or rights is determined under section 214 (c) (1) of the Revenue Act of 1939, there shall (under regulations which shall be prescribed by the Commissioner with the approval of the Secretary) be included the period for which he held the stock in the distributing corporation prior to the receipt of such stock or rights upon such distribution. This subsection shall be applicable as if it were a part of each such act when such act was enacted."

(7) Page 32, lines 2 and 3, strike out "if it is established to the satisfaction of the Commissioner" and insert: "if—

"(A) it is established to the satisfaction of the Commissioner, or

"(B) it is certified to the Commissioner by any Federal agency authorized to make loans on behalf of the United States to such corporation or by any Federal agency authorized to exercise regulatory power over such corporation,"

(8) Page 36, after line 9, insert:

"SEC. 218. Employees trusts.

"Section 165 of the Internal Revenue Code (relating to exemption from tax of certain trusts for the benefit of employees) is amended by inserting before the first paragraph '(a) Exemption from tax.—' and by inserting at the end thereof the following new subsection:

" '(b) Taxable year beginning prior to January 1, 1940: The provisions of clause (2) of subsection (a) shall not apply to a taxable year beginning prior to January 1, 1940.' "

(9) Page 36, after line 9, insert:

"SEC. 219. Inventories.

"(a) Amendment to code: Section 22 (d) of the Internal Revenue Code (relating to inventories in certain industries) is amended to read as follows:

" '(d) (1) A taxpayer may use the following method (whether or not such method has been prescribed under subsection (c)) in inventorying goods specified in the application required under paragraph (2):

" '(A) Inventory them at cost;

" '(B) Treat those remaining on hand at the close of the taxable year as being: First, those included in the opening inventory of the taxable year (in the order of acquisition) to the extent thereof, and second, those acquired in the taxable year; and

" '(C) Treat those included in the opening inventory of the taxable year in which such method is first used as having been acquired at the same time and determine their cost by the average cost method.

" '(2) The method described in paragraph (1) may be used—

" '(A) Only in inventorying goods (required under subsection (c) to be inventoried) specified in an application to use such method filed at such time and in such manner as the Commissioner may prescribe; and

" '(B) Only if the taxpayer establishes to the satisfaction of the Commissioner that the taxpayer has used no procedure other than that specified in subparagraphs (B) and (C) of paragraph (1) in inventorying (to ascertain income, profit, or loss, for credit purposes, or for the purpose of reports to shareholders, partners, or other proprietors, or to beneficiaries) such goods for any period beginning with or during the first taxable year for which the method described in paragraph (1) is to be used.

" '(3) The change to, and the use of, such method shall be in accordance with such regulations as the Commissioner, with the approval of the Secretary, may prescribe as necessary in order that the use of such method may clearly reflect income.

" '(4) In determining income for the taxable year preceding the taxable year for which such method is first used, the closing inventory of such preceding year of the goods specified in such application shall be at cost.

" '(5) If a taxpayer, having complied with paragraph (2), uses the method described in paragraph (1) for any taxable year, then such method shall be used in all subsequent taxable years unless—

" '(A) With the approval of the Commissioner a change to a different method is authorized; or

" '(B) The Commissioner determines that the taxpayer has used for any period beginning with or during any subsequent taxable year some procedure other than that specified in subparagraph (B) of paragraph (1) in inventorying (for ascertaining income, profit, or loss, for credit purposes, or for the purpose of reports to shareholders, partners, or other proprietors, or to beneficiaries) the goods specified in the application, and requires a change to a method different from that prescribed in paragraph (1) beginning with such subsequent taxable year or any taxable year thereafter.

In either of the above cases, the change to, and the use of, the different method shall be in accordance with such regulations as the Commissioner, with the approval of the Secretary, may prescribe as necessary in order that the use of such method may clearly reflect income.'

"(b) Taxable years to which applicable: The amendment made by subsection (a) shall be applicable to taxable years beginning after December 31, 1938.

"(c) Amendment to 1938 act: Section 22 (d) of the Revenue Act of 1938 (relating to inventories in certain industries) is amended to read as follows:

" '(d) If the inventory method described in section 22 (d) (1), as amended, of the Internal Revenue Code is used for the first

taxable year beginning after December 31, 1938, then, in determining income for the preceding taxable year, the closing inventory of such year of the goods specified in the application under section 22 (d) (2), as amended, of such Code shall be at cost.'"

(10) Page 36, after line 9, insert:

"SEC. 220. Compensation for services rendered for a period of 5 years or more.

"(a) The Internal Revenue Code is amended by inserting after section 106 the following new section:

"'SEC. 107. Compensation for services rendered for a period of 5 years or more.

"'In the case of compensation (a) received, for personal services rendered by an individual in his individual capacity, or as a member of a partnership, and covering a period of 5 calendar years or more from the beginning to the completion of such services, (b) paid (or not less than 95 percent of which is paid) only on completion of such services, and (c) required to be included in gross income of such individual for any taxable year beginning after December 31, 1938, the tax attributable to such compensation shall not be greater than the aggregate of the taxes attributable to such compensation had it been received in equal portions in each of the years included in such period.'

"(b) The amendment made by subsection (a) shall be applicable to taxable years beginning after December 31, 1938.

(11) Page 36, after line 9, insert:

"SEC. 221. Extension of time of orders of Securities and Exchange Commission.

"(a) Section 373 (a) of the Internal Revenue Code (relating to the definition of orders of the Securities and Exchange Commission with respect to which Supplement R applies) is amended to read as follows:

"'(a) The term "order of the Securities and Exchange Commission" means an order (1) issued after May 28, 1938, and prior to January 1, 1941, by the Securities and Exchange Commission to effectuate the provisions of section 11 (b) of the Public Utility Holding Company Act of 1935, 49 Stat. 820 (U. S. C., Supp. III, title 15, sec. 79 (b)), or (2) issued by the Commission subsequent to December 31, 1940, in which it is expressly stated that an order of the character specified in clause (1) is amended or supplemented, and (3) which has become final in accordance with law.'

"(b) The amendment made by subsection (a) shall be applicable to taxable years beginning after December 31, 1938."

(12) Page 36, after line 9, insert:

"SEC. 222. Renewal of indebtedness.

"(a) Section 27 (a) (4) of the Internal Revenue Code (relating to corporation credit for amounts used or set aside to pay indebtedness) is amended by inserting at the end thereof the following new sentence: 'A renewal (however evidenced) of an indebtedness, shall be considered an indebtedness.'

"(b) The amendment made by subsection (a) shall be applicable to taxable years beginning after December 31, 1938.

"(c) Section 27 (a) (4) of the Revenue Act of 1938 (relating to corporation credit for amounts used or set aside to pay indebtedness) is amended by inserting at the end thereof the following new sentence: 'A renewal (however evidenced) of an indebtedness shall be considered an indebtedness.'

"(d) The amendment made by subsection (c) shall be applicable to taxable years beginning after December 31, 1937."

(13) Page 36, after line 9, insert:

"SEC. 223. Commodity credit loans.

"(a) The Internal Revenue Code is amended by inserting after section 121 the following new section:

"'SEC. 123. Commodity credit loans.

"'(a) Amounts received as loans from the Commodity Credit Corporation shall, at the election of the taxpayer, be considered as income and shall be included in gross income for the taxable year in which received.

"'(b) If a taxpayer exercises the election provided for in subsection (a) for any taxable year beginning after December 31, 1938, then the method of computing income so adopted shall be adhered to with respect to all subsequent taxable years unless with the approval of the Commissioner a change to a different method is authorized.'

"(b) Adjustment of basis: Section 113 (b) (1) of the Internal Revenue Code is amended by adding at the end thereof a new subparagraph reading as follows:

"'(G) in the case of property pledged to the Commodity Credit Corporation, to the extent of the amount received as a loan from the Commodity Credit Corporation and treated by the taxpayer as income for the year in which received pursuant to section 123 of this chapter, and to the extent of any deficiency on such loan with respect to which the taxpayer has been relieved from liability.'

"(c) The amendments made by subsections (a) and (b) shall be applicable to taxable years beginning after December 31, 1938.

"(d) Retroactive application: The provisions of subsection (a) shall be retroactively applied in computing income for any taxable year subject to the provisions of the Revenue Act of 1934, the Revenue Act of 1936, or the Revenue Act of 1938, or any of such acts as amended, if—

"(1) The taxpayer elects in writing (in accordance with regulations prescribed by the Commissioner with the approval of the Secretary) within 1 year from the date of the enactment of this act to treat such loans as income for such year, and

"(2) The records of the taxpayer are sufficient to permit an accurate computation of income for such year, and

"(3) The taxpayer consents in writing to the assessment, within such period as may be agreed upon, of any deficiency for such year, even though the statutory period for the assessment of any such deficiency had expired prior to the filing of such consent.

"Any tax overpaid for any such year shall be credited or refunded, subject to the statutory period of limitation properly applicable thereto.

"(e) Adjustment of basis for prior years: In computing income for any taxable year subject to the provisions of the Revenue Act of 1934, the Revenue Act of 1936, or the Revenue Act of 1938, or any of such acts as amended, the basis, for determining gain or loss from the sale or other disposition of any property, pledged to the Commodity Credit Corporation as security on a loan obtained therefrom, shall be adjusted for the amount of such loan to the extent it was considered as income and included in gross income for the year in which received, and for the amount of any deficiency on such loan with respect to which the taxpayer was relieved from liability.

(14) Page 36, after line 9, insert:

"SEC. 224. Charitable contributions to possessions and charities in possessions.

"(a) Charitable deductions of taxpayers other than corporations: Section 23 (o) (1) and (2) of the Internal Revenue Code are amended to read as follows:

"'(1) The United States, any State, Territory, or any political subdivision thereof or the District of Columbia, or any possession of the United States, for exclusively public purposes;

"'(2) A corporation, trust, or community chest, fund, or foundation, created or organized in the United States or in any possession thereof or under the law of the United States or of any State or Territory or of any possession of the United States, organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual, and no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation.'

"(b) Charitable deduction of corporations: Section 23 (q) of the Internal Revenue Code is amended to read as follows:

"'(q) Charitable and other contributions by corporations: In the case of a corporation, contributions or gifts payment of which is made within the taxable year to or for the use of a corporation, trust, or community chest, fund, or foundation, created or organized in the United States or in any possession thereof or under the law of the United States, or of any State or Territory, or of the District of Columbia, or of any possession of the United States, organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes or for the prevention of cruelty to children (but in the case of contributions or gifts to a trust, chest, fund, or foundation, only if such contributions or gifts are to be used within the United States or any of its possessions exclusively for such purposes), no part of the net earnings of which inures to the benefit of any private shareholder or individual, and no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation; to an amount which does not exceed 5 percent of the taxpayer's net income as computed without the benefit of this subsection. Such contributions or gifts shall be allowable as deductions only if verified under rules and regulations prescribed by the Commissioner, with the approval of the Secretary.

(15) Page 36, after line 9, insert:

"SEC. 225. Pan-American trade corporations.

"The Internal Revenue Code is amended by inserting after section 151 the following new section:

"'SEC. 152. Pan-American trade corporations.

"'If a domestic corporation engaged in the active conduct of a trade or business within the United States (hereinafter referred to as the "parent corporation") owns directly 100 percent of the capital stock of one or more domestic corporations each of which is engaged solely in the active conduct of a trade or business in Central or South America (hereinafter referred to as a Pan-American trade corporation), such corporations (including the "parent corporation") shall be deemed to be an affiliated group of corporations within the meaning of section 141 of this chapter, provided that the following conditions are satisfied:

"'(1) At least 80 percent of the gross income for the taxable year of the parent corporation is derived from sources other than royalties, rents, dividends, interest, annuities, and gains from the sale or exchange of stock or securities; and

"'(2) At least 90 percent of the gross income for the taxable year of each of the Pan-American trade corporations is derived from sources other than royalties, rents, dividends, interest, annuities, and gains from the sale or exchange of stock or securities; and

"'(3) No part of the gross income for the taxable year of any of the Pan-American trade corporations is derived from sources within the United States.'"

(16) Page 36, after line 9, insert:

"SEC. 226. Deductions of insurance companies other than life or mutual.

"(a) Section 204 (c) (10) of the Internal Revenue Code is amended to read as follows:

"'(10) Deductions (other than those specified in this subsection) as provided in section 23.'

"(b) The amendment made by subsection (a) shall be applicable to taxable years beginning after December 31, 1938."

(17) Page 36, line 10, strike out "218" and insert "227."

(18) Page 37, after line 6, insert:

"SEC. 228. Computation of dividend carry-over for personal-holding company tax.

"(a) Section 504 (a) of the Internal Revenue Code is amended by inserting before the semicolon at the end thereof a comma and the following: 'and, in the computation of the dividend carry-over for the purposes of this subchapter, the term "adjusted net income" as used in section 27 (c) means the adjusted net income minus the deduction allowed for Federal taxes under section 505 (a) (1).'

"(b) The amendment made by subsection (a) shall be applicable to taxable years beginning after December 31, 1938."

(19) Page 37, line 7, strike out "219" and insert "229."

(20) Page 37, strike out lines 9 to 12, inclusive, and insert "Except the amendments made by sections 211, 213, 214, 215, 217, 219, 220, 221, 222, 223, 226, 227, and 228, the amendments made by this title to the Internal Revenue Code shall be applicable only with respect to taxable years beginning after December 31, 1939."

(21) Page 39, line 12, strike out all after "securities.—" down to and including "lien", in line 20, and insert "Even though notice of a lien provided in section 3670 has been filed in the manner prescribed in subsection (a) of this section, or notice of a lien provided in section 3186 of the Revised Statutes, as amended, has been filed in the manner prescribed in such section or subsection (a) of this section, the lien shall not be valid with respect to a security, as defined in paragraph (2) of this subsection, as against any mortgagee, pledgee, or purchaser, of such security, for an adequate and full consideration in money or money's worth, if at the time of such mortgage, pledge, or purchase such mortgagee, pledgee, or purchaser is without notice or knowledge of the existence of such lien."

(22) Page 40, line 8, after "enforced by a", insert "proceeding, suit, or."

(23) Page 41, after line 2, insert:

"SEC. 403. Credits against estate tax of tax paid to possessions.

"(a) Section 813 (b) of the Internal Revenue Code (relating to the 80-percent credit for estate, legacy, succession, and inheritance taxes paid) is amended by inserting after 'District of Columbia', the following: 'or any possession of the United States.'

"(b) The amendment made by subsection (a) shall be applicable only with respect to estates of decedents dying after the date of the enactment of this act."

(24) Page 41, after line 2, insert:

"SEC. 404. Returns by attorneys as to foreign corporations.

"Effective as of the date of the enactment of the Internal Revenue Code, section 3604 of such code is amended by striking out 'Nothing in this section shall be construed to require the divulging of privileged communications between attorney and client.' and inserting in lieu thereof 'Nothing in this section shall be construed to require the filing by an attorney-at-law of a return with respect to any advice given or information obtained through the relationship of attorney and client.'"

(25) Page 41, after line 2, insert:

"SEC. 405. Filing of claims for refund of amounts collected under the Agricultural Adjustment Act.

"Section 903 of the Revenue Act of 1936 (relating to expiration of time for filing claims for refund of amounts paid under the Agricultural Adjustment Act) is amended by striking out 'July 1, 1937' and inserting in lieu thereof 'January 1, 1940'."

(26) Page 41, after line 2, insert:

"SEC. 406. Insolvent banks.

"(a) Section 3798 (c) of the Internal Revenue Code is amended to read as follows:

"'(c) (1) Any such tax collected, whether collected before, on, or after the date of enactment of the Revenue Act of 1938, shall be deemed to be erroneously collected, and shall be refunded subject to all provisions and limitations of law, so far as applicable, relating to the refunding of taxes.

"'(2) Any tax, the assessment, collection, or payment of which is barred under subsection (a) of this section, or any such tax which has been abated or remitted after May 28, 1938, shall be assessed or reassessed whenever it shall appear that payment of the tax will not diminish the assets as aforesaid.

"'(3) Any tax, the assessment, collection, or payment of which is barred under subsection (b) of this section or any such tax which has been refunded after May 28, 1938, shall be assessed or reassessed after full payment of such claims of depositors to the extent of the remaining assets segregated or transferred as described in subsection (b).

"'(4) The running of the statute of limitations on the making of assessment and collection shall be suspended, during, and for 90 days beyond, the period for which, pursuant to this section, assessment or collection may not be made, and a tax may be reassessed as provided in paragraphs (2) and (3) of this subsection, and collected, during the time within which, had there been no abatement, collection might have been made.'

"(b) The term 'agent' as used in 3798 (b) of the Internal Revenue Code shall be deemed to include a corporation acting as a liquidating agent.

"(c) The amendments made by this section shall be effective as of the date of enactment of the Revenue Act of 1938."

(27) Page 41, after line 2, insert:

"SEC. 407. Sale of information derived from income-tax returns.

"Section 148 (f) of the Internal Revenue Code is amended by adding at the end thereof the following new sentence: 'It shall be unlawful for any person to sell, offer for sale, or circulate, for any consideration whatsoever, any copy or reproduction of any list, or part thereof, authorized to be made public by this act or by any prior act relating to the publication of information derived from income-tax returns; and any offense against the foregoing provision shall be a misdemeanor and be punished by a fine not exceeding $1,000 or by imprisonment not exceeding 1 year, or both, at the discretion of the court: *Provided*, That nothing in this sentence shall be construed to be applicable with respect to any newspaper, or other periodical publication, entitled to admission to the mails as second-class mail matter.'"

(28) Page 41, after line 2, insert:

"SEC. 408. Exemption from internal-revenue tax of articles brought into Guam or American Samoa.

"Section 3361 (b) of the Internal Revenue Code is amended by adding a comma and the words 'Guam and American Samoa' after the words 'Puerto Rico'."

Mr. MARTIN of Massachusetts. Mr. Speaker, I reserve the right to object. I wonder if the gentleman from North Carolina [Mr. DOUGHTON] would take 5 minutes to explain this amendment thoroughly to the House.

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent that I may proceed for 10 minutes with the privilege of yielding time to other Members.

The SPEAKER. Is there objection?

There was no objection.

Mr. DOUGHTON. Mr. Speaker, I yield now to the gentleman from Tennessee [Mr. COOPER], the chairman of the subcommittee that prepared the bill, to answer any questions that may be asked.

Mr. CROWTHER rose.

Mr. DOUGHTON. Mr. Speaker, I yield first to the gentleman from New York.

Mr. CROWTHER. Mr. Speaker, I discussed this matter with the gentleman from Massachusetts [Mr. TREADWAY], the ranking member, yesterday, after the conference with the Senate, and this procedure is satisfactory to the minority.

Mr. DOUGHTON. The gentleman will also agree that we went over the matter very carefully with our experts, amendment by amendment, and we all agreed it would be satisfactory to concur in the Senate amendments.

Mr. CROWTHER. That is correct.

Mr. DOUGHTON. I now yield to the gentleman from Tennessee.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina that in the event the original request is granted he may proceed for 10 minutes, and be allowed to yield to other Members?

Mr. JENKINS of Ohio. Mr. Speaker, I reserve the right to object to suggest that 10 minutes would not be time enough.

Mr. RAYBURN. Mr. Speaker, I suggest to the gentleman from North Carolina that the proper request would be to ask unanimous consent to take up the Senate amendments for consideration.

Mr. MARTIN of Massachusetts. That has already been asked as I understand.

Mr. DOUGHTON. Mr. Speaker, I modify my unanimous consent request in that respect if it is agreeable.

The SPEAKER. The gentleman so modifies his request and asks that the bill with Senate amendments be taken up for consideration. Is there objection?

Mr. MARTIN of Massachusetts. Mr. Speaker, I reserve the right to object.

Mr. JENKINS of Ohio. Mr. Speaker, that does not mean to take up the matter for debate, but it means only for consideration.

The SPEAKER. As the Chair understands the request, it is that the Senate amendments be taken up for consideration, under which the gentleman from North Carolina [Mr. DOUGHTON] would be entitled to 1 hour, and during that 1 hour he may make his motion.

Mr. MARTIN of Massachusetts. Mr. Speaker, I reserve the right to object, to say that we have no opposition to this bill, as far as I know. All I want is to see that the bill is

properly presented to the House so that we will have knowledge of what the amendments are. First I would like to ask one or two questions myself.

Mr. DOUGHTON. Mr. Speaker, a number of the amendments are highly technical. I asked Mr. Stam, our counsel, this morning to make a brief of some of the amendments, to explain them. It is difficult for anyone to understand them. I am sure the gentleman from Tennessee [Mr. COOPER] can come as near to doing that as anyone.

Mr. MARTIN of Massachusetts. The questions I want to ask are not technical at all.

Mr. McCORMACK. Mr. Speaker, as I understand it, if the unanimous consent is agreed to, the gentleman from North Carolina then has control, and amendments cannot be offered to the Senate amendments from the floor unless the gentleman from North Carolina yields for that purpose.

The SPEAKER. That would be the correct interpretation. The gentleman from North Carolina moves to concur in the Senate amendments, and thereby is entitled to 1 hour.

Mr. DOUGHTON. Mr. Speaker, I yield 5 minutes to the gentleman from Tennessee [Mr. COOPER].

Mr. COOPER. Mr. Speaker, as was indicated by the statement made by the gentleman from North Carolina, chairman of the Committee on Ways and Means, the bill as passed by the House was substantially accepted by the Senate Finance Committee and the Senate. In other words, there are no substantial changes in the provisions of the bill as passed by the House. The Senate Finance Committee added about 17 amendments while the bill was pending in the Finance Committee and 3 amendments were added on the floor of the Senate, making about 20 amendments added to the bill as it passed the Senate. Of that number, perhaps 4 or 5 are amendments of some degree of substance, but they are considered of a rather minor nature. Most of the other amendments are purely technical or clerical, many of them correcting section numbers and matters of that kind.

Mr. MARTIN of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. COOPER. Yes.

Mr. MARTIN of Massachusetts. There is a change in the cosmetic tax in reference to containers.

Mr. COOPER. I would be very glad to give the gentleman a brief explanation of that. Two of the Senate amendments to title I of the bill relate to excise taxes on cosmetics.

Mr. Speaker, the first of these excise tax amendments relate to cosmetics, and appears on page 2 of the bill. This amendment relates to the question of determining a fair price upon which to impose the 10-percent cosmetic tax. It provides that sales by a manufacturer to a selling corporation shall be, prima facie, presumed to be at arm's length, unless the manufacturing corporation or the selling corporation owns more than 75 percent of the outstanding stock of the other corporation, or more than 75 percent of stock both in the manufacturing corporation and the selling corporation is owned by the same people. It will be remembered that the general understanding of an arm's length transaction is one that is between people who are independent of each other. In other words, it is not a deal within the same business institution. This provides that if 75 percent of the stock in the manufacturing corporation and a selling corporation is not involved, it is presumed to be an arm's length transaction.

Mr. MARTIN of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. COOPER. I yield.

Mr. MARTIN of Massachusetts. The effect of the amendment would be a reduction in the tax, if there is any change at all. Is that true?

Mr. COOPER. There probably would be some reduction in the tax or in its application to a situation of this type. There would at least be an adjustment of the tax that might result in some reduction.

Mr. MARTIN of Massachusetts. It is not placing a greater burden on the industry?

Mr. COOPER. It is not considered such.

Now, the next amendment with respect to the excise tax on cosmetics makes provision for the cases where one corporation supplies the containers—the bottles or boxes or whatever the product is put in—and another corporation provides the product itself—the powder or the cream or whatever the product is. This makes provision for the deduction of the cost of the container, except in the case where the manufacturer of the product also manufactures the container.

Mr. JENKINS of Ohio. Mr. Speaker, will the gentleman yield?

Mr. COOPER. I yield.

Mr. JENKINS of Ohio. I presume the gentleman is going to go through these amendments; but for fear he may not reach the amendment I have in mind, I notice the Senate has done something with reference to the words "unsound financial condition," which we discussed at length in the House. What was the change?

Mr. COOPER. I was coming to that a little later. I will be glad to take them up more or less in order, if that is agreeable.

Mr. JENKINS of Ohio. If the gentleman is going to go into that, I will not ask him to do it now.

Mr. DOUGHTON. Mr. Speaker, will the gentleman yield?

Mr. COOPER. I yield.

Mr. DOUGHTON. I would like to state that in discussing that matter with the Under Secretary of the Treasury this cosmetics tax was giving us a great deal of trouble. Representatives of the industry have appeared before our committee in several Congresses on the repeal or modification of the tax. We have been very uncertain just what we should do about it. The Treasury seems to have not made the study they would like to have made. It is promised that by the time we take up further consideration of taxes—probably at the next session of this Congress—they will have made a thorough study of the matter and will be able to make some specific recommendation with reference to this tax on cosmetics.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. COOPER. I yield.

Mr. RICH. Do any of the changes made by the Senate reduce the income from the bill as it was originally sent to the Senate by the House?

Mr. COOPER. It is very difficult to give an exact estimate of that. My impression is that there may be a slight reduction in revenue, but I do not think it would exceed five or six million dollars.

Mr. RICH. Then, if the Senate tried to make a reduction from the tax bill, and every bill that we get from the Senate after it has passed the House has increased the appropriations, how in the world does the Senate figure they are going to do anything toward balancing the Budget?

Mr. COOPER. Of course, that question would naturally have to be addressed to the other body.

Mr. RICH. I think we will have to send the chairman of our Committee on Ways and Means over to talk to the Senate.

Mr. COOPER. I do feel that we cannot safely say there was any definite purpose or intention on the part of the Senate to reduce the amount of revenue. Just in the very nature of things, in adopting certain amendments, it resulted, perhaps, in a slight reduction of revenue.

Mr. RICH. I hope that our noble chairman of the Ways and Means Committee can have a good conference with the Senate on that particular point. I think it would be a fine thing for the country.

Mr. COOPER. Mr. Speaker, I will now pass to the amendment mentioned by the gentleman from Ohio [Mr. JENKINS], which I consider one of the important improvements to the bill. That is, with respect to corporations in an unsound financial condition being allowed to buy in their outstanding evidences of indebtedness without the gain being considered for tax purposes. About the only difference made by the Senate amendment is that it is here provided that where a corporation has made application to the Reconstruction

Finance Corporation or some other Government agency, and that agency has determined that the corporation is in an unsound financial condition, that evidence shall be submitted to the Commissioner of Internal Revenue in meeting and passing upon this question as to the unsound financial condition of the corporation.

Mr. JENKINS of Ohio. Let me understand. The gentleman states that the change puts a burden upon the corporation to have a finding by some responsible organization that it is unsound?

Mr. COOPER. No; it helps the corporation.

Mr. JENKINS of Ohio. I am afraid the gentleman did not quite understand my question. The way I read the language of the amendment it is that in order for the corporation to avail itself of this provision of the tax law the corporation must go to the Internal Revenue authorities with some adjudication that it is in an unsound condition.

Mr. COOPER. That is not it at all.

Mr. JENKINS of Ohio. What is it, then?

Mr. COOPER. The provision is this: If the corporation has voluntarily gone to the R. F. C. or some other governmental agency and presented its case, if it has made application for a loan, for instance, and the R. F. C. has examined the condition of the corporation and has reached a finding that it is in an unsound financial condition, that evidence must be considered by the Commissioner of Internal Revenue as deciding the question of whether the corporation is in an unsound financial condition and thereby entitled to this favorable treatment in the matter of the payment of taxes.

Mr. JENKINS of Ohio. Suppose it has not gone to any financial institution, and has had no adjudication, then it is back just where the House provision had it?

Mr. COOPER. Exactly.

Mr. JENKINS of Ohio. That is what I had in mind. Then, as I understand it, the Senate has gone one step further and made it a little easier for the corporation, so that if it has such adjudication it can bring that to the attention of the Bureau of Internal Revenue, and in that way it might escape the notoriety that it might get if it had to declare its unsound condition to the Internal Revenue Department in such a way that it would get unfavorable publicity.

Mr. COOPER. I think it might be stated just a little better to say that the corporation having made its showing to the R. F. C. or some other governmental agency may take that certificate as to its unsound financial condition to the Commissioner of Internal Revenue to be considered by him. Instead of the Commissioner's having to duplicate all of the work of investigation done by the R. F. C. or some other governmental agency he accepts that finding made by them and the certificate issued by them.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. COOPER. I yield.

Mr. McCORMACK. I think this might clarify the gentleman's mind. This amendment will prevent two departments of the Government checking upon each other and both of them checking upon the applicant, the corporation.

Mr. COOPER. That is true.

Mr. McCORMACK. In other words, if the R. F. C. has determined that the corporation seeking a loan is unsound, that does not mean that it is in bankruptcy or receivership; unsound does not mean that it is not a good going concern, but is unsound for the purpose of obtaining the advantages of this provision. It is very beneficial to business. If the R. F. C. makes a finding, certainly we should not require the corporation to subject itself to the Treasury Department and have to prove its case again before the Internal Revenue Bureau, for this would put both departments in the position of checking upon each other.

Mr. COOPER. That is true.

Mr. WALTER. Mr. Speaker, will the gentleman yield?

Mr. COOPER. I yield.

Mr. WALTER. How soon must the examination by the R. F. C. or the other lending agency have been made to make the finding acceptable evidence?

Mr. COOPER. It is as of the time that the discharge of the indebtedness occurs.

The next amendment, one of some importance, relates to inventories. Members of the committee will recall the question we have had with us for many years with respect to what is called "last in and first out" method of inventory treatment. This matter was considered in connection with the 1938 Revenue Act. At that time it was worked out so as to apply in the case of tanneries and nonferrous metals. Since that time the Treasury Department has been working almost constantly on the problem and it has succeeded in working out this amendment which was included in the bill as passed by the Senate, to make applicable to every industry the same treatment provided in the 1938 act for these particular industries. It is, of course, worked out so as to safeguard the revenue.

Mr. BUCK. Mr. Speaker, will the gentleman yield?

Mr. COOPER. I yield.

Mr. BUCK. As a matter of fact, this proposal was considered by the Subcommittee on Internal Revenue Taxation in the House; and the reason it was not brought to the attention of the House was because of the fact that the Treasury Department and the drafting service had not yet reduced to final form the amendment they proposed. Is not this correct?

Mr. COOPER. That is true; yes.

The next amendment to which I would like to invite attention is that appearing on page 42 of the bill which relates to compensation for personal services rendered over a period of 5 years or more. It has been considered a hardship to tax the compensation of writers, inventors, and others rendering personal service where they had worked over a long period of years and then received the compensation for that long period of work at one time in 1 year.

The case of an attorney might be an illustration well in point, where an attorney had worked on a case for 15 years or more and then in 1 year received a substantial fee for work done over that entire period of 15 years. This amendment included by the Senate provides that where this personal service is rendered over a period of time of 5 years or more, the amount of the compensation received shall in effect be spread out over the period of time covered by the period of employment or the period of time in which the personal services were rendered and that the income tax paid shall be the tax which would have been paid on the same basis as if these pro rata amounts had been taken up in the various years covered in the period of employment.

Miss SUMNER of Illinois. Mr. Speaker, will the gentleman yield?

Mr. COOPER. With pleasure.

Miss SUMNER of Illinois. Will the gentleman please state why the period of time was fixed at 5 years instead of 1 or more? Why was it not made applicable to 2 or more years?

Mr. COOPER. The figure five is to some extent arbitrary, for some period of time had to be fixed. If it were 1 year there would be no occasion for special treatment.

Miss SUMNER of Illinois. What about 2 years?

Mr. COOPER. It was thought after consideration, according to my understanding and the understanding of the committee, that at least to start with this would be the fairest and best treatment we could give it. It is entirely experimental. We have never had anything like it before and we felt as an experiment this would probably be the best basis to start with.

Mr. JENKINS of Ohio. According to this report I have here, it says 5 or more years. Will not that answer the question?

Miss SUMNER of Illinois. No; it will not.

Mr. COOPER. Five or more years. The gentlewoman's question was as to why that was not made 1 or more years instead of 5 or more years.

Mr. REED of New York. Will the gentleman yield?

Mr. COOPER. I yield to the gentleman from New York.

Mr. REED of New York. Does the gentleman consider this a very just amendment?

Mr. COOPER. Yes; I do.

Miss SUMNER of Illinois. It is a great improvement.

Mr. COOPER. Mr. Speaker, the next amendment is on page 43 of the bill and relates to the Securities and Exchange Commission. The 1938 Revenue Act provides that certain transactions arising out of the simplification and integration of public-utility holding company systems might be accomplished under the revenue act by treating some of the transactions as tax-free exchanges and making various adjustments on the basis of property according to the special treatment provided under the provision known as supplement R of the Internal Revenue Code. This simply provides for a 1-year extension of the time for the Securities and Exchange Commission to work out these matters.

The next amendment appears on page 44 and relates to the renewal of indebtedness. Under the 1938 Revenue Act, insofar as undistributed profits taxes are concerned, corporations have the right to certain special treatment because of outstanding indebtedness or sums set aside for the payment of outstanding indebtedness. This simply liberalizes that provision to some extent by permitting renewal of a debt to be considered as the original debt, and it applies only to the remaining time that the undistributed-profits tax shall apply. In other words, it does not extend beyond January 1, 1940, because after that time we will not have any undistributed-profits tax.

The next amendment appearing at the bottom of page 44 has to do with commodity-credit loans. It provides in simple terms that where a farmer places his products, cotton or whatever the product may be, in what is commonly termed the Government loan, he receives a loan on that product. This provides that so far as the question of taxes is concerned the transaction may be treated the same as the sale of that product so far as the amount of money he receives is concerned. The point, of course, is that a farmer might get a loan this year and his product continue in the Commodity Credit Corporation. Next year he might get a loan and so on. The result might be that, considered as a loan, the income would all come at one time, so far as the tax is concerned, and he might be required to pay a tax on the whole amount whereas he had been receiving these loans all along. The effect of this amendment is simply to treat these loans made to the farmer so far as internal taxes are concerned the same as if it had been a sale.

Miss SUMNER of Illinois. Will the gentleman yield?

Mr. COOPER. I yield to the gentlewoman from Illinois.

Miss SUMNER of Illinois. We over here are wondering if that paragraph is complete enough to permit him to deduct when he makes payment in the following year as a loss, if he has one?

Mr. COOPER. Oh, yes; it permits the deduction of a loss.

Mr. AUGUST H. ANDRESEN. Will the gentleman yield?

Mr. COOPER. I yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. In the case of corn, where a loan of 57 cents per bushel is made on the corn, and we will assume the market price is 40 cents, is it optional with the farmer to treat that loan either as a sale or as a loan?

Mr. COOPER. That is right.

Mr. AUGUST H. ANDRESEN. It is optional with him?

Mr. COOPER. It is optional with the farmer, so far as the income tax is concerned, whether he wants to treat it as a loan or sale.

Mr. AUGUST H. ANDRESEN. Assuming that he does treat it as a sale, but decides after he has made his return that he wants to treat it as a loan, and he loses 10 cents a bushel on the corn.

Mr. COOPER. He cannot do that. If he wants to exercise his own option and treat it as a sale and pay his income tax on the sale, then he cannot come back later and say, "I want to change it now and treat that as a loan and not as a sale." He has to do one or the other.

Mr. AUGUST H. ANDRESEN. Then title would in reality pass to the Government?

Mr. COOPER. This does not make any difference so far as title is concerned. This treats it as far as income-tax payment is concerned whatever way he wants to treat it.

Mr. AUGUST H. ANDRESEN. It seems to me this is going to be rather hard on the cotton farmers who have so much cotton in loan with the Government.

Mr. COOPER. As long as it is optional, I do not see how it could hurt anybody.

Mr. BUCK. Will the gentleman yield?

Mr. COOPER. I yield to the gentleman from California.

Mr. BUCK. Here is the advantage to the farmer, I may say to the gentleman from Minnesota: If he treats it as a sale in the year in which he gets a loan, he may then deduct and charge off against the amount the cost of production, which he never could charge off if he waited until the loans were liquidated in another year.

Mr. AUGUST H. ANDRESEN. That is true.

Mr. COOPER. That is one definite advantage. It gives him the opportunity of charging off his expenses and his cost at the time he asks that it be treated as a sale.

Mr. AUGUST H. ANDRESEN. At the present price levels, very few farmers have any income tax.

Mr. THOMASON. Will the gentleman yield?

Mr. COOPER. I yield to the gentleman from Texas.

Mr. THOMASON. Is there any change in the excise tax on copper?

Mr. COOPER. No; no change in that.

Mr. CRAWFORD. Will the gentleman yield?

Mr. COOPER. I yield to the gentleman from Michigan.

Mr. CRAWFORD. How does this amendment apply to those who have during the last 3 years, say, put cotton into loan and who have not yet reported that as income? They treated it as a loan at the time and it has not been reported as income.

Mr. COOPER. They can go back, if they want to, and treat that as income received at the time the loan was made.

Mr. CRAWFORD. Through amending their tax returns?

Mr. COOPER. That is right.

Mr. CRAWFORD. Insofar as the subsequent returns are concerned, as I understand the gentleman's explanation, this will operate almost exactly as making returns on the basis of an accrual or on the basis of cash income and outgo. In other words, having made the decision to report the income on the basis of accrual, they have to stick to that plan unless they get permission to change.

Mr. COOPER. That is correct.

Mr. CRAWFORD. And this will operate in a similar manner?

Mr. COOPER. That is correct, but there is no permit to change with respect to the years in which the taxpayer has already elected to treat such loans as sales.

Mr. CRAWFORD. I say, you will have to get the permit from the Commissioner?

Mr. COOPER. You cannot get a permit to change after you once exercise your option and elect.

Mr. CRAWFORD. In subsection (b) it is stated:

> Unless with the approval of the Commissioner a change to a different method is authorized.

Mr. COOPER. Yes; that is true. I beg the gentleman's pardon. But that only applies to future years.

Mr. CRAWFORD. That would be the same whether it is on an accrual or a cash basis?

Mr. COOPER. The gentleman is correct.

Mr. CRAWFORD. One other question. Having reported the loan money received, say, in 1939 as income, and then in 1940 at the time the loan is closed out it developing that there is an additional payment to be made to the farmer as a result of the sale of the products at a higher price than the loan amounted to, the farmer will at that time include the additional amount as income?

Mr. COOPER. Yes; that is correct.

Mr. KERR. Mr. Speaker, will the gentleman yield?

Mr. COOPER. I yield to the gentleman from North Carolina.

Mr. KERR. This tax would have to be collected only at one time, whether it is considered as a sale or a loan?

Mr. COOPER. The gentleman is correct.

Mr. KERR. And if he continued to negotiate his loan after he had paid the tax one time, for the first loan, he would not have to pay it if he negotiated his loan in subsequent years on the same crops?

Mr. COOPER. Oh, no; of course not.

The next amendment appears on page 47 and relates to charitable contributions made in possessions of the United States, and accords the same treatment that is now given similar contributions made in this country.

Mr. LUTHER A. JOHNSON. Mr. Speaker, will the gentleman yield?

Mr. COOPER. I yield to the gentleman from Texas.

Mr. LUTHER A. JOHNSON. There is a provision in the bill, as I understand, which extends the time within which taxpayers claiming refunds for payment of processing taxes under the Bankhead Act may file their claims.

Mr. COOPER. I will come to that in a few minutes, if the gentleman will permit me to proceed.

Mr. JENKINS of Ohio. Mr. Speaker, will the gentleman yield?

Mr. COOPER. I yield to the gentleman from Ohio.

Mr. JENKINS of Ohio. The gentleman is talking about section 224?

Mr. COOPER. That is right; amendment No. 14 to section 224, page 47.

Mr. JENKINS of Ohio. As I understand the gentleman, he said this applied only to foreign possessions.

Mr. COOPER. It applies to possessions of the United States.

Mr. JENKINS of Ohio. What does the gentleman mean, the Territorial possessions or the personal-property possessions of the United States?

Mr. COOPER. The Philippines and Puerto Rico.

Mr. JENKINS of Ohio. The Territorial possessions?

Mr. COOPER. That is right.

Mr. JENKINS of Ohio. Let us look at the heading. It states, "Charitable Deductions of Taxpayers Other Than Corporations."

Mr. COOPER. That is correct. Then look at the next heading on the next page, "Charitable Deductions of Corporations."

Mr. JENKINS of Ohio. All I want to bring out is this: When we were considering this bill in the House we stuck religiously to the proposition that we would not go outside of corporations. Does this section give any private individual any relief?

Mr. COOPER. Oh, yes; it applies to individual taxpayers.

Mr. JENKINS of Ohio. That is what I was coming to. Where? In the United States or in the foreign possessions only?

Mr. COOPER. In the United States. In other words, as I understand, the situation is this: Suppose some citizen of the United States desires to make a contribution to some hospital or charitable institution in the Philippines or Puerto Rico. Under this he would be allowed to do it and receive the same treatment as if he had made that kind of a contribution to some institution in this country.

Mr. JENKINS of Ohio. The reason I bring it up is that when we were considering this bill in the House the able young gentleman from Ohio [Mr. JONES] offered an amendment which was not voted on and to which a point of order was sustained.

Mr. COOPER. If the gentleman will permit, the gentleman from Ohio [Mr. JONES] offered an amendment somewhat along that line and I felt constrained to and did make a point of order against it. The Chair sustained the point of order. The amendment was not germane.

Mr. JENKINS of Ohio. This is what the amendment of the gentleman from Ohio sought to do. It sought to give to donors of charitable donations in this country a greater exemption for certain donations than they are now permitted. Now, does this amendment do that?

Mr. COOPER. No. The amendment offered by the gentleman from Ohio [Mr. JONES] sought to increase the amount of deductions for contributions that could be made to charitable institutions in this country.

Mr. JENKINS of Ohio. That is right. It sought to permit a greater exemption from taxes to donors making donations to public institutions and charitable institutions.

Mr. COOPER. That amendment went out on a point of order.

Mr. JENKINS of Ohio. That is true. What I want to know is whether this Senate amendment does anything more than give to an American donor the same exemption from taxes on donations to Philippine charities than he gets to American charities? Does it increase the percentage of his exemption or only extend it to donations to charities in our possessions?

Mr. COOPER. This amendment simply provides, as I endeavored to illustrate a few moments ago, if a citizen of the United States wants to make a contribution to a hospital or charitable institution in the Philippines or in Puerto Rico, he may do so and it will be treated in the same manner as the present law applies to charitable contributions made to institutions in this country.

Mr. JENKINS of Ohio. Then there is absolutely no change in the percentage of the exemption?

Mr. COOPER. That is right.

Mr. CRAWFORD. Mr. Speaker, will the gentleman yield?

Mr. COOPER. I yield to the gentleman.

Mr. CRAWFORD. I am sure the gentleman does not mean to include the Philippines in that statement of his, because the Philippines are now a commonwealth and is not, and has never been, a possession of the United States.

Mr. COOPER. It is my understanding that it applies to the Philippines. They are still treated as a possession of the United States because their independence does not become effective until 1945, as I recall.

Mr. CRAWFORD. I dislike very much to question that at this time——

Mr. COOPER. Of course, it will not apply after it becomes independent, but it does apply until then.

Mr. CRAWFORD. If we are in this provision extending to the Philippines the same status as Puerto Rico and the Virgin Islands and Hawaii, we are going far afield and doing something I do not believe the Congress ever did before. I think there must be a mistake there.

Mr. COOPER. What is the Philippines if it is not still a possession until its independence becomes effective?

Mr. CRAWFORD. The point is that the organic acts of the four Territories, Alaska, Hawaii, Puerto Rico, and the Philippines, are certainly dissimilar. The Philippine Islands are a Commonwealth, with a President of a Commonwealth moving toward independence, and I just cannot believe that that is the intent of this provision, with all the respect and high regard I have for the gentleman and I am raising that point now.

Mr. COOPER. I concede the gentleman knows a great deal more about the subject of the Philippines and matters of that kind than I do but it is my understanding that Alaska and Hawaii are Territories.

Mr. CRAWFORD. That is correct.

Mr. COOPER. And not possessions of the United States, but the Philippines and Puerto Rico are possessions of the United States.

Mr. CRAWFORD. I would go along with the gentleman on Puerto Rico and the Virgin Islands as possessions.

Mr. COOPER. Well, what is the position of the Philippines, if it is not a possession—it is not a Territory.

Mr. CRAWFORD. I do not want to impose on the gentleman's time.

Mr. COOPER. It is not an independent country yet, because the act does not become effective until 1945.

Mr. CRAWFORD. It is not independent, but it has never enjoyed the status of either of these other Territories.

Mr. COOPER. That may be true, but it is a possession of the United States until its independence becomes effective. It

enjoys the same status as Puerto Rico, according to my understanding.

The next amendment is amendment No. 15 to section 225, appearing on page 49 of the bill.

The amendment makes provision for Pan-American trade corporations. It is my understanding that because of the situation that exists, it is necessary for some American corporations doing business in Central and South America to have a subsidiary corporation to do business there. This simply provides that only so far as it applies to these parent corporations and subsidiary corporations engaged in trade in Central and South America, they may have the privilege of making consolidated returns, and all of the corporations must be domestic corporations.

I believe I will only ask your indulgence to mention briefly one other amendment, unless some questions are asked, and that is the amendment in which the gentleman from Texas [Mr. LUTHER A. JOHNSON] has shown a great interest. He has taken the matter up repeatedly with members of the Ways and Means Committee and has been very much interested in the matter all along, and the same thing is true with respect to the gentleman from Virginia [Mr. DARDEN] and quite a number of other Members of the House.

This amendment, No. 25, to section 405, on page 57 of the bill, provides for the extension of the time for the filing of claims for refunds under the processing tax under the Agricultural Adjustment Act to January 1, 1940. Under existing law people had the right to file these claims up to July 1, 1937. This meant that for 1 year and 8 days they had the right to file these claims, but it has been brought to the attention of the committee that many people did not get their claims filed within that time, and the time has been extended to January 1, 1940, for the filing of such claims.

Mr. LUTHER A. JOHNSON. Mr. Speaker, will the gentleman yield?

Mr. COOPER. I yield.

Mr. LUTHER A. JOHNSON. I want to congratulate and thank the committee for their action in agreeing to this provision, because it will affect many of the smaller merchants who had stocks of cotton goods upon which they had paid processing or floor stock tax and did not know they were entitled to a refund. The Supreme Court having held the law under which these taxes were paid to be unconstitutional, Congress therefore provided refunds if claims were filed by July 1, 1937. The larger taxpayers generally knew of this right so to do and filed claims, but the smaller merchants did not learn until it was too late of this right. We talk a great deal about helping small-business men. This provision will help that class by repaying to them the taxes illegally collected from them by the Government, and I appreciate, and on their behalf thank the able gentleman from Tennessee [Mr. COOPER] and the Ways and Means Committee for doing this act of justice.

The SPEAKER. The gentleman has consumed 40 minutes.

Mr. DOUGHTON. Mr. Speaker, I move the previous question.

The previous question was ordered.

The question was taken and the Senate amendments were concurred in.

A motion to reconsider was laid on the table.

STATE, JUSTICE, AND COMMERCE DEPARTMENTS APPROPRIATION BILL, 1940

Mr. THOMAS S. McMILLAN. Mr. Speaker, I call up the conference report upon the bill H. R. 6392, making appropriations for the Departments of State and Justice, and for the judiciary, and for the Department of Commerce, for the fiscal year ending June 30, 1940, and for other purposes, and ask unanimous consent that the statement be read in lieu of the report.

The SPEAKER. The gentleman from South Carolina calls up the conference report upon the bill H. R. 6392 and asks unanimous consent that the statement of the managers be read in lieu of the report. Is there objection?

There was no objection.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6392) making appropriations for the Departments of State and Justice and for the judiciary, and for the Department of Commerce, for the fiscal year ending June 30, 1940, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 2 and 33.

That the House recede from its disagreement to the amendments of the Senate numbered 3, 6, 7, 8, 9, 10, 11, 12, 14, 15, 20, 22, 23, 24, 28, 35, 37, 38, 39, 40, 42, and 43, and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment, as follows: In lieu of the sum proposed, insert "$2,192,000"; and the Senate agree to the same.

Amendment numbered 4: That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$750,000"; and the Senate agree to the same.

Amendment numbered 5: That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment, as follows: In lieu of the sum proposed, insert "$250,000"; and the Senate agree to the same.

Amendment numbered 13: That the House recede from its disagreement to the amendment of the Senate numbered 13, and agree to the same with an amendment, as follows: In lieu of the matter inserted by said amendment, insert the following: ", of which sum not to exceed $50,000 may be available for the investigation and prosecution of alleged violations of civil liberties"; and the Senate agree to the same.

Amendment numbered 16: That the House recede from its disagreement to the amendment of the Senate numbered 16, and agree to the same with an amendment, as follows: In lieu of the sum proposed, insert "$937,500"; and the Senate agree to the same.

Amendment numbered 18: That the House recede from its disagreement to the amendment of the Senate numbered 18, and agree to the same with an amendment, as follows: In lieu of the sum proposed, insert "$3,180,000"; and the Senate agree to the same.

Amendment numbered 19: That the House recede from its disagreement to the amendment of the Senate numbered 19, and agree to the same with an amendment, as follows: In lieu of the sum proposed, insert "$3,887,500"; and the Senate agree to the same.

Amendment numbered 21: That the House recede from its disagreement to the amendment of the Senate numbered 21, and agree to the same with an amendment, as follows: Restore the matter stricken out by said amendment amended to read as follows: "That no part of this appropriation shall be used to defray the salary or expenses of any probation officer whose work fails to comply with the official orders, regulations and probation standards promulgated by the Attorney General: *Provided further*, That no funds herein appropriated shall be used to defray the salary or expenses of any probation officer unless the District Judge shall have so far as possible required the appointee to conform with the qualifications prescribed by the Attorney General: *Provided further*, That nothing herein contained shall be construed to abridge the right of the District Judges to appoint probation officers, or to make such orders as may be necessary to govern probation officers in their own Courts: *Provided further,*"; and the Senate agree to the same.

Amendment numbered 25: That the House recede from its disagreement to the amendment of the Senate numbered 25, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$2,330,000"; and the Senate agree to the same.

Amendment numbered 26: That the House recede from its disagreement to the amendment of the Senate numbered 26, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$890,000"; and the Senate agree to the same.

Amendment numbered 27: That the House recede from its disagreement to the amendment of the Senate numbered 27, and agree to the same with an amendment, as follows: Restore the matter stricken out by said amendment amended to read as follows: ": *Provided further*, That the foregoing proviso shall not be held to apply to the employment of a person possessing the dual qualifications of a stenographer and a licensed attorney who acts as a stenographer-law clerk, but the maximum salary of any such person so employed shall not exceed $3,600 per annum: *Provided further*, That the salary of not more than one employee for any one district judge shall be paid from this appropriation: *Provided further*, That if any United States District Judge certifies to the Senior Judge of the Circuit Court of Appeals having jurisdiction over his district that he is unable to secure a law clerk who is a competent stenographer residing within his District then the limitations contained in the two provisos immediately preceding shall not apply"; and the Senate agree to the same.

Amendment numbered 29: That the House recede from its disagreement to the amendment of the Senate numbered 29, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$541,500"; and the Senate agree to the same.

Amendment numbered 31: That the House recede from its disagreement to the amendment of the Senate numbered 31, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$94,500"; and the Senate agree to the same.

Amendment numbered 32: That the House recede from its disagreement to the amendment of the Senate numbered 32, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$465,400"; and the Senate agree to the same.

Amendment numbered 34: That the House recede from its disagreement to the amendment of the Senate numbered 34, and agree to the same with an amendment, as follows: In lieu of the sum proposed, insert "160,000"; and the Senate agree to the same.

Amendment numbered 36: That the House recede from its disagreement to the amendment of the Senate numbered 36, and agree to the same with an amendment, as follows: In lieu of the matter inserted by said amendment, insert the following: ", of which not to exceed $75,000 may be available for the development of pH standards"; and the Senate agree to the same.

Amendment numbered 41: That the House recede from its disagreement to the amendment of the Senate numbered 41, and agree to the same with an amendment, as follows: In lieu of the sum named in said amendment, insert "$10,000"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 17 and 30.

THOS. S. MCMILLAN,
JAS. MCANDREWS,
LOUIS C. RABAUT,
MILLARD F. CALDWELL,
JOHN H. KERR,
ALBERT E. CARTER,
KARL STEFAN,
Managers on the part of the House.

KENNETH MCKELLAR,
RICHARD B. RUSSELL,
PATRICK MCCARRAN,
JNO. H. BANKHEAD,
KEY PITTMAN,
STYLES BRIDGES,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6392) making appropriations for the Departments of State and Justice and for the judiciary, and for the Department of Commerce for the fiscal year ending June 30, 1940, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

Department of State

On amendment No. 1: Appropriates $2,192,000 for salaries in the State Department in Washington instead of $2,183,500, as proposed by the House, and $2,239,760, as provided by the Senate.

On amendment No. 2: Appropriates $138,000 for contingent expenses in the Department of State in Washington, as proposed by the House, instead of $143,430, as provided by the Senate.

On amendment No. 3: Appropriates $650,000 for salaries of ambassadors and ministers, as proposed by the Senate, instead of $640,000, as provided by the House.

On amendment No. 4: Appropriates $750,000 for the construction of buildings for the Foreign Service instead of $500,000, as proposed by the House, and $1,000,000, as provided by the Senate.

On amendment No. 5: Authorizes contracts to be entered into in the amount of $250,000 for construction of buildings for the Foreign Service, instead of $200,000, as proposed by the House and $300,000, as provided by the Senate.

On amendment No. 6: Appropriates $25,000 for fence construction along the international boundary between Mexico and the United States, as proposed by the Senate.

On amendment No. 7: Appropriates $25,000 for expenses of the International Fisheries Commission, as proposed by the Senate, instead of $30,000, as provided by the House.

On amendment No. 8: Appropriates $40,000 for expenses of the International Pacific Salmon Fisheries Commission, as proposed by the Senate, instead of $35,000, as provided by the House.

On amendments Nos. 9, 10, and 11: Adopts Senate language with reference to certain exemptions afforded the Department in the matter of requiring competitive bids for the purchase of essential supplies and equipment at home and abroad.

Department of Justice

On amendment No. 12: Appropriates $210,000 for salaries in the Criminal Division, as proposed by the Senate, instead of $190,000, as provided by the House.

On amendment No. 13: Makes not to exceed $50,000 of the appropriation for the Criminal Division available for investigation and prosecution of alleged violations of civil liberties, as proposed by the Senate.

On amendment No. 14: Appropriates $314,220 for salaries in the Claims Division, as proposed by the Senate, instead of $285,000, as provided by the House.

On amendment No. 15: Corrects a total.

On amendment No. 16: Appropriates $937,500 for traveling expenses instead of $925,000, as proposed by the House, and $950,000, as provided by the Senate.

On amendment No. 18: Appropriates $3,180,000 for salaries and expenses of district attorneys and their regular assistants instead of $3,160,000, as proposed by the House, and $3,200,000, as provided by the Senate.

On amendment No. 19: Appropriates $3,887,500 for salaries and expenses of marshals and their deputies instead of $3,875,000, as provided by the House, and $3,900,000, as proposed by the Senate.

On amendment No. 20: Corrects a heading.

On amendment No. 21: Reinstates language inserted by the House and deleted by the Senate dealing with the appointment and work of probation officers, amended in such manner as to assure the right of the district judge to make the appointment of the probation officer subject to conformity, insofar as possible, with standards or regulations prescribed by the Attorney General, and further to assure the right of the district judge to make such orders as may be necessary to govern probation officers in their own courts.

On amendment No. 22: Appropriates $105,780 for salaries in the Court of Customs and Patent Appeals, as proposed by the Senate, instead of $104,300, as provided by the House.

On amendments Nos. 23 and 24: Provides seven commissioners of the Court of Claims, as proposed by the Senate, instead of six, as proposed by the House, and appropriates $75,500 for commissioners' salaries and expenses, as proposed by the Senate, instead of $65,000, as provided by the House.

On amendment No. 25: Appropriates $2,330,000 for salaries and expenses of clerks of courts instead of $2,308,000, as proposed by the House, and $2,338,000, as provided by the Senate.

On amendment No. 26: Appropriates $890,000 for miscellaneous salaries, United States courts, instead of $856,000, as proposed by the House, and $940,000, as provided by the Senate. The effect of this action is to grant six messengers for the court of appeals and six for the district court, both in the District of Columbia.

On amendment No. 27: Reinstates House language deleted by the Senate providing for employment of a combination stenographer-law clerk by United States district judges, amended in such manner as to sanction the employment of a law clerk for a district judge in such cases where the senior judge of the circuit court of appeals certifies as to need therefor and the district judge certifies that he is unable to find a person residing within his district who may possess the dual qualifications of a stenographer and law clerk.

Department of Commerce

On amendment No. 28: Authorizes payment of $10,000 per annum compensation to an Under Secretary of Commerce, as provided by the Senate.

On amendment No. 29: Appropriates $541,500 for salaries in the office of the Secretary of Commerce instead of $331,500, as proposed by the House, and $606,500, as provided by the Senate.

On amendment No. 31: Appropriates $94,500 for departmental contingent expenses instead of $80,500, as proposed by the House, and $100,500, as provided by the Senate.

On amendment No. 32: Appropriates $465,400 for departmental traveling expense instead of $455,900, as proposed by the House, and $468,400, as provided by the Senate.

On amendment No. 33: Appropriates $350,000 for salaries and expenses of district and cooperative offices of the Bureau of Foreign and Domestic Commerce, as proposed by the House, instead of $313,000, as provided by the Senate.

On amendment No. 34: Appropriates $160,000 for expenses of transportation of families and effects of officers and employees and allowances for living quarters under the Bureau of Foreign and Domestic Commerce instead of $153,000, as proposed by the House, and $164,000, as provided by the Senate.

On amendment No. 35: Corrects a typographical error.

On amendment No. 36: Makes not to exceed $75,000 of the appropriation for research and development under the National Bureau of Standards available for the development of pH standards, as proposed by the Senate.

On amendment No. 37: Appropriates $100,000 for the purchase of land adjoining the property of the National Bureau of Standards, as proposed by the Senate.

On amendment No. 38: Corrects a total.

On amendment No. 39: Appropriates $70,000 for repair of vessels under the Coast and Geodetic Survey, as proposed by the Senate, instead of $65,000, as provided by the House.

On amendment No. 40: Appropriates $949,400 for propagation of food fishes under the Bureau of Fisheries, as proposed by the Senate, instead of $930,000, as provided by the House.

On amendment No. 41: Makes not to exceed $10,000 of the appropriation for propagation of food fishes under the Bureau of Fisheries available for the completion of the fish cultural station at Arcadia, R. I., instead of authorizing $20,000 for this purpose, as provided by the Senate.

On amendment No. 42: Increases the limitation for pay of permanent employees under the appropriation for fishery industries, Bureau of Fisheries, from $56,760, as proposed by the House, to $61,960, as provided by the Senate.

On amendment No. 43: Appropriates $80,000 for fishery industries, Bureau of Fisheries, as provided by the Senate, instead of $72,500, as proposed by the House.

The committee on conference report in disagreement amendments No. 17 and 30.

THOS. S. MCMILLAN,
JAS. MCANDREWS,
LOUIS C. RABAUT,
MILLARD F. CALDWELL,
JOHN H. KERR,
ALBERT E. CARTER,
KARL STEFAN,
Managers on the part of the House.

Mr. THOMAS S. McMILLAN. Mr. Speaker, it will be noticed that there are a number of amendments made on the bill by the Senate, but the effect of the conference in brief is merely this. We had during the conference sessions what we may term in common parlance a number of trades and other agreements. Substantially there has been no great change in any of the items included in the report. The report and the Senate amendments that the House has agreed to still holds this bill approximately $2,300,000 under the estimate of the Budget.

Mr. CARTER. Mr. Speaker, will the gentleman yield?

Mr. THOMAS S. McMILLAN. Yes. Does the gentleman desire some time?

Mr. CARTER. I would like to have at least 10 minutes.

Mr. THOMAS S. McMILLAN. Mr. Speaker, I yield 10 minutes to the gentleman from California.

Mr. CARTER. Mr. Speaker, I call the attention of the House to an item that was placed in this bill in the Senate, an item on which there were no hearings held before the Committee on Appropriations of the House. After the Department of Commerce bill was passed in the House, and when it was presented to the Senate committee, the Secretary of Commerce for the first time appeared there and asked for an item of $226,000 in order to employ 62 additional persons for carrying on the work of the Department of Commerce. While the hearings were held before the Senate subcommittee, no hearings were presented to the House committee on this item. The statement of the Secretary of Commerce in reference to the duties of these 62 individuals is decidedly indefinite. In the hearings before the Senate subcommittee on page 82 will be found the various salaries that these 62 employees are to receive, but diligent search will not reveal a single duty that these 62 are to perform. It is true that the Secretary of Commerce did make a statement to the Senate committee, and I shall quote very briefly from this statement in order to show how uncertain he is as to what he desires these people to do. On page 74 of the Senate hearing there is a statement to this effect:

> As a matter of organization, these additions could properly be made in the Bureau of Foreign and Domestic Commerce, whose functions are related to all of these problems.

He says the duties of these men might be properly classed in the Bureau of Domestic and Foreign Commerce. As I understand the reorganization bill, the Bureau of Foreign Commerce will be no longer in the Department of Commerce. It is to be transferred to the State Department, and if part of these functions come within the Bureau of Foreign Commerce, certainly he is not going to need money to employ personnel to carry on that particular work. Then, going on with his statement:

> I have no precedents to guide me in this matter of organization. It would clearly be unwise to attempt to set up at the present time a definite plan of men and methods for policy making and accomplishment. I am, therefore, asking for a lump-sum appropriation of $225,000 to create a staff to do this work in the office of the Secretary. Later, as experience accumulates, it should be possible to define particular positions and duties with some degree of certainty.

He is asking this House to give him $225,000, and, according to his own statement here, he does not know what the duties of these individuals are to be. Generally it is to help promote business according to the statement of the Secretary of Commerce, but I say to the membership of this House that the whole idea of the Department of Commerce, the entire $32,000,000 that we give them, is given to them upon the theory that they are to aid and assist business, and if the present Secretary of Commerce can do it for $225,000, then why give him $32,000,000? It seems to me to be a most unusual and unreasonable request, and there is a certain amendment, No. 30, which has some bearing on this, and at the proper time I shall ask the membership of the House to vote down the agreement to that particular amendment.

Mr. ELSTON. Are these 62 extra employees to be selected from the civil-service list?

Mr. CARTER. They are not. I believe some of them are to be selected from the civil-service list, but all of the higher salaried positions are to be exempted from the civil-service list. I believe I am correct in that statement.

Mr. THOMAS S. McMILLAN. The gentleman is correct.

Mr. CARTER. Mr. Speaker, I think that is all I have to call to the attention of the House at this time.

Mr. THOMAS S. McMILLAN. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. CULKIN].

Mr. CULKIN. Mr. Speaker, I trust my discussion of this question will not be considered an invasion of the functions and power of the Committee on Appropriations.

To my mind, the most substantial offer of appeasement of business—and of course there has been much discussion on that—was the appointment of Edward J. Noble as Under Secretary of Commerce. Edward J. Noble is an outstanding businessman, a man who won his spurs in the business world. Incidentally, he is a Republican. I have watched with a great deal of interest the Department of Commerce in the past. In brief, this appointment of Mr. Noble means that the business world of America would have a friend at court. Hopkins has the ear of the President and Noble, obviously, has the ear of Hopkins. It makes a definite life-line between business and the gentleman in the White House.

I said a moment ago that I held no brief for the past performance of the Department of Commerce. I have had some close-ups on it. I think it has been rather apathetic and colorless, but now we have in the office of Under Secretary a man who is a Republican, and the purpose of whose appointment is to make rapprochement, as far as possible, with business in the United States.

Now, obviously, Mr. Noble, as Under Secretary, cannot make that rapprochement with the political or hack employees that are at present in the Department. Expert assistance is needed to strengthen his right arm and accomplish the very purpose for which the gentlemen on my side of the aisle generally contend.

I believe this is a constructive proposition in the interest of America. When the President holds out, even remotely, an olive branch to industry, as he does in this case, for God's sake do not let the gentlemen on my side of the aisle "look a gift horse in the mouth."

Mr. CARTER. Mr. Speaker, will the gentleman yield?

Mr. CULKIN. I yield.

Mr. CARTER. Does the gentleman know what Mr. Noble is going to require those men to do?

Mr. CULKIN. Of course, it is obvious. The gentleman has heard my statement. I regard the past performance of the Department of Commerce under Secretary Roper as colorless, and, in a sense, pathetic; but here is a businessman of high caliber and great cruising range—a Republican who is put into this office for the purpose of doing a job. I do not guarantee he will do a job or that he will be permitted to do a job, but I do guarantee that he will make every effort to bring about this suggested rapprochement with business which is the thing which this country needs if it is to get on an even keel.

Mr. CARTER. Mr. Speaker, will the gentleman yield further?

[Here the gavel fell.]

Mr. THOMAS S. McMILLAN. Mr. Speaker, I yield the gentleman 3 additional minutes.

Mr. CARTER. Will the gentleman yield further?

Mr. CULKIN. I yield.

Mr. CARTER. What is the whole idea of the Department of Commerce if it is not to promote, aid, and encourage business? What are you going to do with the other $32,000,000?

Mr. CULKIN. Of course, it is a large Department and it was a powerful Department under former President Hoover. Then it functioned admirably. These appointments, as I understand it, are necessary in order to get this Department out of the existing rut and existing bureaucracy. This $160,000 is for the purpose of hiring real experts who speak the language of business. That is the only way I can answer the gentleman. Of course, the gentleman is attempting to be facetious and getting nowhere, at least with me.

Mr. CARTER. I am attempting to get some information. If the gentleman has it, I would like to have him give it to the House, but what I am at a loss to understand is, if business can be revived for $225,000, why are we to spend $32,000,000?

Mr. CULKIN. No; I beg the gentleman's pardon. It is $160,000. That $160,000 may, in connection with the reapproach to business, under the auspices of Noble, who is in a sense the de facto Secretary of Commerce, be the thing that sets the machinery going. At least, it is a hope. I repeat, it is the first definite piece of appeasement I have seen on the part of the administration.

Mr. CHURCH. Mr. Speaker, will the gentleman yield?

Mr. CULKIN. No; I cannot yield. So I say that the gentlemen on my side of the aisle who are definitely the spokesmen, and justifiably the spokesmen of business, should not look a gift horse in the mouth, or get in the role of "semicolon boys."

Miss SUMNER of Illinois. Mr. Speaker, will the gentleman yield?

Mr. CULKIN. No; I cannot yield. I am sorry. That is my definite view on it. In my judgment, it is a sane construction of the situation. This procedure will bring about rapprochement with business in the country. It will aid industry. This measure may be the very thing that will set the wheels turning in America.

I urge the House to support the pending motion of the gentleman from South Carolina [Mr. McMILLAN]. [Applause.]

The SPEAKER. The time of the gentleman from New York has again expired.

Mr. THOMAS S. McMILLAN. Mr. Speaker, I yield 5 minutes to the gentleman from Nebraska [Mr. STEFAN].

Mr. STEFAN. Mr. Speaker, we should give particular attention to the item to which my colleague, the ranking minority member on the subcommittee, discussed a moment ago, the item of 62 additional employees asked for by the Secretary, employees additional to those your committee provided in the bill as it passed the House.

The Members should know that all of the subcommittee, both the majority and minority members, are not agreeable to this new item in the bill. It comes to you as a sort of compromise with the Senate. You should know also that we had no information about this new item. We held hearings for 4 or 5 weeks on this bill, exhaustive hearings, but neither your chairman nor other members of the subcommittee heard anything about this item until we reached the conference with the Senate. I think every member of the subcommittee loves the gentleman from South Carolina, TOM McMILLAN, our chairman. We think a great deal of him. But I do not think his heart is for this item. I cannot recall one time, Mr. Speaker, when there was one word of politics spoken or even intimated in these long hearings on this gigantic appropriation bill, and it is gigantic in reality. As the bill went to the Senate it carried $32,000,000 for the Department of Commerce, but when we went into conference with the Senate we found that the Senate had held hearings on these three bills that covered about 150 pages. The House hearings covered over 1,000 pages; and we found in the bill as it came from the Senate $226,000 added to the $32,000,000 of the House bill.

Let me explain that. Mind you, your own committee which has to check on your appropriations, always cutting down appropriations, usually finds, when it goes into conference with the other body of this Congress, that the other body has made increases in the bill and we have to compromise, we have to recede, and we have to insist; but I want to tell you that the gentleman from South Carolina, TOM McMILLAN, and your committee did not recede on everything. There was an item, however, about which we knew absolutely nothing, about which we felt we ought to know something; and we objected; we were constrained to object. Now listen to what they want to do over there. Civil service is not involved, for every one of these jobs over $7,000 is going to be approved on the other side of this Capitol, and there will be some mighty fine jobs.

The gentleman from New York who preceded me took exception to the action of the members of the minority, saying they were not good to business. We feel that the appropriations we are making, over thirty-two millions for the Commerce Department, and the additions we are making in the Commerce Department are generous. We provided them with considerable money, gigantic sums, to play ball with business.

They told us in our hearings that the Commerce Department has been without a rudder, and that perhaps some of these dollar-a-year men have not been doing anything. We do not know, but we provided them with money. They told us they wanted to go out and hire a lot of dollar-a-year men, or men who are getting $50,000 a year in private business, and give them $9,000-a-year jobs in the Commerce Department. To do what? We do not know, but we would like to have some information; we would like to have it justified; the House is entitled to some information. So some of our Members compromised on it and cut the amount to $160,000 instead of $226,000.

[Here the gavel fell.]

Mr. THOMAS S. McMILLAN. Mr. Speaker, I yield 5 additional minutes to the gentleman from Nebraska.

Mr. STEFAN. We think this item ought to be stricken until the House gets some information. The taxpayers who will have to pay should know.

Now, talking about checks, we have to check on many things. Your committee should be complimented on not agreeing to some of the items.

Mr. TABER. Mr. Speaker, will the gentleman yield for a question?

Mr. STEFAN. I shall be pleased to yield.

Mr. TABER. Is it true that a lot of Department of Commerce money was attempted to be used to help out the farmers of South America to grow things to compete with the agriculture of the United States?

Mr. STEFAN. I will discuss that. I thank the gentleman for asking me that question. We were required to yield on some things, but we did not yield on that item.

The item in which the gentleman is so much interested is one on which we did not yield. It was brought out in the hearings before the House committee that the State Department wanted $39,000 or $40,000 to translate into Spanish and Portuguese pamphlets, books, and Lord knows what else, to send to the farmers and people of South and Central America and broadcast all over Latin America. They had before us scores of these pamphlets teaching people how to grow more cotton, more beef, more lard, more wheat. Your committee should be complimented for taking that item out of the bill. When we got into the conference room with the Senate conferees, however, we found that item was put back in the bill. Your chairman and the entire membership of your subcommittee fought against that item, and it was stricken from the bill; the Senate conferees receded.

Mr. CASE of South Dakota. Mr. Speaker, will the gentleman yield?

Mr. STEFAN. I yield.

Mr. CASE of South Dakota. Can the gentleman tell us whether there was any evidence before his committee that the Department of Commerce was paying the salaries of employees and lending them to other branches of the Government—the White House, for instance?

Mr. STEFAN. Yes; it has been done.

Mr. CASE of South Dakota. Can the gentleman tell us whether this item for an increase in the number of employees for the Assistant Secretary, and the other employees, means that money will be appropriated to the Department of Commerce to pay the salaries of employees to be lent to other agencies?

Mr. STEFAN. Throughout the consideration of this bill—and I want again to compliment the chairman of this committee who took it upon his own shoulders to fight against that practice—throughout the consideration of this bill such practice was condemned. I think the entire membership of the House, and particularly the members on the Committee on Appropriations should watch each item, because the practice of lending employees by different departments leaves us no check upon how the money we appropriated is being spent.

Miss SUMNER of Illinois. Will the gentleman yield?

Mr. STEFAN. I yield to the gentlewoman from Illinois.

Miss SUMNER of Illinois. We on the Republican side appreciate that the vital need today is to lure money not into Government bonds but into private business. We are willing to do everything we can and vote for everything we can that will accomplish that. But I wonder if the gentleman who is discussing this so ably heard the previous speaker say that this proposal to add to the Department of Commerce is a "gift horse." I wonder if the gentleman who is now speaking does not think that in fact the "gift horse" may prove to be a hollow wooden horse such as they led into the city of Troy, filled with men who will be let out in 1940 to destroy us? [Applause.]

Mr. STEFAN. I thank the gentlewoman from Illinois. May I say to her that in the consideration of this bill in conference we were more impressed by the importance that Members of the Appropriations Committee in appropriating taxpayers money should absolutely know what the money is going to be used for before we give our stamp of approval on something that has been ill-considered. We should look at the teeth of the horse before buying it.

Miss SUMNER of Illinois. Was the question asked by the committee whether the duties of these new job holders might not to be to "spend, tax, and elect?"

Mr. STEFAN. We do not know what they are going to do. All they want to do is to appoint somebody about whom we do not know anything, and I must oppose this item.

[Here the gavel fell.]

Mr. RABAUT. Mr. Speaker, I yield 5 minutes to the gentleman from Alabama [Mr. HOBBS].

Mr. HOBBS. Mr. Speaker, I think we all agree that the Appropriations Committee of the House of Representatives is a truly great committee. Certainly the subcommittee which is responsible for this bill and for the conference report we are considering is up to the high standard of the subcommittees which have made the Appropriations Committee justly famous. There is no man for whom I have greater admiration and more sincere affection than the distinguished chairman of this subcommittee. The individual members of this subcommittee are in the same class with its chairman. But I believe sincerely that in amendment No. 21 as set forth in their conference report at the bottom of page 2, they have not done a job that is up to their standard.

The attention of my colleagues on both sides of the aisle is most earnestly invited to the matter I shall strive to present in the few minutes allowed me. This is not in any sense a partisan matter. It is one of considerable importance, relating, as it does, to the probation officers and service of the United States district courts.

I do not criticize our Appropriations Committee for having, under the guise of a limitation, engrafted what is to all practical intents and purposes a legislative provision on an appropriation bill. Nor am I the least bit jealous of the prerogatives of the Committee on the Judiciary, of which I happen to be a member. But I submit that this amendment No. 21 is wrong, no matter from what viewpoint it may be seen.

If the judges of our United States district courts are not qualified and competent to select probation officers to work under them in their own courts, then their appointing power should be taken away from them by appropriate legislation.

By the law of the land the right to appoint probation officers has long been vested in the judges of our district courts. The Committee on the Judiciary has during this session of Congress had occasion to consider fully and carefully whether this right of appointment should be taken away from the judges and lodged elsewhere. The conclusion was reached, I believe unanimously, that this power should be left where it is—in the judges.

The Committee on the Judiciary, however, and Congress has always realized that the Department of Justice and its parole board is, of course, interested in the proper functioning of the probation officers. It is clear that standardization of procedure, practice, and reports of the probation officers is desirable. Hence it was provided by the act of Congress approved June 6, 1930, section 2:

> The Attorney General or his authorized agent, shall investigate the work of the probation officers and make recommendations concerning the same to the respective judges and shall have access to the records of all probation officers. He shall collect for publication statistical and other information concerning the work of the probation officers. He shall prescribe record forms and statistics to be kept by the probation officers and shall formulate general rules for the proper conduct of the probation work. He shall endeavor by all equitable means to promote the efficient administration of the probation system and the enforcement of the probation laws in all United States courts. He shall incorporate in his annual report a statement concerning the operation of the probation system in such courts.

This authority granted the Attorney General or his authorized agent has been exercised wisely and tactfully. It has resulted in more uniformity than could have been attained otherwise and in general it has been beneficial.

But it is manifest from a reading of this statute that it did not minimize nor interfere with the right of the judges to appoint their own probation officers. It did not confer upon the Attorney General any right to dictate who the appointees should be; nor to prescribe their qualifications; nor to stop their pay. In 1937, however, without reference to any legislative committee, the Appropriations Committee wrote a provision into the appropriation bill for the then ensuing fiscal year as follows:

> *Provided further*, That no part of any appropriation in this act shall be used to defray the salary or expenses of any probation officer who does not comply with the official orders, regulations, and probation standards promulgated by the Attorney General.

Under this authority under date of January 18, 1938, Circular 3072 was issued prescribing "minimum standards for United States probation service." It comprises six pages. Substantially the same provisions were carried forward into the appropriation bill approved in 1938; and in the present appropriations bill, H. R. 6392, in conformity with the suggestion of one of the witnesses from the Department of Justice, the following quoted provision was inserted in this bill—lines 5 to 11, page 46:

> *Provided*, That no part of this sum shall be used to defray the salary or expenses of any probation officer whose work fails to comply with the standards promulgated by the Attorney General, and no part may be used for the payment of compensation of new probation officers who, in the judgment of the Attorney General, did not have proper qualifications as prescribed by him.

After the bill had been passed by the House the Senate struck out the last quoted provision. In the ensuing conference amendment 21 was agreed upon in lieu of the stricken language. It reads as follows:

> That no part of this appropriation shall be used to defray the salary or expenses of any probation officer whose work fails to comply with the official orders, regulations, and probation standards promulgated by the Attorney General: *Provided further*, That no funds herein appropriated shall be used to defray the salary or expenses of any probation officer unless the district judge shall have so far as possible required the appointee to conform with the qualifications prescribed by the Attorney General: *Provided further*, That nothing herein contained shall be construed to abridge the right of the district judges to appoint probation officers, or to make such orders as may be necessary to govern probation officers in their own courts.

While it is true that the concluding proviso of the amendment says that nothing therein contained shall be construed to abridge the right of the district judges to appoint probation officers, or to make such orders as may be necessary to govern probation officers in their own courts, nevertheless it provides that no funds appropriated shall be used to defray the salary or expenses of any probation officer unless the district judge shall have, so far as possible, required the appointee to conform with the qualifications prescribed by the Attorney General and that no part of the appropriation shall be used to defray the salary or expenses of any probation officer whose work fails to comply with the official orders, regulations, and probation standards promulgated by the Attorney General. Therefore, it does seek to limit the right of the judge to appoint the man he thinks best qualified for the position, by requiring the judge, as far as possible, to require the appointee to conform with the qualifications prescribed by the Attorney General, and it further requires the work of the probation officer to comply with the official orders, regulations, and probation standards promulgated by the Attorney General. In other words, while this amendment declares that it is not to be construed as abridging the right of the district judges to appoint probation officers, it actually does so. And, furthermore, it substitutes the Attorney General for the judge in the supervision of the work of the probation officer.

I come back to my original proposition. If judges are not competent to select qualified probation officers to work under them, then their appointing power should be revoked. But if we leave the appointing power in them, we should not indirectly make it subject to the veto of the Attorney General. If, after full consideration, Congress deems it wise to take this appointing power away from the judges and give it to the Attorney General that would be infinitely more satisfactory to the judges than this provision which, in effect, makes the judges and the probation officers of their appointment subject to the orders of the Attorney General both before and after appointment.

Mr. RABAUT. Will the gentleman yield?

Mr. HOBBS. With great pleasure.

Mr. RABAUT. There is only one page of the report that deals with qualifications.

Mr. HOBBS. There are six pages of so-called probation standards, and in the amendment you require compliance therewith or no money.

Mr. RABAUT. Only one page.

Mr. HOBBS. I beg your pardon, sir, I have it before me.

Mr. RABAUT. The qualifications of the appointee are all on one page.

Mr. HOBBS. Whether on one page or more is not significant. I cannot take the time now to read it but you do require the probation officer to conform as far as possible with the qualifications prescribed by the Attorney General although you say that the right of the district judges to appoint probation officers shall be unabridged. This seems to me incongruous.

Mr. RABAUT. Whose qualifications do not conform?

Mr. HOBBS. The qualifications of the probation officers.

The House will be interested, I believe, in these specifications of the qualifications of probation officers as promulgated by the Attorney General:

(b) They should be graduates of a college or university of recognized standing or have equivalent practical training in probation work or an allied field. One year of study in a recognized school of social work may be substituted for 2 years of college training.

(c) They should have at least 2 years' full-time experience in probation work or 2 years' full-time experience as a case worker in an accredited professional family-service agency or other social case-work agency, or equivalent experience in an allied field.

(d) They should not have reached their fifty-third birthday.

Mr. RABAUT. If the gentleman will yield. He does not go out at 53, he cannot go in at 53.

Mr. HOBBS. You may so construe the provisions of this amendment, but I am not sure that your construction is the correct one. It may mean that they must go out at 53.

My interpretation of the qualifications promulgated by Attorney General Cummings, which I have quoted, is that the Department of Justice intends that social uplifters will eventually have all these jobs. The term "allied field" means anything which the official construing it may wish it to mean.

Mr. KERR. Mr. Speaker, will the gentleman yield?

Mr. HOBBS. I am delighted to yield to the gentleman from North Carolina.

Mr. KERR. Does not my friend, who is a very astute and good lawyer, think that the last proviso of this statute bridges the trouble of which he complains? It is distinctly stated there—

Provided further, That nothing herein contained shall be construed to abridge the right of a district judge to appoint probation officers or to make such orders as may be necessary to govern probation officers in their own courts.

Mr. HOBBS. That was the sop you threw to Cerberus in order to reach agreement with the Senate conferees——

Mr. KERR. Is that the way the gentleman construes that item, by making that answer to me?

Mr. HOBBS. I beg the gentleman's pardon. I certainly did not mean to give offense. I hold you, sir, in the highest esteem and most affectionate regard, and nothing was further from my thought than to be disrespectful. But I sincerely think that the concluding proviso of the conferees' amendment, which I am criticizing, was put there to appease the Senate conferees.

Mr. KERR. Is not the force of that still that it leaves the law just as it is now and just as the gentleman wants it?

Mr. HOBBS. If I thought so, I would not have risen today. It is perfectly clear to my mind that the first two provisos of the amendment render the third of practically no effect.

The House and the Senate conferees having reached an agreement upon amendment No. 21, I realize fully that the parliamentary situation inhibits action on this amendment. The Parliamentarian tells me that we must vote the conference report up or down. In view of the importance of this bill, making appropriations as it does for the Departments of State, Justice, and Commerce, and for the Judiciary, I do not think that this conference report should be voted down. I am not asking for any such action. I appreciate deeply the time which the committee has granted me so that I might bring this matter to the attention of the House. I sincerely hope that next year the eminent members of this subcommittee will eliminate from the then pending appropriation bill all such provisions as those contained in amendment No. 21. The judges may safely be trusted to exercise the power of appointing probation officers wisely and to cooperate fully with the Department of Justice in improving a good probation service. They know the conflicts to be dealt with. They hear the evidence in the cases. Above all, they know the men they appoint, and are in the best possible position to supervise their work.

[Here the gavel fell.]

Mr. HOBBS. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to include therein the minimum standards for the United States Probation Service promulgated by the Department of Justice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. THOMAS S. McMILLAN. Mr. Speaker, I yield 5 minutes to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Speaker, to make sure that everyone has a proper appreciation of what the controversy is with respect to the Department of Commerce appropriation bill, let me set it before you as succinctly as I possibly can. The House wrote in for salaries for the Commerce Department $381,500. The Senate increased that to $606,500, with the proviso that $133,500 is to be earmarked for experts and specialists, who may receive up to $9,000 per year, and if they receive in excess of $5,000 per year they must be nominated by the President and confirmed by the Senate.

I almost approach this apologetically because of the genial disposition of my good friend from South Carolina.

Mr. THOMAS S. McMILLAN. Mr. Speaker, will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from South Carolina.

Mr. THOMAS S. McMILLAN. May I say that that amount has been increased to $7,500 from $5,000?

Mr. DIRKSEN. Very well, that means then that the Senate confirmation applies only in case of those receiving over $7,500. However, the point I want to get before the House is this: Why should we give the Secretary of Commerce these additional funds? There are 145 employees in the office, or there were on the 1st day of March, out of a total of 12,357 in the Department. If there were good reason for this I would not oppose it, but fancy diminishing the functions of the Department and at the same time asking for more experts and more specialists. Do you not remember, and does not my genial colleague from Illinois, the fair lady, remember when we had reorganization plans No. I and No. II on this floor? And what did they do to the Department of Commerce? In the first place, they transferred all the functions relative to foreign commerce from the Commerce Department to the State Department. I do not exactly know how many are involved, but there are 1,246 people in that entire department.

The Secretary's functions with respect to foreign commerce were transferred to the State Department. The Lighthouse Bureau was transferred to the Treasury Department and consolidated with the Coast Guard, and so 4,800 more employees who were previously under the Secretary of Commerce are now under the jurisdiction of the Treasury. The Bureau of Fisheries was transferred from Commerce to the gentleman who presides over the destinies of the Department of the Interior, and so 530 additional employees have been taken out of Commerce and put into Interior. In 1938 air commerce was put in Civil Aeronautics, involving sundry hundreds of people. We have stripped it of many of its functions, replacing them in part by transferring Inland Waterways to Commerce, but we have reduced the personnel, we have reduced the functions, and yet they would like to have more coordinating personnel in the Secretary's office.

They say these are to be experts, they say these are to be specialists, I suppose, in order to carry out the doctrine of appeasement which was so optimistically advanced here by our good friend the gentleman from New York [Mr. CULKIN]. I wish I could accept that rather roseate idea of the matter. The trouble is he has his mythology and his literature mixed up. He stood here and asked why we should look a gift horse in the mouth. Well, it occurs to me, after conferring with that great litterateur from South Dakota [Mr. CASE], it was David Harum, who said you always ought to look a gift horse in the mouth. So really we ought to look this gift horse in the mouth and not be too optimistic or sanguine about the pipe line of appeasement that is going to go from the Department of Commerce to the businessmen of the country.

If you need any proof on this point, there are 50 members of the Business Advisory Council who have not been able to get anywhere through the Secretary of Commerce. I talked with one of the members of the council not more than 3 weeks ago in Washington, who told me they have worked diligently and faithfully in the interest of business and in the interest of prosperity and in the interest of recapturing recovery for this country, and yet when they filed their reports every report went into a pigeonhole and that is about as far as appeasement has got, and some of them have resigned because they could not get any cooperation.

Will $133,000 worth of experts and specialists be any assurance or any guarantee that there is going to be a higher degree of cooperation in the future than we have experienced up to now?

[Here the gavel fell.]

Mr. THOMAS S. McMILLAN. Mr. Speaker, I yield the gentleman 1 additional minute.

Miss SUMNER of Illinois. Mr. Speaker, will the gentleman yield?

Mr. DIRKSEN. I yield to the gentlewoman from Illinois.

Miss SUMNER of Illinois. Does not the gentleman from Illinois [Mr. DIRKSEN], who knows business and businessmen, fear that businessmen will find that this is not a policy of "appeasement," but a policy of "encirclement"?

Mr. DIRKSEN. Well, adopting the terminology of international complications, that might be.

Mr. CULKIN. Mr. Speaker, will the gentleman yield?

Mr. DIRKSEN. I yield to my optimistic and philosophical friend from New York.

Mr. CULKIN. Does not the gentleman know that Mr. Noble, assuming he is to be a factor in the situation, as yet has had no such opportunity? He has not even got his feet warm, and since he is to be the de facto Secretary of Commerce and being a Republican, should he not be given a chance to work this out?

Mr. DIRKSEN. I am afraid that Mr. Noble, who now becomes the Under Secretary down there, is going to be thoroughly disillusioned before it is all over—it is not going to work out so well after all. [Laughter and applause.]

[Here the gavel fell.]

Mr. THOMAS S. McMILLAN. Mr. Speaker, from the debate that has been carried on for the past 30 or 40 minutes I believe the membership is aware that there are only one or two items in the conference report to engage the attention of the House. One of them has to do with the provision of $160,000 which the committee has agreed to in conference in connection with the Department of Commerce.

Now, what are the facts? This item, Mr. Speaker, was submitted to the Senate by a regular estimate from the Bureau of the Budget. It provided for the sum of $225,000. It was adopted, I may say, in the Senate by a 2-to-1 roll-call vote, and in that vote you will find some of the Republicans of the Senate joined in. The matter went to conference, and in conference—what was the position of the House conferees? This matter, as I say, went to the Senate by an estimate from the Budget after the bill had passed the House. Our committee had no opportunity to discuss the provision in our hearings, but when the estimate was submitted to the Senate there were full and detailed hearings held by that body.

In conference we agreed to reduce the amount to $160,000, primarily, I may say to the Members of the House, because it was not set forth either in the estimates or in the hearings exactly for what this fund was to be used.

We cut them in conference to $160,000, a saving of some $65,000 under the Budget estimate.

The Department of Commerce, if it means anything to the people of this country, was established and founded to promote trade and commerce in this country and abroad. At a time like this, with conditions that we have faced in this country for the last several years, if there is anything that the American Congress should do it is to undertake to promote trade and commerce by providing adequate appropriations to accomplish that purpose. When we hear men quibbling over a question of this sort, I am not so sure whether we are certain about the purposes or the spirit that is behind this movement here today to delete these items from the bill. This is no time, in view of conditions we have experienced in the past several years, to be here quibbling on a question of this sort. Your Republican, Mr. Noble, down there in the Department of Commerce, a great businessman, with wide experience, comes here before this Congress and makes a plea without regard to any party affiliation, to undertake to help business along in this country by the addition of some fund such as has been requested here, and I say that it is rather poor taste for us here in Congress to be questioning a matter of such importance.

Mr. CARTER. Mr. Speaker, will the gentleman yield?

Mr. THOMAS S. McMILLAN. I must say to my friend that I have given about 45 minutes to gentlemen in opposition to the conference report, and I have some other ques-

tions to cover. However, I yield to the gentleman from California.

Mr. CARTER. Mr. Speaker, I have heard the name of Mr. Noble mentioned here in connection with the administration of this fund for the first time. I have read the hearings, and so far as I am concerned, if it were stated in the hearings that Mr. Noble was to have anything to do with the administration of this fund, I have completely overlooked it.

Mr. THOMAS S. McMILLAN. Mr. Speaker, if the gentleman will read the prepared remarks made by the Secretary of Commerce, as well as his remarks to the Senate committee, he will find that he told the Senate committee that Mr. Noble, the Under Secretary, was present and that he would have greater knowledge of details in respect to this item. So much for that, Mr. Speaker.

One other question is in regard to the matter of the probation system and the appointment of probation officers. There is an item of some $800,000 carried in this bill—and it has been for a period of years—to provide for the administration of the probation system of this Government. This system, like many others, has been expanded, and, I am glad to say, popularized on the part of the people of this country. There is no provision of law which regulates the qualifications of these probation officers. The judges, under the Organic Act, have the right to appoint these probation officers. We admit that; but at the same time these probation officers are charged as well with the administration of our parole system, with which the judges of this country have absolutely nothing to do. The prisoners are on parole as a result of a recommendation of the Parole Board, and these probation officers are charged with the duty of keeping track of these parole cases as well as of the probation system. So, Mr. Speaker, I contend, and so does our committee, that with $700,000 or $800,000 expended annually in connection with this system there should be, as a matter of fact, some set of standards, some rules, in respect to the qualification of these probation officers. If it were left to each of the judges of the country—and there are 189 of them—it is my belief that there will be 189 different views on the part of the judges of this country in respect to the qualifications these probation officers should have. A questionnaire was submitted to these district judges over the country, and the record shows that of the 90 that have been heard from only 2 favored some other system. Eighty-eight, as I understand from the record submitted to our committee, either favored the system now in operation or some system that would assure proper standards for the probation officers.

Mr. RAMSPECK. Is it not true that one of the judges appointed his chauffeur as a probation officer?

Mr. THOMAS S. McMILLAN. That is the information that the committee had. I emphasize the point that we must, when we are spending $700,000 or $800,000 a year, under a system such as this, as a matter of right, expect some sort of qualification or standard of some character, with reference to these men, to which they must measure up.

Mr. CASE of South Dakota. Mr. Speaker, will the gentleman yield?

Mr. THOMAS S. McMILLAN. Yes.

Mr. CASE of South Dakota. Does not the gentleman think that, as a matter of justice, the probation officers should be officers of the court, rather than officers of the prosecuting attorney?

Mr. THOMAS S. McMILLAN. This officer is an officer of the court. We make no attempt to deny the judge the right to appoint his probation officer.

Mr. CASE of South Dakota. The gentleman overlooks the language, which says:

No part of this appropriation shall be used to defray the salary or expenses of any probation officer whose work fails to comply with the official orders, regulations, and probation standards promulgated by the Attorney General.

Mr. THOMAS S. McMILLAN. But the gentleman overlooks the further language:

That nothing herein contained shall be construed to abridge the right of the district judges to appoint probation officers in their own courts.

There is nothing that could be clearer than that. I repeat, that these are the only two matters in this conference report that there seems to be any controversy about. I think I have sufficiently explained them. I hope so.

To repeat, the only agency of this Government where there has been a department for the purpose of trying to promote trade and commerce in this country is the Commerce Department, and of all times in my experience in Congress there has been no time when business and industry needed help more than now, and here we are quibbling over this sort of an item.

Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the conference report.

The question was taken; and on a division (demanded by Mr. CARTER) there were—ayes 59, noes 57.

So the conference report was agreed to.

A motion to reconsider was laid on the table.

The SPEAKER. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Amendment No. 17: On page 37, line 21, after the figures, insert a colon and the following: "*Provided*, That none of this appropriation shall be expended for the establishment and maintenance of regional offices of the Antitrust Division: *Provided further*, That in the expenditure of the funds herein appropriated for the presentation or prosecution of cases under the antitrust laws such presentation or prosecution shall be in cooperation with the respective Federal district attorneys of the districts in which such cases are presented or prosecuted: *Provided further*, That any person appointed at an annual salary of $5,000 or more shall be appointed by the President by and with the advice and consent of the Senate."

Mr. THOMAS S. McMILLAN. Mr. Speaker, I move that the House recede from its disagreement with Senate amendment No. 17 and concur therein with an amendment, which I send to the desk.

The SPEAKER. The Clerk will report the motion of the gentleman from South Carolina.

The Clerk read as follows:

Mr. McMILLAN moves that the House recede from its disagreement with Senate amendment No. 17 and concur therein with the following amendment: In lieu of the matter inserted by the Senate amendment insert the following: "*Provided*, That none of this appropriation shall be expended for the establishment and maintenance of permanent regional officers of the Antitrust Division: *Provided further*, That any person hereafter appointed at a salary of $7,500 or more and paid from this appropriation shall be appointed by the President, by and with the advice and consent of the Senate."

The SPEAKER. The question is on agreeing to the motion.

Mr. THOMAS S. McMILLAN. Mr. Speaker, I yield 5 minutes to the gentleman from Florida [Mr. CALDWELL].

Mr. CALDWELL. Mr. Speaker, it is with a great deal of regret that I find myself in disagreement with the distinguished and capable chairman of the subcommittee. After an experience of several years as a member of his subcommittee, this is our first substantial difference.

The question involved is, however, a matter of vital importance to the House. It is a very simple question. It is one that can be decided without a great deal of argument.

Boiled down, that question is whether the House is willing to again abdicate in favor of another body. If you state it another way, it can be said to be this: Whether or not this House is again to yield its rights and prerogatives, its dignity, and, to some extent, its integrity to the Senate.

Mr. REES of Kansas. Mr. Speaker, will the gentleman yield?

Mr. CALDWELL. I yield.

Mr. REES of Kansas. Have we not been doing that right along?

Mr. CALDWELL. If the gentleman had listened to my words, he would have heard me say that this is just another step.

Mr. REES of Kansas. Oh, yes.

Mr. CALDWELL. In all frankness, I think that the House should maintain its position. I have particular reference to the language in this amendment which authorizes the Senate to confirm all appointments carrying salaries of $7,500

and more. That, of course, means that you yield to the other branch of the Congress the right to confirm all appointments, because once the power of selection is given to that body to determine who is to receive $7,500 and more, you automatically deliver over to that body the right to determine who is to receive less than $7,500. But I think this is a broader question than the question of patronage, about which I am not personally concerned. But I say to you, if you value this thing called patronage, you are yielding it once and for all in the adoption of this amendment.

This trend developed back about 1935, when the Social Security Act was before Congress. At that time an amendment was offered placing all appointments of $5,000 and over subject to confirmation by the Senate. It was said then, in justification, that a great many people had been named to places in the Social Security Division who were incapable and who ought not be appointed. So we yielded with the understanding at that time that that action was not to be construed as a precedent for future action. Yet, what happened? The Social Security Board sent to the Senate 200 names—I think that figure is correct—and the Senate confirmed every person whose name was sent up. So this string that you say ought to be attached, this string that you say Congress ought to have on appointments, is, after all, a rather weak one. But I am not concerned, as I said a moment ago, with the question of patronage. I am concerned with this growing tendency to yield the rights and privileges of this House to the other branch of the Congress or to any other division of the Government.

We ought to stop now and stand on our own feet, and I sincerely hope that the motion to recede and concur will be voted down and that we may then adopt the motion to insist upon the position of the House.

[Here the gavel fell.]

(Mr. CALDWELL asked and was given permission to revise and extend his remarks.)

Mr. THOMAS S. McMILLAN. Mr. Speaker, I yield 5 minutes to the gentleman from Michigan [Mr. RABAUT].

Mr. RABAUT. Mr. Speaker, reluctantly, after four trips to a conference, we yielded on this provision of Senate confirmation of positions paying $7,500 or more in the Antitrust Division. There will not be many positions affected by this confirmation provision. We have allowed an increase of about $510,000 for the Antitrust Division for next year, and some of the high-salaried attorneys to be appointed will be subjected to confirmation. I think no one was more opposed to it than I, but, after making four trips to a conference and spending part of several days there, one necessarily makes some concession if an agreement is to be reached. This was the concession that we made.

Mr. THOMAS S. McMILLAN. Mr. Speaker, I yield 5 minutes to the gentleman from Georgia [Mr. RAMSPECK].

Mr. RAMSPECK. Mr. Speaker, I, like my friend from Florida, hate to disagree with my beloved friend from South Carolina.

I also have to disagree with my beloved majority leader. However, I think they are both wrong. There is no reason in the world that I can think of why we should agree to the provision which the Senate has written into this bill. The gentleman from Florida has told you of the experience we had with reference to the Social Security Board employees. We are proposing here to put a duty on the President of the United States, which he does not want and which we ought not to impose upon him, to make the selection of every employee and send his name to the Senate for confirmation. I refer to every employee who gets $7,500 a year or more.

My construction of the language is that it is made permanent law, because it says "Hereafter."

Mr. THOMAS S. McMILLAN. Will the gentleman yield?

Mr. RAMSPECK. I yield to the gentleman from South Carolina.

Mr. THOMAS S. McMILLAN. If the gentleman will read the amendment, it specifically says "paid from this appropriation."

Mr. RAMSPECK. Yes; I grant that, but I know how the Comptroller General can construe those things. We have some things now as permanent law in this country that were written just like this, as riders on appropriation bills, things which were explained on the floor as being temporary and applying to one appropriation; yet they go down through the ages as permanent law until the Congress repeals them.

Mr. McCORMACK. Will the gentleman yield?

Mr. RAMSPECK. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. We have the experience of the Senate trying to encroach upon the constitutional rights of the House in initiating tax legislation. We have that experience two or three times a year, and at times we have to pass a resolution refusing to accept a bill. It is a question of protecting our own rights as Members of the House of Representatives.

Mr. RAMSPECK. I agree with the gentleman from Massachusetts. I am not going to abrogate the rights of the Members of the House of Representatives to the Members of the United States Senate, and that is what we are doing in this case. Every time an appropriation bill goes over there they try to put a rider of this sort on so that they may control everything and have all the power in the executive branch of the Government, so they can tell people what to do and what not to do. The Congressmen get no consideration whatsoever. As far as I am concerned, I am not going to vote for any motion which gives the Senate the right to confirm anyone, except the constitutional officers, for which our forefathers provided confirmation by the Senate.

Mr. COCHRAN. Will the gentleman yield?

Mr. RAMSPECK. I yield to the gentleman from Missouri.

Mr. COCHRAN. Does not the gentleman feel that the time has arrived to act instead of talking?

Mr. RAMSPECK. Exactly.

Mr. COCHRAN. Is it not a fact that by degrees the Senate is getting control of all the key positions of the Government and those who are confirmed by the Senate will take care of the Senators and ignore the Congressmen?

Mr. RAMSPECK. I do not think there is any doubt in the world about that. The gentleman from Florida pointed that out, and it is unquestionably true if the Senators can control the $7,500 jobs they will inevitably control every job under that $7,500 man. It simply means that the House of Representatives has abrogated its honor, its dignity, and its position as a coordinate branch of the Congress, and I hope the House will vote down the motion.

[Here the gavel fell.]

Mr. THOMAS S. McMILLAN. Mr. Speaker, I yield 3 minutes to the gentleman from California [Mr. CARTER].

Mr. CARTER. Mr. Speaker, I am very much in sympathy with the attitude of the gentleman from Florida and also the last speaker in reference to this motion. I think it should be defeated, on account of the effect it may have on people who have picked the civil service as a career in this Government. These civil-service employees will see men who have never served the Government in any capacity being brought in here for the better jobs. As pointed out by the last speaker, there are certain constitutional positions where Senate confirmation is necessary, but I am certain that the makers of our Constitution never intended that positions of this kind should receive Senate confirmation, and I for one am for having the House of Representatives stand squarely on its rights. I trust the House will refuse to agree to the amendment that has been offered.

[Here the gavel fell.]

Mr. THOMAS S. McMILLAN. Mr. Speaker, I yield myself such time as I may desire.

Mr. Speaker, let us, if we can, strip this question of all party feelings and affiliations. Let us strip the matter right down to the bone.

We are dealing here with a question involving positions paying $7,500 a year or more with taxpayers' money. Is it

reasonable to have a man or woman appointed to such a position where there is no check whatever upon the background or qualifications of such an individual? We should shear this thing of all partisan questions, and I am addressing my remarks to my Republican friends over there as well. The thing applies to you and to your party should your President be in power.

Mr. Speaker, let us divorce this entirely of all partisan consideration. I take the position that any man or woman appointed to a position in this Government paying a salary of $7,500 a year or more should have the check of the Senate or somebody as to his or her qualifications. That is a fair, sensible, business proposition, and that is what prompted the committee to raise the amount to $7,500. The Senate amendment provided $5,000, and we increased it to $7,500. Every third-class postmaster in America is confirmed by the Senate. Every ensign in the Navy and every second lieutenant in the Army drawing a salary of $1,200 or $1,500 is confirmed by the Senate. Yet we come here with a provision affecting jobs paying $7,500 a year or more, positions involving responsibility, and there are only seven or eight of them in this bill, and you say that those men may be appointed without any action or confirmation on the part of the Senate. Mr. Speaker, that is an inconsistent position, and I want to tell the Members of the House and the country now that so far as I am concerned, on this question, whether the Democrats or Republicans be in power, I believe before any man or woman drawing $7,500 or more a year is appointed some check should be made upon his or her qualifications by the Senate of the United States.

Mr. Speaker, I move the previous question.

The SPEAKER. The question is on ordering the previous question.

The previous question was ordered.

The SPEAKER. The question is on the motion of the gentleman from South Carolina [Mr. THOMAS S. MCMILLAN].

The question was taken; and on a division (demanded by Mr. THOMAS S. MCMILLAN) there were—ayes 80, noes 44.

So the motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 30: Page 59, line 1, after the figures, insert a colon and the following: "*Provided*, That not to exceed $133,500 of this appropriation shall be available for expenditure by the Secretary of Commerce for personal services of experts and specialists at rates of compensation not in excess of $9,000 per annum without regard to the civil-service laws and regulations or the Classification Act of 1923, as amended: *Provided further*, That any person paid from the said $133,500 an annual salary of $5,000 or more shall be appointed by the President by and with the advice and consent of the Senate."

Mr. THOMAS S. MCMILLAN. Mr. Speaker, I move that the House recede and concur with an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Mr. THOMAS S. MCMILLAN moves that the House recede from its disagreement to Senate amendment No. 30 and concur therein with the following amendment: In lieu of the matter inserted by the Senate amendment insert ": *Provided*, That not to exceed $100,000 of this appropriation shall be available for expenditure by the Secretary of Commerce for personal services of experts and specialists at rates of compensation not in excess of $9,000 per annum without regard to the civil-service laws and regulations or the Classification Act of 1923, as amended: *Provided further*, That any person paid from the said $100,000 an annual salary of $7,500 or more shall be appointed by the President, by and with the advice and consent of the Senate."

The SPEAKER. The question is on the motion of the gentleman from South Carolina.

The motion was agreed to.

By unanimous consent, a motion to reconsider the several votes by which the various motions were agreed to was laid on the table.

EXTENSION OF REMARKS

Mr. MCGRANERY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein an address delivered by Hon. Francis E. Walter before the Philadelphia Bar Association at its annual meeting on Thursday, June 22, 1939.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

ADJOURNMENT OVER

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

URGENT DEFICIENCY AND SUPPLEMENTAL APPROPRIATION BILL

Mr. WOODRUM of Virginia. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 6970) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1939, to provide appropriations required immediately for the fiscal year ending June 30, 1940, and for other purposes; and pending that, I ask unanimous consent that general debate be limited to 80 minutes, the time to be equally divided and controlled by the gentleman from New York [Mr. TABER] and myself.

The Clerk read the title of the bill.

Mr. MARTIN of Massachusetts. Reserving the right to object, Mr. Speaker, I understand that is agreeable to the gentleman from New York.

Mr. WOODRUM of Virginia. I may say it is satisfactory to the gentleman from New York, and the gentleman from Massachusetts [Mr. WIGGLESWORTH] is present.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 6970, with Mr. THOMASON in the Chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. WOODRUM of Virginia. Mr. Chairman, I yield myself 3 minutes.

Mr. Chairman, the bill before the House provides for only $2,669,377. It is really so small that I almost feel like apologizing to the House for taking up the valuable time of the Members and preventing them from attending to more important business. However, I feel that we may be fairly well assured that before the bill is finally enacted into law it will grow and blossom into a real appropriation bill and uphold all the traditions of this Congress.

Seriously, Mr. Chairman, these matters I think are purely routine. I know of nothing controversial in the bill. When we get to reading the bill under the 5-minute rule I shall be pleased to answer questions unless someone wants to interrogate me at this point.

Mr. PACE. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield to the gentleman from Georgia.

Mr. PACE. I notice that among the items appropriated for under the appropriation for the International Committee on Political Refugees there is an item for entertainment. I was wondering what the gentleman's view is on Congress' appropriating money for a committee of that type to spend on entertainment.

Mr. WOODRUM of Virginia. The International Committee on Political Refugees was set up by Executive order. The United States is collaborating with 32 other nations in an effort to work out the problem of international complications with reference to refugees. I do not know what this item for entertainment is.

Mr. PACE. Nothing appears in the hearings about it.

Mr. WOODRUM of Virginia. It is the customary item that goes with such appropriations; $10,000 of that $40,000 is the part America contributes toward the expenses of the joint committee of these 33 nations. There are only three salaried people on the pay roll. I may say to the gentleman that this is a very small item, and the committee feels that it is of considerable importance now. A number of American citizens are much interested in doing what can be done, consistent with the American position, to find out what can be done to take care of these unfortunate refugees.

Mr. PACE. I agree with the gentleman about the importance of the committee, but the idea of including in such an appropriation an item for the spending of public funds for entertainment purposes just did not strike me as right.

Mr. WOODRUM of Virginia. Every department of the Government has entertainment funds in its appropriation.

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I yield myself 7 minutes.

Mr. Chairman, yesterday the President of the United States addressed a letter to Senator BYRNES, which was released to the public, proposing an enormous spending program on alleged self-liquidating projects, all of which are self-liquidating in that the liquidation will immediately take place and we shall never get the money back. This program is nothing but a subterfuge to break down the Budget Act and to evade the statutory limitation on the public debt.

Early this year Secretary Morgenthau proposed that the national debt limit be raised from $45,000,000,000 to $50,000,000,000. This proposal provoked such hostility in Congress that the administration withdrew it. Now we find the Roosevelt administration undertaking to do through the back door what it was denied at the front door. Once the Budget Act and the statutory debt limitation are in effect wiped out, there is no safeguard against reckless spending.

Let us not fool ourselves. The President's program is nothing but another gigantic spending plan, pure and simple, this time to the tune of $3,860,000,000. It is another effort at pump priming, which already has proved to be a costly failure. The projection of this program at this time is another confession on the part of the President of the New Deal's failure to start this country on the road to economic recovery. Apparently he is destitute of ideas, except for spending and lending. As Mr. Roosevelt said in his first inaugural address, those who can suggest nothing but the lending of the people's money "have no vision, and when there is no vision the people perish." Certainly he is now proving the truth of his utterance of 6 years ago.

An effort has been made to dress up this program as something new by reference to self-liquidating projects. We have heard of self-liquidating projects for years and we have had considerable experience with them. The trouble is that they do not liquidate themselves—nor will the items proposed in this program. Let us remember that the Commodity Credit Corporation was supposed to be a "self-liquidating" agency. Its losses to date total more than $213,000,000. The Home Owners' Loan Corporation is supposed to be a self-liquidating agency. In its last annual report that agency states that its deficit "before full provision for losses which may be sustained in the liquidation of assets," totaled $40,893,000. No man knows what the total loss for that agency alone finally will be. The President proposes more millions for the Farm Security Administration, but that agency now has on its books defaulted loans totaling $42,000,000.

The R. F. C. also is described as a "self-liquidating" agency, but those with good memories will remember that a little more than a year ago Congress was called on to direct the Secretary of the Treasury to cancel some two and one-half billion dollars charged against the R. F. C. because of loans and advances made by that agency to other Government departments and agencies.

Most remarkable of all, however, is the fact that the President proposes the spending of $750,000,000 during the next 4 years for "self-liquidating toll roads, bridges, high-speed highways," in the face of the report on that subject by the Bureau of Public Roads made to Congress only 2 months ago. Theories about "self-liquidating toll roads" are blown sky-high in that report.

The Bureau of Public Roads surveyed the possibilities of building six superhighways as "self-liquidating" toll projects. The Bureau reported to Congress this conclusion: "that a direct toll system on these six superhighways, in their entirety, would not be feasible as a means of recovering the entire cost of the facilities." Indeed, the report showed that in many instances it would be impossible to recover through tolls as much as 40 percent of the cost of such projects.

None should be deceived by this sugar-coating about "self-liquidating" projects. Let it be understood from the beginning that a good portion of the funds which the President now wants the Government to lend will be, if made available, lost in the years to come and that these billions of dollars will have to be paid by taxes levied on all the people. They will constitute a part of the public debt just as surely as our present current deficits of $10,000,000 daily. [Applause.]

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I yield 10 minutes to the gentleman from Massachusetts [Mr. WIGGLESWORTH].

Mr. WIGGLESWORTH. Mr. Chairman, I rise at this time to call attention to two or three items carried in the pending bill.

In the first place, beginning at page 3, of the bill, you will find items aggregating $98,000, which represent the salaries and incidental expenses of the six new White House secretaries, with the well known passion for anonimity. They, of course, represent a further item of saving in connection with the pending reorganization plans of the administration.

In the next place, on page 5 of the bill you will find an authorization for the use of $75,000 by the Export-Import Bank of Washington. This bank, as you know, was set up for the purpose of financing exports and imports between this country and foreign nations.

I call the Committee's attention to the fact that the total commitments of this organization to date amount to something like $241,000,000, and that of that total about $101,000,000 of commitments are either outstanding or pending. The loans which have been made include loans to almost every nation in South and Central America, to Mexico, Latvia, Poland, Czechoslovakia, Yugoslavia, Rumania, Hungary, Turkey, Iran, Iraq, India, Africa, Australia, and other countries. They include loans of $25,000,000 to a corporation in China and $19,200,000 to the Bank of Brazil.

I call the Committee's attention in this connection to an editorial appearing in a recent issue of the Washington Post, the issue of June 20, to be exact, from which I quote in part as follows:

> Announcement that the Export-Import Bank has agreed to advance credits to Paraguay to finance road construction in that country again raises a question that was asked when the Brazilian credit agreement was made public last March.
>
> That question is how far the administration intends to go in providing capital and credit for South American countries that, to put it bluntly, are poor credit risks. At the present time approximately $357,000,000 of dollar bonds issued by Brazil alone are in default. And taking Latin America as a whole, about $1,350,000,000 of dollar bonds are either in partial or in complete default. * * *
>
> Before the Government of the United States devotes $50,000,000 of its gold to developing the industries of Brazil, or agrees to assist Paraguary to improve her internal transportation facilities, Congress certainly should be consulted. For this is only a beginning. Other countries of South America are now pressing for loans. And the cordiality with which approaches are welcomed by our officials literally invites a stampede for funds. * * *
>
> Even if such loans are actually valuable in strengthening political ties, the policy is dubious. The fact that the Government of the United States has in the past kept its hands off private debt settlements between American and foreign investors has enabled us to avoid friction with a large number of foreign countries. Consider, for instance, the difference between our feeling toward nations in default on private debt account and those which, like the war-debtor nations, have failed to pay the Government. * * *
>
> Before we go much further in supplying capital to the undeveloped countries of Latin America it would be well not only to weigh the risks of loss but also to consider more carefully the possibility of political friction resulting from intergovernmental debts. The friendships bought by advancing loans are built upon very shaky foundations.

Mr. Chairman, I also call attention to the fact that this bill carries an appropriation of $1,800,000 for the Federal Communications Commission for the fiscal year 1940. This item, of course, would normally be carried in the independent offices appropriation bill, which we considered and passed back in February.

At that time there was an enormous amount of criticism leveled at the door of the Federal Communications Commission. Remedial legislation had also been recommended by the President himself, and it seemed entirely probable that legislation after a thorough investigation would have been undertaken before now. The committee accordingly decided to include nothing in the independent offices bill for the needs of this agency during the next fiscal year.

I am not going to take the time to go into details on this occasion. I spoke at some length on this matter back on February 6, when the independent offices bill was before the House. But I do want to urge upon the Members of the House that they give consideration to the hearings in connection with that bill as supplemented by the hearings in connection with this bill. If they will do so, I am sure they will agree with Chairman McNinch of the Commission, himself, when he stated to your committee that we have today no national communications policy; this despite the fact that the Commission has been in existence since 1934 as successor to the Federal Radio Commission, created in 1927.

In my judgment, we have today no proper policy in regard to the issue and transfer of licenses. We have no proper policy in regard to the charging of fees for licenses issued to those making millions and millions of dollars out of those licenses today. We have no proper policy in reference to the matter of exclusive contracts, for example, with members of the three great chains in the country. We have no proper policy in respect of the issue of experimental licenses and their limitation to experimental work as distinct from commercial work. We have no proper policy in reference to the control of radio frequencies by the newspapers of the country. We have no proper standards of program service, despite the thousands of complaints received in this connection by the Commission. On the contrary, we have seen steps taken by the Commission recently, both in the domestic and international fields, which have served to level charges at their door of embarking upon censorship of both domestic and international broadcasting.

I quote in this connection a recent ruling of the Commission in reference to international broadcasting:

> The licensee of an international broadcasting station shall render only international broadcasting service which will reflect the culture of this country and which will promote international good will, understanding, and cooperation.

If that regulation, Mr. Chairman, strictly applied does not point the way to censorship, I do not understand the meaning of the term. I am glad to say that I understand consideration is being given to a modification of this regulation.

In these and other respects, in my judgment, the F. C. C. has failed to formulate major policies fundamental to the proper regulation of radio broadcasting.

In the hearings to which I refer you will also find, in my judgment, evidence of tendencies tending to destroy the proper functioning of the F. C. C. as a quasi-judicial agency, tending to destroy its independence as an agency, tending to bring it under executive domination in accordance with the proposal in the original Government reorganization bill a year ago, which excited such condemnation by the American people.

You will find there the discharge of the general counsel, with a new legal set-up less experienced and more costly. You will find there the discharge of the publicity head, with a new set-up less experienced and more costly.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. DITTER. Mr. Chairman, I yield the gentleman 5 minutes more.

Mr. WIGGLESWORTH. Mr. Chairman, you will find there also the abolition without consultation with the the Civil Service Commission of the experienced civil-service examiners who have functioned heretofore and the turning over of their entire work to the general counsel's staff, with the result that the applicant today is deprived of the type of independent hearing and finding of facts by an expert and independent examiner which he has always enjoyed in the past. Instead, the applicant from start to finish is in the hands of the general counsel, the Commission being, of course, relieved of any embarrassing finding in any examiner's report. It is the same story again, in my judgment, of prosecutor, jury, and judge becoming one and the same.

Furthermore, Mr. Chairman, we have seen the recent introduction of a bill in the Senate looking to reorganization of the F. C. C. itself. That bill, in my judgment, if enacted into law, would place one man, presumably the present Chairman, in virtual control over all radio broadcasting in the United States. In this country, dedicated to freedom of speech, freedom of the press, freedom of religious worship, the dangers involved in any such control are, I think, self-evident. I for one am unalterably opposed to these tendencies which to my mind constitute a challenge to freedom of the air.

You will find in the hearings also, Mr. Chairman, continuing evidence of the virtual monopoly of radio fostered by the Government under the F. C. C. in the hands of the three great broadcasting chains of this country. You will find continuing evidence of undesirable, if not improper trafficking in radio licenses, with all the possibilities for the capitalization of those licenses, to the detriment of the people as a whole, which we have known in other fields.

You will find evidence of a telephone investigation conducted on such a basis that those examined were denied the right to produce their own witnesses, were denied the right to cross-examine Government witnesses, and for a long period of time were denied the right to consideration of about 40 volumes of comment and criticism which they had submitted at the request of the Federal Communications Commission. The methods employed in this investigation were such to my mind as to raise squarely the question whether it is humanly possible for the F. C. C. to give to Congress a "fair and comprehensive" statement of all the facts in the field investigated in accordance with the mandate from Congress.

You will find evidence of continual dissension and disagreement within the Commission. You will find charges of inefficiency, favoritism, and politics. These and other things you will find if you will consult the hearings to which I have referred.

Mr. Chairman, as the Members of this Committee know, I have for years advocated a thoroughgoing investigation of radio broadcasting and its regulation by F. C. C. I have advocated it because I believe it to be essential for the proper regulation of this all-important industry in the interest of the people as a whole.

A year ago the proposal for an investigation gained powerful support in this House. It was brought to the floor of this House and received an impressive vote. It was defeated only because the White House threw its influence against it at the last minute. This year the President himself has announced publicly that he is "thoroughly dissatisfied" with the situation at the Commission. He has specifically advocated remedial legislation. Chairman McNinch, in appearing before your committee, recognizing the probability of legislation, stated, and I quote:

> That there could be no such legislation, I take it, without an opportunity for thorough and full investigation and examination of the Commission and its work, its action, and so forth.

Mr. Chairman, there are pending before the Rules Committee now resolutions providing for a thoroughgoing investigation as a basis for proper legislation. The gentleman from Massachusetts [Mr. CONNERY] has one such resolution there. I have another resolution there. There may be others pending there.

The matter, in my judgment, is of vital importance in the national interest. I urge once again, Mr. Chairman, that the

Rules Committee give these resolutions immediate consideration making provision for a proper investigation before the Congress adjourns. "Eventually, why not now?"

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. WOODRUM of Virginia. Mr. Chairman, I yield 2 minutes to the gentleman from Ohio [Mr. HARTER].

Mr. HARTER of Ohio. Mr. Chairman, the gentleman from Massachusetts [Mr. WIGGLESWORTH], who preceded me, has been very critical of the Federal Communications Commission. I want to speak very briefly of one of its activities which has come to my personal attention, and in which I feel it is doing a very commendable and worth-while job.

The pending deficiency bill contains an item of some $13,000 for completion of the special study of radio requirements for ships navigating the Great Lakes and inland waters of the United States which Congress 2 years ago directed the Federal Communications Commission to make.

This study has been made with great care and I am advised the Commission will report its findings as directed during the present calendar year. I ask unanimous consent to revise and extend my remarks and include therein a brief statement setting forth the progress that has been made upon this survey to the present date.

The CHAIRMAN. The gentleman will have to secure that permission in the House.

Mr. HARTER of Ohio. Mr. Chairman, in May 1937 Congress directed the Federal Communications Commission to make a special study of radio requirements necessary or desirable for safety purposes for ships navigating the Great Lakes and inland waters of the United States and report its findings to Congress not later than December 31, 1939. The Commission on May 26, 1937, designated Commissioner Thad H. Brown as commissioner in charge of the conduct of the survey.

Every effort has been made to get all significant data concerning commerce on the Great Lakes, navigation conditions, record of navigation casualties, present radio facilities, and the use of various types of radio equipment and procedures for safety on the Great Lakes. Research studies under a research director, engineering tests, public hearings, and conferences were the methods determined to be used in gathering the information.

The Great Lakes, as the title of the survey indicates, are the most important inland waters to be studied. In fact, the Great Lakes are the most important avenues of commerce in the entire world. The average annual tonnage during the years 1928–37, inclusive, was 117,008,643. In 1937 there passed through the Detroit River approximately 115,000,000 tons of cargo. This is more than the combined tonnage of the Panama and Suez Canals.

There are on the Great Lakes approximately 556 commercial vessels flying the American flag and 259 flying the Canadian flag. These figures are exclusive of the St. Lawrence traffic. The center of this vast industry is Cleveland, Ohio. Of the total number of vessels operating on the Lakes, 80 percent are owned and controlled in Cleveland. In the vicinity of Cleveland there are seven important lake ports. In recognition of the centralization of this industry in Cleveland, the Lake Carriers' Association has its main offices there. In this association, in 1937, were represented approximately 375 vessels, giving a total of over two million gross registered tons. The Lorain County Radio Corporation is located but a short distance from Cleveland. This organization has been a pioneer in the field of radio communications on the Great Lakes and is the largest unit in its field. It is important to note that the control of the boats of the major companies, while on the Great Lakes, is directly exercised from Cleveland, Ohio.

In determining the most economical point from which to carry on the work of this investigation, the information outlined above made the selection of Cleveland imperative. This provided economy not only for the Commission but for the witnesses who might be interested in testifying at hearings. The Commission, therefore, set up a branch office for this survey in Cleveland on May 19, 1938.

During the summer and autumn of 1938 extensive field tests were carried on by the engineering department throughout the Great Lakes area. Much of the material was correlated in the Cleveland office. Assisting in the research were members of the Commission staff headed by Dr. Marvin L. Fair, research director of the survey, and Dr. G. Lloyd Wilson, research consultant of the survey. Dr. Fair, professor of transportation and public utilities at Temple University, received a 2 years' leave of absence from the university in order to assist the Federal Communications Commission. Dr. Wilson has been a member of the faculty of the University of Pennsylvania since 1922. He formerly served as consultant to the Federal Coordinator of Transportation and as a consulting transportation economist.

Hearings were held in Cleveland from July 18 through July 22, 1938; from August 1 through August 5, 1938; and March 6 through March 17 and April 5 and 6, 1939. Work in preparation for these hearings required personal conferences with members of other Government departments, and shipping and radio interests on the Great Lakes. These conferences were held from time to time in the Cleveland office. In addition to the Cleveland hearings, hearings have been held in Detroit for 3 days and in Washington, D. C., for 4 days, making a total of 29 actual hearing days. Though the investigation is not completely finished, a total of 28 volumes of record containing 3,011 pages of testimony and 315 exhibits has already been accumulated. Hearings were adjourned May 26, 1939, subject to call of the presiding Commissioner.

The Great Lakes are the common heritage of both the United States and the Dominion of Canada. Complete cooperation between these two nations has characterized the various steps incident to the survey. Conferences were held at New York City, Toronto, Ottawa, Montreal, and Washington. Among the representatives of the Dominion of Canada at these meetings were: C. P. Edwards, Chief of Air Service; R. K. Smith, Director of Marine Service; E. G. Bennett, Chief Radio Inspector; and Charles S. A. Ritchie, secretary, Canadian Legation.

A notable achievement of these preliminary meetings with Candian officials was the adoption of a plan for improving the use of radiotelephony and safety communications on the Great Lakes. It is a temporary arrangement effective March 31, 1939, and automatically terminating March 31, 1940. Previously there had been no cooperation in the use of frequencies and operating procedure in radiotelephony on the Great Lakes for safety and distress purposes between the United States and Canada. The present plan now allots the frequency 2,182 kilocycles for ships of both countries at all points on the Great Lakes area as a calling frequency for safety purposes. When contact has been made on the calling frequency further communication is carried on by the use of 2,118 kilocycles from ship station to shore station, and on 2,514 kilocycles from shore station to ship station, and from ship to ship stations on 2,738 kilocycles.

The United States Coast Guard will install 15 radiotelephone stations, which will operate on a designated safety frequency at 15 strategic points on the Great Lakes. Results obtained from the use of this temporary plan during the season of 1939 will be carefully analyzed by the engineering staff of the survey in connection with the broader study of radio requirements on the Great Lakes for safety purposes.

The work of the survey is being aided by an advisory committee representing interested departments of the Government. The following are among the members of this group: Department of State, Treaty Division—Francis Colt de Wolf, Harvey B. Otterman (alternate); Treasury Department, Coast Guard—Comdr. J. F. Farley, Lt. Comdr. E. H. Fritzsche (alternate); War Department, Board of Engineers for Rivers and Harbors—Maj. H. B. Vaughan, Jr.; Navy Department, Communications Division, Office of Naval Operations—Admiral S. C. Hooper, Comdr. Joseph R. Redman (alternate); Department of Agriculture, Forecast Division, Weather Bureau—Thomas R. Brooks, Alver E. Sik (alternate); Department of Commerce, Radio Section, Bureau of Standards—Dr. J. H. Dellinger; Bureau of Marine Inspection and Navigation—

George W. Calbeck; Bureau of Lighthouses—L. M. Harding; Coast and Geodetic Survey—Comdr. George D. Cowie; United States Maritime Commission, Technical Division—D. S. Brierly, J. T. Welsh (alternate).

In this way the assistance of many important Government departments is contributing materially to the success of the survey. [Applause.]

Mr. JOHNSON of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. HARTER of Ohio. I yield.

Mr. JOHNSON of Oklahoma. I appreciate the splendid statement the gentleman has made. I have known one member of the Communications Commission, Hon. Paul Walker, for the past 20 years. For many years he has been well and favorably known as a citizen of Oklahoma, where he has held some very responsible positions. I might add that he has the confidence and respect of all who know him. Not only is he a gentleman of unusual mental attainments but Paul Walker is honest and sincere in all his dealings. No one can truthfully say that he has not received a square deal at the hands of Commissioner Walker. Our Nation needs more men of his caliber in public life. [Applause.]

Mr. HARTER of Ohio. I thank the gentleman for his observation.

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I yield 5 minutes to the gentleman from Wisconsin [Mr. HAWKS].

Mr. HAWKS. Mr. Chairman, I want to call the attention of the House today to a letter that was sent out the first part of this month by Mr. Andrews, Administrator of the wage and hour law. This letter was sent without any reason; it was voluntary on his part; and it was an indication that he was probably mad at Congress.

A great many people in this country are asking the question, "What is wrong with America?" They are wondering why we are not getting out of this depression. I believe this letter is one reason, perhaps, why we are not getting any place. We have evidently turned over legislating; in fact, turned over the Government to a bunch of bureaucrats.

Mr. Andrews in this letter to the president of one of the smaller telephone companies out in the Middle West made the bald statement that there would not be any wage and hour legislation this year. To quote him:

> It is my best judgment that no bill amending the Fair Labor Standards Act will be enacted into law at this session of Congress.

He then goes on to say that "the administration is unalterably opposed to the revised versions of the Norton bill, H. R. 5435." What I want to know, and what most American citizens want to know, is just this: Who is making the laws of this country—the administration and its highbinding bureaucrats or the Congress?

The Administrator then goes on to say that had the small independent telephone companies been good little boys and gone along with the original Norton bill, which was nothing more than a statement of what his department would and would not do, the outcome of this legislation might well have been different. He then states that the so-called farm bloc in Congress is bent on destroying the act. If those of us in the House who have been active in trying to secure amendments to the act were trying to destroy the act, I think it is fair to say that we were only doing so to prevent it from destroying agriculture and those engaged in associated industries.

This particular bureaucrat, and from what I can gather he is not different from the rest of the gang down here, has set himself up as the final word and has relegated Congress to the backwoods. I have appeared personally before him, as have hundreds of businessmen and other American citizens, and their advice might just as well have been given to an Egyptian mummy. He has absolutely paid no attention to it, and not one of his recent regulations has indicated that statements of fact and pleadings from those oppressed have made the least impression on him.

For 6 years we have had a government by the group of little dictators assembled here in Washington under a New Deal administration. Every time a major piece of legislation is before the House, some new dealer is obliged to get up and state that the President wants it.

This is different than it was last year or the 5 years before that, because then it was must legislation, and now you merely state that he wants it. I am a new Member and I cannot understand why intelligent human beings cannot display some degree of independence in thought and action. The people back home sent us down here to Washington to legislate, not to run errands for the President, and it is high time we started functioning as an independent branch of this Government.

Now, listen to this statement of Mr. Andrews:

> Because of the activities of strong lobby groups a situation now exists which will make it difficult, if not impossible, to work out a satisfactory legislative solution of the matters which the Wage-Hour Division recommended for congressional action.

I do not know how you gentlemen feel about it, but I think it is time this fellow had his ears knocked down, and I cannot think of a better time to start putting him in his place than right here in Congress. Is Mr. Andrews going to dictate the bill that will amend the wage-hour law, or is this great body going to draft its own legislation and then tell him to carry out the will of Congress, and do it without any more fooling around? What particular right has he to criticize Members of Congress? What right has he to say that Congress will do this or do that?

With the full power of the President behind him, I suppose he figures he is safe in his dictatorial attitude; and from the way this New Deal controlled Congress has been acting, he has been secure. I want to tell the Members of this House that the American public is sick and tired of it, and had hoped that the election returns of 1938 would indicate to you just how they felt, and that perhaps you would take heed. You have not during this session.

I sincerely hope that this Congress will pass amendments to the wage-hour law that will give real relief to those in distress, and at the same time give warning to the Administrator that we mean business, and that from now on we will give the orders and he will be expected to obey them.

Yesterday I believe all of you received his latest bulletin, in which he elaborates upon his new definition of "area of production." His recent definition is just one of the most ridiculous things I have ever read.

Yesterday this House voted $225,000,000 for farm parity and $113,000,000 for the purchase of surplus commodities. All of that money appropriated is an attempt on the part of Congress to help agriculture, and here we have a bureaucrat sitting down in one of these lovely offices, promulgating orders, defining the acts of Congress at his own will, and every time he issues an order he hurts and hampers agriculture.

The following is his most recent ruling on "area of production":

SECTION 536.1—"AREA OF PRODUCTION" AS USED IN SECTION 7 (C) OF THE FAIR LABOR STANDARDS ACT

An employer shall be regarded as engaged in the first processing of any agricultural or horticultural commodity during seasonal operations within the "area of production" within the meaning of section 7 (c):

(a) if all the commodities processed come from farms in the general vicinity of the processing establishment and the number of employees there engaged in such processing does not exceed seven, or

(b) with respect to dry edible beans, if he is so engaged in an establishment which is a first concentration point for the processing of such beans into standard commercial grades for marketing in their raw or natural state. As used in this subsection (b), "first concentration point" means a place where such beans are first assembled from nearby farms for such processing but shall not include any establishment normally receiving a portion of the beans assembled from other first concentration points, or

(c) if all the commodities processed come from farms in the immediate locality of the processing establishment and the establishment is located in the open country or in a rural community. As used in this subsection (c) "immediate locality" shall not include any distance of more than 10 miles, and "open country" or "rural community" shall not include any city or town of 2,500 or greater population, according to the Fifteenth United States Census, 1930.

SECTION 536.2—"AREA OF PRODUCTION" AS USED IN SECTION 13 (a) (10) OF THE FAIR LABOR STANDARDS ACT

An individual shall be regarded as employed in the "area of production" within the meaning of section 13 (a) (10), in handling, packing, storing, ginning, compressing, pasteurizing, drying, preparing in their raw or natural state, or canning of agricultural or horticultural commodities for market, or in making cheese or butter or other dairy products—

(a) if he performs those operations on materials all of which come from farms in the general vicinity of the establishment where he is employed and the number of employees engaged in those operations in that establishment does not exceed seven; or

(b) with respect to dry edible beans, if he is so engaged in an establishment which is a first concentration point for the processing of such beans into standard commercial grades for marketing in their raw or natural state. As used in this subsection (b), "first concentration point" means a place where such beans are first assembled from nearby farms for such processing but shall not include any establishment normally receiving a portion of the beans assembled from other first concentration points; or

(c) with respect to Puerto Rican leaf tobacco, if he is engaged in handling, packing, storing, and drying such tobacco for market in an establishment which is a first concentration point for such tobacco. As used in this subsection (c), "first concentration point" means a place where such tobacco is first assembled from nearby farms for such preparation for market but shall not include any establishment normally receiving a portion of the tobacco assembled from other concentration points nor any establishment operated by a manufacturer for the preparation of tobacco for his own use in manufacturing; or

(d) if he performs those operations on materials all of which come from farms in the immediate locality of the establishment where he is employed and the establishment is located in the open country or in a rural community. As used in this subsection (d), "immediate locality" shall not include any distance of more than 10 miles and "open country" or "rural community" shall not include any city or town of 2,500 or greater population according to the Fifteenth United States Census, 1930.

SECTION 536.3—PETITION FOR AMENDMENT OF REGULATIONS

Any interested person or association wishing a revision of the foregoing regulations may submit in writing to the Administrator a petition for amendment thereof, setting forth the changes desired and the reasons for proposing them. If upon inspection of the petition the Administrator believes that reasonable cause for amendment of the regulations is set forth, the Administrator will either schedule a hearing with due notice to interested parties or will make other provision for affording interested parties an opportunity to present their views either in support of or in opposition to the proposed changes. (Sections 536.1 through 563.3 issued under the authority contained sections 7 (c) and 13 (a) (10), 52 Stat. 1060.)

Mr. KITCHENS. Mr. Chairman, will the gentleman yield?

Mr. HAWKS. No; I will not.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. TABER. Mr. Chairman, I yield 5 minutes to the gentleman from Minnesota [Mr. ALEXANDER].

Mr. ALEXANDER. Mr. Chairman and Members of the Committee, last Sunday afternoon in my district in Minnesota occurred one of the most terrific and destructive tornadoes which has occurred in that or any other section of the country for many years. The Weather Bureau reports the velocity of the wind reached 300 miles an hour.

There were 11 people killed and between three and four hundred houses destroyed, besides other buildings, in five villages and one city, in the path of that tornado. In addition there were many farm homes also destroyed. It has been estimated that about 1,200 people have been made homeless or have been affected by this devastating tornado, in addition to the 100 or more who are now in the hospitals as a result of injuries received.

I have here a picture of three houses which stood before the tornado, showing how they locked Sunday afternoon after the storm, and that is a fair illustration of what the three or four hundred houses looked like after the twister passed through these communities.

I have a telegram from the Disaster Relief Committee which was formed, saying the tornado loss in the Anoka area, which is a city of approximately 5,000 people, will reach $1,200,000. The telegram also adds:

We need Federal aid immediately. We earnestly urge immediate action on the bill introduced for this purpose.

Yesterday I introduced a bill (H. R. 6960) calling for an appropriation of $270,000 to temporarily take care of the emergency and to rehabilitate that devastated area.

I have talked to the White House today about the matter. The President has gone over the situation and realizes that this is one of the worst disasters that has come to the country for a long time—not as bad, or as extensive, of course, as the one occurring on the east coast and in New England last fall, but it is bad for our district, one of the worst for many years.

It so happens that much of the section of the city of Anoka that was destroyed was where the houses were of cheap construction. As a result many of the people there who have been injured and made homeless had no insurance and will be thrown on complete relief without a roof over their heads until we can come to their aid.

The White House informed me that they were very much interested in having something done along the line of my bill, and I am going to ask the committee in charge of this deficiency appropriation bill this afternoon if they will not consider an amendment I propose to offer when the bill is read, which will include my request for $270,000 for the emergency rehabilitation of that stricken area. In the name of the sufferers and of the homeless, and of the residents of the district affected, I express appreciation for your consideration and trust you will act favorably on my amendment. [Applause.]

[Here the gavel fell.]

Mr. WOODRUM of Virginia. Mr. Chairman, I yield 10 minutes to the gentleman from Arkansas [Mr. KITCHENS].

Mr. KITCHENS. Mr. Chairman, a Townsend national convention is now being held in Indianapolis, according to the papers. The main object of the meeting, it is said, is to devise definite methods and means of reprisal against more than 300 Congressmen who voted a few days ago against the Townsend bill. Resolutions to that effect have been introduced in the convention, and the promoters no doubt hope to further inveigle people into making more contributions in addition to the millions already obtained. Ten "flying squadrons" are proposed and to be sent into each district, and candidates, particularly over 300 present Congressmen, not favorable to the plan are to be intimidated, overwhelmed, and coerced, if not annihilated politically, because, forsooth, they refuse to abandon their honest and sincere opinions and be dominated by a group.

Mr. Chairman, H. R. 2, generally known as the general-welfare or Townsend bill, was introduced January 3, this session, and abandoned February 17. No notice was given of such abandonment until May 23, when H. R. 6466 was introduced. The sponsors, according to the RECORD, desired this bill to be considered by the House without amendment. The Ways and Means Committee acceded to that desire, and the Committee on Rules brought in a closed rule which precluded any amendment. In any event, the bill as prepared, introduced, and sponsored represents all the best features of the Townsend plan.

H. R. 6466 differs in some particulars from the original so-called general-welfare or Townsend bill, but the difference is not very material as I view the proposal. A great deal of publicity has been given to Dr. Townsend and his plan for recovery. False hopes have been aroused in the minds and hearts of some old people, and most bitter disappointment necessarily has resulted. Fifty-five Republicans and only 42 Democrats, a total of 97 out of 435 Members, voted for the bill.

I am led to believe now the passage of the bill, or the original Townsend bill, was not desired by most of those actively sponsoring it. The tactics employed justify the conclusion. To have passed the bill would have killed the goose that has been laying golden eggs for some of these organizers and promoters. The evidence shows the Chicago office alone of Dr. Townsend's organization collected over $3,000,000 from old people. Nickels, dimes, quarters, and dollars in streams poured into the coffers of that office. As to how much was collected in other offices in California, Florida, Oregon, Washington, Vermont, New Hampshire, and other States there is no record. I feel sure new propaganda for more collections

will continue notwithstanding overwhelming defeat of the bill.

Mr. Chairman, not so long ago the old Negroes of my district and your district were continuously propagandized, organized, constantly solicited by mail, and mulcted of a great deal of money by one Dr. Pope. This was continued by him until his shady and fraudulent record was exposed. Dr. Pope's activities in various States show indisputably he was feathering his own nest, with no thought other than the swindling of the old Negroes of the country. The result was Dr. Pope, with the money collected, went out of business. The old Negroes were deluded, deceived, and defrauded, but had some worth-while experience.

It is my opinion, however, Dr. Townsend is not of that character. He seems to be sincere and honest, and any accumulation of money by him and his associates charitably may be considered as merely incidental to the carrying out of the plan. Dr. Townsend sincerely believes his proposal will bring about a greater velocity of money, faster removal of goods from the shelves, a quicker financial recovery, and incidentally a help to the old people. However, it is very wearisome, as well as burdensome, for the aged of this country to be delayed continuously and constantly solicited for financial support through donations, gifts, subscriptions to papers, sales of articles, booklets, banquets, expenses of delegates, the total of which runs into millions of dollars.

I hope in these remarks to analyze in my humble way the provisions of the bill, setting forth the fundamentals of the Townsend plan.

The bill places what is known as a transaction tax on every activity which has for its object any gain, either directly or indirectly, and is to be collected on every deal, whether there be a profit or loss.

The act provides "the tax shall be collected without any deductions on account of property sold or expenses of any kind," and even where there may be only an "exchange of property." The buyer and seller, the lender and borrower, employer and employee on each deal, and each trader of property must pay the tax.

It is collected on the gross revenue "of the taxpayer received for personal services, and on gross receipts of taxpayer derived from trade, business, or sales value accruing from sale of tangible property or services or both." The act, to be doubly certain, further provides the tax shall be collected "without any deduction on account of cost of property sold, cost of materials used, labor costs, taxes, royalties, interest, or discount paid, or any other expenses whatsoever."

The act levies a tax of one-half of 1 percent on all producers, manufacturers, wholesalers, and jobbers.

The act further provides:

> Upon every other person engaged or continuing in the United States with any business, trade, occupation, or calling, not included in the preceding sections or any provision of the act, there is hereby levied, and shall be collected a tax of 2 percent.

The act then provides that—

> Every person doing any business, rendering any service, or producing anything must file a written return every month, swear to the return, and mail or deliver same to the collector of internal revenue not later than 10 days after the end of the month for which the return is made with the exception where the tax is less than a dollar in any month, no return has to be made.

There is a criminal provision, imposing penalties up to $1,000 or 1 year in jail for a first offense, and increasing to not less than $2,000 and not more than $20,000 or not less than 1 year nor more than 5 years for a second offense, for failure to make a monthly return or pay the monthly tax.

There will be fifty to sixty million people subject to the tax. Each would be required to make a monthly written return duly verified under oath. The cost of the notarial fees at 25 cents each would amount to twelve and one-half million dollars, or more monthly, to be paid by the taxpayers, aggregating at least $150,000,000 yearly for notary fees alone. The postage necessary on each envelope to mail 50,000,000 returns to the collector would amount to one and one-half million dollars monthly, payable by the taxpayer, or $18,000,000 postage for 1 year. The 50,000,000 necessary envelopes monthly would require the taxpayers an extra expense of at least $250,000 monthly.

Mr. Chairman, section 6 of the act makes certain exemptions. National banks are exempted. Fraternal societies, charitable, religious, and educational associations not operated for profit; chambers of commerce, boards of trade, operated for the benefit of the community, where no profit accrues to any private stockholder or individual; hospitals or infirmaries, where no one receives any profit; interest paid to building and loan associations and insurance payments. These are all the exemptions in the act. All other banks, individuals, hospitals, societies, companies, and associations must pay the tax.

The national banks have thirty-one and one-half billion dollars on deposit and in assets. The State banks have $20,000,000,000 on deposit and in assets. As to why the national banks are wholly exempt and all State banks taxed I cannot explain. Certainly, fair-minded people would object to such discrimination. No reason is given for exemption of national banks, and no just reason can be given. Such an exemption would save many millions for national banks and their owners, and the tax necessarily would destroy all State banks.

The act, in paragraph (b), section 9, provides each person 60 years of age or over shall be paid from the tax collected "in such amount not exceeding $200 per month;" and after payment of the $200 monthly "any remainder in the fund shall be applied to payment of the national debt." All State banks and individuals would, no doubt, complain at their being compelled to pay the national debt, while all national banks, some of which in New York City are the largest and richest in the world, would be wholly exempted in the bill from paying a penny.

The act further provides that the recipient of the money "shall not engage in any gainful pursuit, and shall covenant and agree in his sworn application to spend, and shall spend, all of each month's payment during the calendar month or within 5 days thereafter." The act further provides if he does not spend all the money, he will forfeit 25 percent of his payment for each offense. Each recipient of the money is also required to keep a record and file a sworn return each month showing in detail what was done with the money or its proceeds. However, he or she can make oath before a postmaster, while the taxpayer cannot.

Paragraph 15 of the act contains the gist and heart of the Townsend proposal; that is, forceful spending of the money, forceful purchase of goods, and forceful riddance each month of such goods or of the proceeds directly or indirectly accumulated each month. It provides a misdemeanor for any recipient of the money in any month "to engage in any way or upon occasion in any gainful pursuit or to keep or fail to spend the money or any part thereof, or proceeds of direct or indirect accumulations or any part thereof of any annuity within the time required by this act." The time at most is 35 days. Proceeds, according to Webster, are "that which result, proceed, or accrue from some possession or transaction."

The last provision, according to the sponsors of the bill, is the motivating cause of their support and not the pension feature. To me the requirement is unjust, impractical, and an economic waste. It not only requires the old person, under heavy penalty, to spend his check in 35 days, but it requires him, under penalty, to "spend the proceeds of direct or indirect accumulations or any part thereof" in the same 35 days. The sponsors of the bill claim that this requirement will bring about a swifter distribution of money and flow of goods, and will cause the wheels of industry to whirl and hum to produce goods for old people to purchase, consume, and dispose of monthly, and thereby bring about recovery more quickly. The remedy would be worse than the disease, it seems to me.

Under the spending provision all proceeds directly or indirectly accumulated or received for any of the money spent,

as stated, will have to be disposed of within the 35 days. I appreciate the force and effect of this spending provision and the argument that it will clean the shelves of goods. If an old person should buy a barrel of flour and could not eat all of it in a month, he would have to dispose of it in some way. If he received anything for it, he would have to rid himself of that, too, so as to completely consume and have nothing left of his check or proceeds thereof, directly or indirectly, at the end of the month. If he purchased a suit of clothes, that suit would be proceeds directly or indirectly accumulated from his monthly check, and he would have to wear out or dispose of the suit in 35 days. In other words, the old person would have to buy a suit of clothes, a pair of shoes, or hat each month, and rid himself of them the same month or within 5 days thereafter.

I appreciate that this requirement would stimulate purchase, consumption, or waste of clothes and other articles that an old person might buy and put out of existence every month. The wheels of industry would have to whirl and hum to furnish 120,000,000 suits, hats, shoes, and dresses each year and other things in proportion. He could not buy or make payment on a home because, under penalty, he must rid himself monthly of all proceeds of his check.

The above requirement would worry, cause great anxiety, and make old people the busiest in the world, while all others would be amazed and bewildered at the process of making them prosperous.

The old person could not give the money or the proceeds away, except to reasonably support one in idleness, drunkenness, or gambling. Paragraph (c) of section 15 provides he or she shall not "unreasonably and unnecessarily retain any able-bodied person in drunkenness, idleness, or gambling." The people of my district having to pay the tax would be unwilling, as I judge them, to have their tax money used to support idleness, drunkenness, or gambling, as authorized by the act, whether reasonable or unreasonable. Yet the old man or old woman could not give anything away nor accumulate anything for longer than 1 month, and would have to be very busy at all times selling, trading, bartering, and devising means to get rid of his money and purchases so as not to be caught with anything at the end of 35 days.

All retail merchants would have to pay a 2-percent tax, a tax 300 percent higher than manufacturers, wholesalers, or jobbers would pay. Chain wholesalers would have an advantage. The retail dealers would necessarily pass the tax on to the laboring men, farmers, their families, and other consumers, and many of them are least able to pay.

The bill singles out for the largest tax on everything they buy the individual, the laboring man, farmer, railroad employee, retail merchant, children, young men and young women, and people not yet 60 years of age. Their wages would be taxed 2 percent in every case. Even the wages of people on relief would be taxed 2 percent. Many thousands of people 60 years of age or older are well fixed financially, not in need at all, but each would get monthly his $200 extracted from those most needy.

The 1930 census shows there were 16,464,925 children 6 years of age or younger at that time. There were 31,352,162 12 years of age or younger. There were 45,373,546 children 18 years of age or younger, and there was a total of all children under 21 years of 49,831,422. The more than 16,000,000 children 6 years or younger must be considered when you propose to tax, both going and coming, everything they buy or exchange for 54 years in order to bring about recovery under the Townsend plan. The more than 31,000,000 children 12 years of age or younger must be considered when you propose to tax them 2 percent of their wages and 2 percent on everything they buy or is bought for them, borrow or is borrowed for them, for 48 years. The more than 45,000,000 children 18 years or younger must be considered when you propose to take from them daily by taxing their educational opportunities, their wages, and every transaction they may make or may be made for them for 42 years. The widows and orphans must be given some consideration when you propose to tax their bread and meat, as this bill taxes them, to help some people not in need and to pay some national-bank presidents, other officers, and stockholders $200 per month pension when their banks will contribute not a penny.

The sponsors of this bill would tax all of these children for more than 40 years to pay, as stated, not to exceed $200 to many people 60 years of age or over who are not in need, never have been in need, such, for example, as utility, railroad, lumber, steel, oil, gas, coal, and automobile magnates, and others.

The sponsors of the bill argue vehemently that the main object of the bill is to bring about a greater velocity of money, a greater spending program, a greater turn-over and consumption of goods. If this be the object, as proclaimed by the author and sponsors of the bill, then I suggest that $60 per month be paid to those 60 years of age or over; $50 to those between 50 and 60; $40 to those between 40 and 50; $30 to those between 30 and 40; and $20 per month to those between 20 and 30 years of age, or such proportionate part of these amounts as the fund will permit, according to the number of people in those ages. This would enable each one to spend at least part of his own money; and, to require him to do it, would certainly be as effective in bringing about as great a velocity of money, purchase and consumption of goods as if those 60 years or older should spend all of it. At the same time $60 per month for those 60 years old and above would be reasonable.

Mr. Chairman, all the farmers' organizations of America are bitterly opposed to this bill. The American Farm Bureau Federation, National Grange, and Farm Cooperative Councils, in the strongest of language, oppose this bill as unfair, impractical, unwise, discriminatory, uneconomic, and destructive of their best interests. The farmers, now hard pressed financially, the employed and the unemployed, know they would be crushed by being daily, weekly, and monthly burdened with this tax upon everything they wear, buy, sell, or exchange in any manner whatsoever, and by the tax which others would pay and be pyramided necessarily onto their backs.

Let us take, for example, the cotton farmer. If he borrows $200 he pays $4 tax, and the lender, unless a national bank, would also pay $4 tax. Then the farmer will pay 2 percent tax on all he buys with the remainder. He would pay a tax and the ginner would pay a tax on the cost of ginning of each bale of cotton. He and the insurer would each pay a tax on the insurance premium. Warehouse charges, compressing, weighing, cost of bagging, and freight charges would each be taxed. He and the buyer of his cotton would each have to pay a tax on purchase price of the cotton or seed. The cotton factor and spinner would each have to pay a tax on full value on the second, third, or fourth sale of the cotton. The spinner, and each of his employees on their wages for processing that cotton, would have to pay a tax. When the spinner sells to the wholesaler, each would have to pay the tax. When the wholesaler sells to retailer, each would have to pay the tax. When the retailer sells back to the farmer, each again pays the tax, and all on that same bale of cotton. This Townsend bill tax is not a single tax, but a double, treble, quadruple, quintuple, sextuple, ad infinitum tax. The tax, on a fair estimate, will take 40 cents from everyone out of every dollar of income, and it is claimed will make the taxpayer prosperous, and all prosperous.

I am reminded, Mr. Chairman, of the old Louisiana Negro who was asked how he came out with his crop at the end of the year. He replied, "The ducks got it." "But," said the inquisitor, "I did not know ducks cared for cotton, what do you mean?" "Well," said the old Negro, "you don't understand. You see, when me and the boss went to settle, the boss says de-ducks for this and de-ducks for that and de-ducks for tuther, and when we finishes with dem ducks dey done took and got all my cotton."

Southern cotton farmers are now producing an average of 11,000,000 bales of cotton annually. At $50 per bale net, they have a gross income of $550,000,000 a year. Under the present bill and according to the literature and argument of advocates of this bill, it will take on an average of $2,000,000,000 per

month to pay 1 month's pension under their perfected plan for prosperity. Therefore, if Southern farmers increase their production to 40,000,000 bales per year, they would have just enough to pay 1 month's pension payment and nothing left to pay for the bagging and ties or the ginning.

The American Federation of Labor condemns this bill in no uncertain terms as being unfair, discriminatory, impractical, and a burden which the laboring man would be unable to bear because 2 percent of his wages and 2 percent on everything he should buy, sell, or exchange, duplicated, added, and pyramided all the way down and up the line, would be ruinous and destructive of his wages and earnings.

The railroad employees' organizations and brotherhoods are opposed to this bill for the same reasons. I am sure the widows and orphans and the 50,000,000 children also would oppose this bill if they had a voice. The national banks even, although totally exempt, would oppose the bill, in my opinion.

Mr. Chairman, there are 130,000,000 people in the United States today. There are 50,000,000 children 18 years and younger. There are 10,000,000 people or more 60 years and older. That would leave 60 millions or less to pay the tax. In other words, a vote for this bill would be a vote condemning 6 people to contribute, not to exceed, on an average, $200 per month to one of their neighbors, the money to be paid to people regardless of need, spent for things needed or not needed, and the proceeds of the money to be disposed of monthly and no accumulation of anything for longer than 35 days by any old person permitted.

When I think of the twelve and one-half to fifteen million dollars monthly to be paid by the taxpayers in notary fees for swearing to fifty to sixty million returns; when I think of the one and one-half million dollars per month necessary for postage to mail those returns to the collector of revenue, and $250,000 monthly for envelopes in which to send them; when I consider the time and trouble to be spent by everybody in keeping account of every item and every transaction of any kind, and the preparation of at least 50,000,000 returns each month; when I think of the discriminations in this bill and of the great number of inspectors, examiners, detectives, and attorneys necessary to investigate and review 50,000,000 taxpayers' returns each month and the 10,000,000 returns by the old people; and when I further consider the millions of children, most of whom will be taxed unmercifully on everything, and the privations they would have to endure from birth to the grave to carry out a scheme such as the sponsors of this bill vigorously advocate, I cannot think of one single, sound reason for supporting the bill, unless political expediency or demagoguery be a reason.

I appreciate, Mr. Chairman, the theme song of certain Members of this House, and of past and prospective candidates for office, running marathon races on bills of this nature and of proposals to increase pensions. It seems that some are willing to capitalize and profit upon the misery, want, and suffering of old people, being impelled, for political reasons, in order to obtain political support and retain office, to advocate proposals such as this and higher and higher pensions than an opponent may advocate.

It is my considered judgment that such political tactics and pretentions not only mislead, encourage, and inspire false hopes but injure the cause of the old people, deceive them, and really retard, if not prevent, fair and reasonable old-age assistance. After such promises are made, hopes stimulated and frustrated, they return with excuses, willing to impose upon credulity, make explanations that do not explain, and offer alibis without merit.

I have learned during my experience in life that often those most vociferous are not necessarily the real friends of the cause they advocate. A large contingent of Republican Members in this House, in political desperation, while denouncing taxes and pleading for economy, advocated and voted for this bill, along with a less number of Democrats, regardless of the consequences, and absolutely indifferent to the soundness of the proposal. They prefer to take the way of least resistance, hoping and believing they will not have to explain. In any event, they shun responsibility and hope to have political support of a group.

The truth is, this administration is the first and only administration in this country that has ever given any direct or indirect financial aid whatsoever to aged people, the unemployed, blind, helpless, widows, and orphans. It is a new adventure, initiated on a sound basis by this administration for social welfare and betterment of our people. Such assistance, to be permanent, must be rendered upon a sound, reasonable, and economic basis. I have voted to amend the Social Security Act so that the Federal Government will pay the same to each old person, not to exceed $20 per month, the States to match with $20 in addition, thus making possible $40 per month. I voted and tried to force the Federal Government to pay at least $15 per month regardless of what a State might pay, but we were defeated. I am frank to admit there were strong and plausible arguments to justify the defeat on the ground, among others, that a State owes first duty to its citizens, being more close and personal to the citizen.

As a boy on a few occasions I have driven as many as three yoke of oxen, or two teams of mules. Have you never noticed that the yoke or team next the wheels at times were forced to steady themselves and have their necks stretched to hold back those in front to keep them from running away and wrecking everything? Well, Mr. Chairman, we must have in this Congress some men and women courageous enough to remain cool, steady, honest, unintimidated from any source, and willing to have their necks stretched sometimes regardless of consequences.

Many of our States are dependent in great part upon a local sales tax for their schools, eleemosynary institutions, and assistance for the old people, the blind, widows and children, and the needy. Some regard must be had for that State revenue and the source of State revenue.

But, it is ingeniously argued, this Townsend plan will not cost the Federal Government anything. Such a beguiling argument, its innocence and simplicity, can appeal only to stupidity itself. The people constitute this Government. All its funds are taxes the people pay. The taxes collected under the Townsend plan would go into the Federal Treasury and by it be disbursed as any other tax or fund.

Mr. Chairman, the proponents, promoters, propagandists, political opportunists, and profiteers under cover of Dr. Townsend's apparently benevolent idea or any similar idea may succeed for a while but not for long. Sooner or later, there will be swift retribution, once the people are awakened, and all such theorists, profiting and preying upon cupidity, the needy and poor, will be consigned to oblivion, a merited and just desert. [Applause.]

Mr. TABER. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. VAN ZANDT].

Mr. VAN ZANDT. Mr. Chairman, I want to make a few remarks today about a public official who very probably has more warm friends among the Members of this House than any other man in the Government service.

To begin with he has very probably had longer continuous service with the Government than any administrative official in public life today. Only 11 Members of the Senate and 28 Members of this House have had longer continuous service than he.

I refer to Brig. Gen. Frank T. Hines, Administrator of Veterans' Affairs. General Hines began his Government service on March 2, 1923, as Director of the Veterans' Bureau. When the Congress, in 1930, decided to consolidate the Pension Bureau and the soldiers' homes with the Veterans' Bureau, General Hines was placed in charge of the Veterans' Administration, as the enlarged veterans' agency was named. His continuous service has been a little more than 16 years. During that time the agencies under his charge have disbursed approximately $12,500,000,000 altogether, without the slightest hint of any irregularity or scandal.

I would also like to point out that during this period not one personal attack has ever been made on General Hines.

Mr. SIROVICH. Will the gentleman yield?

Mr. VAN ZANDT. I yield to the gentleman from New York.

Mr. SIROVICH. May I call the gentleman's attention to the fact that in my 14 years in the House I have very frequently called on Major General Hines. He is one of the sweetest and most lovable characters who has ever occupied any office in our Government and deserves the fine eulogy the gentleman is making now. Would that every administrator in every governmental agency were as kind, as considerate, and as gracious to every Member of Congress as has been Major General Hines.

Mr. VAN ZANDT. I thank the gentleman.

Many of us have had complaints about not getting what we thought we should get from the Veterans' Bureau and the Veterans' Administration, but I think all of us are agreed that General Hines has done and is doing his job in a way which has brought forth our highest commendation not only from Members of Congress but from the veterans' organizations and the disabled veterans themselves who have been under his care.

I think that General Hines is considered by most of us as the very highest type of civil servant. President Harding appointed him to office; President Coolidge continued him there; President Hoover not only continued him but made him Administrator of Veterans' Affairs; and President Roosevelt has likewise continued him in an office which many of us think is the most difficult Government job to handle outside of the Presidency itself.

I think that one of General Hines' valuable qualities has been his very real sympathy for veterans and their problems. Although his outstanding reputation has been made as an Administrator, he was no swivel-chair soldier. General Hines knows what it is to live in a lousy trench, face hostile bullets, and lead his men over the top. He took part in 25 active engagements in the Philippines and conducted himself so gallantly and fearlessly under hostile fire that he was recommended for the Congressional Medal of Honor for "intrepidity above and beyond the call of duty."

Although his outstanding World War services were in an administrative capacity, nevertheless General Hines was with American troops in action at St. Mihiel and in the Argonne.

In view of the immensity and varied activities of the Veterans' Administration and the many responsibilities which we in the Congress have placed upon him, I would like to discuss for a few moments just what manner of man this is who is responsible for the proper functioning of the Veterans' Administration and the judicious expenditure of the very large sums of Government funds which we entrust to his hands.

We see him today as a former brigadier general of the Regular Army—now a brigadier general of Reserves and Administrator of Veterans' Affairs; but if we could look back over the years of his brilliant career, we should see a young boy toiling patiently in the hills of his native State of Utah, "water corporal" for the miners, waiting table in the camps, filling in at any odd job available and saving his hard-earned money to make a dream come true—a college and engineering degree.

At the Utah Agricultural College he was captain of the Artillery Cadet Corps, when the whole country was aroused by the cry "Remember the Maine." He finally prevailed upon his parents to consent to his enlistment, and at the age of 18 Frank Hines joined Battery B of the First Utah Volunteer Artillery and sailed for the Philippines. He rose to sergeant, then first sergeant, and participated in all of the active engagements of his organization before the fortifications of Manila and in the Philippine Insurrection, and for his energy and bravery he was commissioned in the field as a second lieutenant of the Utah Artillery when he was only 19 years old—the youngest officer in the service.

When his battery was returned to the United States and he was mustered out of the service, Frank Hines found that a military career still appealed to him, so he passed his examinations for the Regular Army and on September 20, 1901, he was appointed a second lieutenant of Coast Artillery.

He graduated with honors from the Coast Artillery School and later from the advanced course with a degree in electrical and mechanical engineering, becoming a recognized authority on coast artillery, matériel, and fortifications. His book The Service of Coast Artillery was for years used as a textbook and considered a standard work on its subject.

In June 1914 the then Captain Hines was granted leave of absence to go abroad for the Bethlehem Steel Corporation as technical adviser on coast defense relative to the installation of heavy armament for the Greek Government. When war was declared on Germany he immediately started home to join his corps but was intercepted with instructions to report to the American Ambassador in Rome to take charge of the embarkation of American citizens en route to this country. This work was carried out in a period of less than 2 months. During this time he chartered and fitted out ships which enabled the return to the United States of more than 3,100 American citizens, chiefly from the ports in Italy. This service was highly commended by many of the citizens involved, including Cardinal Gibbons and Cardinal O'Connell, who returned on one of the vessels. The results of this work were also commended by the officials of the State Department.

After our own entry into the World War, Frank Hines' unusual abilities brought added responsibilities and rapid promotions. In January 1918, as Colonel Hines, he was made Chief of the Embarkation Service of the War Department, in which capacity he was responsible for the development of an organization which carried 2,000,000 soldiers safely to Europe, and after the war returned them in 8 months. That was a feat which the German General Staff had believed impossible of accomplishment—and its unprecedented success made victory possible in November 1918.

In April 1918, as a brigadier general, Frank Hines accompanied the Secretary of War abroad, appearing before the Interallied Transport Council in London and also in France in connection with transportation methods. In 1919 he negotiated the Reading-Hines agreement covering settlements for transportation service as well as similar agreements with France.

Upon termination of the war General Hines was the recipient of many high honors for what was considered one of the outstanding jobs of the war—getting our boys over in time to turn the tide in 1918. He received the Distinguished Service Medal of the Army and the Navy Cross for "especially meritorious and conspicuous service." He was also awarded the Military Order of the Bath of Great Britain, the Ordre de Leopold of Belgium, the Order of the Sacred Treasure of Japan, the War Cross of Czechoslovakia, and Officer of the Legion of Honor of France.

After the war General Hines received a distinction exceedingly rare in War Department annals—that of being promoted from the rank of captain to that of brigadier general in the Regular Army. Only a few other American officers have been so rewarded, such as General Pershing and General Leonard Wood.

As a result of his activities during the war, General Hines became greatly interested in the development of our merchant marine, and in 1920 he resigned from the Army to participate in this movement. However, in 1923 the late President Harding prevailed upon him to accept the directorship of the Veterans' Bureau, so that the chaotic situation then existing could be straightened out—and the agency organized to bring adequate relief to the veterans and their dependents, which it had been created to serve.

I think most of us are familiar with General Hines' career from that time until the present. Speaking for myself, I will say that during the 3 years in which I had the honor to be commander in chief of the Veterans of Foreign Wars, I had many official contacts with General Hines and always found him not only courteous and fair, but anxious to give the veterans all that he could, within the limits of the laws which govern his agency.

I do not think that there is a man in this House who will not agree that General Hines has organized and directed this great Government agency with such efficiency that it is now one of the most satisfactorily run of all our great Government departments. General Hines has constantly recom-

mended the liberalization of laws so that service could be rendered to the veterans in the manner in which Congress desired. He was also a pioneer advocate of permanent hospital building, and recommended the laws governing free hospitalization, which have now benefited more than a million veterans.

Today the major portion of the patients in our veterans' hospitals are the so-called non-service-connected cases. Under General Hines' administration the finest group of hospital buildings in the world has been erected. We now have 84 such hospitals in operation. The Veterans' Administration now has a pay roll of more than 38,000 employees who staff these hospitals, the central office, and the regional offices throughout the United States, as well as our soldiers' homes and other facilities and services. As you know, the Reorganization Act excepted the Veterans' Administration from the consolidation features, and the Administrator of Veterans' Affairs is still directly responsible to the President of the United States, and holds his office at the pleasure of the President.

In conclusion I want to point out that General Hines has served this Government faithfully and well for more than 35 years—19 years as an officer in the Regular Army and 16 years as head of our veterans' agencies.

I have about reached the end of this unusual "success" story, which is in the best American tradition. Beginning as a humble boy, Frank Hines has worked his way upward by his own efforts, until he was so placed that his unusual ability and integrity have won him a countless number of friends, and enabled him to render services to the Nation which have been beyond calculation or price.

Had he remained in the Regular Army he would be eligible to retirement, perhaps as a major general. I do not think there is a man or woman in this House who does not agree that in so ably administering our vast veterans' problems General Hines has rendered this Nation a much greater service than he could possibly have done by remaining in the Regular Army after the World War.

He has had a long and distinguished Army career, yet he is not eligible under present laws to their retirement benefits. He has had a long and distinguished career as a public official—a true civil servant—yet he is not eligible to the retirement privileges provided by the Government for members of the civil service, because he has never had a civil-service status. As you are aware, the law specifically exempts his office from that category, so that the President may have no limitation upon his choice for this important post, excepting confirmation by the Senate.

This is an unfortunate situation to confront us at a time when such emphasis is being made upon the importance of building up a real career service in our Government to handle the increasingly complex problems which arise.

The Senate has already passed without a dissenting vote a bill which would correct this unique and unfair situation, which I think is without a parallel in our Government service. That bill would allow General Hines to be retired as a brigadier general whenever he leaves the Government service. I feel confident that when that bill comes before this House for action it will merit the same enthusiastic support that it received in the Senate. [Applause.]

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

FEDERAL COMMUNICATIONS COMMISSION

Salaries and expenses: For seven Commissioners, and for all other authorized expenditures of the Federal Communications Commission in performing the duties imposed by the Communications Act of 1934, approved June 19, 1934 (48 Stat. 1064), the Ship Act of 1910, approved June 24, 1910, as amended (46 U. S. C. 484–487), the International Radiotelegraphic Convention (45 Stat., pt. 2, p. 2760), Executive Order No. 3513, dated July 9, 1921, as amended under date of June 30, 1934, relating to applications for submarine cable licenses, and the radiotelegraphy provisions of the Convention for Promoting Safety of Life at Sea, ratified by the President of the United States July 7, 1936, including personal services, contract stenographic reporting services, rental of quarters, newspapers, periodicals, reference books, law books, special counsel fees, supplies and equipment, including purchase and exchange of instruments, which may be purchased without regard to section 3709 of the Revised Statutes (41 U. S. C. 5) when the aggregate amount involved does not exceed $25, improvement and care of grounds and repairs to buildings, not to exceed $5,000, purchase, including exchange, maintenance, operation, and repair of motor-propelled passenger-carrying vehicles for official use in the field, not to exceed $3,000, traveling expenses, including expenses of attendance at meetings which, in the discretion of the Commission, are necessary for the efficient discharge of its responsibilities, reimbursement to ships of the United States for charges incurred by such ships in transmitting information in compliance with section 357 of the Communications Act of 1934, as amended, expenses of packing, crating, drayage, and transportation of household goods and other personal effects (not to exceed in any case 5,000 pounds) of officers and employees when transferred from one official station to another for permanent duty upon specific authorization by the Commission, and other necessary expenses; fiscal year 1940, $1,800,000, of which amount not to exceed $1,151,000 may be expended for personal services in the District of Columbia.

Mr. DIRKSEN. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. DIRKSEN: Page 8, line 17, after the word "Columbia", insert "*Provided*, That no part of this appropriation shall be available for the effectuation and enforcement of the Commission order of May 23, 1939, relating to international short-wave broadcasting."

Mr. DIRKSEN. Mr. Chairman, I bring this to the attention of the Committee today largely because there has been a considerable tempest about the order of the Federal Communications Commission issued on May 23 relative to international broadcasting. No hearings were held on the order. The purport of the order, of course, was to let the international broadcasting agencies know precisely what they could broadcast and what they could not broadcast.

I just want to read a portion of the language employed by the Commission, and I think it is very unfortunate language, found in paragraph (a) of the order issued on that day:

A licensee of an international broadcast station shall render only an international broadcast service which will reflect the culture of this country and which will promote international good will, understanding, and cooperation.

Mr. Chairman, when you seek to interpret language of that kind it virtually means there may be a minority view with respect to something in which South America is interested; yet if it does not subserve the interests of good will, understanding, and cultural relations, it would mean that a minority viewpoint could not be expressed. It is so easy to translate that kind of authority, and that kind of criticism, and that kind of restriction from the international field to the national field. My good friend the gentleman from Michigan is sitting here, and he is, no doubt, familiar with the bills introduced to set up a Federal broadcasting system. There is one pending at the present time over on the Senate side in the Foreign Relations Committee. It was introduced by a Senator and asks for $3,000,000 with which to set up such a station. It has gotten so far now that it is pending before a committee.

We had a bill pending on the House side a year or two ago introduced by the gentleman from New York [Mr. CELLER]. It is rather interesting in connection with the testimony that was offered on the bill to set up a Federal broadcasting station to note that the statement was made in the course of the testimony that it would be effective in transmitting programs to all parts of the United States. In other words, it is set up as an instrumentality of international good will, but the programs may be received in this country no less. We clap on restrictions and a kind of censorship which can be easily translated to every other broadcasting agency of the country.

There was a gentleman named Mr. T. A. Walters who testified before the House committee at that time who was formerly employed in the Department of the Interior. He submitted a written memorandum to the committee, but he was in the Department of the Interior when that memoranda was written. Among other things he mentioned was the usefulness of providing programs of national interest. So that if this was ever passed by the Congress, it would mean ultimately some kind of censorship. They did that in Great Britain. On the 7th day of June British broadcasting was taken over by the British Government. They even supervise news over there today.

When those in the broadcasting field finally raised their voices to the high heavens, the Federal Communications

Commission relented and decided there should be a hearing on the 12th day of July, but it was not until the steam had been turned. It may be after hearings are held, and they may be very perfunctory hearings, that this rule will continue to stand.

It is my opinion that limiting restrictions ought to be placed in this bill, so that no portion of the funds herein made available may be used to effectuate or to enforce the provisions of the order of May 23. It is very unfortunate in the choice of language for one thing, and, secondly, it is a disturbing factor and it is a poor approach to this problem by the Federal Communications Commission. That Commission should not be permitted to impose what amounts to censorship on international broadcasting.

[Here the gavel fell.]

Mr. DIRKSEN. Mr. Chairman, I ask unanimous consent to proceed for 1 additional minute.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois [Mr. DIRKSEN]?

There was no objection.

Mr. DIRKSEN. Mr. Chairman, when we had the members of that Commission before the Independent Offices subcommittee along in January, my colleague the gentleman from Massachusetts [Mr. WIGGLESWORTH] and I examined into radio matters quite thoroughly. We did not want to be unkind. But things have not been right down in the Communications Commission and that is the reason no appropriation was included in the regular bill. Therefore this urgent deficiency bill carries $1,800,000. It seems to me that restriction ought to be placed in this bill so this foolish, nonsensical, and ill-advised order of the Commission may not be enforced. That is the purpose of the amendment which I have offered.

[Here the gavel fell.]

Mr. WOODRUM of Virginia. Mr. Chairman, I ask unanimous consent that all debate on this paragraph and all amendments thereto close in 2 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia [Mr. WOODRUM]?

There was no objection.

Mr. WOODRUM of Virginia. Mr. Chairman, I hope this amendment will not be agreed to. On page 65 of the hearings Chairman Brown undertook to explain to the gentleman from Kentucky [Mr. O'NEAL] that in the language "A licensee of an international broadcast station shall render only an international broadcast service which will reflect the culture of this country," and so forth, the word "only" relates to "international." The international broadcast company shall render only an international program. It does not undertake to circumscribe the type of program; it circumscribes the fact that they can render only an international program. I do not know whether or not that is the right construction, but that is the construction the Communications Commission places upon it, according to the testimony of Mr. Brown in the hearings.

Mr. DIRKSEN. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield to the gentleman from Illinois.

Mr. DIRKSEN. The hearings do not reflect, of course, paragraph (b) of that order, which even goes so far as to seek to dictate to the nine international broadcast licensees what kind of commercial program shall be broadcast, which is very unfortunate.

Mr. WOODRUM of Virginia. We cannot undertake, in the consideration of an emergency deficiency matter, to renew the rules and regulations of the Federal Communications Commission and undertake to write it into law. I quite agree that this matter should have legislative attention. Legislation is pending in both bodies relating to the Communications Commission. I hope that in speedy fashion this question will come to the attention of Congress.

Mr. DIRKSEN. Of course, this appropriation will be available for the fiscal year 1940.

Mr. WOODRUM of Virginia. Yes.

Mr. DIRKSEN. If the Commission fabricates an order that is agreeable to the broadcasting people and quite in accord with what the people of this country want and in accord with the privileges of free speech, manifestly this amendment would not apply; but this does apply specifically to the order of May 23, and that is very unfortunate.

Mr. WOODRUM of Virginia. The gentleman his given study to this matter and he is reflecting his own opinion. I do not believe we can sit here and, in the Committee of the Whole, undertake to fashion rules and regulations for the Communications Commission. The attention of the Committee on Appropriations has been directed to this subject only very casually. Gentlemen on that side of the House have inveighed many times against legislation on appropriation bills. If we want to legislate on these rules and regulations, let us legislate on them, but we cannot do it here.

Mr. MICHENER. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield to the gentleman from Michigan.

Mr. MICHENER. In the first place, this is not legislation on an appropriation bill; and, in the second place, it is a simple instruction as to a minor detail.

Mr. WOODRUM of Virginia. If it is a minor detail we ought not to try to regulate it here.

Mr. MICHENER. It seems to me that if it is a minor detail, and it certainly meets with the approval of a majority of the House, as we understand, and I am sure with the approval of the gentleman from Virginia, we cannot go far wrong by simply inserting here a limitation as to something that we all believe.

Mr. WOODRUM of Virginia. Maybe the gentleman understands it and believes it. I do not believe a majority of this House does. I heard the testimony at the hearings, and this question is about as clear to me as a hunk of mud.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. DIRKSEN].

The question was taken; and on a division (demanded by Mr. DIRKSEN) there were—ayes 27, noes 43.

So the amendment was rejected.

The Clerk read as follows:

BUREAU OF INDIAN AFFAIRS

Construction, and so forth, buildings and utilities, Indian Service: The unexpended balance of the appropriation of $100,000 contained in the Second Deficiency Appropriation Act, fiscal year 1937, for the construction and equipment of a hospital at Point Barrow, Alaska, is hereby made available under this head until June 30, 1941, for the construction and equipment of hospitals and quarters in Alaska.

Mr. ALEXANDER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ALEXANDER: On page 14, after line 8, insert a new paragraph, as follows:

"For relief of the victims of the tornado on June 18, 1939, in the counties of Hennepin and Anoka and State of Minnesota, $270,000, to be expended for restoration of public buildings, grounds, utilities, and roads, and for the relief of distress resulting therefrom by the public authorities of said counties, villages, and the city of Anoka, Minn."

Mr. WOODRUM of Virginia. Mr. Chairman, I make the point of order against the amendment that it is not authorized by law.

Mr. ALEXANDER. Mr. Chairman, will the gentleman reserve the point of order for a moment?

Mr. WOODRUM of Virginia. I will reserve the point of order briefly, Mr. Chairman, if the gentleman wishes to make a statement.

Mr. ALEXANDER. In view of the extent of this disaster and in view of the fact that similar action has been taken before on this type of appropriation bill, I wonder if the gentleman from Virginia would not withdraw his point of order?

Mr. WOODRUM of Virginia. I may say to the gentleman that as far as I am personally concerned, the first time I ever heard of this matter was when the gentleman addressed the Committee just a few moments ago. We must have some semblance of order; at least, I feel that we should continue to make an effort to try to have it. We fail very signally often. We have a Disaster Loan Corporation. I wonder if the gentleman has tried to get any relief from that source?

Mr. ALEXANDER. We have tried to get relief in every way we can think of, from the W. P. A. and from the C. C. C.; and, of course, the Red Cross is on the job there now. The W. P. A. is limited in its expenditure of funds. We might be able to make a loan; I believe there is some possibility of that. But this money is really needed.

Mr. WOODRUM of Virginia. I am not unsympathetic with the purpose of the gentleman, but, after all, there is no authorization for this item. I cannot consent to items of this kind going into the bill when they have received no consideration whatever.

Mr. SIROVICH. If the gentleman will yield, what is a man going to do who represents a district, as this gentleman does, which has suffered a severe tragedy because of which the people need immediate assistance? Can the gentleman advise him what to do?

Mr. WOODRUM of Virginia. Yes. He has to do what every other Congressman has to do when he needs money; he can get it in an orderly way. If the President is for the item—and the gentleman says the President is for this one—the President can send a Budget estimate up here and ask for immediate consideration of it.

The CHAIRMAN. There being no authorization for this appropriation, the point of order is sustained.

The Clerk read as follows:

POST OFFICE DEPARTMENT

(OUT OF POSTAL REVENUES)

Unexpended balances of appropriations for the Post Office Department are hereby transferred and made available for the purposes of the appropriations to which transferred, as follows: The sum of $1,600,000 from "Railway Mail Service, Salaries, 1939" to "Clerks, First- and Second-Class Post Offices, 1939"; the sum of $1,000,000 from "Railroad Transportation and Mail Messenger Service, 1939" to "City Delivery Carriers, 1939"; the sum of $350,000 from "Rural Delivery Service, 1939" to "Special Delivery Fees, 1939"; the sum of $15,000 from "Electric- and Cable-Car Service, 1939" to "Power-Boat Service, 1939"; and the sum of $35,000 from "Manufacture and Distribution of Stamps and Stamped Paper, 1939" to "Unpaid Money Orders More Than One Year Old, 1939."

The appropriation "Vehicle Service, 1940," contained in the Post Office Department Appropriation Act, 1940, approved May 6, 1939, is hereby made available also for the repair of vehicles owned by, or under the control of, units of the National Guard and departments and agencies of the Federal Government where repairs are made necessary because of utilization of such vehicles in the Postal Service.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, I move to strike out the last word, and I do this to ask the chairman of the committee a question with reference to the amendment that was ruled out on a point of order.

As I understand, there will be another deficiency bill before the Congress adjourns, and possibly within the near future.

Mr. WOODRUM of Virginia. The gentleman is correct.

Mr. AUGUST H. ANDRESEN. Will the gentleman from Minnesota [Mr. ALEXANDER] and his colleagues who are interested in this proposition, be given an opportunity to appear before the committee and present the facts which the gentleman has indicated will be desired by the committee?

Mr. WOODRUM of Virginia. Certainly; and as the gentleman knows, this emergency item goes to the Senate, and if there is a Budget estimate for it, the Senate has the right to consider it.

Mr. SIROVICH. There is already a bill before the Senate and the House.

Mr. AUGUST H. ANDRESEN. I realize that the Senate has a right to consider it, and that they generally do consider such matters, but we also would like an opportunity, as representatives of the people, to present it to the committee.

Mr. WOODRUM of Virginia. If the matter is not taken care of before, I am sure the deficiency committee will be delighted to give the gentlemen every consideration.

Mr. AUGUST H. ANDRESEN. I may say to the gentleman that this disaster in Minnesota was something over which, of course, the people had no control, and it is one of the worse experiences we have had in that area for years.

Mr. WOODRUM of Virginia. I am quite sympathetic with the gentleman and the situation he has in mind, and so far as I can consistently do so I shall be pleased to cooperate with him.

Mr. AUGUST H. ANDRESEN. I hope at an early date when we get the figures and facts we can be heard by the gentleman's committee.

Mr. WOODRUM of Virginia. The gentleman will be given that right.

The Clerk read as follows:

Third International Congress for Microbiology: For the expenses of participation by the United States in the Third International Congress for Microbiology, to be held in the United States during the calendar year 1939, as authorized by and in accordance with Public Resolution No. 6, approved March 29, 1939, fiscal year 1940, $5,000.

Mr. BLOOM. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BLOOM: On page 18, line 22, strike out "$5,000" and insert "$8,000."

Mr. BLOOM. Mr. Chairman, this simply increases the amount from $5,000 to $8,000. The Foreign Affairs Committee originally passed a bill providing for $10,000, and this restores $3,000 of the original amount, making it $8,000 instead of $10,000.

Mr. WOODRUM of Virginia. Mr. Chairman, so far as I am concerned, I am not able to accept the gentleman's amendment. The matter was before the deficiency subcommittee and we went into it, and the committee recommended $5,000. This is the way the matter stands now. I cannot accept the amendment. Of course, the matter is one for the Committee to decide, but the deficiency subcommittee felt that $5,000 would be an adequate amount for the Third International Congress for Microbiology.

Mr. BLOOM. This is the Third International Congress for Microbiology, to be held in New York City in 1939. This is something of interest to every living person.

[Here the gavel fell.]

The SPEAKER. The question is on the amendment offered by the gentleman from New York [Mr. BLOOM].

The amendment was rejected.

The Clerk read as follows:

International Committee on Political Refugees: For the expenses of participation by the United States in the International Committee on Political Refugees, including personal services in the District of Columbia and elsewhere without regard to the civil-service laws and regulations or the Classification Act of 1923, as amended; stenographic reporting, translating, and other services by contract if deemed necessary, without regard to section 3709 of the Revised Statutes (41 U. S. C. 5); rent; traveling expenses; purchase of necessary books, documents, newspapers, and periodicals; stationery; equipment; official cards; printing and binding; entertainment; and such other expenses as may be authorized by the Secretary of State, including the reimbursement of other appropriations from which payments may have been made for any of the purposes herein specified, fiscal year 1940, $20,000, together with the unexpended balance of the appropriation for this purpose for the fiscal years 1938 and 1939 contained in the Second Deficiency Appropriation Act, fiscal year 1938: *Provided*, That no salary shall be paid hereunder at a rate in excess of $10,000 per annum.

Mr. TABER. Mr. Chairman, I make the point of order on the paragraph on the ground that it is not authorized by law.

The CHAIRMAN. Does the gentleman from Virginia wish to be heard upon the point of order?

Mr. WOODRUM of Virginia. Mr. Chairman, I think the point of order is well taken.

The CHAIRMAN. The point of order is sustained.

The Clerk concluded the reading of the bill.

Mr. WOODRUM of Virginia. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with the recommendation that it do pass.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. THOMASON, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee had had under consideration the bill H. R. 6970 and had directed him to report the same back to the House with the recommendation that it do pass.

Mr. WOODRUM of Virginia. Mr. Speaker, I move the previous question on the bill to final passage.

The previous question was ordered.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

EXTENSION OF REMARKS

Mr. WOODRUM of Virginia. Mr. Speaker, I ask unanimous consent that the gentleman from Ohio [Mr. HARTER], who was called from the Chamber, be permitted to extend his remarks in the RECORD by inserting a statement which he has filed with the reporter.

The SPEAKER. Is there objection?

There was no objection.

Mr. SMITH of Maine. Mr. Speaker, I ask unanimous consent to extend my remarks and to include therein the remarks I am supposed to make at a hearing now going on before the Textile Cotton Workers.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. Under special order heretofore made, the gentleman from Michigan [Mr. DONDERO] is recognized for 20 minutes.

OUR FORM OF GOVERNMENT—A REPUBLIC

Mr. DONDERO. Mr. Speaker, I have been astounded and nonplused at the loose and misleading governmental terminology indulged in today by modern writers and have wondered whether I have studied the history of our American Government aright or in vain. The habit seems to have been formed in latter times, and it appears to be growing, of referring to "our democratic form of government," "this democratic form of government," or to "our democracy." Indeed the latter term is made nowadays to apply to almost every activity and process in which our people are engaged. I say the habit is growing. Such terminology is misleading and may become mischievous if not corrected.

I wonder if it is not the result of a famous expression of sophistry that we entered the World War "to save the world for democracy."

Since when did the United States become a "democratic" form of government?

Since when was "democracy" substituted for the "republic" as established under the Constitution?

Certainly not before the Civil War nor subsequently until in recent years false descriptive terms would seem to have converted this Republic and the States of the Union which comprise it into a form not recognized by the Constitution.

The political party which bears the name "Democratic" in its platforms, enunciating from time to time its principles, adhered very properly to the terminology of Thomas Jefferson and Andrew Jackson.

In that party's platform of 1856 we find these expressions:

Dangerous to our republican institutions.

Every future American State that may be constituted or annexed with a republican form of government.

In the platform of 1864:

Brave soldiers and sailors of the Republic.

In the platform of 1876:

Do here record our steadfast confidence in the perpetuity of republican self-government.

Now reunited in one indivisible Republic and a common destiny.

In the platform of 1892:

Under the Constitution as framed by the fathers of the Republic.

Believing that the preservation of republican government in the United States.

In the platform of 1896:

The dual system of government established by the founders of this Republic of Republics.

In the platform of 1900:

We assert that no nation can long endure half republic and half empire.

Inconsistent with republican institutions and condemned by the Supreme Court in numerous decisions.

We are not willing to surrender our civilization nor to convert the Republic into an empire.

This Republic has no place for a vast military service and conscription.

In the platform of 1904:

The structure of our free Republic.

Desire the perpetuation of our constitutional Government as framed and established by the fathers of the Republic.

In the platform of 1908:

Believing with Jefferson in "the support of the State governments in all their rights as the most competent administrations for our domestic concerns, and the surest bulwarks against anti-republican tendencies."

One cannot read newspapers and magazines nor even editorials, and speeches delivered in Congress or on the hustings, without having it brought to his attention that "our democracy" this, that, or the other thing, is not dragged into every phase and circumstance of our national life. Meanwhile our republican form of government is all but forgotten in this welter of false terminology.

In order to learn anew just what form of government our founding fathers actually established, I have recurred to the writings of some of them, chiefly of Madison, of Washington, of Jefferson, and even of Hamilton, and I have reached the conclusion, paraphrasing the famous expression above quoted that our boys went overseas "to save the Republic of the United States for the world," and I am more than ever convinced of the truth of this as I view present world conditions. The Republic—the one truly representative system of government on earth, representative of the majesty of the people.

With Europe trembling on the verge of war, and with actual warfare in the Orient, who can gainsay that this Republic is the only safe place in the world whereon the dove of peace can find a resting place, a home.

It is needless, perhaps, for me to explain that in using the terms "republican" and "democracy" I am using them in their fundamental sense and am not referring to the two great political parties. This is not a question of partisan politics. It is a question of the use of correct descriptive terms. The use of the names "Republican" and "Democratic" for partisan purposes has been unfortunate and at times misleading and confusing. To many people, ignorant of the real meaning of these designations, the word "democracy" refers to the Democratic Party, and to others, chiefly in one section of our country, the word "republican" is opprobrious and offensive.

Prior to two decades ago the writings and utterances of our leading American statesmen may be searched in vain for the use of the term "democracy" except in its fundamental sense as distinguished from aristocracy and not as a form of government. On the other hand will be found innumerable references by those statesmen to our "Republic" as a form of government.

It cannot be gainsaid that all peoples in the mass or raw state of unorganized society are democracies, as when our Articles of Confederation proved a failure and "a more perfect union" was sought.

When our independence was an accomplished fact a nation was yet to be created and a government formed.

We have a government, you know, to form—

Wrote John Adams to Rutledge—

and God only knows what it will resemble. Our politicians, like some guests at a feast, are perplexed and undetermined which dish to prefer.

But finally, after great travail, a written constitution erected a republic, balancing and apportioning among the several parts a few powers that they might each restrain and correct the others.

The republican form was not chosen by accident, but deliberately. This was the form sought by statesmen and philosophers throughout centuries of history but not found until the American Constitution established the American Republic. This, I say, was done deliberately along with the more perfect union and described by the French patriot

Lamartine and by the English statesman Pitt as a "model republic"; that is to say, a pattern or standard form of government. Other standards have been wrought out in the crucible of time such as the alphabet in the languages, the clock in the realm of time, the 10 digits in the science of mathematics, and other standards; then why not a standard form of government?

During nearly a century and a half under a republican form of government, privileges were secured; we developed statesmen who thought and worked according to the standard; we assimilated people seeking an asylum on our shores; we emerged from a civil war stronger and better; we made unparalleled material progress, and we achieved a leading place among nations.

All this we did by adhering strictly to the standard form of government established by our founding fathers.

Madison and Hamilton, leaders among the wise statesmen, who, in the light of the experiments and failures of the past to establish permanent popular government, knew the kind and form of government they desired to create. These great men and their compatriots succeeded in erecting a republic in which, as Madison said, "the scheme of representation takes place."

They not only created a republican form of government for the Nation but they also guaranteed in the Constitution that form to each of the States of the Union. So that each of our States is, or shall I say was, a lesser republic, and the republican form of government is guaranteed by all.

It would hardly be supposed that Hamilton, who is regarded as the foremost advocate of a powerful centralized government, would subscribe to any other kind. Yet Hamilton, like Madison, believed that only the republican form would endure. In the convention he said:

> The members most tenacious of republicanism were as loud as any in disclaiming against the vices of democracy.

And he concurred with Madison in thinking—

> We were now to decide forever the fate of republican government.

After the convention in 1803, Hamilton wrote to Pickering:

> The plan of a constitution which I drew up while the convention was sitting and which I communicated to Mr. Madison, was predicated on these bases:
> 1. That the political principles of the people of this country would endure nothing but republican government.
> 2. That in the actual situation of the country it was in itself right and proper that the republican theory should have a full and fair trial.
> 3. That to such a trial it was essential that the Government should be so constructed as to give all energy and stability reconcilable with the principles of that theory.
> These were the genuine sentiments of my heart, and I acted upon them.

Having seen now that the founding fathers erected a republic deliberately and that they were jealous to call it a republic, let us see what contradistinguishes it from other forms of government, especially from that of a democracy. History has produced extremes and mankind has gone from one to the other in its quest for stable government, in search of a golden mean between those extremes, has oscillated from mob to monarch; from monarch to democracy; from mobocracy to autocracy; from feudalism to communism; and from bondage to license.

Thus have we witnessed a succession of experimental failures in government for thousands of years. Fitfully there are here and there rays of light, as in Greece, in Rome, in Holland, and Switzerland, and even in England, but it remained for the wise statesmen who wrote our Constitution to establish the golden mean, and evolve a standard form of government when they erected the Republic of the United States of America.

It was and is the best form of government ever conceived by the minds of men.

Certain nations to which have erroneously been given the designation of republic or democracy are neither wholly one nor the other. In each of them will be found the elements of democracy or autocracy.

In our day, in this period of loose terminology, it is the vogue to hook up the United States with the so-called democracies of England and France. As a matter of fact, England, or in the broader term, Great Britain, is a limited monarchy with only one branch of parliament resembling a republic or a democracy. We have just enjoyed the pleasure of a visit from King George VI and Queen Elizabeth, whose charming personalities will ever be remembered here with keen delight. Their demeanor was truly democratic, which I conceive to be a proper use of this word. And France! The time might have been since the French Revolution when that country was conditionally a republic. But not now. And surely it is not democratic in form. It is an admixture of various political philosophy with no stable form of government worthy the name.

At the present time its premier has the powers of a dictator. I suppose its opposition and that of Great Britain to the aggressions of the Berlin-Rome axis of the totalitarian dictatorships of Germany and Italy would seem to classify France and Great Britain as representing the other extreme as "democracies," but this terminology in nowise describes their respective forms of government, and certainly does not entitle them to be denominated as in the same class with the United States—not a democracy but a republic.

The purpose of this use of a descriptive term associating England and France with the United States as "democracies" has entangling implications which are calculated to make Thomas Jefferson, who warned against foreign entangling alliance, turn over in his grave.

In this connection it is refreshing to note, at least, one voice crying in the wilderness of loose terminology, and strangely enough that voice proceeding from the Federal writers project of the Works Progress Administration, in its book entitled "Our Federal Government and How It Functions," of which Mr. Joseph Gaer was the editor, appears on page 3, the following:

> The Congress of the United States, whose visible symbol is the Capitol, is the oldest republican legislature in the world. The British Parliament is, of course, older, but technically the houses at Westminster constitute the legislative organ of a monarchy rather than of a republic.

Jefferson, as well as Madison and Hamilton, was a stanch believer in the republican form of government. In fact, in the early days of the Republic, Jefferson was the leader of the young Republican Party in the fundamental sense and not as understood today.

Read a few, among many, of his utterances concerning the republican form of government, to wit:

> To preserve the republican form and principles of our Constitution and cleave to the salutary distribution of powers which that has established are the two sheet anchors of our Union. If driven from either, we shall be in danger of foundering.

And this:

> If there be any among us who would wish to dissolve the Union, or to change its republican form, let them stand undisturbed as monuments of the safety with which error of opinion may be tolerated where reason is left free to combat it. I know, indeed, that some honest men fear that a republican government cannot be strong; that this Government is not strong enough. But would the honest patriot, in full tide of success experiment, abandon a government which has so far kept us free and firm, on the theoretic and visionary fear that this Government, the world's best hope, may by possibility want energy to preserve itself? I trust not. I believe this, on the contrary, the strongest Government on earth. I believe it is the only one where every man, at the call of the laws, would fly to the standard of the law, and would meet invasions of the public order as his own personal concern. Sometimes it is said that man cannot be trusted with the government of himself. Can he, then, be trusted with the government of others? Or have we found angels in the forms of kings to govern him? Let history answer this question.

And this:

> A just and solid republican government maintained here will be a standing monument and example for the aim and imitation of the people of other countries.

And this:

> The station which we occupy among the nations of the earth is honorable, but awful. Trusted with the destinies of this solitary

Republic of the world, the only monument of human rights, and the sole depository of the sacred fire of freedom and self-government, whence it is to be lighted up in other regions of the earth if other regions of the earth shall ever become susceptible of its benign influence. All mankind ought, then, with us, to rejoice in its prosperous, and sympathize in its adverse, fortunes as involving everything dear to man. And to what sacrifice of interest or convenience ought not these considerations to animate us? To what compromises of opinion and inclination, to maintain harmony and union among ourselves, and to preserve from all danger this hallowed ark of human hope and happiness.

What then is a republic? And what is a democracy?

If we refer to dictionaries for answers, we find these terms defined more or less as interchangeable. But Webster's International Dictionary also defines "democracy" as distinguished from "aristocracy."

Democracy—

Webster says—

is loosely used of governments in which the sovereign powers are exercised by all the people or a large number of them, or specifically, in modern use, of a representative government where there is equality of rights without hereditary or arbitrary differences in rank or privilege and is distinguished from aristocracy.

Webster defines a republic—

As a state in which the sovereign power resides in a certain body of the people, and is exercised by representatives elected by, and (in theory at least) responsible to them; a commonwealth, also, the form of government by which such a state is governed.

For myself, I prefer those definitions given by James Madison, the "Father of the Constitution," in which he expressed the purpose and sentiments of his coworkers in the constitutional convention:

What, then, are the distinctive characters of the republican form?

Then he says:

Were an answer to this to be sought, not by recurring to principles but in the application of the term by political writers to the constitutions of different (foreign) states, no satisfactory one would ever be found. Holland, in which no particle of the supreme authority is derived from the people, has passed almost universally under the denomination of a republic. The same title has been bestowed on Venice, where absolute power over the great body of the people is exercised in the most absolute manner by a small body of hereditary nobles. Poland, which is a mixture of aristocracy and monarchy in their worst forms, has been dignified with the same appellation.

The Government of England, which has one republican branch only, combined with an hereditary aristocracy and monarchy, has with equal impropriety been frequently placed on the list of republics. These examples, which are nearly as dissimilar to each other as to a genuine republic, show the extreme inaccuracy with which this term has been used in political disquisitions.

Here you will note Madison's objection to the inaccurate use of the word "republic." He was equally careful to show the difference between a genuine republic and a democracy. Again he says:

Hence it is that such democracies have ever been spectacles of turbulence and contention; have ever been found incompatible with personal security or the right of property, and have in general been as short in their lives as they have been violent in their deaths. Theoretic politicians (please note the term), who have patronized this species of government, have erroneously supposed that by reducing mankind to a perfect equality in their political rights, they would, at the same time be perfectly equalized and assimilated in their professions, their opinions, and their passions. * * * A republic, by which I mean a government in which the scheme of representation takes place, opens a different prospect, and promises the cure for which we are seeking. * * *

The two great points of difference between a democracy and a republic are, first, the delegation of the government, in the latter, to a small number of citizens elected by the rest; secondly, the greater number of citizens and extent of territory which may be brought within the compass of republicanism than of democratic government. The effect of the first difference is, on the one hand, to refine and enlarge the public views by passing them through the medium of a chosen body of citizens, whose wisdom may best discern the true interest of their country, and whose patriotism and love of justice will be least likely to sacrifice it to temporary or partial considerations. Under such a regulation it may well happen that the public voice pronounced by the representatives of the people will be more consonant to the public good than if pronounced by the people themselves, convened for the purpose.

* * * If we resort to a criterion to the different principles on which different forms of government are established, we may define a republic to be, or at least may bestow that name on, a government which derives all its powers directly or indirectly from the great body of the people, and is administered by persons holding their offices during pleasure, for a limited period, or during good behavior. * * * The true distinction between these forms is that in a democracy the people meet and exercise the government in person. In a republic they assemble and administer it by their representative agents. * * *

The first question that offers itself is whether the general form and aspect of the government be strictly republican. It is evident that no other form would be reconcilable with the genius of the American people.

These were the definitions of and the distinctions between a republic and a democracy set forth by Madison, and concurred in by Hamilton, Washington, and Jefferson. In the present unsettled state of mind of the American people it would be well to read and ponder over these words of Madison and learn anew, if we ever knew, just the character of the government our forefathers established.

Article IV, section 4, of the Constitution provides:

The United States shall guarantee to every State in this Union a republican form of government.

It is unlikely that the founding fathers would have written this guaranty into the Constitution unless they intended providing a republican form of government for the Nation itself.

In its essence this form is very simple as embodied in the Constitution. It consists of just four things, namely, the election of (1) an Executive, and (2) a legislative body, who, working together in a representative capacity, have all power of appointment, all power of legislation, all power to raise and appropriate revenues, and are required to create (3) a judiciary to pass upon the justice and legality of their governmental acts and to recognize (4) certain inherent individual rights.

These are distinguishing marks of the American Republic. By subtracting any one of these four elements the drift is toward autocracy. By adding one or more the trend is toward democracy.

Hamilton said:

Give all the power to the many; they will oppress the few. Give all the power to the few; they will oppress the many. Both therefore ought to have the power that each may defend itself against the other.

Hence the wise checks and balances in the Constitution. A right understanding of the republican form of government would at once be a safeguard to the individual against demagogy and the propagandist and a bulwark of strength to the Republic itself. "Enlightened public opinion" would result.

Shortly after the adoption of the Constitution Washington predicted in a letter to Lafayette that it would last "as long as there shall remain any virtue in the body of the people" and that the destruction of the Constitution would result from "listlessness in the preservation of the natural and inalienable rights of mankind." He was distinguishing between the ponderables of economic problems with which we are now chiefly concerned, and those great imponderables of liberty which are not for his time nor for ours, but for all time. And thus Washington emphasized in his Farewell Address when he predicted that our republican form of government would not be overthrown from without but "undermined" from within. If we are perfectly frank with ourselves, it can hardly be questioned that the Constitution in many of its essential features has been "undermined."

Franklin, too, was apprehensive when he said:

There is no form of government but what may be a blessing to the people if well administered, but I believe this Constitution is likely to be administered for a course of years, and can only end in despotism, as other forms have done before it, when the people shall become so corrupted as to need despotic government, being incapable of any other.

I quote the distinguished Senator from North Carolina [Mr. BAILEY]:

The Republic is not going by arms. * * * She is not going by sedition and conspiracy. This Republic will go when American liberty goes, in every step we take, giving way here and giving way there, negativing personal liberty, the rights of personal property or the right of personal security almost unawares—here and here, there and there, forgetting the great traditions of the past that

ought to guide us, forgetting the great standards by means of which the Republic has ever lived and must live, forgetting the spiritual foundations that have made her the source of light and life for 144 years. When we forget, when we cease to exercise eternal vigilance, we begin to see the Republic taking a transformation and losing a character which amounts to more than revolution.

Jefferson admonished that if we wander from the pathway of our fundamental principles in moments of error or alarm, let us "hasten to retrace our steps and regain the road which alone leads to peace, liberty, and safety."

God save the Republic of the United States of America. [Applause.]

EXTENSION OF REMARKS

Mr. CREAL. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. MURDOCK of Arizona. Mr. Speaker, I ask unanimous consent to extend my own remarks on a bill dropped into the hopper today.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. CANNON of Missouri, for 1 week, on account of business.

BILL PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, a bill of the House of the following title:

H. R. 6260. An act making appropriations for the fiscal year ending June 30, 1940, for civil functions administered by the War Department, and for other purposes.

ADJOURNMENT

Mr. WOODRUM of Virginia. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 1 minute p. m.), pursuant to the order heretofore made, the House adjourned until Monday, June 26, 1939, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON MERCHANT MARINE AND FISHERIES

The Committee on Merchant Marine and Fisheries will hold public hearings in room 219, House Office Building, at 10 a. m. on the bills and dates listed below:

There will be a meeting of the Committee on Merchant Marine and Fisheries at 10 a. m. Tuesday, June 27, 1939, for the consideration of H. R. 6572, relating to marine war-risk insurance.

COMMITTEE ON THE JUDICIARY

On Wednesday, June 28, 1939, beginning at 10 a. m., there will be continued a public hearing before the Committee on the Judiciary on the bill (H. R. 6369) to amend the act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory thereof and supplemental thereto; to create a Railroad Reorganization Court; and for other purposes.

COMMITTEE ON INDIAN AFFAIRS

There will be a meeting of the Committee on Indian Affairs on Wednesday, June 28, 1939, at 10:30 a. m. for consideration of H. R. 2738, H. R. 4831, H. R. 909, H. R. 6506, H. R. 953, and S. 72.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

892. A communication from the President of the United States, transmitting a proposed provision affecting the appropriation of the War Department for "Pay of the Army, 1939" (H. Doc. No. 361); to the Committee on Appropriations and ordered to be printed.

893. A communication from the President of the United States, transmitting a draft of a proposed provision pertaining to an existing appropriation for the Bureau of Public Roads, Department of Agriculture (H. Doc. No. 360); to the Committee on Appropriations and ordered to be printed.

894. A letter from the Attorney General of the United States, transmitting the draft of a proposed bill to amend section 1 of the act providing punishment for the killing or assaulting of Federal officers; to the Committee on the Judiciary.

895. A letter from the President, Board of Commissioners, District of Columbia, transmitting the draft of a proposed bill to amend an act of Congress entitled "An act to regulate the employment of minors within the District of Columbia"; to the Committee on the District of Columbia.

896. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated June 14, 1939, submitting a report, together with accompanying papers and an illustration, on reexamination of Boston Harbor, Mass., requested by resolution of the Committee on Rivers and Harbors, House of Representatives, adopted November 17, 1938 (H. Doc. No. 362); to the Committee on Rivers and Harbors and ordered to be printed, with an illustration.

897. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated June 13, 1939, submitting a report, together with accompanying papers and an illustration, on reexamination of Cape Vincent Harbor, N. Y., requested by resolution of the Committee on Rivers and Harbors, House of Representatives, adopted October 31, 1938 (H. Doc. No. 363); to the Committee on Rivers and Harbors and ordered to be printed, with an illustration.

898. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated June 13, 1939, submitting a report, together with accompanying papers and an illustration, on reexamination of San Juan Harbor, P. R., requested by resolution of the Committee on Rivers and Harbors, House of Representatives, adopted January 24, 1939 (H. Doc. No. 364); to the Committee on Rivers and Harbors and ordered to be printed, with an illustration.

899. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated June 13, 1939, submitting a report, together with accompanying papers and an illustration, on a preliminary examination and survey of Menemsha Creek, Marthas Vineyard, Mass., authorized by the River and Harbor Act approved June 20, 1938 (H. Doc. No. 365); to the Committee on Rivers and Harbors and ordered to be printed, with an illustration.

900. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated June 14, 1939, submitting a report, together with accompanying papers and an illustration, on survey of Susquehanna River at Sunbury, Pa., authorized by the Flood Control Act approved June 22, 1936 (H. Doc. No. 366); to the Committee on Flood Control and ordered to be printed, with an illustration.

901. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated June 13, 1939, submitting a report, together with accompanying papers and an illustration, on reexamination of Thames River, Conn., requested by resolution of the Committee on Rivers and Harbors, House of Representatives, adopted January 24, 1939 (H. Doc. No. 367); to the Committee on Rivers and Harbors and ordered to be printed, with an illustration.

902. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated June 14, 1939, submitting a report, together with accompanying papers and an illustration on a preliminary examination and survey of Connecticut River below Hartford, Conn., including North Cove in the town of Old Saybrook, authorized by the River and Harbor Act approved August 26, 1937 (H. Doc. No. 368); to the Committee on

Rivers and Harbors and ordered to be printed, with an illustration.

903. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated June 14, 1939, submitting a report, together with accompanying papers and an illustration, on reexamination of Lake Montauk Harbor, N. Y., requested by resolution of the Committee on Rivers and Harbors, House of Representatives, adopted April 4, 1939 (H. Doc. No. 369); to the Committee on Rivers and Harbors and ordered to be printed, with an illustration.

904. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated June 13, 1939, submitting a report, together with accompanying papers and an illustration, on a survey of, and review of reports on, Pecan Bayou, Tex., authorized by the River and Harbor Act approved August 26, 1937, and requested by resolution of the Committee on Commerce, United States Senate, adopted August 4, 1936 (H. Doc. No. 370); to the Committee on Rivers and Harbors and ordered to be printed, with an illustration.

905. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated June 14, 1939, submitting a report, together with accompanying papers and an illustration, on a preliminary examination and survey of, and review of reports on, intracoastal waterway from Caloosahatchee River to Withlacoochee River, Fla., and channel in Little Sarasota Bay, Fla., between Sarasota and Venice, and channel through Caseys Pass, Fla., authorized by the River and Harbor Act approved August 30, 1935, and requested by resolution of the Committee on Rivers and Harbors, House of Representatives, adopted May 18, 1934 (H. Doc. No. 371); to the Committee on Rivers and Harbors and ordered to be printed, with an illustration.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. TAYLOR of Colorado: Committee on Appropriations. H. R. 6970. A bill making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1939, to provide appropriations required immediately for the fiscal year ending June 30, 1940, and for other purposes; without amendment (Rept. No. 910). Referred to the Committee of the Whole House on the state of the Union.

Mr. RANDOLPH: Committee on the District of Columbia. H. R. 5238. A bill to regulate the practice of optometry in the District of Columbia; with amendment (Rept. No. 911). Referred to the Committee of the Whole House on the state of the Union.

Mr. STEAGALL: Committee on Banking and Currency. H. R. 6971. A bill to amend the Federal Home Loan Bank Act, Home Owners' Loan Act of 1933, title IV of the National Housing Act, and for other purposes; without amendment (Rept. No. 933). Referred to the Committee of the Whole House on the state of the Union.

Mr. BLAND: Committee on Merchant Marine and Fisheries. H. R. 4307. A bill to extend the provisions of the Shipping Act, 1916, and the Intercoastal Shipping Act, 1933, to all common carriers by water in interstate commerce, and for other purposes; with amendment (Rept. No. 934). Referred to the Committee of the Whole House on the state of the Union.

Mr. KEE: Committee on Foreign Affairs. H. R. 1821. A bill to provide for the payment in full of the principal of awards of the special Mexican Claims Commission; with amendment (Rept. No. 935). Referred to the Committee of the Whole House on the state of the Union.

Mr. JARMAN: Committee on Printing: House Joint Resolution 314. Joint resolution to provide for the compiling and publishing of a history of the formation, the signing, the ratification, and the establishment of the Constitution, including historical facts and data relative to the commencement of the First Congress of the United States; the inauguration of George Washington as the first President of the United States; the adoption and ratification of the Bill of Rights, and the first meeting of the Supreme Court of the United States; and for other purposes; without amendment (Rept. No. 936). Referred to the Committee of the Whole House on the state of the Union.

Mr. IZAC: Committee on Foreign Affairs. House Joint Resolution 242. Joint resolution to authorize the appropriation of an additional sum of $606,650 for Federal participation in the world's fair to be held by the San Francisco Bay Exposition, Inc., in the city of San Francisco during the year 1939; without amendment (Rept. No. 937). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. LESINSKI: Committee on Invalid Pensions. H. R. 2253. A bill granting an increase of pension to Jeannette W. Moffett; without amendment (Rept. No. 912). Referred to the Committee of the Whole House.

Mr. KEEFE: Committee on Claims. H. R. 1554. A bill for the relief of Harvey T. Wilson; with amendment (Rept. No. 913). Referred to the Committee of the Whole House.

Mr. KEEFE: Committee on Claims. H. R. 1843. A bill for the relief of the estate of K. J. Foss; with amendment (Rept. 914). Referred to the Committee of the Whole House.

Mr. EBERHARTER: Committee on Claims. H. R. 2041. A bill for the relief of Tom Kelly; with amendment (Rept. 915). Referred to the Committee of the Whole House.

Mr. EBERHARTER: Committee on Claims. H. R. 2096. A bill for the relief of Lucile Snider and Cliff Snider, Jr.; with amendment (Rept. No. 916). Referred to the Committee of the Whole House.

Mr. POAGE: Committee on Claims. H. R. 2250. A bill for the relief of Frank Malles, Jr.; with amendment (Rept. No. 917). Referred to the Committee of the Whole House.

Mr. McGEHEE: Committee on Claims. H. R. 2363. A bill for the relief of the estate of Harvey T. Combs; with amendment (Rept. No. 918). Referred to the Committee of the Whole House.

Mr. KEOGH: Committee on Claims. H. R. 3109. A bill for the relief of Helen Louise Giles; with amendment (Rept. No. 919). Referred to the Committee of the Whole House.

Mr. ELLIS: Committee on Claims. H. R. 3156. A bill for the relief of Anna E. Hurley; with amendment (Rept. No. 920). Referred to the Committee of the Whole House.

Mr. ELLIS: Committee on Claims. H. R. 3363. A bill for the relief of the American Insurance Co. of New Jersey; with amendment (Rept. No. 921). Referred to the Committee of the Whole House.

Mr. KEEFE: Committee on Claims. H. R. 4275. A bill for the relief of Harry Vrountas; with amendment (Rept. No. 922). Referred to the Committee of the Whole House.

Mr. POAGE: Committee on Claims. H. R. 4482. A bill for the relief of Byron MacDonald; with amendment (Rept. No. 923). Referred to the Committee of the Whole House.

Mr. POAGE: Committee on Claims. H. R. 4813. A bill for the relief of John L. Morkovsky, and the estates of Marie R. Morkovsky and Alphons Morkovsky, both deceased; with amendment (Rept. No. 924). Referred to the Committee of the Whole House.

Mr. KEOGH: Committee on Claims. H. R. 5350. A bill for the relief of Caryl Burbank, Preston A. Stanford, and Fire Association of Philadelphia; without amendment (Rept. No. 925). Referred to the Committee of the Whole House.

Mr. McGEHEE: Committee on Claims. H. R. 5894. A bill for the relief of John E. Garrett; without amendment (Rept. No. 926). Referred to the Committee of the Whole House.

Mr. McGEHEE: Committee on Claims. H. R. 5895. A bill for the relief of James D. Larry, Sr.; without amendment

(Rept. No. 927). Referred to the Committee of the Whole House.

Mr. COFFEE of Washington: Committee on Claims. S. 891. An act for the relief of J. C. Grice; with amendment (Rept. No. 928). Referred to the Committee of the Whole House.

Mr. McGEHEE: Committee on Claims. S. 1258. An act for the relief of the Rent-A-Car Co.; with amendment (Rept. No. 929). Referred to the Committee of the Whole House.

Mr. McGEHEE: Committee on Claims. S. 1339. An act for the relief of Grace S. Taylor; without amendment (Rept. No. 930). Referred to the Committee of the Whole House.

Mr. KEOGH: Committee on Claims. S. 1430. An act for the relief of the legal guardian of Dorothy Elizabeth Sisson, a minor; without amendment (Rept. No. 931). Referred to the Committee of the Whole House.

Mr. COFFEE of Washington: Committee on Claims. S. 1688. An act for the relief of Joseph W. Parse; without amendment (Rept. No. 932). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. TAYLOR of Colorado:

H. R. 6970. A bill making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1939, to provide appropriations required immediately for the fiscal year ending June 30, 1940, and for other purposes; committed to the Committee of the Whole House on the state of the Union.

By Mr. STEAGALL:

H. R. 6971. A bill to amend the Federal Home Loan Bank Act, Home Owners' Loan Act of 1933, title IV of the National Housing Act, and for other purposes; to the Committee on Banking and Currency.

By Mr. FULMER:

H. R. 6972. A bill to amend the Federal Crop Insurance Act; to the Committee on Agriculture.

By Mr. LEA:

H. R. 6973. A bill to authorize the purchase of land, buildings, antenna systems and appurtenances for use as a radio-monitoring station, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. McCORMACK:

H. R. 6974. A bill to authorize the purchase and distribution of products of the fishing industry; to the Committee on Agriculture.

By Mr. O'CONNOR:

H. R. 6975. A bill to provide for the reconveyance to the State of Montana of a portion of the land in such State within the boundaries of the Yellowstone National Park; to the Committee on the Public Lands.

By Mr. MAY (by request):

H. R. 6976. A bill providing for the utilization of unfilled immigration quotas in order to colonize Alaska for purposes of national defense and as a market for surplus production; to the Committee on Immigration and Naturalization.

By Mr. MURDOCK of Arizona:

H. R. 6977. A bill to extend the time within which the annual assessment work on mining claims held by location in the United States may be commenced for the year commencing at 12 o'clock m. July 1, 1938; to the Committee on Mines and Mining.

By Mr. SNYDER:

H. R. 6981. A bill for the relief of the tornado sufferers of Anoka, Minn.; to the Committee on Appropriations:

By Mrs. ROGERS of Massachusetts:

H. Con. Res. 31. Concurrent resolution calling for Congress to remain in continuous session on account of statements by the President regarding neutrality legislation and war in foreign countries; to the Committee on Ways and Means.

By Mr. BLAND:

H. Res. 231. Resolution for the consideration of H. R. 4307; to the Committee on Rules.

By Mrs. ROGERS of Massachusetts:

H. Res. 232. Resolution requesting the President to transmit information to the House of Representatives; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CORBETT:

H. R. 6978. A bill granting an increase of pension to Leah Jones; to the Committee on Invalid Pensions.

By Mr. FERGUSON:

H. R. 6979. A bill granting a pension to Minnie M. Keyes; to the Committee on Invalid Pensions.

By Mr. VINCENT of Kentucky:

H. R. 6980. A bill granting a pension to Jamaica Taylor; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3979. By Mr. GEARHART: Petition submitted by Ernest Sam, secretary of the Fay Wah Club, of Fresno, Calif., and containing 260 signatures, protesting against all traffic in war materials for use against the Chinese people; to the Committee on Foreign Affairs.

3980. By Mr. MARTIN J. KENNEDY: Petition of the Lawrence Chamber of Commerce, Lawrence, Mass., concerning Senate bill 2009; to the Committee on Interstate and Foreign Commerce.

3981. By MICHAEL J. KENNEDY: Petition of the Hotel Association of Washington, D. C., Inc., representing large consumers of dairy products, favoring passage of House bill 6316, which would permit pure wholesome milk and cream from anywhere in the United States to enter the market in Washington at reasonable prices; to the Committee on the District of Columbia.

3982. Also, petition of Cantasano Bros., Inc., New York City, opposing the sale of raw cotton to paper mills by the Government; to the Committee on Agriculture.

3983. Also, petition of the president of Local No. 28, Sheet Metal Workers International, favoring the Starnes bill; to the Committee on Appropriations.

3984. Also, petition of the Housekeepers' Alliance of Washington, D. C., opposing the proposed Schulte milk bill to substitute the Federal Public Health Service regulations for the District Milk Code and advocating that the present health regulations be preserved as they now stand; to the Committee on the District of Columbia.

3985. Also, petition of the Public Utilities Commission of the State of Idaho, favoring Senate bill 2009, as amended, pertaining to the regulation of transportation; to the Committee on Interstate and Foreign Commerce.

3986. Also, petition of the National Cooperative Council, urging that adequate hearings be held on House bill 6316, pertaining to health standards for dairy products consumed in the District of Columbia; to the Committee on the District of Columbia.

3987. By Mr. KEOGH: Petition of Berk Kirkman, president; Jeremiah P. Sullivan, acting secretary; and Philip L. Reeves, business representative, of I. B. E. W. Local No. 3, concerning prevailing wage rate for Works Progress Administration and the Starnes bill to increase Public Works Administration funds for building construction; to the Committee on Ways and Means.

3988. Also, petition of the Hotel Association of Washington, D. C., concerning House bill 6316, the Schulte bill; to the Committee on the District of Columbia.

3989. Also, petition of the New York Clothing Cutters Union, favoring adequate appropriation to provide jobs for unemployed Americans at socially useful work; to the Committee on Ways and Means.

3990. Also, petition of Frank Cacciola, president, Brooklyn (N. Y.) Army Base, Local 43, U. F. W. A., favoring the

passage of House bill 960, the Ramspeck bill; to the Committee on the Civil Service.

3991. Also, petition of the Sheet Metal Workers, Local 28, New York City, favoring the Starnes bill; to the Committee on Appropriations.

3992. Also petition of the Public Utilities Commission of the State of Idaho, Boise, Idaho, concerning Senate bill 2009; to the Committee on Interstate and Foreign Commerce.

3993. By Mr. PFEIFER: Petition of the Hotel Association of Washington, D. C., Inc., favoring House bill 6316, the Schulte bill; to the Committee on the District of Columbia.

3994. Also, petition of the Public Utilities Commission of Idaho, Boise, Idaho, concerning Senate bill 2009; to the Committee on Interstate and Foreign Commerce.

3995. Also, petition of the Sheet Metal Workers, Henry J. Brennan, president, Local No. 28, New York City, favoring the Starnes bill; to the Committee on Appropriations.

3996. By Mr. VOORHIS of California: Petition of Mrs. A. Florence Holden, of Covina, Calif., and 326 others, supporting House bill 5620, known as the General Welfare Act; to the Committee on Ways and Means.

3997. Also, petition of F. L. Smith, of Alhambra, Calif., and 87 others, supporting House bill 5620, known as the General Welfare Act; to the Committee on Ways and Means.

3998. Also, petition of Marie I. Weis, of Alhambra, Calif., and 29 others, supporting House bill 5620, known as the General Welfare Act; to the Committee on Ways and Means.

3999. Also, petition of J. W. Orton, of San Gabriel, Calif., and 29 others, supporting House bill 5620, known as the General Welfare Act; to the Committee on Ways and Means.

4000. Also, petition of James S. Chinn, of Covina, Calif., and 27 others, supporting House bill 5620, known as the General Welfare Act; to the Committee on Ways and Means.

4001. Also, petition of Sarah Johnson, of San Gabriel, Calif., and 29 others, supporting House bill 5620, known as the General Welfare Act; to the Committee on Ways and Means.

4002. Also, petition of Verne Berryman, of Pomona, Calif., and 120 others, supporting House bill 5620, known as the General Welfare Act; to the Committee on Ways and Means.

4003. By the SPEAKER: Petition of the Rainbow Division Veterans, Birmingham, Ala., petitioning consideration of their resolution with reference to un-American activities; to the Committee on Accounts.

4004. Also, petition of the Medical Association of the State of Alabama, petitioning consideration of their resolution with reference to the construction of a new building for the library and museum; to the Committee on Military Affairs.

SENATE

SATURDAY, JUNE 24, 1939

(Legislative day of Thursday, June 22, 1939)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

The Chaplain, Rev. ZeBarney T. Phillips, D. D., offered the following prayer:

Almighty and most merciful Father, whose tender love doth shadow us even when we go astray: Rekindle in us the true spirit of devotion and preserve us from the sin of praying only with our lips and not as well with heart and mind. We invoke Thy choicest blessings upon our beloved country. Grant to our President and our Vice President, to the Members of the Congress, and to all others in authority the spirit of wisdom and right judgment in all things. Watch over these, Thy servants, and compass them about with Thy favor; make them diligent in the performance of their duties, courteous in conversation, charitable toward others, and, so, ever mindful of Thy presence. If in aught we have asked amiss, be pleased to pardon our infirmity; and whatsoever may be good for us, even though unasked, be pleased to grant us, for the sake of Jesus Christ, our only Mediator and Advocate. Amen.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Friday, June 23, 1939, was dispensed with, and the Journal was approved.

JOHN L. SUMMERS, FORMER TREASURY DISBURSING CLERK

The VICE PRESIDENT laid before the Senate a letter from the Acting Secretary of the Treasury, transmitting a draft of proposed legislation for the relief of John L. Summers, former disbursing clerk, Treasury Department, and for other purposes, which, with the accompanying paper, was referred to the Committee on Claims.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate petitions of sundry citizens of San Francisco, Calif., praying for the enactment of the so-called Casey bill—House bill 6470—appropriating the sum of $2,250,000,000 for the Works Progress Administration for the fiscal year 1940, which were referred to the Committee on Appropriations.

He also laid before the Senate a resolution adopted by the Washington (D. C.) Branch of the American League for Peace and Democracy, protesting against the enactment of the so-called Woodrum Works Progress Administration appropriation bill now pending, and favoring the substitution therefor of the so-called Murray-Casey bill, which was referred to the Committee on Appropriations.

INTEREST RATE ON FEDERAL LAND BANK AND COMMISSIONER'S LOANS

Mr. WILEY presented a resolution adopted by the Barron County (Wis.) National Farm Loan Association, which was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

Whereas Congress has for a number of years fixed an interest rate of 3½ percent on Federal land-bank loans as a temporary emergency measure; and

Whereas 191 mortgage-foreclosure judgments were granted in Barron County during the period from January 1, 1938, to March 15, 1939, which clearly shows that the emergency still exists; and

Whereas the present 3½-percent law will expire July 1, 1940: Be it *Resolved*, That the Barron County National Farm Loan Association, assembled in annual meeting this 20th day of June 1939, does hereby request Congress to continue the 3½ percent Federal land-bank rate and to grant the same rate to borrowers under the commissioner's loan law; be it further

Resolved, That a copy of this resolution be sent to Congressman Merlin Hull, Senators La Follette and Wiley, Secretary Wallace, and the Federal Land Bank of St. Paul.

REPORTS OF COMMITTEES

Mr. WAGNER (for Mr. WHEELER), from the Committee on Interstate Commerce, to which was referred the bill (S. 2639) relating to the hours of service of persons employed upon the Government-owned Wiota-Fort Peck Railroad in the State of Montana, reported it without amendment and submitted a report (No. 664) thereon.

Mr. THOMAS of Oklahoma, from the Committee on Indian Affairs, to which was referred the bill (S. 2634) to reserve to the United States for the Bonneville project a right-of-way across certain Indian lands in the State of Washington, subject to the consent of the individual allottees and the payment of compensation, and for other purposes, reported it with an amendment and submitted a report (No. 665) thereon.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. ASHURST:

S. 2690 (by request). A bill to provide for the adjustment of certain claims against the United States and to confer jurisdiction in respect thereto on the Court of Claims and the District Courts of the United States, and for other purposes; to the Committee on the Judiciary.

By Mr. JOHNSON of Colorado:

S. 2691. A bill to designate the week of October 9 to October 16 each year as National American-Scandinavian Week; to the Committee on the Judiciary.

By Mr. BARKLEY:

S. 2692. A bill authorizing the Commissioner of Internal Revenue to issue distilled spirits container strip stamps to the Glenmore Distilleries Co., Inc., to replace stamps destroyed by fire; to the Committee on Finance.

By Mr. LUCAS:

S. 2693. A bill for the relief of the Edward Gillen Dock, Dredge & Construction Co.; to the Committee on Claims.

S. 2694. A bill amending section 322 of the Agricultural Adjustment Act of 1938, as amended; and

S. 2695. A bill to amend the Agricultural Adjustment Act of 1938, as amended, relative to marketing percentages; to the Committee on Agriculture and Forestry.

CHANGE OF REFERENCE

On motion by Mr. SHEPPARD, the Committee on Military Affairs was discharged from the further consideration of the bill (S. 2673) for the relief of Henry C. Perrine, and it was referred to the Committee on Naval Affairs.

STABILIZATION FUND AND WEIGHT OF THE DOLLAR—AMENDMENTS

Mr. THOMAS of Oklahoma submitted an amendment, and Mr. McCARRAN submitted two amendments, intended to be proposed by them, respectively, to the bill (H. R. 3325) to extend the time within which the powers relating to the stabilization fund and alteration of the weight of the dollar may be exercised, which were ordered to lie on the table and to be printed.

AMENDMENT OF THE BANKRUPTCY ACT—AMENDMENT

Mr. ANDREWS (for himself and Mr. PEPPER) submitted an amendment intended to be proposed by them to the bill (H. R. 6505) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory thereof and supplementary thereto, which was referred to the Committee on the Judiciary and ordered to be printed.

STABILIZATION FUND AND WEIGHT OF THE DOLLAR

The Senate resumed the consideration of the bill (H. R. 3325) to extend the time within which the powers relating to the stabilization fund and alteration of the weight of the dollar may be exercised.

The VICE PRESIDENT. The question is on the amendment submitted by the Senator from Nevada [Mr. PITTMAN] to the amendment offered by the Senator from Colorado [Mr. ADAMS].

Mr. THOMAS of Oklahoma. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names.

Adams	Frazier	La Follette	Sheppard
Austin	Gerry	Logan	Taft
Barkley	Green	McCarran	Thomas, Okla.
Borah	Gurney	McKellar	Tobey
Bulow	Hatch	Miller	Townsend
Byrnes	Hayden	Minton	Wagner
Capper	Johnson, Calif.	Overton	White

Mr. MINTON. I announce that the Senator from Virginia [Mr. GLASS] and the Senator from Nevada [Mr. PITTMAN] are detained from the Senate because of illness.

The Senator from South Carolina [Mr. SMITH] is absent because of illness in his family.

The Senators from Georgia [Mr. GEORGE and Mr. RUSSELL] are enroute to Georgia to attend the funeral of the late Representative Owen and, therefore, are unable to attend the session of the Senate today.

The Senator from Nebraska [Mr. BURKE], the Senator from Arkansas [Mrs. CARAWAY], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Texas [Mr. CONNALLY], the Senator from West Virginia [Mr. HOLT], the Senator from Minnesota [Mr. LUNDEEN], the Senator from Florida [Mr. PEPPER], the Senator from North Carolina [Mr. REYNOLDS], the Senator from New Jersey [Mr. SMATHERS], and the Senator from Indiana [Mr. VAN NUYS] are necessarily detained.

The Senator from Virginia [Mr. BYRD], the Senators from Missouri [Mr. CLARK and Mr. TRUMAN], the Senator from California [Mr. DOWNEY], the Senator from Iowa [Mr. GILLETTE], the Senator from Pennsylvania [Mr. GUFFEY], the Senator from Mississippi [Mr. HARRISON], the Senator from Connecticut [Mr. MALONEY], the Senator from New York [Mr. MEAD], the Senator from West Virginia [Mr. NEELY], the Senator from Maryland [Mr. TYDINGS], the Senator from Illinois [Mr. SLATTERY], the Senator from Tennessee [Mr. STEWART], the Senator from Utah [Mr. THOMAS], and the Senator from Montana [Mr. WHEELER] are detained on important public business.

The Senator from Washington [Mr. BONE], the Senator from Ohio [Mr. DONAHEY], the Senator from Montana [Mr. MURRAY], and the Senator from Massachusetts [Mr. WALSH] are detained on departmental business.

Mr. AUSTIN. I announce that the Senator from Oregon [Mr. MCNARY] is absent because of illness.

The Senator from Massachusetts [Mr. LODGE] is absent on public business.

The Senator from North Dakota [Mr. NYE] is absent because of a death in his family.

The Senator from New Jersey [Mr. BARBOUR] is unavoidably absent on matters of importance.

My colleague the junior Senator from Vermont [Mr. GIBSON] and the Senator from Pennsylvania [Mr. DAVIS] are necessarily absent.

The Senator from Oregon [Mr. HOLMAN] is detained on public business and will be present later.

The VICE PRESIDENT. Twenty-eight Senators have answered to their names. There is not a quorum present. The clerk will call the names of the absent Senators.

The legislative clerk called the names of the absent Senators and Mr. ANDREWS, Mr. ASHURST, Mr. BANKHEAD, Mr. ELLENDER, Mr. HILL, Mr. JOHNSON of Colorado, Mr. KING, Mr. LEE, Mr. SCHWARTZ, and Mr. SCHWELLENBACH answered to their names when called.

The VICE PRESIDENT. Thirty-eight Senators have answered to their names. There is not a quorum present.

Mr. BARKLEY. I move that the Sergeant at Arms be directed to request the attendance of the absent Senators, in order that a quorum may be obtained.

The VICE PRESIDENT. Is there objection to the request of the Senator from Kentucky?

Mr. BORAH. I did not understand the request.

Mr. BARKLEY. It was that the Sergeant at Arms be directed to request the attendance of absent Senators, in order that a quorum may be obtained.

Mr. BORAH. And to report before Monday?

Mr. BARKLEY. Yes; to report today.

The VICE PRESIDENT. The question is on the motion of the Senator from Kentucky.

The motion was agreed to.

The VICE PRESIDENT. The Sergeant at Arms will execute the order of the Senate.

Mr. BAILEY, Mr. BROWN, Mr. LUCAS, and Mr. O'MAHONEY entered the Chamber and answered to their names.

After a little delay, Mr. BILBO, Mr. REED, Mr. CLARK of Idaho, Mr. WILEY, Mr. HERRING, Mr. RADCLIFFE, Mr. HUGHES, Mr. VANDENBERG, Mr. SHIPSTEAD, Mr. DANAHER, Mr. NORRIS, and Mr. BRIDGES entered the Chamber and answered to their names.

The VICE PRESIDENT. Fifty-four Senators have answered to their names. A quorum is present.

Mr. BARKLEY. Mr. President, I ask unanimous consent that the order directing the Sergeant at Arms to request the attendance of absent Senators be vacated.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

Mr. BARKLEY. Mr. President, I wish to make a brief statement with reference to the business of the Senate. I do not make the statement in criticism or in complaint against anyone, but very important legislative business is demanding and will demand the attention of the Senate, not only with reference to the bill now before the Senate but other bills which are on their way to the Senate, and which will be here within the next day or two.

During the last 3 or 4 days it has been necessary to call the roll twice in order to obtain the presence of a quorum for the transaction of business. I realize that during this session we have attempted to avoid having sessions on Saturday, and because we have kept fairly well up with our calendar we have not had sessions on Saturday except on two or three occasions when it seemed necessary. Today it has been necessary not only to call the roll twice but to invoke the power of the Sergeant at Arms in order to produce a quorum of the Senate so that we might transact business.

We are all interested in the question when the Congress will adjourn, in order that we may go home, and, in all frankness, it is not quite fair to those Senators who feel that it is their duty to remain in the Chamber to help transact business for others who are less concerned to absent themselves from the Senate, and thereby obstruct, unintentionally I am sure, the transaction of the Senate's business.

We have under consideration now a bill which ought to be disposed of by the 30th of June. A bill is on its way from the Committee on Appropriations upon which a stop watch operates, a bill which ought to be passed by June 30. So I am taking advantage of this occasion to urge Senators to remain in the Chamber, and if for any reason they cannot remain here all the time, certainly, then, they should remain near the Senate so that a quorum can be produced without the country having the spectacle of the necessity of our invoking the powers of the Sergeant at Arms in order to produce a quorum of this body.

I especially appeal to Senators on this side of the aisle, who constitute 69 Members out of the 96 in the Senate, there being only 23 on the other side. Certainly we are laboring under a degree of responsibility to help keep a quorum present to transact business which does not attach to those on the other side, though, so far as I am concerned, I see no difference between the personal obligation of Senators to remain in the Chamber, if it is at all possible, in order that the consideration of bills may not be delayed for lack of a quorum.

Mr. President, I do not make this statement in any feeling of pique, but in the interest of orderly legislation, in order that we may facilitate the passage of bills which must be passed; in order that the Senate may not present a situation which may cause the country to look upon us as in some fashion undertaking to avoid the performance of our duties, but, rather, that we seriously consider our obligations as Members of the United States Senate.

I hope that during the next week we will not be compelled to go through the daily process of calling roll after roll, and then sending the Sergeant at Arms out to invite Senators to come into the Senate Chamber in order that we may have present one more than one-half of the 96 Senators.

It may be necessary next week for the Senate to meet at an earlier hour even than 11 o'clock. It may be necessary in order to transact the business which must be transacted that we shall have night sessions. I am not saying that in the spirit of any threat, and I hope that no newspaper will, in reporting what I am commenting on here, say that I am threatening the Senate with night sessions. I only call the attention of Senators to the situation which may require us to meet next week in night sessions, in order that we may conclude the consideration of legislation which must be enacted before the 30th day of June.

Mr. President, if we can have the unanimous-consent agreement I am about to ask for, I feel that probably we can recess over until Monday.

I ask unanimous consent that not later than 12:30 on next Monday the Senate shall proceed to vote on what is known as the Pittman amendment, which is the amendment now pending, to the amendment offered by the Senator from Colorado [Mr. ADAMS]. The Senator from Nevada [Mr. PITTMAN] is not able to be here today, and he desires to make some further remarks upon his amendment. Therefore I ask that the vote be taken on his amendment at not later than 12:30 Monday next, which is agreeable to the Senator from Nevada, the author of the amendment.

Mr. McCARRAN. Mr. President, there is no objection to that request.

The VICE PRESIDENT. Is there objection to the request of the Senator from Kentucky? The Chair hears none, and it is so ordered.

Mr. BARKLEY. Mr. President, I ask unanimous consent that when the Senate concludes its business today it take a recess until 11 o'clock on Monday next.

The VICE PRESIDENT. Is there objection to the request of the Senator from Kentucky? The Chair hears none, and it is so ordered.

Mr. BARKLEY. Mr. President, if any Senator wishes to discuss the general proposition before the Senate today, a quorum is now present, and I am sure the Senate would be glad to listen to any Senator who wishes to discuss the matter. That, however, is not within my control.

Mr. McCARRAN. Mr. President, in keeping with the unanimous-consent agreement, I hope that the matter may go over under recess until Monday.

Mr. BARKLEY. I have no objection to that, but if any Senator wishes to discuss the general legislation involved in the pending bill I have no objection to procedure of that sort. I do not wish to urge that, however, in view of the agreement which has been entered into.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield to the Senator from Oklahoma.

Mr. THOMAS of Oklahoma. There are quite a number of provisions to be considered before the measure finally passes the Senate. Inasmuch as a quorum is present, and inasmuch as there are some matters in connection with the proposed legislation that might be disposed of today, if I can have unanimous consent to have the Adams amendment, which takes with it the Pittman amendment, laid aside until Monday, then I think I shall proceed to offer an amendment adding a new section to the bill and see if we can have a vote upon it.

Mr. TAFT. I would object, Mr. President, to setting aside the Adams amendment.

The VICE PRESIDENT. Objection is heard to the request of the Senator from Oklahoma.

Mr. THOMAS of Oklahoma. Mr. President, if the Senator from Colorado is present, he has it in his power to withdraw his amendment, which automatically would carry the Pittman amendment with it. And if that should be agreeable, I should like to offer a new section, which proposes a declaration of policy. That policy is to bring back to the country the Coolidge dollar of 1926, the dollar that brought the country, so we thought, the Coolidge era of prosperity. I am certain that the distinguished Members on the other side of the Chamber could not object to returning to that status.

If I could have permission, I should like to propose that new section for the consideration of the Senate. I want to cooperate with the management and leadership to get this bill out of the way. I think it has been fairly well discussed in all its various features. I should be perfectly willing to submit my proposal to the judgment of the Senate, after having explained it.

Mr. BARKLEY. Mr. President, the course suggested by the Senator from Oklahoma is entirely agreeable to me. Of course, if the Senator from Colorado withdraws his amendment, he can reoffer it at the next session of the Senate, and, of course, the Pittman amendment may again be offered to it. In the interest of accomplishing something in the way of disposing of the various amendments, the course suggested is entirely agreeable to me if the Senator from Colorado [Mr. ADAMS] is willing to withdraw his amendment. Whether he is willing to do so, I am not in a position to say. I do not know whether he may feel that he

might be losing some position if a proposal made by some other Senator were to be taken up.

In view of the fact that we have already agreed to vote on the Pittman amendment to the Adams amendment on Monday, at not later than 12:30 o'clock, it would be necessary to make a new unanimous-consent agreement if the Senator from Colorado should withdraw his amendment.

Mr. President, the Senator from Colorado is present and he can speak for himself.

Mr. ADAMS. Mr. President, I was absent from the Chamber for a moment. What is the inquiry?

Mr. BARKLEY. Mr. President, will the Senator from Oklahoma yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. BARKLEY. I will say to the Senator that during his absence we entered into a unanimous-consent agreement to vote not later than 12:30 o'clock on Monday next on the Pittman amendment to the amendment of the Senator from Colorado. The Senator from Oklahoma asked unanimous consent that the Adams amendment, together with the Pittman amendment, be temporarily laid aside, so that we might vote on other matters unrelated to the pending matter. To that the Senator from Ohio [Mr. TAFT] objected. The Senator from Oklahoma [Mr. THOMAS] then suggested that if the Senator from Colorado would withdraw his amendment temporarily, which would take with it the Pittman amendment, he might propose an amendment which the Senate could vote on and dispose of today, and thus save some time in the consideration of the bill. Of course, it is entirely a matter within the judgment of the Senator from Colorado.

Mr. ADAMS. Mr. President, tentatively, I should decline to withdraw my amendment. I would not want to do so unless I knew what was being proposed.

Mr. McCARRAN. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. McCARRAN. I hope that the request of the Senator from Oklahoma will not prevail, because my colleague [Mr. PITTMAN] reports over the telephone his illness today, and he desires to discuss his amendment in its present position, as I understand, and to have a vote taken on it at a given hour on Monday, which has been agreed upon. Therefore I hope that the program may remain as it is.

Mr. BARKLEY. It is my understanding that if the arrangement suggested by the Senator from Oklahoma [Mr. THOMAS] were entered into it would not interfere with that procedure on Monday. I think it would be unwise now to interfere with the agreement we have already made to vote at not later than 12:30 o'clock on the amendment of the Senator from Nevada to the amendment of the Senator from Colorado. The Senator from Nevada desires to discuss further his amendment on Monday.

Mr. VANDENBERG. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. VANDENBERG. Can the author of the pending amendment now withdraw his amendment without obtaining unanimous consent?

The VICE PRESIDENT. In the opinion of the Chair, he cannot do so, because the amendment has been acted upon by the Senate by way of the unanimous decision of the Senate to vote on the amendment to the amendment not later than 12:30 o'clock next Monday.

Mr. BARKLEY. The Senate has not agreed to vote on the Adams amendment.

The VICE PRESIDENT. No; the Senate has not agreed to vote on the Adams amendment, but the Senator cannot withdraw the Pittman amendment; and, of course, the Pittman amendment is an amendment to the Adams amendment.

Mr. ASHURST. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. ASHURST. I arise to ask the able Senator from Oklahoma a question. Is the Senator in a position to say at what time we shall have an opportunity to vote on an amendment which will stop the purchase of foreign silver? I doubt if there be in all this land a simpleton so unpretending as to fail to observe the baleful effects of the purchase of foreign silver. We should have an opportunity to vote to stop the purchase of foreign silver. I wish all domestically mined silver to be coined, but there cannot be a sentient man who has failed to observe the disastrous effects of the purchase of foreign silver.

Mr. THOMAS of Oklahoma. Mr. President, foreign silver is being purchased under the Silver Purchase Act of 1934 and action of the kind suggested by the Senator has not been proposed to the Senate. An amendment may be presented, the purpose of which is to repeal the Silver Purchase Act of 1934. I think such a provision is embodied in the amendment which the Senator from Nevada [Mr. McCARRAN] and I have presented to the Senate. If so, it will come up later.

The proposal now is related to domestically mined silver. The authority for paying a higher price for domestically mined silver than the world price is found in the amendment to the Agricultural Adjustment Act enacted in April or May 1933. Unless the power in the hands of the President under that law is extended for a period of 2 years, he will be without power to place a higher price on domestic silver than he places on foreign silver.

Mr. ASHURST. I should like to ask the able Senator from Oklahoma another question: If the pending bill were to fail, is it his opinion that such failure would of itself put a stop to the further purchase of foreign silver?

Mr. THOMAS of Oklahoma. If the bill should be defeated or should not be finally enacted prior to June 30 of this year, the power the President has under existing law dies.

Mr. ASHURST. Does the Senator now refer to power to purchase foreign silver?

Mr. THOMAS of Oklahoma. Not the power to purchase foreign silver; the power to pay a higher price for domestic silver. Under the Silver Purchase Act of 1934 the President and the Secretary of the Treasury would have power to buy domestic silver at the world price, or at any price they might see fit to place upon domestic silver; but, in my judgment, certainly not higher than the price paid for world silver.

Mr. BARKLEY. If the power should lapse by the lapsing of legislation, under which circumstances the Treasury would not be compelled to buy either foreign or domestic silver, and the Treasury could not buy further foreign silver or domestic silver, it seems to me the price situation in relation to silver would be disastrous. If we quit buying foreign silver, the foreign price will drop; and if the President and the Secretary of the Treasury were compelled to resort to their authority and their discretion under the Silver Purchase Act, they might feel compelled to purchase silver, even domestically, at the world price. If we should quit buying foreign silver and the price should go down, certainly it would not help the silver producers of the country if the Treasury, under the Silver Purchase Act, were compelled to pay only the world price for silver.

I say this not as an expert on silver, but as a sympathetic friend of the silver producers. It seems to me that the pending legislation should be enacted in the interest of the silver producers of the country, because if it is enacted I feel certain that for at least a while the price of silver will not be reduced domestically.

Mr. TAFT and Mr. ASHURST addressed the Chair.

The PRESIDING OFFICER (Mr. O'MAHONEY in the chair). Does the Senator from Oklahoma yield; and if so, to whom?

Mr. THOMAS of Oklahoma. I yield first to the Senator from Arizona.

Mr. TAFT. Mr. President, I wish to ask a question of the Senator from Arizona.

Mr. THOMAS of Oklahoma. I yield.

Mr. TAFT. The Senator from Delaware [Mr. TOWNSEND] spoke yesterday on an amendment which he intends to offer, repealing the right to purchase foreign silver, and repealing the Silver Purchase Act so far as foreign silver is concerned. The Senator from Delaware intends to offer his amendment as soon as the pending amendments are out of the way.

Mr. ASHURST. Mr. President, will the Senator further yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. ASHURST. I have said on the floor of the Senate, and I have said to many audiences and to the press, that my ignorance on the money question is astounding. It sometimes amazes my constituents that any man could maintain such ignorance on the money question. Let me say that it is not easy to do. [Laughter.] Nothing has ever been able to make a breach in the wall which surrounds and protects the reservoir of ignorance I possess on the money question.

However, bereft, as I am, of information, I am at least able to perceive that the purchase of foreign silver should be stopped, and that the coinage of domestically mined silver should proceed. Some say it should proceed at 77 cents per ounce but those who heard the speech of the Senator from Nevada [Mr. PITTMAN] yesterday must realize that fixing the price at 77 cents would scarcely be adequate.

I read an article on the question in the morning newspapers. I am inclined to believe what I read in the newspapers. I never complain at their "inaccuracy." In fact, I marvel that they are so nearly accurate as they are, considering the manner in which they must gather the news. They are required, so to speak, to "shoot from the hip." It is a wonder that they make so many accurate shots. The newspapers announce that there is on foot a plan looking toward a compromise whereby, if it is agreed that the price of silver shall be fixed, say, at 64 cents per ounce, the bill may pass without further comment.

Mr. President, I am not in any sense an obstructionist. Fixing the price at 64 cents would be a useless thunderbolt, a foolish thing. It would be of no utility. It would afford no relief. Even a price of 77 cents per ounce would be inadequate. Imitating the good example of the majority leader, I make no threats. However, I hope no agreement will be made which will fix the price of silver at less than 92 cents per ounce.

It is useless to talk about fixing the price of silver at less than 92 cents per ounce. I ask the able Senator from Oklahoma to enlighten us on that point. My ignorance on the money question is not pretended. It is very real.

Mr. THOMAS of Oklahoma. The amendment before the Senate is the Pittman amendment. The Pittman amendment has for its purpose fixing the price for domestically mined silver at $1.27 per fine ounce. If the Pittman amendment should prevail and finally be written into the law of the country, hereafter the Treasury Department would be authorized, directed, and commanded to purchase all domestically mined silver and pay for it at the rate of $1.27 per fine ounce. That is the Pittman amendment.

Mr. ASHURST. Yes. Very good.

Mr. THOMAS of Oklahoma. The amendment offered by the junior Senator from Nevada [Mr. MCCARRAN] and myself provides a similar procedure, but fixes the price at $1.04 per fine ounce. If that amendment should prevail, then hereafter we would pay $1.04 per fine ounce for silver domestically mined.

Under the provisions of the so-called McCarran amendment, we would accept foreign silver in payment of goods for export, and allow a 25-percent excess price for foreign silver over and above the world price. We would take foreign silver at a price 25 percent in excess of the world price in payment for our exported goods. That is the so-called McCarran amendment.

Does that answer the question of the Senator?

Mr. ASHURST. Yes. I have another question, but I do not wish to consume too much of the Senator's time.

Mr. BORAH. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. BORAH. The McCarran amendment deals with foreign silver on the basis of trying to furnish a market for agricultural products?

Mr. THOMAS of Oklahoma. That is correct.

Mr. BORAH. I hope the able Senator from Nevada [Mr. MCCARRAN], before he offers his amendment, will eliminate that portion of it. I do not think there is anything to be gained by trying to deal with foreign silver on the theory that we are going to get some help for agricultural products. It will not, in my opinion, assist agriculture.

Mr. ASHURST. Mr. President, will the Senator further yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. ASHURST. I am glad to have a reenforcement of my view.

Comprehending this subject as clearly as does the Senator from Oklahoma [Mr. THOMAS], and as does the Senator from Nevada [Mr. MCCARRAN], with the crystal clearness with which they perceive things, I cannot understand why they have injected the provision as to foreign silver. Such provision would practically or tacitly be an admission that we should continue to buy foreign silver.

I wish the able Senators would strike that provision from their amendment.

Mr. THOMAS of Oklahoma. Mr. President, that is the advantage the United States Senate has over some other parliamentary bodies. If we had the time and the inclination, the various measures could be brought before the Senate and analyzed in the minutest detail. The bill before the Senate is so short and simple that there is no excuse for any Member not knowing exactly what he is voting on when the vote comes.

I do not now propose to take much time, but I do propose to take a little time on one amendment, which I shall offer at a later date.

Mr. ASHURST. Before the Senator does that—if I am not too persistent—why do the Senator from Oklahoma and the Senator from Nevada propose the provision to which I have referred?

Mr. THOMAS of Oklahoma. Let me answer the able Senator from Arizona.

Mr. ASHURST. It is of no use. It is of no value. It weights down the bill.

Mr. MCCARRAN. Mr. President, will the Senator yield so that I may answer the question of the Senator from Arizona?

Mr. THOMAS of Oklahoma. I yield.

Mr. MCCARRAN. I am somewhat afraid that the Senator from Arizona, even with his splendid intelligence, which we all recognize, and his wonderful ability on the monetary subject, which he himself declines to admit, does not realize that, after all, the country is interested in another thing besides silver. It is interested in creating a flow of export agricultural commodities abroad.

Mr. ASHURST. I thought the Hull treaties took care of all that. [Laughter.]

Mr. MCCARRAN. I did not think the Senator wished to be facetious. The Hull treaties have brought the flow the other way. In other words, the flow of agricultural commodities is coming toward America rather than away from America. We are sorry to have to admit that, but nevertheless it is true.

What I wish to say, if the Senator from Oklahoma will indulge me a little further, is that if, by any reasonable and legitimate means, we could entice our friends who use silver only as money, the greatest consuming population in the world—the Orient, for instance—to absorb our agricultural commodities, we could well afford to cause that flow of export trade thus to take the surplus of agricultural commodities out of this country into countries which can utilize them, and thus put a stop to plowing under crops and destroying agricultural increase.

Mr. ASHURST. I hope that some avenue or proper means will be found whereby we may encourage agriculture. That has been a problem for statesmen for about 5,000 years, and we are not very much nearer the solution of the problem than was the case 5,000 years ago. However, we must not be weary of well-doing. Nevertheless, I have serious doubt as to whether the provision of itself would be of any aid to agriculture. I do not perceive how it could be of any aid to agriculture.

I believe, however, if the Senators will strike from their amendment that provision they will make much headway with respect to their amendment.

Mr. MCCARRAN. Mr. President——

Mr. THOMAS of Oklahoma. I yield to the Senator from Nevada.

Mr. McCARRAN. I take it, without question of doubt in my mind, that the able Senator from Arizona is in favor of reducing the subsidy which the Government is now taking out of the ounce of silver—and when I say "subsidy" the able Senator remembers that the monetary price of silver is $1.29 as fixed by law, based on the grains of fine silver in the dollar.

Mr. ASHURST. That is true.

Mr. McCARRAN. The Government takes a subsidy of 64.64 cents at this time.

Mr. ASHURST. Is that what is called seigniorage?

Mr. McCARRAN. It is called seigniorage; that is a fancy name for it; but it is a subsidy which the Government takes from the miner who produces an ounce of fine silver, for the Government only gives to the miner 64.64 cents for his silver.

Mr. ASHURST. The term "seigniorage," then, is rather a euphonious substitute for the word "subsidy," a sort of anesthetic?

Mr. McCARRAN. It may be an anesthetic; it has been an anesthetic to the mining industry of the country and an anesthetic to a great many who have not had time to give study to the subject.

Mr. TOBEY. Mr. President, will the Senator yield?

Mr. McCARRAN. I have not the floor.

Mr. THOMAS of Oklahoma. I shall be glad to yield to the Senator from New Hampshire.

Mr. TOBEY. In reference to the term "seigniorage," I suggest, as a matter of nomenclature, it would be more appropriate to say "seizureage."

Mr. McCARRAN. I should be very glad to have the Senator apply that term.

Mr. BARKLEY. Mr. President——

Mr. THOMAS of Oklahoma. I yield to the Senator from Kentucky.

Mr. BARKLEY. It is what the miller takes out of the wheat. When a farmer takes his wheat to the mill and it is ground into flour, the miller gets a certain amount of the wheat for his own use as a toll for grinding the rest of the wheat.

Mr. THOMAS of Oklahoma. It might be called a tare.

Mr. BARKLEY. As a matter of fact, the Government does not pay 64.64 cents an ounce for silver. The owners of the silver take it to the mint, and half of it is coined into dollars. That is the half that goes back to the producer. He takes those dollars and they are worth a dollar to him in trade, but because of the fact that the law provides that a certain number of fine ounces of silver shall be in the dollar, it happens that he gets $1.29 for the dollar which he has had coined. However, as I understand, it is not actually a transaction in which the Government pays in cash for the silver, because the Government takes half the silver as its seigniorage, and the other half is then coined and issued in trade as a dollar. Because of the quantity of silver in a dollar it measures up in terms of a dollar to $1.29. So there is a confusion of terms. The Government is not really buying the silver; it is keeping out 50 percent of it as its share for coining the other half and returning it in dollars to the owner of the silver.

Mr. ASHURST. Mr. President, will the Senator from Oklahoma yield further?

Mr. THOMAS of Oklahoma. I am glad to yield to the Senator from Arizona.

Mr. ASHURST. Again adverting to the dispatches in the newspapers as to a proposed compromise, I hope that the able Senators who are proposing this amendment will not consent to any compromise of 64 cents.

Mr. McCARRAN. Mr. President, may I now say that no compromise of that kind has been suggested to those who have this bill in hand.

Mr. ASHURST. The Senator saw the press dispatches, did he not?

Mr. McCARRAN. So far as I know, and I think so far as the Senator from Oklahoma is concerned, no consideration has been given such a proposal.

Mr. THOMAS of Oklahoma. Mr. President, speaking for myself, the only information I have is what I read in the Washington Post. No one has made any suggestion, so far as I am concerned.

Let me say, Mr. President, that my State produces no silver. So I could not be interested as one of the representatives of Oklahoma in securing a higher price for silver, so far as my constituents are concerned. I have never been interested in silver except from one standpoint, and that was to bring about the use of silver as a means to increase the amount of money in circulation, and the end sought to be attained by that procedure was to get more money, cheaper money, and higher prices. That is the end to which I am constantly working.

Mr. ASHURST. Mr. President, it is true the Senator's State produces no silver. That is an additional reason for complimenting him for assuming with others the leadership on this question. I appreciate his motive. My desire is to have a circulating medium in which the American people have confidence.

For more than 7,000 years gold and silver have been enshrined in the instincts of mankind as the metals of ultimate redemption of their circulating medium, and when the Constitution was written for our country it was provided that gold and silver should be the money of the people. It is needless to enter upon a long speech about that, but let us assume that a traveler this morning walking in the ruins of ancient Carthage—I presume it is now called Tunisia—has some paper money issued by Spain, France, or England, Germany, or the United States, or any other Government. He may be in some doubt as to whether he can buy his breakfast though his pockets are filled with paper money; but if he should have a gold coin or a silver coin bearing the image and superscription of Caesar he could easily buy breakfast. If he should have in his pocket a gold coin or a silver coin bearing the image and superscription of a government that perished and was dust thousands of years before Caesar was born, the traveler could easily secure his breakfast, for, I repeat, enshrined in the instincts of mankind has been the willingness to accept gold and silver as the metals of ultimate redemption.

Therefore I believe that the coinage of gold and its circulation—not its hoarding, for if it is to be hoarded let it be hoarded by the people—and the coinage and circulation of silver, while not a panacea, of course, for all our ills, yet would cause most of our difficulties to disappear. I thank the Senator from Oklahoma for permitting the interruption.

Mr. THOMAS of Oklahoma. Mr. President, I shall take only a few moments, but I desire to submit for the consideration of the Senate some suggestions which on Monday or Tuesday or sometime very soon the Senate will be called upon to pass.

I have said that, personally, I have no direct interest in silver. I have received some complaints against the silver program on the ground that we are paying a lower price for foreign silver than we are paying for domestic silver, or, vice versa, we are paying a higher price for domestic silver than we pay for foreign silver. It is true we are paying for domestically mined silver a price slightly advanced over the price paid for foreign silver. Senators may call that a tare; they may call it a subsidy; they may call it what they will. If it be called a subsidy, that is the worst thing it can be called, but it cannot be criticized too severely, because I wish to remind the Senate that we are now paying a subsidy indirectly to the manufacturing industries of the Nation. The protective tariff is nothing more nor less than a subsidy. When a manufacturer secures for his product a tariff rate which requires competitors to pay a certain percentage, a certain price, in addition to what might be termed a fair price here at home before they can get their goods into this country, that raises the price the consumer has to pay on such goods. So I conceive, and I make the assertion, that the tariff is a subsidy to manufacturing concerns.

The present administration and the present Congress have gone on record in favor of paying the farmers a higher price for the commodities they produce. We are now paying a higher price for cotton through the loan feature; we are paying a higher price for wheat through the loan feature.

The farmer gets the money and the public pays the bill. So that might be termed a subsidy to the farmer. If so, Mr. President, call it what you will, I am supporting it, and I voted for the tariff provisions as well.

We are now working under a dollar worth 132 cents. Every bondholder who receives a payment on his interest coupon or receives payment on his bonds, in the main, receives 132 cents in value for every dollar he receives. So that is a subsidy under the present program to the bondholding class, the fixed investor class of the country.

We are now proposing to pay foreigners a subsidy for the purchase and use of our surplus cotton. I notice in the public press some agitation about adopting the policy of giving foreign buyers of our domestic cotton, our surplus cotton, a subsidy for the purchase of our cotton. All those things are fairly well defined. If we are paying a subsidy to the manufacturing industries of the country, if we are paying a subsidy to the farmers of the Nation, if we are paying a subsidy to the bondholders and the holders of fixed investments, if we are going to pay a subsidy to foreign purchasers of domestic cotton, then, I shall not hold back in paying a subsidy, if it be desired to call it such, to our miners in the West who produce silver. It shall not cause my conscience to be seared to vote for a reasonable subsidy for silver, a sufficient subsidy to enable mines to operate and try to make a profit.

Mr. President, the bill before the Senate is very simple. It has only three sections. I will summarize them very briefly. The first section, over which there is no controversy, simply requires the Secretary of the Treasury to report his activities with respect to the stabilization fund to Congress in addition to his report to the President. I think there can be no objection to that provision.

The second provision proposes to extend the power in the hands of the President still further to devalue the gold dollar and still further to purchase domestically mined silver at a slightly higher price, and still further, if he sees fit and if the occasion demands, to issue paper greenbacks, so-called, Treasury notes, United States notes, and, if occasion should require, to arrange with the Federal Reserve System to issue as much as $3,000,000,000 of Federal Reserve notes.

Those two powers are in the hands of the President today. He has not used them. Perhaps he never would use them; but if, before this depression is over, he should need the money for any purpose, I am willing to extend the power, and I shall vote for the extension of the power in the hands of the President still further to do the things that he now has the power to do.

The first section of the bill is very simple. It proposes to extend the stabilization fund. The Congress created the fund. The Congress authorized the Secretary of the Treasury to use the fund in the management of our money. It has been used now for 4 or 5 years; and if this bill shall pass, the stabilization fund will be continued. I shall offer an amendment to that section, when the time comes, to reduce the size of the stabilization fund.

The bill proposes to extend the stabilization fund for only 2 years. If the fund has been of service in the past 4 or 5 years, and if it should be continued for 2 more years, that is reason to me why it should be extended indefinitely, until Congress at some time in the future may see fit to modify, amend, or repeal the law. So I shall vote for that provision when the time comes.

Mr. LUCAS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Illinois?

Mr. THOMAS of Oklahoma. I shall be glad to yield to the Senator from Illinois.

Mr. LUCAS. The Senator says he proposes to offer an amendment to reduce the stabilization fund. Does the amendment designate what will happen to the balance that is reduced, in the event the Senator's amendment is adopted?

Mr. THOMAS of Oklahoma. The amendment which will be proposed at a later date, I think, is flawless so far as that feature is concerned. The present law provides for the creation of a stabilization fund. The present law provides, in paragraph (c), that the fund shall be extended, and on a previous date it was extended to June 30, 1939. My amendment repeals the provision for extension, and leaves to stand the law creating the fund. If the amendment prevails, the fund is created, the money is in the fund, and it is indefinitely extended; but the amendment will propose to take out of the fund a billion and a half dollars, leaving $500,000,000 in the fund to go on indefinitely under the law and under the will of the Congress.

Mr. LUCAS. Mr. President, will the Senator further yield.

Mr. THOMAS of Oklahoma. I shall be glad to yield.

Mr. LUCAS. What will happen to the billion and a half dollars?

Mr. THOMAS of Oklahoma. Under the amendment we propose to take a billion and a half dollars of the stabilization fund and place it in a special reserve fund in the Treasury. Then we propose, under the amendment, to take $500,000,000 of the free gold now in the general fund and place it in the special reserve fund, making $2,000,000,000 of gold. Five hundred million dollars will come from the general fund we now have of gold with no claim on it, and a billion and a half dollars will come from the stabilization fund, free gold, with no claim upon it. We propose to place that $2,000,000,000 in gold in a special reserve fund in the Treasury. Then the amendment proposes to direct the Secretary of the Treasury to issue a form of currency against the $2,000,000,000, and to place the currency in circulation in meeting maturing bills, whatever they may be.

Mr. LUCAS. In other words, the billion and a half dollars which the Senator seeks to take out of the stabilization fund will ultimately find its way into circulation?

Mr. THOMAS of Oklahoma. Very soon, if the amendment shall be agreed to.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Idaho?

Mr. THOMAS of Oklahoma. I shall be glad to yield to the Senator from Idaho.

Mr. BORAH. We have been advancing money to certain countries, China and South American countries, sometimes in quite large sums. I have had some difficulty in finding out through what modus operandi we furnish that money to these countries. Can the Senator advise me how the money is furnished? Congress has not been asked to endorse the proposal.

Mr. THOMAS of Oklahoma. Mr. President, the Congress has created certain lending agencies, and the lending agencies have had their jurisdiction defined. The lending agencies have defined their jurisdiction to be sufficiently broad to permit them to extend credit to foreigners. I understand that we have extended credits—which means making loans—to some South American countries, or at least one. I understand that we heretofore have extended credit—which means making a loan—to, say, China. I am not sure about that, but that is my understanding.

Mr. BORAH. What are the agencies which are making these loans?

Mr. BARKLEY. Mr. President, will the Senator yield at that point?

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Kentucky?

Mr. THOMAS of Oklahoma. I shall be very glad to yield.

Mr. BARKLEY. One of the agencies is the Export-Import Bank, which was created by Congress for the purpose of helping to facilitate the exportation of American products, largely agricultural products, and some others. It is true that the Export-Import Bank gave to China a credit of $25,000,000—which has not, however, been used—and that $25,000,000 was to be spent entirely for the purchase of American products. It was in line with the policy of Congress in undertaking to finance the exportation of American products; and the same thing is true with respect to credits which have been accorded other countries, particularly one or two in South America, for the same purpose. All the money that is available for those credits is to be spent in this country in the purchase of American products to be sent to and used by them.

Mr. BORAH. What American products were taken care of by the loan to Brazil?

Mr. BARKLEY. I cannot give the Senator the details. I do not happen to have them in my mind at the moment.

Mr. BORAH. I find that it is very difficult to locate them. The fact is that, in most instances, American products represent a very small percentage of the amount loaned.

Mr. TAFT. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Ohio?

Mr. THOMAS of Oklahoma. I do.

Mr. TAFT. When the Export-Import Bank bill was before the Senate I pointed out that this $100,000,000 was about to be loaned by the United States and the $25,000,000 loan to China came directly out of that. Since then loans have been made to Haiti for public improvements, a large part of which are not for imports from the United States; and I have read in the newspapers of loans to Paraguay to stabilize their currency, which certainly is not of any particular assistance to our exporters. The same thing is true of the loan to Brazil; and the new spending-lending program proposes the additional loan of $500,000,000 to foreign countries, apparently in part to finance American products but also for other purposes. I think the Senator will find that even the R. F. C. claims power to make such loans when they are not within the jurisdiction of the Export-Import Bank; but these are the only two agencies today that I know of that can lend or are lending money abroad.

Mr. TOBEY. Mr. President, will the Senator yield for a moment?

Mr. THOMAS of Oklahoma. I yield.

Mr. TOBEY. I should like to point out to the Senator from Idaho also, with reference to the Export-Import Bank, that the real head of that bank, so far as operating genius goes, is the Honorable Jesse Jones, of Texas, head of the R. F. C.

Mr. BORAH. Yes; I understand that to be the case.

Mr. President, if I may make a suggestion prior to the coming in of the bill providing for a large spending program, it seems to me that the agencies which have power to make these loans ought to be brought together, and their power ought to be defined, and direct authority ought to be obtained from Congress to make these loans.

Let me say, furthermore, that there is one item in the large bill which is to come in which it seems to me should have very careful and thoughtful consideration by the Congress. We are proposing to loan some $500,000,000 to South American countries. I think it would be safe to call it a donation. South American countries owe the people of the United States in different ways very large sums of money. They are not paying them. The loans are overdue. They are in default, both in interest and principal. In many instances no effort is being made to pay them. They are long since overdue, both in principal and interest, and every indication of repudiation rests upon some of them.

Take, for instance, the case of Brazil, to which we loaned a large sum of money a short time ago with the apparent understanding or, at least, the published understanding that Brazil was to settle the large loans which are now unsettled, some of which, if not all, are long overdue; but my information is that no attempt whatever has been made to adjust them. The creditors in this country are not being taken care of by our Government, and certainly not by Brazil. No effort is being made upon the part of Brazil to adjust the loans or to adjust the interest upon them. To provide for loaning $500,000,000 on the same basis and on the same theory and the same modus operandi that we have had heretofore, in my opinion, would be to turn over vast millions of the taxpayers' money for South American politicians to play with. That is what has been happening.

We have no reason to presume that it will change. They have made no effort to change their program, and there is no indication that they are going to change it. I think we ought to think of this, and certainly not until these countries give assurance of taking care of their debts.

So I urge in the beginning, as it has been indicated that the bill to which I refer will go through without very much trouble, that there be included in the bill a provision bringing together the agencies which have power to make loans, together with a specification of the circumstances and conditions and rules under which they may be made, if at all, and a stipulation that before loans are made those who are now in debt to us shall make a definite provision for taking care of their long-overdue loans.

Mr. BARKLEY. Mr. President, will the Senator yield to me at that point?

Mr. THOMAS of Oklahoma. I yield to the Senator from Kentucky.

Mr. BARKLEY. I appreciate the force of what the Senator from Idaho says. I think, however, it ought to be said that those matters presumably will be gone into by the appropriate committees and by the Senate and House when the proposed legislation is brought in. The loans which are in default in this country, however, are not loans or obligations of the South American governments as such.

Mr. BORAH. Is that true in all particulars?

Mr. BARKLEY. There may be one or two exceptions.

Mr. BORAH. Yes; I understand so in several instances.

Mr. BARKLEY. They are largely municipal obligations and obligations of private corporations which were sold to the American people under the high pressure of certain bankers in the United States.

That does not, of course, vitiate the obligations themselves, but they were sold in this country, as we all know, and as the investigation by the Senate Committee on Banking and Currency into the whole banking situation in 1931 and 1932 showed, with specific mention of those who had high-pressured many American people into the purchase of these bonds during the boom days from 1921 and 1922 up to 1929 and 1930. It may be possible that the federal governments in those South American countries are no more responsible and could do nothing more in bringing about the payment of those obligations than the Federal Government of the United States could do with respect to the payment of a municipal bond of the Senator's own town, or of mine, or of a State, or of any private corporation within a State.

No credit has been extended to any country, I understand, which is in default in anything it may owe to the United States, and of course, in dealing with a foreign country, our Nation as a government deals with the federal authorities, and not with municipal or local authorities which have issued bonds, and many of which are in default. We have to draw a distinction between the bonds which were sold largely through the salesmanship of Americans to American citizens, representing local governments and private corporations over which the federal governments in those countries have no more control than we have over such issues in our country.

Mr. BORAH. I understand that may be a situation which we have to take into consideration; but as I am informed, certainly by some who ought to know, there are obligations upon the part of some of the South American countries which run direct from the government, and it was practically promised that those obligations would be taken care of when this loan was made, but up to this time the obligation has not been fulfilled. We cannot justify ourselves in loaning these large sums of the taxpayers' money on any theory of repayment or that the money loaned will be used to any substantial degree to buy our products. I feel that this $500,000,000 then should be eliminated from the proposed bill.

Mr. MINTON. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Indiana?

Mr. THOMAS of Oklahoma. I yield.

Mr. MINTON. I think the Senator from Idaho does the United States of Brazil an injustice in the suggestion that they have not made any effort to take care of their bonded indebtedness. I happen to know about the matter, because I am one of those who was caught with some of those South American bonds, not a great amount but a small amount, which I happen to still hold, and I know they did resume the

payment of interest on them a few months ago; then it lapsed, and now they have taken it up again, and are giving consideration to adjusting the obligations of Brazil to the people in this country who own those bonds.

Mr. BORAH. I understand our Government urged the adjustment of these obligations, but after the matter had passed for a certain time, the Brazilian Government lapsed in its efforts, and is doing nothing at the present time.

As to the municipal bonds and obligations, and so on, the situation is quite different in most of the South American countries with reference to such obligations from what it would be with regard to the power of the Federal Government in the matter of municipal obligations in this country. In most of those countries, I am advised—and such investigation as I have been able to make confirms the information I have received—the governments are in such a position that they can make the governmental subdivisions take care of their obligations. What I am insisting on is that we cease to be careless, when we make these loans, as to how these South American obligations are to be taken care of. I think we can dictate what would be a reasonable and just obligation which should be taken care of by them, and that we should do. But aside from these safeguards such as might be provided, we should not make a loan of this vast amount for what will prove political purposes. It is a doubtful policy at best and certainly more than doubtful under these circumstances.

Mr. LUCAS. Mr. President, will the Senator from Oklahoma yield to me?

Mr. THOMAS of Oklahoma. I yield.

Mr. LUCAS. I should like to ask the distinguished majority leader under what authority the Export-Import Bank or the Reconstruction Finance Corporation can negotiate a loan with a foreign country?

Mr. BARKLEY. Mr. President, the act itself authorizes the Export-Import Bank, which is a subsidiary corporation of the Reconstruction Finance Corporation, to make loans to facilitate the exportation of American products. The law does not limit the Export-Import Bank as to the particular individual or the kinds of corporations to which it may lend; it does not deny to it the right to make loans to governments; but, as a matter of fact, the loans have been made in most cases, if not in all, to corporations instead of directly to a government. The matter has been handled through the creation of a private corporation, and the loans are made in most cases to an American corporation, which in turn deals with the government involved. That was true in the case of China. As I stated a while ago, I am informed that none of the Chinese loan has been used at all, but it would be a loan made through the instrumentality of an American corporation, and, of course, such corporation would deal more intimately with the Government of China. There is no doubt at all of the authority of the Export-Import Bank to make these arrangements.

Of course, since the enactment of the Johnson law, which prohibits the according of credit to any foreign country in default, there have been no instances of such loans; but it does exempt the Export-Import Bank, the Reconstruction Finance Corporation, and one or two other agencies from the inhibitions of the act. So that does not apply to them.

Mr. LUCAS. If I understand the able Senator from Kentucky correctly, then, a corporation is set up in this country, the American Government deals directly with the corporation, and the corporation then deals directly with the foreign country in making loans?

Mr. BARKLEY. If there is any exception to the rule I am not advised of it, although there may be. That was true in the case of China, and I think it is true in the case of Brazil, although I would have to check up on that before I could be positive about it.

Mr. LUCAS. If, under the law, we have authority to deal directly with China, for instance, or with any other foreign government, in making a loan, why is it necessary to set up an intermediary corporation and deal with it first, and let the corporation deal with China, for instance?

Mr. BARKLEY. Because Congress authorized the creation of the Export-Import Bank as an agency under the Reconstruction Finance Corporation, as a separate corporation to deal with the exportation of American products, and advance credits in order to bring about the sale of American products in other countries. Congress authorized that. It may have been possible that the Reconstruction Finance Corporation could have acted directly, but they did not think so, and Congress authorized the setting up of this corporation within the Reconstruction Finance Corporation, just as it authorized the setting up of the mortgage corporation in the R. F. C., or whatever they call the subsidiary, in order that it might deal with a specific thing independent of the R. F. C., although operating under it.

Mr. LUCAS. Does the Senator say that the R. F. C. believes it can do this directly, and that it is doing indirectly what it can do directly?

Mr. BARKLEY. No; I did not mean to convey that impression. I said that Congress could have authorized the R. F. C. to do what the Export-Import Bank is doing, and what the Mortgage Corporation is doing, and what the Commodity Credit Corporation is doing, but Congress saw fit to authorize the setting up of these separate corporations under the R. F. C. largely in order that the R. F. C. might focus its activities on the problems which faced it, and in order that these other matters would not become involved in the general R. F. C power to make loans to industry in the United States. It was a matter of convenience, because we could not confer upon one of the subsidiaries any power which we could not confer upon the parent corporation, the Reconstruction Finance Corporation, itself, and it was thought advisable to set up these subsidiary corporations as a matter of convenience.

Mr. LUCAS. Under the present law is there no limitation as to the amount of money the Export-Import Bank and the R. F. C. can lend to foreign governments?

Mr. BARKLEY. At this session of Congress we increased the capital which the R. F. C. might supply to the Export-Import Bank to a hundred million dollars. Of course, their loans could not exceed their capital at any one time; they could not have out any more money than the amount they had available; but, inasmuch as it is a sort of revolving fund, they can, over the period of a year, probably lend many times the amount of their capital stock. The loans are being paid back and they use the money again to make other loans. As I recall, at this session we increased from $3,000,000 to $100,000,000 the amount of capital stock which might be supplied by the R. F. C. to the Export-Import Bank. I ask the Senator from New York if that is not correct.

Mr. WAGNER. There is a limit on the capital stock of the Export-Import Bank.

Mr. LUCAS. Does not the able Senator from Kentucky believe—and I ask this question in the best of faith—that it is a rather dangerous practice to give unlimited power to one of these corporations, through the amount of capital stock which may be supplied the corporation, to lend any amount they want to lend to a foreign government, without coming to Congress and getting some approval or ratification?

Mr. BARKLEY. Of course, if we were giving carte blanche to any such corporation to make a loan to a foreign country, there would be a good deal of force in what the Senator says; but the corporation is limited by its capital stock, of course. That is one limitation. And I think there is a limitation on the maximum amount it may lend.

What I had in mind was that when a bank makes loans, of course, it lends its depositors' money; but if it were restricted to lending its own capital, it could lend only that much, except that over the period of a year it might make loans of $50,000 and get the money back, and lend the $50,000 again and get it back; so that the books would show that, although its capital might be $100,000, it loaned a million dollars during the year.

The activities and transactions of the Export-Import Bank and of the Commodity Credit Corporation have all been limited to the objective of trying to find markets for Amer-

ican products, and all the money is spent in this country. Even in the case of the loan to Haiti, referred to a while ago, a loan to be used in the building of roads, all the road material that is to go into that enterprise is to be bought in the United States and paid for with the money loaned, as I understand. Of course, the labor will be employed locally. I do not think it can be said that the Export-Import Bank is being given unlimited power. We have limited its power.

Mr. LUCAS. By the imposition of stock limitation. In other words, what money they have, if I understand the Senator correctly, they can loan to any foreign government without obtaining consent of Congress.

Mr. BARKLEY. Oh, yes; they do not have to come back to Congress. We have given them general powers. The R. F. C. does not have to come back to Congress. It can loan any amount it has available. It is inconceivable that the R. F. C. would loan it all to one company or one government, but it can go as far as it has authority to go. The Senator will recall that the R. F. C. has during its life made loans of over $12,000,000,000.

Mr. LUCAS. They have all been made to our local people.

Mr. BARKLEY. It is true they have all been made to our local people; but that raises the question, in view of the unsalable surpluses we have in this country and the desire of other countries to purchase them or their citizens to have them, whether after all it is wise policy for us to place at the disposal of foreigners, and, of course, primarily of our own people, credit which will enable our people to sell their surplus products and thereby give employment to our own people. If we did not do so, we would have to quit producing those products, and if we were to quit producing them, of course, that would throw thousands of men and women out of employment.

Mr. President, it is a question of policy which is best to do; whether to afford these credits in order to move our goods, or refuse to afford them, and pile up our goods in the United States, and thereby throw many men and women out of employment.

I am frank to say, and I now feel, that it is the part of wisdom to afford such credit, although an unusual thing, and we would much prefer that the Government of the United States did not have to advance this credit for any private purpose. However, when we found ourselves in such a situation that private sources of credit were dried up and could not be available—and they are still dried up—in moving goods in the production of which employment is given our citizens, we felt that it was the part of wisdom to set up these agencies and afford this credit, so as to bring about some reasonable hope that the American people could sell out of the United States what they could not sell in the United States, and thus not have to stop producing.

Mr. LUCAS. Mr. President, will the Senator yield further?

Mr. THOMAS of Oklahoma. I yield.

Mr. LUCAS. I merely wish to add one further word upon what seems to me to be a very important question when it comes to dealing with the finances of the country. I wish to make a distinction, insofar as I am concerned, between the loaning of money by the R. F. C. or the Export-Import Bank to people who live in the United States and to the people who live in a foreign country. I think every Senator is fairly familiar with the chaotic and the unsound and disturbing conditions which have existed in the South American countries during the last few years. It strikes me that the Members of the United States Congress are the trustees for the taxpayers' money, and it is one thing to say we can loan our money to our own people under certain conditions which we know exist in the United States, but it is another thing to delegate a wide latitude of power to the Export-Import Bank or the Reconstruction Finance Corporation and let them loan that money to a South American country, or to China, or to any other country without some approval by the Congress of the United States.

At this time I wish to subscribe to the philosophy laid down by the Senator from Idaho [Mr. BORAH] with respect to the lending of money to foreign countries.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. WAGNER. The purpose in creating the Export-Import Bank was really to help our exporters finance their sales to other countries. Frequently they are not in a position to extend the credit which is needed by the foreign purchasers, whether they be individuals in a foreign country or governments themselves. I know of only one instance of that actually being done in connection with a government. In order to aid the exporter in selling his commodities, he himself not being in a financial position to complete the transaction, a loan is given him by the Export-Import Bank, just as other banks may help to finance such sales. I may say that up to the present time it has greatly aided our exporters in the sale of their commodities which otherwise they could not have sold. Up to date the bank has made a profit and is continuing to make a profit. Its transactions are as carefully guarded as those of any bank. It does not make an outright loan to a foreign government to do with as it wishes in its own country. The purpose is simply to finance exports from this country.

Mr. BORAH. There are two sides to that question, Mr. President.

Mr. LUCAS. That is correct.

Mr. THOMAS of Oklahoma. Mr. President, the question is one which cannot be solved at this moment. As soon as I can secure the floor after the disposition of the Pittman amendment to the Adams' amendment, and after the Adams' amendment has been disposed of, I shall propose a new section to the pending House bill, and for the information of the Senate and in order that the amendment may be printed in the RECORD I ask unanimous consent that the proposed amendment be read at the desk.

The PRESIDING OFFICER. Without objection, the amendment will be read.

The LEGISLATIVE CLERK. At the proper place in the bill it is proposed to insert a new section, as follows:

DECLARATION OF POLICY

SEC. —. That it is hereby declared to be the policy of the United States that the price level as shown by the Bureau of Labor Statistics shall be adjusted to 100, and it shall be the duty of the Board of Governors of the Federal Reserve System, the Secretary of the Treasury, and the other executive departments of the Government to cooperate in the work of adjusting such price level as herein provided, and thereafter to keep such price level as nearly stable at such point of 100 as is humanly possible.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. NORRIS. Is not that language already in the amendment which the Senator proposes to offer?

Mr. THOMAS of Oklahoma. It is one section of the amendment intended to be proposed by the Senator from Nevada [Mr. MCCARRAN] and myself.

Mr. NORRIS. I gained that impression from hearing it read. It is contained in the Senator's proposed amendment?

Mr. THOMAS of Oklahoma. That is correct. However, I have a feeling that when the amendment intended to be offered by the Senator from Nevada and myself comes before the Senate some Senator will ask for a separation of this section. If so, I shall be forced to offer the sections separately.

It is my judgment that when the new amendment I have proposed comes up Monday it will have to be considered on its merits as a separate section and, therefore, I should like to make a further explanation at this time, if I may.

Mr. President, every nation on earth values the items in its domestic economy by a price level. Some nations have a few commodities in their price level. The United States has a large number of commodities in its price level. We have what is known as the Bureau of Labor Statistics. Its system of price measuring embraces 784 commodities. That has been our system for measuring values and prices for a long time. It is our system by which we measure prices today. We measure our money by this system. We measure gold by this system. So under this system we measure everything in the United States.

During the World War and immediately thereafter, the price level was very high, which made the buying power of gold very low. When we were on the gold standard in 1918, 1919, and 1920 the amount of gold in the gold dollar was worth only 64 cents, according to this price level. In other words, because we had so much money in circulation, and for some other reasons, even gold itself was cheap in relation to other commodities. So it was thought at that time that the price level was too high. It was way above 100. When the dollar is down to 64 the price level of commodities is up to 130 or 140. At the present time the dollar is up to 132 and the price level is down to about 79 or 80.

As I have said, after the World War it was thought by many that the price level was too high and the dollar too cheap, and those in authority proceeded to adjust that price level to 100. They brought down the price level and raised the value of the dollar. They brought down the price level to 100 and raised the value of the dollar to 100. In 1921 the adjustment had been perfected, and the dollar value and the price level met at 100, and for the next several years, from 1921 to October 1929 at least, the price level and the dollar value went along in line, in unison.

They marched along together, the price level at 100 and the dollar level at 100. It was during that time that the Nation thought it had prosperity, and one national campaign was waged on the issue of the continuation of the Coolidge era of prosperity. Whether or not that influenced the voters I cannot say, but the voters took that issue at its face value and continued in power the party which stood for a 100-cent dollar and a 100-percent price level.

After 1929 the price level got out of balance. The price level started down and the dollar value started up. The dollar rose to 167 cents, which meant that the price level was way down below 100. That continued until 1933, when the Congress decided to reduce the dollar value and to raise the price level. We embarked upon a very definite program of cheapening the dollar and raising the price level. I at least want to see them meet again at the point of 100. It is the purpose of my amendment to do again what we did in 1920–21—to make the dollar value and the price level meet at 100.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. NORRIS. I have been somewhat bewildered since the bill has been under consideration. I confess I have been unable to be present during much of the debate. One of the things which to me seemed perfectly logical, one which I have thought for several years we ought to embody in the law, is the very amendment the Senator is now discussing. There were so many things in the bill, however, some of which I did not like, that I hated to be put in a position where I might have to vote against what I wanted in order to defeat what I thought was evil.

To my mind, the amendment which the Senator is now discussing would relieve us financially from a world of sins and errors. I should like to see it put into the law. With the limited study I am able to make of it, I have been unable to see why the proposal will not work and why it will not go a long way toward bringing us prosperity and putting our agriculturists under a system which will enable them to live and make a profit.

I should like to see the proposal in the amendment made a separate bill, not tied up with anything else. It is big enough to stand on its own legs, it seems to me. I think the Senator has a great possibility in his amendment. I dislike to see it tied up and become lost in a multitude of intricacies and uncertain things, for some of which I should dislike to vote.

Mr. THOMAS of Oklahoma. In reply to the suggestion made by the Senator from Nebraska, I will say that I have had this identical amendment pending in the Congress for many years, but I am unable to have it acted upon on its merits. If it is ever acted upon, it is my judgment it must be added as an amendment to some bill which almost certainly has to go through the Congress. The proposal will stand upon its own merits as one section of the bill, a declaration of policy.

I may suggest that, so far as I know, the Congress has never undertaken to legislate on this particular subject. Back in the Jackson administration the Congress did reduce the gold content of the dollar on two occasions in order to make the gold dollar circulate harmoniously along with the silver dollar. Then for 100 years nothing was done toward adjusting or regulating the value of the dollar, although silver was demonetized and much silver legislation was enacted. So until this hour Congress has not of itself, so far as I know, undertaken to enact a mandate and to set a definite goal as the point to which the dollar value should be adjusted.

The makers of the Constitution evidently thought it would be a good thing to keep control of the value of the dollar. There were no dollars at that time, but they talked about money. It might have been a pound, a franc, a mark, a lira, a ruble, or some other monetary unit. The makers of the Constitution knew that sooner or later we would adopt a monetary system, and that in that system we would have a monetary unit as the basis of our monetary system; so they provided that Congress should not only coin the money but should regulate the value thereof. The makers of the Constitution must have known that the dollar value would change. Otherwise there would have been no occasion for the provision for Congress to regulate and adjust the value of the currency.

Mr. NORRIS. Of course.

Mr. THOMAS of Oklahoma. This is an honest effort on behalf of some of us who believe that the thing can be done and who believe that it should be done. I know in my own mind that it can be done. It has been done. The value of our dollar is not an accident. The value of our dollar is the result of management; and even though we were on a gold standard, with our money all redeemable in gold coin, a unit of a certain degree of weight and fineness, we would still be living under a managed currency, because the managers who have charge and control can so regulate credit and the amount of money in circulation as to alter and change the value of gold in relation to property. So we always have had a managed currency, even under the gold standard, and, in my judgment, we always shall have. But the Congress can give a mandate and fix the point at which the dollar value should be measured and regulate it to that point.

This amendment has that purpose. It is proposed that Congress go on record for the first time in 150 years proposing to exercise its constitutional power to regulate and adjust the value of our monetary unit.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. NORRIS. I agree with every word the Senator has said; and yet I fear that somewhere along the road this proposal is going to fail. It is coupled up with the discussion of silver, what we shall pay for silver, and whether we shall have free silver at 15 to 1, 30 to 1, 16½ to 1, or 16 to 1, a question which has been agitated for many years. It has many followers; but I do not believe anybody thinks we are going to put into the law the coinage of silver at 15 to 1. Whether or not one believes in it, it seems to me it is useless to think and to argue that we are now going to pass that kind of a law. I do not think it could get through. It is impossible. I do not want to tie up the present proposal with anything of that kind.

There is a disagreement about what shall be done with the stabilization fund and what kind of a stabilization fund we shall have. Some persons want to get rid of it entirely. I should dislike to do that; and still I should not like to have this amendment, which I consider very valuable, go down or up with what happens to some of the other amendments, which should be taken up separately. They are not connected with the present proposal.

The amendment under discussion is a subject in itself. If it were the only amendment to the bill and were agreed to, I should think this bill would be a very fine place in which to put it. The Senator suggests that he must have it in the shape of an amendment, because he has been unable otherwise to obtain action on it. However, it is in a bill with 100

other amendments. I do not know what will happen to them before we are through. I am afraid they will all go down.

I should dislike to see the amendment of the Senator fail. Perhaps we have not sufficient votes to put it in the bill. I should like to have a fair test. If we have not the votes, we cannot put it in the bill. If we have enough votes to put it in the bill, let us put it in and have it become the law.

Mr. THOMAS of Oklahoma. Mr. President, the issue is so clearly drawn, so far as this section is concerned, that I am sure the Members present on Monday, or whenever the vote is taken, will understand exactly what they are voting on. If a majority of the Senate thinks the Congress should exercise the power given to it by the Constitution to proceed itself to the regulation of the value of the dollar, then I should wish that the conference committee would insist upon including the amendment in the bill. If the Congress is of the opinion that it does not know enough about the money question, or does not want to exercise its power, and refuses to add this amendment to the bill, of course, I shall have no complaint, although at a future date I shall still insist that this thing be done. I think it should be done; and so long as I am here, unless I change my mind, I shall insist at the earliest possible date that the Congress proceed to exercise its constitutional power over money. We have done so with regard to coinage, but to this hour we have failed to exercise that power so far as the regulation of the value of our money is concerned.

Mr. NORRIS. That is correct.

Mr. THOMAS of Oklahoma. On Monday I shall make a brief statement of the amendment, and at that time I shall place in the RECORD a few figures which are convincing to me that the 1926 level is a better level than any other level which has been proposed. We had higher prices before 1920, and the people complained about the high cost of living, so, as I stated a moment ago, those in authority proceeded to cheapen the dollar and to reduce prices. The price level was fixed at 100, and it was kept at that point for 8 or 9 or 10 years under three Republican Presidents. Obviously it was thought at that time to be about the best level that could be devised. After the Republican administration went out the depression came on, and the price level began to fall and the dollar value went up.

I am of the opinion that the dollar value is too high, and the price level is too low. I do not think the Nation can live under the high-valued dollar and the low-price level. I do not think the Budget can be balanced. I do not think there will be any prosperity until we cheapen the dollar and raise prices. For that reason I shall be as insistent as I can be in trying to get the Congress to exercise its power to raise the price level.

Mr. President, I ask that the amendment, as read, be considered as offered, and that it be printed and lie upon the table.

The PRESIDING OFFICER. Without objection, the amendment will be printed and lie on the table.

Mr. BARKLEY. The parliamentary situation is such that it cannot now be offered.

Mr. THOMAS of Oklahoma. That is true.

Mr. AUSTIN. Mr. President, I should like to have printed in the RECORD in connection with the debate upon the pending amendment an editorial from the New York Times of June 23, 1939, entitled, "The Silver Folly," which points out, among other things, that the Silver Purchase Act of 1934 was originally opposed by the present administration and was the product of compromise; and also pointing out several of its effects, one the diluting of the reserves behind American currency, and another the cost to the taxpayer.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Vermont that a certain editorial be printed in the RECORD as a part of the debate on the pending amendment? The Chair hears none, and it is so ordered.

The editorial referred to is as follows:

[From the New York Times of June 23, 1939]

THE SILVER FOLLY

The Government of the United States is paying today 64 cents an ounce for silver which sold for 25 cents when the Roosevelt administration took office. Why is it paying this fancy price? Not because the Roosevelt administration came into office believing that a rigged price for silver, far above the real market, was sound public policy. The Roosevelt administration fought the enactment of the Silver Purchase Act in 1934 by every possible means—even going so far as to publish lists of names of "silver speculators"—until it became evident that the silver bloc had developed considerable strength in Congress and that there were votes to be had, for other favorite administration measures, by accepting a "compromise."

Five years' results of this political bargain hunting are now spread on the record. For 5 years the American people have been paying a fantastic price for a metal for which they have no use whatever. They have bought, at home and abroad, 2,000,000,000 ounces of it—80 times as much as all the silver produced in the United States in the year before these purchases began. They have succeeded in putting money into the pockets of the owners of silver mines, to the political advantage of spokesmen of silver States, but they have done so at the cost of the general public and at the price of diluting the reserves behind American currency.

And now the members of the silver bloc have the audacity to demand a still higher price for their precious metal—$1.04 an ounce, or even $1.27—and to threaten a filibuster unless their terms are met.

If the Roosevelt administration had the courage of its early convictions in this matter, it would seize the present opportunity for a show-down—not on these new terms, but on the repeal of the whole Silver Purchase Act—lock, stock, and barrel.

THE NEW LENDING PROGRAM

Mr. BRIDGES. Mr. President, recently the President of the United States sent a message, apparently to the junior Senator from South Carolina [Mr. BYRNES]. I do not know why he chose the junior Senator from South Carolina rather than the distinguished majority leader of the United States Senate [Mr. BARKLEY]. Nevertheless, the message went to the Senator from South Carolina. It had to do with the appropriation of vast sums of money.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. BRIDGES. I yield.

Mr. BARKLEY. If I make no complaint at that procedure, I doubt whether the Senator from New Hampshire is called upon to do so. I will say to the Senator that the letter to the Senator from South Carolina was in response to a letter written by him to the President. If that offers to the Senator from New Hampshire any explanation, or if it is necessary to explain to the Senator from New Hampshire why that procedure was followed, I hope my explanation will satisfy his curiosity on that subject.

Mr. BRIDGES. I thank the Senator. I resented the slight of the President to the majority leader.

Mr. BARKLEY. It is very kind of the Senator to take up the cudgels in that respect. However, I very seriously doubt whether his conception of a slight to me impresses the Senator as much as does his opportunity now to criticize the President. So far as I am concerned, I think the letter of the Senator from South Carolina to the President was written in good faith to obtain information, and that the reply sent by the President to the Senator from South Carolina was in the same spirit, and entirely proper.

Mr. BRIDGES. I am very happy to have this explanation of the relationship between the distinguished Senator from Kentucky and the President, and to know that it is still happy in spite of the letter to the junior Senator from South Carolina.

I think the statement of the President was rather an amazing one and the proposal a most dangerous one. I think that my opinion can, perhaps, be expressed best in the words of the able Senator from Virginia [Mr. BYRD], quoted from the Washington Post this morning, when he said:

It is a bookkeeping operation "to obscure new debts and deficits" and to avoid the necessity of increasing the $45,000,000,000 public debt limit next year.

The point I am getting at is that this morning, among other Senators, I presume, I received a telegram from Mr. Frank Gannett, chairman of the National Committee to Uphold Constitutional Government. I ask to have a copy of that telegram inserted in the RECORD for the information of the Senate and the general public.

The PRESIDING OFFICER. Without objection, it is so ordered.

The telegram referred to is as follows:

On behalf of the many thousands who are supporting the National Committee to Uphold Constitutional Government, of

which I am chairman, I wish to register a most vigorous protest against the President's proposal to lend and spend almost $4,000,000,000 more of the taxpayers' money.

This proposal is a most flagrant approach to the purchase of an election. This is another step easing us toward the fulfillment of Braintruster Berle's recent prediction. I call attention to his statement before the O'Mahoney committee when he said: "The Government will have to enter into direct financing of activities now supposed to be private, and a continuance of that direct financing must mean inevitably that the Government ultimately will control and own these activities. Put differently, if the Government undertakes to create wealth by using its own credit at the rate of four billions or so a year, and if its work is well done, the Government will be acquiring direct productive mechanism at the rate of four billions' worth a year or thereabouts." In other words, the Assistant Secretary of State says this is part of the plan to have government gradually come "to own most of the productive plants of the United States."

It is an admission either of unwillingness or incapacity to make our private enterprise system function. It means further increased dependence upon government by workers and business.

If the America we have seen grow great is to be saved, we must make our economic system work, must restore conditions in which our private enterprise system can function again and give full employment.

Except the totalitarian governments, other nations are doing this. During the past 4 years, 21 nations with 600,000,000 population have had less than one-half billion of budget deficits, while the United States with one-quarter as many people has added $13,000,000,000 to its debt.

While we have talked about housing the ill-housed, these nations with budgets balanced have had from two to four times as much building activity per capita as this country; have had more prosperous agriculture, better business conditions without endangering national solvency by mounting debt, without resorting to wild, reckless spending and lending policy. Their governments did not try to substitute government activity for private enterprise, and therefore private enterprise has expanded and is functioning.

Our Nation was built by its individual citizens. The Roosevelt program, whether that be its purpose or not, is paralyzing private enterprise and is prolonging conditions that lead our people backward to increasing dependence upon government. I fear this proposed expansion of the New Deal will end with private enterprise undermined beyond recovery. Then financial disaster and collectivism will follow.

There is still time for the Nation to pull itself together. But the first thing to do is to defeat this program. It is a confession of failure. It opens the gates to dictatorship. It evades budgetary control. It keeps business stalled and confidence in the future destroyed. Does the White House "brain trust" fear that a surging, prosperous America will destroy its political machine? Emphatic rejection by Congress of this plan will have a most reassuring and encouraging effect. The country looks to Congress to kill this alarming proposal.

FRANK GANNETT,
Chairman, National Committee to

Mr. BARKLEY. I ask unanimous consent that the letter written to the President by the Senator from South Carolina [Mr. BYRNES] and the President's reply thereto be printed in the RECORD at this point.

The PRESIDING OFFICER. Without objection, it is so ordered.

The correspondence referred to is as follows:

[From the Washington Post of June 23, 1939]

THE PRESIDENT'S LETTER TO SENATOR BYRNES ON WORKS PROGRAM

President Roosevelt's letter to Senator BYRNES outlining a new public-works program follows:

"DEAR SENATOR BYRNES: I have your letter of the 19th in which you ask my position as to the provision of the 'Work Relief and Public Works Appropriation Act of 1939,' as passed by the House of Representatives (H. Res. 326), which would allot $125,000,000 to the Public Works Administration for loans and grants for non-Federal public works.

"I am opposed to this provision. It means simply that 165,000 men who are badly in need of work will have to be dropped from the Works Progress Administration rolls; men who in the great majority of cases are the sole support of families whose subsistence depends on this slender income. What will happen to most of these men is that they will be forced onto already overburdened direct relief rolls of cities, towns, and counties, or, if these are insufficient to care for them, onto private charity.

"LOANS FOR PROJECTS

"I believe there is a better way to accomplish the laudable purpose of this bill. The great majority of people of this country have come to realize that there are certain types of public improvements and betterments which should be undertaken at times when there is need for a stimulus to employment. At such times the Federal Government should furnish funds for projects of this kind at a low rate of interest, it being clearly understood that the projects themselves shall be self-liquidating and of such a nature as to furnish a maximum of employment per dollar of investment.

"There seems no reason why there should not be adopted as a permanent policy of the Government the development and maintenance of a revolving fund fed from the earnings of these Government investments and used to finance new projects at times when there is need of extra stimulus to employment. Such times will recur in the future, as they have in the past, and there will always be need for public facilities and improvements in our natural resources which can be most profitably met by the use at times of greatest need of employment of the accumulated receipts of such a revolving fund.

"TO BE SELF-LIQUIDATING

"At my suggestion, various departments and agencies of the Government have canvassed the situation to find projects which will meet genuine public needs—projects that can be put under way quickly and, of great importance, will be self-liquidating. They have found a variety of such projects which have stood the test of careful scrutiny and which hold the promise of a great volume of productive expenditure and employment. I believe this is a much sounder method of dealing with the problem than the diversion of $125,000,000 of work-relief funds. All can be financed through the issuance of guaranteed securities by Government agencies with good prospect of repayment of both principal and interest through earnings.

"I have caused estimates to be made of the extent of the field for investment of funds in revenue-earning channels on a self-liquidating basis and in no way competitive with private enterprise. The estimates are, I believe, conservative. The types of projects I have in mind are listed below, together with the sums which, it is estimated, can be put to work to provide employment for men and machines in diverse lines of industry within the coming fiscal year. These projects are in addition to programs already submitted.

[In millions of dollars]

	Program duration (years)	Total amount of program	Loan disbursements, fiscal year 1940
I. Federal Works agency:			
(a) Non-Federal public works. Projects of the self-financing type to be financed by loans at sufficiently low rates of interest to stimulate borrowing for this purpose. The type of project would be water works, sewage disposal plants, bridges, hospitals and other municipal projects.	2	350	150
(b) Express post roads. Self-liquidating toll roads, bridges, high-speed highways, and city bypasses.	4	750	150
(c) Railroad equipment. Authority to purchase all types of railroad equipment which is to be leased to railroads at a rate which will return the cost to the United States over a period of years. Carriers would have the option to buy the leased equipment.	3	500	100
II. Department of Agriculture:			
(a) Rural Electrification. Expansion of present rural electrification program to reach a maximum of 1¼ million rural families not now receiving electric service nor likely to receive such service in the near future.	7	400	20
(b) Farm-tenant program. Expansion of self-liquidating portion of the Farm Security Administration for tenant-farm purchases, rehabilitation program, loans for minor improvements and repairs, loans to resettlement cooperatives, and loans for water facilities.	2	500	250
III. Foreign loans. Extension of short- and long-term loans to foreign governments for the purpose of promoting our foreign trade. The proceeds of these loans would be spent in the United States and would be used for development and reconstruction purposes in the foreign country.	2	500	200
Total		306	870

"STIMULANT SEEN

"This program would stimulate a greater amount of productive expenditure than is indicated by the total estimated loan disbursements of $870,000,000 for the fiscal year 1940. Some parts of it will involve additional local expenditures not financed by Federal funds, and other indirect expenditures will be generated.

"To give effect to the program outlined above, some supplementary legislation will be necessary. As a part, however, of the whole program for stimulating productive employment, I include another proposal which will not require legislation in addition to that now pending. This is the expansion of the public-housing program of the United States Housing Authority through extending

its borrowing power by $800,000,000. I have already indicated my approval of this legislation.

"If you think well of such a program as I have outlined, I shall be glad to confer with you and your colleagues and with Members of the House of Representatives. I am sending copies of this letter to the chairmen of the Appropriations, Finance, and Banking and Currency Committees of the Senate, and to the chairmen of the Ways and Means, Banking and Currency and Appropriations Committees of the House.

"Sincerely,

"FRANKLIN D. ROOSEVELT."

BYRNES NOTE CITED

The President wrote Senator BYRNES in response to the following communication he received from the Senator under date of June 19:

"DEAR MR. PRESIDENT: The resolution passed by the House on the sixteenth, making an appropriation for work relief, provides that of the amount appropriated $125,000,000 shall be transferred to the Public Works Administration.

"You did not submit to the Congress an estimate for an appropriation for the Public Works Administration. I wish you would advise me what effect, in your opinion, this transfer will have upon the number of persons to be furnished employment during the next fiscal year, and whether you believe the transfer wise.

"Very respectfully,

"JAMES F. BYRNES."

Mr. MINTON. Mr. President, the telegram inserted in the RECORD by the Senator from New Hampshire is from Mr. Frank Gannett. In order that it may be known who Mr. Gannett is, let me say that he is the egocentric editor in New York State who proposes that the President of the United States resign and give up the remainder of his term. So the Senators can measure the kind of credibility they should give to a statement that emanates from Frank Gannett, who runs the Committee to Uphold Constitutional Government about which we heard so much here a short time ago. If that organization is to dictate the policies of this country, then, indeed, our liberties must be looked to.

Mr. BRIDGES. Mr. President, will the Senator yield?

Mr. MINTON. I yield.

Mr. BRIDGES. Does the Senator from Indiana believe that the people whom Mr. Gannett represents have a right to express their voice on public affairs in this Nation?

Mr. MINTON. Oh, yes; they have a right to express their voice, but I want the people to know who Mr. Gannett is, so that they may weigh the credibility of Mr. Gannett and know what credit to give to any statement made by Frank Gannett. All I want the RECORD to show is who Mr. Frank Gannett is.

Mr. BRIDGES. The Senator will admit further, will he not, that Mr. Gannett is an outstanding newspaper publisher and is a businessman of high standing?

Mr. MINTON. I would not admit that he is outstanding in anything except in the estimate he has of himself.

Mr. President, at this point I should like to have inserted in the RECORD an article that appeared recently in the Philadelphia Record entitled "The Case for the New Deal." It will make very interesting reading to the Senator from New Hampshire.

The PRESIDING OFFICER. Without objection, the editorial may be printed in the RECORD.

The article referred to is as follows:

[From the Philadelphia Record]

THE CASE FOR THE NEW DEAL

"For some strange reasons," writes Jay Franklin in his syndicated column, "the Tories rage and the Wall Streeters gnash their fangs" whenever there are disclosures that they are "making pots more money under Roosevelt than under Hoover." Recalling their rage, he quoted recent statistics of increased net earnings from Hearst financial editors and the Associated Press, Franklin vouches for the substantial accuracy of figures contained in a report by the economist, Eric Muehlberger, of New York. "Remember in early 1932," says Franklin, "it was far from sure, politically, that President Hoover would not be reelected. Big business then expressed confidence the White House could pump into the market, there was no S. E. C. or Wages and Hours Act, no National Labor Relations Act—in fact, no 'deterrents,' no foreign war scares." He then quotes from the Muehlberger report—to an unnamed corporation—the picture of Mr. Hoover's "confident" big business and Mr. Roosevelt's "discouraged" big business for the first quarter of 1932 as compared with the first quarter of 1939.

The figures show that in the sixth year business is more than 50 percent better than in the third year of Hoover, and they show up better during the second than in the first quarter of 1939. These data, Franklin reminds, "are taken for a period when Roosevelt was acting for the country as a whole."

Commodity	Under Hoover, 1932	Under Roosevelt, 1939
Stock prices (average)	$81.20	$100.61
Bond prices (average)	$74.29	$85.78
Monetary gold stock	$4,345,000,000	$15,801,000,000
Federal Reserve credit	$1,859,000,000	$2,572,000,000
Currency circulation	$5,548,000,000	$6,915,000,000
Brokers' loans	$379,016,662	$547,443,175
New York rediscount rate (percent)	3	1
Business failures	11,261	4,174
United States steel (tons shipped)	1,124,851	2,235,209
Steel ingot output	$4,329,830	$9,506,594
Pig-iron output	$3,757,196	$8,315,927
Automobile production	376,665	1,055,576
Building permits	$74,677,796	$293,703,797
Petroleum output (barrels)	36,936,900	57,175,850
Bituminous coal (tons)	102,455,000	111,650,000
Electric current (kilowatt-hours)	26,094,970,000	37,893,658,000
United States raw cotton consumed (bales)	1,374,010	1,803,521
United States wool consumption (pounds)	57,600,000	97,400,000
Rayon yarn consumption (pounds)	39,800,000	102,400,000
United States exports	$461,000,000	$699,821,000
United States imports	$398,000,000	$526,652,000
Railway earnings (51 roads)	$66,045,525	$84,998,333
Sears, Roebuck sales	$59,793,251	$125,428,094
Moody's commodity index	86.5	141.8
Wheat (bushels)	.68	.95
Corn (bushels)	.45	.66
Oats (bushels)	.34	.46
Cotton (pounds)	5.77	9.26
Wool (pounds)	.44½	.62½
Crude oil (barrels)	2.02	2.00
Coal furnace (tons)	11.62	10.08
Copper (pounds)	5.75	10.37
Lead (pounds)	3.00	4.75
Zinc (pounds)	2.51	4.50
Steel scrap (tons)	9.80	14.75
Iron pigs (tons)	15.00	22.84
Steel billets (tons)	27.00	34.00
FEDERAL RESERVE BOARD INDICES (1923–25=100)		
Industrial production	67	98
Manufacturers	65	96
Minerals	84	110
Construction	26	58
Factory employment	68	91
Factory pay rolls	53	87
Carloadings	61	66
Department store sales	70	88

Mr. BARKLEY. Mr. President, in that connection, inasmuch as Mr. Gannett's name has been brought into this discussion, I recall receiving, as I think all other Senators received a few days ago, a letter from Mr. Gannett in which he expressed, among other things, his approval of the action taken by the President in devaluing the dollar and his regret that the President did not go the whole distance rather than only 50 percent of it. I wonder if the Senator from New Hampshire agrees to that position taken by Mr. Gannett and has inserted in the RECORD Mr. Gannett's letter to that effect?

Mr. BRIDGES. No. If Mr. Gannett took that position, I do not agree with it, but I believe that, as an American citizen, Mr. Gannett has a perfect right to take that position. I do agree wholeheartedly with him in the position expressed in the telegram of this morning.

Mr. BARKLEY. The Senator agrees with Mr. Gannett when Mr. Gannett agrees with him?

Mr. BRIDGES. Most certainly.

EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE REPORTS OF A COMMITTEE

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters, which were ordered to be placed on the Executive Calendar.

The PRESIDING OFFICER (Mr. O'MAHONEY in the chair). If there be no further reports of committees, the clerk will state the nominations on the calendar.

THE JUDICIARY—WILLIAM S. BOYLE

The legislative clerk read the nomination of William S. Boyle to be United States attorney for the district of Nevada, which had been reported adversely.

Mr. BARKLEY. Mr. President, that nomination may go over.

The PRESIDING OFFICER. The nomination will be passed over.

LIBRARIAN OF CONGRESS

The legislative clerk read the nomination of Archibald MacLeish, of Connecticut, to be Librarian of Congress.

Mr. BARKLEY. That nomination may also go over.

The PRESIDING OFFICER. The nomination will be passed over.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. BARKLEY. I ask unanimous consent that the nominations of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations of postmasters are confirmed en bloc.

IN THE ARMY

The legislative clerk proceeded to read sundry nominations for appointment and appointment by transfer in the Regular Army.

Mr. BARKLEY. I make the same request as to confirmation en bloc regarding the Army nominations.

The PRESIDING OFFICER. Without objection, the Army nominations are confirmed en bloc.

That completes the calendar.

RECESS

Mr. BARKLEY. As in legislative session, I move that the Senate now recess, according to the order previously entered, to 11 o'clock a. m. on Monday next.

The motion was agreed to; and (at 1 o'clock and 5 minutes p. m.) the Senate took a recess, the recess being, under the order previously entered, until Monday, June 26, 1939, at 11 o'clock a. m.

CONFIRMATIONS

Executive nominations confirmed by the Senate June 24 (legislative day, June 22), 1939

APPOINTMENTS IN THE REGULAR ARMY

DENTAL CORPS

To be first lieutenants

Francis Emmett Cummings
Walter Nicholls Graham
Calvin George Hagerman
Hal David Oakley, Jr.
Elbert Lafayette Fenske
Richard Jackmond Burch
Reginald James Fallis
John Peter Christensen, Jr.
Charles Hightower Traynham
Donald Louis Cook
Scott Darrow Linn
Merle Wayne Ogle

APPOINTMENTS, BY TRANSFER, IN THE REGULAR ARMY

TO QUARTERMASTER CORPS

Maj. Benjamin Witwer Pelton.
First Lt. Samuel Edwin Beggs, Jr.

POSTMASTERS

ARIZONA

John B. Boone, Coolidge.

COLORADO

Roy Maxwell, Fort Collins.

CONNECTICUT

Joseph R. Tyrseck, Montville.
Moses W. Rathbun, Noank.
Charles H. Yeager, Rockyhill.

LOUISIANA

Annie F. Gambrell, Minden.

OHIO

Lillian C. Goodell, Mantua.

OKLAHOMA

Frank N. Jones, Garber.

PENNSYLVANIA

William Galicic, Export.
Charles Furner Cairns, Ligonier.

SENATE

MONDAY, JUNE 26, 1939

(Legislative day of Thursday, June 22, 1939)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

The Chaplain, Rev. ZeBarney T. Phillips, D. D., offered the following prayer:

Our Heavenly Father, under whose ceaseless rule and governance the life of our human world persists with its everlasting mixture of good and evil: Write again Thy law in our hearts, that we may direct our steps thereby and rest on the one certain foundation that right is right and man is man and the master of his fate. Help us to realize that in every generation the spirit of restraint and conservation of all that is best in the life of body and soul is necessary if the curse of oppression and tyranny is to be mastered by the glorious sense of freedom. May we keep the springs of our life unpolluted, lest we sacrifice the best and most sacred things on the altars of illusive happiness; and grant that the urge of our hearts may be centered only on friendships of the highest and loves of the purest, and that our supreme affections should find their satisfaction and completeness in Him who is the strong Son of God, Immortal Love. We ask it in His name and for His sake. Amen.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Saturday, June 24, 1939, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. MINTON. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Danaher	Johnson, Calif.	Reed
Andrews	Davis	Johnson, Colo.	Reynolds
Ashurst	Downey	King	Russell
Austin	Ellender	La Follette	Schwellenbach
Bailey	Frazier	Lee	Shipstead
Bankhead	George	Lodge	Slattery
Barbour	Gerry	Logan	Smathers
Barkley	Glass	Lucas	Stewart
Bilbo	Green	McCarran	Thomas, Okla.
Bone	Guffey	McKellar	Tobey
Borah	Gurney	Maloney	Townsend
Bridges	Hale	Miller	Truman
Brown	Harrison	Minton	Tydings
Bulow	Hatch	Murray	Vandenberg
Burke	Hayden	Neely	Van Nuys
Byrd	Herring	Norris	Wagner
Byrnes	Hill	Nye	Walsh
Capper	Holman	O'Mahoney	Wheeler
Clark, Idaho	Holt	Pittman	White
Clark, Mo.	Hughes	Radcliffe	Wiley

Mr. MINTON. I announce that the Senator from Wyoming [Mr. SCHWARTZ] is detained from the Senate because of illness.

The Senator from South Carolina [Mr. SMITH] is absent because of illness in his family.

The Senator from Arkansas [Mrs. CARAWAY], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Texas [Mr. CONNALLY], and the Senator from Minnesota [Mr. LUNDEEN] are necessarily detained.

The Senator from Iowa [Mr. GILLETTE], the Senator from New York [Mr. MEAD], the Senator from Florida [Mr. PEPPER], the Senator from Texas [Mr. SHEPPARD], and the Senator from Utah [Mr. THOMAS] are absent on important public business.

Mr. AUSTIN. I announce that the Senator from Oregon [Mr. MCNARY] is absent because of illness.

My colleague, the junior Senator from Vermont [Mr. GIBSON], is necessarily absent.

The Senator from Ohio [Mr. TAFT] is absent attending the wedding of his son.

The VICE PRESIDENT. Eighty Senators have answered to their names. A quorum is present.

INDUSTRIAL ADVANCEMENT OF THE QUINAIELT INDIANS

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Interior, transmitting a draft of proposed legislation to promote sustained-yield forest management, preserve scenic and recreational values, insure the industrial advancement of the Quinaielt Indians, and for other purposes, which, with the accompanying papers, was referred to the Committee on Indian Affairs.

REPORT OF THE RECONSTRUCTION FINANCE CORPORATION

The VICE PRESIDENT laid before the Senate a letter from the chairman and secretary of the Reconstruction Finance Corporation, submitting, pursuant to law, a report covering the operations of the Corporation for the first quarter of 1939, and for the period from the organization of the Corporation on February 2, 1932, to March 31, 1939, inclusive, which, with the accompanying papers, was referred to the Committee on Banking and Currency.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a telegram in the nature of a memorial from the United Brotherhood of Carpenters, Local Union No. 1204, of Brooklyn, N. Y., protesting against the enactment of the so-called Woodrum W. P. A. joint resolution now pending, and favoring a standard living wage for those employed on W. P. A. projects, which was referred to the Committee on Appropriations.

He also laid before the Senate a telegram in the nature of a memorial from the National Citizens Committee for support of the W. P. A., signed by Marie L. Coleman, secretary, Washington, D. C., remonstrating against local sponsorship for arts projects under the W. P. A., and stating that if decreases in employment be necessary no one arts project should be decreased more in proportion than the decreases in the total of work relief employment, which was referred to the Committee on Appropriations.

He also laid before the Senate a telegram in the nature of a memorial from the National Citizens Committee for support of the W. P. A., signed by Marie L. Coleman, secretary, Washington, D. C., remonstrating against local sponsorship for the historical records survey under the W. P. A., and stating that if decreases be made in the historical records survey such decreases should not exceed proportionate decreases in the total of work relief employment, which was referred to the Committee on Appropriations.

Mr. JOHNSON of California presented the following joint resolution of the Legislature of California, which was referred to the Committee on Agriculture and Forestry:

Senate Joint Resolution 13

Relative to the holding of an interstate conference on agricultural refugees and memorializing the President and Congress of the United States to sponsor such conference

Whereas the plight of agricultural refugees is a matter of concern to all States and to the Nation as a whole; and

Whereas the distressing conditions under which agricultural refugees now exist demand immediate amelioration: Now, therefore, be it

Resolved by the Senate and Assembly of the State of California, jointly, That the legislature of this State hereby memorializes the President and Congress of the United States to sponsor an interstate conference on agricultural refugees in distress, with participation therein of Governors of the States of origin and States of destination of the migrants, together with the participation of appropriate Federal agencies, and that the Members of the Senate and of the House of Representatives from California are hereby urged and requested to use all honorable means to bring about such a conference; and be it further

Resolved, That copies of this resolution be forthwith transmitted to the President of the United States, the President of the Senate, the Speaker of the House of Representatives, and the Members of the House and Senate from the State of California.

Mr. JOHNSON of California also presented the following joint resolution of the Legislature of California, which was referred to the Committee on Appropriations:

Senate Joint Resolution 14

Relative to the Voorhis bill and memorializing the President and Congress of the United States to take immediate steps for the passage of such bill

Whereas there is pending in the Congress of the United States a bill known as the Voorhis bill, designed to provide Federal financial aid for the care of destitute nonresidents, and to secure uniform residence requirements among the States; and

Whereas passage of this measure is of vital importance to the State of California because it receives disproportionately a heavy influx of destitute farmers; and

Whereas California is financially and otherwise unable to shoulder the relief burden imposed by such influx in the absence of Federal financial aid and uniform residence requirements among the States: Now, therefore, be it

Resolved by the Senate and Assembly of the State of California, jointly, That the legislature of this State hereby memorializes the President and Congress of the United States to consider and enact said Voorhis bill into law and that the Members of the Senate and of the House of Representatives from California are hereby urged and requested to use all honorable means in the furtherance of the enactment of such legislation; and be it further

Resolved, That copies of this resolution be forthwith transmitted to the President of the United States, the President of the Senate, the Speaker of the House of Representatives, and the Members of the House and Senate from the State of California.

Mr. JOHNSON of California also presented the following joint resolution of the Legislature of California, which was referred to the Committee on Indian Affairs:

Senate Joint Resolution 22

Relative to memorializing the President and Congress to enact legislation for the rehabilitation of the Indians of the Auburn Rancheria and affiliated Indians in California

Whereas there reside in Placer County, Calif., at and near the Auburn Rancheria near the city of Auburn, Indians comprising approximately 50 families; and

Whereas most of these Indians are huddled together on the Auburn Rancheria, which consists of 20 acres of unproductive, rocky, boulder-covered land of such poor quality that it will not support kitchen gardens, and which is without any water supply; and

Whereas the living conditions and health conditions of these Indians are deplorable, constituting a menace to the health and welfare of the community and of all the residents of Placer County; and

Whereas these Indians have long desired suitable housing accommodations on lands capable of development and productivity, so that they may improve their condition and take their place among their neighbors as useful, productive, worthy members of the community, and to this end they have initiated a movement for legislation authorizing and providing funds for the purchase of small, separate tracts of arable land, together with an adequate water supply, and such construction materials and domestic equipment and supplies as may be necessary for the establishment of decent homes; and

Whereas the need for such legislation has been recognized by representative citizens of Auburn and by many organizations in the vicinity and elsewhere, and such legislation has been requested by the board of supervisors of Placer County in a resolution adopted March 6, 1939; and

Whereas such legislation would operate to better the economic and social conditions of the Indians in Placer County, and would be of benefit to the entire community and to the State of California: Now, therefore, be it

Resolved by the Senate and Assembly of the State of California, jointly, That the Legislature of the State of California does hereby respectfully urge the President and the Congress of the United States to enact legislation for the rehabilitation of the Indians of the Auburn Rancheria and affiliated Indians in Placer County, Calif., to authorize the Secretary of the Interior to purchase such lands, water rights, building materials, equipment, and supplies as may be necessary to provide for these Indians suitable homes in California upon small, separate tracts of fertile land, adequately supplied with water, and to provide the funds necessary therefor; and be it further

Resolved, That the secretary of the senate is hereby directed to transmit a copy of this resolution to the President and Vice President of the United States and to each Member from California of the Senate and the House of Representatives of the United States, to the Honorable Harold L. Ickes, Secretary of the Interior, and to the Honorable John Collier, Commissioner of Indian Affairs.

The VICE PRESIDENT laid before the Senate a resolution identical with the foregoing, which was referred to the Committee on Indian Affairs.

W. P. A. AND P. W. A. PROJECTS

Mr. WAGNER presented a resolution of the board of estimate of the city of New York, which was referred to the Committee on Appropriations and ordered to be printed in the RECORD, as follows:

Whereas there is now pending in the Congress of the United States a new relief bill proposed by the Appropriations subcommittee headed by Representative CLIFTON WOODRUM; and

Whereas this relief bill would reduce the appropriation for Public Works to $125,000,000; and

Whereas this bill inflicts a serious blow upon the taxpayers of the city of New York by making it impossible to build P. W. A. projects

costing more than $225,000 and W. P. A. projects costing more than $40,000; and

Whereas this measure totally destroys the Federal theater projects which have contributed so greatly to the culture of our city and to the development of a people's culture throughout the country: Therefore be it

Resolved, That the board of estimate of the city of New York, in regular meeting assembled, hereby respectfully memorializes the Congress of the United States to delete from the 1940 relief bill the above-mentioned objectionable provisions; and be it further

Resolved, That copies of this resolution be sent to the President of the United States, the Vice President, the Speaker of the House, and the Members of the Congress.

REPORTS OF COMMITTEES

Mr. HATCH, from the Committee on the Judiciary, to which was referred the bill (S. 2185) to provide for the appointment of additional district and circuit judges, reported it with amendments.

Mr. HILL, from the Committee on Military Affairs, to which was referred the bill (S. 2586) to authorize the acquisition of additional land for military purposes, reported it without amendment and submitted a report (No. 666) thereon.

Mr. LOGAN, from the Committee on Military Affairs, submitted a supplemental report (pt. 2 of Rept. No. 612), to accompany the bill (S. 507) to provide allowances for inactive-status training and for uniforms and equipment for certain officers of the Officers' Reserve Corps, heretofore reported by him from that committee with amendments.

He also, from the same committee, to which was referred the bill (S. 2562) to facilitate certain construction work for the Army, and for other purposes, reported it without amendment and submitted a report (No. 667) thereon.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Calloway, one of its reading clerks, announced that the House had passed a bill (H. R. 6970) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1939, to provide appropriations required immediately for the fiscal year ending June 30, 1940, and for other purposes, in which it requested the concurrence of the Senate.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. LOGAN:

S. 2696. A bill for the relief of Frank A. Logan; to the Committee on Claims.

By Mr. BYRNES:

S. 2697. A bill to facilitate the execution of arrangements for the exchange of surplus agricultural commodities produced in the United States for reserve stocks of strategic and critical materials produced abroad; to the Committee on Banking and Currency.

By Mr. RADCLIFFE:

S. 2698. A bill to amend section 213 (f) (1) of the Revenue Act of 1939; to the Committee on Finance.

By Mr. BYRD:

S. 2699. A bill for the relief of W. C. and James Latane, and Willie Johnson; to the Committee on Claims.

By Mr. MURRAY:

S. 2700. A bill for the relief of Walter Daniels; to the Committee on Claims.

S. 2701. A bill relating to annual assessment work on groups of mining claims; and

S. 2702. A bill to extend the time within which annual assessment work on mining claims held by location in the United States may be commenced, for the year commencing at 12 o'clock m., July 1, 1938; to the Committee on Mines and Mining.

By Mr. HATCH:

S. 2703. A bill for the relief of F. W. Heaton; to the Committee on Claims.

By Mr. HILL:

S. 2704. A bill for the relief of Mr. and Mrs. C. W. Black and Marion Rabren; to the Committee on Claims.

HOUSE BILL REFERRED

The bill (H. R. 6970) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1939, to provide appropriations required immediately for the fiscal year ending June 30, 1940, and for other purposes, was read twice by its title and referred to the Committee on Appropriations.

REVENUE FOR THE DISTRICT OF COLUMBIA—AMENDMENT

Mr. TYDINGS submitted an amendment intended to be proposed by him to the bill (H. R. 6577) to provide revenue for the District of Columbia, and for other purposes, which was ordered to lie on the table and to be printed.

AMENDMENT OF THE SOCIAL SECURITY ACT—AMENDMENTS

Mr. WILEY submitted two amendments, and Mr. LA FOLLETTE (for himself and Mr. MURRAY) submitted sundry amendments intended to be proposed by them to the bill (H. R. 6635) to amend the Social Security Act, and for other purposes, which were referred to the Committee on Finance and ordered to be printed.

WORK RELIEF AND RELIEF—AMENDMENTS

Mr. HAYDEN (for himself and Mr. MEAD) submitted an amendment intended to be proposed by them, jointly, to the joint resolution (H. J. Res. 326) making appropriations for work relief, relief, and to increase employment by providing loans and grants for public-works projects, for the fiscal year ending June 30, 1940, which was referred to the Committee on Appropriations and ordered to be printed.

Mr. ANDREWS submitted sundry amendments intended to be proposed by him to House Joint Resolution 326, which were referred to the Committee on Appropriations and ordered to be printed.

RELIEF PROGRAM—ADDRESS BY SENATOR SCHWELLENBACH

[Mr. ANDREWS asked and obtained leave to have printed in the RECORD a radio address on the subject of the relief program, delivered by Senator SCHWELLENBACH on June 25, 1939, which appears in the Appendix.]

ADDRESS BY SENATOR JOHNSON OF COLORADO AT TOMB OF UNKNOWN SOLDIER

[Mr. LOGAN asked and obtained leave to have printed in the RECORD an address delivered on June 18, 1939, at the Tomb of the Unknown Soldier, by Senator JOHNSON of Colorado, which appears in the Appendix.]

INCREASE IN COLLECTIVE-BARGAINING CONTRACTS

[Mr. WAGNER asked and obtained leave to have printed in the RECORD an article by David J. Saposs, chief economist, and Sara Gamm, associate economist, National Labor Relations Board, relative to the increase in collective-bargaining agreements under the National Labor Relations Act, which appears in the Appendix.]

ADDRESSES AT VESPER FLAG SERVICE BY SENATOR BARKLEY, SENATOR CHAMP CLARK, AND DENIS CONNELL

[Mr. CAPPER asked and obtained leave to have printed in the RECORD addresses delivered on Sunday, June 11, 1939, at the vesper flag service of the United States Flag Association, by Senator Barkley, Senator Champ Clark, and Denis Connell, which appears in the Appendix.]

ADDRESS BY HON. JAMES A. FARLEY BEFORE TENNESSEE CHAPTER NATIONAL ASSOCIATION OF POSTMASTERS

[Mr. STEWART asked and obtained leave to have printed in the RECORD an address delivered by Hon. James A. Farley, Postmaster General of the United States, at the annual convention of the Tennessee Chapter of the National Association of Postmasters, held at Chattanooga, Tenn., June 5, 1939, which appears in the Appendix.]

THE BANKER IN A CHANGING ECONOMY—ADDRESS BY LEO T. CROWLEY

[Mr. BROWN asked and obtained leave to have printed in the RECORD an address on the subject of The Banker in a Changing Economy, delivered on June 21, 1939, by Leo T. Crowley, Chairman of the Federal Deposit Insurance Corporation, before the annual convention of the Michigan Bank-

ers' Association at Detroit, Mich., which appears in the Appendix.]

COST OF PRODUCTION, ETC.—ADDRESS BY EDWARD E. KENNEDY

[Mr. FRAZIER asked and obtained leave to have printed in the RECORD a radio address on the subject of the Cost of Production, S. 570, and a Reply to Mr. Vesecky, delivered by Edward E. Kennedy, Washington representative of the National Farmers' Guild, on June 24, 1939, which appears in the Appendix.]

ARCHIBALD MACLEISH

[Mr. MALONEY asked and obtained leave to have printed in the RECORD an editorial from the New York World Telegram of June 8, 1939, relative to the nomination of Archibald MacLeish to be Librarian of Congress, which appears in the Appendix.]

OUR CHALLENGE TO THE PROPHETS OF DOOM—ARTICLE FROM PUBLICATION OF FRATERNAL AERIE OF EAGLES

[Mr. MALONEY asked and obtained leave to have printed in the RECORD an article entitled "Our Challenge to the Prophets of Doom," published by the Fraternal Aerie of Eagles in connection with its recent State convention in Connecticut, which appears in the Appendix.]

YOU CAN MAKE YOUR GOVERNMENT SAVE—ARTICLE BY WILLIAM HARD

[Mr. BYRD asked and obtained leave to have printed in the RECORD an article by William Hard, published in the Forum magazine, entitled "You Can Make Your Government Save," which appears in the Appendix.]

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

STABILIZATION FUND AND WEIGHT OF THE DOLLAR

The Senate resumed the consideration of the bill (H. R. 3325) to extend the time within which the powers relating to the stabilization fund and alteration of the weight of the dollar may be exercised.

The VICE PRESIDENT. The Senate by a unanimous-consent agreement on Saturday provided for voting on what is known as the Pittman amendment to the Adams amendment not later than 12:30 o'clock today. The Senator from Kentucky [Mr. BARKLEY] announced that the Senator from Nevada [Mr. PITTMAN] desired to make some further remarks upon his amendment.

Mr. PITTMAN. Mr. President, I desire to modify my own amendment. I expected some other Senator to go on with the debate this morning, because at 12:30 we are to vote on my amendment; but it seems that no one is ready to go on with it, and I desire to make a few corrections in my amendment, which I have not had time to do up to this moment.

Mr. BARKLEY. Mr. President——

Mr. PITTMAN. I yield the floor to the Senator from Kentucky.

Mr. BARKLEY. In order to accommodate the Senator from Nevada, who wishes to perfect his amendment, I myself will occupy the floor for a few minutes.

The VICE PRESIDENT. Is there objection to the Senator from Nevada modifying his amendment? The Chair hears none. The Senate having acted on the amendment in the sense of having agreed to vote upon it at a certain time, in the opinion of the Chair, it would not be in order to modify the amendment except by unanimous consent; but the Senate has now given such consent.

Mr. WAGNER. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. WAGNER. The fact that by unanimous consent the amendment is to be modified does not change the unanimous-consent agreement to vote upon the Pittman amendment at 12:30 today, does it?

The VICE PRESIDENT. It does not.

Mr. BARKLEY. Mr. President, it is somewhat difficult to discuss an amendment which is going to be changed after the discussion; but I appreciate the situation in which the Senator from Nevada finds himself. He cannot speak and change his amendment at the same time; so I am going to say now what I have to say, at least a part of it, and if there is any time left before the vote I may direct my remarks a little more specifically to the amendment as it will be modified.

Fundamentally, the proposition before the Senate is, regardless of the price at which any amendment seeks to compel the President to buy silver, whether Congress shall direct the President or the Secretary of the Treasury or both of them to pay a minimum price for silver purchased under the bill we are now considering, or under any authority of law.

I think Senators are likely to find themselves somewhat confused about the whole silver question. We talk about the Government buying silver and paying so much an ounce for it. The Government is not actually buying silver from the silver producers. What is happening is that the producers of silver take their product to the mint, and, by a mutual arrangement entered into between the Government and the producers of silver, the Government retains one-half of the silver presented to the mint in the form of what has been known for many years as seigniorage. As I explained on Saturday, it is more like a toll taken out of wheat by the miller in return for grinding the wheat at the mill. The Government takes half of the silver as its part of the production, in return for the coinage of the other half and its delivery to the producer of silver.

When the owner of silver takes his half of the coined silver back with him and uses it to pay his debts and in the transaction of business, because there is less than an ounce of silver in the dollar it so happens that the price he gets for it after it is coined and he utilizes it in the transaction of business is $1.29 an ounce. If there were an ounce of silver in the dollar, and he had it coined and paid it out in ordinary business transactions, the price to him of the half he gets back would be a dollar an ounce, because it would be represented in the coined silver dollar. Because the law provides for the amount of silver that goes into a dollar as less than an ounce, about three-fourths of an ounce—I have forgotten the exact number of grains—when the owner of silver takes that three-fourths of an ounce back home with him in the form of dollars, he gets a dollar for three-fourths of an ounce, and that figures about $1.29 an ounce. The producers of silver get $1.29 an ounce for all they take back in the form of coin; but because they take back only half the amount they produce they divide the $1.29 in two, and figure that they are getting 64.64 cents for the entire amount of silver they take to the mint. That is how it is that 64.64 cents is figured as the present price of silver.

If the amendment offered by the Senator from Nevada should be adopted, it would mean that all the silver taken by the producer to the mint would be coined into dollars and turned back to the producer, and he would get $1 for each three-fourths of an ounce of silver, and, of course, the Government would get nothing whatever for its trouble and its expense in making the coinage. I believe the Senator's amendment does allow 2 cents, because he is basing his amendment on $1.27 instead of $1.29, which leaves the Government 2 cents for the privilege of coining the silver into money.

Mr. McCARRAN. Mr. President, will the Senator from Kentucky yield?

Mr. BARKLEY. I yield.

Mr. McCARRAN. I take it that the Senator is not overlooking the fact that by law the value of an ounce of silver in the American dollar is $1.29 plus, and that we put that silver out in the way of money—legal tender—from the mint, at the value of $1.29 per ounce.

Mr. BARKLEY. That is what I have been trying to explain, that is, that after the silver is coined and put back into circulation as compared with the gold dollar it is worth $1.29 to the producer. In other words, when the producer of silver comes to the mint and takes back his share

of the silver coined into dollars or half dollars, and turns that money loose on the market, it is worth, by comparison, $1.29.

Mr. McCARRAN. May I interrupt the Senator a little further?

Mr. BARKLEY. I yield.

Mr. McCARRAN. The silver which the Government retains and either stores in the mint or issues by the way of currency is also worth to the Government $1.29 per ounce.

Mr. BARKLEY. If the Government coins it into dollars and uses it to pay its obligations, of course it brings $1.29, just as the dollar that is used by the silver producer does, because there is three-quarters of an ounce in the dollar, and, of course, when it is put out as a dollar the three-quarters of an ounce becomes worth $1.29 per ounce because it is coined. But if it is sold on the market, either in this country or on the world market, and the Government is taking all the silver that is produced domestically, and it has been buying more foreign silver than we have been producing in this country; during the first 5 months of this year the Government bought or took over approximately $40,000,000 worth of silver produced in the United States; it bought approximately $60,000,000 worth of silver produced in other countries.

The point is that, regardless of what the figure may be, whether it be $1.29 or $1.27, or any other amount, I do not believe the Congress should by law compel the President to pay a minimum of $1.29, or $1.27, or $1.04, or 77 cents, or even 64.64 cents, which is the present price, when the average market price, the world price, is only 40 cents an ounce. We are paying 43 cents an ounce for foreign silver, and the effect is that we are paying 64.64 cents an ounce for domestic silver. So I do not believe the President or the Secretary of the Treasury ought to be compelled by law to pay any particular minimum price for silver, because it is impossible for the Secretary or the President to know what may happen to the silver market or to the exchange market within 6 months or a year, or any other length of time.

Mr. HUGHES. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. HUGHES. The Senator from Kentucky started to say what the silver, which went into the dollar that was coined and the silver retained in the Treasury, three-quarters of an ounce, I understand, was really worth as silver, and the Senator got off onto something else.

Mr. BARKLEY. As silver in the silver market, it would be worth 30 cents, because the world market price of silver now is 40 cents per ounce. Last Friday the price was 40½ cents, although the Treasury is paying 43 cents for foreign silver. But the world market is 40 cents, approximately, so that the three-quarters of an ounce which goes into a dollar would be worth 30 cents in the world market.

I will also say to the Senator from Delaware and to other Senators that if it were not for the fact that the Government of the United States is now buying about $12,000,000 worth of foreign silver per month, which amounts to something over $120,000,000 a year, and is buying about $8,000,000 or $10,000,000 worth of domestic silver a month, for which it is paying, in terms of equality, 64.64 cents—if it were not for those two things, the world price of silver would probably drop to 20 or 25 cents an ounce, what it was before the present program of the administration was inaugurated 5 years ago, which lifted the price of silver to the figure which it has maintained since.

The Senator from Oregon asked me to repeat the figures I gave with reference to the price of silver. In order that we may not dwell in a fog of confusion about the silver situation, we must keep in mind that the Government of the United States is not going out and buying domestic silver and paying 64.64 cents, or any other amount, in money, in dollars. What happens is that when the producers bring the silver to the mint the Government, under an arrangement entered into with the producers, retains as seigniorage, or as toll, or as its share, one-half of the silver. It may coin it or it may not coin it. If it coins it, it turns it out in dollars, and, of course, the Government pays its own obligations in dollars with dollars of silver, which have three-quarters of an ounce of silver in them. Therefore the Government is likewise getting $1.29, approximately, for its dollar, just as the producer of silver is getting $1.29. But because the producer of silver gets only half his silver back, for which he gets $1.29 when he uses his money to pay his obligations, he figures that in the entire process of the production of silver he is getting only 64.64 cents.

Mr. PITTMAN. Mr. President, will the Senator permit me to offer my amendment now?

Mr. BARKLEY. I yield.

Mr. PITTMAN. It will be right in line with what the Senator is discussing.

The VICE PRESIDENT. Does the Senator desire to have the amendment as amended read?

Mr. PITTMAN. It is offered as a substitute. Yes, I should like to have it read.

The VICE PRESIDENT. The clerk will state the amendment.

The LEGISLATIVE CLERK. It is proposed to add at the proper place the following:

Each United States coinage mint shall receive for coinage into standard silver dollars any silver which such mint, subject to regulations prescribed by the Secretary of the Treasury, is satisfied has been mined subsequently to July 1, 1939, from natural deposits in the United States or any place subject to the jurisdiction thereof.

The director of such mint shall deduct and retain of such silver so received 10 percent as seigniorage for services performed by the Government of the United States relative to the coinage and delivery of silver dollars. The balance of such silver so received, that is, 90 percent, shall be coined into standard silver dollars and the same or any equal number of other standard silver dollars or silver certificates shall be delivered to the owner or depositor of such silver. The 10 percent of such silver so deducted shall be retained as bullion by the Treasury or coined into standard silver dollars and held or disposed of in the same manner as other bullion or silver dollars held in or belonging to the Treasury. The Secretary of the Treasury is authorized to prescribe regulations to carry out the purposes of this act. Such regulations shall contain provisions substantially similar to the provisions contained in the regulations issued pursuant to the act of Congress approved April 23, 1918 (40 Stat. L. 535), known as the Pittman Act, with such changes as he shall determine prescribing how silver tendered to such mints shall be identified as having been produced from natural deposits in the United States or any places subject to its jurisdiction subsequent to July 1, 1939.

This section shall not be construed to repeal subsection (2) of title III, section 43, of the "Emergency Farm Mortgage Act of 1933," approved May 12, 1933, or any provision of law relating to the legal-tender character of silver coins or silver certificates.

Mr. BARKLEY. Mr. President, I do not think the Senator has his amendment yet as he wants it. If the Senator will permit me to proceed, the amendment as now offered would mean that instead of getting 50 percent of the silver as seigniorage, according to the arrangement now in vogue, the Government would retain only 10 percent, and turn back 90 percent of the silver produced in the form of dollars.

I have not had time to figure out mentally just what that amounts to per ounce for the 90 percent turned back, but it certainly amounts to more than 64.64 cents, and I think it amounts to more than 77 cents and a fraction. It is a smaller percentage of the silver than has ever been retained by the Government of the United States since the coinage of silver began.

Mr. McCARRAN. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. McCARRAN. The fact of the matter is that the history of silver and the history of money in this country—and I hope the Senator will bear with me——

Mr. BARKLEY. I do not want to take too much of the time of the senior Senator from Nevada, who desires to speak before we vote on the amendment. However, I yield.

Mr. McCARRAN. The fact of the matter is that when Congress passed the law to establish silver and gold as money, a law providing for free and unlimited coinage of silver, it provided that no seigniorage whatever should be taken by the mint for the coining of silver dollars. Anyone having silver could bring the silver to the United States mint and have it coined and turned out as money of the country.

Mr. BARKLEY. When was that?

Mr. McCARRAN. I refer to the act of 1792, when Congress created the United States Mint, during the administration of the first President of the United States. The policy of the free and unlimited coinage of silver was continued until 1873, which meant that the Government charged nothing, save perhaps 1 percent, which was the cost of the actual coinage, the cost of coining the money into dollars, and it turned back to the individual who brought his silver to the mint money of the country.

I should like to interrupt just one more moment, and then I will not go further. The Senator must admit that the Government of the United States pays nothing whatever for silver when it is brought to the mint, because when that silver is nine-tenths fine, by law it is worth $1.29 in the money of the country. All the Government pays to the man who brings the silver to the mint is one-half of $1.29, and it does not pay a dollar out of the Treasury. It turns back to him only one-half of what he brought to the mint.

Mr. BARKLEY. That is what I have been attempting to explain, that the Government does not actually buy the silver. It turns back to the producer half of what he brings in, and the Government either puts the other half into its vaults and keeps it as bullion, and issues silver certificates, or the owner of the silver may take silver as coin, if he desires.

The history of the relationship between gold and silver in our monetary values and standards is so complicated that it is utterly impossible to try to discuss it. It is difficult to understand it, and it is more difficult to make other people understand it unless they already understand it better than you do. But the law that was passed in 1792—and it remained on the statute books for many years—was enacted at a time when, because of the scarcity of gold, silver was the primary money of the United States.

The question whether the Government of the United States now, with the gold which we have as the basis for our currency, which is another complicated subject, the discussion of which I will not now enter upon——

Mr. McCARRAN. Mr. President, will the Senator yield?

Mr. BARKLEY. I shall be glad to yield later, but not now, as I do not wish to take up too much of the time of the senior Senator from Nevada.

Mr. McCARRAN. I may say that gold and silver are now the basic money of the United States.

Mr. BARKLEY. I understand that, but the gold dollar is the standard of value, and then silver is measured in terms of gold.

The point is that, regardless of whether it is figured at $1.29, $1.27, 77 cents, or 64½ cents, which is the present figure, I do not believe that the President and the Secretary of the Treasury should have their hands tied by a law in the form of an amendment to another act which will expire next Friday, so that they will be required to pay a maximum amount of money, in effect—not in actual dollars, but in effect—in order that the entire product of the silver mines of the United States may be consumed by the Treasury.

Mr. ADAMS. Mr. President, will the Senator yield?

Mr. BARKLEY. In a moment I will yield. If the statute which we are undertaking to extend—that is, with respect to the stabilization fund and the power to devalue—expires next Friday, then the Thomas amendment to the agricultural bill, under which the Treasury and the President are operating in the purchase or use of silver, likewise expires, and after that the President and the Secretary of the Treasury are left to their discretion as to whether they shall buy any silver at all.

Certainly no friend of the silver miners of this country would want such a situation to prevail, because, if it should, I seriously doubt whether the President would be justified in paying more than the world price for silver, because he might not be required to pay it, and it would not be advisable for him to do so.

I want this bill to become a law before next Friday. I should like to have it passed today, so that the President and the Secretary of the Treasury and the miners and the operators of the silver mines in this country may know tomorrow what we can rely upon in the way of the price of silver which they will get when they take it to the mint.

Mr. MILLER and Mr. McCARRAN addressed the Chair.

The VICE PRESIDENT. Does the Senator from Kentucky yield; and if so, to whom?

Mr. BARKLEY. I yield first to the Senator who has been on his feet, the Senator from Arkansas [Mr. MILLER].

Mr. MILLER. I wonder if the Senator from Kentucky is entirely correct in his statement that unless this bill is passed by Friday the whole silver-purchase program will fail? I think the silver-purchase program is based on the act of 1934.

Mr. BARKLEY. No; I do not think so. The Treasury advises me, and both Senators from Nevada and other Senators interested have advised me, that the present program is based on the Thomas amendment to the Agricultural Act. That expires now. The act of 1934 does not expire now.

Mr. MILLER. The present program of purchase, so far as the mechanics of purchase is concerned, may be based upon the Thomas amendment, but the act of 1934 authorizes the Government to buy silver.

Mr. BARKLEY. I know it authorizes the Government to buy silver, but it is not compelled to do it.

Mr. MILLER. It says: "Whenever and so long" it shall.

Mr. BARKLEY. "Whenever" and "so long" constitute an "if," as the Senator knows.

Mr. MILLER. Yes.

Mr. BARKLEY. I think everyone interprets that language to mean that if the proclamation, which also expires on Friday, shall not be renewed or extended, the President would not under the purchase act of 1934 be required to purchase any particular quantity of silver.

Mr. MILLER. I think he would be.

Mr. WAGNER. Mr. President, under the act of 1934 the Secretary of the Treasury takes the action, and no proclamation by the President is involved. The Secretary of the Treasury can purchase only when it is in the public interest. There is no other provision at all.

Mr. MILLER. I should like to call to the attention of the Senate section 3 of the act of 1934. We have that silver-purchase program on our hands.

Mr. McCARRAN. Mr. President, is it construed that in this discussion we are using the time of the senior Senator from Nevada?

Mr. BARKLEY. Mr. President, I will not take his time. I yield to him.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator from Kentucky yield to me for one question before he yields to the Senator from Nevada?

Mr. BARKLEY. I yield.

Mr. THOMAS of Oklahoma. First the Treasury paid 77 cents plus for an ounce of silver. That is about 60 percent of its monetary value. Later on the price was reduced to about 50 percent of its monetary value. What serious objection is there to extend for an indefinite period the price of 77.4 cents for domestically mined silver or 60 percent of its monetary value?

Mr. BARKLEY. It is not a question, Mr. President, of what I would prefer or would not prefer. I think it is unwise to put in the statute a limitation on the power of the President and the Secretary of the Treasury with reference to the purchase of silver. I shall take but 1 more minute to reiterate the view I entertain, which I think is the view entertained by the Treasury and the administration, that in administering this law and carrying out the provisions of any act of Congress it is unwise at this time to tie the hands of the President or the Secretary of the Treasury with respect to a minimum price which they shall pay for silver or what the Government shall take as its proportion for seigniorage and turn back the remainder to the producer.

I now yield to the senior Senator from Nevada [Mr. PITTMAN].

Mr. PITTMAN. Mr. President, I wish to say that I agree with the Senator from Kentucky that the metal miners of the West would like to know just exactly what is going to happen. I will state that under the present act they do

not know what will happen to them. Under it they never have known what is going to happen to them.

I read an article in a newspaper the other day—I do not know whether it is true or not—stating that the distinguished Senator from Kentucky, our leader, in coming out of the White House said the President would be willing to extend for 6 months the period within which the Government would accept domestic silver on terms to net the miners the same amount they are getting, which is 64.64 cents an ounce.

In the first place, the uncertainty as to what may be done at the end of 6 months prevents any business from operating. No business on earth could operate under 6 months' notice or proclamation when it does not know what is going to happen until the day it happens. I have been trying to convince the Secretary of the Treasury of that fact for a long time. I have not been successful.

Mr. WILEY. Mr. President, will the Senator yield?

Mr. PITTMAN. I yield.

Mr. WILEY. Is that not the situation of this country in relation to all business? That is, that businessmen do not know what is going to happen.

Mr. PITTMAN. Perhaps that may be true. The miners do not enjoy such a situation.

Mr. Morgenthau has not made any announcement. The statement was submitted to him by me on May 23, together with the evidence adduced before the silver committee, that there were 318,000 human beings thrown out of work by reducing the price of silver from 77.57 cents an ounce to 64.64 cents an ounce. That statement was handed to him in May with the request that he either affirm or deny it. I did not hear from him for a month, and then he said the matter was under consideration.

The figures submitted to him were based upon the report of the Bureau of Mines and upon the report of the Bureau of Employment of the Department of Labor, and he does not deny them. In December 1937 he had reports from the Governors of all the Western States, and from experts, which showed that if he reduced the price of silver from 77½ cents—we will call it that for the sake of simplicity—to 64½ cents, or a reduction of 13 cents an ounce, it would result in the closing down of the lead, copper, zinc, gold, and coal mines. All the proof was before the Secretary; and in spite of that he advised the President to cut down the price, and the President did so.

Did the Secretary ask the Bureau of Mines for advice on the subject? He did not. Never once did he do so. Dr. Finch, one of the greatest engineers and geologists of this country, now the head of the Bureau of Mines, testified before our committee that his advice was never asked. Whose advice did he ask?

In May of the present year the testimony presented before the silver committee disclosed—what? That the production of silver had dropped off from 71,000,000 ounces plus in 1937 to 58,000,000 ounces in 1938 on account of the reduction of 13 cents in price. The Labor Department calculated that there were 57,000 employees working in silver mines in 1937. It found that there were only 34,000 men employed in the mines in 1938 under the reduction in price.

The testimony stands undenied that in the five mining States where there is no varied industry, and in which the population chiefly depends upon stock raising and metal mining, for every man employed in a mine or mill or smelter 17 people are dependent upon his labor for their labor. Take 22,000 actual miners discharged, and instead of taking the figure 17, take the figure 14, and we find that 318,000 persons are thrown out of employment.

I have heard it stated by some witnesses that this industry is very small, employing only 57,000 persons, but I did not know that justice was based on numbers. A writer ridicules us because the glue industry or some other industry is bigger than the metal-mining industry. That may be true. Our States have not very large populations. They cannot have varied industries. We have very little farming, because it depends on irrigation. But because tremendous sums in money are not involved, it makes no difference whether or not 318,000 people are thrown out of work.

The evidence was submitted to Mr. Morgenthau. He was asked if it was not true, and was requested to reply. He waited a month and then wrote to me and said that he had the matter under consideration. Now we hear the generous proposition coming from the White House, through our leader, that the administration is willing to tolerate us for 6 months longer. It will continue this poverty figure for 6 months longer, and then probably will cut it still lower.

The Senator from Kentucky is correct. We are not operating under a Silver Purchase Act. It is a Coinage Act. It is as near as we ever came to going back to the monetary system of the country prior to 1873. Prior to 1873, anyone who took gold or silver to a mint had it coined, gold on the basis of 25 grains of standard gold to the gold dollar, and silver on the basis of 371¼ pure grains of silver to the dollar. The coin was handed to the miner, because the Constitution of the United States provided that the Government should coin money and have a monetary system.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. PITTMAN. I yield.

Mr. WAGNER. I should like to ask just one question. Viewing silver as a commodity——

Mr. PITTMAN. I am not viewing it as a commodity; and I will prove to the Senator that it is not.

Mr. WAGNER. Very well; but assuming that it is a commodity, under the provisions of the Senator's amendment how much would the Government be required to pay per ounce of silver delivered to the Government?

Mr. PITTMAN. One dollar and twenty-nine cents, less 12.9 cents.

Mr. WAGNER. That would mean about $1.16 per ounce.

Mr. PITTMAN. Yes.

Mr. WAGNER. In other words, the Government would pay $1.16 per ounce; whereas if the Government went into the market to buy, it would have to pay only 40 cents.

Mr. PITTMAN. That is correct. The trouble with the distinguished Senator from New York is that he does not know that we have such a thing as a monetary system. He does not know that the Government started out with bimetallism. We have abandoned bimetallism, but we have not abandoned the legal tender use of the two moneys. Today our Government compels our people to accept in payment of obligations a dollar containing three-quarters of an ounce of silver at $1.29 an ounce. How can the Government of the United States say that an ounce of silver is not worth $1.29 when it compels every creditor in the country to accept it at that rate?

Let me read the act. I read from the so-called Thomas amendment to the Emergency Farm Mortgage Act of 1933. Under the provisions of subsection 2 of section 43, the President is authorized—

> (2) By proclamation to fix the weight of the gold dollar in grains nine-tenths fine and also to fix the weight of the silver dollar in grains nine-tenths fine at a definite fixed ratio in relation to the gold dollar at such amounts as he finds necessary from his investigation to stabilize domestic prices or to protect the foreign commerce against the adverse effect of depreciated foreign currencies, and to provide for the unlimited coinage of such gold and silver at the ratio so fixed, or in case the Government of the United States enters into an agreement with any government or governments under the terms of which the ratio between the value of gold and other currency issued by the United States and by any such government or governments is established, the President may fix the weight of the gold dollar in accordance with the ratio so agreed upon, and such gold dollar, the weight of which is so fixed, shall be the standard unit of value, and all forms of money issued or coined by the United States shall be maintained at a parity with this standard and it shall be the duty of the Secretary of the Treasury to maintain such parity, but in no event shall the weight of the gold dollar be fixed so as to reduce its present weight by more than 50 percent.

The law provides for the unlimited coinage of gold and silver and provides that they shall be legal-tender money. By law, every creditor in the country is compelled to accept silver, not at the world price of 40 cents an ounce, but at its monetary value of $1.29 an ounce.

It is said that the President may buy silver somewhere else. He may buy it elsewhere under the Silver Purchase Act, which is a different act. It provides that he may purchase silver anywhere he sees fit. It provides that he may

buy it abroad. It also provides that he may buy it at home, at any price, at any time, and in any quantity he desires.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. PITTMAN. I yield.

Mr. WAGNER. I am heartily in favor of the act which requires the Government to buy silver domestically mined, but I think we ought in some way to consider the subsidy paid the domestic miner as compared to the market price in order that we may understand the entire situation.

It is very clear from the amendment of the Senator that it is proposed to pay $1.16 per ounce for silver which we could obtain in the market for 40 cents; and if we stopped paying the high price, the price probably would go lower, a calamity which I should not want to see. However, there is a tremendous difference between the market price and the price which the Senator now asks the Government to pay. The difference is approximately 70 cents.

Mr. PITTMAN. Mr. President, we have two acts. One of them was really intended to apply to the purchase of foreign silver. Prior to that time there was provision for the minting of domestic silver. There was no provision for the purchase of foreign silver. Six months after the passage of the act providing for coining domestic silver we passed an act for the purchase of foreign silver. The two acts are not in any sense related.

I do not believe anyone would advocate paying the monetary price for foreign silver, because none of the money paid for it goes into labor or material in the United States. However, the silver industry is an industry of our own country. We are not doing anything new. This country through all its history coined silver and gold. This proposal simply goes back to the coinage of silver and gold. Silver money is legal tender. The Government pays its own debts with silver money at $1.29 an ounce. The Government's part of the money cannot be sold abroad. It can be coined. The Government has already credited itself with a profit based upon $1.29 an ounce. It has made just as much out of the domestic silver as has the miner. It has not credited itself with the world market price. It credits itself with the bullion it has at $1.29 an ounce. The seigniorage it has made is not based upon the world price. It is based upon $1.29 an ounce. Why? Because the part of the silver which the Government takes can be issued in currency at the rate of $1.29, and cannot be sold abroad. If we did not have any act for the coinage of silver, if we did not have any act with regard to its ratio to gold of $1.29 an ounce, and this silver—which the Government is now buying—were being paid for in cash at a valuation of $1.29, and the Government had no way to recover except to sell it in the world market, then the Government would lose 20 cents an ounce. That loss might be called a bonus. That is what is going to happen with regard to cotton. That is what is going to happen with regard to wheat. However, it is not going to happen with regard to silver, because we have coinage at the rate of $1.29.

Mr. TOBEY. Mr. President, will the Senator yield?

Mr. PITTMAN. I yield.

Mr. TOBEY. The other day, when the Senator from Oklahoma [Mr. THOMAS] was making a very informative address, I asked him a question, and he said he did not have the information. The Senator from Nevada said he would answer the question in his own time. I now propound to him my question with reference to the great increase in the price of silver which has occurred since 1932, of something like 200 percent. What percentage of the increase went to the laborers and miners who produced the silver during the time of the great increase in the price of silver?

Mr. PITTMAN. About 70 percent. The rest is divided among material, taxes, and so forth.

Let me say that, according to the statistics of the Bureau of Mines, the proceeds from these mines buy material from 42 States in the Union. They buy steel; they buy lumber; they buy machinery; they buy powder; they buy drills; they buy caps. I think that I proved in my speech on Friday last by the records that the reduction from 77½ cents an ounce to 64½ cents an ounce had reduced production of silver in this country, and, of course, it reduced the production of lead, zinc, and copper, because silver is associated with those metals, three-fourths of all the silver produced being a byproduct.

Mr. BARKLEY. Mr. President, will the Senator yield there?

Mr. PITTMAN. Yes.

Mr. BARKLEY. In that connection I suppose it is hard to allocate any decrease in production between silver and copper, silver being a byproduct of copper. If a copper mine closes down, I suppose that it is not easy to allocate to silver or to copper the number of men that would be thrown out on account of each. I called Dr. Finch, the head of the Bureau of Mines, and inquired whether there had been any shut-down of silver production because of the present price. He tells me that such shut-downs as have occurred have occurred primarily because of copper, either by reason of the price or some international situation that caused the copper mines to shut down, which automatically reduced the production of silver; that, instead of silver mines closing down on account of the present price, there has been some increase in the opening up of mines producing silver, and that such shut-downs as have occurred were primarily on account of copper and not on account of silver. Will the Senator comment on that?

Mr. PITTMAN. Yes; I will comment on it from the testimony which is available.

Mr. BARKLEY. If the Senator will yield further, I also asked him to advise me how many men are actually employed in the direct production of silver. He could not give me that information, but said that he would probably be able to give it to me a little later in the day. I suppose that involves also the number of men engaged in the copper industry as well as silver, because if a thousand men are engaged in a copper mine which produces silver as a byproduct, I do not know whether a hundred of those thousand would be allocated to silver and 900 to copper, or whether they would be equally divided, or what the proportion would be. That, however, would be important in determining how many men are actually directly engaged in the production of silver.

Mr. PITTMAN. It is impossible to estimate the number in a situation of the kind referred to.

Mr. TOBEY. Mr. President, will the Senator yield?

Mr. PITTMAN. I will in a few moments when I answer the question of the Senator from Kentucky. I am sorry the Senator from Kentucky has misunderstood Dr. Finch, who testified before the committee and whose testimony is here. Dr. Finch discussed the conditions when we put the price of silver at 64.64 cents in 1934. At that time he said there were only 20,000 men engaged in the metal-mining industry in the five States, but when the price was raised from 64.64 to 70 cents an ounce the number of men employed then went up to 30,000, and when it was increased to 77½ cents an ounce the number of employees went up to 57,000.

Mr. BARKLEY. Mr. President——

Mr. PITTMAN. Wait a moment.

Mr. BARKLEY. Very well.

Mr. PITTMAN. If silver is mixed with lead and zinc, and if a mine is closed down, it does not make a bit of difference what caused it; the fact is that if there are so many pounds of zinc in a ton of ore, so many pounds of copper in a ton of ore, so many pounds of lead in a ton of ore, and so many pounds of silver in a ton of ore, if the pounds of other metals besides silver do not give an asset value to that ton of ore sufficient to pay, the silver is not mined. It is a marginal question. If there is a difference of 13 cents an ounce in the price of silver—that is, in the silver that is mixed up with metal in a ton of rock, and that is sufficient to pay a profit, then a mine runs. When it is not sufficient to pay a profit, the mine closes.

Mr. BARKLEY. Will the Senator yield further there?

Mr. PITTMAN. Yes.

Mr. BARKLEY. Among the 57,000 men who are engaged in the production of metals in the five States, can the Senator

estimate how many of them could be properly allocated to silver production?

Mr. PITTMAN. I do not know what the Senator means by "allocated to silver production."

Mr. BARKLEY. If a mine is producing copper, and out of that copper it is producing lead and zinc as a primary industry, and out of the lead and zinc it has a byproduct of silver, for what proportion of the labor involved in the total mine production would silver be responsible?

Mr. PITTMAN. Whenever there is a close margin on the price of metals as to what they will pay——

Mr. BARKLEY. That is on all the metals produced by the one mine?

Mr. PITTMAN. Yes; in the same rock. Whenever the total price for those metals drops below the cost of production, some of the miners lose their employment; and if the mines shut down, of course, all the miners are out of work.

Mr. BARKLEY. I understand that; but it is important to consider whether the closing of mines is due primarily to the price of copper, zinc, or lead, or whether it is due to the price of silver.

Mr. PITTMAN. I will prove to the Senator in a moment, if he desires me to do so, from the testimony of Dr. Finch, to what it is due. The price of lead and zinc and copper did not fall in 1938. So that could not have caused the falling off in the employment in the mines, but the price of silver was cut down 13 cents an ounce. That was the only thing that caused the falling off in mining employment from 57,000 to 34,000, because the other metals did not drop in price, but we deliberately reduced the price of silver 13 cents an ounce.

Mr. BARKLEY. I do not want to take the Senator's time, but, purely as a matter of information, can the Senator tell us out of any given ton of ore how much of it is silver on the average, if it is possible to estimate it?

Mr. PITTMAN. It is totally impossible, because it varies so greatly.

Mr. BARKLEY. As a result of the mining output, are there no statistics to show what is the proportion of silver in a ton of ore that contains copper and zinc, lead and silver? Are there no statistics, based on production, showing what percentage of the total would be silver?

Mr. PITTMAN. No; God has not really arranged it in that way.

Mr. BARKLEY. I am not talking about God; I am talking about man, because man keeps statistics of his own production. It is impossible, of course, to look into a hillside or a valley and tell how much the miners will get from it; but if it is all separated into copper, zinc, lead, or silver, it seems as that even man ought to know what proportion is silver and what proportion is copper.

Mr. PITTMAN. Let me say to the Senator that in no two mines in the United States is the proportion the same. It will run, as it does in the copper mines in Butte, at 2 ounces or up, in some copper mines in Arizona to 6 ounces, and all the way in between. So the percentage differs. Some of the mines have no copper, some no lead, some no zinc. We spent 4 years with experts trying to ascertain the cost of producing an ounce of silver. The experts said it was impossible to estimate the cost; that it would depend upon the mine and on the different costs involved in mining. The experts in the Bureau of Mines in the silver hearings, whose testimony is available, state the same thing. The nearest we could get to it was in the case of a mine in Nevada which has nothing in its ore but silver. In the hearings may be found the cost sheets for that mine. It is what is called a high-grade silver mine, because the average is 14 ounces of silver to every ton of rock. That is a pretty high rating, because rarely ever are more than 10 ounces of silver found in a ton of rock. I do not know why that is, and there is no use guessing, but it is a fact. I do not know why there is less silver than there is iron, but that is a fact.

What does the balance sheet of that mine show? It is one of the best-managed mines in the country. It has cheap power. It goes down in the earth only 600 feet; there is no water to contend with; the mine is worked as cheaply as it can be, of course, but the cost of mining in this excellent mine was 70 cents an ounce, according to its balance sheet. There was invested in that property a large sum of money; the mill cost over $300,000, and I imagine that three-quarters of a million dollars were invested in the property. What report did the company send out to its stockholders? The report disclosed that the work carried on in 1938 netted a profit of $10,000. That profit of $10,000 was as the result of the year's work after the ordinary costs of mining, broken down as between labor and everything else. No mine with a capital investment of three-quarters of a million dollars can afford to operate and find itself at the end of the year with only a $10,000 profit, because any accident or any unforeseen happening, such as a cave-in, or water coming in, or a rise in the price of labor would wipe out that $10,000 profit in 5 minutes. That is the nearest we could come to making an estimate.

I now yield to the Senator from New Hampshire.

Mr. TOBEY. Mr. President, a few moments ago I asked the Senator a question, but I wonder if I am correct in that the Senator did not understand my question. The Senator answered me a few moments ago and said labor received 70 percent increase. My question referred to the percentage of the increased price for silver that went to labor. Did labor get a raise proportionate to the rise in the price of silver? In other words, would a man then getting $20 be getting $34 now? Is that correct?

Mr. PITTMAN. No.

Mr. TOBEY. What percentage did the man with the pick and shovel, the miner, get from the low point of silver at 24 cents to the high point? What was the increase in his compensation?

Mr. PITTMAN. He got wages before that.

Mr. TOBEY. He got wages; that is an ambiguous answer. What percentage in increase did he get after the price of silver was raised?

Mr. PITTMAN. I do not suppose that the mine owner would be expected, when the price of silver was raised, to double the miner's wages.

Mr. TOBEY. But was the increase in wage commensurate with the increased price to the silver producer? Was there a substantial increase to the laboring man who toils in the mines?

Mr. PITTMAN. Here is what takes place, as I tried to describe the other day. The miners in the metal-mining industry are experts and get the highest wages in the United States. Their lowest wage is $4 for 8 hours' work, with time off for going into the shaft, and all that; they get the highest wages in the world and they are just as much interested in having the mines worked as is anyone else. When the mines are closed down they do not get anything. They know that. When copper went down at one time to about 8 cents a pound most of the copper mines closed down. They are more or less satisfied with those high wages. What they are anxious to do is to have mining restored.

I think the Senator knows that there is a movement now, not only in the unions but in the Government service, still further to shorten hours and increase pay. That movement is going on. We now have what we call three shifts of 8 hours each in mining—not really 8 hours each, because there is time off, as I say, to go to the mines, go down and come back; perhaps 7 hours. A movement is on foot now, the Senator understands, to reduce the number of hours of work in the week. Probably it may be a 5-day week of 8 hours, or it may be only 36 hours for the whole week; and the men will be paid exactly the same wages for the shorter week, because there is no provision for cutting wages. The benefit they get is through allowing an industry to operate upon which they absolutely depend.

I have no doubt at all that if the price of silver should go to such a point that there would be extreme prosperity for the owners of the mines, we should find that provision would be made for a bonus as the price went up, because that was

done in the case of copper. It has never had to happen in the case of silver, lead, or zinc, because the prices of those metals have never yet gotten high enough.

Mr. TOBEY. Was there any material increase in the amount paid to silver miners in their weekly pay envelopes during the period when the owners received a 200 percent increase in the price of silver, or did their wages remain static?

Mr. PITTMAN. They did not get any wages.

Mr. TOBEY. But silver has been produced, and the owners have received 200 percent more for silver than they ever received before.

Mr. PITTMAN. The Senator is speaking of the time when silver was 25 cents an ounce.

Mr. TOBEY. Now it has gone up to 75 cents.

Mr. PITTMAN. At 25 cents an ounce there were only 20,000 silver miners employed in the United States, and the rest of them were not working.

Mr. TOBEY. But has the beneficence, has the increment which accrued to the silver-mine owners and stockholders been passed around proportionately to the fellows who do the pick-and-shovel work?

Mr. PITTMAN. Undoubtedly, because there is only one silver mine that I know of in the whole United States that has ever paid a dividend of over 10 percent in 1938.

Mr. TOBEY. It is not quite an answer to say whether they pay dividends or not. I am not here concerned with dividends. What I am here concerned with is whether or not the silver miners received a fair deal out of the great increase which took place in the price of silver.

Mr. PITTMAN. I say they do when the mine itself will not pay the stockholders over 10 percent and a mine is worked out in 7 or 8 years. It is gone at the end of that time.

Mr. TOBEY. Of course the Senator feels with me that the labor, the men who toil to produce this silver, should have a preferred claim for a share of this increment ahead of the stockholders, does he not?

Mr. PITTMAN. Oh, undoubtedly; and they insist on it. As a matter of fact, however, every miner's labor union in the 11 Western States has condemned the reduction of 13 cents an ounce, and has petitioned the Government, the President, and the Secretary to restore the higher price.

Mr. TOBEY. That is perfectly natural. I should expect that they would do so.

Mr. PITTMAN. Every one of them has done that.

Mr. NORRIS. Mr. President——

Mr. PITTMAN. I yield to the Senator from Nebraska.

Mr. NORRIS. As I see the matter, I do not think the Senator from New Hampshire and the Senator from Nevada quite understood each other. As I understand the Senator's question, he asked whether the wages of the men per man went up when the price of silver went up. Of course more money was paid for labor, because more mining was done.

Mr. PITTMAN. No.

Mr. NORRIS. But the Senator from New Hampshire, as I understood him, wanted to find out whether the rate of wages of the men who were working before the price went up and after the price went up increased, or whether it remained static.

Mr. PITTMAN. No, no. Wages out in the western part of the country are determined by the miners' unions and the management. The management did not reduce wages, either, with the drop in the price of silver. Every year, every 2 years or every 3 years they adopt what they call a wage-and-hour scale, and it is adopted for that whole section of the country. As I say, it is $4 for the lowest-paid 8-hour job, and some men are paid as high as eight or nine dollars. Whenever the miners' union feel that conditions justify a raise in wage or a shortening of hours, they meet and present their proposition to the Mine Operators' Association, and they negotiate.

Mr. TOBEY. In this interim in which the price of silver went up, have the miners' unions made demands for increased wages to get part of this increase for the men who do the work?

Mr. PITTMAN. No; because they know that the price now being paid would not justify it. I imagine if the price of silver were put up to $1.29 an ounce, they might; but they know that the price of 77½ cents an ounce did not make any profit for most of the mines, and they look at the books. They examine them to see what the costs are.

Mr. TOBEY. I thank the Senator.

Mr. PITTMAN. Again, in the Gold Act we find the same pronouncement that we find in the Silver Act; that is, that all the silver that goes to the Government is measured by $1.29. We find in every statement of the seigniorage that the stocks of silver held by the Government are measured at $1.29 an ounce. It has not any relation whatever to the foreign price of silver. It is purely and simply a coinage proposition. The question is how much the Government shall take out of the production of the miner for seigniorage. Now it takes half of the silver the miner produces. He cannot sell that half. The Government has to issue certificates against it, but every cost comes out of the miner's half of it; and yet the Government credits itself with the silver it receives from the miner at $1.29 an ounce, and it pays debts with it at $1.29 an ounce. It forces the country to accept it at $1.29 an ounce. When the Government pays a little more for silver and reduces the amount of seigniorage, it simply takes a little less gouge. That is all it amounts to in the long run.

I go back in this substitute amendment to the Thomas amendment, an act passed by Congress providing for the coinage of gold and silver at such ratio as the President might establish. I go back to that act, authorizing the President of the United States to fix the amount of seigniorage that the Government shall charge for coining silver. All it provides is that the part that goes to the miner shall be coined into silver dollars and handed back to him. It is handed back to him; that is all that happens.

Mr. HOLMAN. Mr. President, will the Senator yield?

Mr. PITTMAN. I yield.

Mr. HOLMAN. Approximately, what is the cost to the Government of the coinage process?

Mr. PITTMAN. According to the Director of the Mint, it is 1.1 cents for coining each dollar, and what the Government is now charging is 64 cents for coining each dollar. That is exactly what it means.

From the beginning of our Government, when the Mint Act was passed in 1793, down to 1873, not a cent was charged. A man brought in his silver and it was coined into dollars and handed back to him. If he brought in gold, it was coined into $5 and $10 gold pieces and handed back to him without charge, because the Government thought it ought to stand the charge, as the duty was imposed on it to furnish legal coin in this country. In 1873 the Government paid a dollar an ounce. Later on, under the Bland-Allison Act, it paid a dollar an ounce and retained 29 cents seigniorage.

The price has varied; but after 1873 the Government never coined anything except silver it purchased. It first purchased 4,000,000 ounces, at $1 an ounce, for 4 or 5 years. Then it purchased from two to four million dollars' worth at any price. Then, when that act was repealed, for a long time the Government had nothing to do with silver except for subsidiary coins. Under the Thomas Act the Government again started in and coined silver, allowing the President to determine what the seigniorage should be. No one ever suspected, however, that under the theory of the past and the theory of coinage, any government was going to take half of the silver a mine produced. That is what it is doing, however. No one ever thought the Government would take half of the copper a mine produces, half of the lead a mine produces, or half of the zinc a mine produces. There would not be over two or three mines in the whole United States that could turn a wheel if that were done. If we should take half of the wheat, half of the cotton, or half of anything produced, and expect all the cost and expenses and taxes to be

paid out of the other half, the industry could not run. It could not exist.

At this time I am merely going back to the Thomas amendment. I am attempting to have it provided that Congress, instead of the President, shall prescribe what the seigniorage shall be; that is all. I am trusting Congress. As I stated in my speech on Friday, I do not intend to ask the executive departments for any further favors. I do not intend to crawl on my knees to any of the executive departments. If Congress is not willing to give us a fair deal, then I know we will not get one. In the amendment I am asking that the Government be allowed to take only 10 percent of the silver to pay the expenses of coinage, and so forth.

Mr. HOLMAN. The Senator's proposal is limited to American-mined silver?

Mr. PITTMAN. Entirely to American-mined silver, because the original Thomas Act of 1933 deals solely with the coinage of domestic silver.

The average production of domestic silver for the last 5 or 6 years has been only about 52,000,000 ounces.

Mr. ASHURST. Mr. President, will the Senator yield?

Mr. PITTMAN. I yield.

Mr. ASHURST. If the amendment of the able Senator were to prevail and become a law, would it stop the purchase of foreign silver?

Mr. PITTMAN. It would have nothing to do with it. That comes under a different act. I understand the Senator from Delaware [Mr. TOWNSEND] has a bill proposing to repeal that act, his bill dealing with the silver purchase act of June 1934. I am at this time dealing solely with the Thomas amendment.

Mr. ASHURST. I wish to support the Senator's amendment. I think it is a statesmanlike proposal and should be supplemented by provision for an absolute cessation of the purchase of foreign silver.

Mr. PITTMAN. That question will come before us on a separate vote.

Mr. ASHURST. We will have an opportunity to vote on that question, I hope.

Mr. PITTMAN. I assume so.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. PITTMAN. I yield.

Mr. BARKLEY. I do not desire to take the Senator's time, because he has only 5 more minutes, but the Senator stated that the average production of silver is about 52,000,000 ounces. Is it true or not that in 1931, prior to the increase in the price of silver, the production of silver was about 22,000,000 ounces, in 1932 about 33,000,000, and in 1933 went up to 48,000,000, when the price was increased? Then it gradually went up to about 70,000,000 ounces, and is now about 60,000,000 ounces?

Mr. PITTMAN. At the end of my speech I will put into the RECORD the recent figures. Production did rise somewhat, as the Senator has stated. I will put in the figures from the Bureau of Mines.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield?

Mr. PITTMAN. I yield.

Mr. THOMAS of Oklahoma. I should like to ask a question to see if I have the matter analyzed properly. Under the amendment referred to by the Senator from Nevada, the President has devalued the gold dollar 69 percent. The ratio between gold and silver is less than 16 to 1, but considered as 16 to 1. If silver is as important a monetary metal as gold, then the silver dollar should have been devalued 69 percent at the same time the gold dollar was devalued. Is it not a fact that if these statements are accurate the price of silver should have been raised to $2.18, to have carried out the ratio of 16 to 1, on the basis of production?

Mr. PITTMAN. The Senator is correct.

Mr. THOMAS of Oklahoma. So the Senator is asking for $1.16 for silver, when the ratio, based on production, in harmony with the devaluing of the gold dollar, would make silver sell at $2.18 an ounce?

Mr. PITTMAN. That is correct. I merely wish to state, Mr. President, that those who think of the foreign price of silver are thinking of the Silver Purchase Act, and not of the Coinage Act known as the Thomas amendment. In this country so long as we treat silver coins and silver certificates as legal tender money at the monetary value of $1.29 an ounce, which is the monetary value of silver, and when the Government takes a part of the silver it acquires and issues it in payment of its own debts, or credits the Treasury with it—and the Government has credited itself with about a billion ounces of silver at $1.29 an ounce, with a profit of $1,343,000,000—it cannot think in terms of foreign silver.

I contend that if the Government paid 77½ cents and sold the silver in the world market at 43 cents, it would lose and the domestic price would be a bonus; but it does not do that at all. It coins the silver and hands it back to the producer, which is nothing else on earth but the purchase price paid him. Whatever it takes out of the silver is a profit and cannot be considered as a bonus.

It is said that we are interested in unemployment in this country. The testimony stands uncontradicted that the drop in the price of silver from 77½ cents to 64½ cents threw 318,000 people, in 5 Western States, out of work, and I think nearly all of them went on the relief rolls, because there is nothing they can do except mining. If they went on the relief rolls, it cost $900 for each person a year for those 318,000 people. What did the Government gain by reducing the price 13½ cents an ounce? It made $2,000,000, but it lost hundreds of thousands of dollars more than that. If it is estimated that only 100,000 went on the relief rolls of the 318,000, the Government lost $90,000,000 on them, and it lost, in addition, the corporation taxes on the closed down mines.

The PRESIDING OFFICER (Mr. BANKHEAD in the chair). The hour of 12 o'clock and 30 minutes having arrived, the hour fixed in the unanimous-consent agreement for a vote, the question is on agreeing to the amendment, as modified, offered by the Senator from Nevada [Mr. PITTMAN] to the amendment of the Senator from Colorado [Mr. ADAMS].

Mr. PITTMAN. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. BRIDGES (when his name was called). On this vote I have a pair with the junior Senator from Utah [Mr. THOMAS]. I transfer that pair to the junior Senator from Ohio [Mr. TAFT]. If the Senator from Ohio were present, he would vote "nay," and I understand the Senator from Utah would vote "yea." I vote "nay."

Mr. HARRISON (when has name was called). On this vote I am paired with the senior Senator from Oregon [Mr. MCNARY]. Not knowing how he would vote, in his absence, I withhold my vote.

Mr. LODGE (when his name was called). I have a pair with the senior Senator from Texas [Mr. SHEPPARD]. I understand that if he were present he would vote as I intend to vote. Therefore I am at liberty to vote, and vote "nay."

Mr. NYE (when his name was called). On this question I have a pair with the junior Senator from Texas [Mr. CONNALLY]. If permitted to vote, I should vote "yea." If present and voting, the Senator from Texas would vote "nay."

The roll call was concluded.

Mr. MINTON. I announce the Senator from Wyoming [Mr. SCHWARTZ] is detained from the Senate because of illness.

The Senator from South Carolina [Mr. SMITH] is absent because of illness in his family.

The Senator from Arkansas [Mrs. CARAWAY], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Texas [Mr. CONNALLY], and the Senator from Minnesota [Mr. LUNDEEN] are necessarily detained.

The Senator from Iowa [Mr. GILLETTE], the Senator from New York [Mr. MEAD], the Senator from Florida [Mr. PEPPER], the Senator from Ohio [Mr. DONAHEY], the Senator from Texas [Mr. SHEPPARD], the Senator from Louisiana [Mr.

OVERTON] and the Senator from Utah [Mr. THOMAS] are absent on important public business.

I announce the following special pairs:

The Senator from New Mexico [Mr. CHAVEZ] with the Senator from New York [Mr. MEAD]; the Senator from Florida [Mr. PEPPER] with the Senator from Vermont [Mr. GIBSON]; and the Senator from Minnesota [Mr. LUNDEEN] with the Senator from Texas [Mr. SHEPPARD]. I am advised that if present and voting the Senator from New Mexico, the Senator from Florida, and the Senator from Minnesota would vote "yea," and the Senator from New York, the Senator from Vermont, and the Senator from Texas would vote "nay."

Mr. O'MAHONEY. I announce that my colleague [Mr. SCHWARTZ] is absent from the Senate by reason of illness. He has, however, a special pair on this vote with the Senator from Iowa [Mr. GILLETTE]. If present and at liberty to vote, my colleague would vote "yea," and the Senator from Iowa would vote "nay."

Mr. AUSTIN. I announce that the Senator from Oregon [Mr. MCNARY] is absent because of illness.

My colleague the junior Senator from Vermont [Mr. GIBSON] is paired with the Senator from Florida [Mr. PEPPER]. If present and at liberty to vote, the Senator from Vermont on this question would vote "nay," and the Senator from Florida would vote "yea."

Mr. PITTMAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nevada desire to be recognized before announcement of the vote is made?

Mr. PITTMAN. I wish to present another amendment before the present question is passed over. I wish to be recognized for another amendment, the purpose of which is to reduce the percentage requirement. I do not want any other subject to be brought up in the meantime.

The PRESIDING OFFICER. The Senator's suggestion is out of order at the time.

The result was announced—yeas 26, nays 52, as follows:

YEAS—26

Adams	Clark, Idaho	Johnson, Colo.	Pittman
Andrews	Downey	King	Schwellenbach
Ashurst	Frazier	La Follette	Shipstead
Bilbo	Hatch	Logan	Thomas, Okla.
Bone	Hayden	McCarran	Wheeler
Borah	Herring	Murray	
Bulow	Johnson, Calif.	Neely	

NAYS—52

Austin	Davis	Lee	Slattery
Bailey	Ellender	Lodge	Smathers
Bankhead	George	Lucas	Stewart
Barbour	Gerry	McKellar	Tobey
Barkley	Glass	Maloney	Townsend
Bridges	Green	Miller	Truman
Brown	Guffey	Minton	Tydings
Burke	Gurney	Norris	Vandenberg
Byrd	Hale	O'Mahoney	Van Nuys
Byrnes	Hill	Radcliffe	Wagner
Capper	Holman	Reed	Walsh
Clark, Mo.	Holt	Reynolds	White
Danaher	Hughes	Russell	Wiley

NOT VOTING—18

Caraway	Gillette	Nye	Smith
Chavez	Harrison	Overton	Taft
Connally	Lundeen	Pepper	Thomas, Utah
Donahey	McNary	Schwartz	
Gibson	Mead	Sheppard	

So Mr. PITTMAN'S amendment, as modified, to Mr. ADAMS' amendment was rejected.

Mr. MCCARRAN and Mr. PITTMAN addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the junior Senator from Nevada [Mr. MCCARRAN].

Mr. MCCARRAN. Mr. President, I send to the desk an amendment to the so-called Adams amendment, whch I ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Nevada [Mr. MCCARRAN] to the amendment of the Senator from Colorado [Mr. ADAMS] will be stated.

Mr. PITTMAN. Will not the Senator yield to me while I try once more to get a favorable vote on an amendment I now propose to offer?

Mr. MCCARRAN. I should like to have the Senator hear my amendment stated.

Mr. PITTMAN. I wish to try another vote on the proposal.

Mr. MCCARRAN. Will the Senator listen to the amendment and join with me in urging its adoption? Otherwise I will yield to my colleague.

Mr. PITTMAN. Is it the same proposal in different form?

Mr. MCCARRAN. It is the same proposal in different form.

Mr. PITTMAN. I should like to have the Senator to permit me to make one more effort to secure a favorable vote on my proposal, and then I will join him in his proposal.

Mr. MCCARRAN. Very well; I yield, but I should like to have my proposed amendment to the amendment printed in the RECORD at this point.

The PRESIDING OFFICER. Without objection, the proposed amendment to the amendment will be printed in the RECORD.

The amendment proposed by Mr. MCCARRAN to the amendment of Mr. ADAMS is as follows:

SEC. —. The Secretary of the Treasury, on and after July 1, 1939, is authorized and directed to purchase silver, mined from natural deposits in the continental United States subsequent to June 30, 1939, for present or future delivery with any direct obligations, coin, or currency of the United States, authorized by law, or with any funds in the Treasury not otherwise appropriated upon the delivery, or tender of delivery to the Secretary of the Treasury or his agent, at the rate and price of 77.5 cents per fine ounce.

SEC. —. The Secretary of the Treasury is authorized and directed to issue silver certificates in such denominations as he may from time to time prescribe in a face amount not less than the cost of all silver purchased hereunder, and such certificates shall be placed in actual circulation. There shall be maintained in the Treasury as security for all silver certificates heretofore or hereafter issued and at the time outstanding an amount of silver in bullion and standard silver dollars of a monetary value equal to the face amount of such silver certificates. All silver certificates heretofore or hereafter issued shall be legal tender for all debts, public and private, public charges, taxes, duties, and dues, and shall be redeemable on demand at the Treasury of the United States in standard silver dollars; and the Secretary of the Treasury is authorized to coin standard silver dollars for such redemption.

SEC. —. The Secretary of the Treasury is hereby authorized to issue, with the approval of the President, such rules and regulations as the Secretary of the Treasury may deem necessary or proper to carry out the purposes of this act, or of any order issued hereunder.

SEC. —. As used in this act—

The term "the continental United States" means the States of the United States, the District of Columbia, and the Territory of Alaska;

The term "monetary value" means a value calculated on the basis of $1 for an amount of silver or gold equal to the amount at the time contained in the standard silver dollar and the gold dollar, respectively.

SEC. —. The right to alter, amend, or repeal this act is hereby expressly reserved. If any provision of this act, or the application thereof to any person or circumstance, is held invalid, the remainder of the act, and the application of such provision to other persons or circumstances, shall not be affected thereby.

SEC. —. All acts and parts of acts inconsistent with any of the provisions of this act are hereby repealed, but the authority conferred in this act upon the President and the Secretary of the Treasury is declared to be supplemental to the authority heretofore conferred, and which by this amendment and act is not repealed.

Mr. PITTMAN. I wish to change the figures in the amendment just voted on from "10" to "40," and I should like to make an explanation of the suggested change.

Mr. ADAMS. If I may interrupt the Senator, will he not also make another change in the language, from "90" to "60"?

Mr. PITTMAN. I shall ask that that change be made, of course.

Mr. President, the amendment I offered, on which the Senate just now voted, provided that the Treasury should not take over 10 percent out of the silver submitted for coinage under the Thomas amendment. A change of the percentage which the Treasury may take out of the silver submitted to it for coinage from 10 percent to 40 percent would result in a price to the miner of 77.57 cents an ounce. In other words, it would restore the price which the miner received from the middle of 1935 until the beginning of 1938. It would overcome the reduction of 13 cents an ounce made in 1938, which

resulted in the loss of employment to 318,000 persons in five States.

All we seek by the amendment is to restore the conditions which existed until 1938, the departure from which has been disastrous to the mining industry and has resulted in much unemployment.

If the Congress is unwilling to establish by act of Congress that basis of seigniorage in the Coinage Act and is willing to leave it to the discretion of a Secretary of the Treasury to change the rate every 6 months, and not let those engaged in the business know what the change is going to be until the day he makes it, then, so far as I can see, we are perfectly helpless. We ask only 40 percent, which puts the price back to where it was in 1938, 77½ cents to the miner, the balance of the $1.29 going to the Government.

Mr. ADAMS. Mr. President——

The PRESIDING OFFICER. Does the junior Senator from Nevada yield?

Mr. McCARRAN. I will yield in just a moment. I think I know what the Senator has in mind. I want to say that the amendment which I sent to the desk carries out the identical policy that is now announced by my colleague in just a little different form, and I want to concur in the amendment he offers.

Mr. PITTMAN. I ask for a yea-and-nay vote on my amendment.

Mr. ADAMS. Mr. President, the amendment which is offered by the Senator from Nevada [Mr. PITTMAN], if I understand him clearly, is in its terms practically identical with the proclamation which the President has issued under the present law which authorizes him to purchase silver, the provision being that the miner may take his silver to the mint, and if it is American-produced silver the mint is compelled to accept the silver. The mint then is to give to the miner 60 percent of his silver, either in silver dollars or silver certificates, and to retain 40 percent of the silver as seigniorage; that is, the amendment varies the present situation by 10 percent. The present situation is that the miner takes his silver, and the seigniorage is 50 percent rather than 40 percent, so that the difference in the seigniorage, or what it costs the miner, is 10 percent; or, to put it in another way, what it costs the Government in the change proposed is also 10 percent.

My recollection of the statement of the Senator from Nevada is that last year there were 58,000,000 ounces of American-produced silver. Is that correct?

Mr. PITTMAN. That is correct.

Mr. ADAMS. The result is that the amount involved between the present price and the proposed price is 580,000 ounces; so, if the price is figured at $1.29, the difference involved would cost the Government approximately only $7,000,000 to rehabilitate the mining situation.

I can speak for my own State. We have had only two smelters. One of them has closed within the past week, satisfied that this increase in price will reopen the smelter.

If I may have the attention of the Senator from Nevada [Mr. PITTMAN], what I have in mind is to accept the Senator's amendment as a part of mine. However, there is a section which the Senator has written out in longhand, as to the application of which I am not sure. I am wondering if the Senator will allow me to accept part of his amendment without the part in his handwriting, and let it be offered and explained.

Is that course agreeable to the Senator?

Mr. AUSTIN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. AUSTIN. Has the Senator from Colorado authority to accept such an amendment without the consent of the Senate?

The PRESIDING OFFICER. The Chair finds a ruling by the Vice President a few days ago to the effect that he has no such right. The Chair will follow that ruling.

Mr. AUSTIN. I shall object to the procedure suggested by the Senator from Colorado [Mr. ADAMS].

Mr. ADAMS. Mr. President, the ruling to which the Chair refers was that the amendment could not be accepted because there was pending a unanimous-consent agreement to vote at a particular time. I think one who proposes an amendment has a right to modify his amendment as he chooses.

Mr. BORAH. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. BORAH. Before the discussion proceeds, I ask that the amendment as it is now proposed by the Senator from Nevada be stated.

Mr. ADAMS. Mr. President, I ask that the amendment be stated.

The PRESIDING OFFICER. Which amendment does the Senator from Idaho desire to have stated?

Mr. BORAH. I ask that the amendment proposed by the Senator from Nevada, as it is now proposed, be stated.

The PRESIDING OFFICER. The so-called Pittman amendment will be stated.

The CHIEF CLERK. It is proposed to add the following new paragraph:

Each United States coinage mint shall receive for coinage into standard silver dollars any silver which such mint, subject to regulations prescribed by the Secretary of the Treasury, is satisfied has been mined subsequently to July 1, 1939, from natural deposits in the United States or any place subject to the jurisdiction thereof. The director of such mint shall deduct and retain of such silver so received 40 percent as seigniorage for services performed by the Government of the United States relative to the coinage and delivery of silver dollars. The balance of such silver so received—that is, 60 percent—shall be coined into standard silver dollars and the same or any equal number of other standard silver dollars or silver certificates shall be delivered to the owner or depositor of such silver. This section shall not be construed to repeal subsection 2 of title III, section 43, of the Emergency Farm Mortgage Act of 1933, approved May 12, 1933, or any provision of law relative to the legal-tender character of silver coins or silver certificates. The 40 percent of such silver so deducted shall be retained in bullion by the Treasury or coined into standard silver dollars and held or disposed of in the same manner as other bullion or silver dollars held in or belonging to the Treasury. The Secretary of the Treasury is authorized to prescribe regulations to carry out the purposes of this act. Such regulations shall contain provisions substantially similar to the provisions contained in the regulations issued pursuant to the act of Congress approved April 23, 1918 (40 Stat. L. p. 535), known as the Pittman Act, with such changes as he shall determine prescribing how silver tendered through such mints shall be identified as having been produced from natural deposits in the United States or any places subject to its jurisdiction subsequent to July 1, 1939.

Mr. ADAMS. Mr. President, the Senator from Vermont [Mr. AUSTIN] has raised a question. I do not care to debate that question, but I submit a perfecting amendment to my own amendment. I assume that I have the right, without any question, to modify my own amendment at my suggestion. I will say to the Senator from Nevada that when it is in order he may offer the amendment, so that the objection of the Senator from Vermont [Mr. AUSTIN] may be met.

The PRESIDING OFFICER. The amendment offered by the Senator from Colorado will be stated.

Mr. ADAMS. Mr. President, I will say that it is substantially the first part of the amendment offered by the Senator from Nevada.

Mr. AUSTIN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Colorado yield to the Senator from Vermont?

Mr. ADAMS. Certainly.

Mr. AUSTIN. I thank the Senator from Colorado for the opportunity to say to him that I withdraw the notice I gave a few moments ago.

Mr. BARKLEY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BARKLEY. The amendment which was read a while ago and which is now offered by the Senator from Colorado——

Mr. ADAMS. I have offered an amendment to perfect my own amendment.

Mr. BARKLEY. The Senator from Colorado has offered an amendment to perfect his own amendment, which he has the right to do, the amendment being on an entirely different subject from the amendment which he has offered, which was to strike out language in the bill and insert certain other language on another subject. I should like to

inquire whether or not the two propositions are separable, so that the Senate may vote separately on each one.

Mr. ADAMS. Mr. President, I do not know how the Senator obtained the floor.

Mr. BARKLEY. Through a parliamentary inquiry.

Mr. ADAMS. Before the inquiry is answered, may I make a statement?

Mr. BARKLEY. I withdraw the inquiry for the moment, if it interferes with the Senator.

Mr. ADAMS. It has been suggested that perhaps the amendment offered is separable. As a matter of fact its branches are part and parcel of the same proposal. The section of the bill to which the original amendment was offered was a provision under the section of the Constitution giving Congress the power to coin money and regulate the value thereof. The provision of the bill was to extend the powers which the President now has to devalue the currency of the United States. The amendment which I originally offered was to eliminate a portion of that power, but to continue the right of the President to purchase domestically produced silver. That proposal was part and parcel of the amendment. It all has to do with the issuance, the value, and the devaluation of silver. The last amendment put a directory command upon the President and the Secretary of the Treasury as to how they shall exercise the powers conferred upon them. It is not possible to separate the provisions without striking down the section of the bill itself. Both provisions are part and parcel of an effort by Congress to determine how and when its money shall be valued or devalued, and how and when its money shall be coined.

Mr. WAGNER. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. WAGNER. If the Senator from Nevada [Mr. PITTMAN], who had offered an amendment to the amendment of the Senator from Colorado, desires a vote upon his amendment to the amendment, is he not entitled to a vote upon that question?

The PRESIDING OFFICER. The vote would come first on the perfecting amendment.

Mr. WAGNER. But thereafter may not the Senator from Nevada offer the amendment which is already at the desk; and is he not entitled to a separate vote upon that amendment?

The PRESIDING OFFICER. He may withdraw it and reoffer it.

Mr. SCHWELLENBACH. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. SCHWELLENBACH. May I inquire what the Chair means by the perfecting amendment? My understanding is that the Senator from Colorado has submitted an amendment which he, by his own act, perfects. He presents the whole thing as one amendment; does he not?

Mr. WAGNER. Yes; it becomes the Adams amendment.

The PRESIDING OFFICER. The Chair is informed by the Parliamentarian that the pending question is on agreeing to the amendment offered by the Senator from Nevada, unless he withdraws it.

Mr. ADAMS. Mr. President, my amendment has been modified in accordance with my request.

The PRESIDING OFFICER. The Chair holds that the Senator from Colorado has the right to modify his amendment without any vote.

Mr. ADAMS. Yes.

The PRESIDING OFFICER. That is understood.

Mr. WAGNER. Mr. President, will the Senator from Colorado yield for an inquiry?

Mr. ADAMS. I yield.

Mr. WAGNER. The amendment in its perfected form, as now pending, first strikes out the portion of the pending bill which continues the power to devalue the gold dollar.

Mr. ADAMS. That is correct.

Mr. WAGNER. Secondly, the other provision proposes a mandate by Congress, irrespective of whatever the economic conditions of the country may be, that the President, by proclamation, must purchase domestically mined silver for a price not less than 77 cents an ounce, which, under the present conditions of the world market——

Mr. SCHWELLENBACH. Mr. President, a point of order.

The PRESIDING OFFICER. The Senator will state it.

Mr. SCHWELLENBACH. The Senator's statement is not a parliamentary inquiry.

Mr. WAGNER. I am asking whether or not my statement is correct.

Mr. SCHWELLENBACH. The form of the Senator's statement is not a parliamentary inquiry.

Mr. WAGNER. I disposed of my parliamentary inquiry. If the Senator had been kind enough to listen to me, he would know that I have asked the Senator from Colorado to yield for a question, and I am now propounding the question.

The second part of the amendment, then, proposes to compel the President to pay 77 cents per ounce for silver which, under the present economic conditions, may be purchased in the market for 40 cents an ounce; in other words, proposing that the United States give a subsidy to the mine owner of 37 cents an ounce above the market price.

There may be situations under which the President would be justified in paying that sum, but it seems to me that we should not, for all time, tie the hands of the President so that, irrespective of what our economic situation may be, he must pay that price, 50 percent of it in the form of a subsidy to the mine owner.

Mr. ADAMS. Mr. President, I am very glad to endeavor to answer the Senator's question. In the first place, as a matter of procedure it is not done by proclamation. It is simply provided that the miner shall take his silver and turn it into the United States mint. The mint then gives him back 60 percent of the silver which he deposited in coin or in silver certificates, and the United States keeps 40 percent as seigniorage.

Mr. WAGNER. Mr. President——

Mr. ADAMS. Just a moment. The Senator speaks of a subsidy. The United States Government does not pay one single cent of subsidy to the miner. There will be no appropriation; there is no authorization for an appropriation. There is merely kept by the United States 40 percent of that which was produced by the miner as a condition to giving him back 60 percent of his silver in coin or silver certificates. So the Government has 40 percent of his silver; it puts its stamp upon so much of it, and gives it back to him in either coin or silver certificates which are certificates of deposit covering it. If the Government sees fit it can take the 40 percent of silver, coin it, and, as a practical matter, be able to pay its debts and bills with it, so there is a profit, assuming that the silver dollar is worth 100 cents and will continue to be worth 100 cents. The aggregate cost of enabling the mining industry to survive, to keep open its mines and keep open its smelters in this way, even though it may be called a subsidy by some, is not over $7,000,000 a year.

We have not hesitated in the past 2 weeks to vote hundreds of millions of dollars as a direct subsidy to be paid out of the Treasury to other industries; we have not hesitated to commit ourselves to a 60-year payment of millions upon millions of dollars in order to reduce the rent of people who live in the great cities; yet we hesitate to allow the miner to bring his silver in, coin it for him, and take from him 40 percent of his silver and not pay him a cent in money. For some reason or other there seems to be an inclination to feel that there is something abhorrent about keeping the mines and smelters open and thus benefiting those dependent upon them. I see the Senator from Nevada on his feet. He is much better informed on this subject than I am, and I yield to him.

Mr. PITTMAN. Mr. President, a parliamentary inquiry.

Mr. ADAMS. Mr. President, may I add just a further word?

Mr. PITTMAN. Certainly.

Mr. ADAMS. The Senator from New York suggests that we are tying the hands of the President. I beg to remind the Senator from New York that the Constitution of the

United States puts in the Congress the power to coin money and regulate the value thereof. All the power of the President of the United States has or can have is what the Congress gives him. In other words, we are not tying the hands of the President; we are exercising the power which the Constitution put in our hands.

Mr. PITTMAN. Mr. President, has the Chair held that the modification suggested by the Senator from Colorado has been accepted as a part of his amendment?

The PRESIDING OFFICER. The understanding of the Chair is that the Senator from Colorado modified his amendment by accepting and including in it the amendment of the Senator from Nevada.

Mr. PITTMAN. Has the Senator from Nevada a right to withdraw his amendment?

The PRESIDING OFFICER. He has.

Mr. PITTMAN. The Senator from Nevada is about to withdraw his amendment, as the Senator from Colorado has included it in his own amendment, and we can have a test vote, then, on the question.

Mr. ADAMS. The Chair, I think, is in error. I did not accept the amendment of the Senator from Nevada. I sent up a perfecting amendment of my own.

The PRESIDING OFFICER. Then, the pending question is on the amendment offered by the Senator from Nevada [Mr. PITTMAN] to the amendment offered by the Senator from Colorado.

Mr. PITTMAN. Mr. President, the Senator from Nevada, knowing that the Senator from Colorado in perfecting his amendment just now has placed into his perfected amendment the amendment which the Senator from Nevada had offered, sees no use of having a separate vote on his amendment which is now incorporated in the amendment of the Senator from Colorado. Therefore the Senator from Nevada withdraws his amendment, with the understanding that he intends to offer it several times hereafter in the event the amendment of the Senator from Colorado as modified shall not be agreed to.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Colorado [Mr. ADAMS] as modified.

Mr. BARKLEY. Mr. President, I wish to make a very brief statement in reference to the pending amendment. The original amendment offered by the Senator from Colorado, which has been pending for several days, proposed to strike out that portion of the bill which extends for another 2 years the power of the President to devalue the gold dollar up to the extent of the additional 9 percent originally authorized by Congress. The modification which he has made does not in any way affect his original amendment. So, if the amendment shall be agreed to in its present form it will strike from the bill that part of it which authorizes the President for another 2 years to exercise the power conferred upon him originally in the matter of the devaluation of the dollar.

In addition to that, however, the Senator from Colorado, exercising his right to modify his own amendment, has injected an entirely different proposition. Under his amendment he still would deny the President the right to devalue the dollar for another 2 years, but would compel the President to pay the equivalent of 77 and a fraction cents an ounce for silver for the next 2 years.

Mr. BORAH. Mr. President, I rise to a point of order.

The PRESIDING OFFICER. The Senator will state it.

Mr. BORAH. There has been no order in the Chamber this morning. I hope that we may have order, and that Senators who are not really speaking on the floor will take their seats.

The PRESIDING OFFICER. The point of order is well taken. The Chair hopes that better order may be preserved in the Senate.

Mr. BARKLEY. I will restate the situation, as I understand it. The Senator from Colorado originally offered an amendment to strike from the pending bill that portion of it which extends the authority of the President to devalue the dollar for another 2 years. His amendment still carries that prohibition, so far as the further power of the President to devalue the gold dollar is concerned, but, by the new language inserted in the amendment, he commands the President that he shall for the same 2 years pay an equivalent of 77 and a fraction cents an ounce for silver.

Mr. ADAMS. Mr. President, will the Senator permit me to make what I think is a correction?

Mr. BARKLEY. I yield.

Mr. ADAMS. The amendment which I offered did contain, and does contain, the provision eliminating the President's delegated power of devaluation, but the amendment, as modified, continues specifically the power of the President to purchase domestically mined silver as was provided in my original amendment.

The amendment which I have added is simply to fix the price at which the President shall exercise the power which was included in the original act, in the first amendment, and in the pending amendment.

Mr. BARKLEY. The amendment, as now written, prohibits and terminates the power of the President to do anything at all about the gold dollar and commands him to pay 77 and a fraction cents an ounce for silver that goes into the coinage of silver.

Mr. LEE. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. LEE. Then, if a Senator should want to vote for the silver provision but not to vote to strike down the power of the President to devalue the gold content of the dollar, he would have to vote against the amendment?

Mr. BARKLEY. That is correct.

Mr. LEE. Because they are tied together.

Mr. BARKLEY. Yes; because they are tied together.

The PRESIDING OFFICER. The present occupant of the chair will hold, if a division of the question is requested, that a division will be ordered, so that the vote may be taken separately.

Mr. BARKLEY. I think that is the fair way to get at the merits of this matter, because they are not in any way related; they are entirely separate propositions. If the Senate does not desire, or if it does desire, to extend for 2 years the power of the President to devalue the dollar another 9 percent, it certainly ought not to be tied in with a command that he pay 77 and a fraction cents an ounce for silver.

I desire to say in that connection that in 1931 the price of silver was 35 cents an ounce, and we produced in this country 22,000,000 ounces. In 1932 and 1933 the price was the same, and we produced 23,000,000 ounces of silver. When the price of silver, and that is a confusion of terms, as I indicated this morning, so I will say when the equivalent of the price of silver was raised, the production of silver went up; it gradually went up to 48,000,000 ounces, then to 60,000,000 ounces, and up to 70,000,000 ounces. It is now being produced, on an average, of about 60,000,000 ounces a year, which is three times as much as was being produced in 1931 and 1932. There was a time during that period when the price of silver was 77 and a fraction cents an ounce, the same price that is now undertaken to be fixed in the modified amendment of the Senator from Colorado; but during a part of that time the market price of silver was 80 cents an ounce instead of 40 cents, as it is now. It was a short time, I grant, but the price did go up. The world price of silver at one time went to 81 cents during the time when the 77-cent price was in effect.

Mr. PITTMAN. And it probably would have gone higher and stayed above 80 cents, but the Secretary of the Treasury succeeded in breaking it down to about 50 cents.

MR. BARKLEY. Of course the Senator is familar with what is known as Gresham's Law, under which, if any metal that is used for money sells on the market at a higher price than is being paid by the Government in order to coin it into money, it will result in all the money being coined into bullion and sold on the market, because of the higher price. That has happened frequently in the monetary history of

the country. So, of course, it was essential, from the standpoint of the monetary situation, that the price of silver should not be permitted to go even so high above 77 cents as would withdraw from circulation large quantities of silver, and cause it to be sold on the open market, rather than being brought to the mints to be coined.

Mr. PITTMAN. Does not the Senator know that the dollar does not reach the melting point—that is, where it is more profitable as bullion—until silver gets to $1.29?

Mr. BARKLEY. If any producer of silver, instead of bringing his silver to the mint, where he would get back only half of it, or, under the Senator's amendment, only 60 percent of it, could get more than that for the sale of his entire product in the open market, of course he would prefer to sell it in the open market, where he could sell all of it and get $1.29 an ounce, or whatever else the price was; but the $1.29 price is applicable only to the silver which he gets in return.

Mr. PITTMAN. No; it is not.

Mr. BARKLEY. It is not applicable to the part which the Government keeps unless it is coined and is paid out as money.

Mr. PITTMAN. The Senator should know that there is no danger of having our dollars melted up into silver at 80 cents an ounce, and there is no such danger until the price reaches $1.29 an ounce. The coins of only a few countries reach the melting point at $1.29 an ounce.

Mr. BARKLEY. Aside from that, the point is that silver was selling at 81 cents an ounce during a portion of the time when the Government was paying 77 cents. Now the market price of silver is 40 cents an ounce, and in this amendment we are asked to pay 77 cents, which is 37 cents above the market price.

I have no interest one way or the other so far as the silver situation is concerned, except that my sympathies are more on the side of the silver producers than they are on the other side; but I am trying to look at this matter from the monetary standpoint of the Treasury of the United States and the Government of the United States as well as that of the silver producers. I have not been able to convince myself that even the price of 64½ cents, which is now the price, as compared to 77 cents has resulted in the woeful unemployment which has been pointed out here, because the Director of the Bureau of Mines, I think in his testimony, certainly in statements which I think can be relied upon, has stated that when the Government increased the price of silver to 64½ cents an ounce the employment of labor went up from 6,000,000 man-hours per year to between 12,000,000 and 13,000,000 man-hours per year, and that that ratio of employment is now being maintained under the present price of silver.

Mr. PITTMAN. The Senator is mistaken, because he testified that the number of man-hours dropped off in 1938. His testimony is right here to read. As the price of silver went up, of course the employment went up. Likewise, he testified that in 1938 it went down.

Mr. BARKLEY. But it is still twice as much as it was in 1931, 1932, and 1933.

Mr. PITTMAN. In other words, there are more miners unemployed now than there were in 1933, but there are less than there were in 1937. The Senator does not seem to be at all interested in unemployment.

Mr. BARKLEY. Oh, yes; I am interested in it, but, of course, I am interested in it from the broad standpoint. I am interested in other capacities as well as in that.

Mr. PITTMAN. Mr. President, I ask permission to insert as a part of my speech certain matter from the report of the Director of the Mint for 1938, and an excerpt from the Gold Reserve Act of 1934.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

DIRECTOR OF THE MINT'S REPORT, FISCAL YEAR ENDED JUNE 30, 1938

(On page 4:) There is shown that the total transactions of gold acquisitions during the year 1938 amounted to $1,210,362,607.83, compared with $7,759,425,211.99 for the year 1937. These acquisitions included $1,028,668.49 of gold received at $20.67+ an ounce, which produced a profit to the Government amounting to $713,015.63.

Silver acquisitions during the year were as follows:

Item	Amount	Cost
	Fine ounces	
Newly mined domestic silver	68,715,543	$51,341,249
Nationalized silver	17,351	8,677
Purchase Act, silver	337,225,185	151,082,730
Silver contained in gold-bullion deposits, etc	415,082	181,807
Silver received in exchange for Government-stamped bars	288,734	126,179
Total	406,661,895	202,740,642

The average cost of this silver for the year was 49.8+ cents an ounce.

During the year 1938, $201,967,413 of silver certificates were issued against 156,209,171 fine ounces of silver bullion, valued at $1.29+ per fine ounce, the statutory monetary value of silver. Such silver had been acquired at an average price of 58.3+ cents per ounce. The difference between the cost of the silver held to secure such certificates and the monetary value of such silver is $110,870,809, and this amount constitutes seigniorage.

For newly mined domestic silver a return to the depositor of $0.7757+ per fine ounce, established by the President's proclamation of April 24, 1935, prevailed until the end of December 1937, after which the return was $0.6464+ established by proclamation of December 30, 1937. The latter rate prevailed during the remainder of the fiscal year.

(On p. 5:)

STOCK OF COIN AND MONETARY BULLION IN THE UNITED STATES

On June 30, 1938, the estimated stock of domestic coin in the United States was $1,077,724,054, of which $547,079,218 was standard silver dollars, $373,461,485 subsidiary silver coin, and $157,183,351 minor coin.

The stock of gold bullion, including coin, held in the Treasury on the same date was valued at $12,962,953,931, an increase of $644,682,766; and the stock of silver bullion was 1,678,532,406 fine ounces, an increase of 395,043,598.

(On p. 6:)

PRODUCTION OF GOLD AND SILVER

Domestic gold production during the calendar year 1937 was 4,804,540 fine ounces with a monetary value of $168,158,900 compared with 4,357,394 fine ounces with a monetary value of $152,508,800 in 1936. The quantity output was about 98 percent of that for the record year 1915, when the total was 4,887,604 fine ounces.

Domestic silver production during the calendar year 1937 totaled 71,941,794 ounces. This compares with 63,812,176 ounces for 1936, and with the record production of 74,961,075 fine ounces for 1915. The domestic production for 1938 was 61,600,000 ounces (estimated).

INDUSTRIAL CONSUMPTION OF GOLD AND SILVER

Gold consumption in the industrial arts during the calendar year 1937 is estimated at $39,622,338. Gold returned from industrial use amounted to $36,407,945, leaving $3,214,393 as net industrial consumption of new gold, which compares with an excess return from industry of $2,907,833 during the previous year.

Silver used in the arts is estimated at 51,292,270 fine ounces, of which 27,727,284 fine ounces was new material.

Compared with the prior year, there was an increase in gold consumption of approximately 190,000 ounces, and an increase in silver consumption in industry of about 15,500,000 ounces.

On page 33, there is a detailed statement showing the production of gold and silver in the United States since 1792—to 1937, inclusive—including Philippine Islands production received in the United States.

The total amount of silver produced in the United States from 1834 to 1937, inclusive, was 3,459,602,783 fine ounces, which had a commercial value of $2,687,842,902.

The average commercial value of this silver produced during this period was 77.6+ cents per fine ounce.

The average annual production during this period was 33,265,411 fine ounces.

The domestic production of gold and silver from 1934 to 1937, inclusive, and their commercial value are as follows:

Year	Gold		Silver	
	Fine ounces	Value	Fine ounces	Value
1934	3,091,183	$108,191,400	32,725,353	$21,155,784
1935	3,609,283	126,324,900	45,924,454	33,008,201
1936	4,357,394	152,508,800	63,812,176	49,422,530
1937	4,804,540	168,158,900	71,941,794	55,646,978
Total	15,862,400	555,184,000	214,403,777	159,233,493

The average commercial value of this gold was $35 per fine ounce.

The average commercial value of this silver was 74.2+ cents per fine ounce.

The average annual production of this gold for these 4 years was 3,965,600 fine ounces.

The average annual production of this silver for these 4 years was 53,600,944 fine ounces.

(On p. 102): The total amount of gold produced in the world from 1493 to 1937, inclusive, was 1,256,992,826 fine ounces.

The total amount of silver produced in the world from 1493 to 1937, inclusive, was 16,446,205,815 fine ounces.

This gold had a commercial value of $27,774,074,919.

This silver had a commercial value of $15,137,077,346.

The average commercial value of this world production of gold for the 445 years was $22.095+ per fine ounce.

The average commercial value of this world production of silver for the 445 years was 92.0+ cents per fine ounce.

The average annual production of gold during this period of 445 years was 2,824,703 fine ounces.

The average annual production of silver during this period of 445 years was 36,957,766 fine ounces.

The world production of gold and silver from 1934 to 1937, inclusive, and their value are as follows:

Year	Gold		Silver	
	Fine ounces	Value	Fine ounces	Value
1934	27,372,374	$958,033,090	190,398,156	$91,929,942
1935	29,999,245	1,049,973,580	220,704,231	142,535,205
1936	32,930,554	1,152,569,390	253,695,856	115,175,382
1937	34,740,055	1,215,901,925	273,873,598	123,777,173
Total	125,042,228	4,376,477,985	938,671,841	473,417,702

The average commercial value of this gold was $35 per fine ounce.

The average commercial value of this silver was 50.4 cents per fine ounce.

The average annual production of gold throughout the world for these 4 years was 31,260,557 fine ounces.

The average annual production of silver throughout the world for these 4 years was 234,667,960 fine ounces.

The ratio of the world production of gold and silver for the 445 years is: By weight, 13.8 silver to 1 gold; by value, 24.01 gold to 1 silver.

The ratio of the domestic production of gold and silver from 1834 to 1937, inclusive, is: By weight, 14.17 silver to 1 gold; by value, 27.83 gold to 1 silver.

The ratio of the domestic production of gold and silver from 1934 to 1937, inclusive, is: By weight, 13.51 silver to 1 gold; by value, 47.17 gold to 1 silver.

The ratio of the domestic production of gold and silver in the year 1937 is: By weight, 14.97 silver to 1 gold; by value, 45.12 gold to 1 silver.

The ratio of domestic production of gold and silver in 1874 was: By weight, 17.80 silver to 1 gold; by value, 16.25 gold to 1 silver.

The ratio of the world production of gold and silver in the year 1937 is: By weight, 7.88 silver to 1 gold; by value, 77.44 gold to 1 silver.

The ratio of the commercial value of domestic gold and silver in the year 1938 is: By value, 54.1 gold to 1 silver.

GOLD AND SILVER USED IN THE INDUSTRIAL ARTS

(On p. 35:) The domestic consumption of silver by the industrial arts during the year 1937 was greater than in any year in the history of this country. The amount so consumed during 1937 was 51,292,270 fine ounces.

The average annual amount of silver used by the industrial arts from 1880 to 1937, inclusive, was 22,469,605 fine ounces.

The 1937 consumption represents an increase over the annual average consumption since 1880 of 128 percent.

This comparison shows that the demand for silver by the industrial arts is increasing.

GOLD AND SILVER EXPORTS

(On p. 58:) The total gold exports from the United States from 1873 to 1937 amounted to $6,763,797,626, while the total imports for this period amounted to $14,243,240,713, leaving an excess of imports over exports of $7,479,443,087.

On the other hand, the total silver exports from the United States during the period 1873 to 1937, inclusive, amounted to $3,488,808,235, while the total imports for this period amounted to $2,882,400,364, showing that our silver exports exceeded our silver imports during this period by $606,407,871.

MONETARY STOCK

(On p. 79:) The monetary stock of gold per capita in the United States in 1873 was $3.24, while the monetary stock of silver per capita in that year was only $0.44.

In 1896 the gold monetary stock per capita in the United States was $8.53, while the silver monetary stock per capita at that time was $8.93, that being the only year since 1873 when the silver monetary stock in this country exceeded the gold stock.

In 1900 the proportion of United States monetary gold to silver stock was 61.5 to 38.5.

In 1905 the proportion of United States monetary gold to silver stock was 66.6 to 33.4.

In 1910 the proportion of United States monetary gold to silver stock was 69.4 to 30.6.

In 1915 the proportion of United States monetary gold to silver stock was 72.5 to 27.5.

In 1920 the proportion of United States monetary gold to silver stock was 84.5 to 15.5.

In 1925 the proportion of United States monetary gold to silver stock was 84.5 to 15.5.

In 1930 the proportion of United States monetary gold to silver stock was 84.2 to 15.8.

In 1935 the proportion of United States monetary gold to silver stock was 88.6 to 11.4.

In 1937 the proportion of United States monetary gold to silver stock was 87.6 to 12.4.

EXCERPT FROM SECTION 12 OF THE GOLD RESERVE ACT OF 1934

"The President, in addition to the authority to provide for the unlimited coinage of silver at the ratio so fixed, under such terms and conditions as he may prescribe, is further authorized to cause to be issued and delivered to the tenderer of silver for coinage, silver certificates in lieu of the standard silver dollars to which the tenderer would be entitled and in an amount in dollars equal to the number of coined standard silver dollars that the tenderer of such silver for coinage would receive in standard silver dollars.

"The President is further authorized to issue silver certificates in such denominations as he may prescribe against any silver bullion, silver, or standard silver dollars in the Treasury not then held for redemption of any outstanding silver certificates, and to coin standard silver dollars or subsidiary currency for the redemption of such silver certificates.

"The President is authorized, in his discretion, to prescribe different terms and conditions and to make different charges, or to collect different seigniorage, for the coinage of silver of foreign production than for the coinage of silver produced in the United States or its dependencies. The silver certificates herein referred to shall be issued, delivered, and circulated substantially in conformity with the law now governing existing silver certificates, except as may herein be expressly provided to the contrary, and shall have and possess all of the privileges and the legal-tender characteristics of existing silver certificates now in the Treasury of the United States or in circulation.

"The President is authorized, in addition to other powers, to reduce the weight of the standard silver dollar in the same percentage that he reduces the weight of the gold dollar.

"The President is further authorized to reduce and fix the weight of subsidiary coins so as to maintain the parity of such coins with the standard silver dollar and with the gold dollar."

SEC. 13. All actions, regulations, rules, orders, and proclamations heretofore taken, promulgated, made, or issued by the President of the United States or the Secretary of the Treasury, under the act of March 9, 1933, or under section 43 or section 45 of title III of the act of May 12, 1933, are hereby approved, ratified, and confirmed.

Mr. BARKLEY. Mr. President, I do not think these two propositions ought to be linked together. They ought to be voted for or against on their individual merits. I shall ask for the separation of these questions, in order that the Senate may declare itself on the 77-cent proposition independently of anything else, and then declare itself on whether it wishes to terminate the authority of the President of the United States to devalue the dollar. When the proper time comes, I shall ask for that separation.

I hope the language now injected into the amendment by the Senator from Colorado [Mr. ADAMS] will be rejected. I suppose his main amendment will then, of course, be subject to a separate vote when the time comes. There has been no agreement about a time to vote, and I do not wish to urge such an agreement; but we probably can agree on a time after the vote is taken on this separate amendment.

Mr. ADAMS. Does the Senator ask for the separation?

Mr. BARKLEY. Yes; I ask for the separation.

Mr. ADAMS. Has the Chair ruled?

The PRESIDING OFFICER. Does the Senator from Colorado wish to discuss that question?

Mr. ADAMS. Yes.

The PRESIDING OFFICER. Very well, the Chair will hear the Senator.

Mr. ADAMS. I will merely make the comment that I do not believe the question is susceptible of division. I should like to inquire at what point in the amendment the separation could be made, so that I may know?

Mr. BARKLEY. Of course, the separation includes all the portion of the amendment now offered by the Senator which was added this morning, which undertakes to compel the President to pay a certain price.

Mr. ADAMS. I thought so. I call the Chair's attention to the fact that the original amendment includes a power delegated to the President to purchase domestic silver. That is in the printed amendment. Now the Senator wishes to sep-

arate that from a provision in which Congress fixes the price at which the power is to be exercised.

Mr. BARKLEY. The Senator's original amendment did not compel the President to pay any particular price.

Mr. ADAMS. No; it authorized it.

Mr. BARKLEY. It authorized him to continue to purchase silver, which, of course, is an entirely different proposition from compelling him to pay a given price for it if he does purchase it.

The PRESIDING OFFICER. The Chair is ready to rule.

Mr. GLASS. Mr. President, I would oppose the so-called Pittman amendment to fix the price of silver at 77 cents an ounce if I were compelled to vote on that question; but if the proposition of the Senator from Colorado [Mr. ADAMS] involves deprivation of the President of the right further to degrade the currency, I think the price is worth it, and I shall vote for the amendment if it is not divided.

The PRESIDING OFFICER (Mr. BANKHEAD in the chair). The Chair calls attention to rule XVIII, which, among other things, provides:

> If the question in debate contains several propositions, any Senator may have the same divided, except a motion to strike out and insert, which shall not be divided.

The Chair is of the opinion that the question here involved contains two propositions. One is the power to devaluate the gold dollar. The other fixes the price of silver. The Chair is perfectly clear that two questions are involved, and will submit the two questions for separate votes.

Mr. ADAMS. Mr. President, with the utmost regard for the parliamentary fairness and skill of the Presiding Officer, I must appeal from that decision.

The PRESIDING OFFICER. The Senator is entitled to an appeal. The question is, Shall the decision of the Chair stand as the judgment of the Senate?

Mr. ADAMS. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Downey	King	Reynolds
Austin	Ellender	La Follette	Russell
Bailey	Frazier	Lee	Schwellenbach
Bankhead	George	Lodge	Shipstead
Barbour	Gerry	Logan	Slattery
Barkley	Glass	Lucas	Smathers
Bone	Green	McCarran	Stewart
Borah	Guffey	McKellar	Thomas, Okla.
Bridges	Gurney	Maloney	Tobey
Brown	Hale	Miller	Townsend
Bulow	Harrison	Minton	Truman
Burke	Hatch	Murray	Tydings
Byrd	Hayden	Neely	Vandenberg
Byrnes	Hill	Norris	Van Nuys
Capper	Holman	Nye	Wagner
Clark, Idaho	Holt	O'Mahoney	Walsh
Clark, Mo.	Hughes	Overton	Wheeler
Danaher	Johnson, Calif.	Radcliffe	White
Davis	Johnson, Colo.	Reed	Wiley

The PRESIDING OFFICER. Seventy-six Senators having answered to their names, a quorum is present.

The question is, Shall the decision of the Chair stand as the judgment of the Senate?

Mr. ADAMS. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. HARRISON (when his name was called). Making the same announcement as on the previous vote with reference to my pair with the Senator from Oregon [Mr. MCNARY], I withhold my vote.

The roll call was concluded.

Mr. BRIDGES. On this vote I have a pair with the junior Senator from Utah [Mr. THOMAS]. I transfer that pair to the junior Senator from Ohio [Mr. TAFT] and vote "nay." If the Senator from Ohio were present and permitted to vote, he would vote "nay."

Mr. O'MAHONEY. My colleague the junior Senator from Wyoming [Mr. SCHWARTZ] is detained from the Senate by illness. On this vote he has a special pair with the Senator from Iowa [Mr. GILLETTE].

Mr. MINTON. I announce that the Senator from Wyoming [Mr. SCHWARTZ] is detained from the Senate because of illness.

The Senator from South Carolina [Mr. SMITH] is absent because of illness in his family.

The Senator from Florida [Mr. ANDREWS], the Senator from Mississippi [Mr. BILBO], the Senator from Ohio [Mr. DONAHEY], and the Senator from Iowa [Mr. HERRING] are detained in important committee meetings.

The Senator from Arkansas [Mrs. CARAWAY], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Texas [Mr. CONNALLY], and the Senator from Minnesota [Mr. LUNDEEN] are necessarily detained.

The Senator from Iowa [Mr. GILLETTE], the Senator from New York [Mr. MEAD], the Senator from Florida [Mr. PEPPER], the Senator from Texas [Mr. SHEPPARD], and the Senator from Utah [Mr. THOMAS] are absent on important public business.

Mr. AUSTIN. I announce the following pairs:

The Senator from Vermont [Mr. GIBSON] with the Senator from Florida [Mr. PEPPER]; and

The Senator from North Dakota [Mr. NYE] with the Senator from Texas [Mr. CONNALLY].

My colleague the junior Senator from Vermont [Mr. GIBSON], if present and permitted to vote, would vote "nay."

The result was—yeas 39, nays 35, as follows:

YEAS—39

Bailey	Green	McKellar	Shipstead
Bankhead	Guffey	Maloney	Slattery
Barkley	Hatch	Miller	Smathers
Borah	Hayden	Minton	Stewart
Brown	Hill	Neely	Thomas, Okla.
Burke	Hughes	Norris	Truman
Byrnes	La Follette	Overton	Van Nuys
Ellender	Lee	Radcliffe	Wagner
George	Logan	Reynolds	Walsh
Gerry	Lucas	Russell	

NAYS—35

Adams	Clark, Mo.	Holt	Schwellenbach
Austin	Danaher	Johnson, Calif.	Tobey
Barbour	Davis	Johnson, Colo.	Townsend
Bone	Downey	King	Tydings
Bridges	Frazier	Lodge	Vandenberg
Bulow	Glass	McCarran	Wheeler
Byrd	Gurney	Murray	White
Capper	Hale	O'Mahoney	Wiley
Clark, Idaho	Holman	Reed	

NOT VOTING—22

Andrews	Donahey	McNary	Sheppard
Ashurst	Gibson	Mead	Smith
Bilbo	Gillette	Nye	Taft
Caraway	Harrison	Pepper	Thomas, Utah
Chavez	Herring	Pittman	
Connally	Lundeen	Schwartz	

So the decision of the Chair was sustained.

The PRESIDING OFFICER. The question now is on the first branch of the amendment offered by the Senator from Colorado [Mr. ADAMS], to strike out the devaluation part of the bill.

Mr. BARKLEY. Mr. President, inasmuch as the other proposal was offered last, I wonder whether we could not get an agreement to vote on that first.

Mr. AUSTIN. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. AUSTIN. I ask whether or not the custom of the Senate permits a division in any other way than that which has already been made of the pending proposal, namely, that the first part of the proposal be voted on first and the second part last?

The PRESIDING OFFICER. The present occupant of the chair may not be in the chair when the question presented by the Senator from Vermont arises. The Chair has ruled, following the advisory opinion of the Parliamentarian, that the first part of the amendment has preference. That is the decision of the Chair.

Mr. BARKLEY. Mr. President, that is entirely agreeable to me. I thought that, as the other part was offered in the nature of an amendment, we might vote on that first, so as to clear the amendment of all extraneous matter except

that which was offered originally by the Senator from Colorado. But it is entirely agreeable to me to have the vote on the first part of the amendment, which is the original amendment offered.

I do not wish to take the time of the Senate; but inasmuch as the amendment has not been discussed at length, all the discussion having centered around the price of silver, I desire to say just a word with respect to the amendment and its effect.

Mr. KING. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. KING. There has been considerable discussion of the question of devaluation. The able Senator from New York [Mr. WAGNER] discussed it at great length. The Senator from Ohio [Mr. TAFT] made a very elaborate and eloquent argument on it. Your humble servant submitted a few observations with respect to it a few days ago. So it has been discussed.

Mr. BARKLEY. I remember that.

SEVERAL SENATORS. Vote! Vote!

The VICE PRESIDENT. The Senator from Kentucky has the floor and is proceeding to make a statement.

Mr. BARKLEY. I will say to the Senators who asked for a vote that they will have a vote. It has been nearly a week since the question of devaluation was discussed at all. I do not occupy the time of the Senate unduly, but I have the right to occupy it now. I have the floor, and to those on the Republican side who just shouted "Vote! Vote!" I will say that I will take as little time as possible, but I feel it my duty to take sufficient time to endeavor to impress on the Senate the seriousness of the question before us.

Mr. BORAH. Mr. President, the Senator should not only address Senators on the Republican side as having asked for a vote but Senators on the other side of the Chamber as well.

Mr. BARKLEY. I heard only Senators on the Republican side. I apologize.

Mr. President, these two subjects are intimately connected, that is the continuation of the stabilization fund and the continuation of the authority to devalue the dollar.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. THOMAS of Oklahoma. Those two questions are not involved in this amendment. The bill before the Senate (H. R. 3325) contains four sections. One section proposes to extend the power of the President further to devalue the gold dollar, and the other sections propose to extend the stabilization fund. They are not both involved in the Adams amendment.

Mr. BARKLEY. I understand that they are not both involved in the Adams amendment, because the Adams amendment does not propose to strike out the continuation of the stabilization fund, but it does propose to strike out the authority to devalue the dollar for another 2 years. Therefore they are connected.

The stabilization fund has been used, as has been so well explained by the Treasury Department, in order to stabilize international exchange in the normal fluctuations of that exchange. It has been used in the purchase of foreign currency in order that the currency might not be depressed upon the exchange markets of the world to such an extent as to injure the commerce and trade of the American people, and to injure the value of the dollar in relation to international trade.

The power to devalue the dollar further is a power to be used only in the case of abnormal fluctuations and declines in the value of foreign currency brought about by some action of the Government which controls the exchange market. The fluctuations in the value of foreign currency for which the stabilization fund operates as a sort of cushion may be brought about by international conditions independent of any positive action by any government. It may be the result of trade situations. It may be the result of fear. It may be the result of conditions that are brought about not by the action of any government in cheapening its own currency, but because of the flight of money from the nation that may be involved, or for other normal reasons that may come about in the relationship of trade.

The power to devalue the dollar is a reserve power only, to be exercised by the President in the event some other government by positive action should take some action that would cheapen its own currency.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. WHEELER. That is not what the law says.

Mr. BARKLEY. No; I understand that. I realize that the law itself does not say that.

Mr. WHEELER. As a matter of fact, the President has the right to devalue the gold dollar at any time; he has the right either to raise the content of the dollar or cut it down. It does not depend entirely on what other countries do at all.

Mr. BARKLEY. I grant that the language of the law itself does not so limit the President. But it has been assumed in all the testimony and in all the hearings and in all the debates here that while we propose to extend the authority for 2 years, it would not be exercised unless some other nation took action in the devaluation or the cheapening of its own currency to the extent that it would injure the trade and commerce of the United States.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. THOMAS of Oklahoma. I do not want the RECORD to contain erroneous impressions. The Senator from Montana made the statement, so I understood, that the President had the power either to restore the value of the dollar or lower it, which means to make it larger in terms of weight or make it smaller.

The President now has the power only to make the dollar smaller, but he has no power whatever to put a gram or fraction of a gram more in the value of the gold dollar.

Mr. BARKLEY. That is true, and the law which we passed did not give the President authority to increase the gold content in the original dollar, and he does not have the power now to increase the gold content above the 59 percent to which he reduced it in his proclamation. So the Senator from Oklahoma is absolutely correct.

Mr. President, instead of these proposals being unrelated, instead of having nothing at all to do with each other, I think they go hand in hand, like Siamese twins, the stabilization fund to be used to stabilize the dollar in relation to various fluctuations that come about as the result of trade, and the other power to be used by the President in case of positive action by some other nation. I contemplate that it would not be used except under such circumstances that some other nation by positive action devalued its currency. Other nations can do it overnight. England does not have to have an act of Parliament to devalue the pound sterling; France does not have to have an act of the Chamber of Deputies to devalue the French franc. They might do it overnight. In case of such contingency I think the power of the President to make use of this 9 percent, which he has never done, ought to be retained in him.

Mr. WAGNER. Mr. President, will the Senator yield.

Mr. BARKLEY. I will yield in just a moment. The fact that he has that power—not only has had it up to date but will continue to have it—will act as a deterrent on other nations in devaluing their coin so as to cheapen it in relation to the dollar, and thereby obtain any commercial or trade advantage as compared to the manufacturers or exporters of the United States.

Mr. WAGNER. Mr. President, that is the feature of the matter with which I wished the Senator from Kentucky to deal.

Mr. BARKLEY. Mr. President, that is what I want a vote on. I wish to emphasize the relationship between the two matters, and with that emphasis I take my seat because I feel we are all qualified to vote on the subject.

Mr. ADAMS. Mr. President, I express my regret that the Senator was just a little late in appreciating the necessary relationship between the different sections of the bill. He was the one who could not see relationship between authority of the President to buy domestic silver and the provision fixing the price. Now he sees a very close relationship between a stabilization fund to maintain the price at an equal level, and another one to stabilize the currency. I am sorry that he first did not catch the point with reference to that policy.

Mr. BARKLEY. I did catch the point, but I still maintain that there is no relationship between authorizing the President to buy silver——

Mr. ADAMS. And the price at which he is to buy it.

Mr. BARKLEY. And compelling him to pay a certain price for it. There may be a certain relationship, because both of them relate to silver, but there is quite a difference between authorizing the President to buy something in his discretion and then commanding him what he shall pay for it if he does buy it.

The VICE PRESIDENT. The question is on the first branch of the amendment offered by the Senator from Colorado [Mr. ADAMS], which will be stated.

The CHIEF CLERK. On page 2, it is proposed to strike out lines 3 to 13, both inclusive, and to insert in lieu thereof the following:

SEC. 3. The second sentence added to paragraph (b) (2) of section 43, title III, of the act approved May 12, 1933, by section 12 of said Gold Reserve Act of 1934, as amended, is further amended to read as follows: "The powers of the President specified in this paragraph shall be deemed to be separate, distinct, and continuing powers, and may be exercised by him, from time to time, severally or together, whenever and as the expressed objects of this section in his judgment may require; except that the powers so specified which relate to the alteration of the weight of the dollar and subsidiary coins shall expire June 30, 1939, and the powers so specified which relate to the issuance of silver certificates and the coinage of silver dollars and subsidiary coins shall expire January 15, 1941, unless the President shall sooner declare the existing emergency ended."

Mr. VANDENBERG. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Davis	King	Russell
Andrews	Downey	La Follette	Schwellenbach
Ashurst	Ellender	Lee	Shipstead
Austin	Frazier	Lodge	Slattery
Bailey	George	Logan	Smathers
Bankhead	Gerry	Lucas	Stewart
Barbour	Glass	McCarran	Thomas, Okla.
Barkley	Green	McKellar	Tobey
Bilbo	Guffey	Maloney	Townsend
Bone	Gurney	Miller	Truman
Borah	Hale	Minton	Tydings
Bridges	Harrison	Murray	Vandenberg
Brown	Hatch	Neely	Van Nuys
Bulow	Hayden	Norris	Wagner
Burke	Herring	Nye	Walsh
Byrd	Hill	O'Mahoney	Wheeler
Byrnes	Holman	Overton	White
Capper	Holt	Pittman	Wiley
Clark, Idaho	Hughes	Radcliffe	
Clark, Mo.	Johnson, Calif.	Reed	
Danaher	Johnson, Colo.	Reynolds	

The VICE PRESIDENT. Eighty-one Senators have answered to their names. A quorum is present.

The question is on agreeing to the first branch of the so-called Adams amendment.

Mr. ADAMS and other Senators asked for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. BRIDGES (when his name was called). I have a general pair with the junior Senator from Utah [Mr. THOMAS]. I transfer that pair to the junior Senator from Ohio [Mr. TAFT] and vote "yea." I am informed that if the junior Senator from Ohio were present he would vote "yea."

Mr. NYE (when his name was called). On this question I am paired with the junior Senator from Texas [Mr. CONNALLY]. If I were at liberty to vote, I would vote "yea." I understand that if the Senator from Texas were present he would vote "nay."

Mr. O'MAHONEY (when the name of Mr. SCHWARTZ was called). I announce that my colleague [Mr. SCHWARTZ] is detained because of illness.

The roll call was concluded.

Mr. LODGE (after having voted in the affirmative). I have a pair with the senior Senator from Texas [Mr. SHEPPARD]. I therefore withdraw my vote. I am advised that if present the Senator from Texas would vote "nay."

Mr. HARRISON. Making the same announcement as before with reference to my pair with the Senator from Oregon [Mr. MCNARY], I withhold my vote.

Mr. MINTON. I announce that the Senator from Wyoming [Mr. SCHWARTZ] is detained from the Senate because of illness.

The Senator from South Carolina [Mr. SMITH] is absent because of illness in his family.

The Senator from Arkansas [Mrs. CARAWAY], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Texas [Mr. CONNALLY], and the Senator from Minnesota [Mr. LUNDEEN] are necessarily detained.

The Senator from Ohio [Mr. DONAHEY] is detained in an important committee meeting.

The Senator from Iowa [Mr. GILLETTE], the Senator from New York [Mr. MEAD], the Senator from Florida [Mr. PEPPER], the Senator from Texas [Mr. SHEPPARD], and the Senator from Utah [Mr. THOMAS] are absent on important public business.

Mr. AUSTIN. I announce that on this question the Senator from Vermont [Mr. GIBSON] has a pair with the Senator from Florida [Mr. PEPPER]. If present, the Senator from Vermont would vote "yea," and, I am informed, the Senator from Florida would vote "nay."

The result was announced—yeas 47, nays 31, as follows:

YEAS—47

Adams	Capper	Herring	Schwellenbach
Andrews	Clark, Idaho	Holman	Shipstead
Ashurst	Clark, Mo.	Holt	Tobey
Austin	Danaher	Johnson, Calif.	Townsend
Bailey	Davis	Johnson, Colo.	Tydings
Barbour	Downey	King	Vandenberg
Bone	Frazier	McCarran	Van Nuys
Bridges	Gerry	Murray	Walsh
Brown	Glass	O'Mahoney	Wheeler
Bulow	Gurney	Pittman	White
Burke	Hale	Radcliffe	Wiley
Byrd	Hayden	Reed	

NAYS—31

Bankhead	Guffey	McKellar	Russell
Barkley	Hatch	Maloney	Slattery
Bilbo	Hill	Miller	Smathers
Borah	Hughes	Minton	Stewart
Byrnes	La Follette	Neely	Thomas, Okla.
Ellender	Lee	Norris	Truman
George	Logan	Overton	Wagner
Green	Lucas	Reynolds	

NOT VOTING—18

Caraway	Gillette	Mead	Smith
Chavez	Harrison	Nye	Taft
Connally	Lodge	Pepper	Thomas, Utah
Donahey	Lundeen	Schwartz	
Gibson	McNary	Sheppard	

So the first branch of the amendment of Mr. ADAMS was agreed to.

The VICE PRESIDENT. The question recurs on the second branch of the amendment offered by the Senator from Colorado [Mr. ADAMS].

The second branch of the amendment offered by Mr. ADAMS is as follows:

Insert at the end of the amendment the following:

"Each United States coinage mint shall receive for coinage into standard silver dollars any silver which such mint, subject to regulations prescribed by the Secretary of the Treasury is satisfied has been mined subsequently to July 1, 1939, from natural deposits in the United States or any place subject to the jurisdiction thereof.

"The Director of such mint with the consent of the owner shall deduct and retain of such silver so received 40 percent as seigniorage for services performed by the Government of the United States relative to the coinage and delivery of silver dollars. The balance of such silver so received, that is 60 percent, shall be coined into standard silver dollars and the same or any equal number of other standard silver dollars shall be delivered to the

owner or depositor of such silver. The 40 percent of such silver so deducted shall be retained as bullion by the Treasury or coined into standard silver dollars and held or disposed of in the same manner as other bullion or silver dollars held in or belonging to the Treasury. The Secretary of the Treasury is authorized to prescribe regulations to carry out the purposes of this act. Such regulations shall contain provisions substantially similar to the provisions contained in the regulations issued pursuant to the act of Congress approved April 23, 1918 (40 Stat. L., p. 535), known as the Pittman Act, with such changes as he shall determine prescribing how silver tendered to such mints shall be identified as having been produced from natural deposits in the United States or any places subject to its jurisdiction subsequent to July 1, 1939."

Mr. VANDENBERG and Mr. BARKLEY asked for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. HARRISON (when his name was called). Making the same announcement as on the last vote with respect to my pair with the Senator from Oregon [Mr. McNARY], I withhold my vote.

Mr. LODGE (when his name was called). On this question I have a pair with the senior Senator from Texas [Mr. SHEPPARD]. If he were present, he would vote "nay." If I were permitted to vote, I should vote "yea."

Mr. NYE (when his name was called). Making the same announcement as previously regarding my pair with the Senator from Texas [Mr. CONNALLY], if I were permitted to vote I should vote "yea," and if the Senator from Texas were present and voting he would vote "nay."

The roll call was concluded.

Mr. BRIDGES (after having voted in the affirmative). I again announce the transfer of my pair with the Senator from Utah [Mr. THOMAS] to the Senator from Ohio [Mr. TAFT] and permit my vote to stand.

Mr. O'MAHONEY. I announce that my colleague [Mr. SCHWARTZ] is detained from the Senate by illness. He has a special pair with the Senator from Iowa [Mr. GILLETTE]. If present, my colleague would vote "yea," and the Senator from Iowa would vote "nay."

Mr. AUSTIN. I announce the pair of my colleague the junior Senator from Vermont [Mr. GIBSON] with the Senator from Florida [Mr. PEPPER].

Mr. MINTON. I announce that the Senator from Wyoming [Mr. SCHWARTZ] is detained from the Senate because of illness.

The Senator from South Carolina [Mr. SMITH] is absent because of illness in his family.

The Senator from Arkansas [Mrs. CARAWAY] is necessarily detained.

The Senator from Ohio [Mr. DONAHEY] is detained in an important committee meeting.

The Senator from Utah [Mr. THOMAS] and the Senator from Florida [Mr. PEPPER] are absent on important public business. I am advised that these two Senators if present and voting would vote "yea."

The Senator from New Mexico [Mr. CHAVEZ] and the Senator from Minnesota [Mr. LUNDEEN] are necessarily detained. I am advised that if present and voting those Senators would vote "yea."

The Senators from Texas [Mr. CONNALLY and Mr. SHEPPARD], the Senator from Iowa [Mr. GILLETTE], and the Senator from New York [Mr. MEAD] are unavoidably detained. I am advised that if present and voting those Senators would vote "nay."

The result was announced—yeas 48, nays 30, as follows:

YEAS—48

Adams	Clark, Idaho	Holman	Overton
Andrews	Clark, Mo.	Johnson, Calif.	Pittman
Ashurst	Danaher	Johnson, Colo.	Reed
Austin	Davis	King	Schwellenbach
Bankhead	Downey	La Follette	Shipstead
Barbour	Ellender	Lee	Stewart
Bilbo	Frazier	Logan	Thomas, Okla.
Bone	Gurney	McCarran	Vandenberg
Borah	Hale	Miller	Van Nuys
Bridges	Hatch	Murray	Wheeler
Bulow	Hayden	Neely	White
Capper	Herring	O'Mahoney	Wiley

NAYS—30

Bailey	Glass	Maloney	Tobey
Barkley	Green	Minton	Townsend
Brown	Guffey	Norris	Truman
Burke	Hill	Radcliffe	Tydings
Byrd	Holt	Reynolds	Wagner
Byrnes	Hughes	Russell	Walsh
George	Lucas	Slattery	
Gerry	McKellar	Smathers	

NOT VOTING—18

Caraway	Gillette	Mead	Smith
Chavez	Harrison	Nye	Taft
Connally	Lodge	Pepper	Thomas, Utah
Donahey	Lundeen	Schwartz	
Gibson	McNary	Sheppard	

So the second branch of the amendment of Mr. ADAMS was agreed to.

Mr. THOMAS of Oklahoma. Mr. President, I offer as an amendment a new section, to become a part, if adopted, of the original bill.

The VICE PRESIDENT. The amendment offered by the Senator from Oklahoma will be stated.

The LEGISLATIVE CLERK. At the proper place in the bill it is proposed to insert the following:

DECLARATION OF POLICY

SEC. —. It is hereby declared to be the policy of the United States that the price level as shown by the Bureau of Labor Statistics shall be adjusted to 100, and it shall be the duty of the Board of Governors of the Federal Reserve System, the Secretary of the Treasury, and the other executive departments of the Government to cooperate in the work of adjusting such price level as herein provided, and thereafter to keep such price level as nearly stable at such point of 100 as is humanly possible.

Mr. THOMAS of Oklahoma. Mr. President, I shall take but a very few moments to explain and discuss the amendment.

Perhaps I am undertaking an impossible task. I am undertaking to do something which has never before been undertaken in the 150 years of the life of this Republic. That is to give a mandate to the managers of our money as to where the value of the dollar shall be placed.

For 150 years we have had a monetary system in this country; but during all that time, save about 7 or 8 years, the dollar has been like a piece of rubber. It has been bouncing up and down.

There was a time, from 1921 to 1928, when the dollar had a stable value. I am now seeking to have the Congress exercise its constitutional power to proceed to regulate and adjust the value of our dollar.

Mr. President, I have on the wall, to the rear of the Chamber, a W. P. A. chart to which I desire to call the attention of Senators for a moment. The chart shows a crooked line in red. That line shows the variation in the buying power or value of the dollar since 1880 until the present time. It will be noted that the red line is as crooked as a streak of lightning.

In 1880 the buying power of the dollar was 160 cents, as measured in terms of property. By 1896 the buying power of the dollar was 215 cents, as measured in terms of property. By 1920 the buying power of the dollar was down to 64 cents, as measured in terms of property. Then in 1921 it went up to 100 cents. Then for 8 years, from 1921 to 1928, the buying power of the dollar was held stable at 100. It did not fluctuate more than 1 or 2 cents above the line or 1 or 2 cents below the line. Then in 1929 the dollar started to increase in value. It increased from about 100 cents in 1929—104 cents, to be exact—to 167 cents in April of 1933.

Then the Congress undertook to reduce the value of the dollar, but gave no mandate. The dollar was cheapened in value from 167 cents in April 1933, to 113 cents in March 1937. Then the dollar started to rise again; and from March 1937 until today the dollar has increased in value from 113 cents to 132.6 cents.

Mr. President, the dollar value exactly and accurately measures prices. When the dollar value goes up, prices go down. When the dollar value goes down, prices go up. The principle of the chart on the wall, crude as it may be, is followed by every person who has tried to gage prices ac-

cording to all the economists' programs and charts that have ever been made.

Someone handles this matter. There has not been a single moment since 1792, or I will say 1800, when someone has not had control of the management of the dollar. The dollar has always been a managed unit. Even when we have a gold standard it is possible to change the value of the gold dollar. Demand and supply, of course, have the influence of changing the value of the gold dollar. In 1850, following the discovery of gold in California in 1849, a large amount of gold came into existence, and as gold came into existence, gold became plentiful, and as gold became plentiful, gold became cheap in terms of property, and we then had a period of rising prices so far as property was concerned.

Mr. President, every one of the movements shown on this chart is controlled. If the dollar is going up, that is a movement upward. As the dollar goes up, prices go down. Somebody, or something, controls that movement. As the dollar starts down, prices start up. Something controls that. There is some reason why the dollar goes down.

In 1920 one of the political parties decided that the dollar was too cheap. That political party decided that prices were too high, and a deliberate effort was made to bring prices down, and to increase the value of the dollar. That party won in that year, and the party did exactly what it said it was going to do. It cheapened prices by increasing the value of the dollar, and that shows on the map just after 1920. In 18 months after 1920, $1,800,000,000 was taken out of circulation. That made money scarce. That made money increase in value in terms of property, and as the dollar went up, commodity prices came down.

For 8 years, as I have stated, from 1921 to 1928, under the management of our financial system by the Federal Reserve Board, the value of the dollar was stable, but at that time the Board was controlled by a very able financier, Governor Strong of the Federal Reserve Bank of New York. So long as he lived—he passed away in 1928—he was able to keep the dollar stable in terms of property. It did not fluctuate more than 1 or 2 cents above 100 cents of buying power, and it did not lose more than 2 or 3 cents below 100. So during Governor Strong's lifetime he kept the dollar stable, and property values likewise were stable.

Mr. BORAH. Mr. President——

Mr. THOMAS of Oklahoma. I yield to the Senator from Idaho.

Mr. BORAH. Will the Senator state somewhat in detail how Governor Strong accomplished that?

Mr. THOMAS of Oklahoma. Yes; I will state how it was done. I shall have to state a little bit of history to make it clear.

In May 1920 one of the Senators from Illinois introduced in the Senate a resolution asking the Federal Reserve Board to state exactly how they were going to bring down prices. The resolution passed this body and went to the Federal Reserve Board. The Federal Reserve Board made a reply to the resolution, and in the reply stated exactly how they were going to bring down prices and how they were going to increase the value of the dollar. The reply that they gave stated, I think, four substantial propositions.

One was to restrict credit. They said they were going to serve notice on the banks of the country to be less liberal with their credit policy, and not only to stop making loans but to commence collecting the loans they had out. That was policy No. 1.

The second policy was to serve notice on the borrowers at the banks that they must come in and pay. The bank was instructed to call in the borrower and tell him that his best interest was to make a payment on his loan. That was policy No. 2.

There were one or two other policies that the Board brought forward during that period; but those were the two main policies that the Federal Reserve Board invoked upon the banks of the Nation. As I have said, one was to send out notices to the banks to be less liberal in the extension and granting of credit. Second, the Board sent out notices to the banks advising and in effect suggesting and demanding that the banks begin to collect the money that was owed to the banks.

The banks followed these two directions, and sent out these notices; and after the 4th of March 1921, in pursuance of the latter policy, the banks collected and took out of circulation, in payments on notes, the sum of $100,000,000 a month. The banks, as a rule, owed the Federal Reserve System; so, as the banks collected from the borrowers, they sent the money that they collected to the Federal Reserve System to pay their loans.

So, in 18 months after the 4th of March 1921, in pursuance of the policy adopted in the convention at Chicago, the party in power under Mr. Harding took out of circulation $100,000,000 a month on the average; and 18 months showed a total reduction in the amount of money in circulation of $1,800,000,000.

Mr. LOGAN and Mr. LUCAS addressed the Chair.

The PRESIDING OFFICER (Mr. LA FOLLETTE in the chair). Does the Senator from Oklahoma yield; and if so, to whom?

Mr. THOMAS of Oklahoma. I yield first to the Senator from Kentucky.

Mr. LOGAN. Mr. President, I think the Senator has well answered one part of the inquiry of the Senator from Idaho [Mr. BORAH]. That is, Governor Strong kept the prices of commodities from going too high by the process which the Senator from Oklahoma has pointed out. But we have created a machine to regulate the value of our dollar; and, of course, that regulates the price of commodities. The trouble, as I see it, is that the Federal Reserve Board has always been able to find the brake on that machine, but it never has been able to find the accelerator.

Mr. THOMAS of Oklahoma. I thank the Senator from Kentucky for his statement. I agree with his conclusions 100 percent.

I now yield to the Senator from Illinois.

Mr. LUCAS. In a statement made just a moment ago the Senator said that during the administration in the days of 1920 the Government took out of circulation a hundred million dollars a month, and in 18 months' time took $1,800,000,000 out of circulation. How much money was left in circulation at that time, after this deflationary action?

Mr. THOMAS of Oklahoma. When the process was started, there was approximately six and a half billion dollars of real money in circulation. By making the subtraction, the Senator can easily see how much was left.

Mr. LUCAS. How much money was in circulation in this country in 1932, when we had the depression?

Mr. THOMAS of Oklahoma. In 1930 there was only about $4,200,000,000 in circulation. When the banking collapse came, in March 1933, it is true the banks had more money in their vaults than they had ever had; but that money was placed there, not to be loaned, and not to be paid out; it was placed there to take care of any emergency in the way of a run. The banks did not intend to pay out the money, although they had it for that purpose had the depositors demanded their deposits in currency. They had sent and gotten that money from the Federal Reserve System as a precautionary measure, so that if there were runs on the banks, they would have the currency with which to pay the checks.

Mr. LUCAS. Did the Senator say there was just about the same amount of money in circulation in 1933, at the beginning of this administration, as in 1920, when the dollar was stabilized?

Mr. THOMAS of Oklahoma. In 1920 there was in circulation about six and a half billion dollars. Times were good then, and the velocity was very heavy, very fast, the turn-over was great. In 1933 there was no velocity, it is true, and velocity has some influence on the value of the dollar. No one can dispute that.

Mr. LUCAS. In other words, the more the dollar turns over the more national income we have?

Mr. THOMAS of Oklahoma. That is correct.

Mr. LUCAS. And the better prices we have?

Mr. THOMAS of Oklahoma. That is correct.

Mr. LUCAS. Even though we might have the same amount of money in circulation all the time, that does not mean that the dollar would remain stabilized at the same price all the time. Would not the dollar fluctuate regardless of the amount of money we had in circulation?

Mr. THOMAS of Oklahoma. There are a great many elements which have a bearing on the value of the dollar, there is no doubt, but the money managers know exactly what those elements are. For example, let me point to one particular point on the map on the wall. This [indicating] represents 1920. The dollar was worth only 65 cents when the Republican Party held its convention in Chicago and demanded that the dollar value be increased and that prices be brought down.

As soon as Mr. Harding became President, on the 4th of March 1921, his party began to take money out of circulation to make money scarce, to make money high, and as that was done money started to increase in value, and as money increased in value prices began to fall. When Governor Strong and the Federal Reserve System got the dollar value where they thought it ought to be, at a hundred cents, they stopped increasing the value of the dollar and stopped the fall of commodity prices. They stabilized the dollar value at a hundred and stabilized commodity prices at 100 as well. Then for 8 years the party in power, by the exercise of the machinery which they had, the Federal Reserve machinery, open-market operations, the control of credit, the control of reserves, the control of rediscount, and whatever powers of psychology they had as well, was able to keep the buying power of the dollar as stable as is humanly possible for the time that Governor Strong lived. When he passed on there was no one to carry on, and for some reason the dollar value started to increase under Mr. Hoover's administration. As the dollar value started to increase, property values started to fall. The dollar increased from 100 until it was $1.67 in April 1933, and when the dollar value was $1.67 property values were 65 cents. In other words, a dollar's worth of property would buy only 65 cents in terms of money.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. TYDINGS. From 1920 to 1929 the American people, either individually or through banks or brokerage houses, made loans to foreign governments, or subdivisions of foreign governments, to the extent of about $14,000,000,000. The foreigners borrowing that money used it, in large measure, to pay for goods which we were then selling; in other words, we were lending our customers the money with which to buy our goods, during the period from 1920 to 1929, when the foreign-policy program stopped.

During that time we produced more goods and sold more goods abroad, perhaps, than ever before in our history. I believe that the increase in the value of the dollar to which the Senator alludes, for example, from 1928 to 1933, was due to the fact that when the buying power of our foreign customers stopped, due to the fact that we no longer loaned them the money with which to buy our goods, a surplus of goods was created, goods for which we had found an outlet abroad which no longer existed, and, therefore, it was inevitable that goods should become cheap and that money should go up, and that result followed, in my judgment, as a result of the loans which we had formerly made abroad, but which we had discontinued. In my view, the Federal Reserve Board had practically nothing to do with the increase in the value of the dollar and the decrease in the value of commodities.

Mr. BORAH. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. BORAH. I was about to ask, What was the period in which this move to inflate the prices of goods, and so forth, began?

Mr. THOMAS of Oklahoma. Prices were rather high in June 1920. For example, in June 1920 wheat was selling for $2.40 a bushel; corn was selling for $1.79 a bushel. That was on the 19th of June, according to the different New York Times charts which showed the prices of various commodities.

On the 19th of June oats were selling for $1.04 a bushel, and cotton was selling for 37½ cents a pound. That is evidence of the range of commodity prices on June 19, 1920. Of course that was the point where the dollar had a buying power of only 65 cents, and property values were extraordinarily high.

There was an excuse at that time for people complaining about the high cost of living and the cheapness of the dollar. So steps were taken, by design, to raise the value of the dollar from 65 cents to a hundred cents, and by doing that the price level of commodities was brought down.

After the operations had taken place, after the party in power had done what it said it was going to do, on October 24, 1922, less than 2 years after the date to which I have been referring, prices of commodities were as shown on the map before me on the wall. Wheat had fallen from $2.40 to $1.11 a bushel, corn had fallen from $1.79 a bushel to 66 cents a bushel, oats had fallen from $1.04 a bushel to 41 cents a bushel, and cotton had fallen from 37½ cents a pound to 23 cents a pound. That was the effect of increasing the value of the dollar. It brought down commodity prices.

To show how prices were stabilized during the 8-year period, in 1926 wheat was selling for $1.67, corn was selling for 83 cents, oats were selling for 49 cents, cotton was selling for 18 cents a pound. That was in the year 1926, the middle of the period. Oil in my State was selling for $1.55 a barrel; hogs were selling for 15 cents a pound, and cattle were selling for 10 cents a pound. That was under the hundred-cent price level.

The dollar started to go up in buying power, and commodity prices started to go down. When the dollar reached the point where it had a buying power of $1.67, commodities were very cheap. On March 4, 1933, wheat was selling for 46 cents a bushel; corn was selling for 43 cents; oats were selling for 15 cents; cotton was selling for 5.94 cents a pound; oil in my State was selling for 20 cents a barrel; hogs were selling for $4.30 a hundred; cattle were selling for from $1.25 a hundred to $2.35 a hundred, and choice cattle were selling for from $2.25 to $3.25, at the point shown on the map before me.

It was then that Congress undertook to cheapen the dollar and raise prices, and to the extent that that policy was carried out and the dollar became cheaper, prices began to increase, starting in April 1933, after we had enacted legislation to cheapen the dollar. As the dollar came down in buying power, commodity prices increased, and they kept on increasing from April 1933 to March 1937. The dollar had dropped in buying power from $1.67 until it was down to $1.13 in March 1937.

I will place in the RECORD data as to the prices at that time, with the price level at 75, and the dollar valued at $1.13. Wheat was selling for $1.30 a bushel; corn for $1.30; oats for 50 cents; cotton for 13 cents a pound, and oil in my State was selling at $1.30 a barrel.

In April 1937 the Federal Reserve Board took definite action to increase the value of the dollar and stop its being made cheaper, as the chart before me shows. The red line starts up, as Senators will see. That means that the dollar started to increase in value, and it increased from $1.13 in April 1937 until now it is worth $1.32, and as the dollar starts up in value, commodity prices start down. On the 24th of the present month, last Saturday, wheat was selling for 69 cents a bushel; corn was selling for 47 cents a bushel; oats for 30 cents; cotton for 9 cents a pound, and oil in my State was selling for 78 cents a barrel; hogs were selling for 6 cents a pound; and cattle for 8 cents.

Mr. President, it is my judgment that the red line shown on this chart, starting upward from the black line, which is

the 100-percent level, is going in the wrong direction. It is my judgment that this red line should be brought down to this 100-cent line, as shown in green on the map.

I have offered an amendment which will have for its purpose to bring down this red line, this 100-percent line, which is shown on the chart in green. If the amendment I have offered is agreed to, and if its provisions are carried out by the managers of our money, the red line will strike the green line, and it will come down to meet the long black line of 100. If that shall be done, the commodity value will go up to meet the same line. So my amendment, if adopted, will have the effect of bringing the dollar down in terms of property value to the 100-percent level, and it will have the effect of bringing commodity prices up to the 100-percent level.

Mr. NORRIS. Mr. President——

The PRESIDING OFFICER (Mr. LA FOLLETTE in the chair). Does the Senator from Oklahoma yield to the Senator from Nebraska?

Mr. THOMAS of Oklahoma. I yield.

Mr. NORRIS. As the Senator knows from many conversations I have had with him, I am very much in favor of his amendment. The Senator was asked awhile ago by another Senator what means would be used by those in power to bring about the leveling of that red line into a straight line, as nearly as possible, and the Senator gave two illustrations, but he said there were two more. I wish the Senator, for the RECORD at least, would give those two other reasons.

Mr. THOMAS of Oklahoma. If the Senate shall accept this new section, which is a mandate to the money managers to bring the dollar to the 100-cent level, then I shall follow that amendment with a second amendment, to another section of the bill, proposing to take one and one-half billion dollars of the present $2,000,000,000 stabilization fund and place that in a special fund in the Treasury, and to take $500,000,000 of the gold that is now in the general fund and place that in this special fund. The one and one-half billion dollars from the stabilization fund and the $500,000,000 from the general fund, placed in a special fund, will make $2,000,000,000.

Then my amendment will suggest to and direct the Secretary of the Treasury to issue a form of currency against that $2,000,000,000 of free gold, and to place that $2,000,000,000 in circulation in meeting maturing bills until the dollar has been so cheapened that it has lost its value down to 100 cents.

Mr. President, that could be done without the provision to which I refer. The Federal Reserve System and the Treasury Department together have ample power, without any further law, to do the thing that should be done; but they are not doing it; they do not propose to do it, and unless Congress gives these money managers a mandate it will not, in my judgment, be done. I seek to have Congress exercise its power, under the Constitution, to proceed to regulate the value of the dollar at that point where experience has shown we can place it, and thus bring about a real degree of prosperity such, as I shall show in just a moment, would result.

Mr. BORAH. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. BORAH. The Senator's statement brings me to a question which I was going to propound. How could this section, if enacted into law, be enforced? How could we compel them to do what it provides? As the Senator has said, they have the power to do it now. Governor Strong demonstrated certainly that they had the power to control it. The question is now whether or not we can compel them to control it unless it is in the direction they want to go.

Mr. THOMAS of Oklahoma. Mr. President, the Congress has never in 150 years given anyone a mandate to determine where the value of the dollar shall be placed. If that has been done I can find no record of it. So whoever the managers of our money may have been, when they were in power they did with the value of the dollar exactly as they saw fit, without any mandate whatever from the Congress. This is the first effort to give the managers of our money system a mandate as to where to place the value of our dollar, and it is a positive mandate.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. NORRIS. I suggest that it does not seem to me to be quite fair to assume, to begin with, that the officials of the Government would not obey a mandate of Congress. So far as I know, they always have done so, whether they liked it or not. It seems to me that this amendment is a direct command to them to do a certain thing.

Mr. THOMAS of Oklahoma. Mr. President, if the Congress proceeds to give this mandate, and then follows that up with the power and the direction, so to speak, as to how to proceed to do this thing, then when we meet here again 6 months from now, or a year hence, if they have not carried out the mandate, some Senator will call their attention to it, and if they admit that they are unable to do it, then they should step down out of their present positions. If they cannot do this work we should find others who can do it. It has been demonstrated in the past, and in recent times within our own knowledge, that the managers of our money have done the very thing the amendment now proposes to instruct them to do. They have increased the value of the dollar; they have decreased the value of the dollar. They have increased the price of commodities; they have decreased the price of commodities. They have done as they saw fit without a mandate.

If the Congress will give a mandate to the managers of our money, and will also give them power to go ahead and do the work, though they really have the power now, I am convinced that they will do the thing we want them to do.

Mr. President, I wish to place in the RECORD, not for the benefit of those present, but for the benefit of the RECORD, the advantages of having a high price level. I am not in favor of high prices. I am convinced that the prices which we had in 1919 and 1920 were perhaps too high. Those in wheat-growing sections can live with wheat selling at less than $2.40 a bushel. Those in the cotton-producing South can live and raise cotton for less than 40 cents a pound. We can live on a price level less than it was in 1920. So I am in favor of the price level which prevailed in 1926.

Let me call the attention of those on the other side of the Chamber to the chart I have placed on the back wall. Senators will see a straight line in red on the chart. That represents the stabilized buying power of the dollar. Underneath this straight line in red may be seen a dotted line in black. That is the stabilized price level in terms of commodities.

Mr. Harding was President during part of the time covered by the chart, when the final adjustment of the value of the dollar was sought to be brought about. It was brought about from 1921 to 1922; in 18 months the adjustment was had, and the dollar value was increased from 65 cents to 100 cents, and commodity prices were brought from $1.54 to 100 cents. So Mr. Harding's administration should have the credit—a Republican administration should have the credit for adjusting the value of the dollar to the point where it was thought it was all right.

Then after Mr. Harding came Mr. Coolidge. Mr. Coolidge was in power for more than 4 years. He served out a part of Mr. Harding's term and served out a term of his own. So we come to 1929, when Mr. Hoover's administration came into power, and above that straight line I place the names "Harding and Coolidge."

For the benefit of the RECORD, I wish to say that I think we had fairly good times in those years. I think the people were fairly well satisfied with the stabilized dollar and stabilized commodity prices. Mr. Harding, of course, passed on, unfortunately, and then Mr. Coolidge came into office, and he later was elected President in his own right on a stabilized valued dollar and a stabilized price level.

Then Mr. Coolidge's term expired and Mr. Hoover came on the scene. We still had a stabilized price level that satisfied the people. It satisfied the vast majority. Mr. Hoover carried my State of Oklahoma by so many votes that I am

almost ashamed to admit it. His election was almost unanimous. The country was well satisfied with the stabilized price level fixed by a Republican administration under Harding and under Coolidge, and it was so well satisfied with those two administrations that the people elected Mr. Hoover overwhelmingly.

Mr. Hoover then did not do the thing he could have done. He allowed the dollar to get away from him. The dollar started up and prices started down, and as the result of what was, in my judgment, a mistake on his part, when the time came for Mr. Hoover to attempt to succeed himself he was left at the post by the almost unanimous decision of the people.

While I am on that point, I might place in the RECORD verification of a statement I made last week that no political party has ever succeeded itself on a falling price level. Senators may search history, but they will find that no political party has ever succeeded itself with a falling price level. Take, for example, 1936, 2 years ago. Prices were going up. There was a rising price level. Mr. Roosevelt carried all the States except two.

Take the year before that, 1932. We had Mr. Hoover's administration in power. He went out because there was a falling price level, and Mr. Roosevelt was elected because the Republicans put in force a falling price level.

In 1928 Mr. Hoover was elected, as is shown by the chart here, on a stabilized price level following Mr. Coolidge. The dollar had a value of 100 cents. There was a stabilized dollar value and a stabilized commodity list. Mr. Hoover was elected after 8 years of stabilized money and stabilized commodity prices.

In 1924 Mr. Coolidge was elected on the same program. Mr. Harding was elected succeeding a Democrat; and, of course, in that year there were many factors involved. The war was just over. After the election the price level fell.

In 1916 we had a rising price level. Mr. Wilson succeeded himself on a rising price level. In 1912 Mr. Wilson was elected.

In 1908 Mr. Taft was elected on a rising price level.

In 1904 Theodore Roosevelt was elected on a rising price level.

In 1900 Mr. McKinley was elected on a rising price level.

In 1896 the Democrats were in power. Mr. Cleveland was the President. We had a falling price level. The Democrats then lost the election. Mr. Cleveland lost the election. Later Mr. Bryan failed. He could not stem the tide. He was not sufficiently powerful to do it.

Mr. McKinley was elected succeeding a Democrat, the Democrats bringing about a falling price level.

In 1892 Cleveland was elected, defeating Mr. Harrison. At that time we had a falling price level.

So, Mr. President, history for 50 years shows that no political party has succeeded itself on a falling price level.

We now have a falling price level. I do not give this evidence to show anything political, but to show the state of the public mind. The public will not tender a vote of confidence or approval to any party which brings about falling prices.

Mr. HATCH. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. HATCH. The Senator was speaking about political conditions. This question comes to me: Has there ever been a period in our history when we have had any real degree of prosperity when agricultural prices were either on a declining value or on a low value?

Mr. THOMAS of Oklahoma. It is utterly impossible to have any kind of prosperity under those circumstances, as I shall now proceed to show by placing in the RECORD certain statistics.

In 1914 we had a rising price level. In 1914 we had a $33,000,000,000 national income. In 1920, with the highest price level in history, we had an annual income of $69,000,000,000. In 1926, with a stabilized price level and a stabilized dollar, we had a national income of $78,000,000,000. In 1932, with a falling price level, we had a national income of $39,000,000,000. In 1935, with a rising price level, we had a national income of $53,000,000,000.

In 1914 the value of farm property was estimated to be $39,000,000,000. In 1920 the value of farm property was estimated to be $66,000,000,000. In 1926 farm values were estimated at $49,000,000,000; in 1932 at $36,000,000,000; and in 1935 at $32,000,000,000.

In 1914 farm income was $7,000,000,000; in 1920, $13,000,000,000; in 1926, $11,000,000,000; in 1932, $5,000,000,000; and in 1935, $8,000,000,000.

In 1914 our exports were $1,800,000,000; in 1920, $8,000,000,000; in 1926, $4,800,000,000; in 1932, $1,600,000,000; in 1935, $2,300,000,000. I have not the figures of imports in 1914; but in 1920 imports were $5,000,000,000. In 1926 they were $4,400,000,000; in 1932 $1,300,000,000.

Mr. President, these statistics show that when we have a high price level, national income is high, farm values are high, farm income is high, exports are great, and imports are great. When we have a low price level the reverse is true. We can remember back only a few years ago when the dollar had a very high buying power, and prices of all kinds were very low.

I wish now to place in the RECORD the effect of the price level upon exports and imports.

In 1919, with the dollar having a value of 72 cents—which is really low, and which means that commodity values are exceptionally high—exports amounted to $7,920,000,000. Imports that year amounted to $3,900,000,000, or a total of imports and exports of $11,800,000,000.

In 1920, with the dollar value low and prices high, our exports were $8,220,000,000 and our imports were $5,270,000,000, making a total of imports and exports of $13,490,000,000.

In 1926, with the dollar stabilized, our exports were $4,800,000,000 and our imports were $4,400,000,000, making a total of $9,200,000,000 of both imports and exports for the year 1926.

In 1932, with the dollar value high and prices low, we had exports in the sum of $1,610,000,000 and imports to the value of $1,320,000,000, or a total of $2,930,000,000.

Mr. President, these statistics show that with a cheap dollar and high prices we have large exports and large imports; but with scarce money, high-valued money, and low prices, our exports and imports practically disappeared.

I next desire to place in the RECORD, for the benefit of those who may read the RECORD, the effect of price levels upon our national debt.

In 1919, at the end of the World War, we had a total national debt of about $26,000,000,000. With relatively cheap money and high prices, we found ourselves with a national debt of $26,000,000,000. With a stabilized valued dollar and with commodity prices stabilized according to the formula prescribed by the opposition party—and I am taking no exception to their formula or to the value of the dollar brought about by the party on the other side of the aisle—the record shows that for the 10 years following 1920 we not only ran the National Government but we paid $1,000,000,000 a year on our national debt. From 1920 to 1930 we paid the national debt down from $26,000,000,000 to $16,000,000,000. That was done on a 100-cent dollar. It was done on a stabilized dollar. It was done with relatively high prices, the kind of prices that a 100-cent dollar can produce—prices at least much higher than they now are. The moment the dollar got out of control and the dollar value started to increase and prices started to fall the effect of that system and that dollar upon our national debt soon became apparent.

In 1930 the national debt was approximately $16,000,000,000. Then the dollar started to climb in value, and prices started to fall. In 1931 the national debt was $16,000,000,000. I shall not give the millions. In 1932 the national debt was $19,000,000,000. In 1933 the national debt was $22,000,000,000. In 1934 the national debt was $26,000,000,000. In 1935 the national debt was $27,000,000,000. In 1936 the national debt was $32,000,000,000. In 1937 the national debt was $35,000,000,000. In 1938 the national debt was $36,000,000. In December 1938 the national debt was approximately

$39,000,000,000, and it is now estimated to be more than $40,000,000,000.

Mr. TOBEY. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. TOBEY. If I may interpolate into the record which the Senator cites, the fact remains that we still have 10,000,000 unemployed, we have spent $25,000,000,000, and we have not found the answer to a single economic problem. Is not that correct?

Mr. THOMAS of Oklahoma. I am contending that the reason we have not found the answer is that we have not done the thing we should have done with regard to the adjustment of the value of our money.

Mr. TOBEY. I will concede that statement; but the fact remains that we still have 10,000,000 unemployed, and business is at a standstill, despite the spending of $25,000,000,000.

Mr. THOMAS of Oklahoma. I think the Senator is correct.

Mr. President, since the dollar got out of control, not only has the national debt increased from $16,000,000,000 to $40,000,000,000, or an increase of $24,000,000,000, but we have saddled upon the backs of the people of America a debt of $24,000,000,000, and each year we are compelled to pay half a billion dollars more in interest than we would have had to pay had the price level not got out of control. That process will be carried on for many, many years to come.

Mr. President, in conclusion, I desire to place in the RECORD a list of organizations which are supporting the amendment which I have just introduced, and which is now pending before the Senate.

The National Grange, representing 35 States, 1,000 counties, and 800,000 members, is supporting the amendment I have pending before the Senate.

The American Farm Bureau Federation, representing 37 States, 1,800 counties, and 300,000 farm families, is supporting the program which I have pending before the Senate.

The National Cooperative Council, representing 3,500 farmers' cooperatives with more than 1,000,000 members, cooperatively marketing grain, cotton, wool, dairy products, livestock, poultry, citrus fruits, vegetables, nuts, and so forth, is supporting the program.

The Farmers' National Grain Corporation, the largest cooperative grain-marketing organization, having 250,000 affiliated stockholders and 250,000 additional patrons, supplying grain to 2,000 elevators in all important grain-raising States, is in favor of the program of adjusting the value of the dollar to the July 1926 level, and thereafter keeping it there.

The National Farmers' Union, representing local and county units with 300,000 members in 26 States, is likewise supporting the program.

Mr. President, I shall not take time to read the complete resolutions; but I ask permission to have placed in the RECORD at this point the complete resolutions adopted by all the groups which have just been referred to.

Before I leave the subject, I will state in passing that the 1926 level has been fixed as the objective. Let me read the recommendations:

> We recommend that Congress consider placing in their mandate to such "authority" the requirement that they bring about basic commodity price adjustment to the 1926 level, or to the level of the average of that period from 1922 to 1929, whichever in the judgment of Congress is more fair.

Mr. President, the organizations to which I have referred are on record as demanding at the hands of Congress an adjustment of the dollar to the 1926 level, and that is the exact point carried by my amendment.

That is all I care to place in the RECORD at this point.

The PRESIDING OFFICER (Mr. MURRAY in the chair). Without objection, the resolutions referred to by the Senator from Oklahoma will be printed in the RECORD.

The resolutions referred to are as follows:

RESOLUTIONS ON MONETARY POLICY ADOPTED BY THE NATIONAL AGRICULTURAL CONFERENCE IN WASHINGTON, JANUARY 17, 1936

The following organizations comprise the National Agricultural Conference:

The National Grange, representing 35 State, 1,000 county, and 8,000 community granges, with 800,000 members.

American Farm Bureau Federation, representing 37 State and 1,800 county farm bureaus and 300,000 farm families.

National Cooperative Council, representing 3,500 farmers' cooperatives, with more than 1,000,000 members, cooperatively marketing grain, cotton, wool, dairy products, livestock, poultry, citrus and deciduous fruits, vegetables, nuts, etc., and including farmers' cooperative purchasing organizations.

Farmers' National Grain Corporation, largest cooperative grain-marketing organization, having 250,000 affiliated stockholders and 250,000 additional patrons, supplying grain to 2,000 elevators in all important grain-raising States.

National Farmers' Union, representing local and county units, with 300,000 members in 26 States. (The Farmers' Union joined the National Agricultural Conference after action had been taken on this resolution.)

PREAMBLE

American agriculture, while demanding a monetary policy fair to debtors, has at no time favored a policy unfair to creditors. We have denounced unfair inflation as well as unjust deflation. We have repeatedly insisted upon monetary policies looking only to restoring price levels so that debtors will pay and creditors will receive the same real values, the same purchasing power, that creditors lent and debtors borrowed. And to promote justice and honesty between debtor and creditor, we further insist upon a permanent monetary policy which will stabilize price levels and thereby prevent farmers from having to pay with 30-cent wheat and 5-cent cotton debts incurred on a basis of $2 wheat and 25-cent cotton, or vice versa.

To this end the conference unanimously adopts the following resolution:

"That the desire and objective of the National Agricultural Conference is that our monetary system be so revised and currency and credit so managed as to establish and maintain the dollar with a constant purchasing power, preserving the equity of contracts between debtor and creditor, and avoiding the dangers and losses that are inevitably involved in excessive and uncontrolled inflation or deflation. To accomplish this, be it further

"*Resolved*, That there be established a 'monetary authority' (by whatever name called);

"That this monetary authority be, as largely as possible, nonpartisan and nonpolitical;

"That their tenure of office be of such length as to protect this body from sudden change;

"That the members, through pensions or otherwise, be adequately provided for throughout life; and

"That this 'authority' be directed by definite mandate from Congress, under that section of the Constitution which directs Congress to 'coin money and regulate the value thereof,' to establish and maintain a unit of value (the dollar) with a constant purchasing power; a monetary currency regulated on an index of basic commodities on their world price, considering gold and silver as commodities, and dealing with them in terms of their market value.

"That Congress vest in this 'authority' the power to control price adjustments through monetary action by means of (a) repricing of gold; (b) regulating the value of the dollar; (c) declaring the gold content of the dollar; (d) regulating the issuance and volume of currency; (e) and such other powers over money and credit as Congress may see fit to give to it for the accomplishment of the congressional mandate, always reserving, however, to Congress at designated periods the right of review and direction of the operation under this mandate.

"We recommend that Congress consider placing in their mandate to such 'authority' the requirement that they bring about basic commodity price adjustment to the 1926 level or to the level of the average of that period from 1922 to 1929, whichever in the judgment of Congress is more fair.

"We recommend that this 'authority' be given a reasonable length of time to attain this result, and that when such price level is attained that the powers vested in this authority be used in such a manner as to maintain such price level within a reasonable range—for example, 5 percent—to the end that the purchasing power of the dollar may remain constant."

Mr. THOMAS of Oklahoma. Mr. President, in order that we may have discussion or a vote on the amendment, I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum being suggested, the clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Clark, Idaho	Herring	Miller
Ashurst	Clark, Mo.	Hill	Minton
Austin	Danaher	Holman	Murray
Bailey	Davis	Hughes	Neely
Bankhead	Ellender	Johnson, Calif.	Norris
Barbour	Frazier	Johnson, Colo.	Nye
Barkley	George	King	Overton
Bilbo	Gerry	Lee	Pittman
Bridges	Green	Lodge	Radcliffe
Brown	Guffey	Logan	Reed
Bulow	Gurney	Lucas	Russell
Burke	Hale	McCarran	Schwellenbach
Byrd	Harrison	McKellar	Shipstead
Byrnes	Hatch	Maloney	Slattery
Capper	Hayden	Mead	Smathers

Stewart	Townsend	Vandenberg	White
Thomas, Okla.	Truman	Wagner	Wiley
Tobey	Tydings	Wheeler	

The PRESIDING OFFICER (Mr. GUFFEY in the chair). Seventy-one Senators have answered to their names. A quorum is present.

Mr. THOMAS of Oklahoma. I ask for the yeas and nays on the adoption of my amendment.

The yeas and nays were ordered.

The PRESIDING OFFICER. The clerk will call the roll.

Mr. AUSTIN. Mr. President, may we have the question stated?

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Oklahoma [Mr. THOMAS].

Mr. AUSTIN. What is the amendment?

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. At the proper place in the bill it is proposed to insert the following:

DECLARATION OF POLICY

SEC. —. It is hereby declared to be the policy of the United States that the price level as shown by the Bureau of Labor Statistics shall be adjusted to 100, and it shall be the duty of the Board of Governors of the Federal Reserve System, the Secretary of the Treasury, and the other executive departments of the Government to cooperate in the work of adjusting such price level as herein provided, and thereafter to keep such price level as nearly stable at such point of 100 as is humanly possible.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HARRISON (when his name was called). Making the same announcement as before with reference to my pair with the Senator from Oregon [Mr. MCNARY], I withhold my vote.

Mr. LODGE (when his name was called). I have a pair with the senior Senator from Texas [Mr. SHEPPARD]. Not knowing how he would vote on this question, I withhold my vote.

Mr. NYE (when his name was called). I have a pair with the junior Senator from Texas [Mr. CONNALLY]. I find that I can transfer that pair to the senior Senator from Idaho [Mr. BORAH]. I do so, and will vote. I vote "yea."

Mr. SHIPSTEAD (when his name was called). I have a pair with the senior Senator from Virginia [Mr. GLASS], who is unable to be present. I therefore withhold my vote. If at liberty to vote, I should vote "yea." I am advised that if present and voting the Senator from Virginia would vote "nay."

The roll call was concluded.

Mr. BRIDGES. On this question I have a pair with the Senator from Utah [Mr. THOMAS]. I transfer that pair to the junior Senator from Ohio [Mr. TAFT], and will vote. I vote "nay." If the junior Senator from Ohio were present and at liberty to vote, he would also vote "nay." I am advised that if present and voting the Senator from Utah would vote "yea."

Mr. MINTON. I announce that the Senator from Virginia [Mr. GLASS] and the Senator from Wyoming [Mr. SCHWARTZ] are detained from the Senate because of illness.

The Senator from South Carolina [Mr. SMITH] is absent because of illness in his family.

The Senator from Arkansas [Mrs. CARAWAY], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Texas [Mr. CONNALLY], the Senator from West Virginia [Mr. HOLT], and the Senator from Minnesota [Mr. LUNDEEN] are necessarily detained.

The Senator from Florida [Mr. ANDREWS], the Senator from Washington [Mr. BONE], the Senator from Ohio [Mr. DONAHEY], the Senator from California [Mr. DOWNEY], and the Senator from Wyoming [Mr. O'MAHONEY] are detained in important committee meetings.

The Senator from Iowa [Mr. GILLETTE], the Senator from Florida [Mr. PEPPER], the Senator from Texas [Mr. SHEPPARD], and the Senator from Utah [Mr. THOMAS] are absent on important public business.

The Senator from North Carolina [Mr. REYNOLDS], the Senator from Indiana [Mr. VAN NUYS], and the Senator from Massachusetts [Mr. WALSH] are detained on departmental business.

The Senator from Florida [Mr. PEPPER] is paired with the Senator from Vermont [Mr. GIBSON]. I am advised that if present and voting the Senator from Florida would vote "yea," and the Senator from Vermont would vote "nay."

The result was announced—yeas 29, nays 39, as follows:

YEAS—29

Ashurst	Hatch	Miller	Schwellenbach
Bankhead	Hayden	Murray	Thomas, Okla.
Bilbo	Hill	Neely	Tobey
Bulow	Holman	Norris	Wheeler
Capper	Johnson, Colo.	Nye	Wiley
Clark, Idaho	Lee	Pittman	
Frazier	Logan	Reed	
George	McCarran	Russell	

NAYS—39

Adams	Clark, Mo.	Hughes	Slattery
Austin	Danaher	Johnson, Calif.	Smathers
Bailey	Davis	King	Stewart
Barbour	Ellender	Lucas	Townsend
Barkley	Gerry	McKellar	Truman
Bridges	Green	Maloney	Tydings
Brown	Guffey	Mead	Vandenberg
Burke	Gurney	Minton	Wagner
Byrd	Hale	Overton	White
Byrnes	Herring	Radcliffe	

NOT VOTING—28

Andrews	Downey	Lodge	Sheppard
Bone	Gibson	Lundeen	Shipstead
Borah	Gillette	McNary	Smith
Caraway	Glass	O'Mahoney	Taft
Chavez	Harrison	Pepper	Thomas, Utah
Connally	Holt	Reynolds	Van Nuys
Donahey	La Follette	Schwartz	Walsh

So the amendment of Mr. THOMAS of Oklahoma was rejected.

Mr. LA FOLLETTE subsequently said: Mr. President, I should like to make a brief statement.

When the Thomas amendment was under debate a short time ago I left to go to the House of Representatives, under the impression that the debate would continue for some little time. By the time I returned I found that the roll call had been concluded. I should like the RECORD to show that had I been present I would have voted in favor of the amendment.

Mr. TOWNSEND. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Delaware will be stated.

The CHIEF CLERK. At the end of the bill it is proposed to insert the following new section:

SEC. 4. All power and authority of the President and the Secretary of the Treasury with respect to the acquisition of foreign silver under the Silver Purchase Act of 1934 shall cease and terminate on the date of enactment of this act; and all proclamations, orders, rules, regulations, and other action promulgated, made, issued, or taken by the President or the Secretary of the Treasury with respect to foreign silver pursuant to any such power or authority shall cease to be effective on and after such date.

It is also proposed to amend the title so as to read:

A bill relating to the stabilization fund and the powers of the President under section 43 (b) (2) of the act of May 12, 1933, as amended, terminating the authority to acquire foreign silver under the Silver Purchase Act of 1934, and for other purposes.

Mr. TOWNSEND. Mr. President, this amendment is designed to terminate the purchase of foreign silver. It does not touch or affect the domestic-silver program voted upon earlier today.

There is no reason for continuing buying foreign silver, from a monetary or any other standpoint. Some defend the buying of domestic silver on the ground that it creates work for American miners, but no such defense is made for the subsidization of foreign miners and other foreign beneficiaries.

There has been paid out by this Government on the silver program over a billion dollars. Not only has the Treasury never defended the foreign silver policy, but it has in various ways revealed the embarrassment which the purchase of foreign silver has caused the United States Government.

Last week I made a speech summarizing the results of the hearings on my bill to repeal the Silver Purchase Act of

1934. All witnesses before the special committee, including the chairman of the Federal Reserve Board, Mr. Eccles, advocated ending the Silver Purchase Act. Not a single person asked the privilege of appearing before the committee to defend the act. In fact, no logical defense can be made for it.

My pending amendment would prevent foreign purchases of silver. A vote for my amendment is a vote against throwing away American wealth overseas, and I ask for a vote.

Mr. BARKLEY. Mr. President, I am willing that the yeas and nays should be ordered, but I wish to make a very brief statement about the proposal.

On the surface it might seem desirable to discontinue the purchase of foreign silver. Such silver is being very largely purchased from Mexico and China. It affords the means of purchasing power to those countries so that they can buy American products. If we deny the right of Mexico to sell silver, practically to that extent it will rob them of any purchasing power to buy American goods, because silver is being bought very largely in exchange for American goods.

We all know that in all the South and Central American countries a very decided effort is being made by certain European powers to move in and obtain possession of their trade. By barter and trade and insidious methods they are seeking to take away the trade of certain Central and South American countries, and they are especially undertaking to deprive the United States of any trade with Mexico.

The amendment may not be altogether unrelated to the action of Mexico in connection with the oil properties owned in Mexico by Americans. I do not wish to mention any particular European countries, because I do not wish to draw invidious comparisons, but I think it will not be difficult for the Senate to understand that a very decided drive is being made by certain European countries to get possession of the trade of Mexico.

We all know that China depends very largely upon the exchange of silver for American products, in making purchases in this country. It may be that the Senate does not desire that we sell anything to China, and if it is not desired that we sell anything to China, well and good. It may be that the Senate does not desire that we sell anything to Mexico, and if that is not the desire, then very well, let us take away the power of Mexico to buy American products.

If the President or the Secretary of the Treasury were denied the right to buy foreign silver, largely from Mexico and China, we would to that extent take away from Mexico and China the power to buy American products. If that is what the Senate desires to have brought about, if that is what Congress wants, I have no complaint; but we certainly ought to know what we are doing when we vote.

We all know that we are undertaking to extend our trade throughout the world. I sometimes wonder whether there are some Americans who do not desire that we sell anything to any other country in the world. If we deny other nations the right to buy from us, and to pay for what they buy with what they have, we are not improving our employment situation, we are not offering an opportunity to Americans to work in order to produce the things we can exchange for silver, or whatever the other countries have with which to buy.

It may be that we do not need foreign silver. Let us admit, for the sake of the argument, that we do not need it. If by refusing to buy it, however, we place a large number of Americans out of employment and on the relief rolls, and we have to support them from the Treasury of the United States, then I think it would be to our advantage at least to accept silver in return for the products we sell to other nations. We will at least have the silver if we ever need it. But if we throw many of our people out of employment and increase our unemployment rolls, and have to support the unemployed out of the Treasury of the United States, we will not get anything in return. The money spent will never come back to the Treasury of the United States.

As between throwing men out of work and supporting them out of the Treasury, and enabling them to work and produce goods and exchange those goods for silver in other countries, I think the second alternative is the one we should prefer. At least we would have the advantage of getting the silver, even though it were stored away and not used for the time being. That is the whole proposition, it seems to me.

Mr. TOWNSEND. Mr. President——

The PRESIDING OFFICER (Mr. MEAD in the chair). Does the Senator from Kentucky yield to the Senator from Delaware?

Mr. BARKLEY. I yield.

Mr. TOWNSEND. Does the Senator think we should continue to buy foreign silver when we already have nearly a billion dollars' worth of silver in the Treasury, or that we should continue to buy foreign silver in order to give foreigners work, when our own people are out of employment?

Mr. BARKLEY. We are not buying this silver to give foreigners work.

Mr. TOWNSEND. That is the effect.

Mr. BARKLEY. We are doing it to give Americans work, producing something to exchange for the silver.

Mr. TOWNSEND. We are buying silver for which we have no use.

Mr. BARKLEY. It is entirely a one-sided proposition to say that we are buying silver in order to give foreigners work. We might as well say we are accepting certain products as imports in exchange for other products in order to give foreigners work. But we are doing it in order to give Americans work, and we cannot give Americans work unless we can continue to produce the things we can sell to other nations. They have to pay for those goods in some way. We are not giving those things to the various nations, and we would not vote to give them to them.

Mr. TOWNSEND. That is exactly what it means in the long run.

Mr. BARKLEY. I do not agree that that is what it means.

Mr. TOWNSEND. We have a billion dollars' worth of silver now for which we have no earthly use.

Mr. BARKLEY. The production of these goods is going to give some workers employment, but the question is whether we are going to shut off all trade with other nations, which gives our own people employment, through the fear that it may indirectly give someone in some other country employment. If all the employables in the world could be employed today in the production of goods which could be erchanged between the nations of the earth, prosperity would return, and we would not now be undertaking to bring about a return of our trade with other nations in order to employ people to produce goods to exchange for other products or for money, or silver, or for anything else which other nations have to pay for them.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. SHIPSTEAD. Silver is being bought at what price?

Mr. BARKLEY. At 43 cents an ounce, the world price. That is just slightly above the world price now, as a matter of fact. The world price is about 40 and a quarter cents, but we are paying 43 cents an ounce, and during the last 5 months, while the United States produced only $40,000,000 worth of silver, all of which the Treasury took, we have bought from foreign countries $60,000,000 worth. We are buying nearly 50 percent more silver from foreign countries than we are producing in the United States. It may be said that we ought to cease buying domestic silver. In the last 5 months we have bought $40,000,000 worth of it, and the Senator from Delaware voted to compel the President of the United States to keep on buying it, and paying for it more than it is worth.

Mr. TOWNSEND. I beg the Senator's pardon; I did not vote for that.

Mr. BARKLEY. It may be said and has been said that we do not need the domestically produced silver which we

are buying. Silver has a value, and the Treasury is not coining it all, and it is not issuing silver certificates against it all. But we cannot tell what the contingencies of the future may be. It may be that the time will come when that silver will be needed, either for coinage or as the basis of silver certificates to be issued by the Treasury, as it has power to do.

Mr. SHIPSTEAD. Mr. President, can the Senator tell us how much silver we have bought from Mexico?

Mr. BARKLEY. I cannot give the figures as to Mexico.

Mr. McCARRAN. From foreign countries we have bought somewhat over a million ounces.

Mr. BARKLEY. In the last 5 months, about $60,000,000 worth, and the Senator can figure the amount, at the rate of 43 cents an ounce.

Mr. SHIPSTEAD. That is, from all foreign countries?

Mr. BARKLEY. From all foreign countries. My recollection is—and this is purely a matter of recollection, since I do not have the exact figures—that from Mexico we have bought in the last 5 months approximately $10,000,000 worth of silver.

Mr. SHIPSTEAD. How much in the way of goods have we sold to Mexico? Can the Senator tell us?

Mr. BARKLEY. We have sold more goods to Mexico than we could have sold if we had not been buying Mexican silver, because they have paid for the goods they have purchased from us almost altogether in silver.

Mr. SHIPSTEAD. How is our trade balance now?

Mr. BARKLEY. I think it is favorable.

Mr. SHIPSTEAD. In our favor?

Mr. BARKLEY. In our favor; yes. That is all there is to this. The Senate can do what it pleases about the matter. The pillars of the Nation are not going to fall, no matter what happens, but I wanted to explain the situation, so that when we vote to deny the President the right to buy any foreign silver we may know that we are voting to deny the countries from which such silver comes the opportunity to buy American products, because they are paying for our products with their silver not only in Mexico but in China.

China has been a friend of the United States. It has been one of our great customers, and we know that China pays largely in silver for what she buys from us. If the desire is to deny them the power of doing that, and thereby to pile up in this country unsalable surpluses, I know of no better way of accomplishing that result than by denying those countries the right to sell their silver in this country.

Mr. TYDINGS. Mr. President, I do not follow the Senator altogether, because he leaves me under the impression that if we would stop buying silver from the Mexicans, that country, having silver to sell, would not have any opportunity to sell it. I am not an expert in this matter, and I should like to ask the Senator, for information, if we stopped buying their silver, could the Mexicans sell their silver at all?

Mr. BARKLEY. I am not certain to what extent it could sell what we have been buying; but the Mexicans would have to search for other markets for their silver. They would have to develop markets for it by exchanging silver in other countries for what they wish to buy with their silver, and to that extent the markets of the American people would be undermined, and thereby the trade diverted into other channels.

Mr. TYDINGS. I think it might result in a diminution in the price of silver.

Mr. BARKLEY. It probably would.

Mr. TYDINGS. But the Mexican still would be able to sell his silver at whatever the world market value was, and thus he would be able to pay for our products. So the fact that we would not buy his silver might not mean the loss of his trade.

Mr. BARKLEY. But if by act of Congress the Treasury is denied the right to buy silver from Mexico and the Mexicans have to find some other market for their silver, they would exchange that silver in some other country for the things they wanted to buy, and they would not be likely to come to the United States for one of the products which had been denied to Mexico in exchange for her silver.

Mr. TYDINGS. I do not believe that is quite accurate. I think it is partly accurate. If Mexicans or people of other countries sell their silver at the world market price, whatever money they receive in the countries in which they sell their silver they could translate into American exchange, because all moneys are interchangeable at certain rates, and they could buy American goods with it.

Mr. BARKLEY. Of course that is possible; but I dare say that if the Senator and I were engaged in business and he had one commodity and I had another commodity, and we were engaged in the exchange of those commodities, and if all of a sudden I decided I did not want to take anything in exchange from the Senator, I doubt very much whether the Senator, after hunting for a market for what he had to sell, would then come back to me and buy from me what I had to sell, if I still would not buy from him.

Mr. TYDINGS. Those who sell Mexican silver are not the ones who mine Mexican silver, namely, the miners. The companies which sell Mexican silver and the people who sell Mexican silver probably could be counted on the fingers of both hands. They are a very small number, and when they sell and get their credit they themselves do not buy. They sell that credit in the countries in which they want to reinvest. But the miners who mine the silver themselves do not come up and say, "If you will buy 10 ounces of silver from us we will buy 10 pairs of American shoes from you."

Mr. BARKLEY. That is true; and the miners in Colorado and in other States who really dig the silver out of the ground do not come to the mint with it. The mine owners go to the mint with the silver.

Mr. TYDINGS. What I rose originally to point out was that if we do not buy foreign silver it does not mean that Mexico will stop selling silver to us. It means that Mexico will not sell it to us in as large quantity as heretofore. It may be that if we do not buy the silver the price may be depressed somewhat, and go to 36 or 37 cents an ounce. but they will still keep on selling their silver, and if they want our goods they will continue to buy them.

As a matter of fact, we are selling to Mexico less than we are buying from Mexico, so the balance of trade is in their favor. That was the condition even before we started to buy Mexican silver. It is my contention that even if we buy more Mexican silver the balance of trade will still be in their favor, as it was in the past, before we began to buy their silver.

Mr. BARKLEY. The size of our favorable trade balance, which results from an excess of exports over imports, will undoubtedly be decreased if we handicap or cripple Mexico in her ability to pay for what we sell to her. Even though the Senator's assumption were true, that the Mexicans could find a market for their silver somewhere else in the world, and that they then would come hotfooting it to the United States for what they could have bought had they sold us the silver, they could not buy as much, because if we cease to buy on the world market some $120,000,000 worth of silver per year—we bought silver to the amount of $60,000,000 in the last 5 months, so we may figure a little more than a hundred and twenty million dollars a year—I think the world price of silver would do down, and the ability of Mexico to buy goods from us would thereby be decreased to the extent of the decrease in the world price of silver, assuming that the Mexicans would bring all the money back here and buy goods from us with the money, or whatever they got for their silver.

Mr. TYDINGS. Mr. President, I may point out to the Senator from Kentucky that we are buying the silver at an especially high price. In other words, we are giving Mexico a discount on our own goods. The silver is not being bought for monetary purposes. It is being bought as a commodity, just the same as if we bought potatoes, or feed, or lumber, or what not. When we stop buying at this artificial price, the price of silver in the world market will decline. In the meantime, we have paid $1,000,000,000 to acquire the number of ounces of silver which we have acquired at a higher price than it will be worth when we stop buying it. If we ever decided to realize on our silver as a credit, or resell it as a commodity, as we could do, we would not get a billion

dollars for it, and therefore, having paid out a billion dollars for it, and receiving something less than a billion dollars in return, we would be the loser to that extent.

It is my thought that if we were to begin selling silver today, as we have been buying it, silver would go to 25 cents an ounce in the world market; and that is what would happen, because a thing is worth only so much as can be obtained for it when it is sold.

Mr. AUSTIN. Mr. President, will the Senator yield?

Mr. BARKLEY. I will yield in just a moment.

If we stop buying silver the price will go down, and if we should start selling it it might go to 20 cents; but the Senate of the United States has already voted to pay 77 cents an ounce for silver newly mined in the United States. While it is true that we buy silver from foreign countries as a commodity and not for monetary purposes, it can be used for monetary purposes, whereas potatoes and corn cannot be so used; and we may store it against the coming of a day when we may want to use it for monetary purposes. I doubt the wisdom of our people deliberately driving down the price of silver in the world market in order to buy it cheaper when by so doing we are handicapping the people of the world in the purchase of our products.

I now yield to the Senator from Vermont.

Mr. AUSTIN. I wish to address an inquiry to the Senator from Kentucky. The amendment proposed by the Senator from Delaware [Mr. TOWNSEND] was worked over somewhat recently and changed from a 3-page amendment to simply one paragraph. I ask the Senator from Kentucky if he is not persuaded, upon looking at it, that it is limited only to the provisions of the Silver Purchase Act of 1934? I ask that question, because if it is not so limited I would favor limiting it.

Mr. BARKLEY. I do not have a printed copy of it.

Mr. AUSTIN. May I be permitted to read it, as I understand it now to be?—

> All power and authority of the President and the Secretary of the Treasury with respect to the acquisition of foreign silver under the Silver Purchase Act of 1934 shall cease and terminate—

And so forth. My question to the Senator is: Does he not understand that the only effect of the proposal is to terminate those extraordinary powers which were included in the Silver Purchase Act, the third section of which is as follows:

> Whenever and so long as the proportion of silver in the stocks of gold and silver of the United States is less than one-fourth of the monetary value of such stocks, the Secretary of the Treasury is authorized and directed to purchase silver, at home or abroad, for present or future delivery with any direct obligations, coin, or currency of the United States authorized by law, or with any funds in the Treasury not otherwise appropriated, at such rates—

And so forth and so on. In other words, is not this the situation: That the amendment does not propose to interfere with trade nor to change the relationship of Mexicans and Americans; the amendment does not interfere with the exchange of bullion or Mexican or American goods? It only undertakes to terminate those special powers under which the President of the United States has acquired a vast amount of silver, which he has not used, which cannot be used, and for which there is no demand whatever.

Mr. BARKLEY. Of course, the repeal of the authority under the Silver Purchase Act of 1934, to which the Senator has referred, would leave no authority in the Government of the United States to purchase foreign silver. It would still be possible for anyone in Mexico who owned silver to bring it up here and swap it with the Buick Motor Co. for an automobile, if the Buick Motor Co. was willing to take silver in exchange for that commodity, or for any other commodity that it had for sale. But, of course, the amendment which was adopted earlier in the day providing for the purchase of silver by the Government applies only to silver hereafter mined in the continental United States. So the Government of the United States would not even have authority to take over the silver which was brought here in exchange for American commodities. Therefore the effect would be to deprive the Secretary of the Treasury of any authority whatever as a Government official to deal in foreign silver or to accept it in payment for anything.

Mr. AUSTIN. I agree that that would be one of the effects, and one of the objects of the amendment is to stop it.

Mr. BARKLEY. So anyone in the United States who wants to sell his products to Mexico or China, or any other silver-producing country, should realize in advance that the silver he may receive in exchange cannot be used for monetary purposes; that it cannot be sold to the Government, and his disposition of it would depend entirely upon his ability to sell it for the scientific and art purposes for which silver may be used, or for jewelry or other uses on the ordinary market. If, by the refusal to purchase foreign silver, the price of silver went down on the world market, no American producer would exchange whatever he had to sell for silver under a situation which probably would depress the price of silver if he accepted it in return.

Mr. AUSTIN. Mr. President, I think the Senator from Kentucky probably understands the present situation a little differently than I do. I understand that the amendments we have already agreed to relate to coinage and would prohibit the coinage. However, Mexican silver in the form of coins could be readily dealt in, as at any time heretofore.

Mr. BARKLEY. Of course there is nothing in any law that would prevent any American producer of anything from accepting silver coins of any country in exchange, if he were willing to do it; but, of course, as all commodities are sold based upon the dollar as the standard, I doubt very much whether any producer of American products would do that, because he has to depend upon his ability to exchange Mexican dollars for American dollars at some time or other, sooner or later.

Mr. MALONEY. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. MALONEY. I should like to comment briefly, in connection with what the Senator from Kentucky seems to me to have said concerning his fear that if this amendment were adopted the people who have a use for industrial silver or artistic silver might not so readily buy.

I think just the contrary is true. I think the amendment would stimulate industry in this country because obviously it would, slightly at least, lower the price of silver in the world market.

All the industrial silver, of course, is purchased in the world market. If the price is lowered the silver manufacturer of this country and the man who uses silver for industrial or artistic purposes, being able to buy silver more cheaply, obviously are able to sell more cheaply to the American buyer and to other buyers over the world who use our silver goods. So the amendment would mean an increased buying of that sort of silver.

Mr. BARKLEY. That would depend altogether on whether or not the decreased price for raw silver would be reflected in the price of the finished product, which is not always true.

Mr. MALONEY. It seems to me it would permit the American industrialist in the silver business to sell his goods more cheaply; and it seems to me it would stimulate employment, instead of having a detrimental effect on it, as the Senator from Kentucky has contended.

Mr. BARKLEY. It is possible that there might be some reflection of a lowered world price in the price of the finished products; but the lines of curvature do not always turn out to be identical. Besides, it would be some time before the effect would be noticeable; and in the meantime what I am a little worried about is the effect upon our export trade. The effect may not be vital. It may be that I am overestimating it; but I am concerned, as I think we all are, in trying to maintain the markets we now have, and to advance and increase them.

There are many commodities in this country for which we must find markets outside the United States, or we must discontinue their production. We cannot continue indefinitely to produce unsalable surpluses; and for that reason in the

past year or two we have been trying to enlarge the markets of the United States in the nations of the world. It is true that during 1937 our balance of trade was very largely increased. We sold to the world nearly $1,000,000,000 worth of goods that we had not sold since 1929 and 1930, because there was purchasing power, and because other nations could exchange certain things we did not have for things they did not have but wanted. That is the situation as I visualize it.

Mr. MALONEY. Mr. President, I should like to say to the Senator that I do not think the argument he makes is fair, although I know it is intended to be. No contention has been made that we are in need of silver which we get from Mexico. Mexico and other countries buy from us only the things they need or desire. We have no need for silver. We are burying the silver at West Point.

Mr. BARKLEY. Yes.

Mr. MALONEY. I do not think it is fair to say that the American taxpayer should pay an excessive price for silver which the American Government or the American people do not need, in order that we may do some business with another country. Other countries do not do business with us on that basis. They buy from us only those things which they need; and they go to other countries to make their purchases if there is the slightest thing in their favor.

Mr. BARKLEY. That is very largely true of all countries; but, whatever the amount is, if we divert that trade from our country, and it is carried on between the silver-producing countries and some other part of the world which is now knocking at their doors not only to invade those countries economically, but to follow it up with some sort of political power, as a result we may find ourselves permanently barred from those countries with respect to trade agreements and accommodations in which we are tremendously concerned.

It may be that we will hoard this silver. It may be we do not need it. But if by purchasing it we can employ many American people in the production of things we cannot sell elsewhere, is it not better to do that and have the silver, although it is now useless so far as any monetary need is concerned, even though it will always have some value in the commodity world?

Is it not better to have at least that much salvage than to throw people out of employment and then go into the Treasury of the United States to feed, clothe, and house them, which never brings any return except a political and psychological return?

Mr. MALONEY. It would seem more logical to me to make the same argument in favor of copper, or some other commodity or product that we could put to use. I do not advocate that procedure, but the argument in favor of it, in my opinion, would be more sound.

Mr. McCARRAN. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. McCARRAN. I interrupt the Senator from Kentucky at this point because of the statement he made that although we acquire the silver, in effect it is useless. Let me say to the Senator that the silver acquired is the money of this country, and it has been so established not only by the Constitution but by the laws of the country.

Mr. BARKLEY. I did not say it was useless. I said, assuming it might be useless for the time being, because it was not needed in the coinage of money, it was still worth while to have it, because at some time it will have a value from a monetary standpoint, or, if never having value from a monetary standpoint, it will have some value in the commodity market.

Mr. McCARRAN. But the Senator will admit that it is money at this time.

Mr. BARKLEY. Yes; it is money; absolutely.

Mr. McCARRAN. Will the Senator yield so that I may offer a substitute?

Mr. BAILEY rose.

Mr. BARKLEY. I shall conclude as soon as I yield to the Senator from North Carolina. I have said all I want to say about the subject. I yield to the Senator from North Carolina.

Mr. BAILEY. The Senator is arguing that the United States Government ought to buy from a foreign country a commodity for which it is admitted we have no need and of which we really have a surplus, and that the motive for that action is to enable or to induce the people of that foreign country to trade with us.

I submit that we have never done anything like that with respect to our own people at home. We have loaned money on cotton and some on wheat, but we have never gone into the business of buying cotton or wheat in order to enable the cotton farmers and the wheat farmers to trade with other sections of the country. This is a departure and a very great piece of favoritism for other countries than our own. If the argument of the leader on our side is good, then there is nothing for us to do but to go into the South and buy all the cotton produced in the South on the ground that that will enable the people in the South to buy goods somewhere else; and to go into New England and buy many of the products of that section, not that we need them but because doing so will enable the people of New England to buy goods down South. Then, to be fair, we should go to the western portion of our country and buy hogs, wheat, steers, lumber, and so forth, in order to enable the people of the West to trade with the people of the South and the people of the North.

That would be more logical and more sensible and sounder economics than for a government with a superabundance of the foreign-produced commodity on hand to argue that it should continue to buy that product in order to enable other countries to trade with us. If the Senator is to set such a precedent, I notify him that tomorrow I shall introduce a bill asking that the United States Treasury buy 9,000,000 bales of cotton, not for the sake of the South—oh, no!—not for the sake of the farmers—oh, no!—but to enable the people of the South to trade with the people of the North.

Mr. BARKLEY. Mr. President, in the first place, I am not seeking to set a precedent.

Mr. BAILEY. But it is a precedent.

Mr. BARKLEY. No; it is not.

Mr. BAILEY. Let me say to the Senator that whether or not he seeks to set a precedent, the proposed action would be a precedent.

Mr. BARKLEY. The precedent is already set. We are already engaged in the purchase of silver.

Mr. BAILEY. Will the Senator further yield?

Mr. BARKLEY. I yield.

Mr. BAILEY. The Silver Purchase Act is not a precedent. The Silver Purchase Act was intended—and, as we all suspected, very poorly intended—to lift the level of the price of silver to $1.29. Not until today was it ever put forward as an act intended to enable other countries to trade with the people of the United States. It was a monetary thing, but now it is a commodity, an economic thing.

Mr. BARKLEY. The authority to purchase silver was contained in the law. Whenever the law was passed, whether it was in 1934 or at some previous time, that act, and not what we are seeking to do now, set the precedent. The proposal before the Senate now is to end a precedent and not to set one, to terminate one already set. That is a mere technical quibble over verbiage, and I do not care to indulge in any technical argument.

On the question of cotton the Senator knows that the only thing that intervenes now between the ownership of over 11,000,000 bales of cotton by the Government of the United States is the law which divests the Government of the title. The Government has already put up more money on that cotton than the market price of it, but it does not have title to the cotton, and it cannot obtain title to it without bringing about a condition precedent to the sale of it that involves not only all that the Government has loaned on it but the carrying costs and interest charges. So the amount

the Government of the United States now has invested in the eleven and a half million bales of cotton is more than it would bring if it were put up and sold on the market by the owners. Of course, while the Government has not title to this cotton, it advanced money in order that the cotton growers might have the very thing to which the Senator from North Carolina refers, namely, the purchasing power with which to buy the things they need which are produced in other parts of the United States. So the only point of difference is that the Government does not have the actual title to the cotton, but, to all intents and purposes, it owns it and the purchaser cannot obtain it without paying what he has borrowed upon it, together with all charges, including carriage, storage, and interest.

Mr. BAILEY. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. BAILEY. The Senator is arguing that the lending policy of the Government on domestically produced commodities should be used as a precedent for or a justification for——

Mr. BARKLEY. Oh, no; I am not arguing that at all; I am answering the Senator's argument when he stated a moment ago that if we continue to buy foreign silver, then we ought to buy cotton. I say that, to all intents and purposes, we have been doing that very thing; the only difference is that we do not have title to the cotton we have actually paid for.

Mr. BAILEY. Mr. President, I regret that our leader was unwilling for me to finish my sentence.

Mr. BARKLEY. I am willing for the Senator to finish, but I did not want him to get away with a perfectly honest misconception of the point I had in mind.

Mr. BAILEY. I assure our leader that none of us will ever "get away with" anything here in the United States Senate more than we can get away with. I think things are fairly safe in the hands of our leader.

Mr. BARKLEY. I appreciate the Senator's statement.

Mr. BAILEY. And it is not necessary for the protection either of the country or of the Senator to make protests about efforts to "get away" with anything.

Mr. BARKLEY. I did not mean that in any invidious sense.

Mr. BAILEY. I know the Senator did not mean it in any invidious sense, and I am saying what I am saying in a very pleasant way to my noble friend from Kentucky.

Mr. BARKLEY. And I am doing likewise to my distinguished friend from North Carolina.

Mr. BAILEY. To return to the subject matter, the Senator's words, I would say, indicated to my mind that he was arguing that a lending policy on American-produced commodities, such as cotton and wheat, was a justification for a plain purchasing policy with respect to foreign-produced commodities. I think that is a fair statement. If the Senator is going so far, then, I repeat what I said, if the Congress is to direct the Treasury of the United States to buy outright silver, of which it has a great abundance and for which it has no need whatever, except to bury it in the ground, in order to induce or enable Mexico or any other silver-producing country to trade with us, we can go pretty far along that line. We—I do not now mean the American people but the Treasury, the Congress—can buy silk from Japan, cloth from England, copper from Africa, coffee from Brazil, sugar from Cuba——

Mr. BARKLEY. And rubber from England.

Mr. BAILEY. And so on, and we will build up a large trade and we will give them a great deal of money, I take it, in the long run; but where will we be and what will happen to us when we go to sell our great surpluses of these commodities? If we are going to do that with respect to foreign countries, we ought to be just by our own nationals, our own people. We need to build up our domestic trade. I hear there is trouble in New England. Let us go up there and buy great quantities of shoes and of textiles and of fish and of anything else the people of New England have to sell, not that we need them, oh, no; but to enable New England to trade with the South. Then let us go to the South and buy cotton and tobacco and lumber.

Mr. WILEY. Why not go all the way around the country?

Mr. BAILEY. I will go all the way around the country before I get through.

Mr. WHEELER. Why not include cheese from Wisconsin?

Mr. BAILEY. My friend from Montana suggests that we go to Wisconsin and buy some cheese, not that we need cheese, oh, no.

Mr. WILEY. But we do need cheese.

Mr. BAILEY. But to enable Wisconsin to trade with North Carolina.

I think the Senator from Kentucky has steered himself into just that position.

Mr. BARKLEY. The Senator from North Carolina has tried to steer me into it.

Mr. BAILEY. I am going to leave the Senator from Kentucky just where he has placed himself.

Mr. BARKLEY. It is not a "self-liquidating" steerage; the Senator from North Carolina has sought to steer me into that position; but I decline to be thusly steered, because this situation is entirely different.

Mr. BAILEY. If I may interrupt further, I will say now that I am perfectly willing for the Senator from Kentucky to steer any course he pleases, however straight, or however devious, from now on, but I do not think he can avoid the consequences of his original proposition that we should continue to buy silver from Mexico in order to enable the Mexicans to trade with us. Now let him "go to it."

Mr. BARKLEY. Mr. President, I am not going to consume any more time on this subject; I have already taken more than I had intended; but if we are going to adopt the policy in this country of not being willing to accept from any other nation what they have to sell in exchange for what we have to sell them, when without which exchange they cannot buy from us, then it may be necessary for the Government to go up into New England and buy shoes in order to furnish that article of apparel to hundreds of thousands of American workingmen who cannot work and produce what we want to sell to other nations. If we have reached the point of being indifferent to world trade, if we have reached such a point that we are going to set ourselves up within our own shell and declare ourselves so wholly self-sufficient that we do not propose to enlarge our markets or even cultivate those we now have, then, we will be going into New England to buy shoes for the unemployed, and we will be going into Wisconsin to buy cheese if the unemployed desire to eat it, or if we can force them to eat it if they do not otherwise desire it, because, if they cannot get employment not only to produce that which we can consume ourselves but to produce the 10-percent surplus which we must sell in other countries, then, we will have to feed and clothe and house them. It is because I do not want to see the United States enter upon such a stagnant condition as that, that I am one of those still living in this country who feel that it is worth while to encourage the sale of American products in the markets of the world.

Mr. ASHURST. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield the floor.

Mr. HOLMAN. Mr. President——

Mr. ASHURST. I yield to the Senator from Oregon for a question.

Mr. HOLMAN. Mr. President, for information, I should like to ask the Senator from Kentucky if there is not a difference between exchanging our consumable surplus such as wheat, cotton, and lumber for consumable merchandise that we need, such as rubber, for instance, and exchanging our consumable merchandise for commodities such as silver from other countries that are not consumable?

Mr. BARKLEY. Of course silver is not "consumable" in the sense that wheat, corn, or cheese are consumable or even in the same sense that shoes are consumable by being worn, and I grant that there is a difference in the texture of

the commodity for which we exchange our goods; but silver is just as much a consumable commodity on the ordinary markets as is any other commodity. We do not eat it, but it is manufactured into various forms of silver ware, articles of adornment, articles of use. It so happens that we have on hand a surplus of it at this particular time; so do we have a surplus of cotton; but that does not make it any less consumable if we can find somebody to consume it who is able to buy it. So the fact that silver is not edible does not, in any way, militate against its consumability. Therefore I think the analogy the Senator draws is not exactly pertinent.

Mr. WILEY. Mr. President, may I ask the Senator from Kentucky a few questions?

Mr. ASHURST. I yield for a question.

Mr. WILEY. Can the Senator tell me how much silver we consume in this country, say, for silverware and similar manufacture?

Mr. BARKLEY. I do not have the figures as to that, I will say to my friend; I am sorry I do not have them; they can be obtained, and perhaps some other Senator who is more familiar with the commercial use of silver than am I can now give the Senator the figures, but I do not have them at the moment.

Mr. MILLER rose.

Mr. ASHURST. I yield to the Senator from Arkansas.

Mr. MILLER. For industrial purposes, which includes silverware, the average consumption has been 55,000,000 ounces a year during the last 5 years.

Mr. WILEY. It appears to me, then, that a consumption of 55,000,000 ounces means that we have to get those 55,000,000 ounces from foreign countries for manufacturing purposes. Is that correct?

Mr. MILLER. We get part of it from foreign countries. We produce more silver than that.

Mr. WILEY. I understand that that amount includes all uses of domestic silver.

Mr. MILLER. Not necessarily; no.

Mr. MALONEY. Yes; necessarily, if the Senator will yield to me. Obviously the industrial worker is not going to buy silver at the price the Federal Government is paying for American silver when he can go on the world market and buy it for much less.

Mr. BARKLEY. And at the present time the Treasury is buying the whole output of American mines.

Mr. WILEY. That is what I want to get at, if the Senator will yield just for an observation.

Mr. ASHURST. I yield.

Mr. WILEY. It seems to me, then, that there is a market here for 55,000,000 ounces of foreign silver. The difference between the Senator from Kentucky and the observation of the other Senators seems to me to be that again Government is injecting itself into the picture of international trade. Do we need Government in international trade, or can the citizen of this country carry on that international trade without Government domination?

Mr. ASHURST. Mr. President, it is with regret and unfeigned diffidence that I disagree with the conclusions of my worthy leader, my dear friend the Senator from Kentucky [Mr. BARKLEY]. Mr. Gladstone in the British Parliament did not more redoubtedly or more ably argue for trade with foreign governments than has the able Senator from Kentucky argued for trade for his own country. I commend him for his temper in the debate. He has conducted the debate with a high degree of ability, but I do not agree with his conclusions.

Mr. President, about the year A. D. 161 it was obvious to the responsible statesmen of the Roman Empire that the Empire would not endure unless carefully guarded, and so the greatest statesman-philosopher the Roman Empire ever produced, Marcus Aurelius, when he assumed his duties as Emperor, took as his watchword "Hold thine own." He knew that the barbarians or the outlanders in the hinterlands and in the far-flung reaches of the Empire were making inroads upon the solidarity of the Empire. Marcus Aurelius did not seek to extend the Empire. His motto was "Hold thine own"; and under that plan of action, with his clear perception of duty to his own government, he was able, through himself and his successors, to keep the Roman Empire as a going concern for another century or two, although the western division of the Empire eventually collapsed about A. D. 476.

I know it is trite for a public speaker to say that the Roman Empire fell, and so forth, and that we must therefore take warning, and so forth; but, trite as it may be, the time has come when all Americans, and particularly those of us who are charged with power and responsibility, must begin to say for and to the United States, "Hold thine own."

At the time of our entrance into the World War, not as a matter of securing trade, not as a matter of bargains or markets, but because of humanitarian impulses, we advanced many billions of dollars to aid foreign countries. These advances have not been repaid.

There are no evidences that they will be repaid at an early date. It is part of the statesmanship, it is a part of the policy of European governments never to pay a debt to another government, especially a cis-Atlantic government. We now say, "Build up markets." As to the billions of dollars that have gone we say, "That was spent because of humanitarian impulses." The billions of dollars failed to stabilize Europe then. Now it is said that in order to have markets we must buy foreign silver.

Mr. President, if this were an original instance, if this were a matter initially presented today, and we were without experience, I might vote for it, because I am willing to experiment with almost anything, and I have done so; but, Mr. President, we have experimented on this subject and the experiment has failed. This administration should cling fast to experiments which have proved to be successful and wholesome, and should discard and abandon those experiments and projects that have proved to be failures. Every dollar of foreign trade we secure from the purchase of foreign silver costs us $9; and, as poor trader as I am, I do not favor a 9-to-1 trade.

Mr. President, I do not speak out of dislike of any foreign government or foreign people. Mankind is afflicted, in this particular and tragic period in the stream of time, with grievous troubles. If mankind shall surmount these troubles, it will be a credit to the dignity of the human race. I think mankind will do so, but will do so only by being realistic and facing facts.

Mr. President, consider Mexico. She is the neighbor of the State I have so long, with my colleague, tried to represent. Mexico responds to our overtures of friendship by repeated seizures of the property of American nationals. When we extend the hand of friendship and purchase her silver, her reply is the seizure and confiscation of more American properties and the violation of more American rights. I do not say that we should go to war with any country because it seizes American property, because if an American national makes investments in foreign countries he does so somewhat at his own risk, but I do say that the time has arrived when we must be sufficiently realistic to know that the United States of America has but two friends on earth—Finland and Ireland.

Mr. McCARRAN. Mr. President——

Mr. ASHURST. I will yield in a moment. My able friend here on my left, the studious Senator from Maryland [Mr. TYDINGS], sotto voce says our two friends are the Atlantic and the Pacific Oceans. I accept the amendment. I add them to my two. We have four friends.

I now yield to the Senator from Nevada.

Mr. McCARRAN. Mr. President, I desire to express the gratitude of the great Irish race with respect to the expressions made on the floor of the Senate by the able Senator from Arizona, because the heart of Ireland always throbs in friendship with all nations that treat Ireland as a friend.

Mr. ASHURST. I am not of Irish descent. I wish I were. I am of English and French descent and if there be any persons on earth I well know, it is an Englishman and a Frenchman.

If we are improvident enough to lend money to foreign governments without security, they in turn are astute enough to decline to repay us. I have no ill-will toward foreign

nationals. I appreciate the land that gave us our common law and that gave us the language of Shakespeare and Milton. If she had never given aught else to us than this language of such amplitude and grandeur and this great system of law, that would have been quite sufficient.

I am no enemy of the Italian people. They have given the world a heritage of music and poems in stone.

Little Belgium during the war walked the Via Dolorosa that led to duty, death, and glory, and gave to the world an exhibition of bravery beyond the range of eulogy.

All persons have from time to time loved France.

From Holland we received the decimal system of money. Many nations have made contributions toward progress.

But the fact that foreign countries have made contributions that have been accepted by the American people is no reason for believing that we can continue to support those countries. The further purchase of foreign silver is of no use. It has proved to have been a failure, and the sooner we rid ourselves of the idea that it will bring any markets to us, the better off we shall be.

We will say you, sir, are a manufacturer of automobiles. You sell automobiles at $1,000 each. You want to sell to me. You lend me the $1,000 to buy the automobile, but I never repay you. Have you profited by that transaction?

Mr. President, I have voted for many appropriations. I expect to vote for more. If it becomes necessary in order to sustain New England, I shall vote to buy shoes made in New England rather than send the money to Mexico, China, and Japan, or India. We shall at least keep the money at home when we buy from New England.

It is said that we ought to take a large view of this situation; that we ought to take a large view of mankind. Very well. The United States has taken a large view. The United States stands with clean hands. She tried to save Europe. America poured forth the blood of her bravest and her best to try to save Europe. America gave her sons, the rarest and most precious gift she could make. She gave her money, not by the millions of dollars but by the billions of dollars, and Europe is no nearer saved than she was before our sacrifices. Europe's salvation, like the salvation of the individual, depends upon itself. The business of Europe is war, and has been for 2,000 years. More than 260 great battles have been fought near or on the very battlefield of Waterloo; mentioning only a few, Malpaquet and Ramillies.

So, Senators, we but delude ourselves when we believe that money from our Treasury, given or loaned to foreign governments, will stimulate our foreign trade; that money from our Treasury can buy the friendship of Europe. This may be unhappy, but no rich government is happy. No rich man is happy. The rich man seldoms views with delight the rolling landscape, he almost never really hears Beethoven's Moonlight Sonata. When he looks out of the window he does not see the symmetrical tree. The rich man sees at his door a wolf with red lips stripped back from white fangs, about to consume him.

The only man in this country who is actually afraid that he will starve to death is the rich man. That is a part of the penalty; that is a part of the eternal law which reaches all men who have great wealth.

This country, therefore, by reason of being rich, must endure the envy and the hatred of all other nations. When a nation grows magnificently opulent, as we are now, it cannot expect to have friends. Let us not delude ourselves. We shall, of course, continue to send our Ambassadors and Ministers to foreign countries, we shall continue the polite amenities which should exist between civilized countries, but it is a poor compliment to his intelligence to say to any American citizen that our country will ever secure any help, no matter how great our hour of need might be, from any foreign country.

I presume I voted for the Silver Purchase Act. I never examine to see how I voted in the past, because I do not want any past action to hamper my present action. [Laughter.] So, Mr. President, whether I voted for the Silver Purchase Act or voted against it is immaterial; the law has proved to be a failure. Why, then, continue that which we know to be a failure, and which costs $9 for every $1 we pay?

The time has come for the United States to hold her own. We are not seeking to extend our dominions. Soon enough some incident will take place in the Orient, soon enough some incident will take place somewhere which will excite the people, and tremendous propaganda will be put upon us in an effort to induce us to enter some conflict on the side of humanity or on the side of liberty.

Mr. President, I do not know that anyone will deign to pay attention to my record, though I desire to be known as a man not lacking in friendship for the things that are right and which make for peace among the nations. But if the nations of Europe and of the Orient believed they could get no advantage from the United States, if they knew they would be required to pay their debts, they would become our friends. We respect the man who makes us pay our bills. If we make a man pay his bills, he respects us, and if we continue to permit the sort of treatment we have been receiving from our foreign debtors, we will no longer respect ourselves.

Therefore, Mr. President, I hope the amendment proposed by the Senator from Delaware [Mr. TOWNSEND] will be agreed to. The amendment is proposed by a Republican. Is it possible that I, a Democrat, am urging an amendment proposed by a Republican? [Laughter.] If an amendment is a good one, I am going to vote for it, no matter by whom it is proposed.

The PRESIDING OFFICER (Mr. MINTON in the chair). The question is on agreeing to the amendment offered by the Senator from Delaware [Mr. TOWNSEND].

The amendment was agreed to.

Mr. THOMAS of Oklahoma. Mr. President, I submit an amendment in the nature of a substitute for section 2 of the bill as it passed the House, and ask that the amendment be stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. It is proposed to strike out section 2, and to insert in lieu thereof the following:

STABILIZATION FUND CONTINUED

SEC. 2. The sum of $1,500,000,000 heretofore appropriated and covered into a stabilization fund as provided by paragraph (b) of section 10, Public Law No. 87, Seventy-third Congress, approved January 30, 1934, is hereby reappropriated and covered into the general fund of the Treasury, and paragraph (c) of the Gold Reserve Act, as amended by Public Law No. 1, Seventy-fifth Congress, approved January 23, 1937, is hereby repealed.

Mr. THOMAS of Oklahoma. Mr. President, just a few words in explanation of the amendment.

The House proposed to extend the stabilization fund in the sum of $2,000,000,000 for an additional period of 2 years, until June 30, 1941. The amendment just suggested proposes to extend $500,000,000 of the present stabilization fund for an indefinite period. It then proposes to take the balance, $1,500,000,000, and convert that into the general fund. That is as far as the amendment goes.

If there is any question to be asked, I shall be glad to answer; but that is all there is to the amendment.

Mr. BANKHEAD. Mr. President, it is not my purpose to delay the Senate in an effort to indulge in a discussion of our monetary policy. We work all the time in an attempt to get money, but I think as a rule most of us know less about it than about any other subject with which we are constantly dealing.

I do wish to observe that we have had some rather interesting developments here today. I do not know that I exactly understand them. I was in the chair this morning when the question came up as to whether extending the power to devalue gold and thereby prevent an increase in the price or value of gold was exactly the same proposal as an effort to mandatorily increase the price of silver. The Chair was called on to rule on whether that was one proposal or two proposals, and the ruling, I thought, was consistent with parliamentary procedure, in actual accord with

the maintenance of the dignity and of regular procedure in the Senate of the United States. I ruled, of course, that those were not identical proposals. One proposal dealt with silver, and had for its purpose raising the price. The other dealt with gold, and had for its purpose preventing the raising of the price of gold. Yet an appeal was taken to the Senate from the decision that those were two separate and distinct proposals, and were not identically the same.

The Senator from Colorado had a right to appeal, and every Member of the Senate had the right to express himself on the question whether that was one proposal or two. But when the roll call proceeded and I found the leading advocates of terminating the power of the President to increase the price of gold voting that those were the same proposals and the silver advocates were insisting upon the same amendment, that the price of silver should be by law increased, I suspected there was something unusual abroad in the land. I did not know what it was then, and I do not know what it is now.

I observed, however, that the cross winds had been blowing; and as a friend of silver, as one who voted for the silver amendment proposed by the Senator from Colorado, I now rejoice to find so many converts to the cause of increasing the price of silver. I know the Senator from Montana [Mr. WHEELER], who thought of gold mined in his State, if they do mine any there, and the Senator from Colorado [Mr. ADAMS], who comes from a State where both silver and gold are mined, must have reflected when they voted that the situation was unusual that they should permit one of their mining products to be increased in price, but that the other should not be increased. But I am sure they reconciled themselves with the thought, "Oh, we have to parade among the eastern Republicans in the cause of the free and unlimited coinage of silver."

When the roll call started on the proposal to raise the price of silver by law, more than doubling it, raising it 100 percent above the world price, subsidizing, so to speak, the mining of domestic silver, we found—and they had a right to do what they did, and I rejoice that they have done it—the senior Senator from Vermont [Mr. AUSTIN], the senior Senator from New Hampshire [Mr. BRIDGES], the junior Senator from Maine [Mr. HALE], and the senior Senator from Michigan [Mr. VANDENBERG], great, able man, leading the procession, blowing the flutes in the front and beating the drums in the rear of the parade into the group of silverites, of which I am a member.

I extend to these colleagues of mine a cordial hand of fellowship. I congratulate them upon having seen the light here under the persuasive arguments of the Senator from Colorado, the two Senators from Nevada, and other Senators who, with such intelligence and such power and persuasive force, convince men of the type of those I have named that they have been wrong all the years, that they have been wrong in their monetary views. They have been unfair to the cause of silver. They have neglected to subsidize the mines and the miners of the West who are producing silver. And now they are given an opportunity to vote jointly upon that program along with the question of whether or not to permit the price of gold to go up. It is one and the same thing. They do not want the price of gold to go up, but they want the price of silver to go up.

Senators, as I stated, I am delighted. I personally rejoice. I like them all. I am so glad that they now agree that I have been right and they have been wrong. It is comforting to me when men of great wisdom and wonderful political judgment and wide experience finally come along and say to me, "Yes; you have been voting that way; we have been voting the other way; but now we march across the aisle and cast our vote as you have been casting yours during your entire career in the Senate of the United States."

Mr. President, I am not worried about the situation. I got what I wanted. I do not know whether my friends on the other side got what they wanted or not. I do not know whether they were outsmarted in this program or not. They were not going to have any increase in the value of gold regardless of what was done about the other question. It had been stated time and time again by authorities representing the administration, from the Secretary of the Treasury down, that there was no purpose or intention on the part of the administration to change again the value of gold and increase its price, unless it became necessary as a great world-wide international emergency, and that power was sought only as a matter of national defense.

So they did not gain anything. Gold was not going to be increased in value. I do not feel any loss by reason of that provision going out of the bill. However, Mr. President, I do feel that they helped me make a gain in that we have now expressed a positive policy in the Senate of the United States friendly to the cause of silver. So there is no cause for unkindness, no cause for any friction. I guess they got what they wanted. They got silver. I got what I wanted, and have been wanting all the time. I do not think any of us lost anything on the gold side of the double-barreled problem, because the result would have been the same even had we not taken this action today.

Mr. President, as I said, I am not going into the money question. I felt so good about this other proposition I could not refrain from expressing my delight and gratification.

But we are now approaching what is, in my opinion, the most important phase of the whole monetary problem which will come before the Senate under the present discussion of money. We are driving up to the question of what we are going to do with that gold. You have decided you are not going to increase the value of it, but it has already been increased, as we all know. What is the effect of increasing the price of the gold and then burying the gold? Whatever gold was in circulation in the United States, either in gold coin or in gold notes, was ordered into the Treasury of the United States for retirement. That much actual currency was taken out of circulation. When the gold was acquired, billions of dollars of it, how was it paid for? It was not paid for in gold certificates. It was paid for, in the main, by bank credits. No currency was issued to pay for it. So, in fact, the volume of currency, circulating currency, has been decreased by the purchase of gold, and the retirement of all of the circulating gold, with no gold or gold certificates to replace it and to increase the quantity of circulating currency in the country.

Why does anyone object to that? I call upon sensible men, aside from any partisan attitude, aside from pride of opinion in any expressed views on the money question, I call upon all thoughtful men in fairness, in reason, in common sense, to indicate why they believe currency cannot safely be issued against every dollar of that billion and one-half dollars in gold bullion, free, unpledged, with certificates out against it, with no coin out against it, paid for by the United States and placed in a vault down in Kentucky?

Mr. President, we used to think we were upon safe and secure ground when we had nearly 40 percent of gold to back our outstanding currency. Most of the nations of the world, the old orthodox nations, from the standpoint of the gold standard, felt safe and secure when their reserve gold stock went down as low as 15 or 20 percent of the outstanding currency against it. Here as we know is this tremendous amount of money. Everyone regards gold as money anywhere in the world, whether coined or in bullion. It is money. It is there to represent and to be money whenever it is put into use. It is a measure of value. It is a means of value. It is the real medium of international exchange to cover all trade balances throughout the world. There it lies buried, sterile, hidden, withdrawn from circulation, just as though it had been paper and had been burned and gone up in a conflagration.

Is anyone afraid to issue money against that gold? You cannot say such money would be fiat money; you cannot say that it is inflationary. You cannot say that gold in itself is not as good a money as there is anywhere in the world. And this quantity of gold is withdrawn, instead of serving the trade purposes of the people of the country, instead of

being used either in coin, or in gold notes, or other forms of actual money for the ordinary trade transactions of business and of the people. Our credits as well as our currency are contracted to that extent.

I submit that all of us should have the courage to take a position, regardless of our party affiliations, on this question. Everyone here knows I am a Democrat and vote with the Democratic Party every time I properly can. But I do not hesitate upon this question, merely because the Secretary of the Treasury, speaking for the administration, has seen fit to hide this gold and take it out of circulation.

The question is not a party question. It is not a principle that can divide political parties. I say that if it is our best judgment that the action was an erroneous one—one which carries injury to the people of our country, to its business, to its price levels of commodities, involving, of course, the national income of the people of America—then, in my judgment, we ought to express our view by our votes, and we have an opportunity to express them here on the amendment offered by the Senator from Oklahoma [Mr. THOMAS].

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. WAGNER. Is it not a fact that at the present time our circulation of currency is larger than it has been at any time in our country's history?

Mr. BANKHEAD. I will say frankly to the Senator that, theoretically, that is true, but, actually, I have very grave doubts about it. The Senator well knows that we have been unable to obtain any satisfactory record about the location of the outstanding money covered by the listing. We all know that a great volume of gold has been brought to this country in the past year or two. It has been paid for. No one knows how much of our outstanding currency has been taken abroad in payment for that gold. Doubtless, however, very large sums must have gone across the sea to pay for eight or ten billion dollars' worth of gold from abroad, which was brought to this country and sold here. I do not think it would be reasonable to say that all that money has been left in America for investment. Gold may not be taken away. Gold certificates may not be taken away; but Federal Reserve notes may be taken away; silver certificates may be taken away; and United States Treasury notes may be taken away. In my judgment, large quantities of such money have crossed the ocean. Since its issuance was initiated more than a hundred years ago, who knows how much money has been lost or destroyed or has gone forever out of circulation? As I understand, the record includes all money ever issued from the first day. We cannot charge it off. We do not know when it will come back. It is a lawful obligation of the United States, and doubtless a very large quantity of the theoretically outstanding currency will never be presented to the Treasury of the United States.

Mr. WAGNER. Mr. President, will the Senator further yield?

Mr. BANKHEAD. I yield.

Mr. WAGNER. In the speech made by the Senator from Oklahoma he used figures as to the amount of circulation of currency in particular years in attempting to show that as circulation increased prices of commodities increased. In giving his evidence of the amount of currency in circulation he used the figures which I am using as my basis for stating that the circulation of currency is the highest in all our history to date. I am using exactly the same evidence as was presented by the Senator from Oklahoma.

Mr. BANKHEAD. I was not fortunate enough to hear all of the speech of the Senator from Oklahoma. I look upon him as having more information on the money question than any other Member of Congress. He specializes in it. He studies the subject—and I always enjoy sitting by and hearing him discuss it—as I know the Senator must, whether or not we agree with him 100 percent. He speaks with intelligence, calmness, and reason, and I like to hear him. However, I do not know what his conclusions were. I do know that men like former Senator Owen, who as the Senator knows, made a long study of the monetary question; men like Irving Fisher, and other outstanding economists and students of monetary policy, entertain the view that the volume of money in circulation has a larger proportionate effect upon commodity price levels than does the amount of bank money or check money, usually covered by interest-bearing notes and carried on deposit in banks. I know that there is an important line of division in the thought of those who have been students of this great problem. As I stated in the beginning, I claim to know little about the subject, but I think most of us know less about it than about any other great problem with which we deal.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. THOMAS of Oklahoma. I thank the Senator for his comments. I wish to say that when I discussed this matter on a former occasion I referred to the amount of national-bank notes which has been called for redemption, and the amount which has never been redeemed. The amount is almost $200,000,000 of national-bank notes, issued by some 6,000 banks over many years. Those notes are not in circulation. They have either been destroyed, burned, worn out, lost, or hoarded, or are held in foreign countries. A vast amount of Federal Reserve notes has been called for redemption. Those notes have not shown up. They are somewhere. Either they have been destroyed or they are in hoarding somewhere and will not put in an appearance. Various forms of money have been called for redemption, but they have never been redeemed. The Treasury records show that there is still in circulation a total of almost $400,000,000 of such money.

In addition to the money which is not actually in circulation, although theoretically in circulation, we find vast sums of American currency in foreign nations. One can go anywhere in the world where people trade, and he will find vast sums of American currency. I have had occasion to be in a few foreign countries. In the farthermost parts of Russia one can go into the offices of the money changers, and if he desires to have some American money changed into Russian money, they will open up their safes and take out great bales of American currency. They will proceed to place with their currency the American currency for which they exchange the Russian currency, and give out rubles instead. So, to my certain knowledge, vast sums of American money are held by other nations of the world.

In addition, recently the public press has reported that a vast amount of our money is being exported, so there is no way to tell how much money we have in circulation, so-called, which is not held in this country, but which is in some other nation. Of course, it does us no good here.

So, it is my contention that the price level is controlled by the amount of money in circulation. That is not merely my opinion. That is history, from the time people began to use money. I think no one has disputed that statement save in latter days, when it is said that credit money has the same effect upon prices as real money. That is the fallacy of the whole monetary situation. Sooner or later we shall learn that, but we have not yet learned it.

Mr. BANKHEAD. I thank the Senator for his very informative statement.

As I have stated, there is a dividing line between two schools of thought among sincere, earnest, intelligent students of the money question, as to the effect on price levels of different ratios or proportions of circulating currency and check or credit money. The Senator from Oklahoma is an outstanding advocate of the theory that money in circulation, such as coins, certificates redeemable in coin, and bank notes, influences price indexes, and therefore the volume of business and the amount of national income, to a greater degree and with more rapidity than do deposits in the banks used through checks.

There is another school of thought which holds that bank credits, check credits, may be increased with exactly the same

effect as a similar increase in the amount of circulating money. There are some who think bank credits have greater influence, because they move with great velocity in circulation on account of their convenience in transmission from one person or one community to another.

We may talk about increasing the deposits in the banks; we may discuss the increase in the reserves in the banks, including the Federal land banks, which constitute a basis for credit by them, and we stir no particular alarm among the orthodox gold-standard advocates and bankers of the country. They do not become distressed about inflation because of the volume of deposits in the banks. But if we talk about issuing $1,000,000,000 or so of currency, they promptly sound the alarm, "You are going to explode with inflation."

The amendment offered by the Senator from Oklahoma does not in any way suggest the issuance of fiat money. We all know what fiat money is. It is money without a proper metallic base to support it. It is money which may run away with the printing presses, money which may bring about alarming inflation through inability to control it. But when we are merely using gold, dollar for dollar, as a base and backing for the gold certificates to be used, I submit that the entire conception of fiat money and the fear of inflation are totally eliminated.

There being no real danger of undue inflation, there being no fiat money involved, why not go ahead and pass the amendment and test out the theories of the two schools of thought as to the relative importance of currency on the one side and bank credits or check money on the other?

I suggest that there never has been a time in all the monetary history of the world when a conflicting theory of such tremendous importance to the people was involved and when it could be conclusively settled, as I think, without any danger, without any risk of harmful results. If it should put prices up, as is contended by the Senator from Oklahoma [Mr. THOMAS] and others of that school of thought, it cannot do it in any great degree, because, I am informed by the Senator from Oklahoma, we have about $55,000,000,000 of bank money. How is merely a billion and a half dollars going to bring about any runaway situation in price levels?

Many of us believe that the action proposed in the amendment will readjust prices in a reasonable way, because the currency will circulate, as I said, with great velocity. There is a psychology involved. That always influences prices. High prices, as a rule, are the result of having more buyers than sellers in the market, assuming, of course, that the law of supply and demand is normally operating. If there are more buyers than sellers, prices go up. If there are more sellers than buyers, prices go down. So to a very large extent the matter of price increases, commodity price levels, increase in the volume of business, is controlled by whether or not a majority of the buyers in money volume believe prices are going up or are going down; and that is largely a matter of public psychology, a mass mental attitude toward the subject.

As a rule, people think more of money, of currency, than of credit. They have more faith in it. If more money is issued, and the public knows it, conditions will be a good deal like they were when President Roosevelt said, soon after his inauguration, "Prices are going up." You recall that he said over the radio, "They are going up. We have the power to put them up, and they are going to be put up," according to the Thomas amendment.

What happened? Everybody decided that prices were going up, and they did go up. Buyers went into action. Buyers predominated. Later, in 1937, I assume under the advice of Governor Eccles, who became alarmed about inflation, the announcement was made that prices were too high. Owners of stock who were working for the Government were advised to get out of the market. Governor Eccles doubled the bank reserves. The people everywhere believed that top prices had been reached. The Government was warning that there was but one direction for prices to go, and promptly we had almost a buyers' strike, without any change in monetary conditions. Psychology, the judgment of the majority of buyers or sellers, determines whether prices are going one way or the other.

So I say, in my judgment, that by issuing this money we shall give notice to the great buying public that we are going to take a step to encourage the circulation of money. We are going to bring about, if we can, a larger volume in the transactions of business. We are going to increase the price level. We are going to bring about a more nearly normal national income; and, as the Senator from Oklahoma [Mr. THOMAS] has just suggested to me, that will result in a tremendous saving to the oppressed borrowers in this country who borrowed at such price levels that they cannot pay back their debts with prevailing present price levels.

Mr. WAGNER. Mr. President, will the Senator yield at that point?

Mr. BANKHEAD. I yield to the Senator from New York.

Mr. WAGNER. Of course, under the theory of the Senator, if this money is to be issued it will go out in circulation in payment of something or other, and thus will eventually become a deposit in the banks. What is not clear in my mind is this:

The banks now have excess reserves of about $4,000,000,000. That is money in the banks which is not being used. How will the situation be helped by still further increasing those excess deposits in banks?

Mr. BANKHEAD. How will it be harmed? That is just as fair a question as the one the Senator has asked me. How will it be harmed?

Mr. WAGNER. I do not know whether it will be harmed or not.

Mr. BANKHEAD. The Senator neither asserts nor argues.

Mr. WAGNER. We are trying to do something which is unnecessary with a monetary function.

Mr. BANKHEAD. No; it is not unnecessary.

Mr. WAGNER. We are running the risk——

Mr. BANKHEAD. There is no risk about using gold as money. I never heard any man on earth say before that we run a risk by using gold as money, and paper backed 100 percent by gold.

Mr. WAGNER. We have this excess reserve of over $4,000,000,000 which is in the banks, and there seems to be no demand for it, so it is not being used. Having that much money in the banks, how will that situation be helped by further loading the excess reserves of banks? That is what I cannot comprehend.

Mr. BANKHEAD. The Senator well knows that the ordinary, long-time function of gold is that of a basis for currency. The Senator well knows that we have this quantity of gold which is not being used for its normal function and its general, ordinary use throughout all the history of the world since money was made of gold. Instead of arguing that we do not need it and that we ought not to use it, I think the ordinary, normal procedure should be followed, unless arguments and facts are presented to show that something unusual should be done with the gold, that the normal transactions of history should be abandoned, and that gold should be hidden and concealed and made inactive. The burden of proof is upon those who do not want to use gold as it has always been used; and I have heard no argument to that effect that appeals to me. I have heard no really logical argument on that subject, to the effect that it is dangerous, it is unwise, it is useless, it will do no good, and it should not be done, and may do harm. I have not heard that argument proceed from anyone.

So I am submitting my view of this matter in coolness and calmness even to the Senator from New York. I know his great heart. I know how it works for the welfare of the people of the country. I know he is a student of this subject. I am afraid he has not been studying it long enough. I wish he had started on its study several years ago.

Mr. WAGNER. That is why I am looking for light. That is why it is difficult for me to understand this matter.

Mr. BANKHEAD. I am holding up a small beacon light now, I hope, to the Senator. I do not know anyone whom I would rather see grow deeply interested in this subject than the Senator from New York. I know the Senator is becom-

ing interested. I know he is the author of a resolution—I do not know whether or not the Senate has agreed to pass it—calling for a study of this great question. I know of no domain of thought anywhere else in all the world which at this particular time is more demanding of attention than the great monetary policies of our country as related not only to our domestic use but to all the world.

We all know that America now is the only nation in the world that makes any pretense of being on a gold standard, and we know that even America is not on a gold standard. We are the only nation in the world that fixes the value of gold by weight. No other nation on earth does so. We are holding the umbrella over all the nations of the world in the field of money. We fix the value by weight. We have an open market to buy all the gold sent here from anywhere in the world when there is no fixed price for it anywhere else. So gold has been flowing in, and I do not object to that. What I object to is, when we buy it, when we pay for it, that we do not use it.

Mr. LEE and Mr. McCARRAN addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Alabama yield, and, if so, to whom?

Mr. BANKHEAD. I yield first to the Senator from Oklahoma.

Mr. LEE. Mr. President, the Senator from New York asked the Senator from Alabama what good it would do if money were issued against this gold. If a man has his money invested in a Government bond which is bearing interest, he is perfectly content year after year to keep his money in that bond, or in any other depository, so to speak, as long as it is bearing him some interest. But if, when that bond came due, the Government should pay him off in non-interest-paying currency, does not the Senator think he would get action on that. Does he think he would leave that currency in a bank, sterile, and not bearing interest? Certainly not. He would get action on it. That would force money into circulation, and that is the thing we hope to do by this proposal.

Mr. BANKHEAD. Mr. President, I have taken more time than I had intended when I started. I know the Senate is anxious to make some disposition of the measure before it.

Mr. McCARRAN. Mr. President, will the Senator yield that I may make a remark in connection with the suggestion just made?

Mr. BANKHEAD. I yield.

Mr. McCARRAN. Is it not true that it is the money in circulation which makes business? The impounded money, the deposited money, the money that is reported to the public as being a surplus in the banks, makes no business whatever. It is the rolling dollar that pays the butcher and the baker and the candlestick maker.

Mr. BANKHEAD. I would not go quite as far as the Senator goes, but circulation and the quantity of money available as the medium of exchange and for the payment of debts, has a very major effect.

Mr. KING. Mr. President, will the Senator from Alabama yield?

Mr. BANKHEAD. I yield.

Mr. KING. I take it, from the argument of the Senator, that he would not object to a bill which I offered sometime ago, which provided, if the Senator will pardon me, that the President should be authorized by proclamation to provide for the unlimited coining of gold hereafter tendered for coinage at the weight per gold dollar, in grains nine-tenths fine, fixed from time to time. In other words, the bill provided that if gold should be tendered to the Treasury it should not be sterilized, but the person taking the money in might call for the issue of $5 or $10 or $20 gold pieces, coins, as desired, and those coins should go into circulation.

Mr. BANKHEAD. I feel complimented that the Senator from Utah has given my remarks the attention he has paid them while I have been speaking. I am sure the Senator knows that I am in favor of the principle contained in his bill. My whole argument has been predicated upon the theory that we should issue currency against gold, and abandon the idea of sterilization.

Mr. KING. I am very much in favor of issuing currency against any gold which hereafter may be tendered to the Treasury.

Mr. BANKHEAD. I would not stop with gold hereafter tendered; I would include all there is now in the possession of the Government.

Mr. KING. I would offer this bill as an amendment to the pending bill except for the lateness of the hour.

Mr. BANKHEAD. I do not see any use of waiting to apply the provision to gold hereafter tendered; I would apply it to all the free gold we have now.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator from Alabama yield?

Mr. BANKHEAD. I yield.

Mr. THOMAS of Oklahoma. We now have in the stabilization fund $2,000,000,000. The stabilization fund has been in existence for 4 years. Not more than $200,000,000 of the fund has ever been in actual use. How much of that is lost no one knows. It is presumed that the $200,000,000 is still intact.

Mr. BANKHEAD. There is no loss in that fund, according to the testimony.

Mr. THOMAS of Oklahoma. Then we have $2,000,000,000 that is intact.

Mr. BANKHEAD. We still have that.

Mr. THOMAS of Oklahoma. The amendment proposes to supplement that by $300,000,000 more, double it, then add another $100,000,000. I wonder whether the Senator does not think that is amply large to take care of all the needs we may have for a stabilization fund.

Mr. BANKHEAD. I cannot see any reason why, when we have not lost a cent after 3 or 4 years——

Mr. THOMAS of Oklahoma. Since 1934.

Mr. BANKHEAD. We have not lost anything for 5 years, and we have the total we put into the stabilization fund in cash now.

Mr. THOMAS of Oklahoma. Then the amendment proposes to take the surplus of a billion and a half, which has not been used—and there is no prospect of its being used—and placing that in a fund where it may be used. If that procedure is followed, we can draw on that billion and a half for meeting next year's current expenses. It is estimated that this Congress will appropriate more than $10,000,000,000. The revenue returns to the Treasury will not amount to more than $6,000,000,000, and if my estimates are fairly correct, we must borrow next year something like $4,000,000,000 in order to carry on and meet the appropriations made by the Congress. If this money in the stabilization fund is not used, we must go out and borrow the money, or create credit, which is the same thing; but if this fund of gold can be used, it will save the borrowing of at least a billion and a half dollars.

Mr. BANKHEAD. Mr. President, in conclusion I wish to express the very definite view that we have been going through a period of deflation and contraction as the result of our gold and monetary policy. I do not think we can ever get out of our present situation unless we evolve some basis as a means of exchange, in some volume, of currency adequate to supply the business requirements of the people.

Above all, I belong to that school of thought which ardently hopes for some plan, some program, for the stabilization of commodity prices. I think we have to put money out in order to get commodity prices up, and when we get them up, I believe that in some reasonable way, as has been done in other countries, the level can be fairly maintained. We know at least that whatever is happening in all the other nations of the earth is being done in each of them under a different monetary system from the one prevailing in the United States. So, I hope that in some way, whether it is done now or done as the result of a further study of this great question, we will move forward, that we will recognize the necessity for a revision of policy in relation to the one subject of paramount importance to the business interests of all nations of the

world, and especially to our great, growing expanding population and business.

Mr. BAILEY. Mr. President, just by way of commentary on the allegation or the general impression that this country needs more money in circulation, I wish to read from a little book entitled "The Federal Reserve System: Its Purposes and Functions," issued by the Federal Reserve Board, copy of which was laid upon my desk through the courtesy of the Federal Reserve Board one day last week. I read from page 76:

> The Federal Reserve authorities expand the volume either of notes or of reserve balances in response to the demands of the public and of the member banks. Although they may at times take action to reduce the volume of bank reserves, they never need take action to reduce the amount of notes in circulation. Currency in excess of the public's needs is promptly deposited in banks and by them is deposited in the Federal Reserve banks. The process is spontaneous. In effect, therefore, the amount of money in circulation is governed by the public's action, not by action of the issuing authorities, and no more currency will remain in use than is required.

Mr. President, that is the end of the quotation for the present. We might issue the money that is called for by the pending amendment, and it would not stay in circulation; it would go back to the Federal Reserve banks, and would then be entered as excess reserves. Since there is an excess exceeding $4,000,000,000, the argument is not that this amendment would do so much damage as that it is absolutely unnecessary, and would not do any good. The argument as to damage is that the higher we make the excess reserve the greater the measure of inflation. Inflation has not been touched off, but at some point it may be, and it would be a borrowing and a credit inflation. We have looked for it, we have feared it, but it has not come.

I sometimes think that the defenders of the President might make a great point in his behalf by saying that, notwithstanding all his friends here in the Senate have said, the currency of the United States has remained a sound and adequate currency, according to his promise. How long it will remain sound and adequate is a serious question, but up to now, the testimony is, the whole world is sending money to the United States for safekeeping, buying American stocks and American commodities, because under our system we have maintained a safe currency and our dollars have sound value.

For the next quotation I begin on page 77:

> The Federal Reserve Act stipulates that the Federal Reserve banks shall have reserves of gold certificates equal to at least 40 percent of the Federal Reserve notes in circulation and reserves comprising gold certificates or lawful money equal to at least 35 percent of their deposits.
>
> Taking the figures as of December 31, 1938, this means that the Federal Reserve banks must have at least $1,800,000,000 in gold certificates as the 40-percent reserve against their Federal Reserve notes of $4,500,000,000, and $3,535,000,000 of gold certificates—assuming they have no other lawful money—as the 35-percent reserve against their $10,100,000,000 of total deposits. That is $5,335,000,000 of gold certificates, taking the two requirements together. Actually, however, the Federal Reserve banks had $12,000,000,000 in gold certificates, or more than twice the maximum amount required. Notes in circulation and reserve deposits could therefore be more than doubled on the basis of present gold reserves so far as the law is concerned. And since the reserve authorities are empowered to suspend for limited periods the requirements stated in the law, the volume of notes and reserve deposits could be much more than doubled if an emergency should make it necessary.

The point is that according to these figures our system would allow of an expansion in the currency available to the American people of at least $20,000,000,000, and according to the statement of Mr. Eccles, the Governor of the Federal Reserve Board, of fully $25,000,000,000.

The second point is, that it is not going to be done, it is not required, because of the present state of mind of the American people by reason of the system which we are practicing, of the failure to encourage private enterprise, and agitation of monetary questions, the continuation of the unbalanced Budget, and the spending policy, investors have become so frightened that notwithstanding the fact that money rates are very low, so that a man can, on moderate security, obtain all the money he wants at 4 percent, with 25 years in which to pay the loan, he will not avail himself of the opportunity. I saw an offer of that sort a few days ago. An offer was made of $125,000, for 25 years, at 4 percent, and curtailment at the rate of only 2 percent a year. No one accepted it. Why? Not because money is not in circulation. The money is there to circulate in the borrower's hands if he wishes, and the Federal banks, they have $25,000,000,000 of it available. No one dares ask for it. No one dares invest it. If one borrows today he may have to pay it back in low money or high money. If he borrows it today he may encounter a tax situation which will make it impossible for him to make a profit. If he borrows it today he does so with knowledge of the fact that expenditures are continuing to go up, and everyone knows while they do, taxes will continue to increase.

My whole point is that what we need is not a currency operation. What we need is a public policy which will encourage the enterprising men and women of America to go to the banks and tap the flood of $25,000,000,000, put it in their enterprises, and thus circulate the money.

But all the Government currency operations on earth will not make money circulate. A billion dollars more could be put out tomorrow, but probably the more that was put out the less there would be in circulation in a short time. There is such a thing as a flight from money. It may appear to circulate, but the thing that is circulating then is not money. It is commodities the people are buying.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. BAILEY. I yield.

Mr. BARKLEY. Is it not more important to bring about a greater velocity of circulation of money?

Mr. BAILEY. That is just the point. Of course, the velocity of circulation is measured every month by the Federal Reserve Board. The velocity of circulation in 1928 and in 1929 was at the rate of about $90,000,000,000 a month. That represented debits to private accounts in the banks. If Senators will get the Federal Reserve monthly bulletin they can verify that statement. That was not because people were borrowing. The money in circulation then was only four and one-half billion dollars. But there was no shortage. Money was circulating much faster than it is now. What is the rate now? I looked up the rate in the Federal Reserve Bulletin for May, but I would not say that I know about June. In May it was $38,000,000,000. There is the measure of the velocity of circulation in money. The money in circulation that we talk about is money only for the purpose of paying cash over the counter, for paying the pay roll when the men come up with their checks, or getting the money and putting it in the pay envelope, or perhaps to pay the taxi fee when we ride home in the evening. It is only the cash that passes from hand to hand.

Mr. President, who has said that the nearly $7,000,000,000 in circulation today is insufficient? Where do Senators find any want of cash? If one goes to the bank with his check to obtain cash there is no trouble about getting it. There is plenty of cash. The money in circulation is only for the purpose of supplying the cash for daily need. But the money circulated is based on the deposits of the people in the banks. Those deposits are first, savings, and second, borrowings. And there is plenty of money to be loaned. If we bring about such a condition that men who want to build would build, and men who wished to create enterprise would dare to do it, because they felt safe about it, we would jump check circulation from its present rate of $38,000,000,000 to $90,000,000,000, and then we would get the national income which we desire. But there is absolutely no need for monetary operations.

The pending proposal is harmful in that it proposes the issue of money, dollar for dollar, on the gold that we got by way of devaluation. That would be the only money in the country that has dollar for dollar back of it. The Federal Reserve notes have 40 percent back of them. It is using that money for current accounts.

Mr. President, let us carry that to its logical conclusion. As it is set up, the temptation would be to say, "Do not issue

any more bonds. Do not borrow any more money from the Federal Reserve, but stick your hand into this gold account and send it out amongst the people; pay off your debts with it, or pay your current accounts with it." How long would it be before we would go broke at that rate? Once that sort of business is started, no power will be able to stop it.

The little asked for today is just the camel's nose under the tent. I dare say the same fine gentlemen who are putting forward this small measure would in the course of a year ask us to take over the entire $15,000,000,000 of gold which underlies the credit of the banks and the currency of the country, issue paper against it, instead of borrowing as we are borrowing, and make an appearance of prosperity, and make a great appeal to the people that the Government is saving interest and is not going in debt. The consequence of that would be the wrecking of the credit of our banks and the credit of our country. For that reason, such action would do no good at all. It would put no money in circulation, but would start the train of circumstances. It would be just as though I placed a bomb in the seat in the corner and a fuse at this point and lighted the fuse. When the fuse finally burned to the end, it would blow up a man 10 feet away.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. BAILEY. I yield.

Mr. BARKLEY. Might not the transfer of the one and a half billion dollars from the stabilization fund, where it now is, to the general fund conceivably offer an encouragement to Congress for further appropriations to spend the one and a half billion dollars, instead of paying off any debts or using it to pay current obligations?

Mr. BAILEY. Yes; and once we started, the temptation would be to go on. We could further devalue the dollar and obtain some more money.

Mr. BARKLEY. Regardless of what anybody may think of the stabilization fund as an institution, it has been serviceable. It is approximately the same sized stabilization fund that is now used by Great Britain. Nobody can tell what the future will bring forth. While it has not been necessary to use all the stabilization fund up to the present time, it is entirely possible that chaotic conditions in the world following a world war might make it necessary to use much more of it if not all of it; the point being that it is most unwise now to transfer this fund to the general fund of the Treasury and pay it out either on debt or on current accounts. In the event of a great emergency we would have a stabilization fund only one-fourth the size of that now possessed by Great Britain to deal with the problems which would face us.

Mr. BAILEY. That is one point; but by starting as we propose to do, we would not only tend to destroy the stabilization fund but we would tend to walk right into the $15,000,000,000 or $16,000,000,000 of gold. I think the proper statement is that the country itself has about $15,000,000,000. There are $16,000,000,000 in the vaults, $1,000,000,000 being owned by other nations and earmarked. The result would be to walk right into that on the subtle theory that, since we have the gold, we will issue dollars for it, pay for the P. W. A., the W. P. A., river and harbor improvements, old-age pensions, and many other things. We would be destroying the foundations of American stability and destroying the capacity of the banks.

Mr. President, in conclusion, since the Senator mentioned it, I regard the stabilization fund as indispensable. I shall vote with the utmost satisfaction for the extension of the power in the hands of the President. It is a means of stability here and throughout the world. Without an American stabilization fund we could not now transact our business as against the manipulation of foreign currencies and the fluctuations that are natural to the situation abroad. We may not be able to stabilize. The situation is a very grave one. Foreign currencies are likely to go lower and lower; and as they go lower and lower we must try to keep them up, not for the sake of the foreign countries, but for the sake of our trade as against their trade.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. BAILEY. I yield.

Mr. WAGNER. We have had before our committee the subject of the utilization of the stabilization fund. While it is true that only $200,000,000 has been used in its operation, it is also true that the time may come when a larger amount may be needed in order to keep our dollars stable in international trade.

Mr. BAILEY. Not only that, but the point about the size of it is that we may use only $200,000,000; we may never have to use more than $200,000,000; but so long as the world knows that we have $2,000,000,000, it is a factor of power and a factor of safety. If foreign nations see us begin to buy either foreign commodies or foreign currency in order to keep it up, not knowing how much we have or how much we will use, that fact tends at once to stabilize the situation. However, if they knew we had only $200,000,000, we would very quickly play out. They would know that we were at the end of our power.

Mr. WAGNER. Exactly. I am sure the Senator noticed that only the other day Germany decided to continue the control of its currency, and to use that control for the purpose of securing larger exports and less imports.

Mr. BAILEY. Yes.

Mr. WAGNER. Our stabilization fund may be required to be more active than it has been. As the Senator says, if we reduced the stabilization fund, we might be left defenseless in the face of the depreciation of other currencies.

Mr. BAILEY. Countries whose currencies are depreciated are enabled to produce goods more cheaply, and therefore to get under our tariffs.

Mr. WAGNER. Exactly.

Mr. BAILEY. I voted for the original devaluation act, notwithstanding the suggestion made the other day that I did not. I did it with my eyes open. I did it because I thought the time had come when we would have to manage our currency against the instability and the competition of the currencies of other nations. I do not regret that I voted for it. I might have voted for the little 9-point power today. I did not think it was worth while. I do not think it is needed. However, I think the $2,000,000,000 stabilization fund is needed, and will be needed in the next 5 years, perhaps far more than it has been needed in the 5 years which lie behind us.

Mr. LEE. Mr. President, the argument of the Senator from North Carolina [Mr. BAILEY] evidently is intended to frighten Members of the Senate so that they will be afraid to exercise the constitutional authority which is vested in Congress to regulate the value of money.

He does not argue that we could not regulate the value of the dollar by expanding and contracting the currency but he argues that we should not use that power because we might overdo it. His argument, stripped of its verbiage, means we should not attempt to pull the dollar back in line because we might pull too hard. The monetary situation needs remedying but he argues we should not apply a remedy because we might apply too much. That argument of fear is neither logical nor convincing. That argument has been used on Congress for many years by the employment of such phrases as "do not tinker with the currency," and by attempts to frighten the people with the specter of inflation.

Congress has allowed private banking interests to regulate the value of the dollar instead of doing its constitutional duty and regulating the value of the dollar by law.

So far as the stabilization fund is concerned, of course, I am for that, but for 5 years we have had a stabilization fund, and in those 5 years only $200,000,000 has been used. As I understand the amendment, it would leave $500,000,000 in the stabilization fund, or $300,000,000 more than has been used in a period of 5 years.

However, I believe the amendment has in it the possibility of stabilizing the dollar at a reasonable level. We may pass all the other remedial legislation we wish in attempting to adjust supply and demand of cotton, wheat, and corn; but unless we fix the foundation, which is money, at a stabilized

level, we may fix cotton, wheat, and the other things one day, and money will change, and the next day the adjustment will be out of gear, out of joint, and out of line.

Therefore, if we are to proceed with any reasonable degree of logic toward the problem of adjusting the economic situation confronting us we must begin by fixing the foundation, which is money. That means we should stabilize the dollar. What good will it do to pass minimum wage legislation which can be nullified by the dollar changing in value? What good have we accomplished if we fix a living wage by law in terms of dollars, then have the value of the dollar change so that it is no longer a living wage? Why should we worry to fix rates, commissions, and salaries in terms of dollars? The next month the dollar may change in value so as to nullify all of our work. Therefore, I maintain that we should first stabilize the dollar at a 100-cent level as the barometer on which to pass other legislation which is intended to adjust economic relations. Why should we worry about whether the old-age pension should be $30 or $200 until we have stabilized the dollar itself as the first step in our effort to bring about social security?

I think everybody agrees that we want to stabilize the dollar, but stabilize it with respect to what? Gold? Certainly not. Gold is a commodity subject to the law of supply and demand, and all the changes that that law brings. Shall we stabilize the dollar with respect to a man-hour of labor? Certainly not, because that grades from unskilled labor to the highest degree of mental skilled labor, and that would be difficult. We should stabilize it on a basis of human conduct, on an average of the commodities used by human beings.

We have such a thing in the all-commodity index which is given us by the Bureau of Labor Statistics of the Department of Labor. They have taken 784 of the most used commodities; they averaged their prices over a period of years; and, based on the year 1926—which is taken as the base year because it was considered to be a year when the price level was most satisfactory to all concerned—the dollar today is worth $1.32.

What does that mean?

Mr. BAILEY. Mr. President——

Mr. LEE. I decline to yield for the present, please. I will yield later.

That means that on the basis of that dollar, the dollar is subject to the law of supply and demand just the same as any other commodity. Then by increasing the supply of dollars, the demand would decrease to the point where the dollar would be worth exactly 100 cents.

The amendment which we are debating provides for the issuance of enough money against certain free gold to bring the value of the dollar down to a 100-cent level. This means, of course, that we are applying the law of supply and demand to the dollar in order to stabilize it at a 100-cent level; because if the dollar went below the 100-cent level, it could be brought back by calling in enough money to effect that result.

Whenever there is a transaction, the law of supply and demand with respect to two things comes into operation. If cotton is exchanged for money, the law of supply and demand as it operates on cotton comes in contact with the law of supply and demand as it operates on the dollar. Today by reason of the law of supply and demand, cotton is low because we have an oversupply of cotton, and dollars are high because we have an undersupply of dollars. When a farmer takes his cotton to town he loses on two counts. He loses not only because there is an oversupply of cotton but because there is an undersupply of dollars. He is kicked in the teeth because cotton is cheap as a result of too much cotton. He is kicked in the teeth again because there are not enough dollars. It takes $1.32 worth of his commodity in exchange for one dollar. For every dollar that he receives he must give $1.32 worth of his commodity.

Mr. BAILEY. Mr. President, may I ask the Senator a question?

Mr. LEE. The law of supply and demand applies to dollars the same as it does to cotton. Therefore, if we increase the supply of dollars, that action is going to bring the dollar back to the 100-cent level.

The farmer loses 32 cents on every dollar's worth of his commodity that he sells; but if, as provided in this amendment, the Government should issue enough money to bring the price of the dollar down to the 100-cent level, that would mean that farmers would receive one-third more dollars for their commodities. That would increase the farm income one-third. Those would be honest dollars; they would be honest, debt-paying, interest-paying, tax-paying dollars. Then because it would take fewer of these dollars to meet the fixed charges which the farmer must pay, he would have more dollars left with which to buy things that he needs. That would mean increased purchasing power, and that would mean increased business.

I said a while ago that we have allowed the private bankers to regulate our money. We have. Just before the depression a group of the big financiers of the United States met and deliberately decided to devalue the dollar. They decided that dollars were too cheap and commodities too high. They decided to decrease the number of dollars in circulation and thereby increase the value of the dollars, and correspondingly decrease the prices of all farm commodities. That was a deliberate devalution of the dollar. The result was that every product went down in price. I had borrowed $1,000 when I was selling wheat at $1.25 a bushel. At that time 800 bushels of wheat would have paid that note of $1,000; but wheat went down to 25 cents a bushel. I sold wheat at 25 cents a bushel. When that note came due, it took 4,000 bushels of wheat to pay it. I had borrowed 1 bushel; I had to pay back 5 bushels. The financial interests in the United States had created a dishonest dollar that robbed millions of farmers of their farms and millions of homeowners of their homes. That was done by deliberately creating a dishonest dollar.

Today we are paying 32 cents more on every dollar than we should pay whenever we sell any raw product, or for that matter, whenever we sell any product for dollars. The dollar is out of line because there is a shortage of dollars. I am surprised at a Senator who argues in one breath that if we issue more dollars, there is danger of inflation; in the next breath he argues that issuing more dollars will not attain the result we want, which is to bring the dollar to a 100-cent level.

The dollar is intended to be merely a medium of exchange and nothing more. For example, it is rather awkward and inconvenient for a farmer to trade wheat directly to the shoemaker for shoes. Therefore, the farmer sells the wheat to the miller and takes the tokens of value to the shoemaker and exchanges them for a pair of shoes. If the token has an artificial value in itself, it causes one party to the transaction to suffer. In every trade and transaction the dollar ought to be a neutral factor; that is, it ought not to add to or take away from the value of their commodity. If there is an oversupply of wheat, naturally wheat will be low because of that oversupply, but the farmer ought not to be penalized because there is an oversupply of dollars, and thus be penalized twice.

The dollar ought to be a neutral factor in the exchange of all commodities so that if the farmer sold his wheat and took the money he received for the wheat and bought shoes he would have the same advantage as if he did not have dollars and had traded the wheat directly for the shoes. The dollar should be a neutral factor and not to give to one one party and take from the other.

Mr. BAILEY. Mr. President——

Mr. LEE. Just a minute, and then I will yield to the Senator.

Today, if the farmer goes to town with cotton, it takes $1.32 worth of cotton to pay $1 of taxes. It takes $1.32 worth of corn to pay $1 worth of interest. It takes $1.32 worth of pork today to pay $1 worth of premiums on a life-insurance policy or a fire-insurance policy. It takes $1.32 worth of any raw commodity today to pay in dollars a fixed charge of any kind. Therefore, I say we should take the step outlined in this

amendment to fix the dollar at a level which is based upon the all-commodity index.

The all-commodity index is based upon the law of averages. The law of averages is a reliable barometer The life insurance companies depend upon the law of averages to determine what will be the average length of life of all of the people they insure. They might insure a man today and he would die tomorrow. They would lose on him, of course, but they know by the law of averages that enough other clients will live beyond the normal span of years to make up for the loss they suffer on the man who dies soon after he is insured.

The law of supply and demand might make wheat low, because there would be an oversupply of wheat; but the wheat would be averaged into the all-commodity index, and we would be given a constant, stabilized figure or level at which to stabilize the dollar. Then we could hold it there by the device of expanding and contracting the amount of money in circulation.

I now yield to the Senator from North Carolina.

Mr. BAILEY. Mr. President, this is what is troubling me: The argument is that the present buying power of the dollar is $1.32. Let us call it $1.32. That is the buying power in terms of all commodities, and I understand they are 784 in number. Is that correct?

Mr. LEE. That is correct.

Mr. BAILEY. I am a farmer, say, and I take my bale of cotton to the Senator from Oklahoma. Cotton is selling at 9 cents a pound; 500 pounds to the bale at 9 cents makes $45. The Senator from Oklahoma pays me $45. According to his statement, the $45 is worth $1.32 to the dollar. We can figure that. So, then, the present buying value of my bale of cotton is not $45, but $60.

Mr. LEE. That is true with respect to the buying power of commodities, but it is not true with respect to paying fixed charges.

Mr. BAILEY. I am going to frame my question. The Senator wishes to reduce the value of my bale of cotton from $60 to $45.

Here is my bushel of wheat. A bushel of wheat is selling today at about 70 cents. Suppose I have a hundred bushels of wheat; that is $70. I take my 100 bushels of wheat to the Senator from Oklahoma, and he pays me $70. Since the buying power of $70 is $1.32 per dollar, I add to that 30 percent. That is about $21; so, as a matter of fact, I get $91 for my 100 bushels of wheat. I am not getting $70, according to the Senator's argument; but, as I understand the two Senators from Oklahoma, they wish to cut down my $91 to $70, and cut down my $60 to $45.

I think there is a fallacy there. I do not think they wish to do that; but I think when one tries to get the price of wheat in dollars and the price of cotton in dollars down to a general average, he runs into the great mistake about averages. It is said that the average depth of the Mississippi River is 2½ feet, but there are plenty of places where it is 40 or 50 feet deep. The average commodity price might be a test in a general way, but how on earth would it be a test with a view to a particular article?

How is it possible to argue the financial question, in terms, as I just did, of cotton and wheat, and argue that we should reduce the purchasing power of the farmer's dollar when he is getting $45 a bale for cotton and 70 cents a bushel for wheat? I should like to know what the Senator says, on his average theory. How would reducing the dollar today from $1.32 to 100 cents in terms of buying power affect the farmer if it would not cut down the $45 for a bale of cotton in purchasing power and the 70 cents per bushel for wheat? If the Senator will clear my mind on that point I will be much obliged.

Mr. LEE. Of course, when one commodity, which sells for the deflated value of the dollar, is exchanged for another commodity which sells for the deflated value of the dollar, there is no difference whether it is a 100-cent dollar or whether it is a $1.32 dollar.

When one commodity which is selling at a higher value is traded for another commodity which is selling at the higher value, of course, there is no difference, but when the farmer must sell $1.32 worth of cotton to pay $1 of a debt which he contracted at the time when the dollar was worth 100 cents, he is loser by 32 cents. When he sells wheat, he must sell $1.32 worth of wheat in order to get a dollar to pay any fixed charges, such as interest on his mortgage, such as a tax on his farm, the premium on any policy of life insurance or fire insurance he may have, or any other fixed charge. Then he is loser by 32 cents on every dollar every time he pays, just as I was loser when I borrowed money on wheat when wheat was selling at $1.25 a bushel, and I could have paid the $1,000 loan with 800 bushels. The Senator would try to argue me into believing that I would be just as well off if I had to pay the same thousand-dollar note with wheat at its present price.

Mr. BAILEY. Mr. President, will my distinguished friend yield?

Mr. LEE. I yield.

Mr. BAILEY. The Senator has jumped from commodities into life insurance, taxes, and debts. He started out with a commodity dollar, but I think he is talking now about life insurance, tax, and debt dollars.

Mr. LEE. I believe the RECORD will show that I used the same illustration a while ago.

Mr. BAILEY The Senator said that if we could get all the commodities down to 100-cent dollars, everybody would lose 32 cents, in the terms of the present dollar, which most of us can ill afford to do, and that all would be the same; everyone would have the same dollar. Would not the result be the same if we put the dollar up to $1.32?

Mr. LEE. No; because the fixed charges do not go up with it. That is where the farmer gets hurt.

Mr. BAILEY. The Senator has his finger on the spot in his reference to fixed charges. There is no question but that if the purchasing power of the dollar goes up the man who has contracted a debt has more difficulty in paying the debt. There is no doubt about that, if he has fixed charges. On the other hand, the preacher on the salary, the doctor on his fee, the school teacher on the salary, and the workingman on the job are on fixed incomes, and they suffer the same way.

The other argument is that while there may have been some difficulty on account of debt, and there may be some yet, there has been a very great debt adjustment by bank receiverships, by bankruptcies, by compromises, by Government lending. I hardly think that we would argue here for a devaluation of the dollar from its alleged average purchasing power of $1.32 in order to enable people who are in debt to pay their debts, when that would go to the point of reducing the purchasing power of all the farmers not in debt and reducing the wages of all the workers.

I should like to say on that point, if the Senator's theory is correct, our national income, estimated today to be sixty-four billion, is not sixty-four billion, but it is sixty-four billion in $1.32 dollars. So we add 30 percent, and I think we get about Mr. Roosevelt's ideal of the $90,000,000,000 income. But no one believes that. Yet that is what we would get from figuring the present situation on this theory of $1.32 dollars. We really do have a $92,000,000,000 income today in terms of commodities under that theory. But I do not believe that. I think the trouble lies in trying to measure the dollar by an average of 784 commodities. One is a big commodity; the other is a small commodity; one is up, and the other is down. It is a perfect fallacy to try to frame a dollar on 784 commodities, and I do not suppose there is a Senator here who could name five of them.

Mr. BARKLEY. Mr. President, will the Senator from Oklahoma yield?

Mr. LEE. I yield.

Mr. BARKLEY. I ask the Senator to yield in order that I may make a brief statement, not with reference to the amendment.

Senators are asking me individually what the program is, and I wish to state what I hope it is. I understand the Senator from Oklahoma has only one other amendment to offer, and that he does not think it will take very long to dispose of

it. The pending bill, which will go to conference with some very controversial matters in it, must be enacted by Friday. The relief bill will be ready for consideration tomorrow, and there undoubtedly will be controversial matters in connection with that which will have to go to conference. There is also a District tax bill which must be enacted by Friday. So that we have three important measures with a time limit on them, and I am hoping we may remain in session tonight until we have concluded the consideration of the pending bill, because if it goes over until tomorrow, a new day always brings forth refreshed spirits and new debate, and we may not be able to take up the relief bill tomorrow, which it is absolutely essential to have passed before Friday night. So I am asking Senators on both sides to cooperate by remaining in the Senate until we dispose of the pending measure tonight, so that we may clear the docket for the relief bill tomorrow.

Mr. LEE. Mr. President, with respect to the argument the Senator from North Carolina has made, I wish to take up his points in the order in which he made them.

The first was that I had shifted to insurance and other fixed charges. I believe the RECORD will show that I had made that argument previously and did not shift at all on that point.

As to salaries and wages, salaries and wages follow prices, as prices go up and down. It is true they follow sometimes a little slowly. But if we are to stabilize the dollar at all, then we must do it at some point and the 100-cent dollar seems most appropriate.

The other point of the Senator is that the average I have suggested is not reliable. The average has been kept up by the Bureau of Labor Statistics for some time, I do not know how long, but at least since 1926, because they have been figuring on that as the base year. It has been as accurate as the law of averages with respect to mortality, or with respect to any human conduct. The financial steam gage of the 100-cent dollar is more reliable than any other thing to which we have undertaken to attach the dollar in order to stabilize it.

Of course, the Senator may not want to have the dollar stabilized. I am rather inclined to think that he does prefer a stabilized dollar. If it is to be stabilized, there must be some barometer that is reliable by which to gage the value of the dollar. This average has been found to be the most reliable, because it is based on the average price of the 784 most-used commodities.

As to whether or not we should stabilize the dollar, of course, we could fail to stabilize the dollar, as we have for a number of years, and allow the financial interests of this country to run the value of the dollar up and down, as they do, by expanding and contracting the money and the credit of the country. Or we can take over our constitutional duty and regulate the dollar ourselves. That is what I am arguing for; that is the result I think the amendment would accomplish. At least it would be a step in the direction of stabilizing the dollar.

It is true that we might stabilize the dollar at its present value of $1.32 as compared with the price level of 1926. That would simply mean that we had decided that the price level of this year 1939 is a better year for the base year than the price level of 1926. We would then figure the dollar for 1939 as a 100-cent value and figure the dollar above or below that level accordingly, but most everyone agrees that the price level of 1926 was a fairer price level to everybody concerned. If that is true, then the value of the dollar now constitutes a definite tax on the producer of raw products whenever he pays any fixed charge. For that reason, I believe we should stabilize the dollar at the 100-cent price level of 1926 and thereby not discriminate against one class of people in favor of another.

For example, a definite discrimination exists now in favor of the man who collects interest on a bond. Every time he collects one dollar's worth of interest, he receives $1.32 worth of buying power because that dollar which he receives as interest will purchase $1.32 worth of goods.

The adoption of this amendment would increase the general price level. The provisions of the amendment are based upon the sound plan of supply and demand; that is, increase the supply of dollars and diminish the demand for dollars, and thereby bring the value of the dollar to just the point desired and hold it there exactly as a steam gage is brought to the desired point and held there by increasing and diminishing the amount of steam in the boiler.

It is my opinion that unless we do that there is no need to try to regulate other relations, because the dollar is the foundation. What possible use is there in trying to regulate the supply and demand of an agricultural product? Why should we regulate that when the foundation itself is subject to change, and is a variable quantity? We must fix that first before we regulate other commodities that depend upon the dollar as the foundation of the economic structure.

Mr. THOMAS of Oklahoma. Mr. President, in the interest of accuracy in the RECORD, I will say that I made the statement a few days ago that the distinguished Senator from North Carolina had voted against the amendment to the Agricultural Adjustment Act, which provided the power to devalue the gold dollar. Recently the Senator denied that he cast such a vote. If he desires to admit that he is wrong I shall accept his admission. Otherwise I shall place the statement in the RECORD.

Mr. BAILEY. No, Mr. President, the Senator is welcome to make the statement. Let me make a statement in that connection.

Mr. THOMAS of Oklahoma. Mr. President, I have the floor. After I shall have made the record the Senator may make any reply he sees fit.

The so-called amendment which sometimes contains my name was attached to House bill 3835. On page 2552 of the CONGRESSIONAL RECORD of date April 28, 1933, is shown the vote on my amendment in the United States Senate. This page of the RECORD is found in volume 77, part 3, Seventy-third Congress, first session.

The Vice President made the following announcement, as shown on page 2551:

> The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Oklahoma [Mr. THOMAS] as amended.

Page 2551 contains the names of those voting for the amendment, the total being 64. At the top of the page 2552 we find the nays, those voting against the amendment to the number of 21, and the second name in this list is the name of the distinguished Senator from North Carolina voting against the amendment.

Mr. BAILEY. Of which I am very proud. I did not say that I had supported the amendment proposed by the Senator from Oklahoma. I never have said so. I said the other day that the amendment of the Senator from Oklahoma contained four powers; that the President of the United States had used only one of them, and he had used that only to the extent of a certain percentage. I did state just now that I supported the devaluation policy. I could not vote for the Thomas amendment, because it had in it the provision for devaluing silver. I wish the Senator would read the amendment. I will put it in the RECORD tomorrow. I have it in my office. Not only that, but it authorized the Federal Government to issue $3,000,000,000 in fiat money, in greenbacks. I could not vote for that. Also it called for the purchase and coinage of silver. I could not vote for that.

The statement I made was that I did vote for the devaluation policy, and I wish to call the attention of the Senate to something that probably most of the Senators who were here at that time do not recollect. I made a speech of an hour and a half for that policy on the floor of the Senate, and that is in the RECORD, and there cannot be any question about that.

So, my good friend here has unnecessarily troubled himself. I never have said that I voted for the Thomas amendment. I did say that I supported the devaluation policy. So, there is no contradiction and there is no trouble.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Oklahoma [Mr. THOMAS].

Mr. THOMAS of Oklahoma. Mr. President, I ask for the yeas and nays on the pending amendment.

The yeas and nays were not ordered.

Mr. THOMAS of Oklahoma. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. THOMAS of Oklahoma. What was the ruling of the Chair?

The PRESIDING OFFICER. The Chair ruled that on the request for the yeas and nays on the pending amendment there was not a sufficient number.

Mr. THOMAS of Oklahoma. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Davis	La Follette	Reed
Ashurst	Ellender	Lee	Reynolds
Austin	Frazier	Lodge	Russell
Bailey	Gerry	Logan	Schwellenbach
Bankhead	Green	Lucas	Shipstead
Barbour	Guffey	McCarran	Slattery
Barkley	Gurney	McKellar	Stewart
Bilbo	Hale	Maloney	Thomas, Okla.
Bridges	Harrison	Mead	Tobey
Brown	Hatch	Miller	Townsend
Bulow	Hayden	Minton	Tydings
Burke	Hill	Murray	Wagner
Byrd	Holman	Neely	Walsh
Byrnes	Hughes	Norris	White
Capper	Johnson, Calif.	O'Mahoney	Wiley
Clark, Mo.	Johnson, Colo.	Pittman	
Danaher	King	Radcliffe	

The PRESIDING OFFICER. Sixty-six Senators have answered to their names. A quorum is present.

The question is on the amendment offered by the Senator from Oklahoma [Mr. THOMAS].

Mr. THOMAS of Oklahoma. Mr. President, I ask for the yeas and nays on the pending amendment.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. LODGE (when his name was called). I have a pair with the senior Senator from Texas [Mr. SHEPPARD]. I do not know how he would vote; so I withhold my vote. If I were at liberty to vote I should vote "nay."

Mr. President, I have just been informed that the senior Senator from Texas would vote "nay." Therefore I am released from my pair, and ask to be recorded. I vote "nay."

Mr. O'MAHONEY (when the name of Mr. SCHWARTZ was called). I announce that my colleague [Mr. SCHWARTZ] is detained from the Senate by illness.

The roll call was concluded.

Mr. BRIDGES. I have a general pair with the Senator from Utah [Mr. THOMAS]. I transfer that pair to the junior Senator from Ohio [Mr. TAFT] and will vote. I vote "nay."

I wish to say that if the junior Senator from Ohio were present and voting, he would vote "nay."

Mr. SHIPSTEAD. I have a pair with the senior Senator from Virginia [Mr. GLASS], and withhold my vote. I am informed that if he were present he would vote "nay." If I were at liberty to vote I should vote "yea."

Mr. HARRISON. On this question I have a pair with the senior Senator from Oregon [Mr. MCNARY]. I understand that if present he would vote as I intend to vote, so I will vote. I vote "nay."

The PRESIDING OFFICER (Mr. MINTON in the chair). The present occupant of the chair announces the general pair of the junior Senator from Minnesota [Mr. LUNDEEN] with the senior Senator from Montana [Mr. WHEELER]. The present occupant of the chair is not advised how either Senator would vote if present.

The Senator from Virginia [Mr. GLASS] and the Senator from Wyoming [Mr. SCHWARTZ] are detained from the Senate because of illness.

The Senator from South Carolina [Mr. SMITH] is absent because of illness in his family.

The Senator from Arkansas [Mrs. CARAWAY], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Texas [Mr. CONNALLY], the Senator from West Virginia [Mr. HOLT], and the Senator from Minnesota [Mr. LUNDEEN] are necessarily detained.

The Senator from Florida [Mr. ANDREWS], the Senator from Arizona [Mr. ASHURST], the Senator from Washington [Mr. BONE], the Senator from Georgia [Mr. GEORGE], the Senator from New Jersey [Mr. SMATHERS], the Senator from Missouri [Mr. TRUMAN], the Senator from Indiana [Mr. VAN NUYS], and the Senator from Montana [Mr. WHEELER], are detained on official business.

The Senator from Idaho [Mr. CLARK], the Senator from California [Mr. DOWNEY], the Senator from Ohio [Mr. DONAHEY], the Senators from Iowa [Mr. GILLETTE and Mr. HERRING], the Senator from Louisiana [Mr. OVERTON], the Senator from Florida [Mr. PEPPER], the Senator from Texas [Mr. SHEPPARD], and the Senator from Utah [Mr. THOMAS], are absent on important public business.

Mr. AUSTIN. I announce the following general pairs:

The Senator from Vermont [Mr. GIBSON] with the Senator from Florida [Mr. PEPPER];

The Senator from North Dakota [Mr. NYE] with the Senator from Texas [Mr. CONNALLY]; and

The Senator from Michigan [Mr. VANDENBERG] with the Senator from Louisiana [Mr. OVERTON].

The result was announced—yeas 19, nays 45, as follows:

YEAS—19

Bankhead	Hatch	Logan	Norris
Bilbo	Hayden	McCarran	Reynolds
Bulow	Johnson, Colo.	Minton	Russell
Clark, Mo.	La Follette	Murray	Thomas, Okla.
Frazier	Lee	Neely	

NAYS—45

Adams	Davis	King	Slattery
Austin	Ellender	Lodge	Stewart
Bailey	Gerry	Lucas	Tobey
Barbour	Green	McKellar	Townsend
Barkley	Guffey	Maloney	Tydings
Bridges	Gurney	Mead	Wagner
Brown	Hale	Miller	Walsh
Burke	Harrison	O'Mahoney	White
Byrd	Hill	Pittman	Wiley
Byrnes	Holman	Radcliffe	
Capper	Hughes	Reed	
Danaher	Johnson, Calif.	Schwellenbach	

NOT VOTING—32

Andrews	Donahey	Lundeen	Smathers
Ashurst	Downey	McNary	Smith
Bone	George	Nye	Taft
Borah	Gibson	Overton	Thomas, Utah
Caraway	Gillette	Pepper	Truman
Chavez	Glass	Schwartz	Vandenberg
Clark, Idaho	Herring	Sheppard	Van Nuys
Connally	Holt	Shipstead	Wheeler

So the amendment of Mr. THOMAS of Oklahoma was rejected.

Mr. THOMAS of Oklahoma. Mr. President, the Senate has cast two most significant votes this afternoon. The first vote was against raising prices. That means that the Senate is on record as favoring low prices. That means that the Senate is on record as favoring a price of cotton around 6 cents a pound, because that is where it would be if we took off the loan feature. It means that the Senate is on record as having voted in favor of wheat at less than 50 cents a bushel, because that is exactly where wheat would be were it not for the loan feature. So the Senate has voted for low prices and for a continuation of loans, which, as a continued drain upon the Treasury, necessitate the issuance of bonds from year to year.

So far as I am concerned, I am quite content with that record. The Members of this body may settle the issue with their constituents.

Mr. President, the Senate has cast another significant vote this afternoon, a vote in favor of the Government hoarding a vast amount of gold, and, while we have the gold hoarded, going into the market places and borrowing money with which to pay the running expenses of the Government, which each year show a deficit of from one and a half to four billion dollars. The deficit this year will be at least $4,000,000,000; and while we have $2,000,000,000 of gold, which is money, the Senate has voted against using that money. The Senate has voted in favor of hoarding the $2,000,000,000 of gold and keeping it where it cannot be used, thus forcing the Treasury to go out and borrow to the extent of that $2,000,000,000 with which to meet the deficit which will certainly come next year.

I have no fault to find with my friends across the aisle. On the third of January 1941, they may perhaps assume the reins of Government. If so, they will find the largest debt

in history hovering over this Republic, somewhere between forty-five and fifty billion dollars. Then they will find in the Treasury which they will take over this vast amount of gold, both the gold that is hoarded to the credit of the Government and this vast debt due to the folly of an administration which should have known better, even though it does not.

Mr. President, it is late. I think I know the temper of the Senate. I think for the next few days the country will have enough to ponder over. I shall not now offer any further amendments.

Mr. KING. Mr. President, some time ago I introduced a bill, S. 1684, to amend the Gold Reserve Act of 1934, and stated that when the appropriate bill came before the Senate I should offer my bill as an amendment to it.

In view of the lateness of the hour and the disposition which has been made of the so-called gold reserve provisions of the pending bill, I shall not ask for the consideration of my bill as an amendment but shall content myself with asking that it be inserted in the RECORD, together with a statement explanatory of its purpose.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill (S. 1684) introduced by Mr. KING on March 3, 1939, is as follows:

Be it enacted, etc., That sections 3 and 4 of the Gold Reserve Act of 1934, approved January 30, 1934, are hereby repealed.

SEC. 2. Section 5 of the Gold Reserve Act of 1934, approved January 30, 1934, is amended to read as follows:

"SEC. 5. Except as hereinafter provided, no gold shall hereafter be coined, and no gold coin shall hereafter be paid out or delivered by the United States: *Provided, however*, That coinage may continue to be executed by the mints of the United States for foreign countries in accordance with the act of January 29, 1874 (U. S. C., title 31, sec. 367): *And provided further*, That the Secretary of the Treasury, with the approval of the President, may provide for the coinage of gold coins of the value of $10 and $20 each for the purpose of paying for gold purchased under the authority of section 3700 of the Revised Statutes (U. S. C., title 31, sec. 734), as amended by section 8 of the Gold Reserve Act of 1934, and for the purpose of redeeming gold certificates: *And provided further*, That the President is authorized by proclamation to provide for the unlimited coinage of gold hereafter tendered for coinage, at the weight per gold dollar in grains nine-tenths fine fixed from time to time in accordance with paragraph (b) (2) of section 43, title III, of the Act approved May 12, 1933 (Public, Numbered 10, Seventy-third Congress), as amended, or which may hereafter be fixed by law. The President, in addition to the authority to provide for the unlimited coinage of gold as aforesaid, under such terms and conditions as he may prescribe, is further authorized to cause to be issued and delivered to the tenderer of gold for coinage, gold certificates in lieu of the standard gold coins to which the tenderer would be entitled and in an amount in dollars equal to the value of the standard gold coins that the tenderer of such gold for coinage would receive in such coins."

SEC. 3. Section 6 of the Gold Reserve Act of 1934 is amended by striking out the words "owned by the Federal Reserve banks" from the first proviso thereof and by striking out the second paragraph thereof.

The statement presented by Mr. KING is as follows:

STATEMENT BY SENATOR KING OF PURPOSE OF SENATE BILL 1684

The purpose of this bill is to restore to the people of the United States, its Territories and possessions, the right to possess gold and gold coin in order that gold may circulate freely within and from our country. By authorizing the Treasury to pay for acquisitions of gold in gold coin or gold certificates the Federal Government may at any time cease further additions to the enormous gold reserve which we are now accumulating.

Since the passage of the Gold Reserve Act of 1934 it has been forbidden to our citizens to possess gold in the form of coin or otherwise. Gold was nationalized, and on February 18 the United States Government had 423,298,963.6 ounces which at a value of $35 per ounce, represents $14,815,463,727.16.

Now, there is no question about our having sufficient gold. There is a serious question as to the wisdom of increasing our now enormous hoard. What reason can possibly be given for denying our citizens the right to possess gold, to have gold coins, and to permit gold to circulate freely both within this country and from this country? It may not be necessary, and in fact may be quite undesirable, to cease the purchase of gold; but there is no valid reason why such purchases cannot be paid for in gold coin or gold certificates.

How can anyone deny that with more than half of the monetary gold of the world in our Federal vaults we have more than the United States needs for its own purposes? This situation, coupled with the small gold holdings of all the other nations of the world, makes the restoration of any general use of gold as money extremely difficult, in fact, well-nigh impossible. There is simply not enough gold in the rest of the world to meet the requirements of the people.

From 1934 to 1938 the United States has bought, at the price of $35 per ounce, the equivalent of the entire world production of gold, which was 168,813,000 ounces, plus over 50,000,000 ounces from gold previously mined. This is particularly interesting when it is remembered that 87 percent of the current new gold production of the world has its source in countries outside the United States, and I may remark that most of the gold comes from Russia, South Africa, Australia, and Canada.

In part gold has come to us in payment of excess balances in the international exchange of goods and merchandise, but the larger part of this excessive flow of gold is due to the flight of the holders of currency of other nations to the United States dollar or United States securities, and, of course, it has been largely influenced by our stabilized price of $35 per ounce for any and all gold offered. I may add, by way of parentheses, that the fear of war in Europe, if not elsewhere, has contributed to the enormous inflow of gold into the United States.

Who can see in the present disturbed situation existing in Europe and the Far East any change in the gold movement? The probability is that gold will continue to flow to the United States. We cannot cease buying at the existing price without lowering the value of what we now have, and, worse still, without precipitating a major disturbance in the already chaotic monetary and economic condition of the world, since the price of gold would at once become variable and probably fluctuate widely in price.

Down through the centuries man has found gold to be the most desirable of the media of exchange and to be the best protection for the individual when war, revolution, insolvencies of governments, and other catastrophes assail the world and make the value of printed money tokens a hollow mockery. We have had examples of these situations even in our own country, and in recent years we know of what has happened in Germany and other countries of the world. In this statement I do not disparage the importance of silver for monetary purposes. Gold and silver have served the world for centuries for monetary purposes.

To the people of the Rocky Mountain West our precious metals, including gold and, of course, silver, are of outstanding importance as it is upon the mining industry of the West that we so greatly depend for our economic and industrial development.

Since the days following the Civil War when the gold of California and of the Rocky Mountain States played so important a part in the rebuilding of our war-weakened country, the search for gold has been one of the chief factors in the development of the West. It has always been and it still is this search which in large part results in the finding and development of the base metal ore bodies, which contribute so heavily to the wealth and well-being of our entire Nation. Hence to us gold has always been important and continues in our esteem today.

Eastward from the Rockies and from the Black Hills of South Dakota, however, there is not the same high regard for the precious metals. The production of gold in this area is negligible and gold has not continued to hold the same high regard with which it is viewed from the Rocky Mountains to the Pacific coast. Securities, drafts, checks, and paper currency serve the need of the people in the area referred to, as of course they do over our entire country, but the people of the more easterly sections have no consciousness of gold comparable to their fellow citizens in the West, and, as year follows upon year under a managed currency, our citizens outside of the mining areas are forgetting gold. In another business generation under existing fiscal policies there would be little realization of the essential part gold plays and of the need for hard money to sustain the confidence of the people in their currency and in the credit of the United States.

The bill (S. 1684) provides in brief the following:

First. Repeal of the law prohibiting the ownership of gold coins or bars in the United States.

Second. Authorizes our Government whenever it wishes to avoid further accumulation of gold to pay therefor only with United States $10 or $20 gold pieces, or for convenience, in gold certificates redeemable in gold coin to the appropriate extent.

Third. Authorizes the unlimited coinage of gold hereafter tendered for coinage at the weight per gold dollar now or hereafter fixed by law.

The enactment of this bill will be a substantial step toward restoring the confidence of our people in the currency and in the credit of the United States which they cherish so dearly. It will make it possible to put an end to further increases in our present excessive gold stocks and will greatly decrease the present growing possibility that gold ultimately may cease to be the foundation of money systems and become a mere commodity. It would still maintain the existing price of gold at not less than $35 per fine ounce and thereby protect the value of the fourteen and one-half billion dollar reserve which the Government now possesses.

I might add, in passing, that Mr. Keynes—regarded, unfortunately, too highly and whose views have, I fear, too much influence upon the administration—stated a few years ago in his book on money that if there were too great an accumulation of gold in the hands of one or two governments the day might come when there might be a movement to regard it as a redundant currency.

There is no valid reason why gold should be kept from the people and there is every good reason that they should be permitted to possess it. There is no scarcity of it and it is being mined in this country, Canada, South Africa, Russia, and other parts of the world in increasing quantities. I appeal to the Members of the Senate to act in what I know to be their desire for the protection of the credit of the United States and their

desire to maintain the confidence of the people in their currency by restoring the right of the individual to possess gold coin and gold certificates.

The PRESIDING OFFICER. Are there further amendments to the pending bill? If not, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

Mr. WAGNER. I move that the Senate insist upon its amendments, request a conference with the House of Representatives thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. WAGNER, Mr. BARKLEY, Mr. BYRNES, Mr. ADAMS, and Mr. TOWNSEND conferees on the part of the Senate.

THE NEED OF ADDITIONAL IMMIGRATION RESTRICTION AND ALIEN-DEPORTATION LEGISLATION

Mr. REYNOLDS. Mr. President, last Tuesday, when I addressed the Senate on the need of additional immigration restriction and alien-deportation legislation, and in opposition to the highly publicized and propagandized Wagner-Rogers so-called refugee resolution, which would merely increase the present enormous German quota by 20,000 children, no one of whom would have to be a refugee, some statistical questions were asked me about the number of aliens entering the United States and already in the country, which I was not then prepared to answer. The Senate was then given the impression by my questioners that emigration exceeded immigration, and that there was really no need of any additional immigration legislation, because the Senate was erroneously given to understand no aliens are coming into the country.

Since then I have had prepared from the official Government statistics a table which conclusively and decisively shows that emigration is not exceeding immigration, and that net immigration is, and has been for several years, rapidly increasing.

The official statistics show that another immigration wave of about one-half a million aliens annually, such as came a decade ago, immediately after the enactment of the present 1924 quota restriction act, has set in, as a result of the Hoover "public charge" administrative restriction of September 8, 1930, being partially relaxed in 1937, and as a result of Congress not having put that administrative restriction on the basis of substantiative law, as urged by President Hoover repeatedly in his messages, and as was attempted by the House passing, by a record yea-and-nay vote of 298 to 88, a bill reducing quota immigration 90 percent in the precise language of my bill (S. 407), on which extensive hearings were held 2 months ago by the subcommittee of the Senate Committee on Immigration, which has unanimously reported to the full committee a substitute bill that would accomplish the purposes, not only of Senate bill 407 but of several of the bills I have introduced.

The nearly half a million aliens who came for almost a decade after the enactment of the present quota legislation are shown conclusively to have been reduced by the Hoover so-called Executive order of 1930 to about 150,000 aliens, or 23,068 so-called "immigrant aliens," only to be increased by the failure of Congress to enact additional restrictive legislation, and by the relaxation of that administrative discretion in 1937 to 252,697 aliens last year. The effect of that administrative relaxation in 1937 is even reflected in the number of destitute aliens removed last year, when they increased over 1,000 over 1937, and their removal cost Uncle Sam over $100,000 more in 1938 than the corresponding cost in 1937.

I also ask that another statistical table prepared by the Department of Labor, and submitted to the subcommittee of the House Committee on Appropriations on January 26, 1938, be printed as a part of my remarks, together with certain comments by Mr. James H. Patten.

The PRESIDING OFFICER. Without objection, it is so ordered. The tables and statement are as follows:

TABLE A.—*Aliens admitted to the United States under the provisions of the Immigration Act of 1924 from 1925 to 1935*

[Compiled from the annual reports of the Commissioner General of Immigration and from figures furnished by the Commissioner of Immigration and Naturalization]

	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	Total
Total quota	164,667	164,667	164,667	164,667	164,667	153,714	153,831	153,831	153,831	153,774	153,774	153,774	153,774	153,774	2,207,295
Quota visas issued	160,616	161,857	162,396	162,429	155,912	150,879	48,528	12,697	7,954	13,900	17,291	20,184	30,898	45,712	1,151,253
Percentage of quota immigration visas issued	97.5	98.3	98.6	98.6	94.7	98.2	31.6	8.3	5.2	9.0	11.2	13.1	20.1	29.7	[1,056,042 unused quotas] 50%+
Immigrant aliens[3]	294,314	304,488	335,175	307,255	275,678	241,700	[1] 97,139	35,576	23,068	29,470	34,956	36,329	[2] 50,244	67,895	2,133,287
Nonimmigrant aliens	164,121	191,618	202,826	193,376	199,649	204,514	183,540	139,295	127,660	134,434	144,765	154,570	[2]186,640	184,802	2,411,810
Total alien admissions	458,435	496,106	538,001	500,631	479,327	446,214	[1]280,679	174,871	150,728	163,904	179,721	190,899	[2]231,884	252,697	[4] 4,545,097
Aliens deported	9,495	10,904	11,662	11,625	12,908	16,631	18,142	19,425	19,865	[3] 8,879	8,319	9,195	8,829	9,275	

[1] President Hoover, after a Cabinet conference on Sept. 8, 1930, directed the Secretary of State to instruct consuls to rigidly take into consideration economic and unemployment conditions in the United States in connection with the provision of law excluding, and in issuing immigration and other visas to aliens "likely to become a public charge" (L. P. C.), that is, to construe "likely" as any possibility of their becoming a public charge, with the result that immigration was administratively restricted and reduced from 446,214 aliens in 1930 to 280,679 for the fiscal year ending June 30, 1931 (although only commenced during the third month of the fiscal year) to 174,871 in 1932 and to 150,728 aliens or 35,576 "immigrant aliens" in 1932. In his annual messages for 1931 and 1932 the President called attention to the administrative restriction, and the urgent need of Congress putting such administrative restriction "on a basis of more substantive law," the House passing a joint resolution then 298 to 88 cutting quota immigration 90 percent, as now proposed in the Reynolds-Starnes bills (S. 407 and H. R. 3033).

[2] President Roosevelt in 1937 directed a relaxation of the Hoover administrative restriction, the consuls being instructed to refuse a visa only where it seemed probable, instead of possible, that the alien would become a public charge after arrival here. Immigration at once responded, increasing from 190,899 aliens in 1936 to 252,697 in 1938, and probably will be about 300,000 this fiscal year, ending the 30th of this month. There was at once even a conspicuous increase in the number of destitute aliens deported, the number jumping from 40 in 1937 to 1,070 in 1938 and the cost of their deportation from $3,255 in 1937 to $107,502 in 1938 (House appropriations hearings, p. 249). Until we have alien registration as proposed in the Reynolds-Starnes, Johnson, and other bills, it will be impossible to tell how many aliens there are in the United States, or to get very far discovering them. Registration would be a protection to the law-abiding and law-observing alien, as well as "additional safety" to us and our institutions, as so well pointed out by President Coolidge in his annual messages to Congress, one of which also suggested that "New arrivals should be limited to our capacity (employment and otherwise) to absorb them. America must be kept American. Those who do not want to be partakers of the American spirit ought not settle in America. American institutions rest solely on good citizenship. They were created by people who had a background of self-government."

[3] The Department of Labor, in classifying alien entrants as "immigrants" and "immigration," does not follow the definition of an "immigrant alien" in the act of 1924, but makes immigrants and immigration turn entirely on the mental intent of the alien at the time of entry, as to whether he "intends" to enter the United States for permanent residence, many of whom coming as "nonimmigrant visitors," treaty traders, embassy employees, etc., or temporarily as "nonquota immigrant alien" students do also immediately after entry change their mind and even by marrying an American violate their oath and change their temporary entrance status and do stay and "get lost in the crowd."

The Quota Act of 1924 expressly defines an "immigrant" alien as "any alien departing from any place outside the United States destined for the United States, except (sec. 4): (1) Government officials, families, and suites; (2) visitors for business; (3) visitors for pleasure; (4) intransitu aliens; and (5) treaty traders." All other aliens destined to the United States are "immigrant aliens" that are in turn divided into quota and nonquota aliens, and that are, according to the law, immigrants and immigration.

[4] Last year (1938) there were 28,651,501 "alien entries" across our borders (Annual Report, Secretary of Labor, 1938, p. 95), every one, as well as the thousands of alien seamen allowed to go ashore, a potential illegal entry. That many thousand aliens enter surreptitiously, annually, particularly since the Hoover L. P. C. instruction of Sept. 8, 1930, is shown by the fact that last year our inadequate immigration patrol (House appropriations hearings, p. 227) "apprehended 13,665 law violators, 112 of whom were smugglers of aliens, 12,851 illegal entrants, and 692 wanted for other law violations," and "seized and delivered to other appropriate law-enforcement agencies 269 automobiles and trucks and 25 other conveyances" which included speedboats and even airplanes (Annual Report, Secretary of Labor, 1938, p. 103). No one knows how many aliens there are in the United States or how many aliens enter (or leave the United States) because of surreptitious entries. The Department of Labor has repeatedly estimated the number of aliens in the United States at the very minimum, as last year (Annual Report, Secretary of Labor, p. 111), always taking into account every possible minimizing factor and never allowing for a single illegal entry and the like. Some experts estimate as many illegal entries as legal entries for permanent residence, because of the Hoover administrative restriction of 1930, the thousands caught entering illegally every year, and the thousands of dollars worth of speedboats, high-speed autos, and even airplanes seized smuggling aliens into the United States, particularly since the 1924 quota law and the Hoover administrative restriction of 1930.

IMMIGRATION STATISTICS

The quota law of 1924 divides all classes of aliens into "immigrants" and "nonimmigrant" aliens. The "nonimmigrant" as defined in section 3 of the 1924 quota law are merely: (1) Government officials, such as ambassadors, consuls, and the like, their families, suites, etc.; (2) temporary visitors for business; (3) temporary visitors for pleasure; (4) aliens in transitu both through the United States and from one part of the United States to another through foreign territory; (5) treaty traders. In 1937, fiscal year ending June 30, there were 128,557 nonimmigrants out of 231,884 aliens of all classes; that is, 103,327 immigrants.

All classes of aliens legally admitted in 1935, 179,721; 1936, 190,-899; 1937, 231,884 (21.5-percent increase over 1936). Total, 7 years (1931–37), 1,372,686; total, 13 years (1925–37), 4,300,051 (House Appropriations Committee Hearings, Labor, January 26, 1938, pp. 240–241).

Quota law of 1924	1937	7 years, 1931–37	13 years, 1925–37
Sec. 3, or "nonimmigrant" aliens:			
1. Government officials, families, suites	6,493	34,232	66,534
2. Visitors for business	18,317	101,201	224,605
3. Visitors for pleasure	71,138	306,033	534,791
4. Intransitu aliens	31,822	190,551	350,158
5. Treaty traders	787	5,326	12,239
Total	128,557	637,343	1,198,327
Sec. 4, or nonquota and preference "immigrant" aliens:			
1. Husbands of United States citizens	917	5,355	7,321
2. Wives of United States citizens	4,879	37,970	102,994
3. Children of United States citizens	5,740	25,506	83,631
4. Returning residents	51,349	425,984	964,943
5. Natives of nonquota countries	12,037	73,820	841,377
Their wives	83	549	4,316
Their children, unmarried, minors	32	218	1,259
6. Ministers	233	1,747	5,309
Their wives	79	559	2,080
Their children	128	871	3,644
7. Professors	54	464	1,342
Their wives	26	192	450
Their children	26	166	310
8. Students	1,828	9,449	20,280
9. Women who have been citizens	109	772	976
10. Spanish subjects admitted to Puerto Rico	43	179	300
11. American Indians of this continent	2	21	44
12. Other nonquota		13	6,581
Total	75,555	583,895	2,047,157
Sec. 5, or "quota immigrant" aliens	27,762	151,448	1,054,567

[Comments by J. H. Patten before the Senate Immigration Committee, March 24, 1939]

Section 5 immigrants, of whom there were in 1937, 27,762, about nine-tenths of whom had no near relatives here, and who were new-seed immigrants; and during the past 7 years there were 151,448; and during the last 13 years, i. e., since the enactment of the quota-restriction law of 1924, 1,054,567, nine-tenths of whom had no near relatives here, every one of the nine-tenths being a job hunter or relief seeker, or dependent upon someone who is, should have been excluded.

Senator REYNOLDS's bill (S. 407) would exclude practically nine-tenths of the 27,762 section 5 immigrant aliens that entered in 1937, nine-tenths of the 151,448 that have entered during the 7 years 1931–37, and nine-tenths of the 1,054,567 aliens that have entered since 1924, and who ought not have been admitted to further increase our unemployment and relief burdens, directly or indirectly.

From September 8, 1930, to January 1, 1937, consuls drastically restricted immigration admissibility by refusing immigration visas to aliens they believe are "likely to become public charges" after admission here. Before September 8, 1930, there was no such administrative restriction. The effect of this administrative restriction is reflected in the number of section 5 admissions before and after 1930, there being 903,119 such admissions during the 6 years before 1930, as compared with 151,448 during the 7 years since 1930.

On January 1, 1937, the President had the Secretary of State instruct consuls to relax in certain instances this administrative restriction inaugurated by Herbert Hoover on September 8, 1930, and to no longer regard increased unemployment here (there are now about 12,000,000 unemployed), lack of funds, and no near relatives here legally liable for their maintenance and support as the reasons they have been using since 1930 for refusing visas because the alien is "likely to become a public charge," particularly as to aliens from Germany and Austria, on account of political conditions there. Since this change there has been a noticeable increase in aliens unemployed and aliens demanding relief and charity. The 100-percent increase in section 5, new seed or quota immigrants for 1937 over 1936, is due largely to this administrative relaxation and shows the urgent need of putting such administrative restriction on a more substantive basis of law by Congress passing some such bill as S. 407, by Senator REYNOLDS, that would exclude mere section 5 nonpreference aliens, practically every one of whom is necessarily a job hunter or relief seeker and who has no near relative here.

The Reynolds bill, S. 407, has a 10-percent exception for certain near relatives (preference quota) and for skilled labor and specialists that might be needed for new industries. With the exception of a few specialists and a few preference-quota relatives, the Reynolds bill, if enacted, would have kept out during the past 13 years nine-tenths of the 1,054,567 aliens that came and are job hunters or relief seekers, and thereby reduced greatly our terrific unemployment and relief burdens. Of course, legal alien entrants are only part of the problem. We know the legal entrants, but do not know, and have no way of finding out, the number of total aliens in the country in the absence of alien registration.

There is also the emigration factor. Emigration statistics are not official in the sense that immigration statistics are. The Government only really checks or counts aliens coming into the country legally. Nobody knows how many aliens enter illegally, but experts have estimated, and it seems a fair guess, that as many enter illegally as enter legally for permanent residence. Annually our inadequate immigration patrol apprehends hundreds of high-powered automobiles, a large number of speedboats, and even airplanes smuggling aliens into our country.

In 1937, 163 smugglers of aliens, 13,054 aliens entering illegally, and 608 other law violators were arrested, and the autos, trucks, airplanes, and boats seized ran into thousands of dollars. When Department of Labor officials appear before the Appropriations Committee they urge a 50-percent increase in the immigration personnel, much larger appropriations, and tell—I quote from the House hearings on the 1938 appropriation bill—"how quite serious this situation is, with 46,152,918 total border crossings, 795,333 alien seamen examined, and a shortage of help [meaning immigration law-enforcement officers] in practically every district." That is the picture painted by the Department of Labor officials as to aliens before the House Subcommittee on Appropriations, but when the same officials appear before committees of Congress charged with reporting immigration and deportation legislation they say the alien has "vanished" from our midst; and even estimate that, although the last official statistics, the census of 1930, reveal the largest foreign population in our history, over 14,000,000 foreign born, and between six and seven million aliens, and over 40,000,000 "foreign-stock persons," that we have now no aliens, because they have either emigrated, died off, or got naturalized; and when pressed about alien registration, the Secretary of Labor, after telling the House Subcommittee on Appropriations that the alien is vanishing and is no longer a problem, she then expressed her deep opposition to registering aliens, because she said they (the aliens) "do not want to be fingerprinted" (p. 224) and it would "complicate the Americanization of these people."

The Government does not check aliens out, as it checks and counts the aliens in. So-called emigration is merely the report of departure tickets sold by the steamship and transportation companies. In 1937, which is typical, transportation companies reported 26,736 alien emigrants departed or aliens emigrated from the United States as compared with 35,817 the previous year. Department of Labor officials also told the House Appropriations Subcommittee in 1937 that 50,244 of the 231,884 aliens that entered during the 1937 fiscal year were immigrants, showing immigration was twice emigration, even according to Department of Labor officials' interpretation and classification of the statistics. Even those Department of Labor classified immigration statistics show in 1937 and again in 1938 a 25-percent decrease in emigration and that immigration is at least twice emigration when we have over 12,000,000 unemployed, are having to appropriate a quarter billion dollars for expanding relief rolls, and crime as a result of unemployment is on the rampage.

There is no excuse for allowing a single additional alien job hunter or relief seeker to enter our country. Nine-tenths of the section 5, 27,762, quota aliens that entered in 1937 and over 30,000 in 1938 have no near relatives here, were nonpreference or quota immigrants, and should not have been admitted. No other country of consequence permits it. Each country should care for its own deficient, dependent, and unemployed. Our first thought should be for our own. Charity should begin at home. Immigration should be further restricted at least by passing S. 407, which would merely exclude the thousands of aliens now being admitted under section 5, no one of whom has a near relative here and every one of whom comes to take a job away from someone already here or to go on relief or become dependent on someone who has to have a job to support him. First things should be first. We should not decide our American affairs or legislate the way aliens here and abroad want us to legislate, but for America and Americans, and as Americans.

AUTHORITY TO REPORT RELIEF JOINT RESOLUTION, ETC.

Mr. BARKLEY. Mr. President, I ask unanimous consent that during the recess of the Senate following today's session the Committee on Appropriations may be authorized to report House Joint Resolution 326, which is the relief measure; and in that connection I ask unanimous consent that when the joint resolution is reported, the Senate tomorrow shall proceed to its consideration.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

PETER M. WILSON

Mr. BAILEY. Mr. President, I send to the desk a brief resolution, which I ask to have read.

The resolution (S. Res. 152) was read, as follows:

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay from the contingent fund of the Senate to Ellen Hale Wilson, widow of Peter M. Wilson, late a clerk in the office of the Secretary of the Senate, a sum equal to 1 year's compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

Mr. BAILEY. Mr. President, in connection with the resolution, which I ask to have properly referred, I desire to have printed in the RECORD a newspaper statement from the Sunday Star of this city on the subject of the death of Mr. Wilson.

By way of introduction to the statement I should like to say that Mr. Wilson served for more than 40 years faithfully and with unexcelled efficiency and courtesy in the offices of the United States Senate. He was a gentleman of the old school, and without variation throughout a long life maintained the loftiest standards of the place and the period that produced him.

I ask to have the article printed in the RECORD in connection with my statement.

The PRESIDING OFFICER. The resolution will be referred to the Committee to Audit and Control the Contingent Expenses of the Senate; and, without objection, the article will be printed in the RECORD.

The article is as follows:

[From the Washington Star of June 25, 1939]

PETER M. WILSON, LEGISLATIVE EMPLOYEE OF SENATE, DIES—90-YEAR-OLD RESIDENT HAD HELD POSITION FOR 40 YEARS

Peter Mitchel Wilson, who watched history in the making for more than 40 years as a legislative employee of the United States Senate, died yesterday at his residence, 2308 Ashmead Place NW.

In his ninetieth year, Mr. Wilson had been ill for several weeks. He made his last appearance in the familiar scenes of the Capitol about 2 months ago.

NATIVE OF NORTH CAROLINA

Mr. Wilson, a native of North Carolina, came to Washington to take the position of assistant financial clerk of the Senate. During the World War period he served as Chief Clerk of the Senate, and after that as resolution clerk.

Distinguished by a courtly manner, he was the intimate friend of many Senators with whom he was associated in his long career at the Capitol.

Mr. Wilson was the author of Southern Exposure, a book covering the reconstruction era and succeeding years of economic development in North Carolina. The book was published in 1927 by the University of North Carolina Press.

EDITOR IN RALEIGH

Before coming to Washington Mr. Wilson had been city editor of the Raleigh Observer, and had served as commissioner for North Carolina at the Chicago World's Fair.

He is survived by his widow; one daughter, Miss Mary Badger Wilson, both of this city; a brother, Marshall Wilson, of Hagerstown, Md.; and a sister, Mrs. W. A. Montgomery, of Raleigh, N. C.

Funeral services will be held at 11 a. m. Monday at St. John's Episcopal Church, Sixteenth and H Streets NW. Burial will take place Tuesday in Raleigh.

EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. MINTON in the chair) laid before the Senate messages from the President of the United States submitting sundry nominations and an international agreement, which were referred to the appropriate committees.

(For nominations this day received and a nomination withdrawn, see the end of the Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

The PRESIDING OFFICER. The reports will be placed on the Executive Calendar.

F. RYAN DUFFY

Mr. BURKE. Mr. President, from the Committee on the Judiciary I have the very great pleasure of reporting the unanimous approval of the nomination of F. Ryan Duffy to be United States district judge for the eastern district of Wisconsin, and I ask unanimous consent for the immediate consideration of the nomination.

The PRESIDING OFFICER. Is there objection? The Chair hears none. Without objection, the nomination is confirmed.

Mr. BURKE. I further ask unanimous consent that the President be notified of the confirmation of this nomination.

The PRESIDING OFFICER. Without objection, the President will be notified.

RICHARD S. WHALEY

Mr. BURKE. From the Committee on the Judiciary I also desire to report another nomination. The junior Senator from Kentucky [Mr. LOGAN] is not here to make the report, so, on his behalf, I report favorably the nomination of Richard S. Whaley to be chief justice of the United States Court of Claims.

Since there is some need for prompt action on this nomination, I ask also unanimous consent for its immediate consideration.

The PRESIDING OFFICER. Is there objection?

Mr. AUSTIN. Mr. President, is this the nomination to fill a vacancy on the Court of Claims?

Mr. BURKE. That is correct. Judge Whaley is already a judge of the court.

Mr. AUSTIN. I have no objection.

The PRESIDING OFFICER. Without objection, the request for present consideration is granted; and, without objection, the nomination is confirmed.

Mr. BURKE. I ask unanimous consent that the President also be notified of the confirmation of this nomination.

The PRESIDING OFFICER. Without objection, the President will be notified.

If there be no further reports of committees, the clerk will state the nominations on the calendar.

THE JUDICIARY

The legislative clerk read the nomination of William S. Boyle to be United States attorney for the district of Nevada, which had been adversely reported.

Mr. BARKLEY. That nomination may go over.

The PRESIDING OFFICER. The nomination will be passed over.

LIBRARY OF CONGRESS

The legislative clerk read the nomination of Archibald MacLeish to be Librarian of Congress.

Mr. BARKLEY. That nomination also may go over.

The PRESIDING OFFICER. The nomination will be passed over.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask that the nominations of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS

Mr. BARKLEY. As in legislative session, I move that the Senate take a recess until 11 o'clock tomorrow morning.

The motion was agreed to; and (at 6 o'clock and 30 minutes p. m.) the Senate took a recess until tomorrow, Tuesday, June 27, 1939, at 11 o'clock a. m.

NOMINATIONS

Executive nominations received by the Senate June 26 (legislative day of June 22), 1939

FEDERAL COMMUNICATIONS COMMISSIONER

Paul A. Walker, of Oklahoma, to be a member of the Federal Communications Commission for a term of 7 years from July 1, 1939. (Reappointment.)

APPOINTMENT IN THE NATIONAL GUARD OF THE UNITED STATES

GENERAL OFFICER

Brig. Gen. Preston Alonzo Weatherred, Texas National Guard, to be brigadier general, National Guard of the United States.

POSTMASTERS

ALABAMA

Claude W. Dent to be postmaster at Akron, Ala., in place of C. H. Ramey. Incumbent's commission expired March 15, 1938.

Bertha M. Beck to be postmaster at Chapman, Ala., in place of B. M. Beck. Incumbent's commission expired January 22, 1939.

Levie C. Sirmon to be postmaster at Dozier, Ala., in place of L. C. Sirmon. Incumbent's commission expired February 19, 1939.

Julius N. A. Hulsey to be postmaster at Guin, Ala., in place of J. N. A. Hulsey. Incumbent's commission expired June 1, 1939.

Chalmers W. Hyatt to be postmaster at Guntersville, Ala., in place of C. W. Hyatt. Incumbent's commission expires June 26, 1939.

Belvie M. Cooper to be postmaster at Hamilton, Ala., in place of B. M. Cooper. Incumbent's commission expired June 1, 1939.

John M. Spruiell to be postmaster at Leeds, Ala., in place of J. M. Spruiell. Incumbent's commission expired January 22, 1939.

Byron F. Watson to be postmaster at Lincoln, Ala., in place of B. F. Watson. Incumbent's commission expires June 26, 1939.

Ellalee M. Setzer to be postmaster at Uniontown, Ala., in place of E. M. Setzer. Incumbent's commission expired January 22, 1939.

ARIZONA

John Campbell to be postmaster at Bisbee, Ariz., in place of John Campbell. Incumbent's commission expired June 17, 1939.

Martha L. Davey to be postmaster at Clarkdale, Ariz., in place of M. L. Davey. Incumbent's commission expired May 10, 1939.

Hubert P. Williams to be postmaster at Miami, Ariz., in place of H. P. Williams. Incumbent's commission expired January 22, 1939.

ARKANSAS

Edward E. Dewey to be postmaster at Decatur, Ark., in place of C. H. Northcutt. Incumbent's commission expired January 15, 1939.

Frank H. Milburn to be postmaster at Gravette, Ark., in place of Elmer Austin. Incumbent's commission expired March 15, 1939.

George H. Rule, Jr., to be postmaster at Lonoke, Ark., in place of G. H. Rule, Jr. Incumbent's commission expired February 15, 1939.

William T. Sedberry to be postmaster at Montrose, Ark. Office became Presidential July 1, 1938.

Elmer Edward Cook to be postmaster at Stamps, Ark., in place of R. H. Davis. Incumbent's commission expired February 15, 1939.

CALIFORNIA

William Wesley Field to be postmaster at Antioch, Calif., in place of W. W. Field. Incumbent's commission expired February 9, 1939.

Joe H. Moore to be postmaster at Calipatria, Calif., in place of J. H. Moore. Incumbent's commission expired March 19, 1939.

Gay E. Shamel to be postmaster at Cambria, Calif., in place of G. E. Shamel. Incumbent's commission expired May 1, 1939.

Frank E. Hagne to be postmaster at Covelo, Calif., in place of F. E. Hagne. Incumbent's commission expired February 9, 1939.

Robert M. Martin to be postmaster at Gilroy, Calif., in place of R. M. Martin. Incumbent's commission expired February 9, 1939.

Arthur F. White to be postmaster at Hawthorne, Calif., in place of A. F. White. Incumbent's commission expired February 9, 1939.

Vaun Johnson to be postmaster at Morro Bay, Calif., in place of Vaun Johnson. Incumbent's commission expired February 9, 1939.

Elmer T. Bollinger to be postmaster at Paso Robles, Calif., in place of E. T. Bollinger. Incumbent's commission expired February 9, 1939.

Mildred R. Doyle to be postmaster at Ross, Calif., in place of M. R. Doyle. Incumbent's commission expired February 9, 1939.

Raymond O. Foster to be postmaster at Talmage, Calif., in place of R. O. Foster. Incumbent's commission expired February 9, 1939.

William T. King to be postmaster at Weed, Calif., in place of W. T. King. Incumbent's commission expired February 9, 1939.

COLORADO

Joseph P. Gioga to be postmaster at Aguilar, Colo., in place of J. P. Gioga. Incumbent's commission expired June 7, 1939.

CONNECTICUT

Joseph H. Driscoll to be postmaster at Branford, Conn., in place of J. H. Driscoll. Incumbent's commission expired June 4, 1939.

DELAWARE

E. Reed Hughes to be postmaster at Felton, Del., in place of J. A. Jester. Incumbent's commission expired May 7, 1938.

FLORIDA

Annie Lou McDowell to be postmaster at Bay Harbor, Fla., in place of Kathleen McCallum, removed.

Beulah S. Hanna to be postmaster at Hastings, Fla., in place of B. S. Hanna. Incumbent's commission expired March 27, 1939.

Ellen M. Anderson to be postmaster at Lantana, Fla. Office became Presidential July 1, 1938.

Hugh M. Edwards to be postmaster at Mayo, Fla., in place of H. M. Edwards. Incumbent's commission expired March 16, 1939.

Paul G. J. Mayer to be postmaster at New Port Richey, Fla., in place of F. C. Frierson, removed.

Lyman Byers to be postmaster at Orange Park, Fla., in place of H. B. Giessen. Incumbent's commission expired February 18, 1939.

George O. Dewey to be postmaster at Punta Gorda, Fla., in place of G. O. Dewey. Incumbent's commission expired January 17, 1939.

James H. Cox to be postmaster at Quincy, Fla., in place of J. H. Cox. Incumbent's commission expired January 17, 1939.

James D. Pearce to be postmaster at St. Petersburg, Fla., in place of J. D. Pearce. Incumbent's commission expired March 16, 1939.

William H. Harris to be postmaster at Williston, Fla., in place of W. H. Harris. Incumbent's commission expired January 17, 1939.

Girard N. Denning to be postmaster at Winter Park, Fla., in place of G. N. Denning. Incumbent's commission expired February 10, 1938.

GEORGIA

Robert G. Hartsfield to be postmaster at Bainbridge, Ga., in place of R. G. Hartsfield. Incumbent's commission expired June 18, 1939.

Joe F. White to be postmaster at Canon, Ga., in place of J. F. White. Incumbent's commission expired June 26, 1939.

Thomas V. Nevil to be postmaster at Claxton, Ga., in place of T. V. Nevil. Incumbent's commission expired April 28, 1938.

Margaret C. Henderson to be postmaster at Fair Mount, Ga., in place of M. C. Henderson. Incumbent's commission expired June 20, 1939.

Paul L. Miles to be postmaster at Metter, Ga., in place of P. L. Miles. Incumbent's commission expired May 23, 1938.

Clyde D. Hollingsworth to be postmaster at Sylvania, Ga., in place of A. L. Morgan. Incumbent's commission expired May 7, 1938.

James C. Pickren to be postmaster at Unadilla, Ga., in place of J. C. Pickren. Incumbent's commission expired February 28, 1938.

E. Stelle Barrett to be postmaster at Union City, Ga., in place of E. S. Barrett. Incumbent's commission expired April 6, 1939.

IDAHO

Harold W. Winschell to be postmaster at Firth, Idaho. Office became Presidential July 1, 1938.

ILLINOIS

John J. Welch to be postmaster at Deerfield, Ill., in place of J. J. Welch. Incumbent's commission expired February 7, 1939.

Grace Reichert to be postmaster at Grand Chain, Ill., in place of Grace Reichert. Incumbent's commission expired March 18, 1939.

Joseph O. Hucker, Jr., to be postmaster at Lake Villa, Ill., in place of J. O. Hucker, Jr. Incumbent's commission expired March 20, 1939.

Raymond A. Kennedy to be postmaster at Libertyville, Ill., in place of R. A. Kennedy. Incumbent's commission expired February 7, 1939.

Edward M. Dieter to be postmaster at Naperville, Ill., in place of E. M. Dieter. Incumbent's commission expired January 22, 1939.

William W. Desmond to be postmaster at Woodstock, Ill., in place of D. H. Desmond, removed.

INDIANA

Florence B. Hoppes to be postmaster at Farmland, Ind., in place of J. L. Hoppes, removed.

Fay A. Crandall to be postmaster at Gas City, Ind., in place of F. A. Crandall. Incumbent's commission expired January 18, 1939.

IOWA

John Joseph Bonnstetter to be postmaster at Corwith, Iowa, in place of J. J. Bonnstetter. Incumbent's commission expired March 20, 1939.

Cecil W. Langmann to be postmaster at Durant, Iowa, in place of C. W. Langmann. Incumbent's commission expired January 18, 1939.

Martin C. Ennor to be postmaster at George, Iowa, in place of M. C. Ennor. Incumbent's commission expired March 14, 1938.

Willard C. Eaton to be postmaster at Humeston, Iowa, in place of H. D. Hines, deceased.

Luther P. Williams to be postmaster at Indianola, Iowa, in place of L. A. Mullican, deceased.

Yorke A. Johnson to be postmaster at Jewell, Iowa, in place of Y. A. Johnson. Incumbent's commission expired February 18, 1939.

William J. Lindaman to be postmaster at Little Rock, Iowa, in place of W. J. Lindaman. Incumbent's commission expired March 14, 1938.

Alfred B. Callender to be postmaster at Ocheyedan, Iowa, in place of A. B. Callender. Incumbent's commission expired June 18, 1938.

Reva M. White to be postmaster at Olin, Iowa, in place of R. M. White. Incumbent's commission expired May 31, 1939.

Jennie E. Cagley to be postmaster at Plainfield, Iowa, in place of J. E. Cagley. Incumbent's commission expired March 20, 1939.

Walter Justin Foley to be postmaster at Sanborn, Iowa, in place of Justin Foley. Incumbent's commission expired March 14, 1938.

Clara C. Lockner to be postmaster at Terril, Iowa, in place of C. C. Lockner. Incumbent's commission expired February 9, 1939.

KANSAS

Elsie J. Fuller to be postmaster at Alton, Kans., in place of E. J. Fuller. Incumbent's commission expired May 31, 1939.

Louis A. Kopachek to be postmaster at Leonardville, Kans., in place of L. A. Kopachek. Incumbent's commission expired May 16, 1939.

Everett A. Stephenson to be postmaster at Little River, Kans., in place of E. A. Stephenson. Incumbent's commission expired May 31, 1939.

Benjamin F. McKim to be postmaster at Morrill, Kans., in place of B. F. McKim. Incumbent's commission expired January 18, 1939.

William F. Decker to be postmaster at Newton, Kans., in place of W. F. Decker. Incumbent's commission expired February 25, 1939.

Bertha B. Maichel to be postmaster at Overbrook, Kans., in place of B. B. Maichel. Incumbent's commission expired March 18, 1939.

Charles E. Slaymaker to be postmaster at Peabody, Kans., in place of C. E. Slaymaker. Incumbent's commission expired May 1, 1938.

William L. Brumbaugh to be postmaster at Portis, Kans., in place of W. L. Brumbaugh. Incumbent's commission expired March 8, 1939.

Everett Pelfrey to be postmaster at Rossville, Kans., in place of U. G. Stewart. Incumbent's commission expired May 12, 1932.

Elmer L. G. Epperson to be postmaster at Scott City, Kans., in place of E. L. G. Epperson. Incumbent's commission expired March 23, 1939.

Loring V. Miner to be postmaster at Sublette, Kans., in place of Lloyd Van Metre. Incumbent's commission expired May 19, 1936.

Greever P. Allan to be postmaster at Tonganoxie, Kans., in place of Greever Allan. Incumbent's commission expired June 18, 1938.

Irma J. Collopy to be postmaster at Turon, Kans., in place of I. J. Collopy. Incumbent's commission expired February 15, 1939.

Tracy A. Hand to be postmaster at Wadsworth, Kans., in place of T. A. Hand. Incumbent's commission expired May 25, 1938.

KENTUCKY

Laura V. Coleman to be postmaster at Anchorage, Ky., in place of L. V. Coleman. Incumbent's commission expired March 15, 1939.

Lida H. Muir to be postmaster at Bloomfield, Ky., in place of L. H. Muir. Incumbent's commission expired February 18, 1939.

William T. Carlin to be postmaster at Buechel, Ky., in place of W. T. Carlin. Incumbent's commission expired March 21, 1939.

Leslie West to be postmaster at Hopkinsville, Ky., in place of V. E. Barnes, resigned.

Christine Alexander to be postmaster at Salt Lick, Ky., in place of Christine Alexander. Incumbent's commission expired February 18, 1939.

Milton T. Fullenwider to be postmaster at Shelbyville, Ky., in place of M. T. Fullenwider. Incumbent's commission expired March 15, 1939.

William J. Smith to be postmaster at Stearns, Ky., in place of W. J. Smith. Incumbent's commission expired February 18, 1939.

Henry Harvey Denham to be postmaster at Vanceburg, Ky., in place of H. H. Denham. Incumbent's commission expired February 18, 1939.

Benjamin F. Beall to be postmaster at Warsaw, Ky., in place of B. F. Beall. Incumbent's commission expired May 10, 1939.

LOUISIANA

Viola A. Caraway to be postmaster at Logansport, La., in place of W. C. Miller, removed.

MAINE

Walter E. Hurd to be postmaster at Berwick, Maine, in place of W. E. Hurd. Incumbent's commission expired March 8, 1939.

Earle F. Wilson to be postmaster at Gray, Maine, in place of E. F. Wilson. Incumbent's commission expired April 30, 1939.

William H. Albee to be postmaster at Hallowell, Maine, in place of W. H. Albee. Incumbent's commission expired April 30, 1939.

Charles H. Pitts to be postmaster at Harrison, Maine, in place of C. H. Pitts. Incumbent's commission expired January 17, 1939.

Fernald E. Anderson to be postmaster at Stockholm, Maine, in place of L. C. Erickson. Incumbent's commission expired June 13, 1938.

Beulah A. Harmon to be postmaster at Thorndike, Maine, in place of L. P. Philbrick, removed.

Albert T. Elwell to be postmaster at West Buxton, Maine, in place of A. T. Elwell. Incumbent's commission expired February 18, 1939.

MARYLAND

Thomas Raymond Burch to be postmaster at Berwyn, Md., in place of T. R. Burch. Incumbent's commission expired February 20, 1939.

Anna B. Bowie to be postmaster at Kensington, Md., in place of A. B. Bowie. Incumbent's commission expired February 20, 1939.

Clarence J. Thomson, Jr., to be postmaster at Lutherville, Md., in place of C. J. Thomson, Jr. Incumbent's commission expired January 17, 1939.

John T. French to be postmaster at Owings Mills, Md., in place of J. T. French. Incumbent's commission expired February 18, 1939.

MASSACHUSETTS

William A. Shay to be postmaster at Westminster, Mass., in place of T. B. Fenno, deceased.

MICHIGAN

Henry W. Boyle to be postmaster at Bark River, Mich., in place of H. W. Boyle. Incumbent's commission expired March 21, 1939.

Alicia M. Roen to be postmaster at Empire, Mich. Office became Presidential July 1, 1938.

Samuel J. Leach to be postmaster at Hersey, Mich., in place of S. J. Leach. Incumbent's commission expired April 26, 1939.

Leon T. Gilson to be postmaster at Lake Odessa, Mich., in place of L. T. Gilson. Incumbent's commission expired April 26, 1939.

Royal L. Beckwith to be postmaster at Luther, Mich., in place of R. L. Beckwith. Incumbent's commission expired April 26, 1939.

Lloyd M. Kohn to be postmaster at Mesick, Mich., in place of L. M. Kohn. Incumbent's commission expired April 26, 1939.

Emily E. Derr to be postmaster at Montgomery, Mich., in place of E. E. Derr. Incumbent's commission expired April 26, 1939.

Albert A. LeFevre to be postmaster at New Baltimore, Mich., in place of A. A. LeFevre. Incumbent's commission expired April 26, 1939.

Arthur F. Martin to be postmaster at New Boston, Mich. Office became Presidential July 1, 1938.

LeRoy G. Hohman to be postmaster at North Branch, Mich., in place of G. S. Murray. Not commissioned.

Earl H. Snow to be postmaster at Otsego, Mich., in place of E. H. Snow. Incumbent's commission expired April 26, 1939.

Willard A. Beuerle to be postmaster at Suttons Bay, Mich., in place of W. A. Beuerle. Incumbent's commission expired April 26, 1939.

MINNESOTA

William C. Wiench to be postmaster at Bagley, Minn., in place of W. C. Wiench. Incumbent's commission expired March 27, 1939.

John E. Pasch to be postmaster at Barnesville, Minn., in place of J. E. Pasch. Incumbent's commission expired March 23, 1939.

Egbert J. Sutherland to be postmaster at Chatfield, Minn., in place of E. J. Sutherland. Incumbent's commission expired March 23, 1939.

Otto H. J. Zorn to be postmaster at Danube, Minn., in place of O. H. J. Zorn. Incumbent's commission expired March 27, 1939.

Raymond E. Garden to be postmaster at Gary, Minn., in place of R. E. Garden. Incumbent's commission expired March 12, 1939.

Francis H. McDonald to be postmaster at Marine on St. Croix, Minn., in place of H. M. Olsen, deceased.

Harold T. Colbjornsen to be postmaster at Parkers Prairie, Minn., in place of H. T. Colbjornsen. Incumbent's commission expired March 12, 1939.

Cora E. McNair to be postmaster at Pillager, Minn., in place of Esther Bacon, removed.

Henry E. Day to be postmaster at Raymond, Minn., in place of H. E. Day. Incumbent's commission expired June 10, 1936.

Robert G. Champlin to be postmaster at Vernon Center, Minn., in place of Alfred Henderson. Incumbent's commission expired May 12, 1938.

Arthur C. Jensen to be postmaster at Winger, Minn., in place of A. C. Jensen. Incumbent's commission expired March 27, 1939.

William F. Krueger to be postmaster at Wykoff, Minn., in place of W. F. Krueger. Incumbent's commission expired March 12, 1939.

MISSISSIPPI

Fred Eugene Brister to be postmaster at Bogue Chitto, Miss., in place of F. E. Brister. Incumbent's commission expired March 27, 1939.

John V. Therrell to be postmaster at Florence, Miss., in place of R. P. Therrell. Incumbent's commission expired January 18, 1939.

Nellie E. Hardy to be postmaster at Piney Woods, Miss., in place of N. E. Hardy. Incumbent's commission expired May 17, 1939.

Laura E. Turnage to be postmaster at Tchula, Miss., in place of L. E. Turnage. Incumbent's commission expired March 7, 1939.

MISSOURI

Robert D. Allen to be postmaster at Butler, Mo., in place of R. D. Holland. Incumbent's commission expired June 18, 1938.

Max H. Dreyer to be postmaster at Festus, Mo., in place of M. H. Dreyer. Incumbent's commission expired May 9, 1938.

Hazel Ryals to be postmaster at Greenfield, Mo., in place of L. E. Ryals, deceased.

William Arthur Girdner to be postmaster at Mercer, Mo., in place of W. A. Girdner. Incumbent's commission expired February 20, 1939.

Leslie C. Sheckelsworth to be postmaster at Meta, Mo., in place of L. C. Sheckelsworth. Incumbent's commission expired February 20, 1939.

Mary T. Barnes to be postmaster at Pilot Grove, Mo., in place of M. T. Barnes. Incumbent's commission expired March 19, 1939.

Harry F. Allen to be postmaster at Powersville, Mo., in place of H. F. Allen. Incumbent's commission expired March 19, 1939.

Frank J. Albers to be postmaster at Robertson, Mo., in place of R. J. Hann. Incumbent's commission expired January 9, 1936.

Eva G. Allen to be postmaster at Rutledge, Mo., in place of E. G. Allen. Incumbent's commission expired March 19, 1939.

W. Rufus Jackson to be postmaster at St. Louis, Mo., in place of W. R. Jackson. Incumbent's commission expired February 8, 1939.

Walter T. May to be postmaster at Smithton, Mo., in place of L. M. White. Incumbent's commission expired April 25, 1938.

Edward J. Fry to be postmaster at Stover, Mo., in place of E. J. Fry. Incumbent's commission expired March 19, 1939.

Amy Foster to be postmaster at Warrensburg, Mo., in place of A. T. King, removed.

MONTANA

Lena L. Fleming to be postmaster at Bonner, Mont. Office became Presidential July 1, 1937.

William L. Dawson to be postmaster at Boulder, Mont., in place of Clifford Dawson, removed.

NEBRASKA

Pauline V. Erickson to be postmaster at Newman Grove, Nebr., in place of L. W. Eggert, removed.

NEVADA

Henry J. Rosenbrock to be postmaster at Gardnerville, Nev., in place of J. M. Johnson, resigned.

NEW HAMPSHIRE

Frank J. Young to be postmaster at Hinsdale, N. H., in place of F. J. Young. Incumbent's commission expired March 8, 1939.

NEW JERSEY

Robert H. McKinney to be postmaster at Barrington, N. J., in place of R. H. McKinney. Incumbent's commission expired June 7, 1938.

Daniel T. Hagans to be postmaster at Blackwood, N. J., in place of D. T. Hagans. Incumbent's commission expired June 7, 1938.

James D. Magee to be postmaster at Bordentown, N. J., in place of J. D. Magee. Incumbent's commission expired June 7, 1938.

Frank F. Burd to be postmaster at Califon, N. J., in place of F. F. Burd. Incumbent's commission expired May 22, 1938.

Nelson Pickel to be postmaster at Clinton, N. J., in place of Nelson Pickel. Incumbent's commission expired June 8, 1938.

Warren Eckerson to be postmaster at Closter, N. J., in place of Warren Eckerson. Incumbent's commission expired June 18, 1938.

Arthur B. Williams to be postmaster at Grenloch, N. J., in place of A. B. Williams. Incumbent's commission expired May 22, 1938.

Leslie B. Vail to be postmaster at Hamburg, N. J., in place of L. B. Vail. Incumbent's commission expired May 30, 1938.

Anthony De Staffen to be postmaster at Haskell, N. J., in place of Anthony De Staffen. Incumbent's commission expired February 25, 1939.

Fred G. Leiser to be postmaster at Hudson Heights, N. J., in place of F. G. Leiser. Incumbent's commission expired June 12, 1938.

Frank Mastrangelo to be postmaster at Iselin, N. J., in place of Frank Mastrangelo. Incumbent's commission expired May 22, 1938.

Martin E. Carroll to be postmaster at Lawrenceville, N. J., in place of M. E. Carroll. Incumbent's commission expired June 7, 1938.

Harry Kramer to be postmaster at Metuchen, N. J., in place of Harry Kramer. Incumbent's commission expired February 13, 1939.

William T. Snyder to be postmaster at Pittstown, N. J., in place of W. T. Snyder. Incumbent's commission expired February 25, 1939.

Dominic Soriano to be postmaster at Raritan, N. J., in place of Dominic Soriano. Incumbent's commission expired June 7, 1938.

Michael S. Malone to be postmaster at Rockaway, N. J., in place of M. S. Malone. Incumbent's commission expired June 12, 1938.

Madelyn Swanwick to be postmaster at West New York, N. J., in place of L. S. Swanwick, deceased.

Timothy J. Lyon to be postmaster at Westwood, N. J., in place of T. J. Lyons. Incumbent's commission expired February 25, 1939.

NEW MEXICO

James H. Odie to be postmaster at Farmington, N. Mex., in place of J. H. Odle. Incumbent's commission expired May 29, 1939.

Leo M. Fay to be postmaster at Socorro, N. Mex., in place of L. M. Fay. Incumbent's commission expired February 25, 1939.

NEW YORK

Isabelle Gouldsbury to be postmaster at East Quogue, N. Y., in place of Alexander Glendinning. Incumbent's commission expired January 18, 1936.

Flora M. Matty to be postmaster at Evans Mills, N. Y., in place of F. M. Matty. Incumbent's commission expired January 28, 1939.

Kenneth L. Hunn to be postmaster at Katonah, N. Y., in place of Peter Loef, removed.

Mary Elizabeth Shonyo to be postmaster at North Bangor, N. Y., in place of L. W. Shonyo, removed.

William Henningsen to be postmaster at Port Jefferson Station, N. Y., in place of Hugo Kreitzberg, resigned.

Martin J. Kimmel, Jr., to be postmaster at Wayland, N. Y., in place of M. J. Kimmel, Jr. Incumbent's commission expired January 22, 1939.

Fred H. Wyld to be postmaster at West Albany, N. Y., in place of J. A. Scheuermann. Incumbent's commission expired June 20, 1936.

NORTH CAROLINA

Robert L. Davis to be postmaster at Ayden, N. C., in place of W. E. Hooks, resigned.

George E. Walker to be postmaster at Hemp, N. C., in place of G. E. Walker. Incumbent's commission expired March 19, 1939.

Garry T. Fulghum to be postmaster at Wilson, N. C., in place of J. R. Dildy, deceased.

NORTH DAKOTA

Mildred B. Johnson to be postmaster at Ashley, N. Dak., in place of M. B. Johnson. Incumbent's commission expired March 18, 1939.

Edward Lian to be postmaster at Fairdale, N. Dak., in place of P. T. Rygg, removed.

OHIO

Charles Creeden to be postmaster at Celina, Ohio, in place of Charles Creeden. Incumbent's commission expired January 17, 1939.

Dee C. Franks to be postmaster at Clyde, Ohio, in place of D. C. Franks. Incumbent's commission expired February 21, 1939.

Burton R. Taylor to be postmaster at Dresden, Ohio, in place of B. R. Taylor. Incumbent's commission expired February 21, 1939.

Dean W. Wright to be postmaster at Elida, Ohio, in place of D. W. Wright. Incumbent's commission expired January 17, 1939.

Dudley F. Briggs, Jr., to be postmaster at Frankfort, Ohio, in place of D. F. Briggs, Jr. Incumbent's commission expired February 15, 1938.

Arthur C. Battershell to be postmaster at Hicksville, Ohio, in place of A. C. Battershell. Incumbent's commission expired February 12, 1939.

Lewis P. Jenkins to be postmaster at Huntsville, Ohio, in place of L. P. Jenkins. Incumbent's commission expired February 21, 1939.

Henry J. Brubaker to be postmaster at New Carlisle, Ohio, in place of H. J. Brubaker. Incumbent's commission expired February 21, 1939.

Harold F. Sweeney to be postmaster at Russells Point, Ohio, in place of H. F. Sweeney. Incumbent's commission expired March 15, 1939.

William H. Uetrecht to be postmaster at St. Marys, Ohio, in place of W. H. Uetrecht. Incumbent's commission expired January 17, 1939.

William B. Swonger to be postmaster at Sidney, Ohio, in place of W. B. Swonger, resigned.

Mary A. Patterson to be postmaster at Solon, Ohio. Office became Presidential July 1, 1938.

Carroll Williamson to be postmaster at Sunbury, Ohio, in place of Carroll Williamson. Incumbent's commission expired May 13, 1939.

Merle G. Van Fleet to be postmaster at Waterville, Ohio, in place of M. G. Van Fleet. Incumbent's commission expired May 2, 1939.

Thomas B. Gephart to be postmaster at Williamsport, Ohio, in place of T. B. Gephart. Incumbent's commission expired March 15, 1939.

OKLAHOMA

Harry F. Craig to be postmaster at Boswell, Okla., in place of H. F. Craig. Incumbent's commission expired March 14, 1939.

Claude L. Willis to be postmaster at Canton, Okla., in place of C. L. Willis. Incumbent's commission expired May 28, 1939.

Isaac J. Loewen to be postmaster at Clinton, Okla., in place of I. J. Loewen. Incumbent's commission expired May 28, 1939.

Lydia C. Rhyne to be postmaster at Dawson, Okla. Office became Presidential July 1, 1938.

R. Waldo Wettengel to be postmaster at Rush Springs, Okla., in place of R. W. Wettengel. Incumbent's commission expired May 25, 1939.

Charles V. Gilmore to be postmaster at Stuart, Okla., in place of C. V. Gilmore. Incumbent's commission expired May 28, 1939.

Nell M. Dilks to be postmaster at Temple, Okla., in place of N. M. Dilks. Incumbent's commission expired March 14, 1939.

OREGON

Robert W. Zevely to be postmaster at Prineville, Oreg., in place of R. W. Zevely. Incumbent's commission expired January 18, 1939.

PENNSYLVANIA

Samuel U. Marbarger to be postmaster at Auburn, Pa., in place of S. U. Marbarger. Incumbent's commission expired March 18, 1939.

Vincent R. Gildea to be postmaster at Coaldale, Pa., in place of J. M. Donahue, resigned.

Thomas W. Daley to be postmaster at Donora, Pa., in place of R. G. Furlong, resigned.

Hugh W. Marshall to be postmaster at Enon Valley, Pa. Office became Presidential July 1, 1938.

Clarence J. Wallace to be postmaster at Matamoras, Pa., in place of Lucian Westbrook. Incumbent's commission expired June 18, 1938.

John J. Roll to be postmaster at Natrona Heights, Pa., in place of J. J. Roll. Incumbent's commission expired April 6, 1939.

Nevin L. Wuchter to be postmaster at Orwigsburg, Pa., in place of N. L. Wuchter. Incumbent's commission expired June 6, 1938.

James H. Rattigan to be postmaster at Pottsville, Pa., in place of J. H. Rattigan. Incumbent's commission expired June 6, 1938.

Ann Conner to be postmaster at Rossiter, Pa., in place of Ann Conner. Incumbent's commission expired April 6, 1939.

Alameda S. Keesy to be postmaster at Schenley, Pa., in place of A. S. Keesy. Incumbent's commission expired February 1, 1938.

Thelma G. Mackle to be postmaster at Sellyville, Pa., in place of T. G. Mackle. Incumbent's commission expired February 21, 1939.

William J. Forsythe to be postmaster at Sligo, Pa., in place of W. J. Forsythe. Incumbent's commission expired April 6, 1939.

Bessie Havlichek to be postmaster at Smock, Pa., in place of Bessie Havlichek. Incumbent's commission expired January 29, 1939.

Samuel C. Zellers to be postmaster at Stewartstown, Pa., in place of S. C. Zellers. Incumbent's commission expired April 6, 1939.

Edmond J. Holleran to be postmaster at Susquehanna, Pa., in place of E. J. Holleran. Incumbent's commission expired June 6, 1938.

Timothy F. Berney to be postmaster at Tower City, Pa., in place of B. S. Fitzpatrick, deceased.

Mae Ford to be postmaster at Twin Rocks, Pa. Office became Presidential July 1, 1938.

Guy E. Wheeler to be postmaster at West Brownsville, Pa., in place of G. E. Wheeler. Incumbent's commission expired January 29, 1939.

Bayard L. Ilgenfritz to be postmaster at Woodbine, Pa. Office became Presidential July 1, 1938.

RHODE ISLAND

James R. Brennan to be postmaster at East Greenwich, R. I., in place of J. R. Brennan. Incumbent's commission expired January 21, 1939.

SOUTH CAROLINA

C. Lamar Richey to be postmaster at Abbeville, S. C., in place of C. L. Richey. Incumbent's commission expired January 21 1939.

Eugene B. Mack to be postmaster at Elloree, S. C., in place of E. B. Mack. Incumbent's commission expired February 20, 1939.

Martin H. Moore to be postmaster at La France, S. C., in place of M. H. Moore. Incumbent's commission expired February 9, 1939.

Marion J. Simpson to be postmaster at Laurens, S. C., in place of C. A. Power, resigned.

Josephus S. Nichols to be postmaster at Leesville, S. C., in place of J. S. Nichols. Incumbent's commission expired February 9, 1939.

SOUTH DAKOTA

Fayette A. Nutter to be postmaster at Alcester, S. Dak., in place of F. A. Nutter. Incumbent's commission expired February 15, 1939.

Nicholas DeBilzan to be postmaster at Andover, S. Dak., in place of Nicholas DeBilzan. Incumbent's commission expired February 8, 1939.

Anna Donohue to be postmaster at Bonesteel, S. Dak., in place of Anna Donohue. Incumbent's commission expired May 22, 1938.

August W. L. Trottnow to be postmaster at Menno, S. Dak., in place of A. N. Kautz, resigned.

John P. Radley to be postmaster at Midland, S. Dak., in place of J. M. Stanford, declined.

TENNESSEE

Mattie B. Goodner to be postmaster at Alexandria, Tenn., in place of M. B. Goodner. Incumbent's commission expired January 16, 1939.

William I. Easley to be postmaster at Bruceton, Tenn., in place of W. I. Easley. Incumbent's commission expired June 8, 1938.

Finley P. Curtis to be postmaster at Butler, Tenn., in place of F. P. Curtis. Incumbent's commission expired January 24, 1939.

Warren B. Miller to be postmaster at Clifton, Tenn., in place of W. B. Miller. Incumbent's commission expired January 24, 1939.

Mary E. Watkins to be postmaster at Goodlettsville, Tenn., in place of M. E. Watkins. Incumbent's commission expired May 29, 1939.

Samuel C. Jones to be postmaster at Lexington, Tenn., in place of S. C. Jones. Incumbent's commission expired May 10, 1939.

A. Klasen Broyles to be postmaster at Limestone, Tenn., in place of A. K. Broyles. Incumbent's commission expired March 7, 1939.

Ella W. Blackburn to be postmaster at Lynnville, Tenn., in place of R. L. Wagstaff, resigned.

James J. Darnell to be postmaster at Morrison, Tenn., in place of J. J. Darnell. Incumbent's commission expired January 16, 1939.

James E. Burke to be postmaster at Morristown, Tenn., in place of J. E. Burke. Incumbent's commission expired April 26, 1939.

E. French Fugate to be postmaster at Rutledge, Tenn., in place of E. F. Fugate. Incumbent's commission expired January 16, 1939.

Edwin L. Goddard to be postmaster at Saulsbury, Tenn., in place of E. L. Goddard. Incumbent's commission expired May 10, 1939.

Nell E. Coleman to be postmaster at Smyrna, Tenn., in place of N. E. Coleman. Incumbent's commission expired February 15, 1938.

Evelyn A. Guill to be postmaster at Union City, Tenn., in place of C. G. Guill, deceased.

TEXAS

James C. Erwin to be postmaster at Alto, Tex., in place of J. C. Erwin. Incumbent's commission expired March 21, 1939.

Jenna Mae Easter to be postmaster at Anton, Tex., in place of J. M. Easter. Incumbent's commission expired February 15, 1939.

Richard E. Trenckmann to be postmaster at Bellville, Tex., in place of R. E. Trenckmann. Incumbent's commission expired January 25, 1939.

Robert Rowntree to be postmaster at Bartlett, Tex., in place of Robert Rowntree. Incumbent's commission expired March 12, 1939.

Edmund T. Caldwell to be postmaster at Bovina, Tex., in place of E. T. Caldwell. Incumbent's commission expired May 2, 1939.

Earl B. Hopkins to be postmaster at Brazoria, Tex., in place of E. B. Hokpins. Incumbent's commission expired March 12, 1939.

Joseph H. Wright to be postmaster at Byers, Tex., in place of J. H. Wright. Incumbent's commission expired January 25, 1939.

Robert A. Goelzer to be postmaster at Chilton, Tex., in place of R. A. Goelzer. Incumbent's commission expired January 25, 1939.

Oscar G. Williams to be postmaster at Conroe, Tex., in place of O. G. Williams. Incumbent's commission expired May 2, 1939.

Alvin L. Clements to be postmaster at Copperas Cove, Tex., in place of A. L. Clements. Incumbent's commission expired February 12, 1939.

Tom B. Lenox to be postmaster at De Kalb, Tex., in place of T. B. Lenox. Incumbent's commission expired January 25, 1939.

Walter E. Holloway to be postmaster at Detroit, Tex., in place of W. E. Holloway. Incumbent's commission expired February 12, 1939.

Henry D. Young to be postmaster at Fort Worth, Tex., in place of H. D. Young. Incumbent's commission expired May 13, 1939.

Sloan H. Osborn to be postmaster at Friona, Tex., in place of S. H. Osborn. Incumbent's commission expired January 25, 1939.

Melmoth Y. Stokes, Jr., to be postmaster at Goldthwaite, Tex., in place of M. Y. Stokes, Jr. Incumbent's commission expired January 25, 1939.

James Littleton Tally to be postmaster at Goliad, Tex., in place of J. L. Tally. Incumbent's commission expired January 25, 1939.

R. Lawrence Brucks to be postmaster at Hondo, Tex., in place of R. L. Brucks. Incumbent's commission expired March 25, 1939.

Eldon C. Wade to be postmaster at Jayton, Tex., in place of E. C. Wade. Incumbent's commission expired February 12, 1939.

Richard Hubbard Lemmon to be postmaster at Jefferson, Tex., in place of R. H. Lemmon. Incumbent's commission expired March 15, 1939.

Ray H. Griffin to be postmaster at Kosse, Tex., in place of R. H. Griffin. Incumbent's commission expired February 12, 1939.

James Alexander Able to be postmaster at Melvin, Tex., in place of J. A. Able. Incumbent's commission expired January 25, 1939.

Edith M. Coffey to be postmaster at Richland Springs, Tex., in place of J. B. Coffey, deceased.

Milner T. Cain to be postmaster at Seagraves, Tex., in place of M. T. Cain. Incumbent's commission expired February 15, 1939.

VIRGINIA

Mary Drewry to be postmaster at Capron, Va., in place of Mary Drewry. Incumbent's commission expired March 20, 1939.

James Long Haley to be postmaster at Chariton, Va., in place of J. L. Haley. Incumbent's commission expired January 18, 1939.

Benjamin W. Councill to be postmaster at Holland, Va., in place of B. W. Councill. Incumbent's commission expired May 16, 1939.

Henry L. Munt to be postmaster at Hopewell, Va., in place of H. L. Munt. Incumbent's commission expired January 18, 1939.

James D. Crawford to be postmaster at Keysville, Va., in place of J. D. Crawford. Incumbent's commission expired March 20, 1939.

Homo D. Gleason to be postmaster at Lovingston, Va., in place of H. D. Gleason. Incumbent's commission expired March 20, 1939.

Thomas B. Cochran to be postmaster at The Plains, Va., in place of T. B. Cochran. Incumbent's commission expired May 13, 1939.

Wallace P. Ashburn to be postmaster at Virginia Beach, Va., in place of W. P. Ashburn. Incumbent's commission expired May 28, 1938.

Merritt W. Foster to be postmaster at Williamsburg, Va., in place of M. W. Foster. Incumbent's commission expired January 18, 1939.

WASHINGTON

Alfred J. Twining to be postmaster at Coulee City, Wash., in place of A. J. Twining. Incumbent's commission expired February 18, 1939.

Etta R. Harkins to be postmaster at Manette, Wash., in place of E. R. Harkins. Incumbent's commission expired February 18, 1939.

Harold F. Ottestad to be postmaster at Odessa, Wash., in place of G. A. Weber. Incumbent's commission expired April 27, 1938.

Andrew J. Cosser to be postmaster at Port Angeles, Wash., in place of A. J. Cosser. Incumbent's commission expired March 8, 1939.

Joseph V. Mayrand to be postmaster at Poulsbo, Wash., in place of E. J. Francis. Incumbent's commission expired January 16, 1939.

Bernard B. Pollard to be postmaster at White Salmon, Wash., in place of G. C. Maurer, deceased.

Royce H. Mitchell to be postmaster at Woodland, Wash., in place of R. H. Mitchell. Incumbent's commission expired May 13, 1939.

WEST VIRGINIA

Richard S. Quick to be postmaster at East Rainelle, W. Va., in place of Claude Anderson, removed.

WISCONSIN

Frank W. Flanagan to be postmaster at Bear Creek, Wis., in place of F. W. Flanagan. Incumbent's commission expired January 24, 1939.

Bernard L. Slota to be postmaster at Gilman, Wis., in place of B. L. Slota. Incumbent's commission expired January 18, 1939.

William F. Schreiber to be postmaster at Hales Corners, Wis., in place of W. F. Schreiber. Incumbent's commission expired January 28, 1939.

Louis G. Bernier to be postmaster at Holcombe, Wis., in place of L. G. Bernier. Incumbent's commission expired June 15, 1938.

Johan Gustav Adolf Mollenhoff to be postmaster at Iron River, Wis., in place of J. G. A. Mollenhoff. Incumbent's commission expired January 24, 1939.

William C. McLaughlin to be postmaster at Merrill, Wis., in place of W. C. McLaughlin. Incumbent's commission expired January 24, 1939.

Gustave V. Anderson to be postmaster at Ogema, Wis., in place of G. V. Anderson. Incumbent's commission expired January 18, 1939.

Tillie E. Brennan to be postmaster at Valders, Wis., in place of T. E. Brennan. Incumbent's commission expired February 9, 1939.

Rosella M. Anderson to be postmaster at Wheeler, Wis., in place of R. M. Anderson. Incumbent's commission expired January 24, 1939.

Albert L. Brossard to be postmaster at Winnebago, Wis., in place of A. L. Brossard. Incumbent's commission expired January 18, 1939.

CONFIRMATIONS

Executive nominations confirmed by the Senate June 26 (legislative day of June 22), 1939

UNITED STATES COURT OF CLAIMS

Richard S. Whaley to be chief justice of the United States Court of Claims.

UNITED STATES DISTRICT COURT

F. Ryan Duffy to be United States district judge for the eastern district of Wisconsin.

POSTMASTERS

ARKANSAS

Ewilda M. Robinson, Little Rock.

DELAWARE

Oliver G. Melvin, Frederica.

KENTUCKY

Hattie R. Tanner, Barlow.
Newton Sullivan, Burlington.
Gena F. Hilliard, Clinton.
J. Elliott Riddell, Louisville.
Beverly L. Bradshaw, Tompkinsville.
Dorothy Crass, Wingo.

NORTH CAROLINA

James W. Ogburn, Rural Hall.

WITHDRAWAL

Executive nomination withdrawn from the Senate June 26 (legislative day of June 22), 1939

POSTMASTER

MISSISSIPPI

Mrs. Ernestine Holland to be postmaster at Vance, in the State of Mississippi.

HOUSE OF REPRESENTATIVES

MONDAY, JUNE 26, 1939

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Our Heavenly Father, whose love crowns each succeeding day and whose goodness faileth never, unto Thee we lift our hearts of praise and gratitude. Thy mercy is wider than our utmost need and extends to creation's bounds. Do Thou inspire us with the patience, the courage, and with the satisfaction of a good life. Remind us, blessed Lord, that when we feel anger we dull the truth; we pray Thee to let Thy compassion veil our weakness. Enable us to pursue our tasks with obedient and unmurmuring toil, realizing that a contented spirit is the sweetness of life. Unto all of us be as the shadow of a great rock in a world of labor and responsibility. At the end of life's little day claim us as Thine own. In the name of our Saviour. Amen.

The Journal of the proceedings of Friday, June 23, 1939, was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate had passed the following resolution:

Senate Resolution 151

June 23 (legislative day, June 22), 1939.

Resolved, That the Senate has heard with profound sorrow the announcement of the death of Hon. EMMETT MARSHALL OWEN, late a Representative from the State of Georgia.

Resolved, That a committee of two Senators be appointed by the Vice President to join the committee appointed on the part of the House of Representatives to attend the funeral of the deceased Representative.

Resolved, That the Secretary communicate these resolutions to the House of Representatives and transmit a copy thereof to the family of the deceased.

Resolved, That as a further mark of respect to the memory of the deceased Representative the Senate do now take a recess until 11 o'clock antemeridian tomorrow.

The message also announced that the Senate agrees to the conference report and the amendments of the House to the amendments of the Senate numbered 17 and 30 to the bill (H. R. 6392) entitled "An act making appropriations for the Departments of State and Justice, and for the judiciary, and for the Department of Commerce, for the fiscal year ending June 30, 1940, and for other purposes."

The message also announced that the Senate agrees to the amendments of the House to the amendments of the Senate numbered 95, 105, and 146, to the bill (H. R. 5269) entitled "An act making appropriations for the Department of Agriculture and for the Farm Credit Administration for the fiscal year ending June 30, 1940, and for other purposes"; that it disagrees to the amendments of the House to the amendments of the Senate numbered 21, 26, 27, 33, 115, and 148 to said bill; that it further insists upon its amendments numbered 19, 21, 26, 27, 32, 33, 114, 115, 116, 141, 142, 147, 148, and 158, disagreed to by the House, and requests a further conference with the House on the disagreeing votes of the two Houses thereon; and that it appoints Mr. RUSSELL, Mr. HAYDEN, Mr. TYDINGS, Mr. BANKHEAD, Mr. SMITH, Mr. NYE, and Mr. MCNARY to be the conferees on the part of the Senate.

The message also announced that the Senate had passed a bill and concurrent resolutions of the following titles, in which the concurrence of the House is requested:

S. 2240. An act to provide for a national census of housing;

S. Con. Res. 22. Concurrent resolution authorizing the printing of the manuscript containing a general description of the Army of the United States as a public document;

S. Con. Res. 24. Concurrent resolution providing for the printing of additional copies of Senate Report No. 610, entitled "Survey of Experiences in Profit Sharing and Possibilities of Incentive Taxation";

S. Con. Res. 25. Concurrent resolution providing for the printing of additional copies of the hearings held before a subcommittee of the Committee on Finance on the investigation of existing profit-sharing systems between employers and employees in the United States; and

S. Con. Res. 26. Concurrent resolution authorizing the printing of additional copies of the hearings held before the Committee on Interstate Commerce of the Senate on the bill (S. 2009) entitled "Transportation Act of 1939."

EXTENSION OF REMARKS

Mr. SMITH of Washington. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an address which I delivered before the Townsend national convention held at Indianapolis, Ind., June 23, 1939.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. NICHOLS. Mr. Speaker, on June 6 a statue of Will Rogers was unveiled in the Hall of Fame. I ask unanimous consent that the proceedings at the unveiling of this statue may be included in the CONGRESSIONAL RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. NICHOLS. Mr. Speaker, the proceedings will probably exceed the two pages allowed for extensions under the rule. I ask unanimous consent that notwithstanding this the rule may be suspended as to the printing of the Will Rogers proceedings.

Mr. RICH. Reserving the right to object, Mr. Speaker, does the gentleman from Oklahoma know how much over the limit they will be?

Mr. NICHOLS. I do not know how much it will exceed the limit, but I may say to my friend from Pennsylvania that the proceedings include three speeches, one by the majority leader of the Senate, one by Mr. Luther Harrison, of Oklahoma City, and another by the Governor of the State of Oklahoma. Of typewritten pages, not legal length but correspondence length, double spaced, there are 18.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. CELLER. Mr. Speaker, I ask unanimous consent to extend my own remarks in three particulars: One, on the World's Fair; two, on financial aid to South America; and, three, a tribute to the memory of the late Senator Royal Samuel Copeland and to include therein a brief statement by Mr. EATON.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

AMENDMENT OF FEDERAL HOME LOAN BANK ACT

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent that I may be allowed to file minority views on the bill (H. R. 6971) to amend the Federal Home Loan Bank Act, the Home Owners' Loan Act of 1933, title IV of the National Housing Act, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

REPEAL OF CERTAIN LEGISLATION

Mr. RICH. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. RICH. Mr. Speaker, I note in this morning's paper that Mr. McNutt, United States High Commissioner of the Philippine Islands, says we should retain control of the Philippines in order to keep the peace.

You will remember that the Hoover commission sent over to investigate the Philippine situation said they were not prepared to govern themselves. Notwithstanding this fact the New Deal put through the Philippine independence bill, but now your own High Commissioner of those islands as much as says that that law should be repealed.

I say to you that if you would do what BRUCE BARTON said, repeal a law a day while he is in Congress, you probably would get the 12,000,000 people back to work in this country. The trouble is that we are passing so much legislation under the New Deal that it is hindering the people of this country, restricting their freedom and keeping them from going ahead and doing the things that would put people back to work. That is the reason we cannot give men jobs today. [Applause.]

[Here the gavel fell.]

EXTENSION OF REMARKS

Mr. MASON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a short editorial from the Washington Post.

The SPEAKER. Is there objection to the request of the gentleman from Illinois [Mr. MASON]?

There was no objection.

Mr. DIRKSEN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Appendix of the RECORD and to include therein a column that appeared in the Washington Post.

The SPEAKER. Is there objection to the request of the gentleman from Illinois [Mr. DIRKSEN]?

There was no objection.

Mr. BOLLES. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a speech I made on neutrality.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin [Mr. BOLLES]?

There was no objection.

Mr. PLUMLEY asked and was given permission to extend his own remarks in the RECORD.

Mr. SANDAGER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an editorial from the Providence Journal of June 23 which warns against the danger of the new spending program.

The SPEAKER. Is there objection to the request of the gentleman from Rhode Island [Mr. SANDAGER]?

There was no objection.

Mr. KEEFE. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a statement addressed to the citizens of Wisconsin by State Senator Harry W. Bolens on the general subject of taxation.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin [Mr. KEEFE]?

There was no objection.

Mr. LAMBERTSON asked and was given permission to extend his own remarks in the RECORD.

THE NATIONAL LABOR RELATIONS BOARD

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Michigan [Mr. HOFFMAN]?

There was no objection.

Mr. HOFFMAN. Mr. Speaker, the New York Times of this morning contains a statement by the Labor Board citing its success in the courts as proof of the fairness and wisdom of the Board. The truth is that its record and the decisions it has rendered are proof of the unfairness, the one-sidedness of the law.

As well might the crooked professional gambler call attention to the universal success of his play as proof that he was fair and honest, when all knew that he was dealing from the bottom of a marked, stacked deck.

The law is so framed as to give the Board unlimited power, and the power that the law itself does not give to the Board it has assumed to exercise by the making of arbitrary, discriminatory rules.

The law is so wrong that it can be and has been used by the Board not only as a sword of destruction against the employer but as a weapon against the individual employee. It was so drawn that almost any arbitrary, inequitable decision of the Board must, of necessity, be sustained by the courts. It is no fault of the courts that, if a law by its terms inflicts penalties only upon one party to a controversy, as does this law, the court finds its hands tied and must, of necessity, affirm decisions rendered by the Board, however unjust, inequitable those decisions may be.

What we here in the House should do is to discharge the Labor Committee from further consideration of the National Labor Relations Act, bring that act out on the floor, and amend it so that employers may give employment, so that men who want to work will have a chance to work.

Mr. WALTER. Will the gentleman yield?

Mr. HOFFMAN. I yield to the gentleman from Pennsylvania.

Mr. WALTER. Has the gentleman noticed that the Labor Board, by regulation, has amended its procedure?

Mr. HOFFMAN. Yes; and the fact that the Board, under pressure, has expressed a willingness to amend its procedure is a confession of its initial error. Having admitted that its rules are unfair, it should not only at once amend those rules but we, discharging our duty to our people, should amend the law itself; for there is no assurance that the

Board, having been wrong in the first instance, may not again, with a change of membership or under pressure, once more revert to its original practice.

Moreover, the Board's concession, its confession of error, does not go far enough. We should amend the law so that employees may actually have the privilege of bargaining collectively; so that no longer may tribute be levied upon and collected from free-born American citizens as a condition to the exercise of the right to earn a livelihood.

[Here the gavel fell.]

EXTENSION OF REMARKS

Mr. SPRINGER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein two short editorials, one from the Washington Daily News and the other from the Washington Evening Star of June 23, 1939.

The SPEAKER. Is there objection to the request of the gentleman from Indiana [Mr. SPRINGER]?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. MARTIN of Massachusetts. Mr. Speaker, I ask unanimouse consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts [Mr. MARTIN]?

There was no objection.

[Mr. MARTIN of Massachusetts addressed the House. His remarks appear in the Appendix.]

EXTENSION OF REMARKS

Mr. MACIEJEWSKI. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a letter I received from the Illinois Forest Park Commissioners pertaining to the W. P. A.

The SPEAKER. Is there objection to the request of the gentleman from Illinois [Mr. MACIEJEWSKI]?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. PACE. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Georgia [Mr. PACE]?

There was no objection.

[Mr. PACE addressed the House. His remarks appear in the Appendix.]

EXTENSION OF REMARKS

Mr. CHURCH. Mr. Speaker, as an interesting thought-provoking article, I ask unanimous consent to insert in the RECORD an editorial entitled "Competition—Free Enterprise," which appeared in the Chicago Daily News of June 22, 1939.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. SMITH of Virginia. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. The Chair will count. [After counting.] One hundred and forty-one Members are present, not a quorum.

CALL OF THE HOUSE

Mr. SMITH of Virginia. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 103]

Arnold	Cartwright	Ditter	Flannery
Barden	Casey, Mass.	Doughton	Folger
Barton	Chandler	Douglas	Gamble
Beam	Chapman	Drewry	Gehrmann
Bender	Clark	Duncan	Halleck
Bland	Claypool	Durham	Hartley
Boehne	Connery	Eaton, Calif.	Hill
Boren	Crosser	Engel	Hook
Bradley, Pa.	Crowther	Evans	Horton
Brown, Ohio	Culkin	Faddis	Izac
Buck	Curley	Fay	Jeffries
Buckley, N. Y.	Delaney	Ferguson	Johnson, Lyndon
Cannon, Fla.	Dies	Fish	Kean
Cannon, Mo.	Dingell	Fitzpatrick	Kelly
Landis	Mapes	Shannon	Taylor, Colo.
Lewis, Ohio	Marshall	Smith, Ill.	Taylor, Tenn.
Luce	Pfeifer	Smith, Maine	Thomas, N. J.
McDowell	Powers	Smith, W. Va.	Vincent, Ky.
McGranery	Rodgers, Pa.	Snyder	Vinson, Ga.
McLaughlin	Ryan	Somers, N. Y.	Wadsworth
McLeod	Sabath	Sullivan	West
McReynolds	Sacks	Sumners, Tex.	White, Idaho
Magnuson	Seger	Tarver	Wood

The SPEAKER. Three hundred and thirty-eight Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

Mr. SECCOMBE. Mr. Speaker, my colleague the gentleman from Ohio [Mr. BENDER] was unavoidably detained. I just wanted to report his absence.

EXTENSION OF REMARKS

Mr. RABAUT asked and was given permission to extend his own remarks in the RECORD.

DISTRICT OF COLUMBIA

The SPEAKER. This is District of Columbia day. The Chair recognizes the chairman of the committee, the gentleman from West Virginia [Mr. RANDOLPH].

RETIREMENT PAY FOR JUDGES OF THE POLICE COURT, THE MUNICIPAL COURT, AND THE JUVENILE COURT OF THE DISTRICT OF COLUMBIA

Mr. RANDOLPH. Mr. Speaker, I ask unanimous consent that the Committee on the District of Columbia may be discharged from the further consideration of the bill (H. R. 6651) providing retirement pay for the judges of the police court of the District of Columbia, the municipal court of the District of Columbia, and the juvenile court of the District of Columbia, and that the bill be referred to the Committee on the Judiciary.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

SETTLEMENT OF CLAIMS AND SUITS OF THE DISTRICT OF COLUMBIA

Mr. RANDOLPH. Mr. Speaker, I call up the bill (H. R. 6834) authorizing the Commissioners of the District of Columbia to settle claims and suits of the District of Columbia, and ask unanimous consent that the bill may be considered in the House as in Committee of the Whole.

The Clerk read the title of the bill.

Mr. SMITH of Virginia. Reserving the right to object, Mr. Speaker, I should like to know what this bill is about.

Mr. RANDOLPH. It permits the District Commissioners to settle claims and suits of the District.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That upon a report by the corporation counsel of the District of Columbia showing in detail the just and true amount and condition of any claim or suit which the District of Columbia may now or hereafter have against any person, firm, association, or corporation, and the terms upon which the same may be compromised, and stating that in his opinion a compromise of such claim or suit would be for the best interest of the District of Columbia, the Commissioners of the District of Columbia be, and they hereby are, authorized to compromise such claim or suit accordingly. This act shall not apply to claims or suits for taxes or special assessments.

Mr. COCHRAN. Mr. Speaker, I believe we should have a little explanation of this bill.

Mr. RANDOLPH. I shall be delighted to make such an explanation.

I may say to the Speaker and the Members of the House that the purpose of this measure is to authorize the Commissioners of the District of Columbia to settle claims and suits which the District may have against any person. At the present time no such authority exists, and not being permitted to settle the Commissioners must demand payment of the full amount or nothing at all. It is said that many small claims on which the bringing of a suit would entail too much expense must necessarily be dropped, and the Commissioners feel that many which they cannot now collect could be collected if they were given this authority to settle.

Mr. COCHRAN. Mr. Speaker, will the gentleman yield?

Mr. RANDOLPH. I yield to the gentleman from Missouri.

Mr. COCHRAN. Does the gentleman believe the matter should be left wide open without any proviso being inserted as to amount? This bill gives the District Commissioners power to settle suits no matter what the amount may be. Let us assume an individual or a firm is solvent. Does the gentleman believe the District government should settle any large amount that is justly due the District if the individual or corporation is solvent?

Mr. RANDOLPH. I may say to the gentleman from Missouri that the District Commissioners have reported favorably and ask that this bill be passed, mainly on the ground that in connection with small claims there is no authority to settle today, and they believe that instead of going into court there could be a collection made. I certainly believe the authority would not be misused by the Commissioners of the District of Columbia.

Mr. COCHRAN. Yes; but I should like to say to the gentleman that I happen to come from a large city, and I have never known of any power ever given to the mayor or any official to settle claims which my city might have against an individual or a corporation. We have courts there, and I presume you have courts here where the District can file suit for a small amount and the case can be heard immediately. The costs in such a case are very low. You are here giving power to the District Commissioners to settle claims, and you do not limit the amount.

Mr. RANDOLPH. Certainly if the gentleman has objection to the bill I want him to raise it.

Mr. COCHRAN. I am asking the gentleman if he does not believe he should amend the bill so as to limit the amount?

Mr. RANDOLPH. The Bureau of the Budget has approved the legislation, as well as the District Commissioners, and the committee acted in compliance with the representations made. As far as I am personally concerned I would not object to such a limitation. I believe if the gentleman would offer such an amendment the committee would not object.

Mr. COCHRAN. If the gentleman and his committee feel that this is good legislation and that the Commissioners should have this power, I am not going to object. However, I doubt the wisdom of placing power in the hands of the Commissioners without putting some limitation on it.

Mr. ROBSION of Kentucky. Mr. Speaker, will the gentleman yield?

Mr. RANDOLPH. I yield to the gentleman from Kentucky.

Mr. ROBSION of Kentucky. If I correctly understand this bill, it provides for the compromise or settlement of claims the District of Columbia may have against individuals or concerns.

Mr. RANDOLPH. The gentleman is correct.

Mr. ROBSION of Kentucky. Is there any law providing for the settlement of claims that citizens may have against the District of Columbia?

Mr. RANDOLPH. At the present time, I may say to the gentleman from Kentucky, there is no authority vested in either the Commissioners or citizens to settle a claim or a suit, and that is why this authority is being requested.

Mr. ROBSION of Kentucky. I know, but this is to settle claims of the District of Columbia against citizens. Is there any authority or law now in existence allowing citizens to settle claims against the District of Columbia, and if not, why not?

Mr. DIRKSEN. If the gentleman will yield, I may say to the gentleman from Kentucky that this bill deals only with suits by the District of Columbia and not suits against the District of Columbia.

Mr. ROBSION of Kentucky. Then, why not have it work both ways?

Mr. DIRKSEN. It might work both ways, but you might get into difficulties in that connection. That question was not submitted to the committee, and in considering the matter it might be desired to go into the whole question of court review. We did not believe this bill ought to be encumbered with that.

Mr. Speaker, will the gentleman from West Virginia yield?

Mr. RANDOLPH. I yield to the gentleman from Illinois.

Mr. DIRKSEN. I may say for the benefit of the Members of the House that this bill does not deal with suits against the District of Columbia. It deals with claims of the District of Columbia against some individual or corporation where small claims particularly are involved and the expense of litigation might be higher under existing law than the amount involved would justify. They would have to take the full amount of the claim, if it were only five or ten dollars, and failing that they would have to file suit, and the suit might entail an expense of two or three hundred dollars; but this measure does not deal in any way with claims against the District of Columbia.

Mr. ROBSION of Kentucky. Mr. Speaker, will the gentleman yield?

Mr. DIRKSEN. Yes.

Mr. ROBSION of Kentucky. So if a citizen has a claim against the District of Columbia he must come to Congress and get a special act. Why not let it work both ways?

Mr. DIRKSEN. For the simple reason, first of all, where an appropriation is involved it would require an appropriation by the Congress in order to pay any claim against the District. Secondly, there is a rather involved matter of court procedure, which is not involved in this bill. This bill is simply for the sake of expediting the work of the District in respect of claims held by the District against some individual, firm, or corporation.

Mr. RANDOLPH. Mr. Speaker, the gentleman from Illinois is correct, and that is the only purpose of the legislation.

Mr. Speaker, I move the previous question.

The previous question was ordered.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MAKING UNIFORM IN THE DISTRICT OF COLUMBIA THE LAW OF FRESH PURSUIT AND AUTHORIZING COOPERATION WITH THE STATES

Mr. RANDOLPH. Mr. Speaker, I call up the bill (H. R. 6876) to make uniform in the District of Columbia the law on fresh pursuit and to authorize the Commissioners of the District of Columbia to cooperate with the States, and ask unanimous consent that the bill may be considered in the House as in Committee of the Whole.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That any member of a duly organized State, county, or municipal peace unit of any State of the United States who enters the District of Columbia in fresh pursuit and continues within the said District in such fresh pursuit of a person in order to arrest him on the ground that he is believed to have committed a felony in such State shall have the same authority to arrest and hold such person in custody as has any member of any duly organized peace unit of the said District to arrest and hold in custody a person on the ground that he is believed to have committed a felony in the said District.

SEC. 2. If an arrest is made in the District of Columbia by an officer of another State in accordance with the provisions of section 1 of this act, he shall without unnecessary delay take the person arrested before a judge of the police court of the District of Columbia, or a United States commissioner for the District of Columbia, who shall conduct a hearing for the purpose of determining the lawfulness of the arrest. If the judge of the police court of the District of Columbia or the United States commissioner before whom the hearing is conducted determines that the arrest was lawful, he shall commit the person arrested to await for a reasonable time the issuance of an extradition warrant by the chief justice of the District Court of the United States for the District of Columbia. If the judge of the police court or the United States commissioner for the District of Columbia, before whom the hearing is held, determines that the arrest was unlawful he shall discharge the person arrested.

SEC. 3. Section 1 of this act shall not be construed so as to make unlawful any arrest in this District which would be otherwise lawful.

SEC. 4. The term "fresh pursuit" used in this act shall include fresh pursuit as defined by the common law, also the pursuit of a person who has committed a felony or one whom the pursuing officer has reasonable grounds to believe has committed a felony. It

shall also include the pursuit of a person whom the pursuing officer has reasonable grounds to believe has committed a felony, although no felony has actually been committed, if there is reasonable ground for believing that a felony has been committed. "Fresh pursuit" as used herein shall not necessarily imply an instant pursuit, but pursuit without unreasonable delay.

SEC. 5. That if any part of this act is for any reason declared void, it is declared to be the intent of this act that such invalidity shall not affect the validity of the remaining portions of this act.

SEC. 6. That this act may be cited as the Uniform Act on Fresh Pursuit.

Mr. RANDOLPH. Mr. Speaker, this measure is an adaptation of a uniform law on fresh pursuit which has been enacted in many States, including Maryland and Virginia. It will permit the law-enforcement officers of the States to continue the pursuit of criminals or suspected criminals into the District of Columbia, thus giving them the same rights as the District of Columbia police are given in Maryland and Virginia.

Mr. Speaker, I move the previous question.

The previous question was ordered.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AMENDMENT OF LAW RELATING TO BUILDING AND LOAN ASSOCIATIONS

Mr. RANDOLPH. Mr. Speaker, I call up the bill (H. R. 5288) to amend section 691–a of the Code of Law of the District of Columbia, approved March 3, 1901, and of any act or acts amendatory thereof relating to foreign building and loan associations doing business in the District of Columbia.

The Clerk read the title of the bill.

Mr. RANDOLPH. Mr. Speaker, I ask unanimous consent that the bill may be considered in the House as in Committee of the Whole.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That section 691–a of the code entitled "An act to establish a Code of Law for the District of Columbia," approved March 3, 1901, and of any act or acts amendatory thereof (D. C. Code, title 5, sec. 45), is amended to read as follows:

"SEC. 691–a. No foreign association shall make loans of any kind or transact any building and loan business within the District of Columbia or maintain an office in the District of Columbia for the purpose of transacting such business until it procures from the Comptroller of the Currency a certificate of authority to do such business in said District, after complying with the following provisions:

"(a) It shall deposit with the Treasurer of the United States $50,000 in cash or bonds of the United States or bonds which the United States guarantees the payment of both principal and interest. A foreign association may collect and use the interest on securities deposited with the Treasurer of the United States, as hereinabove provided, so long as it fulfills its obligations and complies with the laws of the District of Columbia. It may also exchange them for other securities of the United States or for cash. The deposit made by a foreign association with the Treasurer of the United States shall be held as security for all claims of residents of the District of Columbia against such association, and be liable for all judgments or decrees thereon, and subjected to the payment thereof in the same manner as the property of other nonresidents. Should an association cease to do business in said District, the Treasurer of the United States, upon a certificate from the Comptroller of the Currency, may release securities in his discretion, retaining sufficient to satisfy all outstanding liabilities;

"(b) It shall file with the Comptroller of the Currency a certified copy of its charter, constitution, and bylaws, and other rules and regulations showing its manner of conducting business, together with a statement such as is required semiannually from all associations;

"(c) It shall file with the Comptroller of the Currency a power of attorney appointing a citizen of the District of Columbia, resident within said District, the agent or attorney for such foreign association upon whom process of law can be served. There must also be filed a certified copy of the vote or resolution of the directors appointing such agent or attorney, which appointment shall continue until another agent or attorney is substituted, and said writing or power of attorney shall stipulate and agree on the part of such foreign association making the same that any lawful process against said association, which is served on such agent or attorney, shall be of the same legal force and validity as if served on such association within the District of Columbia; and, also, that in the case of the death or absence of the agent or attorney so appointed, service or process may be made upon the Comptroller of the Currency, and such power of attorney cannot be revoked or modified (except that a new one may be substituted) so long as any liability remains outstanding against such foreign association in the District of Columbia. The term 'process', used above, shall be held and deemed to include any writ, summons, or order whereby any action, suit, or proceeding shall be commenced, or which shall be issued in or upon any action, suit, or proceeding by any court, officer, or magistrate.

"(d) It shall pay to the collector of taxes the following fees:

"For filing an application for admission to do business in the District of Columbia, $500;

"For each certificate of authority and annual renewal thereof, $200.

"(e) When a foreign association has complied with the provisions of paragraph (c) of said section 691–a, and the Comptroller of the Currency is satisfied that it is doing or will do its building and loan business in the District of Columbia in accordance with the laws of the District of Columbia, he may issue his certificate of authority to such foreign association to do a building and loan business in the District of Columbia. Annually thereafter, if the Comptroller of the Currency is satisfied as herein provided, he shall issue a renewal of such certificate.

"(f) Should the Comptroller of the Currency find that such foreign association does not conduct its building and loan business in accordance with law, or that the affairs of such association are in unsafe condition, or if such foreign association refuses to permit examination to be made, the Comptroller of the Currency may revoke the certificate of authority granted, after 9 days' notice, to such foreign association to do a building and loan business in the District of Columbia: *Provided*, That upon revocation of such certificate of authority the Comptroller of the Currency shall mail a notice thereof to the home office of such foreign association and cause a similar notice to be published in at least one daily newspaper of general circulation in the District of Columbia. After so notifying said home office and after the publication of said notice, it shall be unlawful for any agent of such foreign association to receive any further payments from shareholders residing in the District of Columbia.

"(g) Every foreign association doing a building and loan business in the District of Columbia shall be subject to the same examination as are domestic associations, and such examination may include examination of all subsidiaries of such foreign associations and all business operations wherever apparent: *Provided*, That the Comptroller of the Currency may accept reports of examination by other supervisory agents in lieu of making such examinations and provided that all the actual and necessary expense of such examinations of such foreign associations shall be paid by the association examined if said examination is made beyond the limits of the District of Columbia, but if made within the limits of the District of Columbia, the cost of examination to be at the same rate and upon the same terms as provided in section 691.

"(h) Whenever any taxes, fines, penalties, fees, licenses, or conditions precedent are imposed by the laws of any State upon building and loan associations organized or incorporated under the laws of the District of Columbia, and doing business in the said State, in excess of the taxes, fines, penalties, fees, licenses, or conditions precedent imposed by the laws of the District of Columbia upon foreign associations doing a building and loan business in the District of Columbia, the same taxes, fines, penalties, fees, licenses, or conditions precedent shall be imposed upon every association incorporated under the laws of such State doing, or applying to do, a building and loan business in the District of Columbia, so long as such excess taxes, fines, penalties, fees, licenses, or conditions precedent are imposed by such State; and upon the failure of any association incorporated under the laws of such State to comply therewith the Comptroller of the Currency shall revoke the certificate of authority of such association to do a building and loan business in the District of Columbia or shall refuse to grant such certificate of authority in the first instance.

"(i) A foreign association which does a building and loan business in the District of Columbia without first complying with the provisions of this chapter, or which willfully violates or fails to comply with the provisions of laws relating to foreign associations, shall forfeit and pay not less than $25 or more than $500, to be recovered by an action in the name of the United States and on collection paid into the Treasury of the United States."

SEC. 2. This act shall take effect on the date of its enactment.

With the following committee amendment:

Page 7, after line 3, strike out all of section 2 and insert:

"SEC. 2. All other acts or parts of acts inconsistent herewith are hereby repealed. This act shall take effect on the date of its enactment."

Mr. RANDOLPH. Mr. Speaker, the purpose of this bill is to clear up a situation existing in the District of Columbia and in the State of Maryland which has been a source of controversy for many years. If enacted, this legislation will make clear the law so that Maryland building associations can do business in the District of Columbia and District of Columbia associations can do business in the State of Maryland without as much doubt as to rights and privileges. The question has frequently risen heretofore as to whether the making of a loan in Maryland or a loan in the District is

doing business within the State of Maryland or within the District.

I move the previous question, Mr. Speaker.

The previous question was ordered.

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

REGULATING STEAM AND OTHER OPERATING ENGINEERING

Mr. RANDOLPH. Mr. Speaker, I call up the bill H. R. 3834, to amend the act entitled "An act to regulate steam and other operating engineering in the District of Columbia," approved February 28, 1887, as amended, and ask unanimous consent that it be considered in the House as in Committee of the Whole.

The SPEAKER. The gentleman from West Virginia calls up the bill H. R. 3834, of which the Clerk will report the title.

The Clerk reported the title of the bill.

The SPEAKER. The gentleman asks unanimous consent that the bill be considered in the House as in Committee of the Whole. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That section 7 of the act entitled "An act to regulate steam and other operating engineering in the District of Columbia," approved February 28, 1887, as amended, is amended to read as follows:

"SEC. 7. (a) The foregoing provisions of this act shall not apply to engineers employed by the United States Government or licensed by the laws of any State having reciprocity with the District of Columbia."

Mr. RANDOLPH. Mr. Speaker, this measure merely provides that all persons acting as steam and other operating engineers in the District of Columbia shall be licensed, except those licensed by the laws of any State having reciprocity with the District of Columbia, and engineers employed by the United States Government.

I move the previous question on the bill to final passage.

The previous question was ordered; and the bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

LIEN FOR MONEYS DUE HOSPITALS

Mr. RANDOLPH. Mr. Speaker, I call up the bill (S. 1805) to establish a lien for moneys due hospitals for services rendered in cases caused by negligence or fault of others, and providing for the recording and enforcing of such liens, which I send to the desk and ask unanimous consent that it be considered in the House as in Committee of the Whole.

The SPEAKER. The gentleman from West Virginia calls up the bill S. 1805, of which the Clerk will report the title.

The Clerk read the title of the bill.

The SPEAKER. The gentleman from West Virginia asks unanimous consent that the bill be considered in the House as in Committee of the Whole. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That every association, corporation, or other institution maintaining a hospital in the District of Columbia, which shall furnish medical or other service to any patient injured by reason of an accident causing injuries not covered by the Employees' Compensation Act or the Workmen's Compensation Act, shall, if such injured party shall assert or maintain a claim against another for damages on account of such injuries, have a lien upon that part going or belonging to such patient, of any recovery or sum had or collected or to be collected by such patient, or by his heirs or personal representatives in the case of his death, whether by judgment or by settlement or compromise to the amount of the reasonable and necessary charges of such hospital for the treatment, care, and maintenance of such patient in such hospital up to the date of payment of such damages: *Provided*, That the lien herein set forth shall not be applied or considered valid against anyone suffering injuries coming under the Employees' Compensation Act or the Workmen's Compensation Act in this District.

SEC. 2. No such lien shall be effective, however, unless a written notice containing the name and address of the injured person, the date of the accident, the name and location of the hospital, and the name of the person or persons, firm or firms, corporation or corporations alleged to be liable to the injured party for the injuries received, shall be filed in the office of the clerk of the District Court of the United States for the District of Columbia in a docket provided for such liens, prior to the payment of any moneys to such injured person, his attorneys, or legal representatives as compensation for such injuries; nor unless the hospital shall also mail, postage prepaid, a copy of such notice with a statement of the date of filing thereof to the person or persons, firm or firms, corporation or corporations alleged to be liable to the injured party for the injuries sustained prior to the payment of any moneys to such injured person, his attorneys, or legal representatives as compensation for such injuries. Such hospital shall mail a copy of such notice to any insurance carrier which has insured such person, firm, or corporation against such liability, where the name of such insurance carrier is ascertained.

SEC. 3. Any person or persons, firm or firms, corporation or corporations, including an insurance carrier, making any payment to such patient or to his attorneys or heirs or legal representatives as compensation for the injury sustained, after the filing and mailing of such notice without paying to such hospital the amount of its lien or so much thereof as can be satisfied out of the moneys due under any final judgment or compromise or settlement agreement after paying the amount of any prior liens, shall for a period of 1 year from the date of payment to such patient or his heirs, attorneys, or legal representatives, as aforesaid, be and remain liable to such hospital for the amount which such hospital was entitled to receive as aforesaid; and any such association, corporation, or other institution maintaining such hospital may, within such period, enforce its lien by a suit at law against such person or persons, firm or firms, corporation or corporations making any such payment.

SEC. 4. Any person or persons, firm or firms, corporation or corporations legally liable for such lien or against whom a claim shall be asserted for compensation for such injuries, shall be permitted to examine the ledger entries and similar records of any such association, corporation, or other institution or body maintaining such hospital for the purpose of ascertaining the basis for such lien.

SEC. 5. The clerk of the District Court of the United States for the District of Columbia shall provide a suitable bound book to be called the hospital lien docket, in which, upon the filing of any lien claim under the provisions of this act, he shall enter the name of the injured person, the name of the person, firm, or corporation alleged to be liable for the injuries, the date of the accident, and the name of the hospital or other institution making the claim. Said clerk shall make a proper index of the same in the name of the injured person and the clerk shall charge such reasonable fees, not to exceed the sum of $1, as the court may by rule fix for the recording, indexing, and the releasing of the lien so filed.

Mr. RANDOLPH. Mr. Speaker, this measure would establish a lien for moneys due hospitals for services rendered in cases caused by negligence or fault of others. There are many cases in the District of Columbia where persons are injured and taken to a hospital for treatment, and then fail to make payment to the hospital for services rendered. This bill would give the hospital a lien against any damages collected by the injured person. I move the previous question on the bill to final passage.

The previous question was ordered.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

SALE OF MILK, ETC., IN THE DISTRICT OF COLUMBIA

Mr. RANDOLPH. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 6316) to amend an act entitled "An act to regulate within the District of Columbia the sale of milk, cream, and ice cream, and for other purposes," approved February 27, 1925. Pending that, I ask unanimous consent that general debate be limited to 2 hours, half of that time to be controlled by the gentleman from Illinois [Mr. DIRKSEN] and one-half by myself.

The SPEAKER. The gentleman from West Virginia moves that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 6316. Pending that, he asks unanimous consent that debate upon the bill be limited to 2 hours, one-half to be controlled by himself and one-half by the gentleman from Illinois [Mr. DIRKSEN]. Is there objection?

Mr. COLE of Maryland. Mr. Speaker, I reserve the right to object. Is this the so-called Schulte milk bill?

Mr. RANDOLPH. That is correct.

The SPEAKER. The Clerk will report the title of the bill.

The Clerk read the title of the bill.

The SPEAKER. Is there objection?

Mr. COLE of Maryland. Mr. Speaker, I make the point of order that there is no quorum present. This is a very interesting bill, and a very important one, and I think as many Members as possible should be present. I make the point of order that there is no quorum present.

The SPEAKER. The gentleman from Maryland makes the point of order that there is no quorum present. The Chair will count. [After counting.] One hundred and eighty Members present, not a quorum.

Mr. RANDOLPH. Mr. Speaker, I move a call of the House.

The motion was agreed to.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 104]

Arnold	Delaney	Johnson, Ind.	Rodgers, Pa.
Barden	Dies	Johnson, Lyndon	Sabath
Barton	Dingell	Kean	Sacks
Beam	Ditter	Kelly	Seger
Bender	Douglas	Kennedy, Martin	Shannon
Bland	Drewry	Kennedy, Michael	Smith, Ill.
Boehne	Durham	Keogh	Smith, Maine
Boren	Ellis	Landis	Smith, Ohio
Brown, Ohio	Engel	Lea	Smith, W. Va.
Buckley, N. Y.	Evans	Luce	Snyder
Cannon, Fla.	Faddis	McDowell	Somers, N. Y.
Cannon, Mo.	Fay	McGranery	Sullivan
Carter	Fish	McLaughlin	Sumners, Tex.
Cartwright	Fitzpatrick	McLeod	Taber
Casey, Mass.	Flannery	McReynolds	Tarver
Chandler	Folger	Magnuson	Taylor, Tenn.
Chapman	Gamble	Mapes	Thomas, N. J.
Clark	Gavagan	Marshall	Treadway
Claypool	Gifford	Myers	Vincent, Ky.
Connery	Halleck	Peterson, Fla.	Vinson, Ga.
Cooley	Hartley	Pierce, Oreg.	Wadsworth
Crosser	Healey	Poage	White, Idaho
Culkin	Hook	Polk	Wood
Curley	Izac	Powers	Woodruff, Mich.

The SPEAKER. Three hundred and thirty-four Members are present, a quorum.

Mr. RANDOLPH. Mr. Speaker, I move that further proceedings under the call be dispensed with.

The motion was agreed to.

EXTENSION OF REMARKS

Mr. BURDICK. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

SALE OF MILK, ETC., IN THE DISTRICT OF COLUMBIA

Mr. RANDOLPH. Mr. Speaker, I should like to renew the unanimous consent request for time for general debate, and I ask that the time be limited to 3 hours, one-half to be controlled by the gentleman from Illinois [Mr. DIRKSEN] and one-half by myself.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

Mr. SMITH of Virginia. Mr. Speaker, reserving the right to object, I desire to reserve all points of order against the bill. I desire to make certain points of order against the bill before we go into Committee of the Whole. I will be glad to discuss them at this time. I also understand that the gentleman from West Virginia will yield me 30 minutes.

Mr. RANDOLPH. Yes. I have so promised the gentleman.

Mr. SMITH of Virginia. Does the Chair care to hear me on the points of order at this time?

The SPEAKER. If the gentleman desires to make a point of order on the bill the Chair thinks this is the proper time to do so.

Mr. SMITH of Virginia. Mr. Speaker, I make a point of order, first, that the hearings on this bill, the Schulte bill, to a large extent were held during the time that the House was in session, and that no consent had been given by the House for that committee to continue its sittings.

Mr. Speaker, that is a question that I do not think has arisen very often, but it has arisen, and of course, it is customary, whenever a committee desires to sit during the sessions of the House, to ask and obtain unanimous consent for that purpose.

I have a precedent here which I would like to call to the Speaker's attention. It occurred during the second session of the Seventy-third Congress, and the report of the matter appears on page 7057 of the CONGRESSIONAL RECORD. It is very brief. It is only a few lines. Perhaps I had better read it.

THE COMMITTEE ON BANKING AND CURRENCY

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent that the Committee on Banking and Currency may be permitted to sit during the sessions of the House today and tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. STEAGALL. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. STEAGALL. What would be the ruling of the Chair on a point raised that the reporting of a bill was ordered to be made in the committee while the House was in session, the committee not having had the permission of the House to sit during the session of the House?

The SPEAKER. The Chair understands the rule to be that a committee can transact no business at all while the House is in session, unless that committee has the permission of the House to sit during the session of the House. The Chair will read the rule:

"No committee of the House, except the Committee on Rules, shall sit during the sittings of the House without special leave."

Mr. Speaker, someone might say, "Well, the hearings on the bill were a mere incident of the bill, and were not necessary. I grant, Mr. Speaker, that the committee has power, if it chose to do so, to report a bill to the House without hearings; but I respectfully submit and emphatically submit that if a committee does hold hearings on a bill, that committee must hold legal hearings; and the committee having decided to hold hearings on this bill, and then having held hearings at a time when all the proceedings of that committee were absolutely void and of no effect, I respectfully submit to the Speaker that that makes any further action of the committee taken on that bill in the same category.

Now, in connection with that point of order, perhaps it would be well for me to discuss the other point of order, which I have, because the two are related.

The SPEAKER. Will the gentleman state his second point of order?

Mr. SMITH of Virginia. Yes, sir. The Speaker will recall that there was a special committee designated by this House to investigate the milk question, which was referred to a subcommittee of the District of Columbia. This Schulte bill was also referred to the same subcommittee. While the subcommittee on investigation was in the midst of its hearings, at which those of us interested were required to attend, the gentleman from Indiana [Mr. SCHULTE], who was the author of the Schulte bill, undertook to hold hearings simultaneously with the regular committee. In other words, without any consent of the House, without any consent of the chairman of the Committee on the District of Columbia, the subcommittee split itself into two subcommittees and proceeded to hold hearings at the same time on matters, both of which related to the same subject.

Now, Mr. Speaker, it is readily seen that those of us who were interested in the investigation and were likewise interested in the legislation, were required to do the impossible thing of being in two places at the same time, and also when the House was in session, and contrary to the rules of the House.

Mr. Speaker, I raised that point when the matter came up in the subcommittee about splitting these hearings, and I pointed out to that subcommittee, Mr. Speaker, that it was obviously impossible for those to whom this legislation and investigation were both extremely important, to be present at both places at the same time, and it was obviously improper that that committee should hold hearings on two matters at the same time. However, my objections were not sustained by the committee. But I want the House to know that the objection was made at the time, so that those of us who objected to these hearings were not sleeping on our rights in any way, shape, or form.

The SPEAKER. Is it conceded that the hearings conducted by this split meeting of the subcommittee were at a time authorized by the rules of the House?

Mr. SMITH of Virginia. No, sir; the hearings from time to time were conducted, and I think the committee will bear me out, intermittently, while the House was in session. Those hearings were carried on in the afternoon in both subcommittees after the House had convened and without any permission from the House so to do. Have I answered the Speaker's question? I have concluded my remarks.

Mr. SCHULTE. Mr. Speaker, may I be heard on the points of order?

The SPEAKER. The Chair will be glad to hear the gentleman from Indiana on the points of order.

Mr. SCHULTE. Mr. Speaker, the gentleman from Virginia just made the statement that hearings were held on the Schulte bill by a subcommittee without the approval of the chairman of the committee. Again the gentleman from Virginia is wrong, because the chairman of the committee, the gentleman from Kentucky [Mr. BATES], gave us permission to hold the hearings.

The gentleman from Virginia says they were not notified. The gentleman from Virginia himself gave me the names of about 35 producers who were interested.

We held hearings in the morning and again we held hearings at night, when the House was not in session; and the gentleman from Virginia was notified to the effect that we would be glad to hear everybody interested, that the committee would be absolutely willing, and tickled, and pleased to give everyone an opportunity. Hearings were held at night, Mr. Speaker, and the printed hearings we have here so show. I believe that we were within our rights when we held these meetings.

Mr. SMITH of Virginia. Mr. Speaker, if I may be heard a moment or two longer to correct a misstatement——

The SPEAKER. The Chair will be glad to hear the gentleman from Virginia further.

Mr. SMITH of Virginia. When I referred to the chairman of the committee I referred to the chairman of the full Committee on the District of Columbia who would be the only person under any construction of rules who could give that permission; I did not refer to the chairman of the subcommittee.

The gentleman misunderstood me if he thought I said I was not notified, for I was present when the suggestion was made that the committee split itself, and I protested vigorously at that time; so, of course, I was notified.

Mr. DIRKSEN. Mr. Speaker, with the indulgence of the Chair I would like to address myself very briefly to the two points of order.

The SPEAKER. The Chair will be very glad to hear from the gentleman from Illinois.

Mr. DIRKSEN. The first point of order was with respect to sittings of the subcommittee without permission of the House. I did not happen to be a member of the subcommittee, but it occurs to me, Mr. Speaker, that if action on the request were taken in the full District Committee meeting, it would come within the rule. Whether or not the subcommittee sat at a time when they did not have permission of the House is a matter that is susceptible of proof, and the gentleman from Virginia offers no specific proof as to dates and places that I have heard.

Mr. KENNEDY of Maryland. Mr. Speaker, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. KENNEDY of Maryland. The gentleman from Indiana offered a bill, but there has been no evidence of anyone having obtained permission to sit when the House was in session.

Mr. DIRKSEN. I may say to the gentleman from Maryland that the action of the full committee was entirely regular insofar as reporting this bill is concerned; and in my judgment, in view of the fact that no action was taken in the subcommittee at any time when it may have been meeting at a time not permitted by the rules.

Mr. KENNEDY of Maryland. I am not familiar with the action of the subcommittee.

Mr. DIRKSEN. With respect to the second point of order, Mr. Speaker, there is a certain informality in the District Committee, and jurisdiction is vested in the chairman of the committee with respect to the appointment of subcommittees and the splitting of subcommittees. This, however, is a matter that has never been determined on the floor of the House; but whether or not a subcommittee could split itself into two distinct committees would not be the basis, Mr. Speaker, of a valid point of order against the bill.

I emphasize once more as to the first point of order, that it occurs to me that the action was taken when at least 10 members of the committee had their watches in hand to make sure that they were going to comply with the rules of the House so that whatever action they brought back here would be in conformity with the rules.

Mr. SHAFER of Michigan. Mr. Speaker, may I be heard on the point of order?

The SPEAKER. The Chair will be glad to hear the gentleman from Michigan on the points of order.

Mr. SHAFER of Michigan. Mr. Speaker, I believe that the RECORD will show that the gentleman from Virginia [Mr. SMITH], who has raised this point of order at the request of the chairman of the Committee on the District of Columbia, once and possibly twice himself requested permission of the House for this subcommittee making the so-called milk investigation to meet while the House was in session. I believe the point raised by the gentleman from Illinois [Mr. DIRKSEN], is well taken, that the gentleman from Virginia [Mr. SMITH] should give the House specific times when he claims the committee met without permission of the House. As a member of the subcommittee I know of no time when the committee met without permission of the House.

As for night sessions of the subcommittee, I do not believe it is necessary to obtain any special permission of the House for a committee to meet in the evening.

Mr. Speaker, as far as the split in this committee is concerned, it might be well to say that there was no split of it as far as the investigation was concerned; that the committee was split, so-called, when the gentleman from Indiana [Mr. SCHULTE] and others desired hearings on the Schulte bill. Hearings were held on the Schulte bill at the same time the investigating committee was in session.

The SPEAKER. The Chair is prepared to rule on the points of order presented by the gentleman from Virginia [Mr. SMITH].

The pending bill, against which the points of order have been made, is a bill to amend the act entitled "An act to regulate within the District of Columbia the sale of milk, cream, and ice cream, and for other purposes," approved February 27, 1925.

The gentleman from Virginia has raised two points of order against the bill, and the Chair assumes against its consideration by the House.

The first point of order made by the gentleman from Virginia [Mr. SMITH] is that hearings on the bill were held during sessions of the House of Representatives by a subcommittee. Second, that such subcommittee split into two subcommittees or divisions for the purpose of considering the subject matter.

The gentleman from Virginia [Mr. SMITH] has very properly called attention to the rule of the House with reference to the sitting of committees, which the Chair will quote:

> No committee except the Committee on Rules shall sit during the sitting of the House without special leave.

It so happens that these hearings and the jurisdiction conferred upon the District of Columbia Committee and the subcommittee was by special resolution of the House itself, of which the gentleman from Virginia [Mr. SMITH] was the author.

The Chair quotes from the resolution:

> *Resolved*, That the House Committee on the District of Columbia, or a duly authorized subcommittee thereof, be, and is hereby,

authorized and directed to make a full and complete investigation of (1) the sources and purity of the milk and cream supply of the District of Columbia; (2) of any violation of the law of the District of Columbia or regulations of the District Commissioners made pursuant thereto with respect to the importation of milk or cream into the District of Columbia or importation of unlicensed milk or cream into the District of Columbia and the method by which such violations are perpetrated; (3) the possible effect upon the health of the community by reason of the unlawful importation of unlicensed milk or cream into the District of Columbia; (4) whether and to what extent cream for ice cream purposes, under section 4 of the 1925 Milk Act of the District of Columbia, is being diverted unlawfully to milk or cream for fluid consumption; (5) whether any conspiracy exists on the part of any distributor of any dairy products to violate the provisions of the 1925 District Milk Act or the regulations made pursuant thereto; (6) the propriety and feasibility of licensing, or otherwise permitting under proper regulation, in such manner as to fairly protect the safety and health of consumers in the District of Columbia, the entry into the District of Columbia of so-called western cream and milk, and cream and milk from any available sources in the United States for fluid, manufacturing, or other use in the District of Columbia and on the Washington market; (7) and whether the 1925 Milk Act and all other acts relating to the importation, distribution, and inspection of milk and dairy products require modification, alteration, or improvement in order to insure an adequate supply of milk and dairy products for the residents of the District of Columbia at reasonable and fair prices.

* * * * * * *

For the purposes of this resolution, the said committee or any subcommittee thereof is hereby authorized to sit and act at such times and places within the United States, whether the House is sitting or has recessed or has adjourned, to hold such hearings, to require the attendance of such witnesses, and the production of such books or papers or documents or vouchers by subpena or otherwise, to take such testimony and records, and to employ such clerical and other assistants as it deems necessary.

* * * * * * *

That the said committee shall report to the House of Representatives at the earliest practicable date the result of its investigation together with its recommendations for the enactment of desirable or necessary legislation or regulations.

For the purposes of this decision, the Chair is clear that the following authority given the full committee is absolutely governing on the points of order raised by the gentleman:

For the purposes of this resolution, the said committee or any subcommittee thereof is hereby authorized to sit and act at such times and places within the United States, whether the House is sitting or has recessed or has adjourned, to hold such hearings, to require the attendance of such witnesses, and the production of such books or papers or documents or vouchers by subpena or otherwise, to take such testimony and records, and to employ such clerical and other assistants as it deems necessary.

The resolution further provides:

That the said committee shall report to the House of Representatives at the earliest practicable date the result of its investigation together with its recommendations for the enactment of desirable or necessary legislation or regulations.

Mr. SMITH of Virginia. Mr. Speaker, I am afraid I did not make myself clear. Notwithstanding the power of the subcommittee to sit for the purpose of investigation, I do not think there is anything in the resolution which authorized the subcommittee to split for the purpose of considering an entirely separate and independent bill not offered by the committee, but a bill offered by another Member of Congress which in due course had been referred to that committee. In other words, Mr. Speaker, this subcommittee was not sitting pursuant to the resolution of the House at all. The subcommittee was sitting pursuant to its regular legislative duties to consider bills which had been regularly introduced and referred to that subcommittee.

This bill was never originated in the subcommittee nor introduced by the subcommittee as such. It was a new piece of legislation. I desire to make myself clear on that point.

The SPEAKER. The Chair is of the opinion that the full and plenary power given under this resolution to the committee or subcommittee would authorize the committee to sit and consider anything relating to the subject matter of the investigation.

The Chair is clearly of the opinion from the excerpts of the resolution just read, authorizing this investigation, that it was a departure from the fixed rules of the House, and there was given to the committee exceptional power which conferred upon it jurisdiction to do the matters which apparently it has done.

The Chair is furthermore constrained to feel that the full committee in reporting to the House under the jurisdiction conferred upon it by House Resolution 113 has the authority to report this bill for the consideration of the House.

For the reasons stated above, the Chair overrules the points of order made by the gentleman from Virginia [Mr. SMITH].

Is there objection to the request of the gentleman from West Virginia [Mr. RANDOLPH] with reference to the time of general debate? May the Chair inquire, Was debate, under the gentleman's request, to be confined to the bill?

Mr. RANDOLPH. That is correct.

The SPEAKER. The Chair will restate the request of the gentleman from West Virginia [Mr. RANDOLPH].

The gentleman asks that general debate on the pending bill be limited to not to exceed 3 hours, to be confined to the bill, one-half of which will be controlled by the gentleman from Illinois [Mr. DIRKSEN] and one-half to be controlled by the gentleman from West Virginia [Mr. RANDOLPH], chairman of the Committee on the District of Columbia. Is there objection?

Mr. SCHAFER of Wisconsin. Mr. Speaker, reserving the right to object, if this request is agreed to with reference to confining debate to the bill, will that preclude a discussion of questions which have a vital bearing on the actions which preceded the recommendation by the committee, such as the violation of the fourth and fifth amendments to the Constitution, the reprehensible, sneaking, dictograph, and wiretapping practices which entered into the investigation conducted by the subcommittee?

The SPEAKER. The Chair does not understand to whom the gentleman is addressing his query.

Mr. SCHAFER of Wisconsin. I am addressing the chairman of the Committee on the District of Columbia who presented the unanimous-consent request.

The SPEAKER. The Chair thinks it proper to state that it would be a question for determination by the Chairman of the Committee of the Whole as to the relevancy of arguments that might be made in general debate.

Mr. SCHAFER of Wisconsin. Will the chairman of the committee in charge of the bill raise a point of order and try to pin one down to a discussion confined strictly to the bill if he sought to discuss some matters which are vitally related to this bill and which may not technically relate to the bill itself?

Mr. RANDOLPH. The chairman of the committee, I may say, and I believe all Members of this House, will want a full and thorough discussion of the pending measure and facts pertinent thereto.

Mr. SCHAFER of Wisconsin. I shall not object to the unanimous-consent request, Mr. Speaker.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

The SPEAKER. The question is on the motion of the gentleman from West Virginia.

The question was taken; and on a division (demanded by Mr. SMITH of Virginia) there were—ayes 118, noes 23.

Mr. COX. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently there is no quorum present. The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 268, nays 45, not voting 117, as follows:

[Roll No. 105]

YEAS—268

Alexander	Angell	Bates, Ky.	Bolton
Allen, Ill.	Arends	Bates, Mass.	Boykin
Allen, Pa.	Ashbrook	Beckworth	Bradley, Mich.
Andersen, H. Carl	Austin	Blackney	Bradley, Pa.
Anderson, Calif.	Ball	Boland	Brooks
Andresen, A. H.	Barnes	Bolles	Brown, Ga.

Bryson	Gossett	Lesinski	Robsion, Ky.
Buck	Graham	Lewis, Ohio	Rogers, Mass.
Bulwinkle	Grant, Ala.	Luce	Rogers, Okla.
Burdick	Grant, Ind.	Ludlow	Romjue
Burgin	Green	McAndrews	Routzohn
Carter	Gregory	McCormack	Schaefer, Ill.
Case, S. Dak.	Griffith	McGehee	Schafer, Wis.
Chiperfield	Griswold	McKeough	Schiffler
Church	Gross	McLean	Schuetz
Cluson	Gwynne	McMillan, John L.	Schulte
Clevenger	Halleck	McMillan, Thos. S.	Schwert
Cochran	Hare	Maas	Scrugham
Coffee, Nebr.	Harness	Maciejewski	Secrest
Coffee, Wash.	Harrington	Mahon	Shafer, Mich.
Cole, N. Y.	Hart	Maloney	Shanley
Colmer	Harter, Ohio	Mansfield	Sheppard
Cooper	Havenner	Marcantonio	Short
Corbett	Hawks	Martin, Colo.	Sirovich
Costello	Healey	Martin, Iowa	Smith, Conn.
Courtney	Heinke	Martin, Mass.	Smith, Maine
Creal	Hendricks	Mason	Smith, Ohio
Crowe	Hess	Massingale	Smith, Wash.
Cummings	Hill	May	South
Curtis	Hinshaw	Merritt	Sparkman
Darrow	Hobbs	Michener	Spence
Dempsey	Holmes	Mills, La.	Springer
DeRouen	Horton	Mitchell	Starnes, Ala.
Dirksen	Houston	Monkiewicz	Stearns, N. H.
Disney	Hull	Monroney	Stefan
Dondero	Jacobsen	Mott	Sumner, Ill.
Dowell	Jarman	Mouton	Sutphin
Doxey	Jarrett	Mundt	Sweeney
Duncan	Jenkins, Ohio	Murdock, Utah	Talle
Dunn	Jenks, N. H.	Murray	Taylor, Colo.
Dworshak	Jensen	Nelson	Tenerowicz
Eaton, N. J.	Johns	Nichols	Terry
Eberharter	Johnson, Ill.	Norrell	Thill
Edmiston	Johnson, Ind.	Norton	Thomas, Tex.
Elliott	Johnson, Luther A.	O'Brien	Thomason
Ellis	Johnson, Okla.	O'Connor	Thorkelson
Elston	Johnson, W. Va.	O'Day	Tibbott
Englebright	Jones, Ohio	Oliver	Tolan
Faddis	Jones, Tex.	O'Neal	Van Zandt
Fenton	Kee	Osmers	Voorhis, Calif.
Fernandez	Keefe	O'Toole	Vorys, Ohio
Flaherty	Keller	Patman	Vreeland
Ford, Leland M.	Kerr	Patrick	Wallgren
Ford, Miss.	Kilday	Patton	Warren
Ford, Thomas F.	Kirwan	Pearson	Welch
Fries	Kitchens	Peterson, Fla.	Wheat
Fulmer	Kleberg	Pierce, Oreg.	Whelchel
Garrett	Knutson	Pittenger	White, Ohio
Gathings	Kocialkowski	Rabaut	Whittington
Gehrmann	Kramer	Ramspeck	Wigglesworth
Gerlach	Lambertson	Randolph	Williams, Del.
Geyer, Calif.	Lanham	Rankin	Williams, Mo.
Gibbs	Larrabee	Rayburn	Wolcott
Gifford	Lea	Reed, Ill.	Wolverton, N. J.
Gilchrist	Leavy	Rees, Kans.	Woodruff, Mich.
Gillie	LeCompte	Richards	Youngdahl
Gore	Lemke	Robinson, Utah	Zimmerman

NAYS—45

Brewster	Gearhart	Moser	Sandager
Burch	Guyer, Kans.	Pace	Sasscer
Byrns, Tenn.	Hancock	Parsons	Satterfield
Byron	Harter, N. Y.	Peterson, Ga.	Seccombe
Carlson	Hoffman	Plumley	Smith, Va.
Cole, Md.	Hope	Poage	Walter
Cox	Hunter	Polk	Ward
Crawford	Kennedy, Md.	Reece, Tenn.	Winter
Culkin	Kinzer	Reed, N. Y.	Woodrum, Va.
D'Alesandro	Kunkel	Risk	
Darden	Lewis, Colo.	Robertson	
Flannagan	Mills, Ark.	Rutherford	

NOT VOTING—117

Allen, La.	Connery	Hook	Ryan
Anderson, Mo.	Cooley	Izac	Sabath
Andrews	Crosser	Jeffries	Sacks
Arnold	Crowther	Johnson, Lyndon	Seger
Barden	Cullen	Kean	Shannon
Barry	Curley	Kelly	Simpson
Barton	Delaney	Kennedy, Martin	Smith, Ill.
Beam	Dickstein	Kennedy, Michael	Smith, W. Va.
Bell	Dies	Keogh	Snyder
Bender	Dingell	Landis	Somers, N. Y.
Bland	Ditter	McArdle	Steagall
Bloom	Doughton	McDowell	Sullivan
Boehne	Douglas	McGranery	Sumners, Tex.
Boren	Drewry	McLaughlin	Taber
Brown, Ohio	Durham	McLeod	Tarver
Buckler, Minn.	Eaton, Calif.	McReynolds	Taylor, Tenn.
Buckley, N. Y.	Engel	Magnuson	Thomas, N. J.
Byrne, N. Y.	Evans	Mapes	Tinkham
Caldwell	Fay	Marshall	Treadway
Cannon, Fla.	Ferguson	Martin, Ill.	Vincent, Ky.
Cannon, Mo.	Fish	Miller	Vinson, Ga.
Cartwright	Fitzpatrick	Murdock, Ariz.	Wadsworth
Casey, Mass.	Flannery	Myers	Weaver
Celler	Folger	O'Leary	West
Chandler	Gamble	Pfeifer	White, Idaho
Chapman	Gartner	Pierce, N. Y.	Wolfenden, Pa.
Clark	Gavagan	Powers	Wood
Claypool	Hall	Rich	
Cluett	Hartley	Rockefeller	
Collins	Hennings	Rodgers, Pa.	

So the motion was agreed to.

The Clerk announced the following pairs:

General pairs until further notice:

Mr. Cannon of Missouri with Mr. Mapes.
Mr. Bland with Mr. Wadsworth.
Mr. Doughton with Mr. Treadway.
Mr. Collins with Mr. Barton.
Mr. Sullivan with Mr. Wolfenden of Pennsylvania.
Mr. Barden with Mr. McLeod.
Mr. Cullen with Mr. Gartner.
Mr. McLaughlin with Mr. Crowther.
Mr. Drewry with Mr. Ditter.
Mr. Vinson of Georgia with Mr. Seger.
Mr. Weaver with Mr. Taber.
Mr. Cooley with Mr. Rich.
Mr. Tarver with Mr. Landis.
Mr. Steagall with Mr. Powers.
Mr. Dies with Mr. Taylor of Tennessee.
Mr. Martin J. Kennedy with Mr. Cluett.
Mr. Boehne with Mr. Simpson.
Mr. Dickstein with Mr. Engel.
Mr. Beam with Mr. Fish.
Mr. Kelly with Mr. Thomas of New Jersey.
Mr. Evans with Mr. Rockefeller.
Mr. Cartwright with Mr. Tinkham.
Mr. Patton with Mr. Rodgers of Pennsylvania.
Mr. Caldwell with Mr. Gamble.
Mr. McReynolds with Mr. Jeffries.
Mr. Keogh with Mr. Pierce of New York.
Mr. West with Mr. Douglas.
Mr. Clark with Mr. Hartley.
Mr. Shannon with Mr. Brown of Ohio.
Mr. O'Leary with Mr. Andrews.
Mr. Lyndon B. Johnson with Mr. Eaton of California.
Mr. Delaney with Mr. Hall.
Mr. Magnuson with Mr. Kean.
Mr. Hennings with Mr. Miller.
Mr. Chapman with Mr. Bender.
Mr. Chandler with Mr. Marshall.
Mr. Allen of Louisiana with Mr. McDowell.
Mr. Cannon of Florida with Mr. Buckler of Minnesota.
Mr. Pfeifer with Mr. Folger.
Mr. Casey of Massachusetts with Mr. Fay.
Mr. Vincent of Kentucky with Mr. Smith of Illinois.
Mr. Martin of Illinois with Mr. Fitzpatrick.
Mr. Byrne of New York with Mr. Snyder.
Mr. Arnold with Mr. Buckley of New York.
Mr. McArdle with Mr. Connery.
Mr. Sumners of Texas with Mr. Michael J. Kennedy.
Mr. Boren with Mr. Barry.
Mr. Myers with Mr. Smith of West Virginia.
Mr. Somers of New York with Mr. Sacks.
Mr. Bloom with Mr. Ryan.
Mr. Durham with Mr. Sabath.
Mr. Celler with Mr. Wood.
Mr. Dingell with Mr. Ferguson.
Mr. Izac with Mr. Flannery.
Mr. Bell with Mr. Murdock of Arizona.

Mr. HARTER of New York and Mr. HOFFMAN changed their votes from "yea" to "nay."

The result was announced as above recorded.

The doors were opened.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 6316, with Mr. JONES of Texas in the chair.

The Clerk read the title of the bill.

Mr. RANDOLPH. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

Mr. SMITH of West Virginia. Reserving the right to object, Mr. Chairman, this is a bill that has excited very considerable interest, and I believe the Members ought to hear it. Therefore, I object to dispensing with the reading of the bill.

The Clerk read as follows:

Be it enacted, etc., That section 2 of the act entitled "An act to regulate within the District of Columbia the sale of milk, cream, and ice cream, and for other purposes," approved February 27, 1925 (D. C. Code, title 20, sec. 1252), is amended to read as follows:

"SEC. 2. (a) No person shall keep or maintain a dairy or dairy farm within the District of Columbia, or produce for sale any milk therein, or bring or send into said District for sale any milk, without a permit so to do from the health officer of said District, and then only in accordance with the terms of said permit. Said permit shall be for the calendar year for which it is issued and shall be renewable annually on the 1st day of January of each calendar year thereafter. Application for said permit shall be in writing upon a form prescribed by said health officer, and shall be accompanied by such detailed description of the dairy or dairy farm or other place where said milk is produced and handled, sold or offered for sale, as the said health officer may require, and shall be accompanied by a certificate signed by an officer of the Health Department of the District of Columbia, the United States Department of Agriculture or some veterinarian authorized by the United States Department of Agriculture or the Health Department of the District of Columbia detailed for the purpose, certifying the cattle producing

such milk are physically sound, and shall in addition be accompanied by a certificate signed by one of the officials aforesaid certifying the cattle producing such milk have reacted negatively to the tuberculin test as prescribed by the Bureau of Animal Industry, United States Department of Agriculture, within 1 year previous to the filing of the application: *Provided*, That as used in this act the words 'person' or 'persons' shall be taken and construed to include firms, associations, partnerships, and corporations, as well as individuals: *Provided, however*, That the health officer may accept the certification of a State or municipal health officer: *Provided further*, That final action on each application shall, if practical, be taken within 30 days after the receipt of such application by the health department.

"(b) No person shall keep or maintain in the District of Columbia any plant or place of manufacture for the manufacture of ice cream nor bring or send ice cream into the District of Columbia for sale or storage thereon in said District, without a permit so to do from the health officer of said District, and then only in accordance with the terms of said permit. Said permit shall be for the calendar year only for which it is issued and shall be renewable annually on the 1st day of January of each calendar year thereafter.

"(c) Cream, conforming to the definition hereinafter stated, shall be admitted into the District of Columbia for sale therein for any purpose: *Provided*, That the dairy outside of the District of Columbia shipping such cream into said District shall hold a permit from the health officer of said District so to do; said permit shall be for the calendar year only for which it is issued, and shall be renewable annually on the 1st day of January of each calendar year thereafter. Application for said permit shall be in writing upon a form prescribed by said health officer, and it shall be accompanied by such detailed description of the dairy farm where said cream is handled as the said health officer may prescribe; that said permit shall be granted by the health officer when it has been established to his satisfaction that the said dairy holds a permit from an authorized medical milk commission or State board of health; that such application shall be further accompanied by a statement from such medical milk commission or State board of health that all of the cows producing the milk from which such cream is separated have been tested in accordance with the State laws in which the said cows are located, and have reacted negatively to the tuberculin test, and that said test was made in accordance with the laws of such State; that all such cream brought or sent into the District of Columbia shall be received and thereafter maintained in said District at a temperature no higher than 50° F., shall contain no coli bacillus or visible dirt, shall contain no foreign substance or adulterant, and shall contain not more than 50,000 bacteria."

Mr. HOFFMAN (interrupting the reading of the bill). Mr. Chairman, I ask unanimous consent that the further reading of the bill be dispensed with.

Mr. KENNEDY of Maryland. I object, Mr. Chairman.

The Clerk concluded the reading of the bill.

Mr. RANDOLPH. Mr. Chairman, I yield 20 minutes to the gentleman from Indiana [Mr. SCHULTE].

Mr. SCHULTE. Mr. Chairman, you have noted the tactics that have been used here for the past 2 hours and a half; roll call after roll call, technicality after technicality, have been advanced. This is what some of the members of this investigating committee have been up against ever since the resolution has been introduced with regard to investigating the monopoly that exists around the District of Columbia. This is why some of us who have been very active in trying to get legislation to knock down this most vicious wall have had to fight hard, and fight exceptionally hard. We have had every obstacle thrown in our way that we possibly could have, and it is very gratifying to us to see the House stand by the majority of the members of the District Committee, who do want to see fair play and want to see the bill brought upon the floor for consideration on its merits and voted either up or down. [Applause.]

Mr. Chairman, just 3 days ago an old lady, 71 years of age, who has five children, came into the office and handed me a little slip which is entitled "Monopoly." It reads as follows:

Monopoly in commerce, the control of production, distribution, and price of any article or commodity of widespread citizen consumption or usage, such as milk, cream, butter, wheat, flour, bread, sugar, cotton, coal etc., whereby comparatively few persons, as citizens, associations, or corporations, seize unto themselves the power to dictate the supply and price to citizens at large, to occupy a preferred position of underselling or overselling, underpricing or overpricing, so as to destroy their weaker rivals in open competition. The exclusive right to market constitutes a monopoly contrary to both public policy and statutes, as giving a few the right to fix prices at their own will and not by the laws of trade in open competition.

Monopoly is permissible to patents and copyrights only.

Then she makes this comment:

Considered from all angles of its indispensable aspects of nutritious health-giving food values so essential to men, women, and children of every American city household from infancy to the grave, it may be truly said that a milk monopoly constitutes the most fiendish monopoly ever imposed on humanity in a supposedly free democratic nation.

Mr. Chairman, the investigating committee that was appointed to investigate the milk situation in this area has found that beyond a doubt there is no question that one of the most vicious monopolies in the United States exists here. It is a monopoly composed of producers and distributors, with the consumer having no voice in the matter whatever. We find that the producers live in Maryland and Virginia. You have been told by some that Pennsylvania can come in. Yes; they can, just as much as Honolulu can come in; there is not a chance under the sun. They tell you all you have to do is to meet the milk regulations. That is right. There are but a select few that they will let meet those milk regulations, and they constitute the monopoly around the District of Columbia. You have 300 members of the Maryland Producers' Association, who have all base and no surplus. Then you have some of the so-called little fellows out in the woods, who have about 70 percent base and 30 percent surplus.

Let us see how poor some of these poor souls are that we are going to try to hurt. We are going to take all phases of it.

The list was given me by the gentleman from Virginia [Mr. SMITH], and these are the men he brought in as producers and requested they be heard with regard to proposed regulations for the District of Columbia. There are about 35 in all. So when we started holding the hearings, some of these fellows came in with sheafs about this size [indicating], regular books, and wanted to dilly-dally and use the same tactics as those being used here today, with the result that the committee, wanting to hear all of them, saw fit to say that we would confine them to 10 or 15 or 20 minutes. We thought that would give ample time, and they called a strike on us and these so-called producers walked out. This is the reason some of them were not heard.

Now, let us see what happens to some of these poor producers. We have one fellow here who has a 116-gallon base, and according to his testimony the price he gets is from 24 to 30 cents a gallon, which is the price paid to the producers.

Here is a fellow with 116 gallons a day at 25 cents a gallon, and according to his own testimony he gets $27 a day or $710 a month, or $8,520 a year—just a poor farmer.

Here is another fellow that has a 210-gallon base, who gets 26 cents, or $54.60 a day, $1,638 a month, or $19,656 a year—another poor farmer.

You have not heard anything yet. Here is another poor one who gets 800 gallons a month, which is eighty 10-gallon cans a day from this one farmer, and he gets 24 cents a gallon, or $192 a day, or $5,760 a month, or $69,120 a year—another poor farmer.

Mr. SCHAFER of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. SCHULTE. Yes.

Mr. SCHAFER of Wisconsin. Will the gentleman put that poor farmer's name in the RECORD?

Mr. SCHULTE. Mr. Lawson W. King, of Gaithersburg, Md., and this gentleman is a side-line farmer. He is an automobile agent and this same thing is true of about 40 percent of these men. They do not depend on farming for a living or on the milk business.

Here is another one who has 170 gallons a day, gets 24 cents a gallon, or $15,177.60 a year.

Mr. COFFEE of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. SCHULTE. I yield to the gentleman.

Mr. COFFEE of Nebraska. Will the gentleman put in the RECORD what it costs these farmers to produce this milk?

Mr. SCHULTE. Yes; one man said it cost around 17 cents a gallon. Here is another farmer who sells 140 gallons, gets 24 cents a gallon——

Mr. SMITH of Virginia. Mr. Chairman, will the gentleman yield?

Mr. SCHULTE. I have only 20 minutes and we are going to give the gentleman all the time he wants. The gentleman is going to have plenty of time.

This man sells 140 gallons at 24 cents a gallon, or $33.60 a day, or $1,008 a month, or $12,096 a year. This is another poor farmer they are pleading for, and he does not have to depend upon this milk for a living; and so it goes all the way down the line.

Here is another man with 140 gallons a day and an income of $11,289.60 a year.

Here is another one, Frankie Saunders, of Leesburg, and this gentleman is also in another business, and gets 230 gallons, and, according to his own figures, he gets 24 cents a gallon, or $55.20 a day, or $18,547.20 a year.

These are names furnished to me, some of them by the gentleman from Virginia [Mr. SMITH].

There are not any of us here who want to hurt the little farmer. Let me say that I am very sympathetic toward the little farmer; but do these figures look to you like they are little farmers that we are trying to protect? There are men right now in Arlington County, Va., that have farms and want to sell their milk here, but they are told, "No, no; you have not joined the monopoly, and you cannot sell in the District of Columbia." Oh, the District of Columbia is operated by the Maryland-Virginia Producers' Association, and they are telling the District of Columbia who can sell milk. Now, that is just one part of the situation here.

There was so-called bootlegging going on, this Producers' Association stated; and let us see what they mean by bootlegging. It meant that some of these independent distributors got tired of being filched out of their money by this combine, and they went out into Indiana, Michigan, Pennsylvania, and Ohio, and they brought in the products and sold them here; and with the aid of the corporation counsel they took seven patrol wagons and around 20 policemen and went down and raided this dairy and brought them into the court. Oh, what criminals they were because they brought in milk, and this same association, the Maryland-Virginia Producers' Association, had their own tester there for no reason at all. He had no right there, but he was there, and they tested this cream that was brought in, and the cream tested better than the cream the Maryland-Virginia Producers' Association was selling to the people in the District of Columbia.

Mr. SHAFER of Michigan. Mr. Chairman, will the gentleman yield right at that point?

Mr. SCHULTE. Yes.

Mr. SHAFER of Michigan. Is it not true that our investigation showed that the Maryland-Virginia milk producers also bootleg milk here from outside of the Washington shed, and is it not true that this load of bootleg milk was seized by these milk inspectors here, the information laid on the desk of the corporation counsel on April 6, and that nothing has been done to this day about prosecuting the Maryland-Virginia milk producers?

Mr. SCHULTE. The gentleman is absolutely right. That is the point that I was going to bring out. They have had these folks arrested. I want you to follow this story. They bring in cream from Ohio, Pennsylvania, Michigan, and Indiana, this same outfit. It was all right for them to go out and buy cream from the same source and bring it into the District of Columbia. That was all right, but when an independent producer undertook to do that, it was entirely wrong. Let us see how much further they go; let us see where this combine is. We have only three distributors here, practically only two, who do not buy from this cooperative, or from this combine, this monopoly—only two. The pathetic part is this: One of the independents had a contract with a Federal agency here to furnish the milk. Mr. Derrick, secretary and treasurer, admitted to this, and we have his testimony. Usually the Maryland-Virginia outfit got 26 to 28 cents. They sell from 26 to 28 cents to the distributors.

To the cooperatives, who are in opposition to the independent distributors, according to his testimony, he will sell milk at 17 cents a gallon until the independent distributor goes broke, and then the price goes to 30 cents. That is what we have had to fight, according to the testimony offered by this Mr. Derrick, who is the secretary and treasurer. I have no quarrel with Mr. Derrick. If he can get away with that, that is all right.

The salaries of this Maryland-Virginia Association amount to $44,000 a year. That is the salary of the producer. In addition to that, they spent $46,000 for detectives. That is the most despicable thing that could be wished on any man in this Congress. Let me say this: It is no pleasure to serve on the District of Columbia Committee. I have been a Member of this House for 7 years, and as one of the members of the subcommittee I say here and now that I had nothing to do with the wire-tapping; I had nothing to do with that despicable form of action, putting dictographs in anyone's room. Had that been called to the attention of the full committee or this subcommittee, there would have been none of that intolerable and low-down practice of putting dictographs in any Member's room to embarrass a Member and blackjack him and make him vote.

Mr. BATES of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. SCHULTE. Yes.

Mr. BATES of Kentucky. Why does the gentleman say that is a low-down thing, when you use that thing to catch low-down crooks?

Mr. SCHULTE. The gentleman is right; but I never knew any Member of Congress was a low-down crook.

Mr. BATES of Kentucky. Nobody is talking about a Member of Congress, and nobody was taking a Member of Congress in a hotel downtown, and the gentleman knows there were no dictographs in any Government building.

Mr. SCHULTE. I would not bet on that after what happened.

Mr. SCHAFER of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. SCHULTE. Yes.

Mr. SCHAFER of Wisconsin. Putting a dictograph into a person's hotel room is in violation of the fourth and fifth amendments to the Constitution—the Bill of Rights. I agree with what the gentleman has said; it is despicable, it is reprehensible, and I believe the time is at hand when this Congress should appoint a select investigating committee to investigate the milk-investigating committee and let the people know that we do not believe in the Ogpu system of espionage as practiced in Moscow.

Mr. SCHULTE. I thank the gentleman from Wisconsin for that contribution. That is not the only bad phase of this whole thing.

Now, Mr. Chairman, that is not the only bad phase of it. Let us look at the distributors. They are not angels either. Here is one outfit—I just want you to follow these figures. This is why this fight is being made. The president of one outfit gets $14,200 a year. Two vice presidents at $10,200 each; one vice president at $6,100; another one at $9,700. That is not all of it.

Mr. HEALEY. Mr. Chairman, will the gentleman yield?

Mr. SCHULTE. I yield.

Mr. HEALEY. What organization is the gentleman referring to?

Mr. SCHULTE. That is the National Dairies. That is just the officials.

Mr. HEALEY. You mean an affiliate of National Dairies?

Mr. SCHULTE. An affiliate of National Dairies; just one little organization.

Mr. HEALEY. Chestnut Farms——

Mr. SCHULTE. Yes.

Mr. HEALEY. What is the other part of that hyphenated name?

Mr. SCHULTE. I do not know just what it is. Chestnut Farms-Chevy Chase, I think.

Mr. SCHAFER of Wisconsin. Will the gentleman yield?

Mr. SCHULTE. I yield.

Mr. SCHAFER of Wisconsin. Is it not a fact that this affiliate now distributes about 50 percent of the milk sold in the District of Columbia?

Mr. SCHULTE. They have more than that. They have about 65 percent.

Mr. SCHAFER of Wisconsin. They have more than 50 percent. I was trying to be conservative.

Mr. SCHULTE. Now, that total salary amounts to $50,400 for the officials. That does not take in the drivers nor the help or anything like that. Then after charging off depreciation of $187,000, this still leaves as profit $462,205.

Those are the figures that were given us. There are other dairies here that have the same amount. There are other dairies, for instance, some of the independents——

Mr. BOLLES. Mr. Chairman, will the gentleman yield?

Mr. SCHULTE. I yield.

Mr. BOLLES. Those figures are those of the auditor, are they not?

Mr. SCHULTE. Yes. These were given by the auditor who made the audit of the books.

Then, in addition to that, we have some others. We have other presidents who are getting $12,000 a year. I am referring to the Fairfax-Embassy. The Fairfax president gets $12,000; the president of the Embassy gets $12,000. That is $24,000. Those are the salaries of the presidents.

These are some of the things that enter into this situation, why milk is selling at 14 cents a quart, and one of the men who produces it said if they got by this bill they are going to charge 15 cents, because it costs them so much to feed their cows. In other words, they are threatening us. Then again they threaten us and say, "Well, what we are going to establish here, we are going to have a board or a commission."

There is not a city in the United States today where they have a commission, that does not want to get rid of it. The mayor of Occoquan, Va., protested very vociferously. A milk distributor in Occoquan wants to sell his milk for 10 cents, but the Virginia law says, "No, no; you must charge 14 cents."

The CHAIRMAN. The time of the gentleman from Indiana has expired.

Mr. RANDOLPH. Mr. Chairman, I yield the gentleman 10 additional minutes.

Mr. SCHULTE. He wants to sell milk for 10 cents, and the law says, "No, you must have 14."

Now, my good friend from Rhode Island [Mr. SANDAGER], I am very much in sympathy with him. He is a very affable gentleman, and I have the highest regard and the highest respect for the gentleman from Rhode Island, but he is trying to wish another commission on the District of Columbia, and that is typical of the same set-up that they have in Virginia. I want to say that the people in Alexandria, Va., are seriously contemplating a change in their legislature because of this bill that exists today, yet they say, "We want to bring one of those things into the District of Columbia." All that does is freeze the price of milk at 14 cents or 15 cents.

Mr. ROBSION of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. SCHULTE. I yield.

Mr. ROBSION of Kentucky. I have been very much interested to know how these persons accomplish the things that you speak of. What is behind it that brings about these conditions, that enable them to do this?

Mr. SCHULTE. I may say frankly to the gentleman from Kentucky that is the thing we are trying to ferret out, to show that there is not any question of a doubt but that there is a monopoly existing or a contract between the distributors and producers, with the poor consumer holding the sack, because here in the District of Columbia, unfortunately, they have no voice in this situation. They must depend upon the Members of Congress to legislate for them. They have nothing to say whatever. In your State or my State if this existed, they would vote out of office any man who attempts to hold up the price to 14 or 15 cents.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. SCHULTE. I yield.

Mr. AUGUST H. ANDRESEN. Do these producers and distributors operate under a milk-marketing agreement sanctioned by the Secretary of Agriculture?

Mr. SCHULTE. No; they do not.

Mr. AUGUST H. ANDRESEN. So that whatever agreement they have is a combination outside of the recent Marketing Agreement Act?

Mr. SCHULTE. That is right.

Mr. AUGUST H. ANDRESEN. It might then be construed to be a combination in restraint of trade.

Mr. SCHULTE. I will say to the gentleman that I agree with him entirely, in view of the statement made by Mr. Derrick, when he appeared before this committee, where he is furnishing one of the distributors with milk at 17 cents on any order that he can take away from any independent producer who does not buy milk from this co-op outfit.

Mr. AUGUST H. ANDRESEN. May I say further I understand the combination is so strong that they only take in such producers within this milkshed as they desire?

Mr. SCHULTE. That is all, and no other man can get in. The little producers—I am talking about the farmers, for whom every day we vote money, every day we are trying to help those poor souls in distress in Maryland and Virginia, but they do not have a Chinaman's chance to get into this market. Oh, no; not those folks. Under the United States public health bill they cannot get in here, I will say to the gentleman.

Mr. BATES of Massachusetts and Mr. KITCHENS rose.

Mr. SCHULTE. I have only 10 minutes, Mr. Chairman; I cannot yield.

You have heard it said that what we are trying to do is to bring in impure milk. Impure milk! We are trying to bring it in. Let us see how impure this milk is. It is being used in St. Louis, it is being used in the city of Chicago, and it has been used right here in the District of Columbia, brought in by the Producers' Association. The purity of this milk is far above that of the milk that is being sold in the District of Columbia today. [Applause.]

The United States Public Health Service is a creation and creature of this Congress composed of the best brains in the United States, we all agree, brought in under various administrations, the Public Health Service. Who is there among us that shall say that it is not capable of writing a pure health law?

Mr. BATES of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. SCHULTE. I yield.

Mr. BATES of Massachusetts. I have been interested, of course, in this bill as a member of this committee. I would like to ask the gentleman whether in view of the figures he has given the Committee he considers 24 cents a gallon, or 6 cents a quart, an excessive price to pay the producer? That is question No. 1. Question No. 2——

Mr. SCHULTE. Let me answer question No. 1. No one, including the farmers, have ever been able to establish a price because of the fact that the men around here do not do their own work. The fellows that we are trying to protect are the men, and they say 17 cents a gallon is great.

Mr. BATES of Massachusetts. Has the gentleman ever taken it up with the Department of Agriculture to see what a fair price to the producer would be in this district?

Mr. SCHULTE. I have not, I may say to the gentleman from Massachusetts. The producers around here get from 17 to 18 cents.

Mr. BATES of Massachusetts. So that the producers get 6 cents.

Mr. SCHULTE. A quart or a gallon?

Mr. BATES of Massachusetts. Six cents a quart.

Mr. SCHULTE. I am talking about the price per gallon. Now, Mr. Chairman, I cannot yield further to the gentleman from Massachusetts; he can get his own time.

Mr. McKEOUGH. Mr. Chairman, will the gentleman yield?

Mr. SCHULTE. I yield.

Mr. McKEOUGH. As I understood the gentleman's statement a moment ago the gentleman said that the provisions of his bill set up a standard for milk in the District of Columbia similar to the standard used in Chicago.

Mr. SCHULTE. The gentleman is correct.

Mr. McKEOUGH. Is it not true that the city of Chicago has the lowest infant-mortality rate of any city of comparable size in the world?

Mr. SCHULTE. It has, I will say to my good friend, Mr. McKEOUGH.

Mr. McKEOUGH. Then the standards the gentleman's bill sets up are sufficiently adequate to safeguard the people of the District of Columbia.

Mr. SCHULTE. I may say to my good friend from Chicago, that the health record of the District of Columbia, comparable for its size, is low; it ranks second or third. The Public Health Service comes into the picture and, my friends, we are misled. They would have you believe that we would lower the standards.

Mr. McKEOUGH. Mr. Chairman, will the gentleman yield further?

Mr. SCHULTE. I yield.

Mr. McKEOUGH. Is it not true that the milk it is proposed to bring into the District of Columbia under the gentleman's bill is now going into Chicago, and has been for years, and has contributed to this fine health record of the city of Chicago?

Mr. SCHULTE. Not only Chicago, but Boston and other large cities.

Mr. SHAFER of Michigan. Mr. Chairman, will the gentleman yield?

Mr. SCHULTE. I yield.

Mr. SHAFER of Michigan. It is not only selling in Chicago but it is selling in Michigan at 9 cents a quart, and the producer is getting 5 cents a quart.

Mr. McKEOUGH. Mr. Chairman, if the gentleman will yield, I thank the gentleman from Michigan for that observation. I would like to add, if the gentleman will permit—and it will not take long—that is because of the very fine administration of the city of Chicago.

Mr. SHAFER of Michigan. I know very little about that.

Mr. HEALEY. Mr. Chairman, will the gentleman yield?

Mr. SCHULTE. I yield.

Mr. HEALEY. Does the gentleman think that the spread between 6 cents a quart paid the producer and 14 cents a quart paid by the consumer is a warranted spread?

Mr. SCHULTE. No; I do not think so.

Mr. HEALEY. Does not the gentleman think that is exorbitant?

Mr. SCHULTE. I do.

Mr. HEALEY. A spread of 8 cents.

Mr. SCHULTE. I think that is an exorbitant spread between the producer and the consumer. One producer told us that in the event this bill becomes law he will sell milk in the District of Columbia for 12 cents; and he has reiterated that statement on different occasions.

Going back to the United States Public Health Service, as I was saying before, it is a creation of this body, made possible because of the United States Congress. It is composed of doctors, veterinarians, and men taken from every walk of life. They have made a survey of this milkshed—I want you to pay particular attention to what I am about to say—they have made a survey of this shed. Speaking of the purity of the milk—this is the District of Columbia about which they are speaking—they said that we were trying to tear it down. Mr. Fuchs gave the following information as to milk ratings: Raw milk, 83; pasteurized, 75.4, or an average rate of 83.4 in this milkshed. The city of Chicago right now, according to Mr. Kruger, rates 93 percent. What do they mean when they say we are trying to tear down the health standards? What we are trying to do is to break up a monopoly and give the people in the District of Columbia milk at 12 cents a quart, and at that purer milk than they are getting today.

We are trying to knock down a trade barrier that exists in the District of Columbia. That is our only interest in this matter. I am not trying to protect any one. I do not blame the Maryland-Virginia producers for trying to hold up their price. I am not blaming the distributor for trying to keep up his price, and God knows you cannot place the blame on the consumers.

I have any number of letters and telephone calls, and I am sure the gentleman from Michigan [Mr. SHAFER], the gentleman from Illinois [Mr. DIRKSEN], and others have received a great many. May I say there is a crying need in the District of Columbia for pure milk so that the little children and babies can get a sufficient supply.

[Here the gavel fell.]

Mr. RANDOLPH. Mr. Chairman, I yield the gentleman 1 additional minute.

Mr. SCHULTE. Mr. Chairman, our only interest in this matter is to try to help those who cannot help themselves in bringing about an adequate supply in the District of Columbia, something they have never had heretofore. There is less consumption of milk in the District of Columbia than in any other city of comparable size in the United States, and this is because of the monopoly that exists here.

Mr. Chairman, I hope the Committee will see fit, when we finish the debate this afternoon, and after a lot of technicalities will be raised and at the conclusion of a great many roll calls, to help the people of the District of Columbia by giving them 12-cent milk and vote for the United States Public Health Code. [Applause.]

[Here the gavel fell.]

Mr. DIRKSEN. Mr. Chairman, I yield 5 minutes to the gentleman from Rhode Island [Mr. SANDAGER].

Mr. SANDAGER. Mr. Chairman, at the outset let me assure you I have no interest in the milk situation in Washington beyond a desire to have it cleared up so that it will not keep bobbing in here at every session of the Congress. For this reason I am not in favor of H. R. 6316. I am not in favor of that bill because, laudable as the intent of the author is to break up an apparent monopoly, it does not go far enough, and when I say it does not go far enough, I mean that it will not end the milk war, in my opinion. I cannot see how by this bill you can end the ruthless battle between the Chestnut Farms Dairy, the local unit of the Milk Trust, and the Fairfax-Embassy, independent distributor. The battle will go on just as merrily over the distribution of Indiana or Wisconsin milk as it does over the control and distribution of milk produced in Virginia and Maryland.

I do not believe this bill is the answer to end the savage and ruthless struggle for control of distribution. Originally I was for the Schulte bill, not because I have any farmers in Rhode Island who want to ship milk to this area, but because I was convinced there was something sour about the milk situation, and I still think so. I fail to distinguish between a tiger with black and yellow stripes and a tiger with yellow and black stripes. Who was wrong originally in this Washington situation, I do not know. The story is lost in this ruthless battle for control, with neither side giving nor asking quarter.

Mr. KELLER. Will the gentleman yield?

Mr. SANDAGER. I yield to the gentleman from Illinois.

Mr. KELLER. I would like to know who was not wrong originally.

Mr. SANDAGER. I think the gentleman's question is well put. I cannot tell him. It is a good thing the gentleman from Kentucky [Mr. BATES] was chairman of the subcommittee, because he recognizes a feud when he sees it, and that committee saw this was the real McCoy—with no attempt at a pun. We had the same kind of a Kilkenny row in Rhode Island, when I was in the legislature. One year the farmers would be in asking for relief; the next year the distributors would be in claiming they did not get a square deal, and we soon found on Capitol Hill in Providence that the milk row was the most tiresome and the longest legislative problem we had. So back in 1934 I spoke to them one day when they were arguing and fighting and said: "Listen, we will not get anywhere this way. Let us appoint a board. Let the distributors be represented, let the consumers be represented, and let the producers be represented. Then get out of here and settle their own problems outside of the chamber and stew in your own juice and do not bother us any more."

So we set up a milk board and since that time it has worked like a charm. When the control board comes back

in for legislation, the members come in agreement because they know that otherwise the agricultural committees of the State Legislature of Rhode Island will pull them all in and soon find out who is wrong.

Mr. KELLER. What was the result of that arrangement on the price of milk?

Mr. SANDAGER. The price of milk, I will be candid enough to say, has not been substantially reduced. About 1 cent per quart.

Mr. KELLER. How about the quality?

Mr. SANDAGER. The quality is just the same.

Mr. KENNEDY of Maryland. Will the gentleman yield?

Mr. SANDAGER. I yield to the gentleman from Maryland.

Mr. KENNEDY of Maryland. Is that not the very thing that the subcommittee of the District Committee recommends be done in the District of Columbia?

Mr. SANDAGER. There is a bill which has been introduced by the chairman, Mr. BATES of Kentucky, providing for that.

Mr. KENNEDY of Maryland. That is the result of these hearings that we have had on this question from time to time?

Mr. SANDAGER. Yes.

[Here the gavel fell.]

Mr. DIRKSEN. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. BATES of Massachusetts. Will the gentleman yield?

Mr. SANDAGER. I yield to the gentleman from Massachusetts.

Mr. BATES of Massachusetts. The State from which the gentleman comes has gone through the same experience over many years?

Mr. SANDAGER. It used to be a dog fight every year we were in session.

Mr. BATES of Massachusetts. The same situation has existed in the State of Massachusetts, where I come from, and for the last year the producers and the farmers in my part of the State—in fact, all north of Boston—have been in a turmoil because of the condition that has existed up there where there is an attempt at some kind of control. What we are doing by the adoption of a bill of this kind is to open up a price war in the District of Columbia. That is what we are doing.

Mr. SANDAGER. The gentleman has anticipated my conclusion. I would like to go on and finish.

The answer to this milk war here is, I believe, a control board. Why should Congress every year have to waste its time going into this milk situation? Set up a milk board and the people of Washington, who, by the way, are always asking for the right to run their own affairs, can at least handle the milk business, fix the retail price, and take the whole affair out of Congress. If a row does develop in the milk board, we can call the board in and settle the dispute quickly on the basis of the various reports we get from its members instead of wasting 6 or 7 weeks and several thousands of dollars trying to find out who the rascals are by calling in every Tom, Dick, or Harry. As I told you before, I do not know much more about this Washington situation than I did when the hearings started, except that the feeling here over the milk proposition is too bitter to be healthy.

Mr. DONDERO. Mr. Chairman, will the gentleman yield for a question?

Mr. SANDAGER. I yield to the gentleman from Michigan.

Mr. DONDERO. Is anything involved in this contest as to the price of milk, I mean, to the effect that the farmers are getting more than they should?

Mr. SANDAGER. Yes; there have been all sorts of angles. I should like to go into that if I had the time.

Mr. DONDERO. As a rule, they do not get any too much for their milk.

Mr. SANDAGER. The farmers are not the ones who are to blame.

There has been so much discussion and so much bitterness in this milk fight that I am surprised that there has not been bloodshed in this milkshed before now.

I have no ax to grind and my only idea is to endeavor to end this guerilla warfare; but I do not feel ending it at the expense of the Virginia and Maryland farmers, who would be the Belgians of a milk price war. And let me warn you, just as sure as I am standing here, that the passage of the Schulte bill will start a price war in which the only survivors will be the Milk Trust and such producers and distributors as have sufficient resources to hang on until peace is restored.

Milk is a perishable product. So far as is possible, it should be consumed within the area where it is produced. Its purity and quality cannot be too successfully maintained in hot weather and it cannot withstand too long shipment.

If you pass this bill, you break down the Washington milkshed and raise havoc with other farmer cooperative units in other parts of the country. Let us go slowly in this proposition. After all, we come from other parts of the country, and this milk situation here in Washington should be no selfish concern of ours. Tomorrow we start a 10-hour debate over neutrality. I ask you to be neutral in this milk dispute. That it needs control and remedy, I am the first to admit. But I deny that you can end it by breaking down the milkshed and starting a price war.

No; the logical thing is to let the people of Washington handle this themselves by a milk-control board, as suggested in the Bates bill. Do that, and probably, just the same as in Rhode Island, this will be the last we shall hear for a long time about Washington milk. But if you do not do it, I warn you we shall have a continuation of the bitter feud between the trust and the independents, with, what is still worse, a price war that will ruin the nearby farmers who ship milk to Washington, and which may have disturbing repercussions all through the eastern, southern, and middle west sections of the country. So, if you do not want the old black cat to be slinking into Congress next year, you will substitute for the Schulte bill the Bates bill, H. R. 6922, which is calculated to permanently settle the milk row by the appointment of a board.

Mr. BOLLES. Mr. Chairman, will the gentleman yield?

Mr. SANDAGER. I yield to the gentleman from Wisconsin.

Mr. BOLLES. Does the gentleman believe in fixing the price of milk by this Commission? Does the gentleman believe in price-fixing?

Mr. SANDAGER. Precisely. I believe that with two consumers on the Milk Board and two producers and one distributor you will have a situation where the price can be kept down.

Mr. BOLLES. The price is fixed now, is it not?

Mr. SANDAGER. The price is fixed now, but not the way I would fix it.

Mr. SHAFER of Michigan. Mr. Chairman, will the gentleman yield?

Mr. SANDAGER. I yield to the gentleman from Michigan.

Mr. SHAFER of Michigan. If you are going to have producers and distributors on this Milk Board, why not include representatives of the Owens Bottle Co., the truckmen's union, and others?

Mr. SANDAGER. Because they are not primarily interested.

Mr. SHAFER of Michigan. They are as much interested in the question as the producers.

Mr. SANDAGER. Oh, no; that is not so. I do not see how they possibly could be. [Applause.]

[Here the gavel fell.]

Mr. DIRKSEN. Mr. Chairman, I yield 10 minutes to the gentleman from Pennsylvania [Mr. GROSS].

Mr. GROSS. Mr. Chairman, I have never stood on my feet to talk about something in which I was more intensely interested than I am in this milk proposition in Washington, D. C., although I have never sold any milk here. I am selling on other markets.

I cannot understand why we should get so exercised about this milk trouble in Washington, D. C., when we have it everywhere else. I am not here to defend the retail price of milk in Washington. God knows it is too high, but milk will never be sold cheaper here through the enactment of the

Schulte milk bill. This milk bill has its origin in the biggest milk brokers in America, who want to come here, and who have avowed and boasted years ago of their ability to bootleg milk and cream; and they have been bootlegging it in here. These milk and cream gyps have their long fingers out everywhere. They come into Washington, D. C., now in the shape of this Schulte milk bill under the guise that they want to give the people of Washington, D. C., cheaper milk. The gentleman from Indiana [Mr. SCHULTE] brought out that they are paying in this milkshed to their largest producers 6 cents a quart. If they are paying 6 cents a quart and selling it for 14 cents a quart, do you imagine that they will sell it any cheaper? Do you not know that a gang of thieves that will take 8 cents a quart off the poor people on milk is going to take 10 if the opportunity presents itself? They are interested in only one thing; that is, in buying cheaper milk, not in selling cheaper milk. We have the evidence of that everywhere. They admit they have bootlegged a lot of milk in here. They have admitted that they bought cheap milk, but they never sold cheaper milk. They are the same people who sent a letter to my desk this morning saying that I should be interested in behalf of the Schulte milk bill. These are the same people who have in Chicago and other markets dumped vast sums of money in order to get themselves in there and be in a position where they could either invite cutthroat competition and eliminate competitors or make more money by getting together.

Do not be misled. You give the Fairfax Co. the opportunity to sell cheaper milk here and they will not sell it. They will do like the European nations that fight each other but agree on one thing, "Do not pay America." That is the way the milk dealers in Washington will do. They cut each other's throats for the business, but they agree on one thing: "Do not sell milk any cheaper to the consumer."

This bill permits the Washington dealers to go out and buy their milk anywhere, and I want to say to you and put particular emphasis on it that Washington will get its milk from anywhere, and Washington will be the victim of having distress milk and surplus milk continually. The result will be that when the surplus milk grows less in quantity and when there is no distress milk Washington may find itself at times with no milk.

Mr. KUNKEL. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Pennsylvania.

Mr. KUNKEL. What does the gentleman mean by "distress milk"?

Mr. GROSS. I mean by "distress milk" this: A market may have a certain quantity of milk known as basic which is being consumed daily. It may have a certain quantity of milk known as surplus, for the handling of which provision has not been made. But let it remain a week in one area where there are a lot of cows and you get as much as 10 percent increased milk. That is known as distress milk.

Mr. BATES of Massachusetts rose.

Mr. GROSS. I cannot yield. I have only 10 minutes and I have many things to say.

If this bill passes milk will come in here from everywhere. Tomorrow you may get six carloads from my own county and some of my milk is in that lot, and the next week you will get milk from Indiana, and the next week from Omaha. I have seen it come that far. The next week it may come from Kentucky. You will get it from everywhere, but when there comes a drought or a snowstorm or there is ice Washington will not have any milk.

I want to say to you, and say it most emphatically, there is no monopoly here between the producers and your dealers. This thing lies in the hands of the fellows who are taking 8 cents a quart profit on milk.

The farmers who are getting 6 cents a quart for their milk are not getting cost of production. I have the figures on my own herd and I have stacks of cost-of-production figures on herds in my own State made by the Pennsylvania State College, and the cost of production is not any cheaper now, and they are not getting cost of production at 6 cents a quart.

I want to tell you another thing, and that is that these big boys who are getting so many thousand dollars a year are spending this money on their farms to dodge their income tax, and you cannot gage matters by those boys and you cannot lick them. They are going to keep on shipping milk. I am pleading for the man who milks from 6 to 10 cows, who is dependent on that industry for a living, and if you let these dealers buy milk everywhere you are going to bankrupt thousands of farmers in this community, and you fellows who vote for this bill will have the righteous indignation cast upon you by the milk producers throughout the length and breadth of this land.

I want to tell you another thing when they talk about trade barriers. You cannot compare the milk industry with any other industry. These farmers out here who are supplying Washington with milk, started years ago to meet your regulations and as your municipality grew they developed and they grew and spent their hard-earned dollars and put their money back into new milk houses and new barns and new milk cans and what not, and they have gone along and supplied you with your milk and by all the rules of the game these men who are producing milk in the territory surrounding this municipality and have developed their plants in order to give you a good supply of good and wholesome milk, have never got rich out of it, and they are certainly now entitled to this market. You cannot compare milk with any other commodity, because the time may come when you will have another drought and you will not be able to get the milk you need here.

I want to say further that the dairy cooperatives are the strongest and most powerful we have and I challenge any man here to show me where a farm group have ever overstepped any of their rights or have violated any rules of common decency in their bargaining with anyone. I have known the farm cooperative leaders east of Chicago for the last 20 years personally and I am here to defend them; they have always been men who have recognized the obligations we owe and that is why we cannot sell farm commodities above the world market level and hold our market. The retail prices have never been set by the farmers. They have been set by the rascals who are taking 8 cents a quart out of the milk that is sold here. I am dragging my boys and girls out of bed at 5 o'clock in the morning to ship milk at $1.40 a hundred, and I want to tell you that it is the farm cooperative that is making it possible to get these farmers $2 and $3 a hundred for milk and they are rendering a definite service, and the farm cooperative in your district is doing the same thing. They are rendering a decided service and you cannot do anything better than to help them in this situation, and I cannot understand why a motion-picture operator should go ahead today and defend these cream gyps. I am talking for the man who produces the milk and for 5 years I sat on a board and helped to bring about the sale of $23,000,000 of milk a year.

I know what they will do to this city. It will be the worst disgraced city, and there will be the worst milk-price war you ever heard of. The very fellows that promise to sell cheaper milk could do it now, but they will not do it. The gentleman from Indiana [Mr. SCHULTE] showed you the salaries they are paying, and the spread they are taking. He showed you they get cheap milk in here, and yet with all that, just show me the consumers that got any of it.

Mr. KUNKEL. Mr. Chairman, will the gentleman yield,

Mr. GROSS. Yes.

Mr. KUNKEL. The net result of this will be that the small farmer on the average small farm with a few cows and small outlet for his milk in the long run will have his milk price driven down.

Mr. GROSS. As this milk comes in from everywhere, your local producers will have to shut up shop. They are barely getting along now, and when you most need it, you will not have it, and I say to you there is no justification for this, and no Member of this House can go and square himself with his people back home if he votes for this bill and no farming

community should support a man who helped to break down these things.

Mr. ROBSION of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. GROSS. Yes.

Mr. ROBSION of Kentucky. The gentleman from Indiana [Mr. SCHULTE] said that this would help the milk producers in Pennsylvania. The gentleman on the floor is from Pennsylvania and is a milk producer himself.

Mr. GROSS. Yes.

Mr. ROBSION of Kentucky. And he is against this bill?

Mr. GROSS. Yes.

Mr. BATES of Massachusetts. And is it not true also that if this milk comes in in the volume you say it is going to come in, that the same thing will happen now that happens in Massachusetts, where with distress milk the farmer will get 3 cents a quart?

Mr. GROSS. They would not be able to sell it at all in many cases, and you fellows west of the Alleghenies, let me tell you this. There is more milk east of the Allegheny Mountains today than will meet the demand. We are flooded with milk all through this country. Every city is pouring it down the sewers today.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. DIRKSEN. I yield the gentleman 1 minute more.

Mr. CRAWFORD. Does the gentleman believe this statement in the report?—

> The investigation disclosed that there are monopolies controlling this milk.

Mr. GROSS. If there is any monopoly, I do not know of it. There is no monopoly so far as the farmer is concerned.

Mr. CRAWFORD. If there is any, why would not section 2 of the Capper-Volstead Act correct the situation instead of requiring legislation of this kind?

Mr. GROSS. You need no legislation here. The people of this city can iron this out themselves. A lady told me in the committee meeting, and it is a matter of record, that she controls 2,000 families trying to make their dollars go as far as they can. If she will go as a consumer cooperative and talk to the biggest milk gyps in this city and say she wants milk given to these 2,000 families at such a price, she will get it. They tell you they will not, but they will for the business of 2,000 families. I have seen the dealers go so far from the path to get the business of 2,000 families that I believe they would sell it for 8 cents.

One thing is sure, Washington will buy its milk from the same dealers who now serve it, regardless of whether this bill passes or not.

The CHAIRMAN. The time of the gentleman from Pennsylvania has again expired.

Mr. DIRKSEN. Mr. Chairman, I yield myself 10 minutes.

It might be well as we go along to restate the proposition that confronts us today. The membership of this committee can appreciate that in the first week in March of this year there came into the District of Columbia a load of cream from Indiana. That cream was promptly seized. The truck driver and all those related thereto were promptly haled into durance, and then they came up and complained to some of the Members of Congress. A test was made of the cans of milk on that truck, and, oddly enough, and the record will so show, beyond all contradiction, the cream that came from Indiana tested invariably higher than the cream sold in the District of Columbia. Someone apparently said that here was the entering wedge of an opportunity to open up what is known as the Washington-Virginia-Maryland milk shed, and so there appeared on the floor of this House a resolution introduced by the gentleman from Virginia [Mr. SMITH] to investigate the purity and the health of the milk supply, and the adequacy of the milk supply and sundry other things. When that measure was on the floor, it was definite that it had no teeth, and gentlemen will remember that for the first time, at least in my experience in 7 years in this Congress, the control of that resolution passed from the majority side to the minority side, when the previous question was voted down. The bill was then open for amendment, and the gentleman from Indiana [Mr. HALLECK] offered an amendment as did the gentleman from Wisconsin [Mr. HULL], and that measure, with the necessary teeth, set up a committee to conduct an investigation of this whole matter. That investigation was entrusted to the Subcommittee on Public Health of the District of Columbia Committee.

I need not recite all the details. I was not a member of the committee, except as ex officio ranking minority member, but I sought, insofar as time permitted, to keep abreast of the situation.

There was an investigation and much was dished up on the front pages of the newspapers. Then came the time for some kind of action on the part of the committee. The subcommittee split. There was a divergent opinion there, but when the bill which is before us today finally came before the full committee, it received a very substantial vote. So it represents, I believe, the opinion of those who have given some time and study to the matter.

I have nothing but admiration and respect for all those who are identified with the matter. The gentleman from Kentucky [Mr. BATES], chairman of the subcommittee, has worked laboriously. He gave a great deal of his time afternoons and evenings holding hearings before the subcommittee for the purpose of ascertaining the truth and getting at the problem that confronted him.

As a result of these deliberations, two bills were presented, one known as the Schulte bill which is before us today; another one, known as the Bates bill, which provides for the establishment of a Milk Commission in Washington. I assume that in the course of things that bill will be offered as the effort of the minority to displace the pending bill. Whether it succeeds or not is purely a matter of question, but there is upon us, as Members of Congress who are invested under the Constitution with the duty and responsibility of legislating for the District of Columbia and for its people, to consider well the thing that is before us. When I say that, let me point out this: I certainly would not be a party to any kind of legislation which would make it possible for undulant fever or other milk-bone disease to break out among the milk users of Washington. I have seen such cases and they are nothing to laugh at. So we have to be careful about the health in the District of Columbia.

Second, adequacy of the supply, and following these, the whole question of price that has been injected into it.

Now, the bill that is pending before you this afternoon is nothing more than an enabling act, so to speak, which makes applicable to the District of Columbia provisions of the United States Public Health Service milk ordinance. That is what is before you. It does not purport particularly to be a price measure. It seeks only to protect health, and in so doing make it impossible to use unreasonable or arbitrary health restrictions in order to throw a wall around a given area or milkshed whereby the price can be held up abnormally high. The economic factor directly is not involved here. As I said, this is an enabling act that puts the United States Public Health Service milk ordinance into effect.

What is that milk ordinance? It dates back to 1923. Here it is. It is sent out to localities, to communities, to areas, to milksheds—suggested forms for an ordinance. And who was the advisory committee that worked on finally perfecting this ordinance? You will be interested in some of the names. Outstanding in the industry, H. A. Whittaker, director, division of sanitation, State health department, Minneapolis, Minn., chairman,

C. A. Abele, director, bureau of inspection, State health department, Montgomery, Ala., member.

Dr. Paul B. Brooks, deputy commissioner of health, State health department, Albany, N. Y., member.

W. D. Dotterrer, Bowman Dairy Co., 140 West Ontario Street, Chicago, Ill., member.

V. M. Ehlers, director, bureau of sanitary engineering, State board of health, Austin, Tex., member.

Alfred H. Fletcher, city health department, Memphis, Tenn., member.

Dr. John G. Hardenbergh, Walker-Gordon Laboratory Co., Inc., Plainsboro, N. J., member.

Henry F. Judkins, Sealtest, Inc., 120 Broadway, New York, N. Y., member.

Ernest Kelly, Chief, Division of Market-Milk Investigations, United States Department of Agriculture, Washington, D. C., member.

H. A. Kroeze, director, bureau of sanitary engineering, State board of health, Jackson, Miss., member.

Paul F. Krueger, board of health, Chicago, Ill., member.

Alan Leighton, Bureau of Dairy Industry, United States Department of Agriculture, Washington, D. C., member.

George W. Putnam, Creamery Package Manufacturing Co., Chicago, Ill., member.

Seth W. Shoemaker, 825 Sunset Street, Scranton, Pa., member.

E. S. Tisdale, chief engineer, division of sanitary engineering, State health department, Charleston, W. Va., member.

L. C. Frank, senior sanitary engineer, Sanitation Section, United States Public Health Service, Washington, D. C., secretary.

They are those who served in an advisory capacity who brought about this standard milk ordinance of the United States Department of Public Health. The act that is before us today seeks only to make it applicable to Washington, in lieu of the act of 1925.

Now, where is this applicable today? In 2,316 communities in the United States. Dr. Fuchs has testified to that fact. What has been the record? His record is before me. The statement he has made is before me, to the effect that in the 16 years that the United States Department of Public Health has kept the figures in these areas where this ordinance has been in effect, there has not been a single case of milk-borne fever or disease from pasteurized milk. Do you need any more assurance for the sake of the health of 600,000 people in the District of Columbia?

This enabling act which would make this ordinance applicable is certainly foolproof, from the records of the United States Department of Public Health, going back over an ascertained period of 16 years, when there has not been a single loss of life or a single case of milk-borne disease from pasteurized milk where this ordinance has been in effect.

Mr. SANDAGER. Will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. SANDAGER. Does the gentleman believe that the passage of this bill will settle the dispute amongst the milk producers in the District of Columbia?

Mr. DIRKSEN. Not being blessed with the gift of the seven veils, and not having the gift of prophecy, I cannot say, of course. But I will say this to my very genial friend from Rhode Island, as between this standard and the standard that we have now, this is probably an improvement. It changes the grading system somewhat. But it is a fact that under the records that have been made the District of Columbia today grades lower, under the United States Public Health Service milk ordinance, than it does under the health regulations at the present time. I do not know whether it will end the dispute or not; but I think this is a step in the right direction, largely because where this ordinance is in effect you get uniformity, you get standardization of inspection, and why should those who are in some contiguous or remote area, who comply with the provisions of this same standard that we would seek to give to the District of Columbia, not be able to sell their milk here if they were disposed to do so? Such milk must grade at least 90 before inspection by the District can be waived.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. DIRKSEN. Mr. Chairman, I yield myself 5 additional minutes.

Mr. KENNEDY of Maryland. Will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. KENNEDY of Maryland. I wanted to ask the gentleman if the original Schulte bill introduced on May 15 contained the ordinance he referred to?

Mr. DIRKSEN. I do not recall offhand. I do not believe the original bill did, did it?

Mr. KENNEDY of Maryland. The original bill did not. That was offered as an amendment in the whole committee and it was not considered by the subcommittee as such.

Mr. DIRKSEN. All this was agreed to by a very substantial vote of the full District Committee, and that is why the points of order made by the gentleman from Virginia [Mr. SMITH] today did not receive approval.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. CRAWFORD. I gather from the gentleman's remarks just made that this bill does not move in the direction of correcting the monopoly control that the committee states exists here at the present time.

Mr. DIRKSEN. It moves partly in that direction.

Mr. CRAWFORD. Through the sanitary provisions?

Mr. DIRKSEN. Through the avoidance of unusual restrictions; and when I say that, if the gentleman will indulge me, I will explain what I mean. I used to keep cows when I was a youngster in high school. I had to go through high school on the sales of milk, and I know what it is to get up early and milk several cows, hang a lot of milk cans on the end of a broomstick, and peddle them down the street in the morning, and after school pick up the empty cans. So as an old cow hand, as it were, I know something of the subject.

Under existing regulations on any farm in the District of Columbia wherever there are barns they must have 600 cubic feet of space per cow with 3½-foot stanchions. I ask how you are going to write an inflexible provision in law that would cover the situation? What would be the matter with 550 cubic feet of air space per cow? I never did find out how much air space my cows had; all I knew was that they were healthy; that they were tuberculin tested; that cream came to the top of the cans and the people liked the milk I sold.

Mr. SHAFER of Michigan. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. SHAFER of Michigan. Is it not true that milk is the same whether it is produced in an apartment house, a tenement house, or a mansion?

Mr. DIRKSEN. Oh, I think so.

Another provision of existing regulations in the District of Columbia says that open drains are forbidden in cow yards. The United States Department of Public Health finds that closed drains are apt to be clogged up and are probably worse than open drains. So you see there are some farms that probably would comply with the United States Public Health regulations but not with the District of Columbia regulations. The object of this bill is to make it possible for producers who comply with the public-health regulations to qualify to send their milk into the Washington milkshed.

Here is another provision. This is from existing regulations:

> The hair on the flanks, tails, and udders of each cow shall be kept closely clipped at all times, udders and teats washed with clean water immediately before milking, and dried with a clean, dry, individual towel. Chlorine disinfecting solution or powder is added to water used for washing. Facilities for washing and drying hands of milkers shall be provided.

The United States Public Health Service Code has this requirement:

> The flanks, bellies, and tails of all milking cows shall be free from visible dirt at the time of milking. Go over each one with a stiff brush, preferably using water freely at the same time, to assist in cleansing and to prevent dust. Grooming is facilitated by clipping the flanks, belly, and bags, and by cutting the brush of the tail so that it does not drag. Udders shall be washed with a chlorine solution before milking. Milkers' hands shall be clean, washed with a bactericidal solution, and dried with a clean towel immediately before milking and following any interruption to milking operations.

Do you think it is necessary to have an individual towel for every cow? Do you think that all of these exacting requirements are just exactly necessary in order to protect the health of the District of Columbia? No; they operate adversely; they make it impossible for certain producers to

qualify just because of some detail, perhaps; and who is to stand up here and argue that that milk is not just as sanitary, just as clean, just as wholesome, and just as palatable as the milk that is being sold in Washington today? So you can examine what we have today and compare it with what is being offered in the pending bill, which is an enabling act to put into effect the public-health regulations, and I think you will find the quality of the milk will be improved, if anything.

[Here the gavel fell.]

Mr. DIRKSEN. Mr. Chairman, I yield myself 5 additional minutes.

You will find that it has for its purpose only the relief of some of these unduly onerous restrictions, and I think they ought to be relaxed. I will say to you that if this applied when I was a lad I perhaps never could have peddled the milk I did. Nobody got sick on that milk, nobody ever had undulant fever that I know of, and the health of my community certainly was not impaired.

So I say to the gentleman from Michigan that there is a relaxing of those restrictions that are not backed by reason, and in this respect it will probably open up the market and make milk more available.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield for a further question?

Mr. DIRKSEN. I yield.

Mr. CRAWFORD. As I understand, these milk associations in this area, the cooperatives, come under the Capper-Volstead Act. Can the gentleman say whether or not I am correct in that?

Mr. DIRKSEN. Frankly, I do not know whether they do or not.

Mr. CRAWFORD. Section 2 of that act provides that if the Secretary of Agriculture shall have reason to believe that any such association monopolizes or restrains trade, interstate or foreign commerce to such extent that the price of any agricultural product is unduly enhanced by reason thereof, he shall proceed to correct it.

The question I want to submit is this: Does the gentleman feel that the Secretary of Agriculture has carried out the mandate contained in the Capper-Volstead Act insofar as this particular milkshed is concerned, or has he fallen down on his job?

Mr. DIRKSEN. May I say to the gentleman from Michigan I am not prepared to state whether the Secretary of Agriculture has or has not carried it out. We want to get at the monopoly if there is a monopoly, but it can be done with supplementary legislation. You cannot tie this thing up entirely with an enabling act that seeks to take away some of these undue restrictions. The answer is you just do not get the whole loaf at one time, and you know a half-loaf is better than no bread at all. So I commend this bill to everybody who is here, and I believe you can make no mistake in voting for it.

Mr. DONDERO. Will the gentleman yield?

Mr. DIRKSLN. I yield to the gentleman from Michigan?

Mr. DONDERO. Going back to the kind of milk the gentleman has produced, the gentleman himself will offer his own individual personality as the product of that kind of milk to this House? [Applause.]

Mr. DIRKSEN. I may say to the gentleman that is rather high testimony as to the quality of that milk.

Mr. KENNEDY of Maryland. Will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Maryland.

Mr. KENNEDY of Maryland. What jurisdiction, if any, would the District health officials have in respect to inspection of milk being brought into the District?

Mr. DIRKSEN. The inspection service continues to be vested in the Health Department, but they can waive this standard, unified ordinance requirement. Suppose they will not waive; then, of course, you have joined the issue and it becomes possible if a producer would want to come in the market to simply mandamus them and say, "I have complied. You cannot keep me out." But you would have a hard time doing that.

Mr. KENNEDY of Maryland. Would they not have to accept the inspection back where the milk is produced?

Mr. DIRKSEN. If they are under a standard ordinance approved by the United States Department of Public Health, that has been in force in 2,300 or more communities, is there any reason why it should not be accepted?

Mr. HEALEY. Will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Massachusetts.

Mr. HEALEY. I think the terms of the bill maintain the right of discretion to waive or not waive in the Health Commissioner of the District?

Mr. DIRKSEN. Precisely so.

Mr. HEALEY. He may refuse to waive if the believes that the full conditions set up under this bill are not being enforced under the jurisdiction of the health officer of whatever State is involved?

Mr. DIRKSEN. That is correct. Then it becomes a question of fact. The burden is on the producer to prove that he is qualified.

Mr. GROSS. Will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Pennsylvania.

Mr. GROSS. The gentleman said that this bill would make more milk available.

Mr. DIRKSEN. For the purpose of clarity of the Record, may I say that I do not know whether it would make more milk available. It may or may not.

Mr. GROSS. At least the gentleman hopes it would. Does he not think that to make more milk available here, when every market east of the Allegheny Mountains is flooded with milk, is just as vicious as to import cotton from Brazil when we have 11,000,000 bales of cotton on hand?

Mr. DIRKSEN. But this milk is not produced in Brazil.

Mr. GROSS. It is produced near here. In a few years this territory has grown up and the milk checks have gone back to these farmers to keep them going. Now, the gentleman is attempting to open up this market to the importation of milk from other States.

Mr. DIRKSEN. If they start bringing coconut milk in from Brazil, I will fight shoulder to shoulder with the gentleman to see that that does not happen.

[Here the gavel fell.]

Mr. DIRKSEN. Mr. Chairman, I yield myself 3 additional minutes.

Mr. JOHNS. Will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Wisconsin.

Mr. JOHNS. The gentleman attended these hearings?

Mr. DIRKSEN. I may say to the gentleman I was just an ex officio member of the subcommittee.

Mr. JOHNS. Here is a question I would like to have answered if the gentleman can answer it. I received a letter in which the following statement is made:

> To adopt the United States Public Health standard in the District of Columbia would therefore be a backward step. The fluid milk sold here would go from the present average of 18,500 bacteria count before pasteurization to a possible 200,000 or a million.

Is that true or not?

Mr. DIRKSEN. It may or may not be true. That is a question of fact which you cannot answer until the milk is brought here.

Mr. JOHNS. There was no testimony on that point?

Mr. DIRKSEN. That is correct.

Mr. SMITH of Virginia. Will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Virginia.

Mr. SMITH of Virginia. I wish the gentleman would answer that question, because it is rather important. Is it not possible that under the thing the gentleman is advocating milk that contains a bacteria count of 8,000 or 5,000 may legally and lawfully come into the District of Columbia with a bacteria count of 200,000?

Mr. DIRKSEN. If it is in accord with the standard of the United States Public Health Service as to bacteria count, it is eligible to come into this milkshed.

Let me conclude by stating this thought to the Committee: I do not blame the Virginia or Maryland farmers for setting themselves up a very efficient, militant organization in order to protect this milkshed; but sometimes they go a little too far, and I am afraid the manager, who is a very able fellow, and I like him, probably overstepped the bounds of propriety. I have here a clipping that I took from a Frederick, Md., newspaper in connection with a speech that our friend Mr. Derrick made.

I quote this paragraph:

> We do not believe the bill can be introduced this late in the congressional session and passed this session.

It was indicated that contacts had been made to resist the measure in the event that it was introduced.

I do not think that I feel unkindly or uncharitable toward the gentleman for protecting his own producers, but we have a responsibility, and that is to protect the District of Columbia and make life just as palatable here as possible, and to see that there is an adequate milk supply. So my notion is that this bill, which enables us to apply the United States Public Health Service ordinance in effect in 2,316 communities in the United States without loss of a single life as a result of milk-borne fever or otherwise, certainly is a step in the right direction for the District of Columbia, and you should not have any hesitancy in voting for it when it comes on for the roll-call vote. [Applause.]

In all the welter of testimony and discussion on this matter let me emphasize a few things which appear incontrovertible. One is that the consumers of Washington favor remedial legislation and have indicated their support of this measure. The second is that this is essentially a health measure. The third is that lower prices may or may not result. If they do result, it would probably be because this market is freed from unreasonable restrictions so that outside producers might ship to this milkshed. The fourth is that if the Public Health milk ordinance is acceptable in thousands of communities it would certainly be unobjectionable here.

I trust that nobody will undertake to obscure the real issue, and I trust also that the House will not be persuaded by anything that has the familiar characteristics of a red herring being drawn across the trail.

Mr. RANDOLPH. Mr. Chairman, I yield 30 minutes to the gentleman from Virginia [Mr. SMITH].

Mr. SMITH of Virginia. Mr. Chairman, this is a big subject that we are talking about today, one that interests a great many people, and upon which the lives and livelihood of more people in the farming areas depends than in any other one industry in this country. It should, therefore, be approached seriously, it should be approached carefully, and it should be approached with a knowledge of the subject which we are discussing.

I wish I had an hour's time, because it would take an hour to scratch the surface. I have only 30 minutes, and therefore I have reduced what I have to say to writing and will follow notes, because what I want to talk about this afternoon is facts. After all is said and done, oratory does not match facts and facts are the things upon which I wish to appeal to you. If I may have your attention for the next 30 minutes, and if you will listen to the facts, if I have not then convinced you that this bill is wrong and ought to be defeated I shall have no quarrel with any Member who votes against it.

Let us get down to these facts, but I am going to answer a couple of questions that have arisen before I start on them. A statement was made on the floor of the House that the Milk Producers' Association is a monopoly in that it takes in only those it wants to take in, and if they do not like the color of a fellow's hair they do not take him in. I have been a member of that association for a number of years. I know intimately its management and the details of its management, and I want to say to you from the knowledge I have that any farmer who comes in and complies with the conditions of this market and applies to that association for membership will find that the association is more than delighted to have him because they want every farmer who produces milk on this market to be a member of the cooperative. If they were all members of the cooperative we would not have the trouble on the market that we have been having in recent years.

The statement has been made that this cooperative is a monopoly. The gentleman from Michigan [Mr. CRAWFORD] asked a pertinent question, and that was, if this thing is a monopoly, why does not the Department of Agriculture clean it up. Of course, that is the obvious answer to it. They are no monopoly. They are just a bunch of poor farmers who have gathered themselves together and are trying to take advantage of what this administration has been telling the farmers to do, namely, get a cooperative marketing association so that they will have some collective bargaining power. That is all there is to the Milk Producers' Association.

Mr. GROSS. Mr. Chairman, the gentleman is making a very important address, and there should be a quorum in the House. I do not believe a quorum is present, and I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] Ninety-three Members are present, not a quorum. The Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 106]

Allen, Pa.	Ditter	Kee	Ryan
Anderson, Mo.	Doughton	Kelly	Sabath
Arnold	Douglas	Kennedy, Martin	Sacks
Barden	Drewry	Kennedy, Michael	Schaefer, Ill.
Barry	Durham	Keogh	Seger
Barton	Eaton, Calif.	Kleberg	Shanley
Bell	Eaton, N. J.	Lambertson	Shannon
Bender	Edmiston	Landis	Simpson
Bloom	Engel	Lea	Smith, Ill.
Boehne	Evans	Luce	Smith, Maine
Boren	Fay	McArdle	Smith, Wash.
Brown, Ohio	Ferguson	McCormack	Smith, W. Va.
Buck	Fernandez	McDowell	Snyder
Buckley, N. Y.	Fish	McGranery	Somers, N. Y.
Burdick	Fitzpatrick	McLaughlin	Steagall
Burgin	Flannery	McLean	Sullivan
Cannon, Mo.	Folger	McLeod	Sumners, Tex.
Carter	Ford, Leland M.	McReynolds	Taber
Cartwright	Fries	Magnuson	Tarver
Casey, Mass.	Gamble	Maloney	Taylor, Colo.
Celler	Gavagan	Mapes	Taylor, Tenn.
Chapman	Gifford	Marshall	Thomas, N. J.
Clark	Gilchrist	Merritt	Thomas, Tex.
Claypool	Hall	Miller	Treadway
Coffee, Nebr.	Harrington	Monroney	Vincent, Ky.
Connery	Hartley	Myers	Vinson, Ga.
Cooley	Hendricks	O'Leary	Vorys, Ohio
Cox	Hennings	O'Neal	Wadsworth
Crosser	Hook	Osmers	Wallgren
Cullen	Izac	O'Toole	West
Curley	Jeffries	Peterson, Fla.	White, Idaho
Delaney	Jenks, N. H.	Pfeifer	White, Ohio
DeRouen	Johnson, Luther	Pierce, N. Y.	Winter
Dickstein	Johnson, Lyndon	Powers	Wood
Dies	Johnson, W. Va.	Rodgers, Pa.	
Dingell	Kean	Rogers, Okla.	

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. LANHAM, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill H. R. 6316, and finding itself without a quorum, he had directed the roll to be called, when 285 Members responded to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The SPEAKER. The Committee will resume its session.

Mr. SMITH of Virginia. Mr. Chairman, when interrupted by the quorum call, I was speaking in general debate in opposition to the well-known Schulte bill, with respect to milk in the District of Columbia, and I was saying to the Committee that the subject is so large that we could talk about it indefinitely; but I have reduced what I have to say about it to writing, because I want to give this Committee some factual information which I do not believe has been given them up to this time in the debate. With that in view I have reduced what I have to say to writing in the interest of economizing time.

In the original Schulte bill, which you have before you, you will note that the entire bill was stricken out and entirely

new matter was introduced. The new bill undertakes to substitute for the present very good milk law which we have in the District of Columbia what is known as the United States Public Health Service milk ordinance. It does this not by adopting the ordinance itself. It does that by reference. It undertakes to say that this milk ordinance devised by the United States Public Health Service shall be the law. It does not write it into the law at all. Now, here it is [indicating], 152 pages. This is the milk ordinance, and this is the volume you are expected to consider and digest and know all about this afternoon in the short period you have, and this is the thing that you are writing into law, not by the language itself, but by a mere short paragraph which says that this document, which is not even a public document, shall be the law with respect to the control of the health properties of the milk that you have to consume in Washington.

However, in subsequent sections of the Schulte bill there are certain changes made in this milk law; and while you are given to understand that you are adopting this Public Health Service Act, and that it is a very fine act and everything about it is all right, when you examine the Schulte bill—and I hope you Members who want to vote intelligently will do so—you will find certain exceptions in subsequent sections, which state that this act shall not control, and I think I might as well discuss that feature of the bill right now, because it is the joker in this measure.

Now, Mr. Chairman, if any of you have been so fortunate as to have obtained a copy of this document which is in mimeograph form—it has never been christened by the Government Printing Office. It is not of that dignity. It is in mimeograph form, and you will find a foreword on the first page which says, "This short form is suggested for adoption, and so forth, subject to the approval of the local legal authority"; and so this bill, having been brought in suddenly one morning into the District Committee and voted out in 15 minutes, I took the trouble to inquire of the legal department of the District of Columbia whether they had ever been consulted as to this bill, and I took the trouble to inquire of the Health Department whether they had ever been consulted about the bill; and I inquired of the District Commissioners whether they had ever been consulted about this bill, and I have here their letters, all answering that question in the negative. In other words, no authority charged with enforcement of the law in this city, no legal authority, no municipal authority, no health authority has ever been consulted or ever been asked whether this is a good bill, a bad bill, or an indifferent bill. Does anybody challenge that statement? If they do, I yield.

Of course, they do not challenge it, because it was never done. It was rushed through the committee in a few minutes.

I think you ought to know a little about the background of this bill. You all know about this milk investigation. Maybe some of you do not know why we had it. I will tell you why we had it.

We have a cooperative milk producers' association here composed of just plain, everyday, small farmers. Of course, there are some big farmers in it. You cannot get 1,200 farmers in any group without having some big farmers, and they have talked about one farmer here who is a great big farmer getting a lot of money, and who was he? He was a poor fellow out here in Maryland who started out with nothing, and through his energy and his hard work, day and night over a period of 30 or 40 years, has built himself up a big business. I do not condemn that man, I respect him, and you respect him, and that is not an argument which should be used against him.

Do you know why we had this investigation? We had this investigation because under the old law which permitted ice-cream cream or cream for manufacturing ice cream to be brought into this city without a license from the Health Department, cream was being brought in here which was 40 percent cream, and that cream, uninspected, was being mixed with unsalted butter, it was being mixed also with skim milk, and it was being mixed with God knows what else and then sold to you to drink on your table at the same price and in competition with milk produced by these farmers in Virginia, Maryland, Pennsylvania, and West Virginia. Does anybody challenge that statement? If so, I will yield. They cannot challenge it, because it is undisputed evidence in the record before that committee, and the evidence was not only by the police who made the raid, but evidence was also offered by former employees of the Fairfax-Embassy Dairy, the people who had been doing this very thing, and when the hearing was ended, the chairman of the committee asked the Fairfax-Embassy people whether they had anything to say in refutation of these charges, and they stood silent.

That is the kind of situation that we are dealing with this afternoon. I know you gentlemen believe in honest business, as I do; but the people who want this bill passed, outside of Congress—and I am attributing no ill motive to any Member of this body—but those to whose interest it would be to pass this bill are the very people who have been violating the law and who ought to be investigated, and they are the Embassy-Fairfax Dairy people, operated by one James J. Ward, who is the president of that concern. If you were as fortunate as I was this morning, you received a letter from James J. Ward, president of the Embassy-Fairfax Dairy, inviting you to do your duty this morning and come in here and consider this Schulte bill. I do not know when it became the function of Mr. James J. Ward, whom the police have been chasing for 2 or 3 years, to tell Members of Congress what their duty is, but he tells you here this morning, and he sends you a copy of the Schulte bill. That is the man whose conduct started all this investigation, and who stands convicted by uncontroverted testimony of bringing cream, butter, and skim milk in here, making reconstructed milk, and selling it to the people of Washington for 14 cents a quart in competition with honest milk. Is there a man on this floor who believes in that kind of method? If he does, I yield to him.

Mr. THOMAS F. FORD. Mr. Chairman, will the gentleman yield to me?

Mr. SMITH of Virginia. Yes. I know the gentleman from California does not believe in it.

Mr. THOMAS F. FORD. Does the gentleman think that if we shut out all of the outside milk coming in here, that this crowd will not raise the price of milk to a point where the poor little fellow who has not a thing cannot buy it?

Mr. SMITH of Virginia. All right. I have the gentleman's question. I do not think it would have anything to do with it. There is already a surplus on this milk market, and there always is of from 25 to 33 percent. That is not the trouble. The distributors are making too much money. If you want to do it, go after the distributors, but do not ruin the little dairy farmer who has to have his meat and bread out of the sweat of his brow. I happened to be talking to you about this gentleman, James J. Ward, president of the Embassy-Fairfax Dairy, who wrote this letter to you.

Mr. KELLER rose.

Mr. SMITH of Virginia. No, not just now. I had not finished dealing with this gentleman, James J. Ward, who honored Members of Congress this morning by sending them this letter, telling them what their duty was. I want to read you just a few little things.

Mr. SHAFER of Michigan. Mr. Chairman, will the gentleman yield to me?

Mr. SMITH of Virginia. I am sorry I cannot. I will if the gentleman will give me a little more time.

Mr. SHAFER of Michigan. I would like to interrogate the gentleman at this point in connection with this letter.

Mr. SMITH of Virginia. If you will get me some more time, I will yield.

Mr. DIRKSEN. I will give the gentleman 1 additional minute to answer the question.

Mr. SHAFER of Michigan. You brought out the fact that Mr. Ward has lobbied among the Members of Congress, through a letter?

Mr. SMITH of Virginia. Yes, sir.

Mr. SHAFER of Michigan. Is it not true that a number of cards were placed on the windshields of automobiles here

Saturday by members of the Maryland-Virginia milk producers?

Mr. SMITH of Virginia. Is that the question?

Mr. SHAFER of Michigan. Yes.

Mr. SMITH of Virginia. I am ready to answer it. You bet your life. You bet your life. These little old dairy farmers down in the country who have been scratching for a living and who are about to be ruined are seeing everybody and they are doing every honest thing they can to try to protect themselves, but they are not engaged in any dishonest business.

Mr. SHAFER of Michigan. Is it not true that Mr. Derrick, secretary of this association, has wired every co-op throughout the country to put the heat on Members of Congress, so that they would not support this bill?

Mr. SMITH of Virginia. If you will take out that part about putting the heat on——

Mr. SHAFER of Michigan. Well, that is what he is doing.

Mr. SMITH of Virginia. If he, as manager of that association, has failed to contact every other producer association, he has failed to do his duty, and I would be in favor of firing him.

Now, somebody keeps diverting me from my friend, James J. Ward.

Mr. McKEOUGH. Will the gentleman yield?

Mr. SMITH of Virginia. Not at this time. There was an audit made of his books and it was made by Estel W. Smith, who, I am sorry to say, is no relation of mine, but who was the auditor of this committee. He audited the books of the Embassy Co. and he found out that that company, although they told him that all their bank accounts were in Washington, he found something suspicious, and he found that they had a great lot of invoices from Chicago for butter and eggs—more butter and eggs than all the milk producers in Washington could sell—and it aroused his suspicions. So this committee sent him to Chicago, and he went to Chicago and he went to the Murphy Egg Co. The Murphy Egg Co. had not shipped him any eggs or butter. So he said, "What did you do with the money?" "Why," they said, "we took a little commission out of it, a couple of dollars here and there, and took it all over and put it in the personal account of James J. Ward and his partner." That had been going on for 5 years.

Do you know how much they drew out of this concern and sent to Chicago through these devious methods and deposited to their personal account, under the pretense that they were buying eggs? Do you know how much they got out of that firm by that rascality? Over a half million dollars; and there was nothing on the books of that concern that the auditor could find that would show what became of it or what their sales were, except that they were abstracting a half million dollars out of the company, and in the last year they had abstracted over $200,000, which they had put to their private account on the pretense that they were buying butter and eggs. That is the kind of folks who are coming here and asking you to pass this bill.

Now, I know you people are fair. I have had too much experience with you not to believe that. All we want is a fair deal. You can put on us any inspection you want to; you can change this law any way you want to. Our dairymen do not have any right to kick, and will not kick. All they ask is to give us a fair deal. If you are going to put us under one kind of inspection, put every other fellow from every other State under the same inspection. What this bill seeks to do is to put you under 47 different inspections and accept the inspection from each State. Obviously, that is not fair and not proper for one man to be under one inspection and another man under another inspection. So all we ask you to do is to see that everybody shall be inspected by the health officer of the District of Columbia. Then you will have control over your milk supply here. You will be treating everybody just alike. Now, is that not fair? Can anybody say that is not fair?

If you read the report of the committee, it says that the only way this United States Health Department is going to control this thing is that they are going to do the inspecting. The only control they will have over it is inspection. Gentlemen, this code does not contemplate any inspection. The United States Government does not have any inspectors. The Health Service does not have any inspectors. They will have nothing more to do with the inspection of the milk supply of this city than the gentleman from Colorado [Mr. LEWIS] sitting there in his seat, and he has not anything to do with it. But the report of the committee indicates that the milk will be inspected by United States inspectors, which is entirely without foundation in fact.

Now, let us go a little further on this subject. I am afraid I have used too much time, but I wanted to introduce you folks to Mr. James J. Ward, the president of the Fairfax-Embassy Dairy, who wrote you a letter asking you to vote for this bill. In view of these circumstances, in view of the fact that James J. Ward is the gentleman who is so anxious to have this bill passed, I know the question which presents itself to the Members of this House will be, "To whose interest is it going to be to pass this legislation? Who is it going to hurt and who is it going to help?" I want to answer those questions as briefly as I can.

There are four classes of people who could possibly benefit by this law. They are the dairy farmer who produces the milk. That is class No. 1.

Second. The public of the District of Columbia who consumes the milk; and third, the legitimate, honest distributor who buys milk and sells it.

Class 4 is that chiseling distributor who cheats the producer by buying an inferior quality of uninspected product and manufacturing therefrom reconstructed milk, and who then cheats the consuming public by selling them an inferior product as class A milk. That is the only fellow this bill could help.

Somebody may ask: "Well, how would he be helped?" I say to you, and I say it on my responsibility, and I will undertake to prove to you if you will give me the time, that if you pass this bill it ought not to be entitled "A bill to put into effect the United States Health Code"; it ought to be entitled "A bill to reward the milk bootleggers who have been violating the law in the District of Columbia"; and I will tell you why. The reason why is this: That under the present law section 4 permits the importation into Washington for ice-cream purposes of cream uninspected. That is where all the trouble has come about, because this gentleman, who wants you to vote for the Schulte bill, for 4 or 5 years has been importing that cream into Washington. According to the testimony of his own employees, he has been mixing it with butterfat and skim milk and selling it at 14 cents a quart—a very profitable business and one which he doubtless wishes to continue. So what happens under the Schulte bill?

Under the Schulte bill he is virtually given a license to do that; he is invited to do it. Look at section 6 of the Schulte bill—those of you who have the Schulte bill before you look at section 6. Section 6 says in effect that, so far as the things mentioned in that paragraph are concerned, this United States Code is not adopted. They except from the operation of this code, which may be a very good code, and under that code he could not do this; but in this bill you will notice that section 6 excepts from the code the things enumerated therein. You will find further that section 6 is nowhere mentioned in the report of the committee. Under section 6 it is provided in brief that unlicensed cream may be shipped into the District of Columbia ad libitum—all of it you want—without inspection or any control by the health officer of the District of Columbia, except that it shall have been passed by some State board of health.

That is exactly what the old section 4 was except it is enlarged to include all manufacturing cream such as baking milk and that kind of thing, and except that the health officer of the District of Columbia could by regulation prevent it from being sent to a fluid-milk plant; so that if you adopt this bill, this gentleman who wrote you the letter, this man who has been engaging in all this skulduggery I mentioned, could continue to do just what he has been doing. Section 6 is the joker in the deck.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Virginia. I yield.

Mr. MAY. What about these 1,200 farmers who belong to your organization? Can they ship in the milk without inspection under the law as it is?

Mr. SMITH of Virginia. They cannot ship it in except under the most rigid inspection, the most rigid inspection.

Mr. Chairman, there are a number of other things I should speak of, but I have consumed a lot of the time of the Committee, and I appreciate your patience. In my remaining time I shall yield to anyone who wishes to ask me questions.

Mr. ALEXANDER. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Virginia. I yield.

Mr. ALEXANDER. What effect will this bill have on the spread between the price the farmer receives and the price the consumer pays?

Mr. SMITH of Virginia. None in the world, sir; and it does not purport to do that. If the gentleman would bring in a bill of that kind he would have my most heartfelt sympathy.

Mr. ALEXANDER. In other words, I understand the farmers are getting as little as 8 cents a gallon, yet the people of Washington are paying as much as 14 cents a quart.

Mr. SMITH of Virginia. That is surplus milk. Do not be misinformed about that. For their basic milk they get an average of 27 cents or 28 cents a gallon on the farm.

Mr. ROBSION of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Virginia. I yield.

Mr. ROBSION of Kentucky. Will not the gentleman develop just briefly how many producers, small farmers, this affects? Is it general over this section of country, or will only a part of the farmers be permitted to bring milk in here? Have you got such a close corporation here?

Mr. SMITH of Virginia. I stated once before, and I repeat it and challenge anybody to refute it, that any farmer who can comply with the regulations can join the Maryland-Virginia Milk Producers' Association. We invite them to join; we solicit them to join. If they have any troubles, our folks will go to them and try to help them straighten out their trouble.

Mr. ROBSION of Kentucky. If he does not join, can he bring his milk into the District?

Mr. SMITH of Virginia. Absolutely; and there are hundreds doing it. This Embassy-Fairfax Dairy is one that buys from the independent producers, all its legitimate supply.

Mr. CULKIN. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Virginia. I yield.

Mr. CULKIN. As I recall, the gentleman from Virginia is a dairyman.

Mr. SMITH of Virginia. I am, and proud of it.

Mr. CULKIN. As an experienced dairyman can the gentleman throw any light on the production costs to the producer who receives an average of 6 cents a quart? Does the dairyman get by at that price?

Mr. SMITH of Virginia. The only evidence that was put in the record on that was by an independent shipper who undertook to show by facts and figures—and he put them in the record, they are in the record now if you can get a chance to look at it, but it is not printed and you cannot see it—he undertook to show by facts and figures of his own experience that he was getting 3 cents a gallon less than it cost him to produce the milk.

Mr. CULKIN. As a matter of fact is not that the price structure that will be affected under this bill, the amount the dairyman gets; is not that true?

Mr. SMITH of Virginia. Yes; that is true.

Mr. CULKIN. It does not bring down the price of milk to the consumer.

Mr. SMITH of Virginia. Not at all, and I want to say this about the price of milk to the consumer.

The evidence was undisputed in this record that the average price of milk in cities over 5,000 people in this area is 14.4 cents per quart, while the price in the District of Columbia is 14 cents.

Mr. HEALEY. Will the gentleman yield?

Mr. SMITH of Virginia. I yield to the gentleman from Massachusetts.

Mr. HEALEY. It is true, is it not, that the association of producers controls about 90 percent of the production of milk and milk products in this market?

Mr. SMITH of Virginia. They control it in the way that their members ship about 90 percent of the milk.

Mr. HEALEY. They control about 90 percent of the milk for this market. How many of those 1,100 producers live outside of the restricted area of Maryland and Virginia?

Mr. SMITH of Virginia. There is no restricted area.

Mr. HEALEY. How many of them have their farms outside of that area?

Mr. SMITH of Virginia. The gentleman is asking a question that is not a question. I would like to explain the situation. They talk about this milkshed. What happens is this: Anyone who wants to produce milk, I do not care whether he lives in Maryland, Virginia, Pennsylvania, or West Virginia—anywhere that is close enough for the District inspector by reasonable driving to get to his farm—can apply for his license and get a license. May I say further that the District of Columbia milkshed is growing and widening all the time, as the city of Washington grows and widens. The same condition prevails in Washington that prevails in every other city in the United States. It is one thing that is naturally inherent to the fluid-milk business.

Mr. HEALEY. Is the gentleman in possession of facts that will answer my question? How many of these producers that are members of the association, of which the gentleman is a member, live outside of the States of Maryland and Virginia?

Mr. SMITH of Virginia. I cannot tell the gentleman where they all live. The only producers on this market, as far as I know, live in Maryland, Virginia, West Virginia, and Pennsylvania. Does that answer the question?

Mr. HEALEY. The gentleman has not answered it, so far as giving facts is concerned.

Mr. SMITH of Virginia. I want to be frank. If the gentleman will ask me an intelligent question I will give him an intelligent answer, if I know how.

[Here the gavel fell.]

Mr. DIRKSEN. Mr. Chairman, I yield 10 minutes to the gentleman from Indiana [Mr. HALLECK].

Mr. HALLECK. Mr. Chairman, the gentleman from Virginia has put Mr. Ward on trial. After all, I do not know whether that is an essential element of this controversy. So far as I have been able to discern as one Member of Congress, a great many people have been interested in this legislation and have been making that interest felt to the end that the objective which they think is proper should be the one reached in this bill.

In order that the record may be a little more complete, I have a letter from the chairman of the Consumers' Council of Washington, D. C., soliciting support for some such action as this. I have a similar letter from the executive secretary of the Washington Restaurant Association and a similar letter from the Hotel Association of Washington, D. C. Further than that, the people of my State are interested in this legislation. They were represented by Mr. Walter R. Freeman, secretary of the Indiana Milk and Cream Improvement Association; H. J. Gregory, chief of the department of dairy husbandry, Purdue University; Hassel Schenck, president of the Indiana Farm Bureau; and William E. Treadway, secretary of the commission on interstate cooperation. All of those people appeared in Washington to testify before the investigating committee. They did not have this particular bill before them, but they thought they had information which would be of assistance in working out a fair and equitable bill. I believe the record will show that they are interested in legislation by which sweet cream produced in Indiana or any other State may,

under proper regulation, licensing, and inspection, be sold in the District of Columbia.

Mr. Chairman, suggestion has been made that this bill incorporates by reference the provisions of the United States Public Health Service ordinance. That is not a departure in legislative action. As a member of the subcommittee on Interstate and Foreign Commerce of the House I remember that we referred in the food and drug bill to the official compendium of the United States Pharmacopoeia and by that reference we wrote the provisions of that official compendium into the law of the United States.

Mr. SMITH of Virginia. Will the gentleman yield?

Mr. HALLECK. I yield to the gentleman from Virginia.

Mr. SMITH of Virginia. May I ask the gentleman from Indiana, if he can explain the provisions of this milk ordinance I have here, a volume of 152 pages, that you are incorporating into the law by reference?

Mr. HALLECK. In answer to that question, whether or not I could explain it to the satisfaction of everyone here I do not know. However, I have an idea that as far as the protection of the safety and health of the consuming public is concerned, and the stabilization of the industry is concerned, the United States Public Health Service can do as good a job as any other agency in the country.

Mr. DIRKSEN. Will the gentleman yield?

Mr. HALLECK. I yield to the gentleman from Illinois.

Mr. DIRKSEN. May I address myself to the gentleman from Virginia and say that there is a provision in here that it shall be kept on file. This same procedure obtains in 2,300 localities where the United States Public Health Service milk ordinance is in effect.

Mr. SMITH of Virginia. I want to ask the gentleman from Indiana, does he believe that the United States Public Health Service is going to inspect anyone's farm? That is an important thing.

Mr. HALLECK. That is not the question I answered. Now, I would like to continue.

Mr. DIRKSEN. Will the gentleman yield?

Mr. HALLECK. I yield to the gentleman from Illinois.

Mr. DIRKSEN. May I say to the gentleman from Virginia that under the provision here, milk that grades less than 90 cannot come in without inspection. I think the gentleman knows from the milk ordinance that would be a high grade.

Mr. SMITH of Virginia. You can get A, B, and C grades and put them all in the same dairy.

Mr. DIRKSEN. That is the score they have to maintain, and the gentleman from Virginia knows that.

Mr. SCHULTE. Mr. Chairman, will the gentleman yield?

Mr. HALLECK. I yield to the gentleman from Indiana.

Mr. SCHULTE. The gentleman from Virginia just made a statement relative to three different grades, A, B, and C, that is not quite accurate, which is not unusual. The bill states that only grade A milk can come in.

Mr. SMITH of Virginia. Read it, please.

Mr. SCHULTE. The gentleman should read the bill.

Mr. HALLECK. Mr. Chairman, I refuse to yield further.

The gentleman from Illinois in his address a few minutes ago referred to the circumstances surrounding the beginning of this investigation, which finally turned out to be quite an investigation. One of the mandates of the Congress carried in the resolution which started the investigation was that the committee should determine the desirability of amending the present law and of permitting the bringing into the District of milk and cream from sources outside the District throughout the country. I believe the committee went into that matter, how fully I do not know, but in any event the bill which is before us today is clearly in response to the mandate of that resolution.

In that regard at the time the resolution was before the House a number of addresses were made referring to trade barriers existing throughout the country. Since that time there has been an increased emphasis on the arguments against trade barriers. I cannot refrain from suggesting, Mr. Chairman, that in this debate this afternoon some arguments against this bill have been presented which are predicated from beginning to end on the erection of economic trade barriers. In my opinion, they should not be in this argument at all.

We all recognize the necessity for the maintenance of proper standards for dairy products consumed within the District of Columbia. Everyone with whom I have talked recognizes that proper standards must be kept up. We also recognize that the dairy industry needs a high degree of stabilization. It deals with a perishable product which must be gotten to market quickly. It deals with a product the supply of which must be maintained throughout the year. We are cognizant of all these arguments and we want to see the industry stabilized.

We are also aware of the fact that any consuming area affords a competitive advantage to that producing area immediately adjacent thereto. No one wants to take away that advantage; and, as a matter of fact, it could not be taken away because the man who produces and sells whole milk in Washington, producing it on a farm immediately adjacent to the District of Columbia, has an obvious advantage in transportation over the producer in a more distant State. But all of these things can be harmonized with the free flow in interstate commerce of dairy products.

Mr. TERRY. Mr. Chairman, will the gentleman yield for a question?

Mr. HALLECK. I yield to the gentleman from Arkansas.

Mr. TERRY. If the United States Public Health milk ordinance should be adopted in place of the one that is presently in use in the District, who will make the inspection under the ordinance and where will it be made?

Mr. HALLECK. Of course, Mr. Chairman, in answer to that question, much of the controversy in this matter may not be understood by some of the Members. These milk-control acts operate through an inspection of the dairy farm; that is, an inspection at the source. If you cannot get your farm inspected by the representatives of the consuming area, then, of course, you are powerless to sell on that market except as the inspections made in some other State by some other authority are accepted as a sufficient inspection. My understanding of this present proposal is that the officers or representatives of the District of Columbia will make the inspections except as such inspection may be waived by the representatives of the District of Columbia, who will accept the inspections made in other areas provided a score of 90 is made.

Mr. DIRKSEN. Mr. Chairman, will the gentleman yield?

Mr. HALLECK. I yield to the gentleman from Illinois.

Mr. DIRKSEN. I believe I can answer the question of the gentleman from Arkansas. Section 3 states:

> That all inspections of dairy farms and dairy distributing plants, no matter where located, shall be made by the health officer of the District of Columbia, or his duly authorized agents or deputies.

He can waive that requirement only in case a score of 90 is made under the United States Public Health Service milk ordinance.

Mr. TERRY. By an inspector over in Illinois, let us say. [Here the gavel fell.]

Mr. DIRKSEN. Mr. Chairman, I yield 1 additional minute to the gentleman from Indiana.

Mr. HALLECK. Mr. Chairman, I just want to say this in that 1 minute and in conclusion: There is no question in my mind but that cream—I do not know about milk—has been coming into the District of Columbia outside the law and the regulations set up. I believe the practice has been indulged in not by one person but by a great many persons. I have heard it suggested that some of the people who are crying the loudest against this legislation have, on occasion, been offenders of like kind. If cream is to come in here, if as it has been told, it is true that the producing area immediately around Washington cannot supply all the dairy requirements of the city of Washington, then would it not be far better to set up proper regulation, proper inspection, and proper licensing of all milk and cream, to the end that the dairy products coming into the District of

Columbia will be inspected or licensed or otherwise controlled under the law? [Applause.]

[Here the gavel fell.]

Mr. DIRKSEN. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. CULKIN].

Mr. CULKIN. Mr. Chairman, during the 10 years of my service here, representing, as I do, a dairymen's district, I have endeavored to do what I could to help their condition. In the course of that procedure I have become more or less familiar with the dairymen's problems, both in the Nation and here in the District.

I want to congratulate the distinguished chairman of the subcommittee for one of his findings; that is, that there is a monopoly in the marketing field here in the District. I want to differ with him most vigorously when he suggests that the price the dairyman now gets, of 6 cents a quart, is too much, or that the dairyman is part of the monopoly.

I assert, in agreement with the distinguished gentleman from Virginia, who has fought shoulder to shoulder with me for the dairymen nationally, that the only effect of this bill will be to batter down the price the local farmer now gets. It will not have any effect upon the price the public pays, and the membership of this committee and its spokesmen and advocates cannot show where it will. The fact is this bill will break the price structure here in this District to the dairymen without lowering the same to the consumer. Milk will be brought in from all over the country. Perhaps the gentlemen from some of the other States think their dairymen will get the benefit of that. Not so, because in every one of those States, National Dairies and Bordens have a monopoly and control the price structure. They generally pay the producer about 2 cents a quart.

My belief is that the dairymen of the various milksheds of the country—and there are many—should be brought up to the level of the District price, and even above it, and the price here should be taken as a precedent. It should not be reduced. The only effect, I repeat, of this legislation will be to destroy the dairymen's price structure, which he has gained by honest, legal organization.

Mr. REED of New York. Mr. Chairman, will the gentleman yield?

Mr. CULKIN. I yield.

Mr. REED of New York. I just want to ask the gentleman a question for information. Do I understand there are some special dispensations as to price by which they are bringing milk into the District for manufacturing purposes?

Mr. CULKIN. I am not particularly familiar with that, but I understand that ice cream is outside the category.

Mr. REED of New York. Is not one of the difficulties the fact they have been using this cream they get under a special dispensation for manufacturing purposes and processing it into other forms of milk?

Mr. CULKIN. That is true. As the gentleman from Virginia [Mr. SMITH] has described, some of these distributors have been mixing up cream and skimmed milk and selling it as grade A milk at 14 cents a quart. The gentleman from Virginia [Mr. SMITH] has described a distributor making $500,000 in extra profits which he found necessary to segregate and bank secretly, while the dairyman himself in this District, and I say this advisedly, was barely getting a living price. You will not help the dairyman nationally by distressing him here. What we want to do is to carry his status to the rest of the country. We can do that if the Attorney General's Office and the distinguished occupant of the White House will set on foot antitrust litigation which will dissolve National Dairies and Bordens into their constitutent parts. Under the present set-up National Dairies have some 400 subsidiaries and Bordens 200. These outfits are destroying the dairymen, East and West. The passage of this legislation will turn the dairymen in this milkshed over to these monopolistic distributors root and branch.

This bill will not help the consumer. The consumer will continue to pay 14 or even 15 cents a quart. The business of this House is to cut down this spread of 8 cents. The public should get cheaper milk, but take it out of the monopolist and not out of the hides of the dairymen. So I urge the House to vote against this bill. [Applause.]

[Here the gavel fell.]

Mr. RANDOLPH. Mr. Chairman, I yield 10 minutes to the chairman of the subcommittee conducting the inquiry, the gentleman from Kentucky [Mr. BATES].

Mr. BATES of Kentucky. Mr. Chairman, Kentucky, the land of that waving bluegrass, specializes in burley tobacco, purebred cows, and thoroughbred horses. Our cows are today roaming these bluegrass fields, not concerned about whether there is any dictograph recording their moos as they graze gently over those rolling hills. In other words, our cows are honest cows, they are not afraid, and I have no interest in any farmer in Virginia or Maryland or in any other section over any other farmer.

I have tried to do an honest job; I have tried to be sincere in my efforts; and I have installed dictographs. I have no apology to offer for it. I installed dictographs because the minute we started the investigation we began to be double-crossed; and if I must say it, my fellow Members of Congress, if I have to put a dictograph in some place to catch a thief that is striking me in the back, I shall never apologize for doing it. I am not interested in the outcome of this legislation other than from the sanitation standpoint. I realize there are 600,000 souls here in the District of Columbia that do not have a mayor and a city council, as they do in Chicago and St. Louis, where they boast that they have this United States Public Health Code. They have to depend here on what you do, or on what is done on the floor of this House, for their protection. Are you going to turn this city over to a bunch of racketeers? And when I tell you they are racketeers, I do not mean maybe.

When this investigation was ordered, the first dash out of the box an inspector committed suicide; another inspector attempted suicide and is now in a sanatorium; witnesses ordered before our committee were told that they had better get out of town; and, last but not least, the man who tried to sell us out is now waiting trial as a perjurer.

If you want to turn District affairs over to a bunch of racketeers who, according to the testimony, last year got 20,000 cases of eggs, with 30 dozen to the case; 177,000 pounds of butter, for which they paid $227,000—if you want to turn District affairs over to a crowd like that, vote for this Schulte bill. They are the only people who have any interest. They are the only people who ever called on you to support this legislation.

Mr. SCHULTE. Will the gentleman yield?

Mr. BATES of Kentucky. I yield.

Mr. SCHULTE. The gentleman said, "If you want to turn it over to a lot of racketeers, vote for the Schulte bill." In other words, 600,000 people, according to the gentleman's figures, here in the District of Columbia, are going to be racketeers, because about that many are demanding some relief from the so-called monopoly and racketeers, and 2,300 communities have adopted that measure.

Mr. BATES of Kentucky. I am glad you brought that up. Two thousand three hundred and sixteen communities, according to Dr. Frank, the only witness who testified before our committee, have adopted the United States Public Health Code, and only 148 of them have kept the faith. That is from Dr. Frank himself, head of the Public Health Service. Chicago and St. Louis, the only two cities above 500,000 that have adopted it, both adopted regulations of their own much more stringent, and use this only as a minimum.

I repeat that if you turn this District over to the racketeers, which you will do by voting for the Schulte bill, you will have done an injustice to the 600,000 helpless, unsuspecting souls that have nobody to look to but you.

Mr. COCHRAN. Mr. Chairman, will the gentleman yield?

Mr. BATES of Kentucky. I yield.

Mr. COCHRAN. I am not very familiar with the entire bill. Does the measure provide for the Government plan or Public Health Service plan that has been adopted in various cities to be placed in the District of Columbia?

Mr. BATES of Kentucky. It provides for the United States Public Health Code.

Mr. COCHRAN. The gentleman is from Kentucky?

Mr. BATES of Kentucky. That is right, and proud of it.

Mr. COCHRAN. I want to say that a very, very large amount of milk from Kentucky comes to my city.

Mr. BATES of Kentucky. St. Louis; yes, sir.

Mr. COCHRAN. And we have the Public Health Service Code there.

Mr. BATES of Kentucky. Supplemented——

Mr. COCHRAN. But only very recently, as I recall, there was a reduction in my city, to the consumer, and the farmers did not suffer.

Mr. BATES of Kentucky. Your city has supplemented the United States Public Health Code.

Mr. COCHRAN. The United States Public Health, I know, came right to St. Louis and they cooperate with my city.

Mr. BATES of Kentucky. That is right.

Mr. COCHRAN. And we followed the suggestions of the United States Public Health Service, and as a result we have some of the finest milk that is sold anywhere in the United States. I know that our milk is not in the hands of any racketeers.

Mr. BATES of Kentucky. The city of St. Louis does use the United States Public Health as a minimum and adopts standards superior to that.

Mr. COCHRAN. But the gentleman's State is shipping milk in there every morning.

Mr. BATES of Kentucky. And we ship you good quality.

Mr. COCHRAN. And we pay for it.

Mr. BATES of Kentucky. And we want to continue doing business with you.

Mr. JOHNSON of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. BATES of Kentucky. I yield.

Mr. JOHNSON of Oklahoma. I was interested in the statement made by the gentleman a few moments ago that the dairy interests here have ordered some $227,000 worth of butter and eggs.

Mr. BATES of Kentucky. I am glad the gentleman asked that question. Twenty thousand and thirteen cases of eggs, 30 dozen to the case, 7,200,000 eggs.

Mr. JOHNSON of Oklahoma. Did they actually pay for all of that; and if so, was same delivered?

Mr. BATES of Kentucky. They paid $227,000 for that, but they did not get it.

Mr. JOHNSON of Oklahoma. That, it would appear to me, is a very important point. Were the eggs and butter actually delivered?

Mr. BATES of Kentucky. The eggs were never shipped and the butter was not shipped.

Mr. JOHNSON of Oklahoma. If the gentleman will permit, I am not sure I understand the point the gentleman makes. Why should they buy eggs and butter if they were not shipped to the District of Columbia?

Mr. BATES of Kentucky. Our auditor's conclusion was that he was either buying unlicensed products or evading the income tax, and he thought both. As a matter of fact, he advised me that he believed they had defrauded the Federal Government to the extent of $50,000.

Mr. McKEOUGH. Will the gentleman yield?

Mr. BATES of Kentucky. I yield.

Mr. McKEOUGH. Did you take such action, after having discovered that, to call it to the attention of the Commissioner of Internal Revenue?

Mr. BATES of Kentucky. I did call it to the attention of the Commissioner of Internal Revenue.

Mr. McKEOUGH. Has he indicated to you whether or not he has investigated and found sustaining evidence to convict?

Mr. BATES of Kentucky. They made a photostatic copy of our audit and went away with it. I do not know what their findings are.

Mr. McKEOUGH. Do you think you are fair to the gentleman in question when you indicate by your contribution—trying him without counsel, without him being able to appear in his own defense, do you think you have been fair to him or anybody else?

Mr. BATES of Kentucky. Yes, sir. He was asked through his attorney if he did not want to make rebuttal evidence, and he declined.

Mr. McKEOUGH. Before your investigating committee?

Mr. BATES of Kentucky. Before our investigating committee.

Mr. McKEOUGH. But do you think you are quite fair in bringing it into the RECORD of the Congress of the United States, attacking his integrity and honor as a citizen?

Mr. BATES of Kentucky. Quite so; yes, sir; considering the testimony before our committee.

Mr. McKEOUGH. Then I presume it is that same standard that permits you to believe that to put dictographs in another Member's office or hotel is the same high standard of performance?

Mr. BATES of Kentucky. I did not say anything about putting a dictograph in another Member's office. No dictographs were placed in any Member's office or in any other Government building.

Mr. McKEOUGH. You said you put a dictograph in the room of the chairman of this subcommittee.

Mr. BATES of Kentucky. Again the gentleman is mistaken. I did not say that I put them in any Government building.

Mr. McKEOUGH. Where did you put them?

Mr. BATES of Kentucky. In the Hamilton Hotel, the Ambassador Hotel, the Maryland-Virginia Milk Producers' office, and the office of Mr. Barbour. To say the least, they got results, which perhaps explains why such a fuss has been raised about it. [Applause.]

Mr. McKEOUGH. Did you understand who were to visit those rooms at the time you placed it in there?

Mr. BATES of Kentucky. No.

Mr. McKEOUGH. Did you have it indicated to you that any Member of Congress might be in those rooms?

Mr. BATES of Kentucky. No.

Mr. McKEOUGH. But in the event they were you would accept that as prima facie evidence and would hang them as a result of that evidence?

Mr. BATES of Kentucky. If I set a trap for a rattlesnake and my best friend gets in it, it is no fault of mine. [Applause.]

In closing, let me say again, Mr. Chairman and Members, that I have no personal interest in the pending bill. But my personal observation during 2 months of investigation, is that this bill is unsound. If passed in its present form, I am of the opinion that it would prove to be a detriment to the people of the District of Columbia. For that reason I shall not support the bill. [Applause.]

[Here the gavel fell.]

Mr. HOFFMAN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. HOFFMAN. Was this dictaphone business all done in a hotel room or was it done up here?

The CHAIRMAN. That is not a parliamentary inquiry.

The Chair will state for the information of the Committee that the gentleman from West Virginia has 19 minutes remaining and the gentleman from Illinois has 31 minutes remaining.

Mr. DIRKSEN. Mr. Chairman, I yield 5 minutes to the gentleman from Wisconsin [Mr. SCHAFER].

Mr. SCHAFER of Wisconsin. Mr. Chairman, I would suggest that my colleague who has just left the Well, read the guaranties of the fourth and fifth amendments to the Constitution. I would also suggest that he send for the wire-tapping case of *Olmstead* v. *United States* (277 U. S., p. 438) and read carefully the dissenting opinion of the Honorable Justice Brandeis in which he denounces wire tappers, dictographers, eavesdroppers, window peepers, and other snoopers who ignore the sacred rights and liberties guaranteed by the Bill of Rights.

Mr. HOFFMAN. Mr. Chairman, will the gentleman yield?

Mr. SCHAFER of Wisconsin. I yield.

Mr. HOFFMAN. What about the constitutional provision that provides for the pursuit of happiness, too? [Laughter.]

Mr. SCHAFER of Wisconsin. I would also suggest that he read the case, decided by the Supreme Court on December 20, 1937—Nardone against United States—with reference to wire tapping, which is prohibited under the Communications Act. A violation of the anti-wire-tapping provisions of said act calls for a fine of $10,000 or 2 years in the jailhouse.

Have we reached the point where the Congress of the United States is going to embrace the Moscow doctrine of Ogpu secret police?

If for no other reason than a repudiation of the conduct of the Member who has just left the Well of the House, we should pass the Schulte bill with an overwhelming vote today. [Applause.]

The CHAIRMAN (Mr. LANHAM). Does the gentleman from Michigan [Mr. HOFFMAN] insist on his demand that the words be taken down?

Mr. HOFFMAN. I do.

Mr. THOMAS F. FORD. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. THOMAS F. FORD. Does the reference to "anybody" refer to any one person?

Mr. SCHAFER of Wisconsin. No.

The CHAIRMAN. The Chair did not understand the gentleman's parliamentary inquiry.

Mr. THOMAS F. FORD. The gentleman said "anybody." He did not refer to a Member of Congress. He said "anybody."

Mr. HOFFMAN. He said the man that set that trap.

The CHAIRMAN. The Chair may say it is for the Speaker to determine. The words will be taken down and reported under the rule.

Mr. ANDREWS. Mr. Chairman, I move that the Committee do now rise.

Mr. KELLER. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. KELLER. Mr. Chairman, what would be the effect on this bill if we should vote to rise?

The CHAIRMAN. It would be the unfinished business of the Commitee on the District of Columbia on the next day that committee is called.

Mr. KELLER. What day would that be?

The CHAIRMAN. The second and fourth Monday of each month are District days.

Mr. KELLER. If we want present consideration of this bill we will have to vote against the motion?

The CHAIRMAN. I think the membership is sufficiently informed with reference to the motion. The question is on the motion to rise.

The question was taken; and on a division (demanded by Mr. SCHAFER of Wisconsin) there were—ayes 84, noes 53.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed Mr. RANDOLPH and Mr. DIRKSEN to act as tellers.

The Committee again divided; and the tellers reported there were—ayes 89, noes 58.

So the motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. LANHAM, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H. R. 6316) to amend the act entitled "An act to regulate within the District of Columbia the sale of milk, cream, and ice cream, and for other purposes," approved February 27, 1925, had come to no resolution thereon.

CALENDAR WEDNESDAY BUSINESS

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent that business in order on Calendar Wednesday may be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Texas [Mr. RAYBURN]?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. TINKHAM. Mr. Speaker, I ask unanimous consent to address the House for 6 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts [Mr. TINKHAM]?

There was no objection.

NEUTRALITY

Mr. TINKHAM. Mr. Speaker, the House Committee on Foreign Affairs has reported a bill which with cunning duplicity it terms a "neutrality bill."

This bill is in no sense a neutrality bill.

It is exactly the reverse because it gives the President of the United States power to intervene in any war anywhere in the world at any time.

It is a bill for war at the pleasure of the President.

It provides for personal government of the most dangerous character.

It gives to one man arbitrary power with respect to a question which is most vital to the American people, the question of war or peace.

One of the many objections to the bill is that it repeals the salutary provision in the present Neutrality Act which prohibits the exportation of arms and ammunition to nations at war. As the British Navy controls the sea, only Great Britain and her allies could come to the United States to obtain war supplies. This makes the bill a British munitions bill. What is even worse, if communistic Russia enters into an alliance with Great Britain, as now seems probable, the bill becomes also a Russian munitions bill. It is abhorrent and damnable that the United States should become an arsenal for any nation, particularly communistic Russia.

If Congress passes this bill giving unlimited arbitrary power to the President to intervene in the wars of the world it will bring war to the United States, if President Roosevelt remains in the White House.

For more than a year and a half President Roosevelt has been talking constantly of war.

First came his so-called "quarantine speech" at Chicago in October of 1937, where he said there was no escape for the United States through mere "isolation or neutrality" and that the "peace-loving nations must make a concerted effort" to quarantine and stop the aggressors.

Last January, in a message to Congress, President Roosevelt stated that whereas words were futile, there were many methods of bringing aggressor nations to account. He failed to explain, however, how hostile methods could be kept from provoking war.

A few weeks later, at a secret meeting at the White House of the members of the Senate Committee on Military Affairs, the President was reported to have said that "America's first line of defense was in France."

In April, on his return from Warm Springs, Ga., and as a sequel to his widely quoted remark: "I'll be back in the fall if we don't have a war," the President publicly adopted an editorial in the Washington Post as exactly stating his foreign policy. This editorial said:

> By "we" he undoubtedly meant western civilization. * * * In using the collective "we" the President told Hitler and Mussolini * * * that the tremendous force of the United States must be a factor in their current thinking.

During all this time President Roosevelt and members of his Cabinet have been deliberately attempting to implant in the minds of the American people a hatred of certain foreign nations with which we are at peace, and doing their best to foster the belief that if Great Britain or France were attacked, the United States would have to take part to save the democracies of the world.

The President's entire record with reference to our foreign policy, his utter disregard of the mandates respecting neutrality, and the ban on the exportation of munitions of war in our present Neutrality Act, his words and his actions

demonstrate that he has not been neutral, is not neutral, and does not intend to be neutral. His assertion in a formal statement last February that our "foreign policy has not changed and is not going to change" was an insult to the intelligence of the American people and a brazen falsehood.

If the misnamed neutrality bill now before the House is passed and the President thereby obtains the personal power and authority he seeks, the consequence will be war for the United States. [Applause.]

EXTENSION OF TIME WITHIN WHICH ASSESSMENT WORK ON MINING CLAIMS MAY BE COMMENCED

Mr. MURDOCK of Utah. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H. R. 6977) to extend the time within which annual assessment work on mining claims held by location in the United States may be commenced, for the year commencing at 12 o'clock m., July 1, 1938.

The Clerk read the title of the bill.

The SPEAKER. The Chair may say that the Chair agreed to recognize the gentleman from Utah [Mr. MURDOCK] on his statement that this was a matter of great emergency to certain men who had mining claims.

Is there objection to the request of the gentleman from Utah [Mr. MURDOCK]?

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, it is going to be my purpose to object to bringing up most of the legislation from now on by unanimous consent because I believe these bills should come up either by rule or by suspension of the rules. However, I understand this is an emergency measure; therefore, I shall not object.

Mr. MOSER. Mr. Speaker, reserving the right to object, is this not the same bill that was before the Committee on Mines and Mining?

Mr. MURDOCK of Utah. No, it is not. This bill simply extends the time within which the locator of a mine must be on his claim ready to work from July 1 to October 1. It does not suspend the work. It does not cost anything. However, by reason of certain statements that have gone out to the West, and which are now appearing in our newspapers, these statements having been sent out from the Department of the Interior, a lot of consternation has been brought about. The locators of the claims do not know where they are, and this bill gives them an additional 90 days to get on their claims and go to work.

Mr. MOSER. I accept the gentleman's explanation.

The SPEAKER. Is there objection to the request of the gentleman from Utah [Mr. MURDOCK]?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That to comply with the provisions of section 2324 of the Revised Statutes of the United States, which requires on each mining claim located, and until a patent has been issued therefor, not less than $100 worth of labor to be performed or improvements aggregating such amount to be made each year, it shall be sufficient, during the year beginning at 12 o'clock m., July 1, 1938, if such work or improvements are in good faith commenced on or before 12 o'clock m., October 1, 1939, and prosecuted with reasonable diligence to completion.

Mr. MURDOCK of Utah. Mr. Speaker, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. MURDOCK of Utah: On page 1, line 8, after the word "sufficient", strike out the word "during" and insert the word "for."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. SCHAFER of Wisconsin. Mr. Speaker, I ask unanimous consent to revise and extend in the RECORD the remarks I made in Committee of the Whole this afternoon, and to delete therefrom a few words which were objected to by one of my colleagues. I had no intention of casting aspersions directly or indirectly on any of my colleagues. I was trying to talk to a constitutional question and a matter of policy.

Mr. SMITH of Virginia. Reserving the right to object, Mr. Speaker, I objected previously to the withdrawal of the words, but I now am glad to withdraw my objection.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a short newspaper statement.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. ASHBROOK. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein some remarks made by a page at the annual banquet given at the Mayflower Hotel Saturday night to the pages of the House by the gentleman from Missouri [Mr. SHANNON].

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. VINCENT of Kentucky (at the request of Mr. GREGORY), for 1 day, on account of illness of his mother.

To Mr. MAGNUSON, for today, on account of illness.

To Mr. EATON of California (at the request of Mr. ANDERSON of California), for 1 week, on account of illness.

EXTENSION OF REMARKS

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks in the RECORD, and remind the House that tomorrow the so-called marine war-risk insurance bill, that insures foreign vessels as well as our own vessels, will be considered by the Committee on the Merchant Marines and Fisheries, of which the gentleman from Virginia [Mr. BLAND] is chairman.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

Mr. THORKELSON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a criticism of myself in the Pathfinder.

Mr. RAYBURN. Reserving the right to object, does the gentleman intend to place in his extension of remarks, as he does so many times, material that would appeal to racial prejudices, et cetera? I noticed in an extension of the gentleman's remarks in the RECORD the other day that he referred to Communists, various persons engaged in un-American activities, and so forth, and then in one paragraph, still talking along that line, he named every Jew in the House who is chairman of a committee or ranking member on a committee. Just what did the gentleman mean by mentioning the names of these Jewish Members in the remarks in which he was referring to persons engaged in un-American activities and to Communist influences?

Then, immediately following that paragraph in his extension of remarks, the gentleman quoted a provision in the Constitution to the effect that no person holding any office of profit or trust under the United States shall without the consent of the Congress accept any present, emolument, office, or title of any kind whatever, from any king, prince, or foreign state. Did the gentleman intend to accuse these Jewish Members of being Communists, or did he intend to infer that they were getting emoluments and favors from foreign countries? I would just like to know what is in the gentleman's mind.

Mr. THORKELSON. I do not know any reason why I should tell the gentleman what is in my mind.

Mr. RAYBURN. I see in so many of the gentleman's extensions of remarks that he makes terrible accusations against the President of the United States, and inferentially against certain groups in this country. I just wonder what is in the gentleman's mind. I wonder if the gentleman really desires to spread racial prejudice throughout this

country, in which all races and all creeds have lived together in friendship and in patriotism. I just wonder what the gentleman intends to imply when he places material of that kind in his extensions of remarks.

Mr. THORKELSON. May I ask the gentleman, does he think——

Mr. RAYBURN. I am not yielding for a question. I am asking the gentleman a question.

Mr. THORKELSON. I am not yielding for any persecution, either. I have the same right in this Congress as the gentleman who is now speaking, and I have a right to defend constitutional government and speak on it as well as the gentleman has.

Mr. RAYBURN. I understand that.

Mr. THORKELSON. Do not forget that.

Mr. RAYBURN. I do not deny that. Does the gentleman believe he is defending and perpetuating constitutional government or good feeling in this country among creeds and races by placing in the RECORD remarks of that sort?

Mr. THORKELSON. We do not need to sacrifice constitutional government for anyone.

Mr. SHORT. Mr. Speaker, I demand the regular order.

The SPEAKER. The gentleman from Missouri demands the regular order.

Is there objection to the request of the gentleman from Montana?

Mr. O'TOOLE. I object, Mr. Speaker.

Mr. RAYBURN. No; do not object; let it go.

Mr. O'TOOLE. All right; I withdraw the objection, Mr. Speaker.

The SPEAKER. The objection is withdrawn. The Chair hears no objection.

SENATE BILL AND CONCURRENT RESOLUTIONS REFERRED

A bill and concurrent resolutions of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 2240. An act to provide for a national census of housing; to the Committee on the Census.

S. Con. Res. 22. Concurrent resolution authorizing the printing of the manuscript containing a general description of the Army of the United States as a public document; to the Committee on Printing.

S. Con. Res. 24. Concurrent resolution providing for the printing of additional copies of Senate Report No. 610, entitled "Survey of Experiences in Profit Sharing and Possibilities of Incentive Taxation"; to the Committee on Printing.

S. Con. Res. 25. Concurrent resolution providing for the printing of additional copies of the hearings held before a subcommittee of the Committee on Finance on the investigation of existing profit-sharing systems between employers and employees in the United States; to the Committee on Printing.

S. Con. Res. 26. Concurrent resolution authorizing the printing of additional copies of the hearings held before the Committee on Interstate Commerce of the Senate on the bill (S. 2009) entitled "Transportation Act of 1939"; to the Committee on Printing.

ADJOURNMENT

Mr. RAYBURN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 34 minutes p. m.) the House adjourned until tomorrow, Tuesday, June 27, 1939, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON MERCHANT MARINE AND FISHERIES

The Committee on Merchant Marine and Fisheries will hold public hearings in room 219, House Office Building, at 10 a. m. on the bills and dates listed below:

There will be a meeting of the Committee on Merchant Marine and Fisheries at 10 a. m. Tuesday, June 27, 1939, for the consideration of H. R. 6572, relating to marine war-risk insurance.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

There will be a meeting before a subcommittee of the Committee on Interstate and Foreign Commerce for the public consideration of H. R. 5726, to amend the Interstate Commerce Act by providing that the shipper shall be liable for charges in certain cases.

COMMITTEE ON IRRIGATION AND RECLAMATION

There will be a meeting of the Committee on Irrigation and Reclamation at 10 a. m. Tuesday morning, June 27, 1939, room 128, House Office Building, for consideration of H. R. 6984.

COMMITTEE ON THE JUDICIARY

On Wednesday, June 28, 1939, beginning at 10 a. m., there will be continued a public hearing before the Committee on the Judiciary on the bill (H. R. 6369) to amend the act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory thereof and supplemental thereto; to create a Railroad Reorganization Court; and for other purposes.

COMMITTEE ON INDIAN AFFAIRS

There will be a meeting of the Committee on Indian Affairs on Wednesday, June 28, 1939, at 10:30 a. m. for consideration of H. R. 2738, H. R. 4831, H. R. 909, H. R. 6506, H. R. 953, and S. 72.

COMMITTEE ON IMMIGRATION AND NATURALIZATION

There will be a meeting of the Committee on Immigration and Naturalization at 10:30 a. m. Tuesday, June 27, 1939, for the continuation of an executive hearing on child refugee bills.

There will be a meeting of the Committee on Immigration and Naturalization at 10:30 a. m. Wednesday, June 28, 1939, which will be an executive session of private bills and unfinished business.

COMMITTEE ON PUBLIC BUILDINGS AND GROUNDS

There will be a meeting of the Committee on Public Buildings and Grounds at 10:30 a. m. Wednesday, June 28, 1939, for the consideration of S. 1725.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

906. A communication from the President of the United States, transmitting supplemental and deficiency estimates of appropriations for the Department of the Interior for the fiscal year 1940 and prior years, amounting to $1,533,568.95, together with the drafts of proposed provisions pertaining to existing appropriations and proposed authorizations aggregating $267,200 from Indian tribal funds (H. Doc. No. 372); to the Committee on Appropriations and ordered to be printed.

907. A communication from the President of the United States transmitting a supplemental estimate of appropriation for the Treasury Department for the fiscal year 1940, amounting to $500,000 (H. Doc. No. 373); to the Committee on Appropriations and ordered to be printed.

908. A letter from the Secretary of the Interior, transmitting the draft of a proposed bill to promote sustained-yield forest management, preserve scenic and recreational values, insure industrial advancement of the Quinaielt Indians, and for other purposes; to the Committee on Indian Affairs.

909. A letter from the Acting Secretary of the Treasury, transmitting the draft of a proposed bill for the relief of John L. Summers, former disbursing clerk, Treasury Department; to the Committee on Claims.

910. A letter from the Attorney General of the United States, transmitting the draft of a proposed bill to provide for the adjustment of certain claims against the United States and to confer jurisdiction on the Court of Claims and the district courts of the United States; to the Committee on the Judiciary.

911. A letter from the Chairman, Reconstruction Finance Corporation, transmitting report covering the operations of the Reconstruction Finance Corporation for the first quar-

ter of 1939, and for the period from the organization of the Corporation on February 2, 1932, to March 31, 1939 (H. Doc. No. 374); to the Committee on Banking and Currency, and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. CROWE: Committee on the Territories. H. R. 6114. A bill to authorize postmasters within the Territory of Alaska to administer oaths and affirmations, and for other purposes; with amendment (Rept. No. 938). Referred to the Committee of the Whole House on the state of the Union.

Mr. DEROUEN: Committee on the Public Lands. H. R. 6560. A bill relating to placer mining claims for deposits of phosphate, sodium, potassium, oil, oil shale, or gas on the public domain; without amendment (Rept. No. 939). Referred to the Committee of the Whole House on the state of the Union.

Mr. DEROUEN: Committee on the Public Lands. S. 1558. An act to provide for the acceptance of an easement with respect to certain lands in New Mexico, and for other purposes; without amendment (Rept. No. 940). Referred to the Committee of the Whole House on the state of the Union.

Mr. DEROUEN: Committee on the Public Lands. H. R. 3025. A bill to amend an act entitled "An act to reserve lands to the Territory of Alaska for educational uses, and for other purposes," approved March 4, 1915 (38 Stat. 1214–1215); with amendment (Rept. No. 941). Referred to the Committee of the Whole House on the state of the Union.

Mr. DEROUEN: Committee on the Public Lands. S. 2133. An act authorizing the conveyance of certain lands to the State of Nevada; without amendment (Rept. No. 942). Referred to the Committee of the Whole House on the state of the Union.

Mr. DEROUEN: Committee on the Public Lands. H. R. 3764. A bill to validate and confirm a certain conveyance heretofore made by Central Pacific Railway Co., and its lessee, Southern Pacific Co., to Consolidated Warehouse Co., involving a portion of the right-of-way acquired by the Central Pacific Railroad Co. of California under the act of Congress approved July 1, 1862 (12 Stat. 489); without amendment (Rept. No. 943). Referred to the Committee of the Whole House on the state of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII public bills and resolutions were introduced and severally referred as follows:

By Mr. RISK:

H. R. 6982. A bill extending the period for filing income-tax returns; to the Committee on Ways and Means.

By Mr. WELCH:

H. R. 6983. A bill to provide for the construction of a marine tuberculosis hospital in California; to the Committee on Merchant Marine and Fisheries.

By Mr. WHITE of Idaho:

H. R. 6984. A bill to provide a feasible and comprehensive plan for the variable payment of construction charges on United States reclamation projects, to protect the investment of the United States in such projects, and for other purposes; to the Committee on Irrigation and Reclamation.

By Mr. EVANS:

H. R. 6985 (by request). A bill to amend the Patent Statutes; to the Committee on Patents.

By Mr. IGLESIAS:

H. R. 6986. A bill to enable the people of Puerto Rico to form a constitution and state government and be admitted into the Union on an equal footing with the States; to the Committee on the Territories.

By Mr. LUTHER A. JOHNSON:

H. R. 6987. A bill to promote farm ownership by amending the Bankhead-Jones Farm Tenant Act to provide for Government-insured loans to farmers; to encourage sale of farms held by absentee owners to farm tenants; and to enable tenant farmers to become owners of farm homes through long-term low-interest-rate loans on farms; and for other purposes; to the Committee on Agriculture.

By Mr. MARTIN of Massachusetts:

H. R. 6988. A bill requiring reductions in Government expenditures, and for other purposes; to the Committee on Expenditures in the Executive Departments.

By Mr. PATMAN:

H. R. 6989. A bill to restrict the establishment of branch offices by financial institutions chartered or insured under the laws of the United States; to the Committee on Banking and Currency.

By Mr. RANDOLPH:

H. R. 6990. A bill to authorize the acquisition of certain relics of Christopher Columbus; to the Committee on the Library.

H. R. 6991. A bill to amend an act of Congress entitled "An act to regulate the employment of minors within the District of Columbia," approved May 29, 1928; to the Committee on the District of Columbia.

By Mr. ROBERTSON:

H. J. Res. 337. Joint resolution to provide for the maintenance for public use of certain highways in the Shenandoah National Park; to the Committee on the Public Lands.

By Mr. SMITH of Virginia:

H. J. Res. 338. Joint resolution to provide for the maintenance for public use of certain highways in the Shenandoah National Park; to the Committee on the Public Lands.

By Mr. TINKHAM:

H. J. Res. 339. Joint resolution providing for the prohibition of the export of arms, ammunition, and implements of war to belligerent countries; the prohibition of the transportation of arms, ammunition, and implements of war by vessels of the United States for the use of belligerent states; for the registration and licensing of persons engaged in the business of manufacturing, exporting, or importing arms, ammunition, or implements of war; and restricting travel by American citizens on belligerent ships during war; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. GEYER of California:

H. R. 6992. A bill to authorize cancelation of deportation in the case of Kinzo Osawa; to the Committee on Immigration and Naturalization.

By Mr. HOPE:

H. R. 6993. A bill granting a pension to Birdie Ann Mock; to the Committee on Invalid Pensions.

By Mr. RUTHERFORD:

H. R. 6994. A bill for the relief of Emma Youngman; to the Committee on the Civil Service.

By Mr. WHELCHEL:

H. R. 6995. A bill awarding the Distinguished Service Medal to Joseph Ernest Shafer, ex-seaman, 2d class, United States Navy; to the Committee on Naval Affairs.

By Mr. THOMAS F. FORD:

H. R. 6996. A bill for the relief of the Fairchild Aerial Surveys, Inc.; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

4005. By Mr. ANDERSON of California: Senate Joint Resolution No. 13, relative to the holding of an Interstate Conference on Agricultural Refugees, and memorializing the President and Congress of the United States to sponsor such conference; to the Committee on Appropriations.

4006. By Mr. BOLLES: Petition of sundry citizens of Burlington, Wis., favoring a strict neutrality act which will keep

the General Welfare Act; to the Committee on Ways and Means.

4043. Also, petition of June Evans, of Covina, Calif., and 15 others, urging support of House bill 5620, known as the General Welfare Act; to the Committee on Ways and Means.

4044. By Mr. WELCH: Joint Resolution No. 13 of the California State Senate, relative to the holding of an interstate conference on agricultural refugees, and memorializing the President and Congress of the United States to sponsor such conference; to the Committee on Foreign Affairs.

4045. Also, Joint Resolution No. 22 of the California State Senate, relative to memorializing the President and Congress to enact legislation for the rehabilitation of the Indians of the Auburn Rancheria and affiliated Indians in California; to the Committee on Indian Affairs.

4046. Also, Joint Resolution No. 14 of the California State Senate, relative to the Voorhis bill, and memorializing the President and Congress of the United States to take immediate steps for the passage of such bill; to the Committee on Ways and Means.

4047. By the SPEAKER: Petition of W. C. Taylor, of San Francisco, Calif., and others, petitioning consideration of their resolution with reference to H. R. 6470, Works Progress Administration appropriation; to the Committee on Appropriations.

4048. Also, petition of Viola Miller, of San Francisco, Calif., and others, petitioning consideration of their resolution with reference to Federal theater, arts, and music projects; to the Committee on Appropriations.

4049. Also, petition of Clarence Roache, of San Francisco, Calif., and others, petitioning consideration of their resolution with reference to House bill 6470, Works Progress Administration appropriations; to the Committee on Appropriations.

4050. Also, petition of the United Federal Workers of America, Washington, D. C., petitioning consideration of their resolution with reference to antialien bills; to the Committee on the Judiciary.

4051. Also, petition of the Alabama League of Municipalities, Montgomery, Ala., petitioning consideration of their resolution with reference to Federal Housing legislation; to the Committee on Banking and Currency.

4052. Also, petition of the board of estimate, bureau of the secretary, city of New York, N. Y., petitioning consideration of their resolution with reference to 1940 relief bill; to the Committee on Appropriations.

SENATE

TUESDAY, JUNE 27, 1939

(Legislative day of Thursday, June 22, 1939)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

The Chaplain, Rev. ZeBarney T. Phillips, D. D., offered the following prayer:

O eternal God, Thou hast revealed Thyself in ways which far transcend our understanding, for out of the darkness which enfolds Thee hath appeared a light, and out of the silence wherein Thou dwellest hath been heard a voice, so that Thou art known to us, Thy children, in Thy blessed Son, Jesus Christ, whose face is Thy light and whose cross of love is Thy voice. Grant that through Him we may know Thee as Thou art, holy and compassionate, and, knowing Thee, may give to Thee the offering of ourselves to be Thy servants in this, our individual prayer.

Thou hast a work for me to do; Lord, show it to me. Thou hast a place for me to fill; Lord, give me grace to fill it to Thy glory. Thou hast given me a soul to make; Lord, make Thou it for me, and build me into Thy spiritual temple, for Jesus Christ's sake. Amen.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Monday, June 26, 1939, was dispensed with, and the Journal was approved.

FINDINGS OF THE COURT OF CLAIMS IN CERTAIN CASES

The VICE PRESIDENT laid before the Senate a letter from the Chief Clerk of the Court of Claims of the United States, transmitting, pursuant to order of the court, certified copies of the findings of fact and conclusion filed by the court in the cases of No. 17670, Congressional, *James M. Carr* v. *The United States;* No. 17709, Congressional, *John T. Oakley* v. *The United States,* and No. 17724, Congressional, *Frank Schatz and Harry Schatz* v. *The United States,* decided May 1, 1939, which cases were referred to the court on June 30, 1932, by resolution of the Senate under the provisions of law, which, with the accompanying papers, was referred to the Committee on Claims.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a resolution of the board of estimate of the city of New York, favoring the deletion from the 1940 work relief and relief joint resolution (H. J. Res. 326) of a provision which would reduce the appropriation for public works to $125,000,000, etc., which was referred to the Committee on Appropriations.

He also laid before the Senate a resolution adopted by the Workers Alliance and other organizations of Bergen and Passaic Counties, N. J., favoring the enactment of the so-called Murray-Casey bill, being the bill (S. 2507) to provide a program for the relief of unemployment by affording opportunities for employment upon a public-works program to persons unable to secure private employment, which was referred to the Special Committee to Investigate Unemployment and Relief.

He also laid before the Senate the petition of the public-affairs committee of the Y. W. C. A., of Warren, Ohio, praying for the enactment of such legislation relative to neutrality as will make measures pertaining thereto subject to the joint approval of the President and both Houses of Congress, and also the prompt adoption of measures to restrict American aid to aggressor nations, which was referred to the Committee on Foreign Relations.

He also laid before the Senate a resolution of Local No. 1, W. P. A. Union, United Federal Workers of America, affiliated with the C. I. O., of Washington, D. C., protesting against the enactment of antialien legislation, which was referred to the Committee on Immigration.

He also laid before the Senate the memorial of the mayor, the president, and members of the library board, the librarian, the superintendent of schools, the president of the Civic and Commerce Association, and other citizens, all of Marshall, Minn., remonstrating against the confirmation of the nomination of Archibald MacLeish, of Connecticut, to be Librarian of Congress, which was ordered to lie on the table.

Mr. HOLT presented the petition of the Junior Order of United American Mechanics, of New Haven, W. Va., praying that due consideration be given to immigration legislation now pending, which was referred to the Committee on Immigration.

IMMIGRATION: RESOLUTION OF MARION COUNTY (W. VA.) INDUSTRIAL UNION COUNCIL

Mr. HOLT presented a resolution of the Marion County (W. Va.) Industrial Union Council, which was referred to the Committee on Immigration and ordered to be printed in the RECORD, as follows:

FAIRMONT, W. VA.

Whereas there has been introduced in the present session of Congress of the United States the following House and Senate bills, all of which may be grouped under the general classification of a prevalent antialien campaign: H R. 130, H. R. 273, H. R. 279, H. R. 280, H. R. 999. H. R. 3029, H. R. 3031, 3032, 3033, 3051, H. R. 3241, H. R. 3245, H. R. 3392, H. R. 4006, H. R. 4172, H. R. 4768, H. R. 4806, H. R. 4905, H. R. 5196, S. 407, 408, 409, 410, 411, S. 668, S. 1470, and amendment to emergency relief appropriations bill; and

Whereas all of the above-numbered bills differ, in the main, only in detail, are the forerunners of police supervision and the passport system, and will inevitably bring about a condition wherein regimentation and State control for every worker will become an established fact under the law: Therefore be it

Resolved, That the Marion County Industrial Union Council is unreservedly opposed to the enactment of the afore-mentioned proposed

us out of foreign entanglements; to the Committee on Foreign Affairs.

4007. Also, petition of sundry citizens of Kenosha, Wis., favoring a strict neutrality act which will keep us out of foreign entanglements; to the Committee on Foreign Affairs.

4008. Also, petition of sundry citizens of Racine, Wis., favoring a strict neutrality act which will keep us out of foreign entanglements; to the Committee on Foreign Affairs.

4009. By Mr. CURLEY: Resolutions of the board of estimate of the city of New York, urging the Congress to delete from the 1940 Relief Act the reduction in appropriation for public works to $125,000,000; the proviso making it impossible to build Public Works Administration projects costing more than $225,000 and Works Progress Administration projects costing more than $40,000 and the elimination of the theater projects; to the Committee on Appropriations.

4010. By Mr. THOMAS F. FORD: Resolution of the City Council of Los Angeles, petitioning Congress to give adequate support to the Federal theater and other cultural projects, and to amend the appropriation bill so that the limitation of Federal contributions to Works Progress Administration projects and on grants to Public Works Administration projects be eliminated, thus permitting public improvements depending upon Federal aid to go forward in the city of Los Angeles; to the Committee on Appropriations.

4011. Also, resolution of the Senate and Assembly of the State of California, memorializing the President and the Congress of the United States to sponsor an interstate conference on agricultural refugees in distress; to the Committee on Agriculture.

4012. By Mr. MICHAEL J. KENNEDY: Petition of the Valve Pilot Corporation of New York City, expressing opposition to the Bloom neutrality bill; to the Committee on Foreign Affairs.

4013. Also, petition of the New York Marine News Co., Inc., pertaining to House bill 6746, which includes administrative amendments to the Merchant Marine Act of 1936; to the Committee on Merchant Marine and Fisheries.

4014. Also, petition of the Eastern Shore Milk Producers Cooperative, Inc., opposing House bill 6316, pertaining to regulations of the Washington Health Department concerning milk; to the Committee on the District of Columbia.

4015. Also, memorial of the board of estimate of the city of New York, urging the Congress to delete from the 1940 relief bill the provisions reducing the appropriation for public works to $125,000,000 and causing other deprivations described therein; to the Committee on Appropriations.

4016. By Mr. KEOGH: Petition of the Eastern Shore Milk Producers Cooperative, Inc., Eastern Shore, Md., opposing House bill 6316; to the Committee on the District of Columbia.

4017. Also, petition of the Asbestos Workers Local No. 12, New York City, favoring relief bill and the Starnes bill; to the Committee on Appropriations.

4018. Also, memorial of the board of estimate of the city of New York, memorializing the Congress to delete from the 1940 relief bill the provisions which would reduce the appropriation for public works to $125,000,000 and which would cause other deprivations; to the Committee on Appropriations.

4019. Also, petition of the District of Columbia Motor Club, concerning House bill 3954; to the Committee on the District of Columbia.

4020. Also, petiton of the New York Marine News Co., Inc., concerning House bill 6746; to the Committee on Merchant Marine and Fisheries.

4021. Also, petition of the Chamber of Commerce of the State of New York, concerning the Mead bill to insure bank loans; to the Committee on Banking and Currency.

4022. By Mr. PFEIFER: Petition of the District of Columbia Motor Club, Washington, D. C., favoring the passage of House bill 3954; to the Committee on the District of Columbia.

4023. Also, petition of the Chamber of Commerce of the State of New York, opposing the passage of the Mead bill to insure bank loans; to the Committee on Banking and Currency.

4024. Also, petition of the Embassy-Fairfax Dairy, Washington, D. C., concerning the Schulte bill (H. R. 6316); to the Committee on the District of Columbia.

4025. Also, petition of the Asbestos Workers Local No. 12, American Federation of Labor, New York City, favoring the relief bill and the Starnes bill; to the Committee on Appropriations.

4026. By Mr. RISK: Petition of John Bradbury, of Pawtucket, R. I., and 29 other signers, requesting the enactment of House bill 5620, the General Welfare Act; to the Committee on Ways and Means.

4027. Also, petition of Mary C. Epstein, of Providence, R. I., and 59 other signers, requesting the enactment of House bill 5620, the General Welfare Act; to the Committee on Ways and Means.

4028. Also, petition of George A. Randall, of Cranston, R. I., and 29 other signers, requesting the enactment of House bill 5620, the General Welfare Act; to the Committee on Ways and Means.

4029. Also, petition of Henry A. White, of Providence, R. I., and 29 other signers, requesting the enactment of House bill 5620, the General Welfare Act; to the Committee on Ways and Means.

4030. Also, petition of Capt. Elwood V. Cornell, of Providence, R. I., and 29 other signers, requesting the enactment of House bill 5620, the General Welfare Act; to the Committee on Ways and Means.

4031. Also, petition of Rose Porter, of Providence R. I., and 29 other signers, requesting the enactment of House bill 5620, the General Welfare Act; to the Committee on Ways and Means.

4032. By Mr. VOORHIS of California: Petition of Carl H. Beck, of Baldwin Park, Calif., and 30 others, urging support of House bill 5620, known as the General Welfare Act; to the Committee on Ways and Means.

4033. Also, petition of Mary E. Ribble, of San Gabriel, Calif., and 89 others, urging support of House bill 5620, known as the General Welfare Act; to the Committee on Ways and Means.

4034. Also, petition of Sadie W. Mudge, of Alhambra, Calif., and 29 others, urging support of House bill 5620, known as the General Welfare Act; to the Committee on Ways and Means.

4035. Also, petition of Orrin Welch, of Alhambra, Calif., and 60 others, urging support of House bill 5620, known as the General Welfare Act; to the Committee on Ways and Means.

4036. Also, petition of Effie F. Smith, of Los Angeles, Calif., and 59 others, urging support of House bill 5620, known as the General Welfare Act; to the Committee on Ways and Means.

4037. Also, petition of Christina Jensen, of Baldwin Park, Calif., and 90 others, urging support of House bill 5620, known as the General Welfare Act; to the Committee on Ways and Means.

4038. Also, petition of Lewis Stratton, of Pomona, Calif., and 60 others, urging support of House bill 5620, known as the General Welfare Act; to the Committee on Ways and Means.

4039. Also, petition of Robert E. Hewes, of Monrovia, Calif., and 59 others, urging support of House bill 5620, known as the General Welfare Act; to the Committee on Ways and Means.

4040. Also, petition of Charles A. Tucker, of Alhambra, Calif., and 20 others, urging support of House bill 5620, known as the General Welfare Act; to the Committee on Ways and Means.

4041. Also, petition of H. A. Smucker, of La Verne, Calif., and 59 others, urging support of House bill 5620, known as the General Welfare Act; to the Committee on Ways and Means.

4042. Also, petition of A. Elliott, of Baldwin Park, Calif., and 10 others, urging support of House bill 5620, known as

Oklahoma, to be a member of the Federal Communications Commission for a term of 7 years from July 1, 1939. (Reappointment.)

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

The VICE PRESIDENT. The reports will be placed on the Executive Calendar.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had passed without amendment the bill (S. 1805) to establish a lien for moneys due hospitals for services rendered in cases caused by negligence or fault of others and providing for the recording and enforcing of such liens.

The message also announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 3834. An act to amend the act entitled "An act to regulate steam and other operating engineering in the District of Columbia," approved February 28, 1887, as amended;

H. R. 5288. An act to amend section 691–a of the Code of Law of the District of Columbia, approved March 3, 1901, and of any act or acts amendatory thereof relating to foreign building and loan associations doing business in the District of Columbia;

H. R. 6834. An act authorizing the Commissioners of the District of Columbia to settle claims and suits of the District of Columbia;

H. R. 6876. An act to make uniform in the District of Columbia the law on fresh pursuit and to authorize the Commissioners of the District of Columbia to cooperate with the States; and

H. R. 6977. An act to extend the time within which annual assessment work on mining claims held by location in the United States may be commenced, for the year commencing at 12 o'clock m. July 1, 1938.

ENROLLED BILL SIGNED

The message further announced that the Speaker had affixed his signature to the enrolled bill (H. R. 6851) to provide revenue, equalize taxation, and for other purposes, and it was signed by the Vice President.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. GLASS:

S. 2705. A bill creating the Great Falls Bridge Commission and authorizing the construction, maintenance, and operation of a bridge across the Potomac River near the Great Falls of the Potomac; to the Committee on Commerce.

By Mr. LOGAN:

S. 2706. A bill for the relief of John L. Summers, former disbursing clerk, Treasury Department, and for other purposes; to the Committee on Claims.

By Mr. NEELY:

S. 2707. A bill granting an increase of pension to Martha L. E. Bromberg; to the Committee on Pensions.

By Mr. BYRD:

S. 2708. A bill for the relief of Buford Lee Pratt; to the Committee on Claims.

By Mr. CLARK of Missouri:

S. 2709. A bill to limit the operation of sections 109 and 113 of the Criminal Code and section 190 of the Revised Statutes of the United States with respect to counsel in certain cases; to the Committee on the Judiciary.

By Mr. NYE:

S. 2710. A bill to extend the time for filing claims for floor stocks adjustment under the Agricultural Adjustment Act; to the Committee on Finance.

By Mr. McCARRAN:

S. 2711. A bill prohibiting the employment of aliens within the United States by persons manufacturing aircraft for the Government, and for other purposes; to the Committee on the Judiciary.

HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred, or ordered to be placed on the calendar, as indicated below:

H. R. 3834. An act to amend the act entitled "An act to regulate steam and other operating engineering in the District of Columbia," approved February 28, 1887, as amended;

H. R. 6834. An act authorizing the Commissioners of the District of Columbia to settle claims and suits of the District of Columbia; and

H. R. 6876. An act to make uniform in the District of Columbia the law on fresh pursuit and to authorize the Commissioners of the District of Columbia to cooperate with the States; to the Committee on the District of Columbia.

H. R. 5288. An act to amend section 691–a of the Code of Law of the District of Columbia, approved March 3, 1901, and of any act or acts amendatory thereof relating to foreign building and loan associations doing business in the District of Columbia; to the calendar.

H. R. 6977. An act to extend the time within which annual assessment work on mining claims held by location in the United States may be commenced, for the year commencing at 12 o'clock m. July 1, 1938; to the Committee on Mines and Mining.

SOCIAL SECURITY ACT—AMENDMENTS

Mr. HERRING and Mr. CLARK of Idaho each submitted amendments intended to be proposed by them, respectively, to the bill (H. R. 6635) to amend the Social Security Act, and for other purposes, which were referred to the Committee on Finance and ordered to be printed.

WORK-RELIEF AND RELIEF APPROPRIATIONS—AMENDMENTS

Mr. GREEN submitted an amendment and Mr. BONE submitted several amendments intended to be proposed by them, respectively, to the joint resolution (H. J. Res. 326) making appropriations for work relief, relief, and to increase employment by providing loans and grants for public-works projects for the fiscal year ending June 30, 1940, which were ordered to lie on the table and to be printed.

Mr. HAYDEN (for himself and Mr. MEAD) submitted an amendment intended to be proposed by them to House Joint Resolution 326, which was ordered to lie on the table and to be printed.

ANNIVERSARY OF THE EXPLORATIONS OF FRANCISCO VASQUEZ DE CORONADO—AMENDMENT

Mr. ASHURST submitted an amendment intended to be proposed by him to the bill (S. 2197) authorizing Federal participation in the commemoration and observance of the four hundredth anniversary of the explorations of Francisco Vasquez de Coronado, which was ordered to lie on the table and to be printed.

PRINTING OF THE EXECUTIVE JOURNAL

Mr. PITTMAN submitted the following resolution (S. Res. 153), which was referred to the Committee on Foreign Relations:

Resolved, That 500 copies of the Executive Journal from the beginning of the Seventy-second Congress up to and including the end of the first session of the Seventy-sixth Congress be printed under the direction of the Secretary of the Senate, with suitable indexes to each volume; and that hereafter the same number of copies of the Executive Journal, with proper indexes, be printed at the close of each regular and special session of the Senate.

Resolved further, That the Executive Journals herein referred to shall not be made public except by the order of the Senate.

LIMIT OF EXPENDITURES FOR INVESTIGATION OF PROFIT-SHARING SYSTEMS

Mr. HERRING submitted the following resolution (S. Res. 154), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the limit of expenditures under Senate Resolution 215, Seventy-fifth Congress, third session, agreed to May 18, 1938, authorizing the Senate Finance Committee, or any subcommittee thereof, to investigate profit-sharing systems, is hereby increased by $2,738.91.

legislation, or any part thereof; that, irregardless of the motives of the sponsors of these bills, the purpose is clear and unmistakable and would, if passed, place into the hands of countless unscrupulous employers a weapon which would be employed not only against the innocent victims of these proposed regulatory statutes but would also be utilized to the fullest extent against all labor organizations; and be it further

Resolved, That copies of this resolution be sent to the President of the United States, the chairmen of the Senate and House Committees on Naturalization, the Senators and Congressmen of West Virginia, and to the Senators and Congressmen who have introduced these bills in the Congress.

RESTRICTION OF IMMIGRATION

Mr. REYNOLDS presented the following letter embodying a resolution relative to the immigration laws, which was referred to the Committee on Immigration and ordered to be printed in the RECORD, as follows:

FERNWOOD, PA.,
June 13, 1939.

Mr. CHARLES B. HELMS,
State Secretary, Patriotic Order Sons of America,
Sons of America Building, Philadelphia, Pa.

(Attention: State executive committee.)

DEAR MR. HELMS: At the regular stated meeting of Camp 605, Fernwood, Pa., Thursday evening, June 8, 1939, the following resolution was adopted:

"Whereas at the present time the immigration laws are not being fully enforced; and

"Whereas European refugees are being allowed to enter this country on some pretext or other and allowed to remain indefinitely, due to political influences brought to bear upon our immigration and other officials: Be it

"*Resolved*, That we, the officers and members of Washington Camp, 605, Patriotic Order Sons of America, demand immediate action be taken in regard to this perilous situation endangering the livelihood of the present and future generation; further be it

"*Resolved*, That we also demand that a petition be circulated immediately among all camps of the Patriotic Order Sons of America that an emergency bill be presented to Congress to close all immigration for a period of 10 years, also all visitors' visas be strictly enforced according to existing laws."

Fraternally yours for immediate action,

RESOLUTION COMMITTEE,
HORACE C. JOHNSON, *Chairman.*
JOHN R. GRIFFITHS.
J. WILSON POWELL.
CHARLES K. WOODSIDE,
Recording Secretary.

REPORTS OF COMMITTEES

Mr. LEE, from the Committee on Commerce, to which were referred the following bills, reported them each with amendments and submitted reports thereon:

S. 2242. A bill creating the Memphis and Little Rock Bridge Commission; defining the authority, power, and duties of said commission; and authorizing said commission and its successors and assigns to construct, maintain, and operate a bridge across the Mississippi River at or near Memphis, Tenn.; and for other purposes (Rept. No. 669); and

H. R. 4499. A bill authorizing the county of Gallatin, State of Illinois, its successors and assigns, to construct, maintain, and operate a bridge across the Ohio River at or near the city of Shawneetown, Gallatin County, Ill., to a point opposite thereto in the county of Union, State of Kentucky (Rept. No. 670).

Mr. MINTON, from the Committee on Military Affairs, to which was referred the joint resolution (S. J. Res. 107) authorizing the President of the United States to award the Congressional Medal of Honor to Dr. Anita Newcomb McGee, reported it with amendments and submitted a report (No. 671) thereon.

Mr. SCHWELLENBACH, from the Committee on Agriculture and Forestry, to which was referred the bill (S. 2110) to provide for purchase of fish (including shellfish) and products thereof by the Federal Surplus Commodities Corporation, reported it with an amendment and submitted a report (No. 672) thereon.

Mr. GLASS, from the Committee on Banking and Currency, to which was referred the bill (S. 2618) to extend the period during which direct obligations of the United States may be used as collateral security for Federal Reserve notes, reported it without amendment and submitted a report (No. 673) thereon.

Mr. O'MAHONEY, from the Committee on the Judiciary, to which was referred the bill (H. R. 1996) to amend the National Stolen Property Act, reported it with amendments and submitted a report (No. 674) thereon.

He also, from the Committee on Appropriations, to which was referred the joint resolution (S. J. Res. 134) to amend section 6 of the Post Office Department Appropriation Act, 1940, approved May 6, 1939, relative to the transmission of certain matter through the mails free of postage, reported it with amendments and submitted a report (No. 675) thereon.

Mr. BAILEY, from the Committee on Commerce, to which was referred the bill (S. 2259) to amend laws for preventing collisions of vessels, to regulate equipment of certain motorboats on the navigable waters of the United States, and for other purposes, reported it with amendments and submitted a report (No. 676) thereon.

He also, from the same committee, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

H. R. 3576. A bill to make effective the provisions of the Officers' Competency Certificates Convention, 1936 (Rept. No. 677); and

H. R. 4983. A bill to amend sections 712, 802, and 902 of the Merchant Marine Act, 1936, as amended, relative to the requisitioning of vessels (Rept. No. 678).

Mr. WHEELER (for himself and Mr. REED), from the Committee on Interstate Commerce, to which was referred the resolution (S. Res. 146) authorizing an investigation concerning methods of handling express and freight traffic by certain railroads (submitted by Mr. WHEELER and Mr. REED on June 19, 1939), reported it without amendment and submitted a report (No. 679) thereon.

Mr. WHEELER also, from the Committee on Interstate Commerce, to which was referred the bill (S. 2611) authorizing the purchase of a site and the erection of a building in the State of Massachusetts for use as a radio-monitoring station, and for other purposes, reported it without amendment and submitted a report (No. 680) thereon.

Mr. BANKHEAD, from the Committee on Agriculture and Forestry, to which was referred the bill (S. 2635) to amend the Federal Crop Insurance Act, reported it without amendment and submitted a report (No. 681) thereon.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, to which was referred the bill (S. 577) extending civil service to certain postmasters, reported it with an amendment to the title and submitted a report (No. 682) thereon.

He also, from the same committee, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 2245. A bill to prohibit the use of the mails for the solicitation of the procurement of divorces in foreign countries (Rept. No. 683); and

H. R. 5064. A bill to amend the act approved June 25, 1910, authorizing establishment of the Postal Savings System (Rept. No. 684).

Mr. McKELLAR also, from the Committee on Post Offices and Post Roads, to which was referred the bill (S. 2246) to amend section 194 of an act entitled "An act to codify, revise, and amend the penal laws of the United States," approved March 4, 1909 (35 Stat. L. 1088), reported it with an amendment and submitted a report (No. 685) thereon.

He also, from the same committee, to which was referred the bill (H. R. 5479) granting annual and sick leave with pay to substitutes in the Postal Service, reported it with amendments and submitted a report (No. 686) thereon.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

Mr. WAGNER, from the Committee on Banking and Currency, reported favorably the nomination of Jesse H. Jones, of Texas, to be Federal Loan Administrator, to be effective July 1, 1939.

Mr. REED, from the Committee on Interstate Commerce, reported favorably the nomination of Paul A. Walker, of

RELIEF MEASURES UNDER PRESIDENT HOOVER

Mr. CAPPER. Mr. President, I have received a telegram from Herbert Hoover correcting certain statements made in a recent radio address with respect to the record of his administration on the relief problem. In the interest of fairness, I believe this statement should be made public, and therefore ask that it be printed in the RECORD.

Mr. SCHWELLENBACH. Mr. President, concerning the telegram which the Senator from Kansas is inserting in the RECORD, of course, I have no objection to the request made by the Senator. I do not know whether or not it is a matter of distinction and honor to have been called a liar by the former President of the United States. However, I wish at this time to serve notice that probably tomorrow I will discuss the telegram which was sent by former President Hoover to the Senator from Kansas, and present the facts concerning my statement of last Sunday night and the statement made public by the former President, Mr. Herbert Hoover.

The VICE PRESIDENT. Is there objection to the request of the Senator from Kansas?

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

PALO ALTO, CALIF., *June 26, 1939.*

Senator ARTHUR CAPPER,
Washington, D. C.:

Over the radio today in debate between you and Senator SCHWELLENBACH, the Senator stated rightly that our Government must prevent hunger and cold among our citizens. With that I agree. But he continued to repeat the old lie that during my administration I argued against such action by the Government.

If you will refer to the press of the times, you will find that early in the depression, on October 17, 1930, I announced the formation of a national organization for unemployment relief under Colonel Woods, stating at the time, "as a nation we must prevent hunger and cold to those of our people who are in honest difficulties." At that early stage in the depression at my recommendation Federal public works were doubled and other necessary organized relief was established. On February 3, 1931, on suggestion that these measures might prove inadequate, I stated, "I am willing to pledge myself that if the time should ever come that the voluntary agencies of the country together with the local and State governments are unable to find resources with which to prevent hunger and suffering in my country, I will ask the aid of every resource of the Federal Government."

When with the deepening of the depression it became evident that support was necessary from the Federal Government, it was provided through large distribution of commodities to the States, and in 1932 the Reconstruction Finance Corporation upon my recommendation furnished large cash aid to the States. That relief was efficient; it was not the wasteful political organization that now dominates this country. There was certainly no more hardship in the country than there is today.

I would greatly appreciate it if you would interest yourself in publicly correcting this continued misstatement of Senator SCHWELLENBACH.

HERBERT HOOVER.

POLITICS IN RELIEF AND RELIEF IN POLITICS

Mr. AUSTIN. Mr. President, last night the senior Senator from New Mexico [Mr. HATCH], during the National Radio Forum, delivered an address relating to Senate bill 1871, a bill undertaking to remove politics from relief and to remove relief from politics, and for other purposes. I ask unanimous consent to have inserted in the RECORD in connection with my remarks a copy of the address of the Senator from New Mexico.

The VICE PRESIDENT. Is there objection?

There being no objection, the address was ordered to be printed in the RECORD, as follows:

RADIO ADDRESS BY HON. CARL A. HATCH, OF NEW MEXICO, JUNE 26, 1939

In addressing this radio audience this evening, I am glad to be able to say that stringent measures, prohibiting the use of relief or relief funds for any political purpose whatever, have already been enacted and will shortly become permanent law of the land.

When it is realized that only 1 year ago the Senate of the United States voted down by the slim majority of 1 vote a most mild amendment to the then pending relief bill, what has now been accomplished seems almost beyond belief.

After the Congress had refused to write into the relief bill the mild prohibitions proposed last year, the issue was presented again in the early part of the present session when the deficiency relief bill was being considered. At that time far stronger amendments were proposed. The Senate Appropriations Committee and the Senate accepted them with only a few perfecting changes. The House of Representatives agreed to them, and they became a part of the deficiency relief appropriation bill.

Last week the House committee considering the regular 1940 relief bill wrote into it the same strong prohibitions against the use of relief for political purposes. That measure is now pending in the Senate.

Early in the session bills were introduced separately from the appropriation bills making permanent laws against the use of relief funds for political purposes. They also relate generally to certain other proposed reforms in elections. Those various bills were referred to the Committee on Privileges and Elections. After much work and discussion in that committee, the Senator from Texas [Mr. SHEPPARD], the Senator from Vermont [Mr. AUSTIN], and I joined in drafting a new measure which we introduced in the Senate, and which is now known as Senate bill 1871. Of that bill and its objectives I would speak this evening. Time does not permit a detailed explanation of each separate section of the bill, but I must mention a few of its provisions. They include the same restrictions which were written into the relief appropriation bills to which I have referred, except in the pending bill the provisions are in many respects stronger and cover a wider scope.

Section 1 of the bill, drawn to prevent the intimidation or coercion of persons on relief, contains prohibitions broad enough to make it unlawful for any person to intimidate or coerce any person for the purpose of interfering with the right of such other person to vote as he may choose. Under this provision, a condition which long has been complained of in this country will be corrected. When this section of the bill is finally written into the law, no longer will any laboring man fear threat, intimidation, or coercion from those who employ him, and his right to vote freely as an independent American citizen will be protected and safeguarded as long as this section remains a part of the laws of this country.

It is also provided in the bill that no person can promise any employment or benefit made possible by any act of Congress to any other person as a favor or reward for political activity. In addition to this prohibition, the bill makes it unlawful for any person to deprive or threaten to deprive any person of employment or benefit made possible by any act of Congress as punishment because such person did not happen to vote as someone else might think he should have voted.

An important section of the bill is the one making it unlawful to solicit campaign contributions from any person receiving relief. Here I must compliment the House Committee on the Judiciary, for this section of the bill, as it passed the Senate, did not altogether meet the situation. The Senate bill only prohibited the soliciting of campaign contributions from relief workers. I think it should also prohibit the receiving of campaign contributions from those unfortunate citizens compelled to receive relief from the Government. When this situation was mentioned to certain members of the House committee, with one accord they agreed the bill should be amended to make it unlawful to receive such contributions from the relief worker. I consider this a most important provision, for no matter which party may receive the benefits of such campaign contributions, it is my belief there can be nothing more vicious than taking the nickels and dimes of persons on relief for political campaign purposes. So far as my own party is concerned, the great Democratic Party, it does not need and it will never need such contributions for its successes. If the time should ever come when the Democratic Party depends upon levying assessments on relief workers for its success, then I am willing for my party to be defeated. Defeat would be far better than victory won by such methods. But such conditions will not confront either party if Senate bill 1871 becomes a law, for then such practices would not be possible. If any violations of the law should occur, I am sure every district attorney in the United States would be eager to prosecute, and the courts and juries of the land would gladly punish all such lawbreakers.

As I indicated in the beginning, these and other provisions of the bill are so meritorious, and the country has been so aroused as to the need for them, I entertain no doubt as to the ultimate passage of legislation covering these matters.

From my standpoint, one other section of the bill is not in such a happy position. Under the Senate bill, a section which has come to be known as section 9 goes further than such legislation has heretofore gone. This section of the bill strikes at what I conceive to be an age-old evil in this country.

Under existing laws there are thousands of Federal employees who are not under civil service. These employees fill many and various offices and positions. They include United States district attorneys, collectors of customs, collectors of internal revenue, and thousands of others occupying clerical or subordinate positions in government. In many respects they differ in no way or principle from the half million or more employees of the Federal Government now under civil-service rules. Under these rules it is provided, in substance, that all such employees are prohibited from using "official authority or influence for the purpose of interferring with an election or affecting the results thereof." Those rules also provide, and I quote the language of the rule:

"All such persons shall retain the right to vote as they please and to express privately their opinions on all political subjects, but they shall take no active part in political management or in political campaigns."

In short, civil-service employees of the Government—and there are more than 500,000 of them—are prohibited from political activity in political campaigns.

I believe in this rule; I believe it is a wholesome rule for government. For approximately 50 years it has been in effect and has been applicable to employees under the civil service. It has been

tested by the experience of the years. No party would dare propose that it be abolished.

Believing as we do that the rule is a wholesome one, the sponsors of the bill saw no reason why its provisions against political activity should not apply to other similar employees of the Federal Government. Therefore, we wrote this civil-service rule into section 9. We now seek to make it applicable to all employees of the Federal Government, except those who fill what are called policy-making positions.

Never did I interpret the bill to be broad enough to include officials such as the President, members of his Cabinet, and Members of the Congress. Certainly they are not employees of the Government in the sense the word "employee" is customarily used. They are officials of the United States of America. But criticism has been made of section 9 because some said it would include these officials and would even prevent a Member of Congress from making a speech in his own behalf in his own campaign. To me that is a most unjustified construction of the language of section 9. However, to allay the fears of those who so interpreted the bill, I have redrafted section 9 to definitely exclude from its terms those officials who are charged with the duties of carrying on policy-making functions of the Government. I will understand how the President, Members of Congress, Cabinet officials, and such officers are in a sense purely political officials. They must go forth on the stump, over the radio, and through the press and carry to the people their policies and programs of government, even as I am now doing, defending them, if necessary, from assault and attack. It would clearly be wrong to prevent such officials and their employees from carrying on in a legitimate way the political aspects of the administration. Under the redraft of section 9 which I have prepared, such officials will not be precluded at all from exercising every just, legitimate, and necessary function of their office, including the political function. However, such officials cannot be classed with the thousands and thousands of others who have no such political duties to perform.

What policy-making function does a collector of internal revenue, a district attorney, or an employee in a clerical position discharge or perform? None whatever. Their duties are purely administrative. The primary duty of the district attorney is to prosecute violators of criminal laws. He has no part whatever in the formulation of those laws. His duties are plain; they are not in any sense political. The duties of the collector of internal revenue relate to the collection of taxes. He formulates and determines no course of action.

But it is argued that these officials, having received the rewards of party victory, are obligated to return the party favor by working for party success at the polls. With this argument I have no particular difference except a fundamental one concerning the manner by which party success at the polls is to be achieved. My position is the same which the Democratic Party has proclaimed in its platforms throughout the years. It has always declared a public office to be a public trust, and has always declared against the use of office for political purposes. All officers and employees of the Federal Government can best serve their party, to say nothing of their country, by performing the duties of their offices faithfully, well, and honorably. Let them do that, and no man need worry about the reaction of the voters of the country. The people of America desire of their officials and of the party in power but one thing, and that is honest, clean, and decent government. They resent the actions of officials and employees who seek to use their offices to dominate political affairs in the country.

This reminds me that as section 9 is redrawn, it would also preclude all such employees from going as delegates to conventions. Is it necessary to discuss the merits of this proposal? All persons familiar with the history of this country know that more than once nominations to high positions in government have been secured through conventions packed with patronage appointees and employees. As a former distinguished Senator of the United States said not so many years ago on the floor of the Senate, such appointees of the administration in power almost without exception, go to conventions to do but one thing—"their master's bidding." Another distinguished Senator of the United States years ago, speaking of the evils of patronage-controlled conventions, used the following almost startling language. He said, and I quote the exact words:

"It is a well-recognized fact that nominations by national conventions are the exclusive work of politicians, which the electorate of the whole United States is permitted only to witness in gaping expectancy and to ratify at the polls in the succeeding November. As unrepresentative as this feature of the national convention is, its flagrancy pales into insignificance in the presence of that other abuse against partisan conscience and outrage upon the representative system, which is wrought by the Republican politician in hopelessly Democratic States and by the Democratic politician in hopelessly Republican States in dominating the national conventions with the presence of these unrepresentative delegations that represent neither party, people, nor principle."

The Senator used strong language, but the years have proved the truth of his words.

For these and many other reasons, it would seem proper to write into the law the rule of the Civil Service Commission which prohibits political activity of civil-service employees, and make the same rule applicable to all employees of the Government, except those who are engaged in policy-making functions and duties. This should have been done many years ago. The fact that this essential reform has been so long delayed only makes it more imperative that we act while the issue is squarely before us.

Some of those who criticize the pending measure are prone to treat the subject lightly and say that we must be realistic in this day and age. Well, realistic is exactly what those of us sponsoring this bill are trying to be. We are realistic in the sense that we want to place all the obstacles we possibly can in the way of wrongdoing in the use of the vast funds we annually appropriate for relief purposes. Last summer it was, perhaps, idealism to seek these corrective measures against the improper use of relief funds. Today that idealism has become realistic law and mandate. I am glad that it is so.

We are very realistic in our belief that what has been fair and right for civil-service employees throughout the past 50 years will be fair and right for the thousands of other employees of the Federal Government who are not in the civil service and who occupy positions and perform duties which in no sense can be deemed policy-making or political in function or responsibility.

We are realistic in our belief that the power to nominate is the power to elect; that those who have the nominating power should be free to select the nominee of their choice rather than to be mere puppets ratifying and confirming the choice of someone else.

Perhaps we may be too realistic when we point to the fact that this measure includes things which both major political parties have been promising the people of this country since 1876. I trust it is not unkind to call attention to the fact that such promises have been written, as a rule, by the party which was not in power.

In 1876 the Democratic Party declared that positions in government should be given not as a reward for party zeal but as "posts of honor assigned for proved competency and held for fidelity in the public employ."

In 1892 our party, complaining of abuses of political appointees controlling conventions, said:

"Public office is a public trust. We reaffirm the declaration of the Democratic National Convention of 1876 for the reform of the civil service, and we call for the honest enforcement of all laws regulating the same. * * * We denounce a policy under which Federal officeholders usurp control of party conventions in the States, and we pledge the Democratic Party to the reform of these and all other abuses which threaten individual liberty and local self-government."

As late as 1924 the Democratic Party declared for the very principle included in section 9, and said:

"We pledge the Democratic Party faithfully to comply with the spirit as well as the regulation of civil service, to extend its provisions to internal-revenue officers and to other employees of the Government not in executive positions."

The declarations of the Republican Party have been as strong as those of the Democratic Party, yet today many of the evils against which these platforms declare continue to exist.

In the light of party platform promises, I truly hope the pending measure will receive the ardent support of both major parties, and that it may soon become the law of the land. If it should be defeated, I trust the responsible persons will be prepared to assume full responsibility for that defeat, for assuredly that responsibility will not be difficult to fix.

We who have sponsored this bill do not hope to correct all the evils which have grown up over the years. We do hope to make some start toward bringing about these greatly needed reforms.

In doing so no thought has been given to the effect on any particular election or the ambitions or hopes of any individual, and certainly not of any party. If there are those who profess to see any political significance or maneuvering in the present bill, let me say for the authors of the bill, those persons are mistaken. No such maneuvering exists. My coauthors, the Senator from Texas [Mr. SHEPPARD], a man long and favorably known in public life, is a loyal Democrat, devoted to the principles of his party and an ardent supporter in all of its campaigns. The Senator from Vermont [Mr. AUSTIN] is a Republican, an honorable gentleman and a patriotic statesman. The three of us have sought to avoid partisan consideration; we have tried to work for what we conceive to be the welfare of America and her people.

The founders of this Republic never dreamed that the spoils system would be fastened on the Government structure. Able men have spoken and written on this subject at length, but no finer statement can be found than that which appears in Commentaries on the Constitution, by Justice Story, where it is said:

"It should never be forgotten that in a republican government offices are established and are to be filled, not to gratify private interests and private attachments, not as a means of corrupt influence or individual profit, not for cringing favorites or court sycophants, but for the purposes of the highest public good, to give dignity and strength, purity and energy to the administration of the laws."

The authors and supporters of this bill hope that in some measure it may, when enacted into law, serve the purposes of "the highest public good." We hope it may give some "dignity and strength, purity and energy to the administration of the laws."

TREES VERSUS DROUGHT AND DUST—ARTICLE BY SENATOR NORRIS

[Mr. FRAZIER asked and obtained leave to have printed in the RECORD an article by Senator NORRIS published in the Sunday Star of Washington, D. C., on June 25, 1939, under the headline "Trees Versus Drought and Dust," which appears in the Appendix.]

THE ALIEN BILLS—ADDRESS BY SENATOR REYNOLDS

[Mr. REYNOLDS asked and obtained leave to have printed in the RECORD an address delivered by him during the broadcast of the American Forum of the Air on Sunday, June 18, 1939, on the subject The Alien Bills, which appears in the Appendix.]

RETAILER'S INTEREST IN NATIONAL FISCAL POLICY—STATEMENT BY BEARDSLEY RUML

[Mr. HILL asked and obtained leave to have printed in the RECORD a statement by Beardsley Ruml, treasurer of R. H. Macy & Co., Inc., entitled "The Retailer's Interest in National Fiscal Policy," which appears in the Appendix.]

INTERMEDIATE CREDIT FOR SMALL BUSINESSES—ARTICLE BY DAVID LAWRENCE

[Mr. MEAD asked and obtained leave to have printed in the RECORD an article by David Lawrence, published in the Buffalo Evening News for June 19, 1939, with reference to the Mead-Allen bill to supply intermediate credit to small businesses, which appears in the Appendix.]

DISTRICT OF COLUMBIA TAXES

Mr. BARKLEY. Mr. President, under the order made yesterday, it was agreed that when the Committee on Appropriations shall report the relief bill the Senate will proceed to consider it. I have received word from the committee that it will not be ready to report for probably 45 minutes. In the meantime the Senator from Louisiana [Mr. OVERTON] desires to take up the District of Columbia tax bill. I suggest that the Senator from Louisiana be recognized to ask consideration for that bill at this time, pending the report of the Committee on Appropriations.

The VICE PRESIDENT. The Senator from Louisiana is recognized.

Mr. OVERTON. I move that the Senate proceed to the consideration of House bill 6577, the District of Columbia tax bill.

The VICE PRESIDENT. The clerk will state the bill by title.

The CHIEF CLERK. A bill (H. R. 6577) to provide revenue for the District of Columbia, and for other purposes.

The VICE PRESIDENT. The question is on the motion of the Senator from Louisiana.

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on the District of Columbia with an amendment to strike out all after the enacting clause and insert:

TITLE I—FEDERAL CONTRIBUTION

SECTION 1. For the fiscal year ending June 30, 1940, and for each fiscal year thereafter, there shall be appropriated, out of any money in the Treasury not otherwise appropriated, as the annual payment by the United States toward defraying the expenses of the government of the District of Columbia, an amount which bears the same ratio to the total general fund appropriations for defraying the expenses of the government of the District of Columbia for such fiscal year as the land owned by the United States in the District of Columbia on the 1st day of August of the preceding fiscal year bears to the entire land area of the District of Columbia; but in calculating such land ratio for any fiscal year, a fraction of 1 percent shall be disregarded, except that a fraction of more than one-half of 1 percent shall be counted as 1 percent.

SEC. 2. As used in this title—

(a) The term "entire land area of the District of Columbia" means the total number of acres of land within said District (44,317 acres), less the amount of such land which is permanently covered by water (5,044 acres), or 39,273 acres in all.

(b) Except as provided in section 3 of this title, the term "land owned by the United States in the District of Columbia" means the total number of acres of land owned by the United States within said District as of the 1st day of August of each year, beginning with the calendar year 1939, exclusive of the following: (1) Any of such land embraced within the boundaries of streets, avenues, roads, and alleys; (2) 56 percent of any of such land which is embraced within the park areas of said District; and (3) any of such land used exclusively by the government of the District of Columbia.

SEC. 3. It is hereby declared that for the purposes of this title the land owned by the United States in the District of Columbia as of the 1st day of August 1938 consists of 7,840 acres, determined as follows: By deducting from the 11,441 acres of land owned by the United States (exclusive of such land devoted to highway purposes), the 3,353 acres comprising 56 percent of such land embraced within park areas, and the 248 acres of such land used exclusively by the government of the District of Columbia.

TITLE II—ADVANCEMENT OF MONEY BY TREASURY

Until and including June 30, 1940, the Secretary of the Treasury, notwithstanding the provisions of the District of Columbia Appropriation Act, approved June 29, 1922, is authorized and directed to advance, on the requisition of the Commissioners of the District of Columbia, made in the manner now prescribed by law, out of any money in the Treasury of the United States not otherwise appropriated, such sums as may be necessary from time to time during said fiscal year to meet the general expenses of said District as authorized by Congress, and such amounts so advanced shall be reimbursed by the said Commissioners to the Treasury out of taxes and revenue collected for the support of the government of the said District of Columbia.

TITLE III—AMENDMENTS TO PRIOR ACTS

TAXABLE STATUS OF MOTOR VEHICLES AS TANGIBLE PERSONAL PROPERTY

SECTION 1. Notwithstanding any other provision of law, the tangible personal-property tax on motor vehicles, except when consisting of stock in trade of merchants, shall be prorated according to the number of months such property has a situs within the District; and all such motor vehicles shall be assessed at their value as of April 1 each year: *Provided, however,* That where a motor vehicle shall be registered in the District of Columbia for the first time on a date between April 1 of one year and April 1 of the succeeding year, such motor vehicle shall be assessed, for taxation for the period ending with the succeeding April 1, at its value as of date of application for such first registration.

TAX APPEALS

SEC. 2. (a) The first sentence of the second paragraph of section 2 of title IX of the District of Columbia Revenue Act of 1937, as amended by the act approved May 16, 1938, is amended to read as follows: "The salary of such person so appointed shall be $8,000 per annum." This amendment shall be effective on and after July 1, 1939.

(b) Section (3) of the title IX of the District of Columbia Revenue Act of 1937, as amended, is amended as follows:

"SEC. 3. Any person aggrieved by any assessment by the District against him of any personal-property, inheritance, estate, business-privilege, gross-receipts, gross-earnings, insurance-premiums, or motor-vehicle-fuel tax or taxes, or penalties thereon, may, within 90 days after notice of such assessment, appeal from such assessment to the Board, provided such person shall first pay such tax, together with penalties and interest due thereon, to the collector of taxes of the District of Columbia under protest in writing. The mailing to the taxpayer of a statement of taxes due shall be considered notice of assessment with respect of such taxes. The Board shall hear and determine all questions arising on said appeal and shall make separate findings of fact and conclusions of law, and shall render its decision thereon in writing. The Board may affirm, cancel, reduce, or increase such assessment."

(b) Subsections (a), (b), and (c) of section 5 of title IX of the District of Columbia Revenue Act of 1937, as amended, are amended to read as follows:

"(a) The assessor and deputy assessor of the District and the board of all of the assistant assessors, with the assessor as chairman, shall compose a Board of Equalization and Review, and as such Board of Equalization and Review they shall convene in a room to be provided for them by the Commissioners, on the first Monday of January of each year, and shall remain in session until the first Monday in April of each year, after which date no complaint as to valuation as herein provided shall be received or considered by such Board of Equalization and Review. Public notice of the time and place of such session shall be given by publication for 2 successive days in two daily newspapers in the District not more than 2 weeks or less than 10 days before the beginning of said session. It shall be the duty of said Board of Equalization and Review to fairly and impartially equalize the value of real property made by the board of assistant assessors as the basis for assessment. Any five of said Board of Equalization and Review shall constitute a quorum for business, and, in the absence of the assessor, a temporary chairman may be selected. They shall immediately proceed to equalize the valuations made by the board of assistant assessors so that each lot and tract and improvements thereon shall be entered upon the tax list at their value in money; and for this purpose they shall hear such complaints as may be made in respect of said assessments, and in determining them they may raise the valuation of such tracts or lots as in their opinion may have been returned below their value and reduce the valuation of such as they may believe to have been returned above their value to such sum as in their opinion may be the value thereof. The valuation of the real property made and equalized as aforesaid shall be completed not later than the first Monday of May annually. The valuation of said real property made and equalized as aforesaid shall be approved by the Commissioners not later than July 1 annually, and when approved by the Commissioners shall constitute the basis of taxation for the next succeeding year and until another valuation is made according to law, except as hereinafter provided. Any person aggrieved by any assessment, equalization, or valuation made, may, within 90 days after October 1 of the year in which such assessment, equalization, or valuation is made, appeal from such assessment, equalization, or valuation in the same manner and to the same extent as provided in sections 3 and 4 of this title: *Provided, however,* That such person shall have first made his complaint to the Board of Equalization and Review respecting such assessment as herein provided.

"(b) Annually, on or prior to July 1 of each year, the board of assistant assessors shall make a list of all real estate which shall have become subject to taxation and which is not then on the tax list, and affix a value thereon, according to the rules prescribed by law for assessing real estate; shall make return of all new structures erected or roofed, and additions to or improvements of old structures which shall not have been theretofore assessed, specifying the tract or lot of land on which each of such structures has been erected, and the value of such structure, and they shall add such valuation to the assessment made on such tract or lot. When the improvements on any lot or tract of land shall become damaged or be destroyed from any cause, the said board of assistant assessors shall reduce the assessment on said property to the extent of such damage: *Provided*, That the Board of Equalization and Review shall hear such complaints as may be made in respect of said assessments between September 1 and September 30 and determine the same not later than October 15 of the same year. Any person aggrieved by any assessment or valuation made in pursuance of this paragraph may, within 90 days after October 15 of the year in which said valuation or assessment is made, appeal from such assessment or valuation in the same manner and to the same extent as provided in sections 3 and 4 of this title: *Provided, however*, That such person shall have first made his complaint to the Board of Equalization and Review respecting such assessment as herein provided.

"(c) In addition to the annual assessment of all real estate made on or prior to July 1 of each year there shall be added a list of all new buildings erected or under roof prior to January 1 of each year, in the same manner as provided by law for all annual additions; and the amounts thereof shall be added as assessments for the second half of the then current year payable in the month of March. When the improvements on any lot or tract of land shall become damaged or be destroyed from any cause prior to January 1 of each year the said board of assistant assessors shall reduce the assessment on said property to the extent of said damage for the second half of the then current year payable in the month of March. The Board of Equalization and Review shall hear such complaints as may be made in respect of said assessments for the second half of said year between March 1 and March 31 and determine said complaints not later than April 15 of the same year. Any person aggrieved by any assessment made in pursuance of this paragraph may, within 90 days after April 15 of the year in which such assessment is made, appeal from such assessment in the same manner and to the same extent as provided in sections 3 and 4 of this title: *Provided, however*, That such person shall have first made his complaint to the Board of Equalization and Review respecting such assessment as herein provided."

(d) Title IX of the District of Columbia Revenue Act of 1937, as amended, is amended by adding thereto a new section reading as follows:

"SEC. 13. In any matter affecting taxation, the determination of which is by law left to the discretion of the Commissioners, the Commissioners may, if they so elect, refer such matter to the Board to make findings of fact and submit recommendations, such findings of fact and recommendations, if any, to be advisory only and not binding on the Commissioners, and shall be without prejudice to the Commissioners to make such further and other inquiry and investigation concerning such matter as they in their discretion shall consider necessary or advisable."

TANGIBLE PERSONAL PROPERTY STORED IN TRANSIT

SEC. 3. Nothing in this act contained, nor shall any prior act of Congress relating to the District of Columbia be deemed to impose upon any person, firm, association, company, or corporation a tax based upon tangible personal property owned and stored by such person in a public warehouse in the District of Columbia for a period of time no longer than is necessary for the convenience or exigencies of reshipment and transportation to its destination without the District of Columbia.

TITLE IV—TAX ON CERTAIN UTILITIES

Section 1, paragraph 5 of section 6 of the act entitled "An act making appropriations to provide for the expenses of the government of the District of Columbia for the fiscal year ending June 30, 1903, and for other purposes," approved July 1, 1902, is hereby amended to read as follows:

"PAR. 5. Each national bank as the trustee for its stockholders, through its president or cashier, and all other incorporated banks and trust companies in the District of Columbia, through their presidents or cashiers, and all gas, electric-lighting, and telephone companies, through their proper officers, shall make affidavit to the board of personal-tax appraisers on or before the 1st day of August each year as to the amount of its or their gross earnings or gross receipts, as the case may be, for the preceding year ending the 30th day of June, and each national bank and all other incorporated banks and trust companies respectively shall pay to the collector of taxes of the District of Columbia per annum 6 percent on such gross earnings, and each gas company, electric-lighting company, and telephone company shall pay to the collector of taxes of the District of Columbia per annum 4 percent on such gross receipts. And in addition thereto the real estate owned by each national or other incorporated bank, and each trust, gas, electric-lighting, and telephone company in the District of Columbia shall be taxed as other real estate in said District: *Provided*, That street-railroad companies shall pay 3 percent per annum on their gross receipts and other taxes as provided by existing law, and insurance companies shall continue to pay the 2 percent on premium receipts as provided by existing law. That so much of the act approved October 1, 1890, entitled 'An act to provide for the incorporation of trust, loan, mortgage, and certain other corporations within the District of Columbia' as is inconsistent with the provisions of this section is hereby repealed."

SEC. 2. This title shall not apply to gross earnings or gross receipts for any fiscal year ending the 30th day of June prior to the fiscal year ending June 30, 1940. Taxes shall be levied and collected for the fiscal years preceding the fiscal year ending June 30, 1940, under said paragraph 5 of section 6 of said act of July 1, 1902, as if this title had not been enacted.

TITLE V—INHERITANCE AND ESTATE TAXES

Title V of the District of Columbia Revenue Act of 1937, as amended, by an act entitled "An act to amend the District of Columbia Revenue Act of 1937, and for other purposes," approved May 16, 1938, is amended to read as follows:

"Taxes shall be imposed in relation to estates of decedents, the shares of beneficiaries of such estates, and gifts as hereinafter provided:

"ARTICLE I—INHERITANCE TAX

"SECTION 1. (a) All real property and tangible and intangible personal property, or any interest therein, having its taxable situs in the District of Columbia, transferred from any person who may die seized or possessed thereof, either by will or by law, or by right of survivorship, and all such property, or interest therein, transferred by deed, grant, bargain, gift, or sale (except in cases of a bona fide purchase for full consideration in money or money's worth), made or intended to take effect in possession or enjoyment after the death of the decedent, or made in contemplation of death, to or for the use of, in trust or otherwise (including property of which the decedent has retained for his life or for any period not ascertainable without reference to his death or for any period which does not in fact end before his death (1) the possession or enjoyment of, or the right to the income from such property or (2) the right, either alone or in conjunction with any person to designate the persons who shall possess or enjoy the property or the income therefrom), to the father, mother, husband, wife, children by blood or legally adopted children, or any other lineal descendants or lineal ancestors of the decedent, shall be subject to a tax as follows: 1 percent of so much of said property as is in excess of $5,000 and not in excess of $50,000; 2 percent of so much of said property as is in excess of $50,000 and not in excess of $100,000; 3 percent of so much of said property as is in excess of $100,000 and not in excess of $500,000; 4 percent of so much of said property as is in excess of $500,000 and not in excess of $1,000,000; 5 percent of so much of said property as is in excess of $1,000,000.

"(b) So much of said property so transferred to each of the brothers and sisters of the whole or half blood of the decedent shall be subject to a tax as follows: 3 percent of so much of said property as is in excess of $2,000 and not in excess of $25,000; 4 percent of so much of said property as is in excess of $25,000 and not in excess of $50,000; 6 percent of so much of said property as is in excess of $50,000 and not in excess of $100,000; 8 percent of so much of said property as is in excess of $100,000 and not in excess of $500,000; 10 percent of so much of said property as in excess of $500,000.

"(c) So much of said property so transferred to any person other than those included in paragraphs (a) and (b) of this section and all firms, institutions, associations, and corporations shall be subject to a tax as follows: 5 percent of so much of said property as is in excess of $1,000 and not in excess of $25,000; 7 percent of so much of said property as is in excess of $25,000 and not in excess of $50,000; 9 percent of so much of said property as is in excess of $50,000 and not in excess of $100,000; 12 percent of so much of said property as is in excess of $100,000 and not in excess of $500,000; 15 percent of so much of said property as is in excess of $500,000.

"(d) Executors, administrators, trustees, and other persons making distribution shall only be discharged from liability for the amount of such tax, with the payment of which they are charged, by paying the same as hereinafter described.

"(e) Property transferred exclusively for public or municipal purposes, to the United States or the District of Columbia, or exclusively for charitable educational, or religious purposes within the District of Columbia, shall be exempt from any and all taxation under the provisions of this section.

"(f) Where any beneficiary has died or may hereafter die within 6 months after the death of the decedent and before coming into the possession and enjoyment of any property passing to him, and before selling, assigning, transferring, or in any manner contracting with respect to his interest in such property, such property shall be taxed only once, and if the tax on the property so passing to said beneficiary has not been paid, then the tax shall be assessed on the property received from such share by each beneficiary thereof, finally entitled to the possession and enjoyment thereof, as if he had been the original beneficiary, and the exemptions and rates of taxation shall be governed by the respective relationship of each of the ultimate beneficiaries to the first decedent.

"(g) The provisions of article I of this title shall apply to property in the estate of every person who shall die after this title becomes effective.

"(h) The transfer of any property, or interest therein, within 2 years prior to death, shall, unless shown to the contrary, be deemed to have been made in contemplation of death.

"(i) All property and interest therein which shall pass from a decedent to the same beneficiary by one or more of the methods specified in this section, and all beneficial interests which shall accrue in the manner herein provided to such beneficiary on account of the death of such decedent, shall be united and treated as a single interest for the purpose of determining the tax hereunder.

"(j) Whenever any person shall exercise a general power of appointment derived from any disposition of property, made either before or after the passage of this title, such appointment, when made, shall be deemed a transfer taxable, under the provisions of this title, in the same manner as though the property to which such appointment relates belonged absolutely to the donee of such power; and whenever any person possessing such power of appointment so derived shall omit or fail to exercise the same within the time provided therefor, in whole or in part, a transfer taxable under the provisions of this title shall be deemed to take place to the extent of such omissions or failure in the same manner as though the person or persons thereby becoming entitled to the possession or enjoyment of the property to which such power related had succeeded thereto by the will of the donee of the power failing to exercise such power, taking effect at the time of such omission or failure.

"(k) The doctrine of equitable conversion shall not be invoked in the assessment of taxes under this article.

"SEC. 2. The tax provided in section 1 shall be paid on the market value of the property or interest therein at the time of the death of the decedent as appraised by the assessor, or, in the discretion of the assessor, upon the value as appraised by the probate court of the District. The taxable portion of real or personal property held jointly or by the entireties shall be determined by dividing the value of the entire property by the number of persons in whose joint names it was held.

"SEC. 3. The appraisal thus made shall be deemed and taken to be the true value of the said property or interest therein upon which the said tax shall be paid, and the amount of said tax and the tax imposed by article II of this title shall be a lien on said property or interest therein for the period of 10 years from the date of death of the decedent: *Provided, however,* That such lien shall not attach to any personal property sold or disposed of for value by an administrator, executor, or collector of the estate of such decedent appointed by the District Court of the United States for the District of Columbia or by a trustee appointed under a will filed with the register of wills for the District or by order of said court, or his successor approved by said court, but a lien for said taxes shall attach on all property acquired in substitution therefor for a period of 10 years after the acquisition of such substituted property: *And provided further,* That such lien upon such substituted property shall, upon sale by such personal representatives, be extinguished and shall reattach in the manner as provided with respect of such original property.

"SEC. 4. The personal representative of every decedent, the gross value of whose estate is in excess of $1,000, shall, within 15 months after the death of the decedent, report under oath to the assessor, on forms provided for that purpose, an itemized schedule of all the property (real, personal, and mixed) of the decedent, the market value thereof at the time of the death of the decedent, the name or names of the persons to receive the same and the actual value of the property that each will receive, the relationship of such persons to the decedent, and the age of any persons who receive a life interest in the property, and any other information which the assessor may require. Said personal representatives shall, within 18 months of the date of the death of the decedent and before distribution of the estate, pay to the collector of taxes the taxes imposed by section 1 upon the distributive shares and legacies in his hands and the tax imposed by section 1 hereof against each distributive share or legacy shall be charged against such distributive share or legacy unless the will shall otherwise direct.

"SEC. 5. The personal representative of the decedent shall collect from each beneficiary entitled to a distributive share or legacy the tax imposed upon such distributive share or legacy in section 1 hereof, and if the said beneficiary shall neglect or fail to pay the same within 15 months after the date of the death of the decedent such personal representative shall, upon the order of the District Court of the United States for the District of Columbia, sell for cash so much of said distributive share or legacy as may be necessary to pay said tax and all the expenses of said sale.

"SEC. 6. Every person entitled to receive property taxable under section 1 hereof, which property is not under the control of a personal representative, and is over $1,000 in value, shall, within 6 months after the death of the decedent, report under oath to the assessor, on forms provided for that purpose, an itemized schedule of all property (real, personal, and mixed) received or to be received by such person; the market value of the same at the time of the death of the decedent and the relationship of such person to the decedent; and any other information which the assessor may require. The tax on the transfer of any such property shall be paid by such person to the collector of taxes within 9 months after the date of the death of the decedent: *Provided, however,* That with respect to real estate passing by will or inheritance such report shall be made within 15 months after the death of the decedent and the tax on the transfer thereof shall be paid within 18 months after the date of the death of the decedent.

"SEC. 7. In the case of any grant, deed, devise, descent, or bequest of a life interest or term of years the donee for life or years shall pay a tax only on the value of his interest, determined in a manner as the Commissioners by regulation may prescribe, and the donee of the future interest shall pay a tax only on his interest as based upon the value thereof at the time of the death of the decedent creating such interest. The value of any future interest shall be determined by deducting from the market value of such property at the time of the death of such decedent the value of the precedent life interest or term of years. Where the future interest is vested the donee thereof shall pay the tax within the time in which the tax upon the precedent life interest or term of years is required to be paid under the provisions of sections 4 and 6 of this article as the case may be. Where the future interest is contingent the personal representative of such decedent or the persons interested in such contingent future estate shall have the option of (1) paying, within the time herein provided for the payment of taxes due upon vested future interests, a tax equal to the mean between the highest possible tax and the lowest possible tax which could be imposed under any contingency or condition whereby such contingent future interest might be wholly or in part created, defeated, extended, or abridged; or (2) paying the tax upon such transfer at the time when such future interest shall become vested at rates and with exemptions in force at the time of the death of the decedent: *Provided,* That the personal representative or trustee of the estate of the decedent or the persons interested in the future contingent interest shall deposit with the assessor a bond in the penal sum of an amount equal to twice the tax payable under option (1) hereof. Such bonds shall be payable to the District and shall be conditioned for the payment of such tax when and as the same shall become due and payable. The tax upon the transfer of future interests or remainders shall be a lien upon the property or interest transferred from the date of the death of the decedent creating the interests and shall remain in force and effect until 10 years after the date when such remainder or future interest shall become vested in the donee thereof. If the tax upon the transfer of a contingent future interest is paid before the same shall become vested, such tax shall be paid by the personal representative out of the corpus of the estate of the decedent, otherwise by the person or persons entitled to receive the same."

"ARTICLE II—ESTATE TAXES

"SECTION 1. In addition to the taxes imposed by article I, there is hereby imposed upon the transfer of the estate of every decedent who, after this title becomes effective, shall die a resident of the District, a tax equal to 80 percent of the Federal estate tax imposed by subdivision (a) of section 301, title III, of the Revenue Act of 1926, as amended, or as hereafter amended or reenacted.

"SEC. 2. There shall be credited against and applied in reduction of the tax imposed by section 1 of this article the amount of any estate, inheritance, legacy, or succession tax lawfully imposed by any State or Territory of the United States, in respect of any property included in the gross estate for Federal estate-tax purposes as prescribed in title III of the Revenue Act of 1926, as amended, or as hereafter amended or reenacted: *Provided, however,* That only such taxes as are actually paid and credit therefor claimed and allowed against the Federal estate tax may be applied as credit against and in reduction of the tax imposed by section 1.

"SEC. 3. In no event shall the tax imposed by section 1 of this article exceed the difference between the maximum credit which might be allowed against the Federal estate tax imposed by title III of the Revenue Act of 1926, as amended, or as hereafter amended or reenacted, and the aggregate amount of the taxes described in section 2 of this article (but not including the tax imposed by section 1) allowable as a credit against the Federal estate tax.

"SEC. 4. The purpose of section 1 of this article is to secure for the District the benefit of the credit allowed under the provisions of section 301 (c) of title III of the Revenue Act of 1926, as amended, or as hereafter amended or reenacted, to the extent that the District may be entitled by the provisions of said Revenue Act, by imposing additional taxes, and the same shall be liberally construed to effect such purpose: *Provided,* That the amount of the tax imposed by section 1 of this article shall not be decreased by any failure to secure the allowance of credit against the Federal estate tax.

"SEC. 5. A tax is hereby imposed upon the transfer of real property or tangible personal property in the District of every person who at the time of death was a resident of the United States but not a resident of the District, and upon the transfer of all property, both real and personal, within the District of every person who at the time of death was not a resident of the United States, the amount of which shall be a sum equal to such proportion of the amount by which the credit allowable under the applicable Federal Revenue Act for estate, inheritance, legacy, and succession taxes actually paid to the several States exceeds the amount actually so paid for such taxes, exclusive of estate taxes based upon the difference between such credit and other estate taxes and inheritance, legacy, and succession taxes, as the value of the property in the District bears to the value of the entire estate, subject to estate tax under the applicable Federal revenue act.

"SEC. 6. Every executor or administrator of the estate of a decedent dying a resident of the District or of a nonresident decedent owning real estate or tangible personal property situated in the District, or of an alien decedent owning any real estate, tangible or intangible personal property situated in the District, or, if there is no executor or administrator appointed, qualified, and acting, then any person in actual or constructive possession of any property forming a part of an estate subject to estate tax under this title shall, within 16 months after the death of the decedent, file with the assessor a copy of the return required by section 304 of the Revenue Act of 1926, verified by the affidavit of the person filing said return with the assessor, and shall, within 30 days after the date of any communication from the Commissioner of Internal

Revenue, confirming, increasing, or diminishing the tax shown to be due, file a copy of such communication with the assessor. With the copy of the Federal estate-tax return there shall be filed an affidavit as to the several amounts paid or expected to be paid as taxes within the purview of section 2 of this article: *Provided, however,* That in any case where the time for the filing of such return as required by section 304 of the Revenue Act of 1926 is extended without penalty by the Bureau of Internal Revenue, then the copy thereof verified as aforesaid may be filed with the assessor within 30 days after the expiration of said extended period.

"SEC. 7. The assessor shall, upon receipt of the return and accompanying affidavit, assess such amount as he may determine, from the basis of the return, to be due the District. Upon receipt of a copy of any communication from the Commissioner of Internal Revenue, herein required to be filed, the assessor shall make such additional assessment or shall make such abatement of the assessment as may appear proper.

"SEC. 8. The estate taxes imposed by this article shall be paid to the collector of taxes within 17 months after the death of the decedent: *Provided, however,* That in any case where the time for the payment of taxes imposed by subdivision (a) of section 301, title III, of the Revenue Act of 1926, is extended by the Bureau of Internal Revenue, then the tax imposed by this article shall be paid within 60 days after the expiration of such extended period, together with interest as provided in section 4 of article IV of this title: *Provided further,* That any additional assessment found to be due under section 7 of this article shall be paid to the collector of taxes within 30 days after the determination of such additional assessment by the assessor."

"ARTICLE III—GENERAL

"SECTION 1. The bond of the personal representative of the decedent shall be liable for all taxes and penalties assessed under this title, except inheritance taxes and penalties imposed in relation to the transfer of property not under the control of such personal representative: *Provided,* That in no case shall the bond of the personal representative be liable for a greater sum than is actually received by him.

"SEC. 2. The register of wills of the District shall report to the assessor on forms provided for the purpose every qualification in the District upon the estate of a decedent. Such report shall be filed with the assessor at least once every month, and shall contain the name of the decedent, the date of his death, the name and address of the personal representative, and the value of the estate, as shown by the petition for administration or probate.

"SEC. 3. The Commissioners shall have supervision of the enforcement of this title and shall have the power to make such rules and regulations, consistent with its provisions, as may be necessary for its enforcement and efficient administration and to provide for the granting of extension of time within which to perform the duties imposed by this title. The assessor shall determine all taxes assessable under this title and immediately upon the determination of same shall forward a statement of the taxes determined to the person or persons chargeable with the payment thereof and shall give advice thereof to the collector of taxes. The assessor is hereby authorized and empowered to summon any person before him to give testimony on oath or affirmation or to produce all books, records, papers, documents, or other legal evidence as to any matter relating to this title, and the assessor is authorized to administer oaths and to take testimony for the purposes of the administration of this title. Such summons may be served by any member of the Metropolitan Police Department. If any person having been personally summoned shall neglect or refuse to obey the summons issued as herein provided, then and in that event the assessor may report that fact to the District Court of the United States for the District of Columbia or one of the justices thereof, and said court or any justice thereof hereby is empowered to compel obedience to said summons to the same extent as witnesses may be compelled to obey the subpenas of that court.

"SEC. 4. If the taxes imposed by this title are not paid when due, 1 percent interest for each month or portion of a month from the date when the same were due until paid shall be added to the amount of said taxes and collected as a part of the same, and said taxes shall be collected by the collector of taxes in the manner provided by the law for the collection of taxes due the District on personal property in force at the time of such collection: *Provided, however,* That where the time for payment of the tax imposed by this title is extended by the assessor or where the payment of the tax is lawfully suspended under the regulations for the administration of this title, interest shall be paid at the rate of 6 percent per annum from the date on which the tax would otherwise be payable.

"SEC. 5. If any person shall fail to perform any duty imposed upon him by the provisions of this title or the regulations made hereunder the Commissioners may proceed by petition for mandamus to compel performance and upon the granting of such writ the court shall adjudge all costs of such proceeding against the delinquent.

"SEC. 6. Any person required by this title to file a return who fails to file such return within the time prescribed by this title, or within such additional time as may be granted under regulations promulgated by the Commissioners, shall become liable in his own person and estate to the District in an amount equal to 10 percent of the tax found to be due. In case any person required by this title to file a return knowingly files a false or fraudulent return, he shall become liable in his own person and estate to the said District in an amount equal to 50 percent of the tax found to be due. Such amounts shall be collected in the same manner as is herein provided for the collection of the taxes levied under this title.

"SEC. 7. Any person required by this title to pay a tax or required by law or regulation made under authority thereof to make a return or keep any records or supply any information for the purposes of computation, assessment, or collection of any tax imposed by this title, who willfully fails to pay such tax, make any such return, or supply any such information at the time or times required by law or regulation shall, in addition to other penalties provided by law, be guilty of a misdemeanor and upon conviction thereof be fined not more than $1,000 or imprisoned for not more than 1 year, or both.

"SEC. 8. When the assessor is satisfied that the tax liability imposed by this title has been fully discharged or provided for, he may, under regulations prescribed by the Commissioners, issue his certificate, releasing any or all property from the lien herein imposed.

"SEC. 9. No person holding, within the District, tangible or intangible assets of any resident or nonresident decedent, of the value of $300 or more, shall deliver or transfer the same or any part thereof to any person other than an executor, administrator, or collector of the estate of such decedent appointed by the District Court of the United States for the District of Columbia, unless notice of the date and place of such intended transfer be served upon the assessor of the District of Columbia at least 10 days prior to such delivery or transfer, nor shall any person holding, within the District of Columbia, any assets of a resident or nonresident decedent, of the value of $300 or more, deliver or transfer the same or any part thereof to any person other than an executor, administrator, or collector of the estate of such decedent appointed by said district court without retaining a sufficient portion or amount thereof to pay any tax which may be assessed on account of the transfer of such assets under the provisions of articles I and II without an order from the assessor of the District of Columbia authorizing such transfer. It shall be lawful for the assessor of the District, personally, or by his representatives, to examine said assets at any time before such delivery or transfer. Failure to serve such notice or to allow such examination or to retain as herein required a sufficient portion or amount to pay the taxes imposed by this title shall render such person liable to the payment of such taxes. The assessor of the District may issue a certificate authorizing the transfer of any such assets whenever it appears to the satisfaction of said assessor that no tax is due thereon: *Provided, however,* That any corporation, foreign or domestic to the District, having outstanding stock or other securities registered in the sole name of a decedent whose estate or any part thereof is taxable under this title, may transfer the same, without notice to the assessor and without liability for any tax imposed thereon under this title, upon the order of an administrator, executor, or collector of the estate of such decedent appointed by the District Court of the United States for the District of Columbia, or by a trustee appointed under a will filed with the register of wills of the District, or appointed by said court, or his successor approved by said court: *Provided further,* That the lessor of a safe-deposit box standing in the joint names of a decedent and a survivor or survivors may deliver the entire contents of such safe-depcsit box to the survivor or survivors, after examination of such contents by the assessor or his representative, without any liability on the part of the said lessor for the payment of such tax.

"SEC. 10. The Bureau of Internal Revenue of the Treasury Department of the United States is authorized and required to supply such information as may be requested by the Commissioners relative to any person subject to the taxes imposed under this title or relative to any person whose estate is subject to the provisions of this title.

"SEC. 11. If any return required by this title is not filed with the assessor when due, the assessor shall have the right to determine and assess the tax or taxes from such information as he may possess or obtain.

"SEC. 12. The assessor is authorized to enter into an agreement with any person liable for a tax on a transfer under article I of this title, in which remainders or expectant estates are of such nature or so disposed and circumstanced that the value of the interest is not ascertainable under the provisions of this title, and to compound and settle such tax upon such terms as the assessor may deem equitable and expedient.

"SEC. 13. In the interpretation of this title unless the context indicates a different meaning the term 'tax' means the tax or taxes mentioned in this title.

"(a) The term 'District' means the District of Columbia.

"(b) The term 'Commissioners' means the Commissioners of the District of Columbia, or their duly authorized representative or representatives.

"(c) The term 'assessor' means the assessor of the District of Columbia or his duly authorized representative or representatives.

"(d) The term 'collector of taxes' means the collector of taxes for the District of Columbia, or his duly authorized representative or representatives.

"(e) The term 'Metropolitan Police Department' means the Metropolitan Police Department of the District of Columbia.

"(f) The term 'include' when used in a definition contained in this title, shall not be deemed to exclude other things otherwise within the meaning of the term defined.

"(g) The term 'resident' means domiciled and the term 'residence' means domicile.

"SEC. 14. The provisions of this title shall become effective at 12:01 a. m., the day immediately following its approval."

TITLE VI—TAX ON PRIVILEGE OF DOING BUSINESS

Section 1, Title VI of the District of Columbia Revenue Act of 1937, as amended by an act entitled "An act to amend the District

of Columbia Revenue Act of 1937, and for other purposes," approved May 16, 1938, is amended to read as follows:

"SECTION 1. Where used in this title—

"(a) The term 'person' includes any individual, firm, copartnership, joint adventure, association, corporation (domestic or foreign), trust, estate, receiver, or any other group or combination, acting as a unit; and all bus lines, truck lines, radio-communication lines or networks, telegraph lines, telephone lines, of any instrumentality of commerce, but shall not include railroads, railroad-express companies, steamship companies, and air-transportation lines.

"(b) The term 'District' means the District of Columbia.

"(c) The term 'taxpayer' means any person liable for any tax hereunder.

"(d) The term 'Commissioners' means the Commissioners of the District or their duly authorized representative or representatives.

"(e) The term 'business' shall include the carrying on or exercising for gain or economic benefit, either direct or indirect, any trade, business profession, vocation, or commercial activity, including the renting or leasing of real or personal property, in any commerce whatsoever in the District, in or on privately owned property and in or on property owned by the United States Government, or by the District, not including, however, labor or services rendered by any individual as an employee for wages, salary, or commission.

"The term 'business' shall not include the usual activities of boards of trade, chambers of commerce, trade associations or unions, or other associations performing the services usually performed by trade associations and unions, community chest funds or foundations, corporations organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals, or club or fraternal organizations operated exclusively for social, literary, educational, or fraternal purposes, where no part of the net earnings or income or receipts from such units, groups, or associations inure to any private shareholder or individual, and no substantial part of the activities of which is carried on for propaganda or attempt to influence legislation: *Provided, however,* That if any such units, groups, or associations shall engage in activities other than the activities in which such units, groups, or associations usually engage, such activities shall be included in the term 'business': *Provided further,* That activities conducted for gain or profit by any educational institution, hospital, or any other institution mentioned in this subparagraph, are included in the term 'business.'

"(f) The term 'gross receipts' means the gross receipts received from any business in the District, including cash, credits, and property of any kind or nature, without any deduction therefrom on account of the cost of the property sold, the cost of materials, labor, or services, or other costs, interest, or discount paid, or any expense whatsoever: *Provided, however,* That any credits included by a taxpayer in a prior return of gross receipts which shall not have been collected during the period since the filing of the return in which the credit was included may be deducted from the gross receipts covered by the subsequent return: *Provided further,* That such credit shall be collected during a succeeding taxable period, such items shall be included in the return of gross receipts for such succeeding taxable period: *Provided further,* That the term 'gross receipts' when used in connection with or in respect to financial transactions involving the sale of notes, stocks, bonds, and other securities, or the loan, collection, or advance of money, or the discounting of notes, bills, or other evidences of debt, shall be deemed to mean the gross interest, discount, or commission, or other gross income earned by means of or resulting from said financial transactions: *Provided further,* That in connection with commission merchants, attorneys, or other agents, the term 'gross receipts' shall be deemed to mean the gross amount of such commissions or gross fees received by them, and as to stock and bond brokers, the term 'gross receipts' shall be deemed to mean gross amount of commissions or gross fees received, the gross trading profit on securities bought and sold, and the gross interest income on marginal accounts from business done or arising in the District: *Provided further,* That with respect to contractors the term 'gross receipts' shall mean their total receipts, less money paid by them to subcontractors for work and labor performed, and material furnished by such subcontractors in connection with such work and labor.

"(g) The term 'fiscal year' means the year beginning on the 1st day of July and ending on the 30th day of June following.

"(h) The term 'original license' shall mean the first license issued to any person for any single place of business and the term 'renewal license' shall mean any subsequent license issued to the same person for the same place of business.

"(i) The terms 'include' and 'including' when used in this title in connection with a class or group, or in a definition contained in this title, shall not be deemed to exclude other persons or things otherwise within such class or group, or within the meaning of the term defined, as the case may be.

"SEC. 2. (a) No person shall engage in or carry on any business in the District without having a license required by this title so to do from the Commissioners, except that no license shall be required of any person selling newspapers, magazines, and periodicals, whose sales are not made from a fixed location and which sales do not exceed the annual sum of $2,000, nor of any person conducting a display or exhibit of merchandise as a part of or in connection with any convention of merchants or manufacturers held within the District and negotiating or procuring orders for merchandise displayed thereat: *Provided, however,* That such person shall not be relieved from the requirement of reporting and paying the tax computed on the gross receipts derived from business carried on by such person within the District.

"(b) All licenses issued under this title shall be in effect for the duration of the fiscal year in which issued, unless revoked as herein provided, and shall expire at midnight of the 30th day of June of each year. No license may be transferred to any other person.

"(c) All licenses granted under this title must be conspicuously posted on the premises of the licensee and said license shall be accessible at all times for inspection by the police or other officers duly authorized to make such inspection. Licensees having no located place of business shall exhibit their licenses when requested to do so by any of the officers above named.

"(d) Licenses shall be good only for the location designated thereon; except in the case of licenses issued hereunder for businesses which in their nature are carried on at large and not at a fixed place of business. No license shall be issued for more than one place of business without a payment of a separate fee for each, except where a taxpayer is engaged in the business of renting real estate.

"(e) Any person not having an office or place of business in the District but who does or transacts business in the District by or through an employee or agent, shall procure the license provided by this title. Said license shall be carried and exhibited by said employee or agent: *Provided, however,* That where said person does or transacts business in the District by or through two or more employees or agents, each such employee or agent shall carry either the license or a certificate from the Commissioners that the license has been obtained. Such certificates shall be in such form as the Commissioners shall determine and shall be furnished without charge by the Commisisoners upon request. No employee or agent of a person not having an office or place of business within the District shall engage in or carry on any business in the District for or on behalf of such person unless such person shall have first obtained a license as provided by this title.

"(f) The Commissioners may, after hearing, revoke any license issued hereunder for failure of the licensee to file a return or corrected return within the time required by this title as originally enacted or amended or to pay any installment of tax when due thereunder.

"(g) Licenses shall be renewed for the ensuing fiscal year upon application as provided in section 3 of this title: *Provided, however,* That no license shall be issued if the taxpayer has failed or refused to pay any tax or installment thereof or penalties thereon imposed by this title as originally enacted or as amended: *Provided further,* That the Commissioners in their discretion for cause shown may, on such terms and conditions as they may determine or prescribe, waive the provisions of this paragraph.

"SEC. 3. (a) Applications for license shall be upon a form prescribed and furnished by the Commissioners, and each application shall be accompanied by a fee of $10: *Provided, however,* That no fee for the renewal of any license previously issued shall be required of any person if he shall certify under oath (1) that his gross receipts during the year immediately preceding his application, if he was engaged in business during all of such period of time, or (2) that his gross receipts as computed in section 5 of this title, if he was engaged in business for less than 1 year immediately preceding his application, were not more than $2,000. Application for an original license may be made at any time. Application for a renewal license shall be made during the month of May immediately preceding the fiscal year for which it is desired that the license be renewed: *Provided further,* That where an original license is issued to any person after the 1st day of May of any year, application for a renewal of such license for the ensuing fiscal year may be made at any time prior to the expiration of the fiscal year in which such original license was issued.

"(b) In the event of the failure of a licensee to apply for renewal of a license or licenses within the time prescribed herein, such licensee shall be required to pay for the renewal of each license the sum of $5 in addition to the fees prescribed herein, and the license fee in no event shall be less than $5 for each such renewal license.

"SEC. 4. (a) Every person subject to the provisions of this title, whose annual gross receipts during the preceding calendar year exceed $2,000, shall, during the month of July of each year, furnish to the assessor, on a form prescribed by the Commissioners, a statement under oath showing the gross receipts of the taxpayer during the preceding calendar year, which return shall contain such other information as the Commissioners may deem necessary for the proper administration of this title. The burden of proof shall be upon the person claiming exemption from the requirement of filing a return to show that his gross annual receipts are not in excess of $2,000.

"(b) The Commissioners, for the purpose of ascertaining the correctness of any return filed hereunder, or for the purpose of making a return where none has been made, are authorized to examine any books, papers, records, or memoranda of any person bearing upon the matters required to be included in the return, and may summon any person to appear and produce books, records, papers, or memoranda bearing upon the matters required to be included in the return and to give testimony or answer interrogatories under oath respecting the same, and the Commissioners shall have power to administer oaths to such person or persons. Such summons may be served by any member of the Metropolitan Police Department. If any person having been personally summoned shall neglect or refuse to obey the summons

issued as herein provided, then, and in that event, the Commissioners may report that fact to the District Court of the United States for the District of Columbia, or one of the justices thereof, and said court or any justice thereof hereby is empowered to compel obedience to such summons to the same extent as witnesses may be compelled to obey the subpenas of that court.

"(c) The Commissioners are authorized and empowered to extend for cause shown the time for filing a return for a period not exceeding 30 days.

"SEC. 5. (a) For the privilege of engaging in business in the District during any fiscal year after June 30, 1939, each person so engaged shall pay to the collector of taxes a tax measured upon gross receipts in excess of $2,000 derived from such business for the calendar year immediately preceding, as follows:

"1. Dealers in goods, wares, and merchandise, the owners of rental, real, and personal property, persons who supply transportation for hire, and all other persons engaged in a business in which capital is the primary material factor in the production of gross receipts, shall pay a tax equal to four-tenths of 1 percent of such excess gross receipts derived by them respectively from such businesses: *Provided, however,* That with respect to dealers in goods, wares, and merchandise, where the spread or difference between the cost of goods sold and the sale price does not exceed 5 percent of the cost of the goods sold, one-tenth of 1 percent of such dealers' excess gross receipts; where such spread or difference exceeds 5 but does not exceed 10 percent, two-tenths of 1 percent of such dealers' excess gross receipts; and where such spread or difference exceeds 10 percent but does not exceed 15 percent, three-tenths of 1 percent of such dealers' excess gross receipts; and where such spread or difference exceeds 15 percent, four-tenths of 1 percent of such dealers' excess gross receipts. The cost of such goods, wares, and merchandise sold shall be determined after considering the inventories both at the beginning and at the end of the period covered by the return and purchases made during such period, and such inventories shall be valued at cost or market, whichever is lower, and shall be in agreement with the inventories as reflected by the books of such dealers. The cost of goods, wares, and merchandise shall be the actual purchase price, including the prevailing freight rate to the dealer's place of business in the District. The burden of proving under which classification the taxpayer shall be taxed shall be upon the taxpayer, and, unless the taxpayer shall by proof satisfactory to the assessor show to the contrary, the spread or difference between the cost of goods, wares, and merchandise sold by the taxpayer and the selling price of such goods, wares, and merchandise shall be presumed to be in excess of 15 percent of the cost of the goods, wares, and merchandise so'd, and the taxpayer shall be taxed accordingly.

"2. Attorneys at law, physicians, surgeons, dentists, oculists, nurses, accountants, commission merchants, factors, musicians, artists, brokers, agents, engineers, architects, interior decorators, osteopathic physicians, surveyors, Christian Science practitioners, clairvoyants, phrenologists, and all other persons engaged in a business in which personal services are the primary material factor in the production of gross receipts, shall pay a tax equal to 1 percent of such excess gross receipts derived by them respectively from such businesses. With respect to any corporation which shall conduct, carry on, or transact any business described in this subparagraph, such corporation shall be subject to the provisions of this subparagraph to the same extent as if such business had been conducted, transacted, or carried on by an individual or individuals.

"3. All persons other than those mentioned in subparagraphs (1) and (2) of this paragraph shall pay a tax equal to 1 percent of the gross receipts derived by such persons from such business. The burden of proving that the taxpayer should be classified under subparagraph (1) of this paragraph shall be upon the taxpayer, and, unless the taxpayer shall by proof satisfactory to the assessor show to the contrary, the taxpayer shall be classified under subparagraph (2) of this paragraph.

"(b) If a taxpayer shall not have been engaged in business during the entire calendar year upon the gross receipts of which the tax imposed by this title is measured, he shall pay the tax imposed by this title measured by his gross receipts during the period of 1 year from the date when he became so engaged; and if such taxpayer shall not have been so engaged for an entire year prior to the beginning of the fiscal year for which the tax is imposed, then the tax imposed shall be measured by his gross receipts during the period in which he was so engaged, multiplied by a fraction, the numerator of which shall be 365 and the denominator of which shall be the number of days in which he was so engaged.

"(c) If a person liable for the tax during any year or portion of a year for which the tax is computed acquires the assets or franchises of or merges or consolidates his business with the business of any other person or persons, such person liable for the tax shall report, as his gross receipts by which the tax is to be measured, the gross receipts for such year of such other person or persons, together with his own gross receipts during such year.

"SEC. 6. National banks and all other incorporated banks and trust companies, street railroad, gas, electric lighting, and telephone companies, companies incorporated or otherwise, which guarantee the fidelity of any individual or individuals, such as bonding companies, companies which furnish abstracts of title, savings banks, and building and loan associations which pay taxes under existing laws of the District upon gross receipts or gross earnings and insurance companies which pay a tax upon premiums shall be exempt from the provisions of this title.

"SEC. 7. (a) The taxes imposed hereby shall be due on the 1st day of July of the fiscal year for which such taxes are assessed and may be paid, without penalty, to the collector of taxes of the District in equal semiannual installments in the months of October and April following. If either of said installments shall not be paid within the month when the same is due, said installment shall thereupon be in arrears and delinquent and there shall be added, and collected, to said tax a penalty of 1 percent per month upon the amount thereof for the period of such delinquency, and said installment with the penalties thereon shall constitute a delinquent tax.

"(b) Any tax on tangible personal property (other than motor vehicle) levied against and paid by the taxpayer to the District, shall be allowed as a credit against the tax due by such taxpayer under this title for the taxable year for which such tax on tangible personal property is assessed.

"SEC. 8. If a return required by this title is not filed, or if a return when filed is incorrect or insufficient and the maker fails to file a corrected or sufficient return within 20 days after the same is required by notice from the assessor, the assessor shall determine the amount of tax due from such information as he may be able to obtain, and, if necessary, may estimate the tax on the basis of external indices, such as number of employees of the person concerned, rentals paid by him, stock on hand, and other factors. The assessor shall give notice of such determination to the person liable for the tax. Such determination shall fix the tax, subject, however, to appeal as provided in sections 3 and 4 of title IX of this act.

"SEC. 9. Any person failing to file a return or corrected return within the time required by this title shall be subject to a penalty of 10 percent of the tax imposed by this title for the first month of delay plus 1 percent of such tax for each additional month of delay or fraction thereof: *Provided, however,* That if such failure shall be due to willful neglect or disregard of the provisions of this title or regulations prescribed for its enforcement such penalty shall be 10 percent of the tax imposed by this title for the first month of delay plus 5 percent of such tax for each additional month of delay or fraction thereof. Such penalty shall be computed upon and added to the tax imposed by this title before any allowance or credit for tangible personal property tax paid by the taxpayer is allowed, as provided in section 7 (b) hereof.

"SEC. 10. Any notice authorized or required under the provisions of this title may be given by mailing the same to the person for whom it is intended, addressed to such person at the address given in the return filed by him pursuant to the provisions of this title, or if no return has been filed, then to his last-known address. The mailing of such notice shall be presumptive evidence of the receipt of the same by the person to whom addressed. Any period of time which must be determined under the provisions of this title by the giving of notice shall commence to run from the date of mailing such notice.

"SEC. 11. The taxes levied hereunder and penalties may be assessed by the assessor and collected by the collector of taxes of the District in the manner provided by law for the assessment and collection of taxes due to the District on personal property in force at the time of such assessment and collection.

"SEC. 12. Any person engaging in or carrying on business without having a license so to do, or failing or refusing to file a sworn report as required herein, or to comply with any rule or regulation of the Commissioners for the administration and enforcement of the provisions of this title shall, upon conviction thereof, be fined not more than $300 for each and every failure, refusal, or violation, and each and every day that such failure, refusal, or violation continues shall constitute a separate and distinct offense. All prosecutions under this title shall be brought in the police court of the District on information by the corporation counsel or his assistant in the name of the District.

"SEC. 13. The Bureau of Internal Revenue of the Treasury Department of the United States is authorized and required to supply such information as may be requested by the Commissioners relative to any person subject to the taxes imposed under this title.

"SEC. 14. Except in accordance with proper judicial order or as otherwise provided by law, it shall be unlawful for the Commissioners or any person having an administrative duty under this title to divulge or make known in any manner the receipts or any other information relating to the business of a taxpayer contained in any return required under this title. The persons charged with the custody of such returns shall not be required to produce any of them or evidence of anything contained in them in any action or proceeding in any court, except on behalf of the United States or the District, or on behalf of any party to any action or proceeding under the provisions of this title, when the returns or facts shown thereby are directly involved in such action or proceeding, in either of which events the court may require the production of, and may admit in evidence so much of such returns or of the facts shown thereby as are pertinent to the action or proceeding and no more. Nothing herein shall be construed to prohibit the delivery to a taxpayer, or his duly authorized representative, of a certified copy of any return filed in connection with his tax, nor to prohibit the publication of statistics so classified as to prevent the identification of particular returns and the items thereof, or the inspection by the corporation counsel of the District or any of his assistants of the return of any taxpayer who shall bring action to set aside or review the tax based thereon or against whom an action or proceeding has been instituted for the collection of a tax or penalty. Returns shall be preserved for 3 years and thereafter until the Commissioners order them to be destroyed. Any violation of the provisions of this section shall be subject to the punishment provided by section 12 of this title.

"SEC. 15. This title shall not be deemed to repeal or in any way affect any existing act or regulation under which taxes are now levied or any license or license fees are now required.

"SEC. 16. Appropriations are hereby authorized for such additional personnel and expenses as may be necessary to carry out the provisions of this act.

"SEC. 17. The proper apportionment and allocation of gross receipts with respect to sources within and without the District may be determined by processes or formulas of general apportionment under rules and regulations prescribed by the Commissioners."

SEC. 2. The amendments made by this title shall not affect the taxes imposed and the licenses required by the provisions of title VI of the District of Columbia Revenue Act of 1937, as originally enacted, or, as amended by the act entitled "An act to amend the District of Columbia Revenue Act of 1937, and for other purposes," approved May 16, 1938. The provisions of title VI of the District of Columbia Revenue Act of 1937, as amended by an act entitled "An act to amend the District of Columbia Revenue Act of 1937, and for other purposes," approved May 16, 1938, shall remain effective to and including June 30, 1939; and the amendments made by this title shall be effective July 1, 1939.

TITLE VII—GENERAL PROVISIONS

SEPARABILITY CLAUSE

SECTION 1. If any provision of this act or the application thereof to any person or circumstances is held invalid, the remainder of the act, and the application of such provision to other persons or circumstances, shall not be affected thereby.

RULES AND REGULATIONS

SEC. 2. The Commissioners shall prescribe and publish all needful rules and regulations for the enforcement of this act.

Mr. OVERTON. Mr. President, I have three or four perfecting amendments to offer to the bill, which I will ask the clerk to state. The bill as reported is an amendment in the nature of a substitute for the House bill.

The VICE PRESIDENT. The clerk will report the first amendment submitted by the Senator from Louisiana.

Mr. AUSTIN. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Austin	Davis	Johnson, Calif.	Overton
Barbour	George	King	Pittman
Barkley	Gerry	La Follette	Schwellenbach
Borah	Guffey	Lee	Slattery
Bridges	Gurney	Logan	Tydings
Bulow	Hatch	Mead	Vandenberg
Capper	Hill	Neely	Walsh

Mr. HILL. I announce that the Senator from Wyoming [Mr. SCHWARTZ] is detained from the Senate because of illness.

The Senator from South Carolina [Mr. SMITH] is absent because of illness in his family.

The Senator from Arkansas [Mrs. CARAWAY], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Texas [Mr. CONNALLY], and the Senator from Minnesota [Mr. LUNDEEN] are unavoidably detained.

The Senator from Iowa [Mr. GILLETTE], the Senator from Texas [Mr. SHEPPARD], and the Senator from Utah [Mr. THOMAS] are absent on important public business.

The Senators from Florida [Mr. ANDREWS and Mr. PEPPER], the Senator from Arizona [Mr. ASHURST], the Senators from North Carolina [Mr. BAILEY and Mr. REYNOLDS], the Senators from Mississippi [Mr. BILBO and Mr. HARRISON], the Senator from Washington [Mr. BONE], the Senator from Nebraska [Mr. BURKE], the Senators from Virginia [Mr. BYRD and Mr. GLASS], the Senator from Idaho [Mr. CLARK], the Senators from Missouri [Mr. CLARK and Mr. TRUMAN], the Senator from Ohio [Mr. DONAHEY], the Senator from California [Mr. DOWNEY], the Senator from Louisiana [Mr. ELLENDER], the Senator from West Virginia [Mr. HOLT], the Senator from Delaware [Mr. HUGHES], the Senator from Illinois [Mr. LUCAS], the Senators from Indiana [Mr. MINTON and Mr. VAN NUYS], the Senators from Montana [Mr. MURRAY and Mr. WHEELER], the Senator from Maryland [Mr. RADCLIFFE], the Senator from New Jersey [Mr. SMATHERS], the Senator from Tennessee [Mr. STEWART], and the Senator from New York [Mr. WAGNER] are attending various committee meetings and are, therefore, necessarily detained.

Mr. AUSTIN. I announce that the Senator from Oregon [Mr. MCNARY] is absent because of illness.

The Senator from Ohio [Mr. TAFT] is absent attending the wedding of his son.

The Senator from Vermont [Mr. GIBSON], the Senator from Massachusetts [Mr. LODGE], the Senator from Kansas [Mr. REED], and the Senator from Wisconsin [Mr. WILEY] are detained in committee meetings.

The VICE PRESIDENT. Twenty-eight Senators have answered to their names. There is not a quorum present. The clerk will call the names of the absent Senators.

The legislative clerk called the names of the absent Senators, and Mr. SHIPSTEAD answered to his name when called.

Mr. JOHNSON of Colorado entered the Chamber and answered to his name.

The VICE PRESIDENT. Thirty Senators have answered to their names. There is not a quorum present.

Mr. BARKLEY. I move that the Sergeant at Arms be directed to request the attendance of the absent Senators.

The motion was agreed to.

The VICE PRESIDENT. The Sergeant at Arms will execute the order of the Senate, and notify the absent Senators to come to the Chamber.

Mr. AUSTIN. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. AUSTIN. Is it proper at this time to ask unanimous consent to insert something in the RECORD?

The VICE PRESIDENT. Not during the absence of a quorum.

After a little delay, Mr. HAYDEN, Mr. TOBEY, Mr. BROWN, Mr. MILLER, Mr. HERRING, Mr. MCKELLAR, Mr. HALE, Mr. NYE, Mr. BYRNES, Mr. GREEN, Mr. MCCARRAN, Mr. BANKHEAD, Mr. RUSSELL, Mr. TOWNSEND, Mr. O'MAHONEY, Mr. THOMAS of Oklahoma, Mr. LODGE, Mr. DANAHER, Mr. HOLMAN, Mr. ADAMS, Mr. MALONEY, Mr. FRAZIER, and Mr. WHITE entered the Chamber and answered to their names.

The VICE PRESIDENT. Fifty-three Senators have answered to their names. A quorum is present.

Mr. MCKELLAR. Mr. President, I wish to state that some of us have been detained in a committee hearing on the relief bill.

Mr. BARKLEY. Mr. President, I ask unanimous consent that the order directing the Sergeant at Arms to request the attendance of absent Senators be vacated.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the order is vacated.

The Senator from Louisiana [Mr. OVERTON] has the floor, and has offered certain amendments. The clerk will state the first amendment offered by the Senator from Louisiana.

The CHIEF CLERK. In the committee amendment, on page 107, line 9, after the word "receipts", it is proposed to strike out the period and insert a comma and "except from the sale of equipment and appliances and parts thereof in the ordinary course of business, as to which the tax on the privilege of doing business imposed by title VI if this act shall be applicable."

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Louisiana to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. OVERTON. I ask that the second amendment I have sent forward be stated.

The VICE PRESIDENT. The clerk will state the amendment.

The CHIEF CLERK. In the committee amendment, on page 147, after line 12, it is proposed to insert the following new title:

TITLE VII—FEES AND FINES

On and after July 1, 1939, there shall be credited to the District of Columbia that proportion of the fees and fines collected by the District Court of the United States for the District of Columbia, including fees and fines collected by the offices of the clerk of that court and of the United States marshal for the District of Columbia, as the amount paid by the District of Columbia toward salaries and expenses of such court and of the offices of the United States district attorney for the District of Columbia and of the United States marshal for the District of Columbia bears to the total amount of such salaries and expenses; and such proportion of the fees and fines, if any, collected by the United States Court of Appeals for the District of Columbia, including fees and fines, if any, collected by the office of the clerk of that court, as the amount paid by the District of

Columbia toward the salaries and expenses of such court bears to the total amount of such salaries and expenses.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Louisiana [Mr. OVERTON] to the amendment reported by the committee.

The amendment to the amendment was agreed to.

The VICE PRESIDENT. The clerk will state the next amendment offered by the Senator from Louisiana [Mr. OVERTON] to the committee amendment.

The CHIEF CLERK. In the committee amendment, on page 147, line 13, it is proposed to strike out the roman numerals "VII" and in lieu thereof to insert the roman numerals "VIII."

The amendment to the amendment was agreed to.

Mr. OVERTON. That completes the amendments proposed by the committee to the amendment in the nature of a substitute.

Mr. TYDINGS. Mr. President, I offer an amendment to the committee amendment, which I ask to have stated.

The VICE PRESIDENT. The clerk will state the amendment to the amendment.

The CHIEF CLERK. In the committee amendment, on page 131, line 3, after the word "business", it is proposed to insert the following:

Nor shall the term "business" include the usual activities of farmers' cooperative associations, as that term is defined in the Farm Credit Act of 1933, nor the members of such associations.

Mr. TYDINGS. Mr. President, the purpose of the amendment is apparent on its face. It would exempt farmers who come into the District of Columbia to sell their own produce from paying a business privilege tax. It has been a well-settled policy of Congress for a long time to extend to cooperative farm organizations all encouragement and help that can be extended. This amendment is in line with that philosophy; that is, if farmers in any State wish to bring their produce to the District themselves, and to sell it themselves to the District people, they shall not be compelled to pay a business privilege tax.

A farmer selling in the District of Columbia naturally has to spend a great deal of his time on his farm, in raising or producing the crop, whereas the average businessman doing business in the District, having an established place of business, puts in all his time in marketing or merchandising whatever he has to sell.

I think the amendment has a great deal to commend it. It came to me too late to present to the committee. I would be grateful if the Senator having charge of the bill could see his way clear to take the amendment to conference. If serious objections arise to the amendment in the conference, I will not impose on the Senator's demonstrated friendliness to farmers.

Mr. AUSTIN and Mr. OVERTON addressed the Chair.

The VICE PRESIDENT. Does the Senator from Maryland yield, and if so, to whom?

Mr. TYDINGS. I yield first to the Senator from Vermont.

Mr. AUSTIN. Mr. President, the language of the amendment is a little obscure to me because I do not carry in memory the definition given by the Farm Credit Act of 1933.

Mr. TYDINGS. That is, as to what are cooperatives?

Mr. AUSTIN. Yes. It occurs to me that if this were agreed to a farmers cooperative association could conduct the business of dealing in all kinds of products which were not produced by the members of the cooperatives. Does the Senator intend that to be the effect?

Mr. TYDINGS. No. The exemption I have in mind applies only to farmers who are selling their own produce, and not to the selling of things which they do not produce.

Mr. AUSTIN. Does the Senator understand that the definition referred to in his amendment limits the activity?

Mr. TYDINGS. That is my understanding, and if the matter goes to conference and I find I am in error, I will consent in conference to such limitation as will convey the idea I have just expressed.

Mr. AUSTIN. Has the Senator ascertained whether the Commissioners of the District of Columbia approve the amendment?

Mr. TYDINGS. I understand the Commissioners have not favored the amendment, and I do not blame them, because they have been asked to favor a number of amendments, and have probably adopted the policy of opposing them all. But I submit that Congress repeatedly has made exemptions in legislation for farmers cooperatives, and I am asking that farmers who raise their own produce, and bring it into Washington themselves to sell shall not have to pay a business-privilege tax in the District of Columbia.

I now yield to the Senator from Louisiana.

Mr. OVERTON. Last year a bill covering the provisions of the amendment was introduced in the Senate. I do not think it was introduced by the Senator from Maryland. I do not know which Senator introduced it. The bill was considered by the District of Columbia Committee, but no favorable report was made upon it. The enactment of the bill into law was opposed by the Commissioners of the District of Columbia upon the ground that farm cooperatives come into the city of Washington and open markets and operate in competition with the wholesalers in the District of Columbia, and therefore the wholesalers should be protected against this untaxed competition.

I think I had better read into the RECORD the report made by the Commissioners of the District on the bill that was pending before the Committee on the District of Columbia, which contained a provision similar to that contained in the amendment offered by the Senator from Maryland. The letter in question was written on May 28, 1938, and is as follows:

MAY 28, 1938.

Hon. WILLIAM H. KING,
Chairman, Committee on the District of Columbia, United States Senate, Washington, D. C.

MY DEAR SENATOR KING: There has been referred to the Commissioners a proposed bill, S. 3978, Seventy-fifth Congress, third session, "To exempt certain agricultural cooperatives from the District of Columbia business privilege tax."

In the opinion of the Commissioners there is no valid reason why cooperative associations performing the activity of making sales within the District of Columbia of produce, whether as the owner of the produce or as the agent for the owners of produce, should be permitted to compete with individual wholesalers in the District of Columbia without the requirement that they pay the same tax as that imposed upon the wholesalers. Apart from the tax, a cooperative marketing association competes with an individual wholesaler on a basis unfavorable to the independent wholesaler. If there would be superimposed on such an unfavorable situation to the wholesaler a differential in the matter of the tax by an exemption granted to the cooperative associations, the situation would be aggravated. To exempt a cooperative marketing association would be to permit persons engaging in business collectively to do so without the payment of a tax when, if they should transact their business individually, they would be compelled to pay a tax.

For the reason above stated, the Commissioners desire to report that they do not favor the enactment of the bill into law.

You are advised that the bill was submitted to the Acting Director of the Budget, who advises that there is no objection on the part of the Bureau of the Budget to the position taken by the Commissioners in connection with this matter.

Very respectfully,

MELVIN C. HAZEN,
President, Board of Commissioners, District of Columbia.

I think that letter clearly presents the situation. The cooperatives come into the District of Columbia and, as the Commissioners pointed out, already operate under certain advantages. They enter into competition with the wholesalers. The wholesalers are required to pay a business-privilege tax, whereas the cooperatives are exempt from the payment of the business-privilege tax. That, in the opinion of the Commissioners, is unfair discrimination.

Mr. TYDINGS. Mr. President, I think the Senator from Louisiana has approached the matter in a fair way, based on what the Commissioners of the District of Columbia have said, but I still maintain that the merit of the situation and the humanities of the situation, and the precedents established by the Senate, and the philosophy of legislation are on the side of the amendment.

First of all, we have exempted farm cooperatives from the provisions of the antitrust laws. We have encouraged cooperatives by giving them capital with which to buy all sorts of

materials, such as fertilizer, lime, seed, and what not. They are operating under the protecting arm of the Federal Government.

Mr. President, what does the amendment propose? It simply proposes that farmers who raise their own produce may bring it into the District of Columbia and sell it without paying the business-privilege tax. A farmer comes into the District of Columbia with a load of sugar corn or baskets of tomatoes. He is not really in the position of doing business here all the year round in selling his own produce, but in season he brings a load of vegetables or other farm produce into the District. It seems to me it is going quite far to compel a farmer who brings his own produce into the District to pay a business-privilege tax. Certainly it is contrary to the announced policy of Congress to encourage cooperatives. We have exempted them from the provisions of the antitrust law. We are financing them. They receive their capital now from the Farm Credit Administration. In various ways we are aiding the farmers to farm and market their goods direct to the consumers in every way possible.

I hope Senators who are listening will give me a favorable vote on this amendment. There are very few farmers who are interested in this matter—probably only two or three hundred. The matter is not Nation-wide. I feel, however, that when the farmers in question come into the District with a load of produce they are well within their rights in asking that they not be compelled to pay this new kind of tax—the business-privilege tax. I hope Senators will bear in mind that the provision applies only to farmers who sell their own produce.

Mr. KING. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. KING. Would the measure reach farmers who act individually? The Senator spoke of a farmer who produces something and brings it into the District. Would the amendment cover a case of that kind? Does not the Senator in his amendment differentiate between farmers who act individually and cooperatives? As I understand, the cooperatives, if not a corporation, are, in a sense, a quasi-corporation, or an association of farmers acting together, in a community form. It seems to me that a cooperative of that character is to be differentiated from individual farmers.

Mr. TYDINGS. Mr. President, I think that is a fair distinction. I do not think that cooperatives have quite the standing that individual farmers have.

Let me say to the Senator from Utah that by the amendment I have no disposition to take unfair advantage of anyone. Since the matter embraced in the amendment came to my attention, I have tried to iron out whatever difficulties might be in the way of its adoption, and I have said here publicly that as the author of the amendment and as one of the possible conferees who will consider the bill in conference, I would have no objection to additional wording being inserted in the amendment in conference which would restrict the right of sale of produce to the farmer who is the actual producer.

I think the amendment makes that restriction. I am willing to carry it to conference in that spirit, in the hope that we can there make such adjustment as may be necessary.

Mr. OVERTON. Mr. President, after that explanation made by the Senator from Maryland, I shall be very happy to accept the amendment and take it to conference, and see if we can work it out in conference.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Maryland [Mr. TYDINGS] to the committee amendment.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The VICE PRESIDENT. If there be no further amendments, the question is on the engrossment of the amendment as amended and the third reading of the bill.

The amendment as amended was ordered to be engrossed and the bill to be read a third time.

The bill (H. R. 6577) was read the third time and passed.

Mr. OVERTON. I move that the Senate insist on its amendment, request a conference with the House of Representatives thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Vice President appointed Mr. OVERTON, Mr. KING, Mr. TYDINGS, Mr. MCCARRAN, and Mr. CAPPER conferees on the part of the Senate.

RECESS

Mr. BARKLEY. The Committee on Appropriations is not quite ready to report the relief bill. I am advised by the committee that it will probably be 30 minutes before it will be ready to report it. Therefore I ask unanimous consent that the Senate stand in recess subject to the call of the Chair.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the Senate will now stand in recess until called in session by the Chair.

Whereupon (at 11 o'clock and 46 minutes a. m.) the Senate took a recess subject to the call of the Chair.

At 1 o'clock and 35 minutes p. m., the Senate reassembled on being called to order by the Vice President.

WORK RELIEF AND RELIEF APPROPRIATIONS—REPORT OF COMMITTEE ON APPROPRIATIONS

Mr. ADAMS, from the Committee on Appropriations, to which was referred the joint resolution (H. J. Res. 326) making appropriations for work relief, relief, and to increase employment by providing loans and grants for public-works projects, for the fiscal year ending June 30, 1940, reported it with amendments and submitted a report (No. 668) thereon.

Mr. DAVIS. Mr. President, I desire to speak briefly on House Joint Resolution 326, making appropriations for work relief, relief, and to increase employment by providing loans and grants for public-works projects, for the fiscal year ending June 30, 1940.

Mr. President, it is now generally understood that Government spending for W. P. A. is primarily for the relief of unemployment needs rather than for the economic returns which may be expected from it. No longer is there reason to believe that W. P. A. is an economic expedient that can be justified because of the sound value of the work projects that are thus developed. Appropriations by the Government for this purpose have been made to provide work for the unemployed rather than to put them on direct relief. This is done with the understanding that neither relief nor work relief is expected to make full economic returns to society, other than in the maintenance of human life, and the prevention of suffering and possible starvation of large numbers of people in the midst of potential plenty.

During recent years the Government has been attempting to extend aid to the unemployed, instead of facing the problem of unemployment in a realistic way. We have directed our expenditures of time and money in such a way that no one should go hungry. This has been a temporary, emergency program; it has not been a constructive, practical program looking to the future. Our thought should now be turned to the problem of facing a permanent unemployment condition, and to provide some accelerating force for our economic system in order that private enterprise may constantly increase the number of jobs it has to offer.

Teaching people to take care of themselves is the only true American way in which to provide for them. The unemployed are not a class set apart from all the rest of us. Those at work today may be out of work tomorrow through no fault of their own. Those on work-relief rolls are constantly changing. If we are to build a strong democracy in our great Republic, we must rely upon long-range thinking. Emergency plans and emergency psychology have not solved the problems of unemployment or the problems of the unemployed.

Unemployment, Mr. President, is not something new. Governments attempted to deal with this problem even before the days of the Pharaohs. The rulers of the Roman Empire built public baths and, when the jobs ran out, entertained the masses with the theater and the circus. Unemployment has always been a problem; it is a permanent problem. The problem did not spring up in our country

overnight. The matter was called to the attention of Congress more than 45 years ago. In 1894 a former President, Benjamin Harrison, tried to persuade the Federal Government to set up a program to fight unemployment. Nothing came of it. Twenty-seven years later, in 1919, Senator Kenyon, of Iowa, brought before Congress a bill to create a United States Emergency Public Works Board. After extensive hearings the bill was dropped. Two years later President Harding called a conference on unemployment, which convened in Washington. Action was delayed. In 1931, when Congress finally made an appropriation to the States to aid in caring for the unemployed, the mayors of more than 100 cities declared, in response to an inquiry, that Federal aid was not necessary. In 1933 the Government began spending money for relief and work relief. Each succeeding year has witnessed an increase in the amount appropriated and expended. In the past 6 years Congress has been voting funds for one relief crisis after another. The national debt, which stood at $16,000,000,000 in 1930, has climbed to $41,000,000,000. Despite the great increase of debt, there is no convincing evidence that any of our fundamental economic problems have been solved. If we continue the emergency program, we shall finally end in the national poorhouse.

Mr. President, democracy will never be saved by bureaucracy. The people can save democracy only as they combine Government aid with private initiative. The way to increase private investment opportunities is to stimulate research in fundamental science. Research is going on in America, promoted very largely by great corporations. Those companies are continuously searching for new products, new processes, and new uses for existing products to offset a possible decline in earnings resulting from a diminished demand for present manufactured products. These researches call for investments of huge sums of money. If but a moderate fraction of what the Government has spent for relief during the last decade had been spent in Government aid to establish institutions for the primary purpose of promoting research in production, invention, and social aid, we should be well on our way to meet the most serious problem before the American people today.

I favor the establishment of a Government foundation to engage in intensive research, from which new industrial and commercial developments may spring. As new developments appear, new and profitable outlets will be provided for the investing public. Thus new and better jobs will be created for thousands of unemployed workers. Ultimately private investment will take up the slack, and we shall not be driven further on the dangerous road of public bonding that holds such a serious threat of inflation.

The Public Works Administration, Mr. President, has been engaged in building more schools of the general type, in spite of the fact that educational leaders for a long time have known the need for a more practical type of education. In the midst of all this unemployment there is an actual shortage of skilled labor. Why do we have to wait so long to realize the value of technical training for young people? Why do we appreciate the value of establishing trade schools in our reformatories, asylums, and prisons, in keeping with standard principles of occupational therapy but fail to provide, to any appreciable degree, for real technical training in our public schools? We know the alarming increase in crime, especially among American youth; and yet we take no national measures sufficiently strong to combat the conditions. When young people cannot fit into our public schools but become criminals, we send them to reform schools and prisons, where they are set at a trade. Then much is said about rehabilitation. It is just another case of locking the stable after the horse is stolen.

Mr. President, the machine has displaced manpower, and will continue to do so. But with these displacements will ultimately come increased employment opportunities. Technological improvements bring a temporary loss of jobs, the cutting down of production costs, the lowering of prices which, in turn, are followed by an increased demand, the expansion of production and employment, and a general lifting of the standard of living. Technological improvements are creating new fields of opportunity in professional and public service. With the growth of our social and economic structure there has come a greater need for the services of the "white collar" worker. As life becomes more complex the "white collar" worker will become increasingly important. During the last decade the "white collar" worker has had a desperate time. His place in the modern scene has been but little understood. Many "white collar" workers, trained for specific tasks, have been unable to find the jobs for which they were trained and have been put out to work with the pick and shovel. Thus were the ranks of unskilled labor filled to overflowing. That condition has thrown off balance both the fields of skilled and unskilled workers. Machinery has lessened the need for brawn. The time has come to provide the type of schools which will develop the brain power of our citizens and stimulate the types of production and services which will give them suitable employment.

The W. P. A. does not look to the solution of the basic problem of unemployment. Rather it looks to the immediate needs of the unemployed, providing them with work so that they may have the benefits of work discipline, while at the same time provision may be made for the support of the workers and their families. I do not question the economic value of some portions of the W. P. A. program as carried on in the past. It is well known that bridges, airports, school houses, and other structural improvements have been made by the W. P. A.

Mr. President, when very early in the development of the W. P. A. program it became apparent that it was to be used for partisan political purposes I protested in every possible way. I asked for a thoroughgoing investigation of the political abuses in W. P. A. I made clear the many evidences of such abuses which were relayed to me from every part of the country. In no part of the United States was there more such evidence than in my own State of Pennsylvania. I sought in every way to get at the root of the problem. I offered to cooperate with Harry Hopkins and asked him to cooperate with me. Instead of giving me cooperation, Mr. Hopkins tried to laugh off the implications of the situation, and said that W. P. A. was as pure as Ivory soap. When I attempted to obtain a list of the names, addresses, salaries, and positions of the administrative personnel of W. P. A. from Mr. Hopkins he found it necessary to take 18 months to furnish me the information. At last, when the Senate Investigating Committee, under the leadership of the able Senator from Texas [Mr. SHEPPARD] had presented a voluminous report showing unquestioned evidence of politics in W. P. A., a shift was made by transferring Mr. Hopkins to his present post, and widespread dismissals were made to cover up abuses; but there was no frank admission of the outrageous abuses involving the taking of money intended for the very needy and using it for political profiteering.

Mr. President, in offering this amendment I shall be but following through a point of view which I have held for many years. I believe that the responsibility of W. P. A. should be shared by both the Federal Government and the States, including local agencies of government. I also believe that the voluntary principle of social care should be developed in connection with government activity. We have numerous examples of private agencies developed to cooperate with the Government. There is nothing new in this principle. If Government can undertake responsibility for bringing aid to private enterprise and private need, it should be equally sound for private and voluntary service to be offered and adjusted to governmental activities, especially when this is in the field of social welfare and the meeting of human need.

I suggest that in each county and in each city an advisory committee be appointed by the Works Project Board, under the House provision, or by the President, if the provision is changed in the Senate, to hear and investigate complaints with respect to the administration of the act. Each committee would be nonpartisan and consist of not more than

12 persons who are fairly representative of the different professional and occupation groups. The members of the committee would serve without compensation.

Each committee would receive complaints with respect to the administration of the act, including violation of its provisions and the granting of relief to persons not entitled to it. The committee would make reports with respect to its hearings and investigations, together with its recommendations to the Work Projects Board or to the Administrator. The Board or the Administrator, as the case may be, would prescribe rules and regulations with respect to the procedure to be followed by the committees.

My amendment, Mr. President, also contemplates the increase of the appropriation by $100,000,000 at the time the Secretary of the Treasury certifies that the advisory committees have been appointed. I believe that with the addition of $100,000,000 it would not be necessary for W. P. A. to come again to Congress this year to ask for a deficiency appropriation, as it did twice last year.

During the past 7 years more than twenty and one-half billion dollars have been spent on all forms of relief. This is exclusive of the cost of emergency public works. Throughout the entire period the Federal Government has borne about 70 percent of relief costs, while State and local governments have borne about 30 percent. Today about 22,000,000 individuals, or roughly one-sixth of the population, are receiving some form of relief payments. Direct payments to beneficiaries do not tell the whole story. Expenditures for administration, materials, and other relief costs have increased at a faster rate than have direct payments. Overhead costs have risen from 10 percent of the total in 1933 to 26 percent in 1937. Work relief, especially W. P. A., is responsible for the increased cost of outlays for administration and materials.

Mr. President, in 1933 the average number of families on general relief was 4,101,000. In 1938 there were only 1,707,000 families on general relief. Two factors have reduced the number of families on general relief. First, the increase in special forms of relief for the aged, for dependent children, and for the blind, due largely to Federal grants-in-aid; and second, W. P. A., which gives employment to persons in need of relief who are certified to work. When the W. P. A. program was first proposed in January 1936, it was assumed that it would provide work relief for all employables on relief rolls, while all unemployables would be cared for by State and local governments under general relief provisions. In practice this goal has not been realized, for State and local governments still provide general relief for employables who are unable to find private employment and unable to obtain work on W. P. A. The States and localities must provide for these as well as meet the major cost of materials on W. P. A. Moreover, there is a continual shift of families from general relief to W. P. A. when W. P. A. is expanding, and from W. P. A. to general relief when W. P. A. is contracting.

Mr. President, relief costs could be greatly reduced by abandonment of current spending theories and return to a cooperative system of relief. The argument so frequently made against this course is that it would put local politics into relief. It is forgotten that State and local governments now have complete responsibility for nearly half of all persons on relief. It is also argued that no satisfactory formula can be worked out for matching Federal and State funds. However, in April 1939, 2,157,000 cases of special relief were supported in part by Federal and in part by State funds. Certainly there is need for thoroughgoing reform in the administration of relief to bring about closer coordination, more uniform standards, and more economical procedure. With the adoption of my amendment I believe a definite curb would be developed not only to the political abuses of relief but also to the unwonted waste that has made W. P. A. so arbitrarily expensive in the past.

The findings of the American Association of Social Workers in June of this year deserve consideration. An exhaustive study has recently been concluded, which shows that the problems of relief and unemployment are still being planned for on an emergency basis in many sections of the country. In some areas administrative machinery devised to meet the need for public aid 50 or 100 years ago is still being patched up in an attempt to make it work in 1939. If my plan for the use of nonpartisan committees under the authority of the Work Projects Board, the Administrator, or the President, were instituted, it would go far to introduce a degree of uniformity and standard social welfare practice now so sadly lacking.

Some sections of the country report no general relief to employables at all, regardless of the degree of need. In these areas Federal surplus commodities are the only aid available to thousands of needy families. At its peak W. P. A. failed to absorb large groups of needy employable persons certified as eligible for such employment. In one area W. P. A. figures for February 20, 1939, show the number of persons certified and waiting for assignment to be more than half the total number actually working on W. P. A. There are sharp variations as between States and between localities in the same State in standards of eligibility and adequacy of general relief grants. Relief grants vary from an average of $2.91 per family per month in one State to an average of $38 per family per month in another. One State reports that food grants are not more than 20 percent of a minimum standard food budget such as that prescribed by the United States Department of Agriculture.

Mr. President, public spending never can be an adequate substitute for private spending, short of a condition of state socialism, for which no large number of American citizens are asking. Moreover, public spending, if continued past the present point of deficit spending to the tune of four billions annually, definitely restricts and discourages private spending. We shall not see an increase of private spending so long as we continue to rely on theories of public spending and deficit props for the Treasury such as we have had in the past few years. Instead, we shall continue to witness the shrinking of private investment and the continued weakness of private enterprise. This is a condition which grows steadily worse. It will not improve until we face the facts with a degree of honest realism which is altogether too gravely lacking today in this administration.

The amendment which I shall offer asks for an additional appropriation of $100,000,000. With that amount there should be no need for a deficiency appropriation for W. P. A., such as was the case last year. With $100,000,000 there should be no need to wipe out the "white collar" projects which can qualify for constructive national benefit. There should be no need to curtail or restrict the National Youth Administration. There should be no need to dismiss 8,000 W. P. A. theater project actors who, without the aid of W. P. A., will have no employment and must of necessity be forced on relief at lower incomes than they have had under W. P. A. If my amendment is accepted, I am confident that the communistic elements which have been using W. P. A. in a plot to undermine America will not be tolerated, but at the same time the true American who deserves a chance to continue in the occupation of his choice will have an opportunity.

In conclusion, Mr. President, I wish to summarize the advantages to be realized from the acceptance of the amendment which I shall offer:

First, it would provide a practical plan for the local participation of volunteer workers with the W. P. A. for the purpose of preventing recognized abuses that have grown out of partisanship.

Second, it would provide an agency through which a larger degree of uniformity between the Federal Government and the States and the local agencies of Government administering relief and work relief might be developed.

Third, it would tend to curb the vicious practices of building up W. P. A. overhead expense while the needy persons for whom these sums are appropriated are left without proper provision.

Fourth, it would put a check on the dangerous precedent recently set up of asking Congress to provide additional sums for W. P. A. in deficit appropriations.

Fifth, it would provide a sum sufficiently large to enable the continuation of all "white collar" projects that can be made to square with social worth and American principles, including the National Youth Administration, the Federal theater project, the music project, and the writers projects.

THE CREED OF AMERICANISM

Mr. TYDINGS. Mr. President, I inquire if the relief measure is now before the Senate?

The PRESIDENT pro tempore. The joint resolution referred to has been reported but the Senate is awaiting printed copies of the joint resolution containing the amendments of the committee.

Mr. TYDINGS. I wish to take about 10 or 15 minutes, but do not desire to interfere with the relief resolution.

Mr. President, in this day and time when intolerance exists all over the world, when nations are preparing for war, when democracy is in retreat, when novel and strange forms of government are making their appearance in many nations, it is refreshing to discover a point of view which, in my judgment, expresses what we commonly call Americanism. This point of view was written in a pamphlet called "A Declaration of Dependence, Individually and Nationally, on the Favor of God and the Creed of Americanism," by Mr. Charles Hall Davis, a distinguished member of the Virginia bar living at Petersburg, Va. He defines Americanism in the pamphlet, which has received wide circulation, and which reads as follows:

AMERICANISM DEFINED.

WHEREAS, AMERICANISM is a Political Philosophy or Theory of Government based on a Religious Creed, coupled with a Governmental Plan for carrying into effect the principles of that Philosophy in the social relations of human beings in a politically organized State; and

AMERICANISM AS A POLITICO-RELIGIOUS CREED

THE RELIGIOUS CREED ON WHICH AMERICANISM IS BASED.[1]

The Gospel Proclaimed in the Christian Era,
and
The Non-Political Functions of the Christian Church
in Spreading That Gospel.

WHEREAS, the American Political Philosophy or Theory is solemnly and officially based

on a belief in a God who created and who controls the material, intellectual, ethical and spiritual Universe, and

on the principles governing man's relations and duties to God and to his fellow-men as outlined by Jesus in the Christian Era; and

WHEREAS, while a belief in and allegiance to Americanism does not necessitate the acceptance of Christianity as a religion, nor the recognition of Jesus as Deity incarnated; yet it does require

the recognition of, and a belief in, a GOD; and

the acceptance of the system of philosophy or ethics taught by Jesus as the foundation of just ethical and social relations among human beings in a politically organized state [2]; and

WHEREAS, the Christian Church, as an institution established by the Founder of Christianity for the spread of the Gospel of Love proclaimed by Him in the Christian Era, was authorized to use as its weapons in the struggle for the mastery of the world only the Pentecostal gift of fiery tongues or of inspired persuasion, together with the gifts of healing and of miracles, entrusted to its ministers by its Founder; and

WHEREAS, the Founder of Christianity, when offered the Kingdoms of the World so that He might use political power to enforce His teachings among men, refused to be tempted and rebuked the Tempter; thereby finally rejecting the idea that His Church

should use organized force in the struggle to redeem humanity, or

should *compel* apparent acceptance of His claims to Diety, or should attempt to supplant temporal government; thereby leaving to men the problem of establishing temporal government for the maintenance of ordered Liberty: and

Not Until After the Christian Revelation Was It Possible for Men to Conceive and Formulate a Political Philosophy Asserting and Assuring the Equality of All Human Beings, the Supreme Dignity of Human Personality, the Existence of God-Given Human Rights, and the Proper Position of Government as the Servant of the People, Created by Them for the Sole Purpose of Securing Their God-Given Rights

WHEREAS, AS A RESULT OF THE REVELATION vouchsafed in the Christian Era, it was, for the first time in human history, made possible for men to conceive, formulate and establish a Political Philosophy embodying the principles then proclaimed, which recognized the Fatherhood of God and the Brotherhood of man, the dignity of man as a creature made in the image and likeness of God and the supreme importance of human personality, the equality of all human beings before the Supreme Judge of the World, and their individual liability and accountability to Him for the proper use of the varying powers and talents with which each had been Divinely entrusted: and

WHEREAS, the enforcement of these principles in a politically organized social State called for a Political Philosophy designed to afford the widest possible opportunity to each human being for the development of his personality along lines of his own choice, and for the freest possible exercise of his God-given attribute of Free-will, with consequent responsibility to his Maker for his voluntary acts: and

THE AMERICAN POLITICAL PHILOSOPHY

The American Political Philosophy Formulated Principles Proclaimed in the Christian Era, and Declared Those Principles to Be the Basis of All Just Government

WHEREAS, the American Political Philosophy, formulated after nearly eighteen centuries of human experience under the Gospel of the New Dispensation proclaimed by Jesus, for the first time in human history, declared and established the principles proclaimed by Him to be the basis of all just government: and

WHEREAS, that American Political Philosophy was formulated by men of unexcelled political experience and of outstanding intellectual and spiritual ability, who were proclaiming a new Gospel of Individual and political Liberty as the basis of government for the New World: and

WHEREAS, that Political Philosophy represented the consensus of opinion of the liberal and liberty-loving elements of mankind as to the principles on which the rights of the common man could be successfully asserted and maintained against the aggressions of rulers and of inflamed groups, whether majority or minority; and its soundness and accuracy have since commanded the approval of the Common Conscience of Mankind: and

WHEREAS, that Political Philosophy completely undermined the foundations of despotic government:

by replacing the false theory of the Divine Rights of Kings and Rulers with the sound theory of the Divine Rights of Human Beings as such;

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[1] The distinction between a RELIGIOUS CREED and a POLITICAL CREED should be clearly understood. A religious Creed is an individual declaration of belief, which is binding only on the person making the statement; as in the cases of the Apostle's and Nicene Creeds, both of which commence "*I* BELIEVE." A political Creed is a community declaration, adopted through the action of the majority; and it is binding on, and must be subscribed to by, *all* the citizens or beneficiaries of the politically organized group, whether belonging to the majority or minority. An illustration of a political Creed is the Declaration of Independence, which reads: "*WE* hold these truths to be self-evident."

[2] An American is required to accept the Christian Philosophy of man's relation to God and his fellow-men, even though he denies the Deity of Jesus—just as one might accept the Platonic Philosophy, without admitting the Deity of Plato.

The God of the Christian is the only God who leaves men free to accept or reject Him as they individually choose. Inasmuch as the Christian God has thus voluntarily divested Himself of the power to *compel* men to worship Him, it follows that those who accept the teachings of the Founder of Christianity as the basis of their political philosophy must recognize that no human being or human institution can justly prescribe what God the individual shall worship, or in what manner that worship shall be conducted; but must recognize, secure and protect the right of each human being to worship such God as he chooses, in such manner as his conscience shall dictate; because God gave him that right.

Hence, in the United States, the right of religious freedom is secured to a NON-CHRISTIAN, BECAUSE Americanism is based on the principles proclaimed and taught by Jesus, the Founder of Christianity. The political philosophy underlying Americanism guarantees that a Non-Christian can worship whom and as he pleases, because Jesus, the Founder of Christianity, taught that God had given to each individual the individual right of freedom of worship, and because this teaching of Jesus has been formally and solemnly adopted as the foundation principle of the American Theory.

Similarly, under the philosophy taught by Jesus, the individual holds as an endowment from the Creator certain other unalienable individual rights; and because the American political theory is based on this philosophy taught by Jesus, those unalienable individual rights are held sacred, and the power of government to disregard them, or to restrict their free and orderly exercise, is limited by a written constitution.

Hence the NON-CHRISTIAN citizen of the United States, while he may deny the Deity of Jesus, and decline to worship Him, and may worship such God as he pleases, in such way as he desires (provided that he does not interfere with or infringe the similar and equal rights of others); yet he must accept, endorse and support the principles taught by Jesus as governing man's relation to God and to his fellow-men; because his rights as such citizen are based on these principles as the foundations of Americanism. If those principles are repudiated, then his God-given unalienable individual rights can no longer be asserted, but are supplanted by mere concessions from government or from temporary majorities, revocable at the will of his rulers or of another temporary majority.

by reducing Rulers from the position of Divinely authorized and endowed despots to that of humanly chosen public servants;
by elevating the common man from the position of a slavish subject to that of a sovereign citizen;
by destroying Class privilege through declaring all men equal;
by embodying the idea of "Equal Rights, Equal Opportunity and Equal Burden" for all citizens;
by asserting the political ideal of "Equal Rights to all, and Special Privilege to None";
by relegating government to its proper position of an agency, created by the sovereign people for the sole purpose of assuring equality of Rights, and of securing equality of opportunity for the exercise of those rights, to each human being subject to its jurisdiction, so as to give to each citizen the opportunity to develop his personality along lines of his own choice, and free from the compulsion of others;
by recognizing the constant and continuing control over human affairs exercised by the Deity, and the controlling force of the general laws established by Him for the regulation of the material, intellectual, ethical and spiritual Universe; and
by realizing that no Political Philosophy could produce the maximum of Individual and National Happiness and prosperity, unless it was in accordance with, and in furtherance of, the Divine Plan of individual right, and of freedom to develop individual personality:

and

The American Philosophy Proclaimed a New Gospel of Liberty for Mankind, and Continues Always Sound Because Based on Fundamental and Unchanging Principles or on Self-Evident Truths

WHEREAS, the American Political Philosophy, as formulated in the Declaration of Independence, and as elaborated in the Federal Bill of Rights (the first ten Amendments to the Constitution of the United States), the Virginia Bill of Rights, the Virginia Statute of Religious Freedom, and other basic instruments;
is a statement of unchanging and self-evident truths;
is the noblest expression of political faith ever adopted and carried into effect by a great Nation;
is fundamentally in accord with, and in furtherance of, the teachings of Jesus; and
today represents the chief hope of Humanity for the increase and development of the happiness and welfare of men, and for the continued and upward progress of Humanity; and

THE GOVERNMENTAL PLAN FOR CARRYING THE AMERICAN POLITICAL PHILOSOPHY INTO EFFECT

The Stupendous Problem of Establishing and Maintaining Just Government

WHEREAS, following the Declaration and adoption of that Political Philosophy as the basis of just government, the problem of creating and establishing a governmental structure which could successfully carry those principles into effect in the social relations of human beings in a politically organized State, so as to maintain Justice and ordered Liberty, and to enable men to govern themselves without a Master, constituted a supreme challenge to the spirituality, the vision, the wisdom and the ability of mankind; and

Its Two Basic Principles

WHEREAS, the Founders and Framers of the American Republic, with the Divine assistance that they invoked (and which we believe was accorded), *DID* formulate and put into successful operation a governmental plan for carrying that Political Philosophy into effect, based on the two fundamental principles of:

1. Limitations on the powers of government in the hands of Agents (enforceable through the peaceful processes of orderly judicial procedure), and of
2. Local self-government;

and

WHEREAS, that governmental plan has proved its basic soundness through a period of a hundred and fifty years of unexampled growth in individual and National welfare and happiness;
contains provisions for its orderly modification or change from time to time to meet the varying social, economic and political conditions of succeeding generations; and we believe
will prove adequate, so long as *the two basic principles of that governmental plan* are effectively maintained, and so long as its purpose is to carry into effect the unchanging truths of our Political Philosophy in consonance with the principles of Right and Justice established by the Creator.

THE CREED OF AMERICANISM

NOW THEREFORE,

WE, CITIZENS OF THE UNITED STATES OF AMERICA, IN FURTHERANCE OF OUR BELIEF IN, AND ALLEGIANCE TO, AMERICANISM, as set forth in the foregoing PREAMBLE, and IN RE-CONSECRATION, both individually and Nationally, TO THE TRUTHS SET FORTH IN OUR POLITICAL PHILOSOPHY, AND TO THE MAINTENANCE OF THE UNDERLYING PRINCIPLES OF OUR CONSTITUTIONAL GOVERNMENTAL PLAN,

DO SOLEMNLY DECLARE THAT:

Our Belief in God

WE BELIEVE IN GOD,
as an eternal, intellectual, ethical and spiritual personality, who created all things, visible and invisible, material and spiritual; and
as the Omnipotent, Omniscient and Omnipresent Ruler of the Universe, which is governed by immutable laws established by Him for the orderly regulation of the material substances, and of the material, intellectual, ethical and spiritual forces and entities brought into being and continued in existence and operation by His will.

Our Belief as to Mankind

WE BELIEVE:
THAT MAN IS A PERSONALITY,
created by God in His own image and likeness;
endowed by the Creator with intellectual, ethical and spiritual faculties, exercisable through a physical body;
with a knowledge of Good and Evil; and
with the Divine attributes of Free Will and Free Choice bestowed on him to enable him to develop his personality through the exercise of his individual power of choice, so as to attain the highest degree of happiness here and hereafter.

Man's Divine Endowment of Individual Rights

THAT *all human beings are directly and equally endowed* by the Creator with certain UNALIENABLE RIGHTS, *AMONG* which are:
LIFE and *LIBERTY* (bestowed so as to enable each individual to exercise through his physical body the rights, powers and faculties with which he has been divinely endowed or entrusted), and
THE PURSUIT OF HAPPINESS, which right to the Pursuit of Happiness necessarily involves freedom of individual choice as to how each shall develop his personality, and thus pursue his happiness; subject only to the recognition and maintenance of similar and equal rights in every other human being, and of a similar and equal opportunity for their exercise.

Individual Rights Are Held Under a Title From the Highest Source Conceivable

THAT the inherent and unalienable individual RIGHTS of each person,
being a direct endowment from the Creator to him,
are held under such a supreme and paramount title, that
no human being can justly be deprived of these rights,
or restrained in their fair and free exercise,
by any other individual or by any human institution,
EXCEPT *with the consent* of the individuals holding these God-given rights, and
WHEN POLITICALLY ORGANIZED, *to the extent* that a majority of the Community may deem necessary; as set out in the Bill of Rights, Constitution, or other fundamental instruments, declaring their Political Philosophy and establishing their plan of government, *so as to secure to each individual human being* within the jurisdiction of the political organization,
an equality of such God-given RIGHTS,
an equality of opportunity for the exercise of those rights, and
an equality of duty or burden in maintaining this equality of right and of opportunity; and
so as to enforce individual liability for any abuse of this equality of right, opportunity and burden.

Individual Rights Must Be Held Under a Title from the Highest Conceivable Source, If the Rights of Man Are To Be Maintained Against the Aggressions of Power

THAT the inherent rights of the individual human being cannot be successfully asserted and maintained against the aggressions of power, or against the mob passions of a temporary majority, under any political theory which does not admit that those individual rights are held under a title higher and of more dignity than the title under which governmental authority, or majority power, is claimed to be held.
For, if individual rights are merely privileges extended by government, or merely concessions from the majority, then the rulers who extended the privileges, or the majority which conceded the rights, can revoke the privileges or cancel the concessions at their whim; so that governmental despotism or mob lawlessness is inevitable.

A Belief in God, and a Recognition That Human Rights Are an Endowment from the Creator, Are Necessary Conditions for the Maintenance of the Rights of Man Against the Aggressions of Power

THAT the existence of God as Creator, and as the actual and omnipotent Ruler of the material, intellectual, ethical and spiritual universe, and the recognition of human rights as a direct endowment from the Creator to each human being, are absolutely essential to the maintenance of individual liberty and human freedom.
If there were no God, it would be necessary to assume one, in order to maintain the rights of man against the aggressions of unbridled power, for, with God eliminated, the principles of Right and Justice established by Him are discarded, *MIGHT* becomes *RIGHT*, and the changing will of those temporarily in power, or of the temporary majority, becomes the highest law.

GOVERNMENT IN AMERICA

Government Is a Human Institution, and Its Sole Purpose Should Be To Secure the God-Given Rights of Human Beings

THAT government is a human institution, established by men; and that it should be established for the sole purpose of assuring to each individual the recognition that his God-given rights are similar and equal to those of every other individual, of securing to him an equal opportunity with every other for their

exercise, and of imposing on him an equal duty or burden in maintaining this equality of rights and of opportunity—or for the sole purpose of establishing and maintaining *ORDERED LIBERTY*.

Government Has No Inherent, or God-Given, Rights; But Is a Mere Agency Created by the People To Administer Certain Entrusted and Limited Powers

THAT government has no inherent or God-given rights of any kinds; but that just government is a limited agency, created by the always sovereign people, deriving all of its powers from the consent of the governed people, temporarily entrusted with the administration of such limited sovereign powers as the people may choose to delegate to it, under such conditions as the people may impose; with the reserved right in the people at any time to enlarge, restrict, or entirely revoke such entrustment, and to create new governmental agencies, each authorized to administer such limited powers as the people may delegate to it.

Government Should Exercise Its Entrusted Powers Through General Laws, Applicable Equally to Every Human Being within Its Jurisdiction.

THAT all powers entrusted to government should be administered through GENERAL LAWS, applicable equally to all human beings subject to its jurisdiction, whether rulers or people.

Rulers Are Mere Agents and Servants of the People

THAT rulers are mere temporary servants or agents; chosen by the people from time to time; entrusted temporarily with delegated authority; with no powers over their fellow men save those entrusted to their temporary administration; with no shadow of right to privileges or exemptions greater than those enjoyed by other citizens, save those privileges and exemptions which are incident to the office held, which privileges and exemptions automatically cease when they vacate office, and are never descendible.

The Positive Purpose of Government Should Be Attained Chiefly Through the Exercise of Powers of Restraint Which Are Essentially Negative

THAT, while the *POSITIVE PURPOSE* of government is to secure equality of right, of opportunity and of burden, and to act as an umpire, yet it can properly attain *this positive end* through the administration of powers essentially *NEGATIVE* in their character, or of limited powers of restraint on the exercise by human beings of their God-given individual rights.

What American Government Cannot Justly Do

THAT American Government has no entrusted authority to decide upon what will produce individual happiness (which is essentially individual and spiritual), and then to compel individual compliance with its program through legislative enactment enforced by the organized community power entrusted to its administration.

What American Government Can Justly Do

THAT American Government can justly enforce *ONLY SUCH GENERAL RESTRAINTS ON INDIVIDUAL ACTION* as will enable each individual to pursue his own happiness along lines of his own choice, subject only to the similar and equal right of all other individuals to do likewise.

General Limitations on the Powers of Just Government

THAT just government has no authority *positively* to direct its citizens as to what they shall do and how they shall do it, and then to enforce compliance with its orders; but has only the *negative* authority to forbid and prevent any citizen from exercising his God-given rights in such a manner as to interfere with or prevent the similar free exercise by other citizens of their like rights, or as to interfere with or prevent the orderly exercise by government of its entrusted powers.

THAT just government cannot say to the individual "Thou Shalt," except as a punishment for crime, or to enforce the individual's personal contribution to the maintenance of government, as in the cases of taxation, and of jury service and military service; but can only say "Thou Shalt Not," so exercise your God-given rights as to prevent the similar exercise by others of their like rights, or so as to interfere with government in the proper administration of its entrusted authority.

THAT just government cannot use the public funds, or the public powers, entrusted to its administration, *for the exclusive benefit of a class;*
nor can it justly use them;
for the purpose of engaging in business operations in competition with private citizens, or
to carry into effect great enterprises or undertakings for the benefit of a section or group, or
to accomplish allegedly altruistic purposes, however meritorious they may be,
UNLESS the authority so to do is delegated to that governmental agent by the Constitutional instrument of entrustment under which it was created and established.

Why Limitations on Governmental Powers Are Necessary

THAT the purposes of American Government being limited, its powers must necessarily be likewise limited; for, with unlimited powers, it could at any time arbitrarily and indefinitely enlarge its purposes, extend its functions, and become absolute and tyrannical.

THAT *the imposition of limitations* on the powers of government in the hands of agents *is a basic principle* of the AMERICAN GOVERNMENTAL PLAN, and is essential in order to preserve the God-given rights of man against the aggressions of power, and in order to make possible the operation in a politically organized social State of the Divine plan for the free development of human personality, with consequent individual accountability to God for human actions; because, if the individual is compelled to act in accordance with the will of another, he cannot be held morally and personally responsible for his enforced actions, or for his intellectual, ethical and spiritual development along lines of another's choosing; and hence the power of government to direct and control the development of individual personality should be strictly limited to the requirements necessary for assuring ordered liberty to each citizen.

Governmental Limitations Cannot Be Enforced in a Pure Democracy

THAT limitations cannot be imposed and maintained on governmental authority in a pure democracy, where the people vote directly on every legislative enactment; *because*, when the people act, they act as sovereigns, and any limitations agreed to be observed in their future action can be abrogated or revoked by them at any time in the exercise of that same sovereignty; *and because* there exists no higher human authority to restrain the organized people from the specific exercise at any time of their irresistible will.

Limitations Can Be Enforced in a Representative Government

THAT, in order to establish and maintain limitations on a government deriving its authority from the consent of the governed, the sovereign people can wisely waive temporarily their inherent right to govern themselves directly, and can delegate to representatives or agents the authority to administer a limited portion of their sovereignty in restraint of any improper exercise of individual right; such delegated authority to be exercised in such manner and under such restrictions and regulations as the people may from time to time prescribe.

Withholding from All Governmental Control the Orderly Exercise of Certain Individual Rights

THAT the people can wisely withhold from governmental restraint and regulation the exercise of those individual God-given rights which can be completely exercised within a human personality, and the free exercise of which are essential to the intellectual, ethical and spiritual development of that personality; so as to permit the widest exercise of individual choice and of free-will in human development—*provided* that government may impose individual liability for the abuse by anyone of such ordered liberty.

American Individual and Political Liberty Defined

THAT the sum of the individual, God-given rights so withheld from governmental restraint and regulation constitutes *INDIVIDUAL LIBERTY* in America; and that
AMERICAN POLITICAL LIBERTY may be defined as individual liberty (as thus defined), *PLUS* the sum of the limitations imposed on government, *PLUS* the sum of the safeguards assuring the continued and indefeasible sovereignty of the people over their governmental agencies.

How American Individual and Political Liberties Are Jeopardized and Frequently Wiped Out

THAT any extension of governmental control over individual rights theretofore withheld from its regulation,
or any disregard or abolition of the limitations imposed on governmental powers,
or any impairment of the safeguards assuring the continued and indefeasible sovereignty of the people over government,
is a reduction, to that extent, of individual and of political liberty; and jeopardizes the maintenance of the rights of man against the aggressions of power.

Only the People Can Enlarge or Restrict the Powers of American Government

THAT the limitations imposed on government by the people can be modified, enlarged, lessened, or discarded *only by the people themselves;*
That, under no circumstances, and under no claim of so-called emergency conditions, or of National expediency, can these limitations justly be disregarded or violated by any department of government, or by combined action of all governmental departments, without jeopardizing individual and political liberty; for, if the governmental agents can disregard constitutional limitations on their entrusted powers whenever those agents may declare that an emergency exists, or whenever they assert that National expediency requires such disregard of the same, then the entire theory and plan of limitations on governmental powers is abrogated; and government can, at any time that it chooses, become absolute and tyrannical.

Local Self-Government

WE BELIEVE in the principle of *LOCAL SELF-GOVERNMENT*.

The Governmental Structure of the United States of America

WE BELIEVE

THAT the United States of America is a Republic of Republics—A Compound Republic—"an indestructible Union, composed of indestructible States"; in which the several politically

organized State groups of people were the grantors of the powers originally delegated under the Constitution to the National Government, and are the reservoirs of all political powers not delegated to the National Government by that instrument;

THAT those reserved powers are held by the respective politically organized State groups separately, and not jointly—as guaranteed by the Tenth Amendment to the Constitution, and as evidenced by the Seventh Article to the Constitution.

The Functions of Our National Government

THAT our National Government was designed to administer the limited sovereignty of the American people entrusted to it under the Constitution, only in matters affecting foreign relations, or affecting more than one State, so as to carry out the purpose of government as stated in the Declaration of Independence (namely, to *SECURE* the God-given rights of individuals), and to accomplish the ends stated in the Preamble to the Constitution of the United States.

The Functions of Our State Governments

THAT our State Governments were designed to administer in local affairs such part of the reserved sovereignty of the respective politically organized State groups as those respective groups might severally delegate to their respective State Governmental Agencies, with all sovereign powers not delegated to government for administration reserved to the people of those several State groups (as politically organized groups), respectively and separately—and not jointly; and

THAT the preservation of the politically organized State groups as the reservoirs of undelegated powers, and for the administration of local self-government, is essential to the preservation of the Union of States which constitutes the Republic of Republics known as the United States of America;

THAT the protection of the States in the exercise of their reserved powers under a Republican form of government, being guaranteed by the Constitution of the United States, is as much the duty of the officials of the National Government as is the protection of the United States in the exercise of its granted powers;

THAT the preservation of the principle of local self-government is so essential to the welfare and happiness of the American people that, if the States should be wiped out in a consolidated Central Government, their substantial re-establishment for purposes of local self-government, and as the reservoirs of undelegated powers, would be necessary to secure American individual and political liberty, and to assure our National welfare and happiness.

The Three Great Departments of Government; the Necessity for Their Separation, and for Their Independence of Each Other

THAT all government, both State and National, is naturally divided into three great Departments or Branches, the Legislative, the Executive, and the Judicial;

THAT the separation of these three departments, their complete independence of each other, and the substantial concurrence of each in any enactment designed to restrain the liberties of the people, is essential to the preservation of human rights, and to the maintenance of liberty.

The Supreme Importance of An Independent Judiciary, and Its Necessary Authority, If Limitations on Governmental Power Are to Be Peacefully Enforced

THAT, in order to enforce the observance of Constitutional Limitations on the powers of government in the hands of agents, without recourse to force, it is essential to maintain an independent Judiciary, empowered to hear and determine cases involving

questions of whether government has exceeded its delegated authority,

questions of whether the National Government has usurped any of the powers reserved to the States,

questions of protecting the National Government in the exercise of its delegated powers, and

questions of protecting the individual citizen in the orderly exercise of his God-given rights against all aggression and invasion, whether of government or of other individuals.

How Tyranny and Despotism Can Be Established Under the Forms of Democratic, Representative, Constitutional Government

THAT the concentration of the Legislative, Executive and Judicial powers in any one man or group of men leads inevitably to tyranny and despotism;

THAT the domination of the Judicial Department by the Legislative or Executive, or by a combination of both, in any way, or under any guise, would be destructive of the system of checks and balances established under our Constitutional plan for the purpose of enforcing limitations on governmental powers; and would be fatal to Americanism.

THAT the attempted imposition of limitations on the powers of government in the hands of agents, unaccompanied by a provision for the determination, by the peaceful processes of orderly judicial procedure, of claims that those limitations have been exceeded or disregarded, would be an incitement to discord and physical conflict; and would render futile the effort to prevent usurpation and injustice.

The Wise and Proper Constitutional Authority of the Supreme Court of the United States

THAT, under our Constitutional Plan, the Supreme Court of the United States has, and should have, the expressly delegated judicial authority to hear and determine

"all cases in law and equity arising under this Constitution, the laws of the United States, and treaties made, or which shall be made, under their authority."

THAT, under that grant of express power, the Supreme Court of the United States *is expressly and fully authorized* to hear and determine whether an Act of Congress is in excess of, or in violation of, its entrusted authority; and to nullify it, through declaring it unconstitutional and void, if, in the judgment of the Court, it proves to be so; and to enforce its decrees.

The Duty of American Courts Is To Construe and Apply and Enforce the Majority Will of the American People, Only When and After That Majority Will Has Been Duly and Officially Registered in the Constitution, or in a Law Made in Pursuance of the Constitution

THAT the duty of Judges, under the American Plan of Government, is to take cognizance of, construe, apply and enforce the majority will of the American people, *only when and after* that majority will has been duly and properly registered by the people in the shape of a Constitutional provision, or

when and after it has been duly and properly registered (through constitutional and proper action by the representatives of the people) as a law made in pursuance of the Constitution, and

THAT, until the majority will has been so registered in the Constitution, or in a Constitutionally enacted statute, or in a treaty made under the authority of the Constitution, the Courts should disregard all popular clamor, whether of a majority, or of a vociferous minority, and should construe, apply and enforce the Constitution, laws and treaties *as then officially registered.*

The Constitution of the United States—Its Significance and Importance, and the Necessity for Faithfully Observing Its Provisions, Until They Are Amended or Abrogated, in Accordance with Its Terms

WE BELIEVE

THAT the Constitution of the United States has been solemnly declared by the American people to be "The Supreme Law of the Land"; and, as such, it controls rulers and people at all times and under all conditions;

THAT its provisions and limitations cannot justly be disregarded or violated under any claim of emergency or temporary expediency, but must remain binding until properly amended or repealed;

THAT the evils and abuses which have arisen under the American Theory and Plan have not been due to any inherent weaknesses in either, but have resulted from disregard or abandonment of the theory, and from distortions and violations of the plan; and

THAT the only sound and permanent remedies for such abuses and injustices are to be found and enforced through reforms carried through in consonance with the principles of our Political Philosophy, and in conformity with our Constitutional Plan of limited powers in government.

THAT the remedies for such abuses are usually to be found in further restricting, rather than enlarging, the powers of the Central Government; for, in a more complex civilization, liberty can be more easily impaired or even destroyed by the specific application of general powers to new and more involved economic conditions.

Americanism Is Fundamentally and Diametrically Opposed to All the "Isms" Based on the Political Philosophy of the Socialist School of Thought: and It Cannot Be Improved by Any Attempt to Graft on It the Principles or Practices Which It Was Designed to Defeat

WE BELIEVE

THAT *AMERICANISM* (which is fundamentally a Political Theory based on the God-given rights of human beings and involving the indefeasible sovereignty of the people over government, carried into effect through a plan of limitations on the powers of government in the hands of agents), *is DIAMETRICALLY OPPOSED TO* Communism, Bolshevism, Fascism, Nazi-ism, Socialism, Totalitarianism, Paternalism, so-called Social Democracy, and all other "ISMS" which are based on the Political Philosophy of the Socialist School of Thought:

BECAUSE all of these "ISMS"

deny the God-given rights of the individual;

assert the sovereignty of government over the people;

advocate indefinite and practically limitless extensions of the purposes, functions and powers of government:

and some of them deny the existence of God Himself.

None of these "ISMS" can be successfully grafted on *AMERICANISM,* which was designed to defeat the very principles and practices which they advocate.

THAT neither Communism nor Socialism, nor any of the "ISMS" founded on the Political Philosophy of the Socialist School of Thought, can countenance the assertion of individual rights held under a title higher and of more dignity than the title under which government holds its powers; for such a theory necessarily denies the authority of government to

violate those rights, or to prohibit their orderly exercise, without the consent of the people who hold them; whereas, under *AMERICANISM*, governmental powers can be exercised only by the consent of the people, and for the sole purpose of assuring those rights to, and securing their orderly enjoyment by, each citizen, and not to defeat or impair them.

Americanism Is An Inseparable Combination of a Political Theory with a Governmental Plan for Carrying That Theory into Effect: and Hence Americanism Cannot Be Preserved If Either the Theory or the Plan Is Discarded

THAT *AMERICANISM* is not merely a Political Theory, nor is it merely a Governmental Plan; but *it is a combination* of both Theory and Plan, so interwoven and interdependent that the repudiation of the Theory, or the distortion or abandonment of the basic principles underlying the Plan, either or both, must nullify and ultimately destroy *AMERICANISM*.[3]

The Principles Underlying the American Political Philosophy, Being Self-Evident Truths, Are Eternally Sound and Unchanging, and Should Command Unswerving Allegiance

THAT the principles of the American Political Philosophy, which are mere formulations of self-evident truths, are eternally sound, and hence should be preserved and maintained unimpaired, and should receive the constant and unswerving support and allegiance of the American People.

The Two Principles Underlying the American Governmental Plan Are Similarly Demonstrably Sound, and Should Command Continued Support and Allegiance

THAT the two principles of

1. *LIMITATIONS ON THE POWERS OF GOVERNMENT IN THE HANDS OF AGENTS* (enforceable through the peaceful processes of orderly judicial procedure), and of
2. *LOCAL SELF-GOVERNMENT*,

on which *THE AMERICAN GOVERNMENTAL PLAN* is based, are so demonstrably sound, and their observance is so obviously necessary to the preservation of the equal rights of all citizens, and to the maintenance of the sovereignty of the people over government, that any failure constantly to apply them in all modifications of our Constitutional Plan for enforcing our Political Philosophy will be destructive of *AMERICANISM*.

Allegiance to the Principle of Limitations on the Powers of Government in the Hands of Agents Calls for Constant Distrust of All Proposals To Enlarge Governmental Powers, or To Relax Those Limitations

THAT, while the *PRINCIPLES* underlying Americanism, both in respect to its Theory and its Plan, should command our unswerving allegiance and support; yet liberty can be preserved only by constant *DISTRUST* of any and all proposals to extend the purposes, increase the functions, or enlarge the powers, of government, under whatever guise of temporary emergency, or of National expediency, such proposals may be presented; in the realization

that the acceptance of the principle of limitations on governmental powers involves constant suspicion and distrust of all proposals to remove or relax those limitations;
that powers once granted are difficult to recall;
that rulers are always insatiable for greater and greater powers;
that absolutism and tyranny tend to increase and never to decrease, and are ever anxious and greedy to impose their will upon their fellow men; and
that the only sure safeguard for human rights is to withhold or limit the power to impair or destroy them.

THE SOUL OF AMERICA:

and

THE AMERICAN FLAG AS ITS SYMBOL

WE BELIEVE

THAT the STARS AND STRIPES, as the banner of the Republic, symbolize the *SOUL* of our Country. That *SOUL* is the gift of the Living God. It is:

our National Consciousness of the controlling force of the principles of Right and Justice established by Him,
our National recognition of the supreme importance of the rights with which He endowed each human being when He created man in His own image,
our National insistence that opportunity for the orderly development of human personality is the true purpose of government, and that such governmental purpose is in furtherance of the Divine Plan,
our National recognition and admission of the Fatherhood of God and the Brotherhood of Man, and
our National aspiration for Righteousness, Justice and Peace.

A RE-CONSECRATION TO AMERICANISM AND A DECLARATION OF DEPENDENCE (BOTH INDIVIDUALLY AND NATIONALLY) ON ALMIGHTY GOD

With a firm belief in AMERICANISM as a combination of a sound Political Philosophy, based on a Religious Creed, with an unequaled Constitutional Plan for carrying into effect our Political Principles;

with reverence for, and thankfulness to, the God of our Fathers for His Divine aid extended throughout our National History;
with appreciation of our unsurpassed heritage of ordered liberty; and
with recognition of our duty to hand down that heritage unimpaired to our posterity:

WE RE-AFFIRM OUR BELIEF IN, AND ALLEGIANCE TO, AMERICANISM;

WE PLEDGE "our lives, our fortunes, and our sacred honor" to its preservation;

WE PROCLAIM our unalterable opposition to all efforts to destroy or distort it; and

WE INVOKE THE CONTINUED AID AND FAVOR OF THE SUPREME RULER OF THE UNIVERSE in our efforts

to establish Justice,
insure Peace,
preserve Liberty,
promote human happiness and welfare, and
to protect and defend the weak equally with the strong in the exercise of those inherent rights with which a Gracious Providence has directly and equally endowed each Human Being.

THE AMERICAN DECLARATION OF INDEPENDENCE OF EARTHLY POWER

(Unanimously adopted, July 4, 1776, by the "Representatives of the United States of America in General Congress assembled," commonly called the Continental Congress. It was signed by 54 delegates, Aug. 2, 1776; by Thos. McKean, Del., in Oct., and by Matthew Thornton, New Hampshire, in Nov. of that year.)

When in the Course of human events, it becomes necessary for one people to dissolve the political bands which have connected them with another, and to assume among the powers of the earth, the separate and equal station to which the Laws of Nature and of Nature's God entitle them, a decent respect to the opinions of mankind requires that they should declare the causes which impel them to the separation.

We Hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty and the pursuit of Happiness. That to secure these rights, Governments are instituted among Men, deriving their just powers from the consent of the governed. That whenever any Form of Government becomes destructive of these ends, it is the Right of the People to alter or to abolish it, and to institute new Government, laying its foundation on such principles and organizing its powers in such form, as to them shall seem most likely to effect their Safety and Happiness. Prudence, indeed, will dictate that Governments long established should not be changed for light and transient causes; and accordingly all experience hath shewn, that mankind are more disposed to suffer, while evils are sufferable, than to right themselves by abolishing the forms to which they are accustomed. But when a long train of abuses and usurpations, pursuing invariably the same object evinces a design to reduce them under absolute Despotism, it is their right, it is their duty to throw off such Government, and to provide new Guards for their future security. Such has been the patient sufferance

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[3] It must always be borne in mind that there are *TWO DISTINCT ELEMENTS* which, taken together, constitute AMERICANISM.

THE AMERICAN THEORY, being a formulation of "self-evident truths," remains unchanging.

THE AMERICAN PLAN for carrying that theory into effect must be subject to change, in order to meet the changing social, economic and other conditions of the passing centuries.

But the general principle of "limitations on the powers of government in the hands of agents," which underlies the AMERICAN PLAN, is itself a corollary of the Theory of a government *OF LIMITED PURPOSES*, and all changes in the PLAN must be made subject to that controlling principle, if the THEORY is to be maintained.

Analogies to this combination of a Theory and Plan of government are found in the practical operations of all great religions.

The Theory of Judaism is found in the Mosaic Law. The Priests and Levites, the Temple and Synagogues were all parts of the PLAN for carrying that THEORY into effect.

The Christian THEORY was taught by Jesus during His earthy ministry, and is largely summarized in "The Sermon on the Mount." And the Church was authorized and established by Him as the MEANS or PLAN for spreading His Gospel or Theory throughout the world.

Most of the religious controversies and wars of the past nineteen centuries have been largely due to confusion of thought and to lack of appreciation of the underlying distinction between the THEORY and PLAN. Frequently the PLAN has been too greatly stressed, and the THEORY largely lost sight of. Among Christians, many of the most bitter struggles and persecutions have resulted from controversies over the PLAN of the Church as a MEANS of carrying into effect the principles or THEORY taught by its Founder. There has been substantial accord among Christians of all Churches that its Founder taught a Gospel of Love and Brotherhood. There has been endless discord as to the proper organization, control and proper powers of the Church as a Means or instrumentality or Plan for carrying the Christian Theory into effect.

Similarly, whatever may be the differences of opinion of citizens of the United States as to the wisdom of changes in their Constitutional Plan for carrying into effect the American Political Philosophy, no man can be a good American who does not accept, endorse and support that Political Philosophy or Theory of government—with its underlying idea of limited purposes—and hence of a government of limited powers.

of these Colonies; and such is now the necessity which constrains them to alter their former Systems of Government. The history of the present King of Great Britain is a history of repeated injuries and usurpations, all having in direct object the establishment of an absolute Tyranny over these States. To prove this, let Facts be submitted to a candid world.

He has refused his Assent to Laws, the most wholesome and necessary for the public good.

He has forbidden his Governors to pass Laws of immediate and pressing importance, unless suspended in their operation till his Assent should be obtained, and when so suspended, he has utterly neglected to attend to them.

He has refused to pass other Laws for the accommodation of large districts of people, unless those people would relinquish the right of Representation in the Legislature, a right inestimable to them and formidable to tyrants only.

He has called together legislative bodies at places unusual, uncomfortable, and distant from the depository of their public Records, for the sole purpose of fatiguing them into compliance with his measures.

He has dissolved Representative Houses repeatedly, for opposing with manly firmness his invasions on the rights of the people.

He has refused for a long time, after such dissolutions, to cause others to be elected; whereby the Legislative powers, incapable of Annihilation, have returned to the People at large for their exercise; the State remaining in the meantime exposed to all the dangers of invasion from without, and convulsions within.

He has endeavoured to prevent the population of these States; for that purpose obstructing the Laws for Naturalization of Foreigners; refusing to pass others to encourage their migrations hither, and raising the conditions of new Appropriations of Lands.

He has obstructed the Administration of Justice, by refusing his Assent to Laws for establishing Judiciary powers.

He has made Judges dependent on his Will alone, for the tenure of their offices, and the amount and payment of their salaries.

He has erected a multitude of New Offices, and sent hither swarms of Officers to harass our people, and eat out their substance.

He has kept among us, in times of peace, Standing Armies, without the Consent of our legislatures.

He has affected to render the Military independent of and superior to the Civil power.

He has combined with others to subject us to a jurisdiction foreign to our constitution and unacknowledged by our laws; giving his Assent to their Acts of pretended Legislation:

For quartering large bodies of armed troops among us:

For protecting them, by a mock Trial, from punishment for any Murders which they should commit on the Inhabitants of these States:

For cutting off our Trade with all parts of the world:

For imposing Taxes on us without our Consent:

For depriving us in many cases of the benefits of Trial by Jury:

For transporting us beyond Seas to be tried for pretended offenses:

For abolishing the free System of English Laws in a neighbouring Province, establishing therein an Arbitrary government and enlarging its Boundaries so as to render it at once an example and fit instrument for introducing the same absolute rule into these Colonies:

For taking away our Charters, abolishing our most valuable Laws and altering fundamentally the Forms of our Governments:

For suspending our own Legislatures, and declaring themselves invested with power to legislate for us in all cases whatsoever.

He has abdicated Government here by declaring us out of his Protection and waging War against us.

He has plundered our seas, ravaged our Coasts, burnt our towns, and destroyed the lives of our people.

He is at this time transporting large Armies of foreign Mercenaries to compleat the works of death, desolation and tyranny, already begun with circumstances of cruelty and perfidy scarcely paralleled in the most barbarous ages, and totally unworthy the Head of a civilized nation.

He has constrained our fellow-Citizens taken Captive on the high Seas to bear Arms against their Country, to become the executioners of their friends and Brethren, or to fall themselves by their Hands.

He has excited domestic insurrections amongst us, and has endeavoured to bring on the inhabitants of our frontiers, the merciless Indian Savages, whose known rule of warfare is an undistinguished destruction of all ages, sexes and conditions.

In every stage of these Oppressions We have Petitioned for Redress in the most humble terms. Our repeated Petitions have been answered only by repeated injury. A Prince, whose character is thus marked by every act which may define a Tyrant, is unfit to be the ruler of a free people.

Nor have We been wanting in attentions to our British brethren. We have warned them from time to time of attempts by their legislature to extend an unwarrantable jurisdiction over us. We have reminded them of the circumstances of our emigration and settlement here. We have appealed to their native justice and magnanimity, and we have conjured them by the ties of our common kindred to disavow these usurpations, which would inevitably interrupt our connections and correspondence. They too have been deaf to the voice of justice and of consanguinity. We must, therefore, acquiesce in the necessity, which denounces our Separation, and hold them, as we hold the rest of mankind. Enemies in War, in Peace Friends.

WE, THEREFORE, the Representatives of the United States of America, in General Congress, Assembled, appealing to the Supreme Judge of the world for the rectitude of our intentions, do, in the Name, and by authority of the good People of these Colonies, solemnly publish and declare, That these United Colonies are, and of Right ought to be Free and Independent States; that they are Absolved from all Allegiance to the British Crown, and that all political connection between them and the State of Great Britain is and ought to be totally dissolved; and that as Free and Independent States, they have full Power to levy War, conclude Peace, contract Alliances, establish Commerce, and do all other Acts and Things which Independent States may of right do. And for the support of this Declaration, with a firm reliance on the protection of Divine Providence, we mutually pledge to each other our Lives, our Fortunes, and our sacred Honor.

DECISIONS OF THE SUPREME COURT OF THE UNITED STATES

NOTE.—In the Slaughter House Cases, (Ill. U. S., 746), Mr. Justice Field describes the Declaration of Independence as:

"That new Evangel of Liberty to the people."

And in the case of Gulf, Colorado & Santa Fe Ry. Co. v. Ellis (165 U. S., 159–60) the Court said:

"The first official action of this nation declared the foundation of Government in these words:

'We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain inalienable rights, that among these are Life, Liberty, and the pursuit of Happiness' . . .

. . . . . The latter (The Constitution) is but the body and the letter of which the former (the Declaration of Independence) is the thought and the spirit, and it is always safe to read the letter of the Constitution in the spirit of the Declaration of Independence.'"

Mr. President, I shall hold the floor only long enough to repeat that what I have just read from is a pamphlet entitled "A Declaration of Dependence Individually and Nationally on the Favor of God and the Creed of Americanism." Mr. Charles Hall Davis, its author, is one of the profound constitutional lawyers of our country and a frequent contributor to many of the law journals of the Nation. He has not only presented a very delightful, concise, and coherent philosophy of government, but he has been kind enough to show the authorities from which many of the statements I read are derived, and I ask unanimous consent that at the proper place in the statement I have read the footnotes may likewise be printed, so the reader may have the complete picture.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. TYDINGS. In conclusion I wish to thank Mr. Davis for his unselfish and splendid work. He has set forth in simple language and with historical and religious background exactly what Americanism means.

Mr. President, when we look around us today we find intolerance on all sides and constant threats of war. We can look back thousands of years and see the conditions under which people existed. We can look back to the religious intolerance of the Dark Ages. We can look back to the time when people had no vote, when they had no representative government, when they had no Bill of Rights. Then we can trace the hundreds and thousands of skirmishes and battles which have occurred down to the time of the signing of the Declaration of Independence and the subsequent enactment of the Constitution of our country. We have grown too accustomed to the great joys and privileges which others, through sufferings and struggles, have gained and bequeathed to us. With such a historical and religious background, it seems a pity that it should be necessary to prove and reassert the worth of the American system of government.

Mr. President, whether or not one agrees with each and every statement made in the Creed of Americanism, it is, in my judgment, worthy to be read in every pulpit of every religion in America and in every schoolhouse in America, because it is historically accurate, comprehensive, and has a point of view which is distinctly American.

FINANCIAL AND OTHER DATA PERTAINING TO SUNDRY GOVERNMENTAL AGENCIES AND CORPORATIONS

Mr. BYRD. Mr. President, I ask unanimous consent for the present consideration of Senate Resolution 150, which I submitted several days ago, calling upon the Secretary of the Treasury for information with respect to the financial

transactions of certain corporations. This information is not available from the records of the Government. Many of the corporations do not make reports. All the resolution does is to ask for information.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Virginia? The Chair hears none.

Mr. BARKLEY. Mr. President, as I understand the resolution calls upon the Secretary of the Treasury to obtain the information which the Senator desires from the various agencies, and to transmit it to the Senate.

Mr. BYRD. The Senator is correct. The Secretary of the Treasury is required to furnish the information to the Senate.

Mr. BARKLEY. Within what length of time is he required to report?

Mr. BYRD. I intend to offer an amendment to the resolution. The resolution at present calls for a report to the Senate forthwith. I should like to add the words "or as soon as reasonably practicable."

The PRESIDENT pro tempore. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution (S. Res. 150) submitted by Mr. BYRD on June 23, 1939, which was read, as follows:

Resolved, That the Secretary of the Treasury is authorized and directed to prepare and transmit to the Senate forthwith a complete financial statement of each of the following agencies and corporations: Reconstruction Finance Corporation, Commodity Credit Corporation, Export-Import Bank of Washington, Federal Crop Insurance Corporation, Federal Deposit Insurance Corporation, Tennessee Valley Authority, Public Works Administration, United States Maritime Commission, Rural Electrification Administration, Home Owners' Loan Corporation, Federal Savings & Loan Insurance Corporation, Federal Savings and Loan Associations, Federal Home Loan Banks, Federal Housing Administration, United States Housing Authority, Farm Credit Administration, Federal Farm Mortgage Corporation, Federal Intermediate Credit Banks, Banks for Cooperatives, Production Credit Corporations, Regional Agricultural Credit Corporations, Disaster Loan Corporation, Electric Home and Farm Authority, Farm Security Administration, Federal National Mortgage Association, Inland Waterways Corporation, Panama Railroad Co., Puerto Rican Reconstruction Administration, RFC Mortgage Co., Tennessee Valley Associated Cooperatives, Inc.

The said financial statement of each of the foregoing agencies and corporations shall include:

(1) A statement of its assets (including outstanding loans) and liabilities for each fiscal year since its organization, and as of June 30, 1939.

(2) A statement in reasonable detail of the accounting principles used in the preparation of the statement submitted under paragraph (1).

(3) A statement of its revenues and expenditures for each fiscal year since its organization, classified to reflect profit or loss and to segregate operating costs, together with a statement as to the part of such expenditures paid out of the Treasury and the part paid out of the income of the agency or corporation.

(4) A brief description of the nature and kind of its principal assets (including outstanding loans) as contained in the financial statement of June 30, 1939, submitted under paragraph (1), including the date and manner of acquisition, the value when acquired, expenses incurred thereon and the appraised value as of June 30, 1939, and a brief description of the liabilities reported in such statement showing whether the same be indebtedness on open account or represented by bonds, notes, debentures, or other evidence of indebtedness.

(5) A statement setting forth, from its organization through June 30, 1939—

(a) The aggregate principal amount of loans, if any, made;

(b) The aggregate principal amount of any such loans outstanding on June 30, 1939; classified as to original loans, renewals, or extensions, uncollected accrued interest, or other assessments;

(c) The aggregate principal amount of repayments made with respect to such loans;

(d) The aggregate principal amount and the number of its loans which were in default, on June 30, 1939, classified to show principal or interest and the probable value thereof with a statement as to the method of evaluation;

(e) The aggregate principal amount and the number of its loans or other assets which have been written off, in whole or in part, including assets which have been appraised at less than cost value; and

(f) The aggregate principal amount of loans the property securing which, as a result of a default, was acquired by it or sold, at foreclosure or otherwise; the aggregate appraised value, as of the date the loans were made, of all such property; expenses incurred and capitalized in connection with the custody and disposition of such property and the amount realized on property sold or disposed of otherwise.

(6) A statement setting forth the authority of law pursuant to which its liabilities have been or may be incurred and the limit or limits, if any, upon its power to incur obligations. Such statement should report on the character and amount of any notes, bonds, debentures, or other such obligations issued by it and its capital stock and other participating interests or rights, the extent to which and the authority of law under which the United States, or any corporate or other agency or instrumentality thereof, is or may become liable as guarantor or otherwise with respect to any of its liabilities, now existing or which may be incurred, or with respect to any securities issued or which may be issued by it and include list of its creditors and of the owners or holders of its securities (including its capital stock and other participating interests or rights), so far as reasonably ascertainable.

SEC. 2. (a) The Secretary of the Treasury is further authorized and directed to make and transmit to the Senate as a part of his report hereunder (1) a list of all such agencies and corporations which are required to make an annual report to Congress, and (2) a list of all such agencies and corporations whose accounts are subject to audit by the Comptroller General and a list of those which are not subject wholly to such audit.

(b) The Secretary of the Treasury shall also secure and transmit to the Senate immediately a copy of the last annual report of each such agency and corporation whether or not such report, pursuant to law, is required to be made to the Congress.

Mr. BYRD. Mr. President, on page 1, line 2, after the word "forthwith", I move to insert a comma and the words "or as soon as practicable."

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Virginia.

The amendment was agreed to.

The resolution, as amended, was agreed to.

JESSE H. JONES

Mr. WAGNER. Mr. President, earlier in the day I presented a report from the Committee on Banking and Currency asking the Senate to confirm the nomination of Mr. Jesse H. Jones to be Federal Loan Administrator. In view of the fact that on three different occasions his nomination has been confirmed by the Senate, and his work as head of the Reconstruction Finance Corporation is well known, I ask unanimous consent, as in executive session, for the immediate consideration of the nomination.

Mr. BORAH. Mr. President, I shall make no objection. However, I wish to make a remark at this time. I know Mr. Jones, and know him most favorably. I think he has been a great public servant. I observe from the columns of the press this morning that he is reported to have said that he thought he could find the means for lending $500,000,000 to Central and South American countries without any action on the part of the Congress. I do not know that Mr. Jones made that statement, but it is quoted in the press. I desire to say that if Mr. Jones entertains that view, and will undertake to loan $500,000,000 of the taxpayers' money to foreign governments without express authority of law, I do not think he would be qualified to hold that office or any other office under the Government of the United States.

Mr. WAGNER. Mr. President, I do not know anything about the statement referred to by the Senator from Idaho. However, I feel safe in asserting that Mr. Jones has never in his administrative career done anything which was in violation of law or contrary to law. Incidentally, he is to appear before the Committee on Banking and Currency on Thursday, when the opportunity will be afforded to any member of that committee to make inquiry as to the statement referred to, or any other statement which may be attributed to him.

The PRESIDENT pro tempore. The Senator from New York asks unanimous consent, as in executive session, that the nomination of Jesse H. Jones, of Texas, to be Federal Loan Administrator be considered at this time. Is there objection to the present consideration of the nomination? The Chair hears none, and the request is granted.

The question is, Will the Senate advise and consent to the nomination? [Putting the question.] The ayes have it, and the nomination is confirmed.

Mr. WAGNER. Mr. President, I ask unanimous consent that the President be notified of the confirmation of the nomination of Mr. Jones.

The PRESIDENT pro tempore. Without objection, the President will be notified.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Calloway, one of its reading clerks, announced that the House insisted upon its amendments to the amendments of the Senate Nos. 21, 26, 27, 33, 115, and 148 to the bill (H. R. 5269) making appropriations for the Department of Agriculture and for the Farm Credit Administration for the fiscal year ending June 30, 1940, and for other purposes; further insisted upon its disagreement to the amendments of the Senate Nos. 19, 32, 114, 116, 141, 142, 147, and 158; agreed to the further conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. CANNON of Missouri, Mr. TARVER, Mr. LEAVY, Mr. TERRY, Mr. TAYLOR of Colorado, Mr. LAMBERTSON, and Mr. DIRKSEN were appointed managers on the part of the House at the further conference.

The message also announced that the House further insisted upon its disagreement to the amendments of the Senate Nos. 1, 14, and 15 to the bill (H. R. 5427) making appropriations for the Labor Department for the fiscal year ending June 30, 1940, and for other purposes, agreed to the further conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. TARVER, Mr. HOUSTON, Mr. RABAUT, Mr. PLUMLEY, and Mr. ENGEL were appointed managers on the part of the House at the further conference.

WORK-RELIEF AND RELIEF APPROPRIATIONS

Mr. BARKLEY. Mr. President, is the Senator from Colorado [Mr. ADAMS] ready to proceed with the relief joint resolution?

Mr. ADAMS. Mr. President, the situation is that at this instant we do not have a complete print. We have a committee print, which contains all the major amendments. We could go ahead and take up the amendments which are actually printed in the committee print. We are assured that the complete print will be ready in 45 minutes.

Mr. BARKLEY. I suggest to the Senator, in order not to lose any further time, that the amendments which are printed in the committee print are simple and easy to understand, especially the major amendments. The Senator probably will wish to explain the amendments in a preliminary way. It seems to me we could save time by going ahead now.

Mr. ADAMS. I am entirely willing. However, there may be objection because the bill is not before us in its complete form.

Mr. BARKLEY. The amendments which are not printed, as compared to those which are printed, are of a minor nature, as I understand.

Mr. ADAMS. I think it may safely be said that the major amendments and the major provisions are accurately set out in the committee print, a copy of which is on every desk in the Senate.

Mr. BARKLEY. I suggest that the Senator report the joint resolution from the committee.

Mr. ADAMS. The joint resolution has been reported and sent to the printer.

Mr. BARKLEY. I think it would be wise, then, to proceed to explain the amendments, so that we may save some time.

Mr. HOLT. Mr. President, the Senator from Colorado does not mean to take up amendments which have not even been reported, does he? In other words, he does not expect to complete consideration of the joint resolution today?

Mr. ADAMS. Certainly not until the completed form of the joint resolution is on the desk of every Senator. We might make some headway with the amendments which are in the committee print. I could not go through all the amendments systematically, but I could explain those which are in the committee print, especially the important ones, and the ones which may arouse controversy.

Mr. JOHNSON of California. Mr. President, do the amendments which are not in the committee print which is before us affect in any way the amendments which occur in the committee print?

Mr. ADAMS. There are some textual amendments which are not in the committee print. I am trying to accommodate myself to the situation. There are a number of important amendments which are accurately set out in the committee print.

Mr. JOHNSON of California. And there are a number of others, equally important, which are not set out there?

Mr. ADAMS. I do not want to pass upon the question of relative importance, because we might not agree about it.

Mr. JOHNSON of California. I suggest to the Senator from Kentucky that we ought to pass over the matter until we have the completed print with all the amendments in it. I think that would be the orderly way, and would save time.

Mr. BARKLEY. Under the order which was entered yesterday, the joint resolution is automatically under consideration upon the filing of the report of the committee, which has already been done. I do not want to cover any territory twice, and I do not want to ask the Senate to consider any amendments which are not yet printed. However, I think the Senator from Colorado might explain the amendments which are printed, and which have not been changed by any subsequent action of the committee, as they will appear when the joint resolution comes from the Printing Office.

Mr. JOHNSON of California. Is there a report from the committee?

Mr. BARKLEY. It is not yet printed.

Mr. JOHNSON of California. I submit that we should save no time by proceeding in the fashion suggested.

Mr. BARKLEY. I will say to the Senator that the committee eliminated, for instance, the provision of the House bill which set up a three-man board, and restored to the Administrator the direction of relief. That is a simple proposition which everybody understands; and there is no change in that respect by any subsequent amendment. That amendment is in the committee print.

The committee eliminated the $125,000,000 which was allocated to the P. W. A. out of the funds of the W. P. A. That is a simple matter, and that is not changed by any subsequent amendment.

I think we might go ahead and discuss those amendments, and others in similar situation. We should not need to vote upon them. It seems useless to sit here and twiddle our thumbs, waiting for the joint resolution and report to come from the Printing Office, when the outstanding amendments are printed just as they will appear when the joint resolution comes from the Printing Office.

Mr. JOHNSON of California. Mr. President, I do not want to twiddle my thumbs, and I do not accuse anybody of being guilty of making us twiddle our thumbs. However, the situation is that we are about to consider a joint resolution in which certain amendments occur. There are certain other amendments which have not been printed and which we do not have before us. In addition to that, we have no report upon the measure, other than a verbal report, I take it. Is not that correct?

Mr. BARKLEY. Up to this time; yes.

Mr. JOHNSON of California. We can meet early in the morning, if it is desirable, or we can stay here as long as it seems necessary.

Mr. BARKLEY. In that connection I will say to the Senator from California that, regardless of any objection he is raising to the procedure which has been proposed, after consulting with the members of the committee, it is my purpose to ask the Senate to sit at an evening session.

Mr. JOHNSON of California. Tonight?

Mr. BARKLEY. Tonight; yes.

Mr. PEPPER. Mr. President, will the Senator yield?

Mr. ADAMS. Certainly.

Mr. PEPPER. I was about to express sentiments entirely in accord with those expressed by the senior Senator from California. I am somewhat appeased by the suggestion made by the leader that what might be done this afternoon would be only discussive and that no vote would be taken.

Mr. BARKLEY. I did not mean to imply that no vote would be taken. My suggestion was that while waiting for the printed report with all the amendments set out we might discuss the amendments which are printed in the committee print and which have not been changed by any subsequent action. It is doubtful whether we could reach a vote on the joint resolution this afternoon. However, I did not mean to say that we would not vote if the Senate desired to vote. I think we might gain time by having some of the amendments explained. The Senator from Colorado certainly understands what the committee has done with respect to the joint resolution, and he could explain some of the outstanding amendments without waiting.

Mr. JOHNSON of California. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. JOHNSON of California. I am only one Member of the Senate, and a very small one at that. I do not wish to raise any objection which is contrary to what all my fellows wish; but it seems to me, to use the language of a gentleman whom we all respect and revere, that if we pursue the course suggested we save neither time nor do we save anything in the matter of explanation. To go on in this haphazard fashion with a measure that appropriates nearly $2,000,000,000, as I understand, is not the way to proceed. If it is desirable——

Mr. BARKLEY. Mr. President, if the Senator will yield, the time to have objected to that was last night, when I asked unanimous consent that the Committee on Appropriations be permitted to make its report upon the joint resolution, and that upon the filing of the report the Senate should proceed to consider the measure. That agreement was entered into as a matter of unanimous consent.

Mr. JOHNSON of California. That may be.

Mr. BARKLEY. I am not complaining of the Senator's attitude, but on matters that are perfectly obvious, that are simple, it seems to me that we need not have to sit here and wait for 45 minutes or an hour until the printed bill comes with amendments that are not changed by the committee as they are set out in the available committee print. Whatever the Senator from Colorado desires to do is entirely agreeable to me. I am trying to save some time.

Mr. ADAMS. I will say frankly, in view of the fact that a question has been raised, I think it would be unwise to go ahead until we have the complete print of the joint resolution before us.

RECESS

Mr. BARKLEY. Under prevailing conditions, then, I ask unanimous consent that the Senate stand in recess until it shall be again called to order by the Chair, meanwhile awaiting the report of the Committee on Appropriations.

The PRESIDENT pro tempore. Is there objection?

There being no objection (at 3 o'clock and 2 minutes p. m.), the Senate took a recess subject to the call of the Chair.

At 4 o'clock and 20 minutes p. m., the Senate reassembled on being called to order by the Vice President.

WORK RELIEF AND RELIEF APPROPRIATIONS

Mr. AUSTIN. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Capper	Harrison	McKellar
Andrews	Clark, Idaho	Hatch	Maloney
Ashurst	Clark, Mo.	Hayden	Mead
Austin	Danaher	Herring	Miller
Bailey	Davis	Hill	Minton
Bankhead	Donahey	Holman	Murray
Barbour	Downey	Holt	Neely
Barkley	Ellender	Hughes	Norris
Bilbo	Frazier	Johnson, Calif.	Nye
Bone	George	Johnson, Colo.	O'Mahoney
Borah	Gerry	King	Overton
Bridges	Gibson	La Follette	Pepper
Brown	Glass	Lee	Pittman
Bulow	Green	Lodge	Radcliffe
Burke	Guffey	Logan	Reed
Byrd	Gurney	Lucas	Reynolds
Byrnes	Hale	McCarran	Russell
Schwellenbach	Thomas, Okla.	Vandenberg	White
Shipstead	Tobey	Van Nuys	Wiley
Slattery	Townsend	Wagner	
Smathers	Truman	Walsh	
Stewart	Tydings	Wheeler	

The VICE PRESIDENT. Eighty-five Senators have answered to their names. A quorum is present.

Mr. ADAMS. I move that the Senate proceed to the consideration of House Joint Resolution 326, making appropriations for relief.

The VICE PRESIDENT. The question is on the motion of the Senator from Colorado.

The motion was agreed to; and the Senate proceeded to consider the joint resolution (H. J. Res. 326) making appropriations for work relief, relief, and to increase employment by providing loans and grants for public-works projects for the fiscal year ending June 30, 1940, which had been reported from the Committee on Appropriations with amendments.

Mr. ADAMS. Mr. President, there is now before the Senate House Joint Resolution 326, making appropriations for relief purposes for the fiscal year beginning July 1, 1939. The aggregate amount carried by the joint resolution is, I think, identical with the amount contained in the measure as it was passed by the House of Representatives. That amount is $1,735,600,000.

There are a number of major changes, however, in the structure of the relief measure from the form in which it passed the House.

Mr. VANDENBERG. Mr. President, will the Senator yield before he leaves the discussion of the amount?

Mr. ADAMS. Certainly.

Mr. VANDENBERG. May I ask the Senator whether the evidence submitted suggests that we may anticipate that this will suffice for 12 months, instead of, as usual, to be followed by frequent deficiency bills?

Mr. ADAMS. I am not a prophet or the son of a prophet, and while I hope it will suffice, I think it perhaps should be added that the Administrator of the W. P. A., Colonel Harrington, and those for whom he speaks, have adopted a tentative schedule of unemployment. They say frankly that, of course, they cannot know the needs which may arise in the next 12 months, but to the best of their judgment this amount will be adequate, and the joint resolution itself contains provision that the appropriation shall be apportioned covering the 12 months' period.

As the Senator knows, if an emergency arises, we cannot hold the W. P. A. absolutely to this program. The Senator will recall that a year ago we passed a measure planned to cover 8 months, and Mr. Hopkins assured us that it would be adequate. Following that there was a great increase in unemployment, and Congress then reduced the period for the appropriation from 8 months to 7 months. The Works Progress Administration acted in good faith with us; they came to Congress to be relieved of the obligation.

Furthermore, I think the Senator agreed with some of us in seeking to reduce the amounts asked for in previous appropriation bills. The Works Progress Administration gave us a schedule for the current fiscal year as to the number who must be placed upon the relief rolls in order that adequate relief be furnished. Some of us insisted that those estimates were excessive. The present situation as developed by the figures we are now given is that on June 14 of this year, upon the list of projects operated by the Works Progress Administration, there are 2,445,000 names; there are 144,000 upon Federal agency projects, or a total of 2,589,000—omitting the smaller figures—financed and paid from W. P. A. appropriations. So this month we find approximately two and a half million upon the rolls. The estimate for next year is upon the basis of an average of 2,060,000. They start in their tentative estimate with 2,300,000 for July, and end with an estimate for June of next year of one and a half million. In other words, they are reducing their estimate very largely in accord with what has been the opinion of some of us who have contended for lower appropriations. Therefore, I am very hopeful that the measure before us will meet the requirements, and I also feel that the amount asked is a reasonable

amount under the conditions; and I have not always entertained that view.

Mr. VANDENBERG. Can the Senator indicate what the comparable total has been for the fiscal year ending this week?

Mr. ADAMS. In previous years?

Mr. VANDENBERG. No; for the fiscal year now ending, what is the total comparable amount which has been appropriated for relief?

Mr. ADAMS. About $700,000,000 more than is carried in the pending joint resolution.

Mr. VANDENBERG. So the pending measure is based on an expectation that the unemployment burden will be 30 percent less during the next fiscal year than it has been during the last?

Mr. ADAMS. Yes; that is, the appropriation for the previous year was worked out on a basis which ran up to an average of almost 3,000,000 individuals, costing $61 per capita. This year, carrying the same cost per individual, there is an average reduction of a million from the relief roll.

Mr. SCHWELLENBACH. Mr. President, I wonder if we could have for the RECORD at this time a statement of the number certified as being eligible for W. P. A. assistance, but who, because of lack of funds, are unable to secure employment on the W. P. A.

Mr. ADAMS. There is nothing in the statement of Colonel Harrington before the committee giving those figures.

Mr. SCHWELLENBACH. The Senator understands that the figure 750,000 was given us when the last deficiency measure was under consideration. Was any inquiry made by the committee or did the evidence presented show that that number has been increased since the last deficiency bill was under consideration?

Mr. ADAMS. Colonel Harrington presented a 48-page written statement to the committee, which occupies the bulk of our hearings. Then we also had before us the House hearings. I gathered from the fact that a greatly less appropriation is asked for that the pressure must have been largely reduced. I may add that the amount contained in the measure is the amount requested by the President. The Senate Appropriations Committee has favorably reported the same amount that was asked by the President, which is the same amount asked by Colonel Harrington, and the same amount appropriated by the House, with one qualification that should be made. We have as a matter of practice increased the appropriation for relief $125,000,000 over the House figure. The total figure is the same, but the House allocated or earmarked $125,000,000 of the fund for public-works projects, and the Senate committee recommends to the Senate that the entire amount be put into relief funds and that there be no allocation for public-works projects. In other words, as it comes from the committee it is strictly a relief measure.

Mr. DAVIS. Mr. President, will the Senator tell us if there is to be an appropriation for P. W. A.? Did the committee consider any appropriation whatever for the P. W. A.?

Mr. ADAMS. The committee considered the item of $125,000,000 set apart by the House for public-works projects, and decided that that $125,000,000 should stay in the relief appropriation. In addition to that, it considered recommendations by certain members of the committee for a special appropriation for Public Works, in addition to the relief appropriation, and the committee rejected those recommendations by certain members of the committee.

Mr. DAVIS. In addition, there is in the measure the carry-over of the unexpended balance for the present year. Can the Senator give me an estimate of the amount of that unexpended balance?

Mr. ADAMS. Mr. President, a rough estimate thereof is approximately $30,000,000. The exact figures are in the committee hearings, which are available to all Senators. I do not have the figures accurately, but the amount is approximately $30,000,000.

Mr. DAVIS. I have received telegrams from persons in Pennsylvania making request for appropriations for teaching the blind. Does the measure contain provisions for money to be used for teaching the blind?

Mr. ADAMS. It does not. We discussed that problem, and I think that that situation was taken care of.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. LUCAS. If I correctly understand the statement made by the Senator from Colorado, $125,000,000 is now added to the appropriation for relief over the figure that came from the House?

Mr. ADAMS. That is correct.

Mr. LUCAS. The $125,000,000 in the measure submitted to the Senate from the House was earmarked for the Public Works Administration?

Mr. ADAMS. That is correct.

Mr. LUCAS. Under the measure reported by the Senate committee, as I understand the Senator, not one dime is earmarked or appropriated for Public Works Administration purposes?

Mr. ADAMS. That is also correct.

Mr. LUCAS. And is there any understanding with the Administrator or the Administration that any part of the $1,477,000,000 will be used for Public Works Administration projects?

Mr. ADAMS. Only as public-works projects frequently are in the form of such projects.

Mr. LUCAS. In other words, where there is an outright Public Works Administration project no part of this fund will be applied to the completion of that project?

Mr. ADAMS. All the money provided in the measure is to be expended by the Works Projects Administration, and none by the P. W. A.

Mr. LUCAS. Developing that thought just a little further, am I safe in saying then that in the event the measure passes in its present form the only way that Public Works Administration projects which are now uncompleted and to complete which there is no money, as I understand, is for the Congress to make another appropriation taking care of that situation?

Mr. ADAMS. I will say to the Senator that I do not understand how there can be projects in that situation, as the statute provides that no public-works project shall be inaugurated unless the money is allocated and set aside to complete the project.

Mr. LUCAS. I will say to the Senator that I think there are some projects in Illinois which are uncompleted, and that while there is not a legal obligation upon the part of the Federal Government to take care of Public Works Administration projects, there is certainly a moral obligation to care for them.

Mr. ADAMS. Let me read to the Senator the section of the statute pertaining to the Public Works Administration.

Mr. LUCAS. I am familiar with it.

Mr. ADAMS. Let me read it into the RECORD anyway. It is subsection 8 of section 201 of title II of existing law:

> No Federal construction project, except flood control and water conservation or utilization projects now under actual construction, shall be undertaken or prosecuted under the appropriation in this title unless and until there shall have been allocated and irrevocably set aside Federal funds sufficient for its completion; and no moneys for a non-Federal project shall be paid from the funds made available by this title to any public agency unless and until adequate provision has been made, or in the opinion of the Administrator is assured, for financing such part of the entire cost thereof as not to be supplied from the Federal funds.

Mr. LUCAS. Mr. President, will the Senator yield for one further question?

Mr. ADAMS. Certainly. I do not say that I can answer the question.

Mr. LUCAS. I am sure the Senator from Colorado can answer any question the Senator from Illinois may ask him upon this point. I should like to ask just one further question as to whether there was any evidence submitted before

the Committee on Appropriations dealing with the subject matter before the Senate with respect to unfinished projects of the Public Works Administration in any part of the Union to provide for the completion of which there are not sufficient funds?

Mr. ADAMS. I have no recollection of any such presentation to the committee. I will say that the only presentation was made by Secretary Ickes, who appeared before the committee. I understand from the public prints that he will not be in charge of the Public Works Administration after the 1st of July.

Mr. BYRNES. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. BYRNES. Because of the statement made by the Senator from Colorado, I cannot conceive of any project in the State of Illinois which is under construction and not completed. If there were a project inaugurated there for which funds were earmarked and spent, but, because of increased cost or something unforeseen there was a necessity for a small additional amount, P. W. A. has heretofore looked after such cases by advancing money from the unexpended balance from previous years. In no other way could there be a project started, but not completed, necessitating an appropriation at this time.

Mr. LUCAS. Mr. President, will the Senator further yield?

Mr. ADAMS. I may add that public-works projects are now under way, probably to the extent of $1,000,000,000, which will not be completed for some time. That is, we are not putting a stop to existing construction, because the peak of construction has not yet been reached. There will be more men employed on public-works projects 30 days and 60 days from now than today. Then, of course, without additional money, the work will gradually decline.

Mr. LUCAS. Mr. President, will the Senator further yield?

Mr. ADAMS. I yield.

Mr. LUCAS. On what theory did the House earmark the $125,000,000 for Public Works Administration projects?

Mr. ADAMS. I will say that the Senator from Illinois knows just as much, and probably more, about that than I do. He has been a Member of the House and knows the things which influence the House. I do not.

Mr. LUCAS. Am I to understand the Senator to say that there was no evidence presented and no statement made before his committee as to why the $125,000,000 was earmarked?

Mr. ADAMS. I think that is correct. Understand me, I am not saying that before the House committee there were no statements made, or that there were no statements made on the floor of the House, because the matter was discussed on the floor of the House, but I have no recollection of anything appearing before our committee. We have 350 printed pages of hearings, and if we do not recollect all the evidence accurately I know the Senator from Illinois will forgive us.

Mr. LUCAS. I can appreciate that, but it is a little difficult to understand how the Senator could forget why the money was earmarked.

Mr. ADAMS. The Senator knows that we have not been able to give our undivided attention to the relief measure.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. SHIPSTEAD. Can the Senator tell what amounts are unexpended for W. P. A.?

Mr. ADAMS. No, I cannot tell the Senator.

We have two items. One is the Federal contribution and the other is the local contribution, the Federal contribution being 45 percent and the local contribution 55 percent. My understanding is that less than half the aggregate of this amount has actually been spent.

Mr. SHIPSTEAD. But the remainder is allocated?

Mr. ADAMS. It is allocated. It is all allocated, except, perhaps, a very small amount.

Mr. SHIPSTEAD. I do not now remember, so I ask the Senator how much was appropriated for the P. W. A. in the last relief measure?

Mr. ADAMS. Nine hundred and sixty-five million dollars, which included Federal projects as well as non-Federal.

Mr. SHIPSTEAD. Is it the Senator's opinion that about half that amount has been expended?

Mr. ADAMS. That is correct.

Mr. SHIPSTEAD. And the remainder has been allocated and will be spent?

Mr. ADAMS. It has all been allocated, and about half of it has been spent.

Mr. SHIPSTEAD. Mr. President, will the Senator further yield?

Mr. ADAMS. Certainly.

Mr. SHIPSTEAD. I have heard complaint about the practice of the W. P. A., in that men working on W. P. A. have refused to take employment from private industry because they were afraid, under what I am informed is the practice of the W. P. A., that they could not get back on W. P. A. when the temporary employment ceased.

Mr. ADAMS. I call the Senator's attention to a provision in the joint resolution that if a man who is on the relief roll takes private employment and the private employment ends, he shall be entitled to immediate reinstatement if still in need.

Mr. SHIPSTEAD. I am very glad to hear that statement. I understand that has not been the practice.

Mr. ADAMS. That provision is in the joint resolution which we are considering.

Mr. MURRAY and Mr. REED addressed the Chair.

The VICE PRESIDENT. Does the Senator from Colorado yield; and if so, to whom?

Mr. ADAMS. I yield first to the Senator from Montana.

Mr. MURRAY. Does that provision mean that he would be immediately assigned to work on a project or made eligible for assignment?

Mr. ADAMS. No; it means immediately assigned to work if he is in need.

I now yield to the Senator from Kansas.

Mr. REED. I share the feeling of the Senator from Illinois [Mr. LUCAS], at least to the extent of failing to understand the philosophy of the committee, if it has a philosophy. On page 2 I find the language to which he refers, which, in the measure as it passed the House, provided that—

> One hundred and twenty-five million dollars is hereby transferred to the Public Works Administration and made available for the purposes of title II and shall not be subject to any other provisions of this section or this title.

Mr. President, as I understand, the committee consolidated the various parts of the joint resolution and there is no title II.

Mr. ADAMS. There is no title II?

Mr. REED. There is no title II.

Mr. ADAMS. I shall have to qualify that statement. What was originally title II has been eliminated and what was title III has been moved up to title II.

Mr. REED. The able Senator from Colorado might enlighten the Senator from Kansas as well as the Senator from Illinois [Mr. LUCAS] by telling us, if he knows, what the House had in mind as to the use of the $125,000,000 under the provisions of title II. The Senate committee has so changed the joint resolution that there is no longer any title II. There are some projects in Kansas which are not completed. Possibly they are only projects which might have been taken up by the Public Works Administration, but up to this time have not actually been taken up. I wish the Senator from Colorado, for whom we all have such high regard, and for whose knowledge of bills which he handles we have so much respect, would tell us what the House had in mind, and how his committee has taken care of whatever purposes the House had in mind when it earmarked $125,000,000 for the Public Works Administration.

Mr. ADAMS. Mr. President, of course I will not presume to answer for the House.

Mr. President, I wish to make one or two suggestions in reference to our procedure. First, I should like to make a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. ADAMS. I ask the Chair whether or not under the rules the relief joint resolution comes under the head of a general appropriation bill? I am hopeful the Chair will so rule. The situation has changed. Heretofore relief measures have been regarded as emergency legislation. Each one was to be the last. However, we have now reached a situation of relief appropriations being an annual event.

That is not all, Mr. President. Under the provisions of the Reorganization Act a definite agency is created for the management of public works and W. P. A. projects. So we now have set up by statute a new agency which includes the National Youth Administration, which will continue, the National Resources Board, and the Farm Security Administration. These permanent organizations are now being taken care of by annual appropriation bills. I ask the Chair whether or not in that situation a measure to take care of such permanent agencies has now acquired the status of a regular appropriation bill, remembering that the joint resolution will take effect after the 1st of July, after the reorganization plan has gone into effect.

The VICE PRESIDENT. In reply to the Senator from Colorado, the Chair will say that the House of Representatives has a very fine parliamentary rule. The Chair does not wish to compare the rules of the House with those of the Senate. However, the House adheres to certain rules which are, in the opinion of the Chair, very sensible. The House holds that this is not an appropriation bill, but a legislative measure. The Senate has considered it as a legislative matter since such appropriation measures were originally introduced in 1934. The Chair will hold that the joint resolution is a legislative measure.

Mr. ADAMS. Mr. President, an emergency confronts us in the matter of time. The joint resolution must be in the hands of the President and signed by midnight of next Friday. Otherwise two and a half million persons will be off the relief rolls and on the streets. There will no longer be a W. P. A. It will cease to exist as a matter of law. Therefore there is an urgency about the matter, which the Appropriations Committee has sought to meet. The committee has been in session long hours. We have hurried along as fast as we could, consistent with careful work.

I, therefore, ask unanimous consent that the joint resolution be accorded at this time the same treatment as to amendments that is provided by rule XVI for general appropriation bills.

Mr. LA FOLLETTE. Mr. President, I do not know of any amendment which I intend to offer at this time; but I am constrained to object.

The VICE PRESIDENT. Objection is heard.

Mr. ADAMS. Mr. President, I ask unanimous consent that the formal reading of the joint resolution be dispensed with and that it be read for amendment, committee amendments to be first considered.

Mr. HAYDEN. Mr. President, reserving the right to object, if the suggestion I am about to make is adopted, much time of the Senate will be saved. Beginning with the title of the joint resolution and going through to page 34, there are a large number of committee amendments which depend upon whether or not title II is stricken from the joint resolution. That is, there are changes from "this title" to "this section," and so forth. There are many such changes. It seems to me we ought to agree that all such changes be considered en bloc after the Senate has voted on title II.

Mr. ADAMS. May we not have an agreement to consider the committee amendments first? We can then alter the order in which they are considered.

Mr. REED. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. REED. If the Senator from Colorado [Mr. ADAMS] and the Senator from Arizona [Mr. HAYDEN] will refer to the bottom of page 15, they find there "Total appropriations, title I," being stated as a certain amount. Was there an error in leaving "title I" at the bottom of page 15?

Mr. BYRNES. Mr. President, if I may answer for the Senator from Colorado, I have an amendment to strike out the words "title I" when we reach that point. The clerk called the matter to my attention.

Mr. HAYDEN. Mr. President, the Senator can couple with his request to consider committee amendments first the request that all committee amendments affected by title II be considered en bloc after we have disposed of title II.

Mr. ADAMS. That is entirely agreeable to me.

The VICE PRESIDENT. What is the request of the Senator from Colorado? Is it to dispense with the formal reading of the joint resolution, and to consider first the committee amendments?

Mr. ADAMS. Yes.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

Mr. HAYDEN. Mr. President, I ask unanimous consent that all amendments to the joint resolution depending upon the striking out of title II be considered en bloc. As we go through the joint resolution we see the language "this title." That should be changed to "this section," because there is but one title. I think all such amendments should be considered en bloc. If that is the case, they may be passed over until title II is disposed of, thus saving much of the time of the Senate.

The VICE PRESIDENT. Is there objection to the request of the Senator from Arizona? The Chair hears none, and it is so ordered.

The clerk will state the first committee amendment.

The first amendment of the Committee on Appropriations was, on page 1, line 3, after the words "cited as the", to strike out "Work Relief and Public Works Appropriation Act of 1939", so as to read:

That this joint resolution may be cited as the "Emergency Relief Appropriation Act of 1939."

Mr. HAYDEN. Mr. President, that amendment should be passed over, because it depends upon whether or not title II remains in the joint resolution.

The VICE PRESIDENT. Without objection, the amendment will be passed over. Will the Senator from Arizona point out just what he means by his unanimous-consent request?

Mr. HAYDEN. I will be glad to mark the joint resolution so that it may be understood.

The VICE PRESIDENT. The clerk does not seem to understand just how we shall consider title II, on page 35.

Mr. HAYDEN. The clerk, as he reads through, will find time and time again that the word "title" is changed to read "joint resolution."

The VICE PRESIDENT. And the Senator desires to ask that those amendments be agreed to at this time?

Mr. HAYDEN. I ask that they be passed over. The clerk need not stop to read them, because he would have to read 30 or 40 amendments of that kind.

The VICE PRESIDENT. Without objection the amendments referred to will be passed over. The next amendment will be stated.

The next amendment was, on page 2, line 4, after the numerals "$1,477,000,000", to strike out "(of which $125,000,000 is hereby transferred to the Public Works Administration and made available for the purpose of title II and shall not be subject to any other provisions of this section or this title)."

Mr. SCHWELLENBACH. Mr. President, a parliamentary inquiry. I inquire whether or not striking out of the words beginning in line 4 and ending in line 8 on page 2 would in any way prevent offering amendments that should have the purpose of adding to the joint resolution appropriations for the Public Works Administration?

Mr. HAYDEN. No; it would not.

Mr. McKELLAR. It would not.

Mr. ADAMS. Mr. President, I think I can answer the Senator's question. I think there is no quesion at all that the joint resolution will be open to amendment to provide funds for the Public Works Administration.

Mr. SCHWELLENBACH. With that understanding, I have no objection.

The VICE PRESIDENT. Without objection, the amendment last stated is agreed to.

The next amendment reported by the committee will be stated.

The next amendment was, on page 3, line 20, after the word "marl", to insert the words "in Wisconsin", so as to make the paragraph read:

(b) The funds provided in this section shall be available for (1) administration; (2) the prosecution of projects approved by the President under the provisions of the Emergency Relief Appropriation Acts of 1935, 1936, 1937, and 1938; and (3) the prosecution of the following types of public projects, Federal and non-Federal, subject to the approval of the President, namely: Highways, roads, and streets; public buildings; parks, and other recreational facilities, including buildings therein; public utilities; electric transmission and distribution lines or systems to serve persons in rural areas, including projects sponsored by and for the benefit of nonprofit and cooperative associations; sewer systems, water supply, and purification systems; airports and other transportation facilities; flood control; drainage; irrigation; conservation, including projects sponsored by conservation districts and other bodies duly organized under State law for soil erosion control and conservation, preference being given to projects which will contribute to the rehabilitation of individuals and an increase in the national income; eradication of insect pests; the production of lime and marl in Wisconsin for fertilizing soil for distribution to farmers under such conditions as may be determined by the sponsors of such projects under the provisions of State law; educational, professional, clerical, cultural, and recreational work; production of goods for distribution to the needy; service to the needy, including training for domestic service; aid to self-help and cooperative associations for the benefit of needy persons; and miscellaneous projects: *Provided, however,* That all persons employed on work projects shall, so far as practicable, be employed on projects nearest their respective homes.

The amendment was agreed to.

The next amendment was, on page 4, after line 6, to strike out:

(c) On and after October 1, 1939, employment on work projects authorized under this section in the several States, Territories, possessions, and the District of Columbia (hereafter referred to in this subsection as States) shall be apportioned on the following basis: (1) 45 percent of the total number employed, in the ratio which the population of each State bears to the total population of all States as shown by the latest available Federal census; (2) 45 percent of the total number employed, in the ratio which the number of unemployed persons in each State bears to the total number of unemployed in all States; and (3) 10 percent of the total number employed at the discretion of the Work Projects Board, established by subsection (g) (hereinafter referred to as the "Board"), to meet unusual local conditions.

Mr. LODGE. Mr. President, I rise in opposition to the committee amendment on page 4. This language, which was inserted in the House of Representatives, provides for an allocation of the relief appropriation to be spent within the States on the basis of unemployment and population.

I submit to the Senate that one of the most important reforms which we can make in the administration of work relief is to have the disposition of the funds made on a scientific and humane basis and to take it out of the sphere of personal discretion. These moneys are appropriated for the relief of unemployment, for the relief of human need, and it is proper that in the statute we set down our conviction that the money should be so spent and that we outline a system to make sure that it shall be so spent.

Mr. SCHWELLENBACH. Mr. President, will the Senator yield?

Mr. LODGE. I yield.

Mr. SCHWELLENBACH. Would the Senator consider that there was anything "scientific" or "humane" about a system which would deprive the States in the western section of the country which have had an increase in population, a very much larger percentage of which is eligible for assistance under the W. P. A. than in the case of eastern States, of the opportunity of having their allocations made upon the basis of present-day conditions rather than upon the conditions existing in 1930? Would the Senator consider that either "scientific" or "humane"?

Mr. LODGE. Perhaps I do not catch the Senator's question, but I do not want to deprive the Western States or any other States of anything to which they are entitled.

Mr. SCHWELLENBACH. Does not the Senator recognize the fact that the States upon the Pacific coast in the last 3 or 4 years, because of the conditions in the Middle West, have had a very great influx of population, and that that influx has been made up of people who left their homes because they could not make a living there, thus adding to the problems of States on the Pacific coast, which have had, therefore, a greater percentage of burden laid upon them than have the States in the East?

If an allocation is made upon the basis of the population in the year 1930, or any allocation is made that does not take into consideration that fact and does not recognize that situation in the Western States, I do not believe it is either scientific or humane, and I do not think it comes within the category of what the Senator wants when he objects to the amendment striking out the provision. The retention of the provision would simply place us on the basis that we would have to go back to population conditions in 1930 and not give any consideration to the fact that our relief burden has been increased or that the burden on the rest of the country has not been increased.

Mr. LODGE. I agree with the Senator that the States that have had a sudden increase in their unemployment problem should have that fact recognized. The amendment which I proposed last year, as the Senator may probably recall, did not contain the provision with reference to population. The amendment which I then proposed provided for a distribution to be made on the basis of unemployment, and if we had used solely the basis of unemployment it would have taken care of the situation on the Pacific coast to which the Senator adverts.

I am not saying for a moment that the formula that is in the House joint resolution is perfect; I do not think it is; and I will be very glad to vote for an amendment to this formula to take care of the situation to which the Senator from Washington refers. My contention is that we ought to get started on a formula and to get away from the discretionary basis of allocating these funds. The amendment which I submitted last year, I think, would have completely and absolutely taken care of the situation the Senator from Washington describes.

To me it is a backward step to take the formula out of the measure. If we do not like the exact formula the House has adopted, let us perfect and improve it; but, as President Roosevelt himself said in his latest relief message to the Congress, we ought to allocate these funds on the basis of a formula, and, as President Roosevelt himself said, we ought to allocate them on the basis of jobs. I am sure that the Senator from Washington will not abandon the leadership of President Roosevelt in a matter of this kind, for the President is everlastingly right when he makes that contention.

Mr. ADAMS. Mr. President, the Appropriations Committee of the Senate gave a good deal of consideration and attention to this matter. It was entirely in accord with the Senator from Massachusetts in desiring a scientific and humane method of distributing relief funds, but we are firmly convinced that the particular formula is neither scientific nor humane. What we are trying to do is to meet the obligation of the Government to its needy citizens. It is not always a question of State lines, and population does not necessarily measure the necessity. If a condition may be conceived of a State with a large population but few in need, 45 percent of the relief funds for such State would be allocated to it merely on the basis of population, while another State, perhaps with a lesser population but greater relief needs, would not receive that to which it was entitled.

I shall ask the Senator from South Carolina [Mr. BYRNES], who has given a great deal of study to this question, to express some further views on it.

Mr. BYRNES. Mr. President——

Mr. LODGE. Mr. President, if the Senator from South Carolina will permit me, I should like to ask the Senator from Colorado a question. If he agrees that the funds should be distributed on the basis of a formula, with his capabilities, which I admire very much, why does he not come forward with a formula to perfect this amendment and propose the kind of formula he thinks is right?

Mr. BYRNES. Mr. President, if the Senator from Colorado will permit, I think that I may answer the question of the Senator from Massachusetts. The Unemployment Committee reported to the Senate a bill which contained a formula entirely different from the formula we are now discussing. At the time we were considering that matter we had tables presented to us as to the effect that the formula would have upon the amount available to the various States of the Union. Within the last week the Senator from Colorado had presented to him from officials of the W. P. A. a statement showing an entirely different allotment as the result of the formula in the pending measure. I know that I am opposed to the formula in the House joint resolution; I know, too, that it is the most controversial question.

The Senator from Massachusetts, a member of the Unemployment Committee, is familiar with the subject. In that committee we took hours and hours, if not 1 or 2 days, in the discussion of it. It is impossible at this time, under the circumstances we are considering the pending measure, to discuss this matter with any degree of intelligence or arrive at any intelligent conclusion. If we should take the formula contained in the House bill it would still leave the determination of the number of unemployed to the Administrator of the W. P. A. Then, we would have to ascertain where he obtained his information so as to determine the number of unemployed. When it was sought to ascertain that, it would be found that he got it in various ways, but principally from the statement or the opinion of the W. P. A. Administrator in each State. The formula that was discussed in the Unemployment Committee was that the number of unemployed should be determined by the Biggers census, the last census of the unemployed, and from figures from unemployment officials throughout the country; but certainly some express direction as to how those figures are to be obtained must be made by Congress if we are going to get a formula that means anything.

The provision in the House joint resolution would still leave the determination as to the number of persons unemployed to the opinion of the W. P. A. director in each State. It was evident to me in the consideration of the measure that we could not hope to arrive at a formula in an intelligent manner here in considering this joint resolution in a few hours and having it go to conference where we would have to fight it out in conference. The only thing to do is to strike this provision from the joint resolution and then let the Congress proceed to amend the law and, after careful consideration, provide a formula that will do justice to all the States.

Mr. LODGE. Mr. President, I agree with the Senator from South Carolina that it would be far better to provide in the statute that the administrative branch shall use the figures of the Employment Service, and shall take advantage of the Biggers census, and that we should specify the sources that are to be used.

I hope I have made it clear that this formula is not my idea of a perfect formula. All the amendments I have heard suggested so far would be agreeable to me. I simply wish to call to the attention of the Senate the fact that when it is attempted to make this improvement on one of the supplementary appropriations, one is told that that is not the time to attempt to change the organic set-up of our work-relief structure, and that the time to do it is when we make the appropriation for the fiscal year. We are now making the appropriation for the fiscal year, and we are told that there is no time now to make this basic change. If it is not the proper time to do it now, and if it is not the proper time to do it when we have supplementary appropriations, it is difficult for the average Member of the Senate, including myself, to know what the proper time is.

Mr. President, I hope the committee amendment will be rejected.

The VICE PRESIDENT. The question is on agreeing to the amendment reported by the committee.

The amendment was agreed to.

The VICE PRESIDENT. The clerk will state the next amendment reported by the committee.

The next amendment of the Committee on Appropriations was, on page 4, line 22, to change the number of the paragraph from (d) to (c).

The amendment was agreed to.

The next amendment was, on page 5, line 4, after the words "that the", to strike out "Board" and insert "Commissioner of Work Projects (hereinafter referred to as the 'Commissioner')"; and in line 10, after "$7", to insert "*Provided*, That the funds appropriated in this section shall not be used for the purchase of any construction equipment or machinery in any case in which such equipment or machinery can be rented at reasonable prices", so as to read:

(c) The funds appropriated in this section, exclusive of those used for administrative expenses, shall be so administered that expenditure authorizations for other than labor costs for all the work projects financed from such funds in any State, Territory, possession, or the District of Columbia shall not exceed an average for the fiscal year ending June 30, 1940, of $6 per month per worker, except that the Commissioner of Works Projects (hereinafter referred to as the "Commissioner") may authorize an increase in the average in cases where the increased cost of materials would have the effect of raising such average above $6 but in no event shall the increase in such average exceed the amount necessary to meet such increase in material costs and in no event shall such average exceed $7: *Provided*, That the funds appropriated in this section shall not be used for the purchase of any construction equipment or machinery in any case in which such equipment or machinery can be rented at reasonable prices.

The amendment was agreed to.

The next amendment was, on page 5, after line 14, to insert:

(d) In administering the funds appropriated in this section, not to exceed three-fourths of the total cost of all projects hereafter undertaken within any State, Territory, possession, or the District of Columbia, with respect to which any such funds are used, shall be borne by the United States, and not less than one-fourth of such total cost shall be borne by the State and its political subdivisions, or by the Territory, possession, or the District of Columbia, as the case may be.

Mr. BARKLEY. Mr. President, I should like to inquire of the Senator from Colorado about this amendment under paragraph (d).

As I understand, the average contribution now made by local communities amounts to about 22 percent. Of course that means that some communities do not put up more than 10 or 15 percent, while others put up perhaps 30 percent or even more. This amendment provides that in any State the total amount hereafter contributed by the local community shall not be less than 25 percent, and the total amount contributed by the Federal Government shall not be more than 75 percent. As I understand, that does not mean that each project must contribute 25 percent, but the average for the whole State must be not less than 25 percent.

Mr. ADAMS. That is correct.

Mr. BARKLEY. In discussing this matter with the Administrator, Colonel Harrington—and I suppose he probably presented the same view to the committee—the fear was expressed that it would be necessary for the General Accounting Office to audit all the projects over an entire State to determine whether the total contributions of the local communities, added together, made 25 percent. Did the Senate committee give any consideration to that suggestion?

Mr. ADAMS. It would not require the auditing of every project in the State, but it would require some auditing, of course.

Mr. BARKLEY. In other words, in order to determine whether all the projects combined complied with this section, it would be necessary for somebody to determine the

proportion that each one of them contributed, so as to make up the general average.

Mr. ADAMS. I will say to the Senator that the same thing applies to the prior provision in the joint resolution, that not more than $7 per man per month shall be contributed by the W. P. A. in labor; that is, at every place in the joint resolution where any sort of a mathematical requirement is fixed we have that possibility.

Mr. BARKLEY. I do not think that is quite analogous, because the W. P. A. authorities know how many men they have employed on the relief rolls, and therefore they multiply that number by seven for each month. That is easy to calculate.

Mr. BYRNES. Mr. President, that is the way it is. The W. P. A. authorities know how many projects they have, and there are more men than there are projects.

Mr. BARKLEY. That is true. They know how many projects they have; but, in order to determine whether the total number of projects in the State is contributing 25 percent, somebody has to investigate each one of them and add them all up. Now the question is whether the Administrator is to be permitted to decide that question, or whether the General Accounting Office will be compelled to send its agents to audit every project under construction to determine whether all of them together are contributing an average of 25 percent.

Mr. BYRNES. Of course this is not a new proposal. It has been discussed prior to this time.

Mr. BARKLEY. Yes; in our own committee, the Committee on Unemployment.

Mr. BYRNES. At that time we decided on a one-third contribution; but the majority of the Appropriations Committee were of the opinion that if the average was one-fourth it was sufficient, and that was entirely satisfactory to me. The W. P. A. ascertained without any trouble that up to this date the local contributions have been 22 percent.

Mr. BARKLEY. That is correct.

Mr. BYRNES. Colonel Harrington assures me that by December they will be 25 percent. If he can ascertain now that the contribution is 22 percent, he will have little difficulty in complying with this requirement. Some accounting might be necessary in order to add up the amounts in the same way that he now ascertains that he has 22 percent, but it will not cause any serious difficulty.

Mr. BARKLEY. He ascertains that fact now, as I understand, through his own employees, his own agents.

Mr. BYRNES. That is correct.

Mr. BARKLEY. It is not ascertained by the General Accounting Office. If we put in this joint resolution a mandatory provision, I am wondering whether Colonel Harrington or his investigating force, or his accounting force, whichever does it, can continue to decide that question, or whether it must be decided by an entirely different and independent agency of the Government, to wit, the General Accounting Office.

Mr. BYRNES. Mr. President, I do not think there will be any difficulty about it; but I shall be glad to talk to the Senator from Kentucky, and if there is any question about it, we can add language that will make it plain.

Mr. McKELLAR. Mr. President, if the Senator will yield, I will say to the Senator from Kentucky and other Senators that, as they know, I have heretofore uniformly opposed such a provision. It will be remembered that some States were contributing very little, and other States were contributing large sums; but it is perfectly apparent that the W. P. A. can get along easily with this provision. I do not anticipate any such trouble as has been suggested by the Senator from Kentucky, our leader; and I hope this amendment will be agreed to.

Mr. BARKLEY. Mr. President, if the Senator will yield further for just a moment—I do not want to cause any delay—I appreciate the fact that if the W. P. A. authorities can do as they have heretofore done, make their own estimate and their own accounting and decide that this section is being complied with, there will be no difficulty; but if there should be any controversy between them and some other agency or accounting department of the Government as to whether this section is being complied with, it might give rise to difficulty.

Mr. BYRNES. I think the Senator will agree that there could be no controversy unless the General Accounting Office were to take the position that the General Accounting Office should determine the matter.

Mr. BARKLEY. That is correct.

Mr. BYRNES. In which case language could be inserted, as in the case of many bills that have been enacted by Congress, to make the matter plain.

Mr. BARKLEY. I think if that situation is cleared up there will be no difficulty about it.

Mr. SCHWELLENBACH. Mr. President, the Senator will remember that this matter was discussed and was really the issue in 1937, when we had under consideration the former relief measure.

Mr. BYRNES. But I must say that it was not in this form as submitted.

Mr. SCHWELLENBACH. No; that is true. The Senator will remember that at that time I went to considerable length in studying the question. I did not know until about an hour and a half ago that the committee was going to put in this provision. I want an opportunity, if I may, without interfering too much with the procedure, to reexamine the subject, and I should like to ask that this particular amendment go over until a later time. It may be that I shall have no objection to it, but I was so vigorously opposed to it on the former occasion that I do not like to have it adopted without an opportunity to look into it.

Mr. BYRNES. I should have no objection to doing that; but, inasmuch as the question is asked, I call the attention of the Senator to the fact that, as I recall the Senator's position, this amendment accomplishes what he had in mind at that time. The argument was made then, and with great conviction to me, that "white collar" workers, for instance, could not be expected to put up 25 percent on projects of that kind, and therefore the suggestion really was first made by the Senator from Louisiana [Mr. OVERTON] that the amount of the contribution should be not a percentage of the individual project, but a percentage of the total for a State, and therefore that on one project the administrator might fix 5, 10, or 15 percent as the contribution; but, if he did that, on others he would require the sponsor to put up 25, 30, or 35 percent, so that the average for the State would be what he says he desires to have as the average for the Nation, and he expects to have 25 percent by December.

Mr. SCHWELLENBACH. It is precisely to check on that matter that I want an opportunity, and I should like to ask that this particular amendment go over until tomorrow.

Mr. BARKLEY. Mr. President, in connection with the request of the Senator that the amendment go over until tomorrow, let me say that it is entirely possible that the joint resolution may be disposed of before that time.

Mr. SCHWELLENBACH. I can assure the Senator that the joint resolution will not be disposed of tonight.

Mr. BARKLEY. I was going to suggest that without fixing any time the amendment be passed over temporarily.

Mr. SCHWELLENBACH. That is satisfactory to me, of course.

Mr. DANAHER. Mr. President, I should like to direct a question to the Senator in charge of the joint resolution with reference to section 12, on page 18, insofar as it may be contrasted with the word "projects" in line 17 on page 5.

The Senator will discover that we place a limitation by using the term "building," insofar as section 12 is concerned, in line 3, page 18. We next, in subsection (2) of section 12, talk about "projects" again. Will not the rigid, mandatory requirement of the section under discussion, on page 5, necessarily conflict with the limitation set forth in section 12?

Mr. ADAMS. How does the Senator find a conflict? I had not seen it, but I will be very glad to have him explain

it. It is my understanding that the amendment which the Senator from South Carolina was discussing is a flat requirement of an aggregate contribution of 25 percent toward the projects within a State. It might vary; it might be 20 percent on one project, and 30 on another to balance. When we get to page 18 we find a limitation on the amount of Federal money which can be put into building construction.

Mr. DANAHER. Is a building a project within the meaning of the word "projects" in line 17?

Mr. ADAMS. I think so.

Mr. DANAHER. Will it not be necessary, therefore, to hold up all construction until the aggregate cost of a proposed building is known, and thus conform to subsection (d) on page 5?

Mr. ADAMS. I recognize that there is some difficulty, if one thinks in terms of an ultimate adjustment. If an administrator allows certain projects to contribute less than 25 percent, then it is possible to reach the point where some projects are going to be compelled to contribute more than 25 percent, and a difficult situation mathematically might be confronted. On the other hand, if the State administrator keeps himself within the range all the time, if he accepts a sponsorship of less than 25 percent, he will expect rather promptly one in excess of that to balance it.

Mr. DANAHER. Does the Senator believe there will be no delay by the administrator in building projects referred to in section 12?

Mr. ADAMS. I would rather have the Senator from South Carolina discuss that matter. It is his amendment, and he is more familiar with it.

Mr. BYRNES. Mr. President, I see no reason for the fear that there would be any delay in administration. It means an allotment to the State administrator of sufficient funds to enable him to carry on the projects in his State, and it would be a matter easy of administration.

Mr. DANAHER. Mr. President, I understand that we are passing over subsection (d) on page 5 for the time being.

The VICE PRESIDENT. The Chair has not put the request as yet, but will do so. Is there objection to passing over temporarily the amendment in line 15 on page 5?

Mr. WALSH. Mr. President, before that is decided I shoud like to ask the Senator in charge of the bill as to how the figure 25 percent was reached. I understood the committee at one time favored reporting 33⅓ percent as the local contribution.

Mr. ADAMS. This is the only figure that has been considered by the committee at this time.

Mr. WALSH. Twenty-five percent?

Mr. ADAMS. Yes.

Mr. WALSH. That is on the average an increase of 3 percent over the contributions now made?

Mr. ADAMS. That is correct.

Mr. WALSH. I was impressed by what the Senator from Kentucky stated as to the administration of the local contribution in the future. Would the Senator be willing to say for himself and his committee that, so far as the committee has considered this matter, they have not contemplated any change in the administration of the local contribution?

Mr. ADAMS. This of itself will make a change if it is adopted.

Mr. WALSH. The Senator from Kentucky has pointed out the possibility of the whole matter being referred to the General Accounting Office and handled by that office in the future.

Mr. BYRNES. Mr. President, I do not think the Senator from Kentucky had that in mind. What the Senator from Kentucky had in mind was that a question might arise as to whether or not a matter had to be submitted to the General Accounting Office before action was taken. The Senator from Massachusetts knows that in a number of cases Congress has, in order to avoid that difficulty, provided that the determination of the Secretary of Agriculture as to a fact shall be final and conclusive. If there were any question of the General Accounting Office taking the position suggested by the Senator from Kentucky, the thought in my mind is that we should meet the situation, as I have suggested, by providing that the determination shall be left to the Administrator of the Works Progress Administration.

Mr. BARKLEY. That is correct. I think that ought to be done.

Mr. WALSH. Is it contemplated that that shall be done?

Mr. BYRNES. Yes.

Mr. WAGNER. Mr. President, the representatives of the Conference of Mayors of the United States appeared before the Committee on Appropriations. What was their attitude? Were they questioned as to the effect of a 25-percent requirement as a local contribution would have upon their local situation? Would it be too burdensome, or did they feel they could comply with that limitation?

Mr. ADAMS. Mr. President, I do not recall any discussion of that subject with the mayors. The subject discussed with them was as to the limitation upon the total contribution of the Federal Government toward the projects. For instance, the position the mayor of New York was that when we put a limit of $50,000 or $40,000 as the Federal Government's contribution toward a single project in New York City, where the cost of ground is very great, where a useful project runs frequently into the hundreds of thousands, if not millions, it would cramp them so that they could not economically, or at least as economically, administer relief.

Mr. WAGNER. Yes; I recall that. But the question as to what the localities would be able to contribute toward the projects which they sponsored was not discussed at all before the committee.

Mr. ADAMS. I simply say that I do not recall it.

Mr. BYRNES. Will the Senator yield to me?

Mr. ADAMS. I yield.

Mr. BYRNES. The mayors of several cities testified the day the Senator from New York [Mr. WAGNER] was present. I do not recall that this matter was discussed at all. It is true, however, that at least one of the mayors referred to a number of projects in his city as to which the sponsored contributions were in excess of 25 percent. That is true always of building projects, but not of the white-collar projects.

Mr. MURRAY. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. MURRAY. Is it not a fact that the mayors expressed the thought that they were meeting with great difficulty in raising money to take care of relief problems?

Mr. BYRNES. There is no question about that, and that is true of every mayor in the country. He believes he should not be required to make any contribution at all if he can get away with it, and if he cannot get away with it, he wants to make the least possible contribution. But, as a matter of fact, the figures of P. W. A. show that they have applications for one billion and a half dollars in connection with which the cities are perfectly willing to put up 55 percent, and make repayment. But of course no one wants to put up money if he can avoid putting it up.

Mr. MURRAY. Mr. President, is it not true that the cities find difficulty in raising the money necessary to make their contributions?

Mr. BYRNES. They say they find themselves in desperate condition and find difficulty in raising money for W. P. A.; but they are anxious to have the opportunity to raise money for the P. W. A.

The VICE PRESIDENT. Is there objection to the request of the Senator from Washington that the pending amendment be passed over temporarily? The Chair hears none, and it is so ordered.

The clerk will state the next amendment of the committee.

The next amendment was, on page 6, line 1, after the word "exceed", to strike out "in the aggregate the sum of $45,000,000 during the fiscal year 1940, of which sum the amounts so to be obligated for the following respective purposes shall not exceed these sums: Salaries, $40,000,000; communication service, $600,000; travel, $4,200,000; and printing and binding,

$500,000" and to insert "4 percent of the total amount made available in this section to such administration."

Mr. HOLT. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. HOLT. Will the Senator from Colorado agree that consideration of that amendment may be postponed until tomorrow in order that we may consider what "administration" is? I make the request for the reason that the W. P. A. under the present plan determines its own administration. It determines what is administrative expense and does not include it all. So 4 percent means nothing under the present plan. For instance, I will give the Senator some figures from my own State. W. P. A. claims that the administrative expense in my State amounted only to something over $900,000, but the pay rolls when checked showed that it amounted to $3,300,000. W. P. A. determined what would be administrative expense and what would not be administrative expense. In one county in our State they said there were only 104 administrative employees, but the pay-roll check shows 160 who earned more than $1,000 as project bosses. They just said what was administration and what was not administration. And if they can hide two and one-half million dollars' overhead in the little State of West Virginia, what can they hide throughout the United States.

Mr. President, 4 percent means nothing if the officials are allowed to determine what is administration. Under their construction of "administration" there is not a single foreman, there is not a single timekeeper listed in the administration; so naturally the administrative expense is exceedingly low. That is how they get all these nonsecurity employees on the roll.

Mr. President, I feel it should read "4 percent of the total amount made available in this section to such administration, which shall include all noncertified individuals receiving more than a nonsecurity wage."

Why should it not say that, because they actually are administrative?

Take the county of Lincoln in my State of West Virginia, with less than 20,000 population. I found in that county 47 individuals who were drawing salaries of over a thousand dollars a year each, and not one of them was found on the administrative pay roll.

Mr. SCHWELLENBACH. Mr. President, will the Senator yield?

Mr. HOLT. I shall be glad to yield.

Mr. SCHWELLENBACH. Does the Senator believe that foremen working directly on a job should be charged to administrative expense?

Mr. HOLT. I do, because a foreman is not a relief worker. I found one superintendent in West Virginia on the pay roll at $275 a month, charged to relief labor, nonsecurity. I may not know them all in the State. I found over 100 different individuals in the State of West Virginia, each and every one of them making between $200 and $275 a month, charged to relief labor instead of administration.

Mr. SCHWELLENBACH. Will the Senator again yield?

Mr. HOLT. I am glad to yield.

Mr. SCHWELLENBACH. I do not care to argue with the Senator about particular cases. Probably he is absolutely correct concerning them. However, when we try to lay down a rule as to what is administrative expense and what should be charged to operations for construction, we get into a question which I may say to the Senator, because of some slight experience along that line, involves, at least, in the accounting practices in the corporations of this country more controversy, dispute, and debate than any other one single question. There is a constant dispute between the operating department and the department of superintendence as to whether or not in the distribution of accounting charges they should charge such items against operations or against superintendence. Knowing the impossibility of a private accounting system to do it, I do not think Congress can lay down such a rule.

Mr. HOLT. I certainly know of many foremen who did not have any relief status. They were taking money that should go to relief workers. Their positions must be considered to be administrative. Why should a foreman who had no relief status not be considered to come under "administration"?

Mr. SCHWELLENBACH. I do not think the Senator can find an accountant in the United States who would not rule that the compensation of a foreman working directly on a job is not chargeable to construction or operation, but should be charged to superintendence or administration. They just do not charge it that way. That is a matter which has been disputed ever since accounting systems were set up. I do not believe we could decide the question with any satisfaction here by making a provision allowing 4 percent for administration.

Mr. HOLT. But if we do not so provide, and the officials may determine as to the 4 percent, they can include anything they wish. For instance, I will refer to my State again, because I am more familiar with it than with any other State. I wrote to Colonel Harrington and asked him for a list of the administrative employees, and their salaries. He gave me the list. He said the number was approximately 538, I think. I may not be correct about that exact number. But when going through the list I did not find 538 but 2,180, whom I would charge to administration, or three times as many not charged to administration as were charged to it. Of course, if they are going to expend the money in that way there is no need whatsoever to have any figure of administration in the bill. A man getting $200 a month from relief funds certainly should not be charged to relief and security personnel. That is what has been going on. I know it has been going on in many States of the Nation. That is how those in charge are hiding a great deal of administrative expense. That is how they are bringing their political bosses on the pay roll, instead of devoting the money to relief.

As I have said, when I checked this list I did not go down to the man making $60 or $70 or $75 a month. The only ones I included were those making over $1,000 a year, and certainly that is much higher than the nonsecurity wage in the State of West Virginia. Why should they not be charged to administration? That is why I ask, if there be no objection on the part of the Senator from Colorado, that the amendment go over until tomorrow so that further consideration may be given it. Does the Senator agree to that request?

Mr. ADAMS. I will merely say that, so far as the committee was concerned, we were confronted not with a definition of "administration" but with the House suggestion of a fixed amount for administration; what came under "administration" then would be determined by the Accounting Office. We are using the same term. In one instance, it was a percent; in the other instance, it was a fixed amount. We thought nothing as to an abuse in the use of the term. We were assuming that whatever they determined to be administration would be applied in either event. We had in the existing relief law a limitation of 5 percent on administrative expense, and rather than fix it in dollars and cents we reduced the 5 percent to 4 percent. We were told by Colonel Harrington that his actual expenditure for administration, according to his definition of "administration," was 3.3 percent; but he said that, with a lessening of the number on the rolls, the overhead expense would naturally increase. We ask if he thought that 4 percent would cover it, and he said "yes." That was the reason the committee put in the 4-percent provision, which will mean a somewhat larger amount than the $45,000,000 allowed by the House.

Mr. DANAHER. Mr. President, will the Senator yield?

Mr. ADAMS. The Senator from West Virginia has the floor.

Mr. HOLT. I gladly yield to the Senator from Connecticut.

Mr. DANAHER. When Colonel Harrington was before the committee, when the bill was in our possession in the early spring, he testified that there were 36,435 of the type of employees referred to by the Senator from West Virginia

drawing salaries from $1,000 to $9,000 a year. If we take a rough average and call the amount $3,000 a year, and multiply the number of employees, roughly 36,000, by $3,000, we get the figure of $108,000,000. That is a substantial sum.

I think the Senator from West Virginia has submitted a request, to which the Senator may properly assent, that we look into that administration feature. I join the Senator from West Virginia in making that request.

Mr. HOLT. Mr. President, the reason I ask that that be done this afternoon is that I wish to discuss the matter, and if it can be discussed and considered later it will save the time of all Senators. If not I can proceed to discuss it. However, I should like to have the amendment passed over until tomorrow.

Mr. ADAMS. I have no objection to the amendment going over temporarily.

The VICE PRESIDENT. Without objection, the pending amendment will be passed over temporarily.

The VICE PRESIDENT. The clerk will state the next amendment of the Committee on Appropriations.

The next amendment of the committee was, on page 6, after line 14, to strike out:

(g) There is hereby established, for the period ending June 30, 1940, a Work Projects Board to be composed of three members to be appointed by the President, by and with the advice and consent of the Senate. During his term of membership on the Board, no member shall engage in any other business, vocation, or employment, except as permitted by subsection (h) of this section. Not more than two of the members of the Board shall be members of the same political party. Each member shall receive a salary at the rate of $10,000 a year. The President shall designate one of the members as the chairman of the Board. The offices of Commissioner of Work Projects and of Assistant or Deputy Commissioners of Work Projects are abolished as of the close of business on July 31, 1939, and the Board shall enter upon the performance of its duties on August 1, 1939. Except as used in the foregoing provisions of this subsection, with respect to the period after June 30, 1939, and before August 1, 1939, the term "Board" means "Commissioner of Work Projects," and, with respect to any period before July 1, 1939, the term "Board" means "Works Progress Administrator" and the term "Work Projects Administration" means "Works Progress Administration." The Board shall, for all purposes, be deemed to be the successor to the offices of Commissioner of Work Projects and Works Progress Administrator.

(h) The President may detail a commissioned officer of the Engineer Corps on the active list of the United States Army to perform the functions of the office of Commissioner of Work Projects during the month of July 1939, or to perform the functions of a member of the Works Projects Board established by subsection (g) of this section in lieu of the appointment of one member of such Board. Any commissioned officer so detailed shall receive his pay, allowances, and travel expenses as such and shall not be entitled to receive any compensation or travel expense from the appropriation in this section.

And to insert the following:

(g) The President may detail a commissioned officer on the active list of the United States Army to perform the functions of the office of Commissioner of Work Projects, without loss of or prejudice to his status as such officer. Any commissioned officer so detailed shall receive, in addition to his pay and allowances as such officer, an amount sufficient to make his total compensation $10,000 per annum while he is so detailed.

The amendment was agreed to.

The next amendment of the committee was, under the heading "National Youth Administration", in section 2, page 8, line 14, after the numerals "$100,000,000", to strike out "and such sum" and to insert "together with all balances of appropriations for such administration which remain unobligated on June 30, 1939, and such amounts", so as to read:

NATIONAL YOUTH ADMINISTRATION

SEC. 2. (a) In order to provide assistance to needy young persons, there is hereby appropriated to the National Youth Administration, out of any money in the Treasury not otherwise appropriated, for the fiscal year ending June 30, 1940, $100,000,000, together with all balances of appropriations for such administration which remain unobligated on June 30, 1939, and such amounts shall be available for (1) administration; (2) the prosecution of projects approved by the President for the National Youth Administration under the provisions of the Emergency Relief Appriation Act of 1938; and (3) to provide subject to the approval of the President, on projects Federal and non-Federal of the types specified under section 1 hereon for the Work Projects Administration, part-time work and training to needy young persons who are no longer in regular attendance at school and who have been unable to obtain employment, and to enable needy young persons to continue their education at schools, colleges, and universities.

Mr. DANAHER. Mr. President, I should like to ask the Senator from Colorado if he can tell us what is the unexpended balance of that appropriation.

Mr. ADAMS. I am told it is slightly over $2,000,000. That is the statement made to us by Mr. Aubrey Williams.

Mr. DANAHER. While on the same point, can the Senator tell us what the unexpended balance of the W. P. A. deficiency appropriation is?

Mr. ADAMS. We understand that approximately $30,000,000 is unobligated and is available for next year under the reappropriation.

Mr. PEPPER. Mr. President, I ask unanimous consent that this amendment be temporarily passed over. This is the one which relates to the amount appropriated for the National Youth Administration.

Mr. BARKLEY. A parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. BARKLEY. I understand that any amendment which will be offered to the National Youth Administration appropriation will probably be an amendment to increase the $100,000,000 appropriation. I should like to know whether or not the adoption of the language following the numerals would in any way militate against offering an amendment, after the committee amendments have been disposed of, increasing the amount of the fund. I do not think the pending amendment will affect in any way the hundred-million-dollar-fund provision.

The VICE PRESIDENT. The Chair understands the parliamentary inquiry to be whether, if the language in the proposed amendment on page 8, lines 14 and 15, were agreed to, it would preclude an amendment affecting the amount of the appropriation, $100,000,000. Is that the inquiry?

Mr. BARKLEY. That is the inquiry.

The VICE PRESIDENT. It would not. The question is on agreeing to the amendment on page 8, line 14.

The amendment was agreed to.

The next amendment of the committee was, on page 9, line 13, after the word "exceed", to strike out "5" and insert "4", so as to read:

(c) Not to exceed 4 percent of the amount made available in this section may be used for administration.

Mr. HILL. Mr. President, I should like to have the attention of the Senator from Colorado. As I understand this amendment, it applies a limitation of 4 percent, in lieu of the 5 percent fixed by the House, on that part of the National Youth Administration fund available for administration. Is that correct?

Mr. ADAMS. That is correct. That puts it in line with the limitation on the W. P. A.

Mr. HILL. I can understand why on the face of it we might want to put the N. Y. A. fund in line with the W. P. A. fund, yet I think that if we go beneath the surface, we may find reason why this amendment might seriously handicap or cripple the N. Y. A. and I do not believe any of us want to do that.

It is my understanding that during the past year some 30 percent of the cost of the administration of the N. Y. A. has been paid by the W. P. A., but under the pending measure no cost of administration of the N. Y. A. will be paid by W. P. A. All the cost of the administration of N. Y. A. under the fund provided in the pending measure will be and must be paid by the N. Y. A. Is that correct?

Mr. ADAMS. Will the Senator advise me as to the source of his information that the W. P. A. has paid 30 percent of the administrative expenses of the N. Y. A.?

Mr. HILL. My source of information is a representative of the W. P. A. I understand that the W. P. A. has carried on certain employment functions for the N. Y. A., for instance, that the W. P. A. has carried on certain statistical functions for the N. Y. A., and other functions which are charged up to cost of administration have been carried on for the N. Y. A. by the W. P. A.

The Senator from Colorado must realize that the N. Y. A. program is a much more modest program than is the W. P. A. program. There is an appropriation of $100,000,000 for the N. Y. A., nearly $2,000,000,000 for the W. P. A., and certain fixed charges have to be paid out of those two appropriations. If all these charges are put on the N. Y. A., it is likely that the 4-percent limitation will seriously handicap and impair the work of the N. Y. A.

Mr. ADAMS. We appropriated $75,000,000 for the N. Y. A. I assume that is what Congress meant to be the amount of money the N. Y. A. was to expend. We appropriated certain funds for the W. P. A.; and I am just wondering how far these agencies disregard the appropriations and juggle their funds around as it may suit them.

Mr. HILL. I do not know about disregarding the appropriations——

Mr. ADAMS. I do not mean juggle; I mean shift around.

Mr. HILL. I am advised by representatives of the W. P. A. that some 30 percent of what might be charged to the cost of administration of the N. Y. A. has been carried by the W. P. A. under the provisions of the joint resolution that 30 percent will have to be carried by the N. Y. A. As I say, 4 percent for a small program such as the N. Y. A. is nothing compared to 4 percent for a great program such as the W. P. A. Certain fixed charges must be carried by the N. Y. A., just as they are carried by the W. P. A., or any other similar program. I am sure the Senate does not want to do anything which might in any way endanger, impair, handicap, or cripple the N. Y. A. program. The figures show that no other program of assistance on the part of the Federal Government is being carried on at such a low cost as is the N. Y. A. program.

Mr. MILLER. Mr. President, will the Senator yield?

Mr. HILL. I yield to the Senator from Arkansas.

Mr. MILLER. In connection with the remark made by the Senator from Colorado, I do not think there has been any juggling. I know the Senator did not mean it in that sense. In the administration of the N. Y. A., the N. Y. A. has utilized the services of the W. P. A. in the selection of the enrollees and in doing much of the administrative work of the N. Y. A., which has been done through the offices of the W. P. A. Therefore, we do not have any criterion by which we can judge the proper administrative costs. In view of the fact that there will be further consideration of the N. Y. A. section of the joint resolution, I think we should consider carefully before we place a limitation of 4 percent on administrative costs of the N. Y. A. I know the Senator from Colorado does not want to do an injustice to the N. Y. A. or to any other agency. I think the matter should be seriously considered before we place a limitation of 4 percent on the administrative costs of the N. Y. A., unless some additional inquiry is made to determine the amount which has heretofore been expended in that way through the W. P. A.

Mr. ADAMS. Mr. President, will the Senator yield?

Mr. HILL. I yield to the Senator from Colorado.

Mr. ADAMS. In connection with the W. P. A. we were told that the expenses of administration might increase by reason of the decrease in the appropriation. That is, administrative costs might be increased by reason of a smaller number of men. The N. Y. A. is receiving an increase of $25,000,000—from $75,000,000 to $100,000,000. If the same reasoning is followed, it would seem that the percentage of cost for overhead should decline.

Mr. HILL. What the Senator from Arkansas [Mr. MILLER] said is absolutely true. We know that the National Youth Administration, certainly up to a short time ago, was really functioning as a part of the W. P. A. I think it might be considered as a branch or an addition to the W. P. A. An Assistant Administrator of the W. P. A. was head of the N. Y. A. The two organizations were housed together, and much of the administrative cost of the N. Y. A. was met by the W. P. A., not through any juggling of figures, as the Senator from Colorado has suggested, but because of the relationship of the N. Y. A. to the W. P. A. The cost was borne by the W. P. A. and taken out of W. P. A. funds. I should like to know—and I yield to the Senator from Colorado to answer the question—whether or not the Senator's subcommittee went into the matter? Were any hearings held on it?

Mr. ADAMS. We did hold hearings.

Mr. HILL. What do the hearings show?

Mr. ADAMS. There are many pages in the hearings.

Mr. HILL. I mean on this particular question.

Mr. ADAMS. There were hearings on the joint resolution——

Mr. HILL. Certainly there were hearings on the joint resolution. I mean the proposal to cut down the administrative costs.

Mr. ADAMS. We felt that if 4 percent was an adequate overhead cost for one administration, 4 percent should be adequate for another engaged in a similar undertaking.

Mr. HILL. The Senator realizes that that reasoning is not logical, because the W. P. A., with its great program of nearly $2,000,000,000, could operate on a 4-percent limitation, whereas perhaps the N. Y. A. could not operate on 5 percent.

Mr. MINTON. Mr. President, will the Senator yield?

Mr. HILL. I yield to the Senator from Indiana.

Mr. MINTON. Is not the N. Y. A. a part of the W. P. A.?

Mr. HILL. No; not today.

Mr. MINTON. Is that true under the Reorganization Act?

Mr. HILL. That is true. The N. Y. A. is separate and distinct from the W. P. A.

Mr. MINTON. Then the N. Y. A. will no longer have the right to call upon the W. P. A. for administrative help?

Mr. HILL. Not at all. The N. Y. A. must now stand entirely on its own bottom, and may no longer obtain assistance from the W. P. A.

Mr. NEELY. Mr. President, will the Senator yield?

Mr. HILL. I yield.

Mr. NEELY. Let me remind the Senator from Alabama that there is another reason, which has not been stated, why this amendment should be defeated. The average W. P. A. employee receives between $50 and $60 a month. The average beneficiary of the N. Y. A. receives less than a third of that amount. Four percent of $50 is $2, which is the amount allocated for the administrative expenses of a W. P. A. employee, while the amount provided for the administrative expenses of an N. Y. A. beneficiary under the pending amendment is about 66 cents. In other words, on the basis on which the committee has provided administrative expenses for the W. P. A., the administrative expenses for the N. Y. A. should be 12 percent instead of 4.

Mr. HILL. I will say to the Senator from West Virginia that the average for the N. Y. A. is $16, whereas, as the Senator says, for the W. P. A. it runs as high as $50.

We all dislike not to agree with the subcommittee; but the chairman of the subcommittee tells us that the subcommittee did not go into this matter. It did not investigate it. It did not obtain the facts. If the subcommittee had the facts to show that the N. Y. A. could continue to operate efficiently and well with the 4-percent limitation, the situation might be different; but it is not sound to say that because a limitation of 4 percent is put on W. P. A. we should put it on N. Y. A. It is not logical. The two do not stand on the same bottom at all.

I appeal to the Members of the Senate, who know the splendid work the N. Y. A. is doing, at the very lowest cost to the Government of any such agency, to vote down the amendment.

Mr. ADAMS. Mr. President, I suggest to the Senator that the House hearings show that in the expenditure of their $75,000,000 the overhead for the N. Y. A. was $3,144,000. So it is well within the range suggested.

Mr. HILL. Of course, those figures are predicated on the proposition that the N. Y. A. was receiving assistance from the W. P. A.

Mr. ADAMS. I was merely calling attention to that fact to show that there were some investigations. We have the benefit of the House hearings. The matter was gone into in the House hearings.

Mr. HILL. I understand. Those hearings give the figures based upon the assistance which the N. Y. A. was receiving from the W. P. A.

Mr. HUGHES. Mr. President, will the Senator yield?

Mr. HILL. I yield to the Senator from Delaware.

Mr. HUGHES. In my State during the past year the W. P. A. Administrator, without any charge, without receiving any compensation, and without any of his employees receiving any compensation from the N. Y. A., has administered the N. Y. A. So, the whole cost of administration was borne by the W. P. A. The W. P. A. employees did not receive pay. Whatever expenses there were were paid by the W. P. A., and none of the expenses was paid from any other source. That is my information.

Mr. SCHWELLENBACH. Mr. President, will the Senator yield?

Mr. HILL. I yield to the Senator from Washington.

Mr. SCHWELLENBACH. Calling the attention of the Senator from Colorado to the figures he has just read, my understanding is that the figures show that on an expenditure of $75,000,000 the administrative expense was some $3,000,000.

Mr. ADAMS. Three million one hundred and forty-four thousand dollars.

Mr. SCHWELLENBACH. So the administrative cost was $144,000 more than 4 percent, under the system whereby a very large amount of assistance in administrative work was given by the W. P. A. If they spent more than 4 percent last year, with W. P. A. assistance, is it not logical to assume that they must have more than 4 percent now, when they do not have W. P. A. assistance?

Mr. ADAMS. Some of us have felt that we might have a little economy in some of these administrations; and that perhaps a reduction in overhead would not be very disastrous for the Government.

Mr. HILL. As the Senator suggests, after going into the matter the House put the limitation, not at 4 percent, but at 5 percent. The Senator has the House hearings before him.

It is all very well for the Senator from Colorado to talk about economy. Economy makes a magic appeal to all of us. However, the Senator from Colorado has not yet presented any real facts to the Senate to show that the amendment should not be voted down. Unless we want to cripple the N. Y. A. the only thing for the Senate to do is to vote down the amendment.

SEVERAL SENATORS. Vote! Vote!

The VICE PRESIDENT. The question is on agreeing to the amendment reported by the committee.

The amendment was rejected.

The VICE PRESIDENT. The next committee amendment will be stated.

The next amendment of the Committee on Appropriations was, on page 9, line 17, after the word "this", to strike out "title" and insert "section", so as to read:

(d) The National Youth Administration is hereby extended until June 30, 1940, to carry out the purposes of this section.

The amendment was agreed to.

The next amendment was, on page 10, line 15, after "(b)", to strike out "projects involving construction and operation of" and insert "maintenance and operation of existing", so as to read:

(b) The funds provided in this section shall be available for (1) administration (not to exceed the amount obligated for administration in the fiscal year ending June 30, 1939); (2) farm debt adjustment service and making and servicing of loans under this section and prior law; (3) loans; (4) relief; (5) the prosecution of projects approved by the President for the Farm Security Administration under the provisions of the Emergency Relief Appropriation Act of 1938; and (6) the following types of useful public projects, Federal and non-Federal, subject to the approval of the President: (a) Projects involving provision of additional water facilities, (b) maintenance and operation of existing migratory labor camps, and (c) projects involving land development to provide work relief for homesteaders on rural rehabilitation projects.

Mr. SCHWELLENBACH. Mr. President, will the Senator from Colorado explain this amendment?

Mr. ADAMS. Yes, Mr. President.

The administration of the Department of Agriculture in charge of that matter told us that they had established certain migratory labor camps, I think, in the number of 18. I may be in error as to the number. The camps were based on the establishment of a concrete or some other base where the migratory laborers could pitch their own tents. They were supplied with water and with sanitary equipment, so that the wandering groups which were mostly going westward would have a type of prepared camping place which would be sanitary and wholesome. There are 10 of these camps in California, and this provision authorizes the continuance of the camps so established.

Mr. SCHWELLENBACH. As I read this amendment, it stops the construction of camps and simply limits the authority to maintenance and operation. Did the committee receive testimony to the effect that it was not desired to construct any more camps, or that there was something wrong about the construction of camps?

As I understand the amendment, it stops this work where it now is. In our State a camp is being built at Yakima, which has met with some criticism. We have a persistent demand from Wenatchee and two or three other places asking that camps be constructed in those localities. Under this amendment, the authorities would have to stop building any new camps and simply maintain the ones that they have.

Mr. ADAMS. I will say to the Senator from Washington that a question was raised as to the authority of the Farm Security Administration originally to build the camps. They were spending money which was appropriated for rural rehabilitation. The question was raised whether or not this was an expenditure within that definition. The camps having been established, whether or not they were justly and properly established, the committee felt that at least the Farm Security Administration should be permitted to operate those that had been constructed. Some of us felt that the camps were appropriate, but that they should be constructed by the W. P. A. rather than by the process of rural rehabilitation. I recognize, as the committee does, the situation in the Western States, and the crowding in of persons from "dust bowls" and other less fortunate places.

Mr. SCHWELLENBACH. Does the Senator construe this amendment in such a way as to permit the W. P. A. themselves to construct camps, and then have the Farm Security Administration maintain and operate them?

Mr. ADAMS. This amendment has nothing to do, of course, with the W. P. A.

Mr. SCHWELLENBACH. So that if the Farm Security Administration should ask the W. P. A., and they should see fit to do so, they would have a right to construct the camps if they were locally sponsored?

Mr. ADAMS. I think unquestionably they would.

Mr. MURRAY. Mr. President, may I ask the Senator a question?

Mr. ADAMS. I yield to the Senator from Montana.

Mr. MURRAY. If the W. P. A. should be required or undertake to construct these camps, it would have to have sponsoring contributions of 25 percent; would it not?

Mr. ADAMS. Yes.

Mr. MURRAY. Who would contribute the 25 percent?

Mr. ADAMS. Whatever local authority might be involved. It might be the county, it might be the city, it might be the State, it might be the school district, it might be any form of a local public improvement district.

Mr. MURRAY. But when these persons are driven off their lands in the drought areas and crowd over into another county, does the Senator expect the other county to contribute the money to take care of them? Is not that really rehabilitation of farmers, and not a burden that the county should take care of?

Mr. ADAMS. I do not regard a migratory group going from place to place in search of work as farmers. They are

laborers; they are entitled to the same consideration; but we are not rehabilitating a farmer by simply providing a place where he can camp temporarily while he goes and works in a certain orchard and then goes on to another camp where he does some other work or while he waits until he can get some work. That is, it is not rural rehabilitation.

Mr. MURRAY. He is a farmer driven off his land.

Mr. ADAMS. The Senator is assuming that to be the case.

Mr. MURRAY. I know that to be true. I know that in the drought areas farmers have actually been driven off the dry-land farms that they occupied and have been forced to travel westward in an effort to secure new places at which to establish themselves.

Mr. ADAMS. Of course, I assumed that that was partly true, but that the greater part was the allurement of the West. That is, the West has drawn persons out there by reason of its attractiveness and the opportunities that exist.

Mr. MURRAY. Would the Farm Security Administration deliberately undertake to provide facilities for persons of that kind? Does not the Senator think that in the interest of their own program they would confine themselves to farmers?

Mr. ADAMS. I will say to the Senator from Montana that the Farm Security Administration under the statute has performed two primary functions. One is to make loans. The other is to make grants to farmers who are industrious and who are not in a position to make loans. Those are the two fundamental purposes.

In addition to that, the Farm Security Administration has purchased certain lands for the purpose of placing persons upon them for genuine rural rehabilitation. Now it has stepped out here into a field which is not a farming field, which is not a rural-rehabilitation field, and which is over in the field of general relief.

Mr. MURRAY. But it has stepped there because of a desperate situation which had to be taken care of in some manner.

Mr. ADAMS. But it is not the job of the Farm Security Administration to meet every desperate situation that happens to occur in the whole United States.

Mr. PEPPER. Mr. President——

The VICE PRESIDENT. Does the Senator from Colorado yield to the Senator from Florida?

Mr. ADAMS. I do.

Mr. PEPPER. I should like to call attention to the fact that when this section was phrased by the House, the language was "projects involving construction and operation of migratory labor camps." This is to say, under the language of the House joint resolution it was possible for some of these funds to be used by the Farm Security Administration for the purpose of constructing and operating migratory labor camps. The first thing the Senate committee has done is to cut out any authority in the Farm Security Administration to construct any such projects. The second thing it has done is to limit the activity of the Farm Security Administration to the maintenance and operation of only the projects that are existing when the joint resolution is passed.

This means that in my State, where in the Everglades of Florida the Farm Security Administration has already advertised and already awarded to the lowest bidder a contract to build some of these migratory labor camps, we cannot have them constructed and we cannot have them operated or maintained by the Farm Security Administration, because they are not existing projects at this time.

Mr. ADAMS. Mr. President, may I make a suggestion to the Senator? The provision he is talking about has to do only with the appropriation made in this joint resolution. If a contract is made, and is a valid contract, it must have been made with an appropriation carried in a preceding measure, and is not in any way affected by the provisions of this joint resolution.

Mr. SCHWELLENBACH. Mr. President, where would the authorities get the money to maintain and operate the camp, however, if it is not now existing? It may be true that they could have the money with which to complete the camp; but since this amendment limits the money available for maintenance and operation to existing projects, the authorities would then complete the camp and would not have any money for its maintenance and operation.

Mr. PEPPER. The Senator is exactly correct.

Mr. President, I do not know of any stronger claim deservedly made upon the public sympathy than that of this class of persons who have no homes, and who migrate from one section of the country to the other on seasonal occupations. I know that these camps offer them at least a chance to have a shelter over their heads; and that statement is applicable not merely to one section but to all the farming sections of the country. I see no harm in letting the Farm Security Administration, which knows how to build a farmhouse and knows what farm needs and demands are, have the responsibility and the privilege of putting roofs over the heads of this migratory labor group whose members still are citizens of this country; and I hope the amendment will be rejected.

Mr. HAYDEN. Mr. President, if the Senator will yield, just as a legal proposition, if contracts have been let for the construction of a migratory labor camp in Florida, the money must have been available to pay the contract, or it could not have been let. In other words, the obligation is incurred in this fiscal year, and the money due under the contract may be paid in the next fiscal year, and that makes it an existing camp. So the Senator need not fear that a camp in process of construction would not be considered to be existing.

Mr. PEPPER. That depends on what the Comptroller General might say about it. A camp under partial construction is not an existing camp.

Mr. HAYDEN. It is. There is not any question at all in my mind, as a legal proposition, that it is now existing.

Mr. SCHWELLENBACH. We have a situation in Yakima where the authorities have just acquired the land and are about to let the contract. Would the Senator call that an existing camp?

Mr. HAYDEN. Yes; if they let the contract before the 30th day of June.

Mr. SCHWELLENBACH. I do not think they can let it by that time.

Mr. HAYDEN. If they have the money they can do it. If they have not the money they cannot.

Mr. RUSSELL. Mr. President, I may state that the Farm Security Administration consider the Yakima camp an existing camp, because they filed a list of the camps that they claim are existing at the present time, and I find in that list the Yakima camp, and also two Belle Glade camps in Florida. Perhaps there are some others. I do not doubt that there are, because wherever we find a large corporate farm we find that they are establishing one of these labor camps. They are bringing in a great deal of very cheap labor for the benefit of the large corporate farms.

Nobody is more sold than I am on the Farm Security Administration, and I do not believe anyone could feel any more strongly than I do for these persons who are compelled to travel all around over the Nation in search of work, but we are not rehabilitating any farmer when we build a labor camp near a big corporate farm to give that corporate farm cheap labor, and in the main that is where those camps are situated.

I am willing to vote for any amount of money that is necessary to make loans to the farm population of the country to enable them to farm as farmers on their own soil, but I think we have gone far enough with these migratory camps, and in creating mobile camps to move around from place to place, when our action cannot serve any useful purpose on earth. It merely keeps these poor persons for whom we have so much sympathy on a marginal border line of existence, with the pitiful wages they get as they rush around from one large farm to the other for this seasonal employment.

That is no way to cope with any farm situation. That is no way to afford any relief to these persons in distress—to keep

them moving, living from hand to mouth, and supplying this cheap labor to the corporate farms. The way to approach that problem is for us to make a substantial appropriation for land for these farmers to enable them to farm, and to buy them a mule apiece or some farm machinery, or enable them to rent farms.

This migratory-labor camp proposition, while it has undoubtedly served a useful purpose, is merely perpetuating the pitiable plight of those who have a farm background in this country by moving them around from place to place to do a little temporary labor and get a little temporary hand-out. Twenty of these camps are now in existence, and six are mobile camps. The Farm Security Administration has spent some $5,000,000 on them. They have doubtless helped these persons, because the testimony before the committee was that they were living on the banks of creeks, in all kinds of shacks, at the time the Farm Security Administration built these concrete bases for tents, and provided water for the benefit of the people in the camps; and that is all they do. They merely provide a concrete base over which the migrant pitches his tent, and then they have waterworks there where he can take a shower and get water to wash his clothes.

When Senators talk about this being a farm-relief situation, it does not appeal to me. It merely perpetuates the conditions that we find so graphically described in a book that was recently written, entitled "Grapes of Wrath," about the plight of these people; and we are defeating the square deal and the justice that they are entitled to if we continue to spread these camps all around over the country where a little short-time, transient labor is available for them.

Mr. PEPPER. Mr. President, I assume that the Farm Security Administration found a need for this kind of project or they would not have inaugurated the kind of project that they have.

So far as my State is concerned, I venture to say that the migratory laborers who come into the cane fields and into the bean fields there get more per day than the average farm labor in any other States in the South. I also know, however, that it was not the fact that these migratory labor camps were built that brought men there. The men were already going there, and they are going to keep on going there, whether or not we build labor camps.

If some alternative program were offered here that would give these men farms or subsistence homesteads somewhere, I should certainly favor it; but if we are going to let them keep on going down there and living out in the open, I think at least we should give them a chance to have cheap shacks over their heads.

Mr. McKELLAR. Mr. President, these camps are confined to five States—California, Oregon, Washington, Florida, and Texas. The distribution is not uniform. There are 352 labor homes in California, 62 in Florida, 47 in Oregon, 146 in Texas, and 48 in Washington. These camps have already been built. I am reading from page 218 of the hearings.

Mr. SCHWELLENBACH. What hearings?

Mr. McKELLAR. Page 218 of the hearings before the Committee on Appropriations of the House. The amendment provides for the continuance of these camps, not for the construction of any other camps.

Mr. PEPPER. Mr. President, let me ask the Senator from Tennessee his opinion as a lawyer. If a camp has not yet been constructed, how would the Senator construe this language to permit any of this money to be used in the maintenance and operation of the camp?

Mr. McKELLAR. The money has been allotted under the law for those already constructed. It is required that when the camps are to be built the money shall be allotted for this purpose, and it has been allotted, I have no doubt, by the Administration, and the camps will be built. This money will provide for the continuance of the camps.

Mr. SCHWELLENBACH. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. SCHWELLENBACH. I do not quite understand the figures. I know there is only one camp in the State of Washington. The language the Senator has read from the hearing indicates that there are 48. There is only one camp, and it is not yet completed. There are not 48 camps in the State of Washington.

Mr. McKELLAR. These are camp homes we are referring to, as indicated on page 218, but if the Senator will look at page 222, he will find a full set-up of the camps.

Mr. DOWNEY. There are 13 of these camps in California.

Mr. McKELLAR. A distinction is made between camps and camp homes. There are so many homes in each camp, and there are in California 13 stationary camps and 3 mobile camps, whatever that means. I suppose it means camps which may be moved around on wheels, probably trailers, or by other methods.

Mr. DOWNEY. Mr. President, in California we have by far the largest number of these homes, but I should like to have the Senate clearly understand that the reason for that is that several hundred thousand migrant laborers from other sections of the United States have come to California.

I listened to what the junior Senator from Georgia stated with interest, and in one way with approval. The remedy suggested here is a very slight one indeed for these miserable people. But let me say to Senators that today, as we stand here, there are tens of thousands, perhaps hundreds of thousands, of these homeless, friendless people in the State of California sleeping out along the river banks and in the dust and dirt, lacking all sanitary facilities.

Mr. President, where these camps have been established a great improvement, indeed, has ensued. I have been around some of the fruit districts in California and have seen these unfortunate people, with tarpaulins stretched from a willow on the river bank to an old and antiquated Ford, sleeping, without other shelter, exposed to the rain and dust and storms. After this work is done, although those people are in a miserable condition, judged by the standards of men here and by their own standards formerly, their condition is greatly improved.

I will agree with the Senator from Georgia that the remedy afforded is a slight one, indeed. Let us pray and let us hope that some solution will be found to bring these unfortunate homeless California migrants back to respectability and to decency. Let us at least extend to them sanitary facilities and decent covering overhead, so that they may be protected against the storms and the winds and the dust while we here in Washington are safely and securely working out these problems. So I do request, as the junior Senator from California, that the Security Farm Administration shall be given the power and the money to continue this work.

The PRESIDENT pro tempore. The question is on agreeing to the amendment on page 10, line 15.

The amendment was rejected.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Calloway, one of its reading clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5427) making appropriations for the Labor Department for the fiscal year ending June 30, 1940, and for other purposes, and that the House had receded from its disagreement to the amendment of the Senate No. 1 to the bill and concurred therein with an amendment, in which it requested the concurrence of the Senate.

APPROPRIATIONS FOR THE LABOR DEPARTMENT—CONFERENCE REPORT

Mr. McKELLAR submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on certain amendments of the Senate to the bill (H. R. 5427) making appropriations for the Labor Department for the fiscal year ending June 30, 1940, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 14 and 15.

The committee of conference report in disagreement amendment numbered 1.

KENNETH MCKELLAR,
RICHARD B. RUSSELL,
J. H. BANKHEAD,
PAT MCCARRAN,
Managers on the part of the Senate.
MALCOLM C. TARVER,
JOHN M. HOUSTON,
LOUIS C. RABAUT,
CHARLES A. PLUMLEY,
Managers on the part of the House.

The report was agreed to.

The PRESIDENT pro tempore laid before the Senate a message from the House of Representatives announcing its action on an amendment of the Senate to House bill 5427, which was read, as follows:

IN THE HOUSE OF REPRESENTATIVES,
July 27, 1939.

Resolved, That the House recede from its disagreement to the amendment of the Senate No. 1 to the bill (H. R. 5427) making appropriations for the Labor Department for the fiscal year ending June 30, 1940, and for other purposes, and concur therein with an amendment as follows:

In lieu of the matter inserted by said amendment insert: ": *Provided further*, That persons (not exceeding five in number) now detailed to the office of the Secretary from the United States Employment Service may be continued for the fiscal year 1940 in the office of the Secretary and paid from the amount herein appropriated without regard to the provisions of the civil-service laws requiring competitive examinations."

Mr. MCKELLAR. I move that the Senate agree to the House amendment to Senate amendment No. 1.

The motion was agreed to.

WORK RELIEF AND RELIEF APPROPRIATIONS

The Senate resumed the consideration of the joint resolution (H. J. Res. 326) making appropriations for work relief, relief, and to increase employment by providing loans and grants for public-works projects, for the fiscal year ending June 30, 1940.

The PRESIDENT pro tempore. The clerk will state the next amendment of the committee.

The next amendment of the committee was, on page 10, line 21, after the words "authorized to," to strike out "accept from the recipients thereof voluntary agreements for" and to insert "require of employable recipients of such payments"; and on page 11, line 2, after the word "this" to strike out the word "title" and to insert "joint resolution"; and on line 4, after the word "performing," to strike out "work pursuant to such agreements," and to insert "such work," so as to read:

(c) In making any relief payments under this section, the Secretary of Agriculture is authorized to require of employable recipients of such payments the performance of work on useful public projects, Federal and non-Federal, including work on private or public land in furtherance of the conservation of natural resources, and the provisions of section 24 of this joint resolution, relating to disability or death compensation and benefits, shall apply to such recipients while performing such work.

The amendment was agreed to.

The next amendment of the committee was, on page 11, line 8, after the word "this," to strike out the word "title" and to insert "section", so as to read:

(d) The Farm Security Administration within the Department of Agriculture is hereby extended until June 30, 1940, to carry out the purposes of this section.

The next amendment of the committee was, under the heading "Puerto Rico Reconstruction Administration", on page 11, in line 11, after the name "Puerto Rico", to insert "and for other projects described in this section", so as to read:

PUERTO RICO RECONSTRUCTION ADMINISTRATION

SEC. 4. (a) In order to continue rural rehabilitation for needy persons in Puerto Rico, and for other projects described in this section, there is hereby appropriated to the Puerto Rico Reconstruction Administration, Department of the Interior, out of any money in the Treasury not otherwise appropriated, for the fiscal year ending June 30, 1940, $7,000,000, together with the balance of the appropriation under subsection (4) of section 1 of the Emergency Relief Appropriation Act of 1938, as supplemented by the Second Deficiency Act, fiscal year 1939, which remains unobligated on June 30, 1939.

The amendment was agreed to.

The next amendment of the committee was, under the heading "National Resources Planning Board", on page 15, line 14, after the date "June 30, 1940" and the period, to insert "On and after July 1, 1939, and until June 30, 1940, said Board shall be composed of the Secretaries of the Treasury, War, Interior, Agriculture, Commerce, and Labor, the Federal Works Administrator, and three other members to be appointed by the President from widely separated sections of the United States, by and with the advice and consent of the Senate. The President shall designate one of the appointive members of the Board as chairman and another of such members as vice chairman", so as to read:

NATIONAL RESOURCES PLANNING BOARD

SEC. 9. There is hereby appropriated to the National Resources Planning Board, out of any money in the Treasury not otherwise appropriated, for the fiscal year ending June 30, 1940, $750,000. Such sum shall be available for administrative expenses in carrying out the functions heretofore vested in the National Resources Committee, and such functions are authorized to be carried out until June 30, 1940. On and after July 1, 1939, and until June 30, 1940, said Board shall be composed of the Secretaries of the Treasury, War, Interior, Agriculture, Commerce, and Labor, the Federal Works Administrator, and three other members to be appointed by the President from widely separated sections of the United States, by and with the advice and consent of the Senate. The President shall designate one of the appointive members of the Board as chairman and another of such members as vice chairman.

Mr. BONE. Mr. President, I should like to inquire the meaning of the language at the bottom of page 10. It seems to authorize the expenditure of public money on private land "in furtherance of the conservation of natural resources." What does that mean?

Mr. HAYDEN. Has the Senator reference to the pending amendment?

Mr. BONE. No; I am referring to the text of the bill, on page 10, though there is a committee amendment there. I am trying to ascertain what the language means. Does it indicate that public money is to be expended to rebuild a forest for someone or perform purely private work at public expense for some private individual? I do not want to read this in a wrong fashion, but it seems to imply that there will be power to take public money and use it for the improvement of private property. I refer to the language at the bottom of page 10. I have read it rather hurriedly.

Mr. HAYDEN. The Soil Conservation Service, as the Senator will remember, engages in cooperative arrangements with the owners of private land whereby there are established in different parts of the United States demonstration projects to show what can be done, for instance, by terracing the land, by filling up gulleys, by planting trees, or by planting crops in strips, or zones. In many places in the United States there are no public lands, and the only way by which the Soil Conservation projects can be developed is by entering into contracts with private landowners who agree that for a period of 5 years they will follow certain practices laid down by the Soil Conservation Service.

In carrying out a project of that kind, if some leveling is to be done, and some of the unemployed could be employed, purely as a matter of demonstration, there is no reason why that should not be done.

Mr. BONE. I might be tempted to agree with the Senator from Arizona if there were any restrictions in the language, but under this provision there is absolutely no restriction of any kind, and a lumber outfit could devastate a countryside and cut off all the trees at public expense, and have it all reforested.

Mr. HAYDEN. I think the Senator has misinterpreted the language.

Mr. BONE. Perhaps I have.

Mr. HAYDEN. If anyone is employed, either on a public project or on private land, in the manner provided by the act, the Secretary of Agriculture may accept from the

recipient a voluntary agreement to work. The committee has turned it around and provided that the Secretary may require that anyone receiving money shall do some work for it on some kind of a project, whether it be on public land or private land.

Mr. BONE. The point I am making is that if I made a deal with the Secretary of Agriculture to have men come and improve my lawn on the theory that that was soil conservation, and plant some trees on my lawn, it would be perfectly lawful under this language.

Mr. HAYDEN. No; the purpose of the section is entirely different. If we should strike from this section the provision as to owners of private land, the Secretary of Agriculture could require a man to do some work if the work were on public land, but he could not be employed if it were done on private land.

Mr. BONE. I am still unconvinced that we are not opening ourselves to a charge of enabling some scandalous operation to be conducted. It has never been my conception that we were to employ public money to enrich private individuals, and I am suggesting that this language might readily admit of that kind of thing. I do not know why we should employ language that is subject to such a construction.

Mr. BARKLEY. Mr. President, the Senator has been discussing an amendment at the bottom of page 10, but I think the amendment at the bottom of page 15 is the pending amendment. How does the language there, setting up the membership of the National Resources Board, coincide with the Executive order of the President under the Reorganization Act?

Mr. HAYDEN. The language of the bill restores the National Resources Planning Board to the form it had when originally created. In 1935 the President set up by Executive order a National Resources Planning Board, consisting of Cabinet members and the Works Progress Administrator, plus three persons appointed by himself. The Executive order eliminated from that Board all members of the Cabinet and increased the number of men to be appointed by the President from three to five.

It was the judgment of the committee that if a planning organization is to be established, the agency which ultimately is to perform the work should sit in at the time the planning is made.

Mr. BARKLEY. Then to the extent referred to this amendment nullifies the Executive order of the President.

Mr. HAYDEN. To the extent of the composition of the Board.

Mr. BARKLEY. To the extent of the composition of the Board.

Mr. HAYDEN. That is correct.

Mr. BARKLEY. Is the Senator familiar with the reason why the President, in setting up this Board under the Reorganization Act, did not include members of the Cabinet?

Mr. HAYDEN. I am not familiar with the reason. I have never discussed the matter with the President. But I can readily understand that a group of men to whom authority is delegated would prefer to have the authority entirely in their own hands rather than to share it with the Cabinet, and I think that is a very great mistake.

Let us stop to reason it out from the standpoint of human nature. If I am planning something for the Senator from Kentucky to do and I sit off by myself and make up a most excellent plan and hand it to him and say, "Take this and do it," I think he would not receive it as favorably as though he had the right to confer with me from the beginning and know all about the plan. In other words, any kind of planning that is done is bound to be ineffective unless it has the close and hearty cooperation of the agencies which are to carry out the work.

Mr. BARKLEY. I agree that there is wisdom in cooperation, but I am not entirely sold on the idea that those who are to carry out a plan should also do the planning.

Mr. HAYDEN. They do not do the planning.

Mr. BARKLEY. They do under the Board as set up in the measure.

Mr. HAYDEN. They have a part in the work. Take for example the improvement of rivers and harbors. Congress sets up a program, or it is proposed that a general plan for river and harbor flood control be undertaken. The Corps of Engineers have been doing that work for almost a century. Certainly when that subject is under discussion the Secretary of War or his representative, the Chief of Engineers, should sit in and take part in the discussion from the beginning. The same thing would be true of the Bureau of Reclamation in the Department of the Interior, or any other agency of the Government long established and familiar with the work in question. It should have a right to have its representative present, not merely to be invited to participate. For that reason I think it is sound public policy that the Cabinet members have representation.

Mr. DANAHER. Mr. President, I should like to direct a question to the Senator from Colorado, if I may, with reference to section 8. Earlier the Senator told us that the joint resolution dealt only with appropriations for emergency or relief needs. I wish the Senator would tell us the purpose of the allocation of the sum of $850,000 to the Executive Office, and how the sum was arrived at.

Mr. ADAMS. That amount was in the measure as it came from the House, and we have not changed it. It is the same amount that was contained in the appropriation measure for last year. Since the passage of the previous measure the functions of the National Emergency Council have been transferred to the Executive Office.

Mr. DANAHER. Operating under the direction of the President?

Mr. ADAMS. Yes.

Mr. HAYDEN. The Budget estimate was one and a half million dollars. The House lowered that to $850,000. The Senate committee allowed the same amount.

Mr. VANDENBERG. Mr. President, what is the Radio Division of the Federal Security Agency? The Senator from Arizona sat down under that question. I wonder if any other Senator can answer the question.

Mr. BARKLEY. I am not presuming to answer for the committee, but the Senator knows that under the reorganization plan adopted by Congress, under which Plan No. I, I believe, was promulgated by Executive order several activities, including the Social Security Board and other related activities, were consolidated into the Federal Security Agency. That agency has, as I understand, a Radio Division. That division has been set up.

Mr. VANDENBERG. What does the Radio Division do? Does it broadcast, or regulate, or what does it do?

Mr. BARKLEY. It does not regulate radio. It is probably an information division. I am not certain as to exactly what it does.

Mr. VANDENBERG. Has the Senator from Colorado any information on the subject?

Mr. ADAMS. Is the Senator speaking of the Radio Division?

Mr. VANDENBERG. Yes.

Mr. ADAMS. I do not. The provision came to us in the measure as passed by the House. There was no testimony, so far as I know, with respect to it.

Mr. DANAHER. Mr. President, will the Senator yield?

Mr. VANDENBERG. Yes; I should be delighted to yield.

Mr. DANAHER. Will the Senator from Colorado tell us whether there is in the House hearings a break-down of that figure $850,000? How is the amount arrived at, including the $20,000 for Federal Security Agency, Radio Division?

Mr. BYRNES. Mr. President, there is in the House hearings, on page 286, a break-down of the appropriation for the National Emergency Council.

Mr. VANDENBERG. Can the Senator from South Carolina tell us what the functions of the Radio Division are?

Mr. BYRNES. I know that the Radio Division has been conducting a film service. The object was, according to my understanding, to try and merge the radio activities of several departments needing radio programs, and the Emergency Council received a part of the appropriation. I am not familiar with the character of the service rendered.

Mr. VANDENBERG. I was wondering if it was a publicity service. I assume it is.

Mr. BYRNES. It is.

Mr. SCHWELLENBACH. On page 287 of the House hearings will be found a statement by Lowell Mellett. Does the Senator want me to read it?

Mr. VANDENBERG. I do not have a copy of the hearings, and I shall be glad to have the Senator read it.

Mr. SCHWELLENBACH. I read:

The establishment of a Radio Division within the National Emergency Council was a natural outgrowth of the experience during the years of 1935 through 1937 by State directors in maintaining programs in the field to acquaint the public with factual information and activities of the relief agencies. The operation of this Division for the fiscal year 1939 will amount to $19,531, and we are recommending in the budget for the fiscal year of 1940 that this amount be increased to $25,050.

Mr. VANDENBERG. I was wondering if they were advertising for relief clients.

Mr. BYRNES. Of course, the Senator wants to be serious about the matter. What they are doing is to merge the various programs of the departments. They are not advertising for relief clients. I think they can be gotten without advertising. There are quite a number from the State of the Senator from Michigan.

The PRESIDENT pro tempore. The question is on agreeing to the pending amendment on page 15, line 14.

The amendment was agreed to.

The PRESIDENT pro tempore. The clerk will state the next amendment of the committee.

The next amendment of the Committee on Appropriations was, on page 16, line 2, under the heading "General and special provisions" in section 10, after the figure "10", to insert "a"; and in the same line, after the word "this", to strike out the word "title" and to insert "joint resolution"; and in line 3, after the word "various", to insert "Federal", so as to read:

SEC. 10. (a) Funds appropriated in this joint resolution to the various Federal agencies shall be so apportioned and distributed over the period ending June 30, 1940, and shall be so administered during such period as to constitute the total amount that will be furnished to such agencies during such period for the purposes herein set forth.

The amendment was agreed to.

The next amendment was, on page 16, after line 8, to insert a new subsection, as follows:

(b) The funds made available by this joint resolution shall be used only for work relief or relief for persons in need except as otherwise specifically provided herein.

Mr. LA FOLLETTE. May I ask the Senator from Colorado the purpose and import of that amendment?

Mr. ADAMS. That is a restatement of the provision in the existing relief act in order to tie down the expenditure of relief funds strictly for relief purposes.

Mr. HILL. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. HILL. The language in the existing law dealing with supervisory work under the N. Y. A. was omitted from the measure passed by the House.

Mr. ADAMS. Yes.

Mr. HILL. The Senator knows of no particular reason why it was not incorporated in the measure?

Mr. ADAMS. No.

Mr. HILL. The Senator knows of no difficulty thrown in the way of the administration by that group?

Mr. ADAMS. No.

The PRESIDENT pro tempore. The question is on agreeing to the committee amendment on page 16, lines 9 to 11.

The amendment was agreed to.

The next amendment was, in section 11, page 16, line 12, after the word "The", to strike out "Board" and to insert "Commissioner"; in line 15, after the words "as the", to strike out "Board" and to insert "Commissioner"; in line 17, after the word "such", to strike out "agency" and to insert "agencies"; in line 18, after the word "such", to strike out "agency" and to insert "agencies"; in line 20, after the words "amount so", to strike out "allotted" and to insert "allocated"; in line 23, after the word "any", to strike out "allotment" and to insert "allocation"; and on page 17, line 1, after the word "exceeds", to strike out "15" and to insert "5", so as to read:

SEC. 11. (a) The Commissioner is authorized to allocate not to exceed $50,000,000 to other Federal agencies for the operation, under such rules and regulations as the Commissioner may prescribe, of projects of the type specified in subsection (b) of section 1 which are within the scope of the functions usually carried out by such agencies, including administrative expenses of such agencies incident to such operation: *Provided*, That not to exceed 4 percent of the total amount so allocated to any such agency shall be used for such administrative expenses: *Provided further*, That no project shall be prosecuted under any allocation under this subsection upon which the percentage of nonrelief persons employed exceeds 5 percent of the total number of persons employed.

The amendment was agreed to.

The next amendment was, on page 17, line 11, before the word "unless", to insert "(except under section 4)", so as to read:

(c) No non-Federal project shall be undertaken or prosecuted under appropriations under this title (except under section 4) unless and until the sponsor has made a written agreement to finance such part of the entire cost thereof as the head of the agency, if the agency administers sponsored projects, determines under the circumstances is an adequate contribution taking into consideration the financial ability of the sponsor. The head of the agency shall prescribe rules and regulations relating to the valuation of contributions in kind by sponsors of projects through furnishing the use of their own facilities and equipment and the services of their own employees, which shall also allow credit only to the extent that the furnishing of such contributions represents a financial burden which is undertaken by the sponsors on account of Work Projects Administration projects, or other sponsored projects.

The amendment was agreed to.

The next amendment was, in section 12, on page 18, in line 7, after "(a)" to strike out "upon which construction is in progress on June 14, 1939, or", and in line 9, after the name "President" to insert "on or prior to July 1, 1939", so as to read:

SEC. 12. None of the funds made available by this joint resolution shall be expended on the construction of any building (1) the total estimated cost of which, in the case of a Federal building, exceeds $50,000, or (2) the portion of the total estimated cost of which payable from Federal funds, in the case of a non-Federal building, exceeds $40,000, unless the building is one (a) for which the project has been approved by the President on or prior to July 1, 1939, or for which an issue of bonds has been approved at an election held on or prior to such date, or (b) for the completion of which funds have been allocated and irrevocably set aside under prior relief appropriation acts.

Mr. DANAHER. Mr. President, I should like to direct a few questions with respect to that paragraph to the Senator from Colorado. With reference first to the definition of the word "building" in line 3, on page 18. Does "building" mean a physical structure actually to be erected, or is it a project in the sense of a sewer or street construction job?

Mr. ADAMS. I can merely say that it is purely a matter of dictionary definition. I think it is a structure above the ground, one to be used to house something. Of course that is merely my individual interpretation.

Mr. DANAHER. In reporting for the committee I take it that that is also the committee's interpretation?

Mr. ADAMS. I think so, but I cannot guarantee it to be so.

Mr. DANAHER. When we purport to limit to $50,000 the total estimated cost in the case of a Federal building, are we to eliminate what we have hitherto known as W. P. A. projects which obviously often exceeded that sum of $50,000 and involved no building?

Mr. ADAMS. No; this limitation is only intended to apply strictly to construction in the shape of buildings, as we use the term.

Mr. DANAHER. I thank the Senator.

Mr. ADAMS. It would not apply to other projects such as building a reservoir or a dam.

Mr. DANAHER. That is exactly what I wanted to know.

Mr. BYRNES. There is no question that that was the meaning of the House language.

Mr. LODGE. It does not apply to an overpass or an underpass or to any other kind of road construction?

Mr. BYRNES. No.

Mr. DANAHER. I thank the Senator.

Mr. HILL. Would it apply to the construction, say, of a hospital?

Mr. ADAMS. Yes.

Mr. HILL. What is the difference between constructing a hospital and some other project?

Mr. ADAMS. In the case of a hospital a building is involved.

Mr. HILL. It would not apply to some other project?

Mr. ADAMS. I will say to the Senator, to be perfectly frank, that we did not put the provision in the measure. It is a House provision.

Mr. HILL. I realize it is a House provision.

Mr. ADAMS. I think I understand the source of it. It came as the result of complaint by the building trades that they were being displaced by W. P. A. workers upon structures upon which they felt they should be employed.

Mr. HILL. In other words, instead of doing this construction by private contract, under which private builders and constructors would get the work, too much of it has been disposed of by W. P. A.

Mr. ADAMS. That is my understanding.

Mr. BYRNES. The American Federation of Labor and its building trades has urged before the committee that there should be a limitation of $25,000. They declared that at one time there was an agreement with Mr. Hopkins that that should be done. Later, for reasons satisfactory to Mr. Hopkins, doubtless, it was determined that it was not wise. Construction was pursued in units. Instead of one building being constructed, it was alleged that several units were constructed. The House instead of agreeing to the request of the representatives of the building trades and the A. F. of L., fixed the amount at $40,000 or $50,000, as the case may be. That is the explanation of that action in the House. It means that——

Mr. HILL. That $40,000 will be the Federal contribution?

Mr. BYRNES. Yes.

Mr. HILL. Not the full amount used?

Mr. BYRNES. No.

Mr. HILL. In other words, the local sponsor may put up a hundred thousand dollars.

Mr. ADAMS. Yes; or a million dollars.

Mr. BYRNES. Yes; or a million dollars.

Mr. HILL. Yet the Federal part of the contribution would be $40,000.

Mr. BYRNES. Yes.

Mr. PEPPER. Mr. President, does the amendment now pending limit the contribution to $40,000?

Mr. ADAMS. No. That is not the provision of the amendment.

Mr. PEPPER. The amendment containing that provision is not under discussion now?

Mr. ADAMS. No.

The PRESIDENT pro tempore. The question is on agreeing to the amendments in section 12, page 18.

The amendments were agreed to.

Mr. BONE. Mr. President, this language was evidently incorporated in the measure at the time it contained the provision allocating $125,000,000 to P. W. A.

Mr. ADAMS. I think not.

Mr. BONE. Was it not?

Mr. ADAMS. It was in the measure, but it has no relationship to that.

Mr. BONE. Does the language refer only to W. P. A. funds?

Mr. ADAMS. Yes.

Mr. BARKLEY. The Senator says there is no possible connection. It might have been the theory of the House that more expensive buildings would be constructed under that allocation. Therefore they left it out. Possibly the House Members had that in their minds.

The PRESIDENT pro tempore. The clerk will state the next amendment of the committee.

The next amendment was, in section 15, page 19, line 11, after the word "The", to strike out "Board" and insert "Commissioner"; in line 16, after the name "Work Projects Administration", to insert "and which shall not be varied for workers of the same type in different geographical areas to any greater extent than may be justified by differences in the cost of living", so as to read:

SEC. 15. (a) The Commissioner shall fix a monthly earning schedule for persons engaged upon work projects financed in whole or in part from funds appropriated by section 1 which shall not substantially affect the current national average labor cost per person of the Work Projects Administration, and which shall not be varied for workers of the same type in different geographical areas to any greater extent than may be justified by differences in the cost of living.

Mr. SCHWELLENBACH. Is that the provision which eliminates the prevailing wage?

Mr. RUSSELL. Mr. President, the provision has no effect on the prevailing wage. The House bill eliminated the prevailing wage.

Mr. SCHWELLENBACH. What portion of the House bill?

Mr. RUSSELL. It makes no reference whatever to the prevailing wage. The pending measure has no reference to prevailing wage, and does not fix the prevailing wage. The only provision relating to wage is found in section 15. The amendment which I offered and which the committee adopted, merely says that in fixing the wage scale under the terms and provisions of the measure one American citizen who lives in one section of the country, doing the same type of work, shall receive fair compensation for his labor, and shall not be discriminated against in his compensation "to any greater extent than may be justified by differences in the cost of living" in the several sections.

Mr. SCHWELLENBACH. I should like to ask a question. Fixing wages upon the basis of the prevailing wage would be much easier than fixing them upon the basis of the difference in the cost of living. Would it not be almost an impossible administrative task for the W. P. A. to go into each locality and find out the cost of living there?

I submit that question.

Mr. RUSSELL. I do not wish to debate the advisability of the prevailing wage, because that question is not before the Senate. There is no reference to the prevailing wage in the wage provisions of this relief measure.

Mr. SCHWELLENBACH. At the present time we use the prevailing wage as the basis, and as a result one wage is paid in one city, and another wage is paid in another city. One wage is paid in one part of the country, and another wage is paid in another part of the country. Would not the ascertainment of the cost of living as a basis be so much more difficult as to make the law practically impossible of administration?

Mr. RUSSELL. I do not think so. I think there are more reliable and authentic figures and statistics available on the cost of living than on the prevailing wage scale. We know that the Department of Labor has investigated the cost of living, and that the cost of living does not vary greatly as between the several communities of the Nation, although statistics exist as to the differences. I can point out some differences in the prevailing wage which are much greater, and which have been arbitrarily fixed by the Works Progress Administration, than would result if the difference in the cost of living were used as a standard. We can take almost any State and find tremendous differences within the State for doing the same type of work.

For example, I have before me the statistics for the State of Massachusetts. For common labor, the wage varies from 62 cents an hour in Suffolk County to 50 cents an hour in Hampshire and Nantucket Counties. The wage for construction labor varies from 85 cents an hour in Suffolk County to 50 cents an hour in Hampshire and Nantucket Counties. A carpenter in Suffolk County receives $1.37 an hour. In Nantucket County he receives 80 cents an hour. A hod carrier

in Hampshire County, Mass., receives $1 an hour, whereas a hod carrier in Nantucket County receives only 65 cents an hour.

Mr. MURRAY. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. MURRAY. Would the effect of the amendment be to discontinue that kind of rates?

Mr. RUSSELL. Not at all.

Mr. MURRAY. If this amendment should go into effect, would not the result be that we would not be able to pay the prevailing wage scales of the northwestern section of the country?

Mr. RUSSELL. I do not see how that could possibly result as an absolute certainty.

Mr. MURRAY. Not as an absolute certainty; but, as a practical matter, would it not necessarily follow?

Mr. RUSSELL. It would not. As a matter of fact, the wage scale in the Senator's State is so much lower than that in other States that in some instances an increase might result.

Mr. MURRAY. The wage is lower in some sections, but higher in others.

Mr. RUSSELL. That is quite true.

Mr. MURRAY. The high rates are due to the fact that in some localities there is a stronger labor organization, which has resulted in higher wages.

Mr. RUSSELL. That may be true; but I wish to impress upon the Senator from Montana and the Senate that the issue of the prevailing wage is not involved in the amendment. The joint resolution as it came from the House has absolutely no reference to the prevailing wage, but directs the administrator to fix a security wage for the several sections of the country. If the prevailing wage were at issue—and I can understand the position of those who defend the prevailing wage and do not wish to see it varied—I could see some reason for opposing the amendment.

The joint resolution does not require the Administrator to pay the prevailing wage. How could we justify going to one American citizen in one section of the Senator's State and saying, "We are going to pay you 40 cents an hour for working," and saying to another American citizen in another section of the State, "We are going to pay you 65 cents an hour" for doing exactly the same type of work?

Mr. MURRAY. In other words, the Senator proposes to pull down the scale of wages in one section because in another section the higher scale is not paid.

Mr. RUSSELL. I do not see how on earth the Senator from Montana arrives at any such conclusion as that. Why would it not be more logical to say that in equalizing the scales the Administrator would increase the lower wages to something comparable with the higher wages? Why does the Senator from Montana assume that the Administrator of the Works Progress Administration would slash all the wages, which he might do under the provisions of the joint resolution at the present time?

Mr. MURRAY. The Senator's theory, then, is that in view of the scale of wages paid in some of the northwestern sections, the Administrator would be entitled to pay the same scale in some of the southern sections.

Mr. RUSSELL. I devoutly hope that will be the effect of the amendment.

Mr. MURRAY. Is that the purpose of the amendment?

Mr. RUSSELL. I devoutly hope that will be the effect of the amendment.

Mr. BARKLEY. Mr. President, will the Senator from Georgia yield for a question?

Mr. RUSSELL. I yield.

Mr. BARKLEY. While this amendment has no relation to the prevailing wage, because the prevailing wage is not referred to in the joint resolution, the amendment would be in conflict with any provision providing for the prevailing wage. If the Congress should see fit to continue the prevailing wage, which is now the law, and upon which the Administrator fixes the wage in different parts of the country, this amendment would be in conflict with that provision, because in order to follow the Senator's suggestion we should have to abandon the prevailing wage to the extent that the prevailing wage in different sections of the country was not based upon the cost of living.

Mr. RUSSELL. That argument has been raised in connection with previous measures in which the prevailing wage was fixed by legislation.

Mr. BARKLEY. I do not know what the Congress will do with respect to the prevailing wage; but I think the fact ought to be kept in mind that if the prevailing wage should be continued in the law, the pending amendment would be diametrically in conflict with it, because we cannot have a prevailing wage fixed in the various communities based on the same standard, whether it be the cost of living or otherwise. I presume the major part of it is based on the cost of living, but it may also be based in part upon what the traffic will bear. Many things enter into what forms the prevailing wage in any community. Aside from that, it might be necessary to lower high wages and also to increase lower wages in order to come nearer to an average based upon the differences in cost of living in various parts of the country. Might not that be possible?

Mr. RUSSELL. In the abstract, if the joint resolution did contain a provision directing the Administrator to pay the prevailing wage, the argument raised by the Senator from Kentucky would doubtless be germane; but there is no such provision in the joint resolution.

Mr. BARKLEY. I understand that. There may or may not be any such provision when the joint resolution becomes law.

Mr. RUSSELL. I understand that a substitute provision will be offered for all of section 15, requiring the payment of the prevailing wage. If such a provision should be adopted, this amendment also would go out.

Mr. BARKLEY. In other words, the adoption of this amendment would not in any way militate against offering an amendment to continue the prevailing wage now carried in the law.

Mr. RUSSELL. Not in the slightest degree. I understand that an amendment will be offered to reestablish the old prevailing wage as a substitute for this entire section. If that amendment is adopted, the whole section, including the pending amendment, will go out of the joint resolution. There will be no conflict at all.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. O'MAHONEY. In the preparation of the amendment, did the Senator have in mind the fact that, under the present method of administering W. P. A. wages, the country is divided into three so-called wage regions, and that the basic schedule is different in each of the regions?

Mr. RUSSELL. I am not as much impressed by that difference as I am by the differences which obtain within the several States. Of course, I desire to eliminate that injustice. The argument has previously been made that there are great differences in the wages paid in the several sections of the country. The argument has heretofore been made that on a deficiency bill we should not disturb the situation during the course of the year. This time we are preparing to legislate for all of the year 1940, and this provision is designed to eliminate the glaring discrepancies which have heretofore appeared in the compensation of those doing the several types of work in the various geographical areas referred to by the Senator from Wyoming, as well as the differences in wages paid within the several States.

Mr. O'MAHONEY. My reason for alluding to the matter is to secure the benefit of the Senator's judgment as to what the eventual effect of his amendment would be if it were enacted. According to some information I have now received from the Works Progress Administration. The monthly range of earnings in region No. 1 is from $40 to $94, depending upon the type of work which is done. In region No. 2 the range is from $32 to $79, or $8 lower on the minimum wage. In region No. 3 the range is from $26 to $79. Region No. 3 comprises the States of Virginia, North Carolina, South Carolina, Tennessee, Georgia, Alabama, Mississippi,

Florida, Louisiana, Arkansas, and a part of Texas. Is it the Senator's judgment that the effect of his amendment would be to require the reduction of the wage schedules in regions 1 and 2 to that of region 3?

Mr. RUSSELL. I hope that will not be the effect. It is my hope that the wages of the lower-salaried group will be raised. Of course, if the cost-of-living yardstick were applied, there might be some reduction in wages in region 3. As I recall, whenever wage and hour bills have been before us, there has been violent objection to any differentials being allowed in wages in private industries between the several sections of the country, and it has been urged that there are great differences in living costs. If that view should be sustained when the Works Progress Administration goes into the question, wages in region 3 might be reduced; but I believe my amendment would tend to equalize the compensation between the several sections of the country for American citizens doing the same type of work.

Mr. O'MAHONEY. Of course, the great discrepancy is that to which the Senator referred a moment ago, within the same State, and within the same region.

Mr. RUSSELL. Undoubtedly.

Mr. O'MAHONEY. Would the Senator seriously object to an amendment by which, after the word "areas," in line 17, page 19, the words "in the same wage region" would be inserted? That amendment would eliminate all possibility of pulling the wages down. I am informed that these three wage regions have been established upon the basis of the living costs. The Senator's amendment is based upon living costs. Therefore, it would seem to me to be an improvement if the words "in the same wage region" were inserted after the word "areas" in line 17. It would eliminate all danger.

Mr. RUSSELL. I could not agree to that amendment. The effect of the suggested amendment would be to have the Administrator empowered to fix a wage scale in one region without regard to the cost of living, so long as he equalized it within the several States in the region. I think the wage scale should be equalized on a national basis, on the basis of the cost of living, because that is one of the standards said to have been used in fixing these scales.

Mr. HUGHES. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. HUGHES. What is a wage region?

Mr. O'MAHONEY. It is not my definition. I am accepting the fact which has been established by the W. P. A. in dividing the United States into three different wage regions. This division is based upon the experience and studies of the W. P. A. with respect to the cost of living and the rate of wages in these areas.

A moment ago I recited the names of the States which are in region No. 3. In region No. 2 are the States of Delaware, Maryland, West Virginia, Kentucky, Missouri, Kansas, and a part of Texas. All the other States which I have not mentioned are in region No. 1, which is the region having the highest scale.

Mr. HUGHES. We are in very good company.

Mr. GEORGE. Mr. President, will the Senator be good enough to state again the rates established by the W. P. A. in regions Nos. 1, 2, and 3?

Mr. O'MAHONEY. I shall certainly be very glad to do so.

In region No. 1 the range of monthly earnings is from $40 to $94.

In region No. 2 it is from $32 to $79.

In region No. 3 it is from $26 to $79.

Mr. RUSSELL. No; the Senator has the last figure wrong in region No. 2. The last figures are not the same for region No. 2 and region No. 3.

Mr. O'MAHONEY. Let me repeat the figures:

Region No. 1, $40 to $94.

Region No. 2, $32 to $79.

Region No. 3, $26 to $79.

The maximum is the same in regions 2 and 3, but the minimum varies.

Mr. BONE. Mr. President, will the Senator from Georgia yield?

Mr. RUSSELL. I yield.

Mr. BONE. In view of the fact that section 15 of the joint resolution apparently is the only provision in the joint resolution which attempts to fix the amount of compensation or earnings a person on relief may receive, and this is left wholly to the discretion of the Commissioner, so that at this time we have no means of knowing what he would pay under this very wide grant of discretion, can the Senator from Georgia give me any indication of how many persons can be employed under the proposed appropriation of $1,477,000,000; or is it possible to approximate it, in view of the wide discretion we are giving the Commissioner in fixing compensation for those on relief?

Mr. RUSSELL. Mr. President, I cannot answer that question without knowing something of the wage schedules which will be fixed by the Commissioner. The chairman of the subcommittee, in charge of the bill, may be able to answer the Senator's question; but I doubt whether any member of the committee can answer it.

Mr. BONE. I will ask the Senator from Colorado if he can give us any information at all concerning the number of persons who may earn money under this joint resolution. Section 15 is so broad a grant of discretionary power in the Commissioner to fix compensation that it seems to me there is not any possibility of determining the number of persons who may secure employment. It may be a million, or three-quarters of a million, or a million and a quarter. He may fix wages anywhere from zero to $150 a month. There is no rule set up in this language indicating a limit.

Mr. ADAMS. Oh, yes, Mr. President. Let me suggest to the Senator that his right to fix compensation is limited by the provision that it "shall not substantially affect the current national average labor cost per person of the Works Progress Administration."

Mr. BONE. Well, what does that mean—"the national average labor cost per person"? That is not a yardstick for wages.

Mr. ADAMS. It means that the amount paid shall not affect the average that the W. P. A. is now paying.

Mr. BONE. There is nothing in this language to tie it to or identify it with any standard we have legislatively adopted. Congress has never set up a yardstick in the form of any legislative language. I am not criticising this provision, the Senator will understand; I am merely pointing out the situation.

Mr. ADAMS. We did not put it in.

Mr. BONE. Well, we ought to know what this language means. We have nothing to guide us.

Mr. ADAMS. I will say to the Senator that this language is here. It embodies the recommendations of the President and of Colonel Harrington and of the House. It is the administrative desire as to compensation.

Mr. BONE. The language is, "shall not substantially affect the current national average labor cost per person." The man does not live who can tell what that language means. There is nothing in the rest of this section, or in the joint resolution, which sets up a standard.

I am not saying this in a critical spirit. I am simply saying that there is nothing in this language which the average human being, let alone lawyers here, would understand. What does "average labor cost" mean? It has no meaning. It has no significance whatever.

Mr. ADAMS. I think it is perfectly obvious, because the labor cost is $61 per month per man.

Mr. BONE. Where does the Senator find that in this joint resolution?

Mr. ADAMS. It is in the testimony.

Mr. BONE. Yes; but the testimony is not law.

Mr. ADAMS. The Senator said nobody could find it. I am telling the Senator where he can find it.

Mr. BONE. But where can it be found after the joint resolution is enacted? The only place anyone will look for a yardstick or a rule is in the law that we pass.

Mr. ADAMS. This provision lays down the standard of the average labor cost per person of the Works Progress Administration, which over and over and over again has been testi-

fied to as $61 per month per man. That is the national average referred to in this section as it came from the House.

Mr. HUGHES. Mr. President, will the Senator yield for a question?

Mr. ADAMS. I am glad to yield.

Mr. HUGHES. What is the meaning of "geographical areas"?

Mr. ADAMS. I refer the Senator from Delaware to the Senator from Georgia [Mr. RUSSELL], who drew the amendment.

Mr. RUSSELL. Mr. President, in simple language it means that in the Senator's State of Delaware, under the present wage scale, a common laborer in the county of New Castle is paid 41 cents an hour. In the county of Kent a man doing the same type of labor is paid 25 cents an hour for unskilled labor. That is, in one geographical area one man is paid 41 cents an hour, and in another geographical area, in the town of Dover, he is paid 25 cents an hour. This amendment says that if that difference in wage scale can be justified on the difference in the cost of living, it cannot be touched, but that if there is no difference in the cost of living in the county of New Castle and the county of Kent that will justify 100-percent differential under some of these wage schedules, then the authorities shall either raise the pay of the man in Kent County up to the amount that is being paid in the county of New Castle or else they shall reduce the pay of the man in the county of New Castle to the amount that is being paid in the county of Kent.

I may go further, and say that so far as bricklayers are concerned, if one of the Senator's constituents living in the county of New Castle is fortunate enough to get on the W. P. A. rolls, he is paid $1.50 an hour. A man living in the county of Kent, doing exactly the same work, is paid 75 cents an hour, or one-half the amount. I am endeavoring to eliminate some of those discrepancies.

Mr. HUGHES. I may say to the Senator that there is not the difference in wages of which he speaks in the two geographical areas. There is in the city of Wilmington; but in the rest of New Castle County, which is more than nine-tenths of the county, the same wage scale prevails as in Kent and Sussex Counties.

Mr. O'MAHONEY. Mr. President, if I may interpose at this point, I think I can explain how this differentiation is brought about. I think it will bear out what the Senator from Delaware has said, and I think it will raise a question for the Senator from Georgia to answer.

The difference in the rate of wage now being paid to workers even within the same region is based upon population statistics. In each wage region there are five different schedules according to population. There is one rate for communities the population of which is under 5,000, another for communities having a population of between 5,000 and 25,000——

Mr. RUSSELL. Is that for communities, or is it for counties having cities of that population?

Mr. O'MAHONEY. For counties having cities of that population.

Mr. RUSSELL. I so understood it. Of course, the figures given me by the Works Progress Administration may be entirely erroneous, and the Senator from Delaware may be correct; but those are the figures that were furnished me.

Mr. HUGHES. Mr. President, I want the Senator to have in mind the fact that in my State, in the county of Kent, in the northern part, where the two counties come together, right on the border line, a school library is being built by the W. P. A. The wage scale in the county of Kent is 25 cents, and right across the line, in the county of New Castle, the wage scale is 41 cents, as the Senator says. That has created a great deal of difficulty in working out the problem, because one man would be working on the project and getting 45 cents, and another would be working on the project and getting 25 cents. That arbitrary fixing of the scale of wages causes a great deal of trouble when it comes to working out the problem, owing to the fact that New Castle County is one region and Kent County is another region, and Sussex County is still another region.

Mr. O'MAHONEY. That experience is duplicated all over the country, in practically every State. The Senator from Georgia is referring to a table which shows, apparently, grave injustices in the wage rate. In order that the statement may be clear in the RECORD, however, at this point I should like to continue to identify the different schedules.

The third division is counties in which the largest municipality has a population of between 25,000 and 50,000; the next, population between 50,000 and 100,000; and the next, all over 100,000.

The question I want to direct to the Senator from Georgia is whether the words "geographical areas" will have the effect of doing away with this population schedule.

Mr. RUSSELL. It will, absolutely, unless the discrimination can be justified by differences in the cost of living. If the difference referred to by the Senator from Wyoming can be justified by differences in the cost of living, it will not affect the wage scale; but if it cannot be justified by differences in the cost of living, then it will be the duty of the Administrator of the Works Progress Administration to eliminate the differential.

Mr. O'MAHONEY. Then, is it the conclusion of the Senator that the result of the adoption of this amendment would be that if the cost of living in the three wage regions which have been set up by the W. P. A. justifies different rates of pay, the W. P. A. would be entitled to arrange for different rates of pay?

Mr. RUSSELL. They not only would be entitled to do so, but it would be their duty to do so.

Mr. O'MAHONEY. But that there could be no justification whatever for any difference in rates if the cost of living did not appear of record in the studies of the W. P. A.?

Mr. RUSSELL. What fairer yardstick can be applied to American citizens who come seeking relief and bounty at the hands of their Government, when we come to compensate them for work done of the same type, than a differential in pay that is based upon any difference which may exist in the cost of living?

Mr. BONE. Mr. President, let me ask if the wage differentials which have been set up have not rested upon the assumption that living costs are much higher in one community than in another. At times that assumption has probably done violence to the facts; but I know that in my own State—and I take it in the State of every Senator—when the matter has been brought to the attention of the administrator of W. P. A. in that State he has justified the wage differentials on the theory that the cost of living varied in different cities.

In my own State, for instance, there might have been a differential of five or ten dollars a month between different cities which rested solely upon the assumption that it cost more to live in a large city, for instance, like Seattle, than it cost to live in a smaller town like Yakima or Walla Walla.

Mr. O'MAHONEY. That is not universally true, by any means.

Mr. BONE. I doubt if that assumption is justified. If we go into a smaller city we sometimes find the cost of living quite as high as in a larger place.

I do not know just what formula could be adopted to work out this matter. Perhaps this language is as good as any other. I am glad to have this discussion occur here, because I think it is enlightening; and certainly out of our experience, that now lies behind, the administrators ought to be able to work out something fair, if this language is broad enough to give them the discretion to do it.

Mr. LODGE. Mr. President, I opposed this provision when it was being considered in the committee. It seems to me that if wages are to be paid this provision introduces a false theory. "Wages," as I understand the term, are not primarily dependent on living costs as much as they are dependent on the economic value of the services rendered. For that reason I opposed this amendment in committee, and should like to be recorded in opposition to it at this time.

The PRESIDING OFFICER (Mr. LEE in the chair). The question is on agreeing to the amendment reported by the committee.

The amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next amendment of the Committee on Appropriations.

The next amendment of the committee was, in section 15, page 19, line 19, to strike out the word "Board" and insert "Commissioner"; on line 23, after the word "that", to strike out "in the discretion of the Board, its", and to insert "The Commissioner, in his discretion"; on page 20, line 5, after the word "The", to strike out "Board" and insert "Commissioner"; on line 7, after the word "work", to insert "in special and unusual circumstances when the limitations are not feasible or practicable; to protect work already done on a project; to permit making up lost time", so as to make the section read:

SEC. 15. (a) The Commissioner shall fix a monthly earning schedule for persons engaged upon work projects financed in whole or in part from funds appropriated by section 1 which shall not substantially affect the current national average labor cost per person of the Works Projects Administration, and which shall not be varied for workers of the same type in different geographical areas to any greater extent than may be justified by differences in the cost of living. The Commissioner shall require that the hours of work for all persons engaged upon work projects financed in whole or in part by funds appropriated by section 1 shall (1) be 130 hours per month except that the Commissioner, in his discretion, may require a lesser number of hours of work per month in the case of relief workers with no dependents and the earnings of such workers shall be correspondingly reduced, and (2) not exceed 8 hours in any day and shall not exceed 40 hours in any week.

(b) The Commissioner may authorize exemptions from the above limitations of monthly earnings and hours of work in special and unusual circumstances when the limitations are not feasible or practicable; to protect work already done on a project; to permit making up lost time; in the case of an emergency involving the public welfare and in the case of supervisory personnel employed on work projects.

The amendment was agreed to.

The next amendment of the committee was, in section 16, page 20, line 13, after the word "retaining", to strike out "for" and to insert "in"; on line 15, after the word "be", to strike out "determined on the basis of relative needs and shall, where the relative needs are the same, be"; and on line 22, after the words "citizens" and the semicolon, to insert the word "and", so as to read:

SEC. 16. (a) In employing or retaining in employment on Work Projects Administration work projects, preference shall be given in the following order: (1) Veterans of the World War and the Spanish-American War and veterans of any campaign or expedition in which the United States has been engaged (as determined on the basis of the laws administered by the Veterans' Administration) who are in need and are American citizens; and (2) other American citizens, Indians, and other persons owing allegiance to the United States who are in need.

The amendment was agreed to.

The next amendment of the committee was, on page 20, beginning with line 24, to strike out through line 13 on page 21, as follows:

(b) There shall be removed from employment on Works Projects Administration projects all relief workers, excepting veterans, who have been continuously employed on such projects for more than 18 months, and any relief worker so removed shall be ineligible to be restored to employment on such projects until after (a) the expiration of 60 days after the date of his removal, and (b) recertification of his eligibility for restoration to employment on such projects. In the case of relief workers whose period of 18 months of continuous employment expires before September 1, 1939, this section shall apply to require their removal not later than August 31, 1939, rather than on such expiration date. No part of this subsection (b) shall be applicable to the heads of families aged 45 years and over.

And to insert:

(b) Employable persons who have been certified as in need of employment for a period of 3 months or more, and who have not in that period been given employment on work projects, shall have preference in employment over persons who have been in active employment status on such work projects for a period of 18 months or more.

Mr. GREEN. Mr. President, it seems to me an obvious mistake is made here. This new language, the amendment of the committee, was intended to take the place of subdivision (b) at the bottom of page 20 and the top of page 21. The provision which was written into the bill by the House applied solely to those employed on Works Projects Administration projects, but the language in the Senate committee amendment applies to all those affected by the joint resolution; in other words, those employed under the National Youth Administration, among others.

I think the mistake can be corrected easily by inserting in line 14, after the word "certified", the words "for employment on Work Projects Administration projects."

Mr. ADAMS. Mr. President, I think the Senator is absolutely correct, and I think the amendment he suggests should be adopted.

Mr. GREEN. I ask that the amendment be agreed to.

The PRESIDING OFFICER. The question is on agreeing to the amendment suggested by the Senator from Rhode Island to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. DANAHER. Mr. President, I should like to direct an inquiry to the Senator from Colorado. We now find in this section, in lines 14 to 19, inclusive, on page 21, the repeated use of the expression "work projects." We turn back to line 14 of section 16 where the expression "work projects" first appears. Will the Senator please tell us for the record, and for purposes of clarification, whether the term "work projects" applies to buildings, as referred to in section 12, and if it applies to projects as it appears in line 17 on page 5.

Mr. ADAMS. I had assumed that it applied to all W. P. A. projects. The entire theory underlying the W. P. A. is the creation of work projects, and the employment of needy people on such projects.

Mr. DANAHER. And there is no distinction either intended or to be read into the language with reference to the reemployment of persons?

Mr. ADAMS. Not at all.

Mr. DANAHER. I thank the Senator.

Mr. BONE. Mr. President, I have an amendment to the joint resolution which has not been printed because it was tendered by me only today, and lies on the table. My amendment is to strike out subdivision (b) on page 21. I tendered the amendment because I thought the amendment worthy of consideration, and I wish to have the Members of the Senate think the matter over carefully before they vote on the pending amendment.

I am fearful that we are going to work a great hardship on many people who are rendered utterly helpless by the depression, because we have now prescribed a rule whereby any man, no matter how great his needs, no matter how severe the suffering in his family, might be summarily thrown off W. P. A. work merely because he had been on the job for 18 months.

Mr. President, I have letters from mothers in my State whom I know to be truthful, in which they point out to me that they have boys in their families who for 3 years have been unable to secure employment, although they sought it assiduously. One mother wrote me that her boys had come home repeatedly and asked their parents whether or not they would be justified in robbing grocery stores and oil stations. I submit that when a man or a boy who is a decent citizen tries for 3 years to get a job and cannot secure one, then there is something desperately wrong. I cannot bring myself to vote to cast a man out into utter darkness simply because he has been compelled to be on a W. P. A. job for 18 months, even though I recognize that the other fellow who has been out of work is entitled to a job, too, if we can provide it.

I am sorry we face the necessity of voting this sort of language into a statute. There is something almost cruel about it. Sometimes I am impelled to think it is almost sadistic; yet I know the limitations we are compelled to apply to ourselves in the way of appropriating money. I have now pending an amendment proposing to raise the amount of money available for relief to two and a half billion dollars. I do not offer that with glee, or with any desire to injure my fellow citizens, but I am deeply and profoundly touched by the misery of thousands of deserving Americans who are in distress through no fault of their own.

Mr. President, as has been pointed out here today, the relief problem has gotten beyond the point where it can be met by temporary expedients. We are facing a thing very grievous, and we are going to have to abandon these expedients and begin seriously and realistically to consider our whole economic system to determine whether or not it can serve human needs as it should.

I know that to strike this language out would merely raise a new complication for the Administrator of W. P. A. I could not find any ready answer to any Member of the Senate who would rise and ask me what the alternative would be. It is simply that my heart is wrung when I am confronted with the necessity of a man being summarily kicked off a job because he has been working for 18 months, when there are no private jobs available, because the other fellow would not have been looking for a W. P. A. job if there had been any other opening.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. BONE. I yield.

Mr. BARKLEY. The amendment offered by the committee seems to me to be an improvement over the House language, but I have somewhat the same feeling the Senator from Washington expresses about the possibility of making some exceptions. I do not know how this provision would be administered. I do not know whether it means that automatically, if a man who has been on the certified list for 3 months, comes and wants a job which is occupied by a man who has held it for 18 months, he must be substituted. It occurred to me, when this language was first put into the bill by the House, that there might well be inserted language providing that if a man who had been working on a project for 18 months, had in good faith made an effort to secure private employment without success, and if automatically to separate him from the service because of his 18 months' employment would create dire want and need and disaster, the Administrator, or those in charge of the project who administer it in the locality, might consider the circumstances in determining whether the man on the job should be automatically released.

I realize that the language in the House text, and even the language in the Senate committee amendment, is intended to get rid of the so-called career W. P. A. worker, someone who gets on to the roll and prefers to remain there, and stays on when he could get work somewhere else, and thereby deprives other worthy certified applicants of employment. What would the Senator think of the idea of putting in more flexible language under which if a man had been working for 18 months and had made an honest effort to secure employment elsewhere, but had not been able to do so, and was in need of employment, the Commissioner could make an exception in such cases as that?

Mr. BONE. I know the Senator realizes that I myself am in rather deep water in discussing this question, because I know that the alternatives which confront an administrator are not pleasant. I think Colonel Harrington will do an excellent job; I think he is a decent, fine, purposeful human being. I think probably the man is deeply touched by the miseries of those whom he contacts. I merely am impelled to protest against this proposal, and I do so in the fashion I do because it is difficult to suggest any other language so long as we do not give any more money.

Mr. President, I know what my colleagues face. They have to adopt this sort of language because they feel they cannot afford, perhaps, to appropriate any more money. But it is a sort of Draconian Code we are adopting. A poor devil cannot get work anywhere. Other fellows who have not had work for 3 months, who are certified, are themselves the victims of unemployment. If there were any other employment to be obtained, they would not be on the list; they would search and find jobs. I think 99 out of a hundred men would not willfully go on W. P. A. Here we are saying in so many words—and I am not blaming anyone for it—that "employable persons who have been certified as in need of employment for a period of 3 months or more," and then, adopting the language of the Senator from Rhode Island [Mr. GREEN], indicating the necessity of employment, shall be given preference over the poor devil who has been working on W. P. A. for 18 months. The fellow who has been out of a job for 3 months has gone all over the countryside looking for a job and cannot get it, perhaps. It is this picture of unadulterated misery that makes it hard to pass legislation.

If this language were stricken out, then perhaps the money would not last so long, and that carries the implication that we would have to appropriate more money. I want to be bold enough and consistent enough not to ask my colleagues to strike out this provision without having nerve enough, in the face of criticism, to suggest adding money. I have an amendment on the table asking that $2,500,000,000 be appropriated. I am going to have nerve enough to suggest the appropriation of more money when I ask that this language go out.

I presume my colleagues will not agree that more money be appropriated, and I can understand the dilemma they find confronting them. I think the language the Senator from Kentucky suggests would make it a little less harsh, and I hope Senators can agree to it. I will not have time to frame the amendment unless Senators are willing that it should be passed over for a moment. But I should be happy to have the Senator from Kentucky suggest the language. I think it would improve the provision somewhat. I think it would make it less harsh. It would not sound so hard and cold to some poor devil who was kicked off W. P. A. because he could not get a job elsewhere. If the Senator from Kentucky is willing to write out the language, I will tender the amendment.

Mr. BARKLEY. It is a little difficult to do it at this time.

Mr. BONE. May we pass this matter over?

Mr. BARKLEY. Let me ask the Senator from Colorado whether the suggestion I have made appeals to him, to have language here which would enable the Administrator to decide whether the preference should be automatic in cases where men had in good faith sought employment in private industry and had failed to obtain it, and where to be automatically released from a project would cause distress and want.

Mr. ADAMS. If the Senator would prepare an amendment incorporating the idea he has in mind, I think that would be all right.

Mr. BARKLEY. If the Senator will let the matter go over, I shall try to do so.

Mr. ADAMS. Let me explain the situation. The House language provided that at the expiration of 18 months' service on the W. P. A. the worker should leave; that is, it was an arbitrary removal from the roll, with the right under certain conditions, but not within 60 days, to come back. The provision which the Senate committee inserted was suggested by Colonel Harrington. It was his draft of a provision which approaches the problem from the other extreme.

It compares two persons, one who has been on relief for 18 months, and one who has been trying in vain to get on for 3 months. So one or the other must be left off if there is a shortage of money. Instead of dropping someone arbitrarily from the rolls, as the House language would do, under the Senate committee provision no one goes off the roll unless someone is crowding in who heretofore has been trying in vain to get on the roll. So there must be a preference between the man who is in need and the man who has been on the roll. In one city in the United States 42 percent of those on W. P. A. have been there more than 3 years. In another city the average is 31 percent. So it would seem that when men have been on, not 18 months, but 3 years, those who have been trying to get on, who are certified, ought to have what this provision gives, a preference as to employment when the jobs are limited.

Mr. DANAHER. Mr. President, will the Senator yield?

Mr. ADAMS. Certainly.

Mr. DANAHER. Would the language employed in lines 14 to 19 apply to supervisors?

Mr. ADAMS. No.

Mr. DANAHER. It would not?

Mr. ADAMS. The language applies to the relief personnel.

Mr. DANAHER. Would it apply to foremen on the job?

Mr. ADAMS. No.

Mr. DANAHER. It applies simply to laborers and workers of that type?

Mr. ADAMS. Only to those on the relief rolls.

Mr. DANAHER. Is there anything in the language as used which would bar a person who has once been certified as being in need of relief, and who meanwhile has obtained private employment without being removed from the certified relief list, and later finding himself discharged from private employment, comes along and seeks preference over an employed worker?

Mr. ADAMS. Under the provision as it stands, the man who goes off of W. P. A. to take private employment and then leaves the private employment without fault on his part, is entitled to immediate restoration on the W. P. A. rolls.

Mr. DANAHER. I have not made myself clear, Mr. President. Let us say that I today could be certified as being in need of employment. Under the language in lines 14 and 15, by continuing, apparently, to be in need, or at least being on the list for 3 months or more, during which time I do not get employment on a work project—we now pass to lines 16 and 17—but I do get private employment, then under the language as drawn I am entitled to come along and exercise the preference and exorcise someone from the list.

Mr. President, it seems to me the words "on work projects," at the end of line 16 and the beginning of line 17, should be stricken out in order to make the meaning clear, as the Senator expressed himself; otherwise we would create preference for those who remain on the list and never get private employment.

Mr. BONE. Mr. President, what does the Senator think that section 17, subdivision (a), might accomplish in the direction of achieving what I have suggested? Subdivision (a) reads:

> No person in need who refuses a bona fide offer of private employment under reasonable working conditions which pays the prevailing wage for such work in the community where he resides and who is capable of performing such work shall be employed or retained in employment on work projects—

And so forth.

That means that if he gets a chance to get a job in private employment he must take it and get off relief. I think perhaps that would serve to answer some of the questions which might be raised. In any event, I doubt very much if we do ourselves honor, Senators, in referring to W. P. A. workers as having "career jobs" or being "career men." God knows we are appropriating sufficient money for so-called career men in this Government. The State Department is full of them, and they take great pride in the fact that they will be attached to a pay roll until they are dead.

Mr. ADAMS. Some of us stay on the pay roll after that.

Mr. BONE. Perhaps some of them would like to stay on, and perhaps some of their families do stay on after they are dead. That occurs in connection with many men employed in the Government. The cost comes out of the hide of the taxpayers.

Mr. McKELLAR. Mr. President, the Senator speaks of career men in the State Department. I am not one of those who represent them in any way, but, in all fairness to the State Department, let me say that only $16,000,000 a year is appropriated for the entire State Department.

Mr. BONE. That is not an answer. The record will plainly show that that is not an answer to this sort of business. These men in the State Department are not jeopardized by a depression over which they have no control. They are fairly well fed. At least those I have met are fairly well fed, and they get along somehow. But there is a tendency on the part of some folks to animadvert upon the misery of a man who cannot get a job. I do not like to hear the term "career man" used about him when he is the victim of an economic condition over which he has no control. He is not the son of a Senator or the son of a wealthy man, who has gone through Harvard, after which he may hope to be placed on the pay roll of the State Department, where he will have a nice job for the remainder of his life. I hope the sons of Senators will never know what it is to go on relief. I take it that some of our sons would much prefer to go on relief in the State Department and be career men there the rest of their lives. But there is no reason why we should not do what we can to try to cushion the shock of misery and adversity for those we are trying to protect and help. If there is any way we can do it, we ought to do it. I think we are all of one mind that if the present situation continues we will make career men of many and they will go on relief permanently, as many persons are now in England.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. BONE. I surrender the floor. If I can induce the Senator from Kentucky to prepare the necessary language, I should like to have him do so.

Mr. BARKLEY. I will say to the Senator that the amendment is going over.

Mr. WAGNER. Mr. President, in view of the statement made by the senior Senator from Washington [Mr. BONE] I wish to make a statement of my own views. Charges are made every once in a while about those who are on work-progress projects. About 2 years ago the magazine Fortune, which I suppose makes as thorough a survey or investigation or examination as any institution of its kind, made a study of those working on the relief rolls. That magazine came to the conclusion, after several months of study and after having gone to great expense, that less than 10 percent of the men and women on relief had lost their jobs in private industry through their own fault, and that only 7 percent had a so-called bad attitude. I resent the contrary assertions made every once in a while. The overwhelming majority of these people are fine American citizens, anxious to earn a living, but denied the opportunity to do so in private employment. That is the reason they are compelled to accept this type of work, in order to keep body and soul together.

I think we ought not to let go unchallenged these suggestions indicting the respectability or the character of these American citizens, who through no fault of theirs are not able to find employment in private industry.

Mr. DAVIS. Mr. President, will the Senator yield?

Mr. WAGNER. I yield.

Mr. DAVIS. I desire to say to the Senator from New York that in the State of Pennsylvania some of our very finest men and women have accepted W. P. A. employment.

Mr. WAGNER. I know many in my State who have had no alternative.

Mr. MINTON. Mr. President, will the Senator yield?

Mr. WAGNER. I yield.

Mr. MINTON. Does not the Senator from New York know that the investigations which have been made by the W. P. A. into all the charges that certain persons are trying to make a career out of W. P. A. and that they would not accept private employment if they could get it, show that those charges are not based on fact, and that 99 percent of those persons are, as the Senator said a while ago, ready and willing and anxious to take jobs in private employment if they could get them?

Mr. WAGNER. I will say yes in answer to the Senator's question. I am sorry I do not have the article from Fortune magazine with me. The editors of the magazine said that their conclusions went counter to the popular misconceptions about these unfortunate and defenseless people.

Mr. AUSTIN. Mr. President, the Senate has now been in session for 8 hours and 40 minutes, with recesses which did not admit of the Senators leaving the environs of the Senate Chamber. I wish to suggest to the majority leader

that probably we are getting in such a state of mind that we are making less progress with the pending measure at this hour, 7:45 at night, than we would if we recessed over until the morning, and came in here fresh, and then took up the work of the Senate.

It may not have been observed, but the transaction of business here has been peculiar. There have been little huddles in a corner, with conversation occurring quite casually between Senators, without addressing the Chair, and without observing other rules of parliamentary procedure. That method of procedure has made it almost impossible for other Senators to follow what was taking place.

I wish to suggest to the majority leader that we are quite willing to cooperate, indeed, we want to make progress, so that this very important matter of relief may be taken care of as it ought to be. The suggestion that the Senate take a recess now is made in the interest of progress, rather than in the interest of delay or of hindering in any way the immediate consideration of and agreement on some measure on this subject.

May I ask the majority leader if we cannot reach a decision such as I have suggested at this time?

Mr. BARKLEY. I appreciate the situation to which the Senator from Vermont has called attention. I had privately promised him to let him out by 8 o'clock, with the understanding that we might run on a little longer to consider noncontroversial committee amendments in which the Senator himself would not be interested. I thought at first we might be able to conclude the consideration of the joint resolution tonight, because of the importance of having it passed and getting it into conference, so that it might be enacted and signed by the President not later than Friday.

I have no desire to overwork the Senate. I do not want to drive it harder than it is willing to go. However, I wish to say that if it is agreeable to the Senator from Colorado [Mr. ADAMS], in charge of the bill, I have no objection to the Senate taking a recess at this time until tomorrow morning at 11 o'clock. I would suggest 10 o'clock except that the Committee on Foreign Relations will meet in the morning to consider the question of neutrality.

Mr. ADAMS. Does the Senator feel that he can settle that question in an hour?

Mr. BARKLEY. At least the members of the committee will want to be present for a while, I should say. Therefore, I shall not suggest that the Senate meet at 10 o'clock. I suggest that it meet at 11 o'clock. I think it ought to be said that if we now recess until tomorrow, on account of the exigencies surrounding the consideration of the joint resolution, if consideration of the joint resolution shall not have been concluded tomorrow before the ordinary time for recess or adjournment, it will be necessary to try to hold the Senate in session tomorrow night until the joint resolution is disposed of. I say that in order that Senators accordingly may adjust their social engagements or any other engagements they may have. I think when we reach a situation such as that in which we now are our primary duty is the consideration of the joint resolution, to try to dispose of it tomorrow.

If it is agreeable to the Senator from Colorado, I have no objection to the Senate taking a recess at this time.

Mr. ADAMS. Mr. President, I think it is the proper thing to do. The Appropriations Committee also has a meeting at 10 o'clock in the morning in order to expedite the deficiency bill.

WORK RELIEF AND RELIEF APPROPRIATIONS—ADDITIONAL AMENDMENTS

Mr. MURRAY submitted amendments intended to be proposed by him to the joint resolution (H. J. Res. 326) making appropriations for work relief, relief, and to increase employment by providing loans and grants for public-works projects, for the fiscal year ending June 30, 1940, which were ordered to lie on the table and to be printed.

RECESS

Mr. BARKLEY. I move that the Senate take a recess until 11 o'clock tomorrow morning.

The motion was agreed to; and (at 7 o'clock and 47 minutes p. m.) the Senate took a recess until tomorrow, Wednesday, June 28, 1939, at 11 o'clock a. m.

CONFIRMATION

Executive nomination confirmed by the Senate June 27 (legislative day of June 22), 1939

FEDERAL LOAN ADMINISTRATOR

Jesse H. Jones to be Federal Loan Administrator.

HOUSE OF REPRESENTATIVES

TUESDAY, JUNE 27, 1939

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Come, blessed Lord God, like the morning light, and for our daily task and challenge may we rise renewed in Thee. Be pleased to release us from every stain of clinging selfishness and bid our happy souls be free. Grant that our hearts may be so large that there shall not be room enough for envy nor prejudice. We pray that our words may express exalted sentiments, fine emotions, and reach the higher language of the spirit by kindling in our breasts a divine trust and a mighty conquest of faith. Do Thou enable us to let go unworthy things such as pretense, self-seeking, and worry, and take loyal hold of time and work; help us so to live as to be an inspiration and a blessing to those whose lives are touched by ours. In the Redeemer's name. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 3325. An act to extend the time within which the powers relating to the stabilization fund and alteration of the weight of the dollar may be exercised.

The message also announced that the Senate insists upon its amendments to the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. WAGNER, Mr. BARKLEY, Mr. BYRNES, Mr. ADAMS, and Mr. TOWNSEND to be the conferees on the part of the Senate.

The SPEAKER. For the purpose of the RECORD the Chair requests the Clerk to read the following resolution of the Senate with regard to the Agricultural appropriation bill

The Clerk read as follows:

IN THE SENATE OF THE UNITED STATES,
June 25 (legislative day, June 22), 1939.

Resolved, That the Senate agree to the amendments of the House of Representatives to the amendments of the Senate Nos. 95, 105, and 146 to the bill (H. R. 5269) entitled "An act making appropriations for the Department of Agriculture and for the Farm Credit Administration for the fiscal year ending June 30, 1940, and for other purposes"; that it disagree to the amendments of the House to the amendments of the Senate Nos. 21, 26, 27, 33, 115, and 148 to said bill; that it further insist upon its amendments Nos. 19, 21, 26, 27, 32, 33, 114, 115, 116, 141, 142, 147, 148, and 158 disagreed to by the House; and that it request a further conference with House on the disagreeing votes of the two Houses thereon.

Mr. TARVER. Mr. Speaker, I offer a motion which I send to the Clerk's desk.

The Clerk read as follows:

Mr. TARVER moves that the House insist upon its amendments to the amendments of the Senate Nos. 21, 26, 27, 33, 115, and 148, further insist upon its disagreement to the amendments of the Senate Nos. 19, 32, 114, 116, 141, 142, 147, and 158 to the bill (H. R. 5269) and agree to a further conference with the Senate thereon; and that the Speaker appoint conferees.

Mr. MARTIN of Massachusetts. Mr. Speaker, will the gentleman explain the reason for this motion?

Mr. TARVER. The Senate has insisted upon its position with regard to a considerable number of amendments and has asked for a further conference with the House. It is, of course, essential to the passage of the legislation that we comply with their request.

Mr. MARTIN of Massachusetts. There has been a rumor around that there might be a change of conferees. Can the gentleman tell us anything about that?

Mr. TARVER. The Speaker, of course, is charged with the responsibility of appointing conferees.

Mr. MARTIN of Massachusetts. Then there is not any truth in the rumor that the old conferees are to be replaced?

Mr. TARVER. I apprehend that there may be an addition to the House conferees because of the temporary and unavoidable absence of the chairman of the House subcommittee.

Mr. MARTIN of Massachusetts. Unavoidable, did the gentleman say?

Mr. TARVER. I presume it is unavoidable.

The SPEAKER. The question is on agreeing to the motion.

The motion was agreed to and the Speaker appointed as conferees on the part of the House Mr. CANNON of Missouri, Mr. TARVER, Mr. LEAVY, Mr. TERRY, Mr. TAYLOR of Colorado, Mr. LAMBERTSON, and Mr. DIRKSEN.

Mr. TARVER. Mr. Speaker, I ask unanimous consent that the conferees may have until 12 o'clock tonight within which to file a conference report.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

DEPARTMENT OF LABOR APPROPRIATION BILL

Mr. TARVER. Mr. Speaker, I move to take from the Speaker's desk the bill (H. R. 5427) making appropriations for the Department of Labor for the fiscal year ending June 30, 1940, still further insist upon the disagreement of the House to the amendments of the Senate which are in dispute and agree to the further conference asked by the Senate, and that conferees be appointed.

The motion was agreed to and the Chair appointed the following conferees: Mr. TARVER, Mr. HOUSTON, Mr. RABAUT, Mr. PLUMLEY, and Mr. ENGEL.

Mr. TARVER. Mr. Speaker, I ask unanimous consent that the conferees on the Labor Department appropriation bill may have permission to file their report at any time before 12 o'clock tonight.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

EXTENSION OF REMARKS

Mr. GAVAGAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including a recent speech of the Postmaster General of the United States.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mrs. O'DAY. Mr. Speaker, I ask unanimous consent to extend in the RECORD a speech by the Postmaster General to the Woman's Regional Conference.

The SPEAKER. Is there objection to the request of the gentlewoman from New York?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to extend my remarks and to insert some citations or quotations from the report of the Federal Power Commission.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

[Mr. RANKIN addressed the House. His remarks will appear in the Appendix.]

Mr. RICH. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Without objection it is so ordered.

There was no objection.

Mr. RICH. Mr. Speaker and Members of the House, we have debunked the people of this Nation, we have debunked them so much in the great expenditures of Government funds during the past 6 years to the tune of twenty billions, and for the closing year which will soon be at an end, for on June 23 you are $3,443,200,000 in the red. You are debunking them more for 1940, because Congressmen in this session have granted more expenditures by $4,000,000,000 than they will take in during the next year—where will you get the money? When you talk about debunking the people of this country I would like to know what in the world the people of America will think when you are debunking them to the tune that their children and their children's children and all future generations will be debunked by this New Deal Administration. In the laws that have been passed and by the terrible exorbitant expenditures they have used in a ruthless, unbusiness-like, nonsensical, debunking manner. You have broken down our moral fiber, you have taken away our liberty, you have placed millions of people on the Government pay roll and relief roll, and you have more men out of employment today than we had 6 years ago. Notwithstanding this debunking spending, you have put the Government in all kinds of business, and are making us a socialistic and it seems like a communistic country.

Stop the debunking, the gentleman from Mississippi was talking about just a moment ago. We are bringing down the cost of electricity in Pennsylvania by the corporations. We will give our people jobs if the Federal Government leaves us alone and stops trying to regulate our every movement. Retain our freedom and our liberty. [Applause and laughter.]

[Here the gavel fell.]

EXTENSION OF REMARKS

By unanimous consent, Mr. CHIPERFIELD, Mr. HOFFMAN, Mr. THILL, and Mr. BENDER were granted permission to revise and extend their own remarks in the RECORD.

Mr. MARTIN of Massachusetts. Mr. Speaker, I ask unanimous consent to extend my own remarks by printing a speech delivered by my colleague the gentleman from Connecticut [Mr. AUSTIN].

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. GEYER of California. Mr. Speaker, I ask unanimous consent to extend my own remarks and include therein W. P. A. and politics so far as the State of Rhode Island is concerned.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. SHEPPARD. Mr. Speaker, I ask unanimous consent to extend my own remarks and include therein a radio address given by myself last evening.

The SPEAKER. Is there objection?

There was no objection.

Mr. GRANT of Indiana. Mr. Speaker, I ask unanimous consent to extend my own remarks and include therein a speech I recently delivered in South Bend, Ind.

The SPEAKER. Is there objection?

There was no objection.

Mr. ALLEN of Illinois. Mr. Speaker, I ask unanimous consent to extend my own remarks by including a letter that I received from a constituent in regard to a memorial to Finland for paying her war debt, a copy of a letter I wrote to

them, and a copy of a bill that I have introduced for that purpose.

The SPEAKER. Is there objection?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. VOORHIS of California. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. VOORHIS of California. Mr. Speaker, the destiny of future generations has been mentioned in the House today. I merely want to point out that the most important single thing that future generations of America have to be concerned about is the conservation of the resources of their Nation. Never in all the history of this country has any administration done so much to awaken this Nation to the consciousness of the necessity of conserving the soils, the waters, and the other resources of this country as has the present administration; nor has there ever been an administration that has done so much to conserve those things.

Further, the health of our people, the morale of our people, and their opportunity to work day by day are perhaps the most fundamental interests that we have to observe for the sake of future generations. [Applause.]

[Here the gavel fell.]

NEUTRALITY ACT, 1939

Mr. SMITH of Virginia. Mr. Speaker, I call up the resolution, House Resolution 227, by the direction of the Committee on Rules, and ask for its present consideration.

The Clerk read as follows:

House Resolution 227

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for consideration of House Joint Resolution 306, Neutrality Act of 1939. That after general debate, which shall be confined to the joint resolution and shall continue not to exceed 9 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Foreign Affairs, the joint resolution shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the joint resolution for amendment, the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the joint resolution and amendments thereto to final passage without intervening motion except one motion to recommit, with or without instructions.

Mr. SMITH of Virginia. Mr. Speaker, I yield 30 minutes to the gentleman from New York [Mr. FISH].

I yield myself 5 minutes.

Mr. Speaker, as the House is doubtless already informed, this rule is for the consideration of the so-called neutrality bill, reported by the Committee on Foreign Affairs. Members of that committee will explain to you better than I can the details of the legislation. I might just briefly say, however, that members of the committee will offer certain amendments to the bill as drafted, which will probably take out of the bill some features of it that might otherwise have been controversial. The bill as reported by the committee is brief, and I will just touch upon it momentarily.

It provides in the first section that when war exists—not declared war necessarily—but when war exists between two or more nations, the President may, in the interest of the peace of the country, proclaim that fact.

Mr. FISH. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. I yield.

Mr. FISH. The gentleman said the committee had certain committee amendments. I do not know of the Committee on Foreign Affairs having met or agreed on any amendments.

Mr. SMITH of Virginia. Perhaps I am misinformed about that. I just received that information through hearsay. Of course, any Member can offer any amendment that he wishes to offer.

After the proclamation that a state of war exists, the bill provides that it shall be unlawful for our citizens to travel upon belligerent vessels. It then goes on to provide that the President may proclaim combat areas and that it shall be unlawful for vessels of our country to enter those areas.

There is another provision in the bill which makes it unlawful to extend credit to belligerents; and then there is a quite important section of the bill that it seems to me everybody will approve, and that is that when this state of war exists, and when our people wish to sell to these nations that are at war, the title to those goods sold must pass out of American ownership before they leave our shores. I will not go into detail about the matter, because, as I say, members of the Foreign Affairs Committee will do that and, of course, can do it much better than I. I would like to call your attention to the fact, however, that the bill exempts from its operation countries of the two Americas; it does not apply to any country in North or South America.

As to the rule itself, when the members of the Foreign Affairs Committee appeared before the Committee on Rules, both majority and minority members appeared, and no objection was voiced at that time to the granting of a rule; all that was asked was that there be ample time for debate. You will find this rule provides 9 hours of debate, which would seem to a reasonable person to give ample time for a full discussion of all of the features of this brief piece of legislation.

I call attention further to the fact that this is a wide-open rule. There is no attempt here to confine debate or amendment to this bill in any way, shape, or form. We bring it here to you and put it in your hands with full freedom to offer any kind of amendment you desire and to pass any kind of amendment the House desires. I am quite sure that nobody, under these circumstances, ought to object to the consideration of this measure. All this rule provides for is the consideration of the measure, with full opportunity to both sides and to every Member of this House to debate it and to amend it in any way deemed proper.

Mr. Speaker, I reserve the balance of my time.

Mr. FISH. Mr. Speaker, I yield myself 15 minutes.

Mr. Speaker, no one on the minority side, so far as I know, is opposed to the present rule. The rule is an open rule which permits any amendments to be offered and considered, and it provides for 9 hours of general debate, which will take up today and tomorrow. There is, of course, 1 hour on the rule.

This is probably the most important measure that will come before this Congress; it may be the most important issue that has developed since the World War. In my way of thinking, a vote on this measure as it is now written and as it may be amended leaving out the ban against arms, and munitions and implements of war is actually an interventionist and a war-making bill. This bill repudiates everything that the Congress of the United States has done for the last 5 years to keep America out of war, as it does away with that ban that the Congress agreed to almost unanimously, Republicans and Democrats alike, against the shipment of arms, ammunition, and implements of war.

I am informed in a roundabout way that the committee proposes on the majority side to offer certain amendments to strike out section 3 that gives the President the power to establish combat areas, virtually the power to determine aggressor nations which is equivalent to surrendering the power of Congress to declare war. I understand—although I offered that amendment in the committee myself and was beaten by one vote—I understand now that the majority side have seen the light and confessed their mistake. They are now willing to accept such an amendment and maybe offer such an amendment themselves, although they rubber-stamped section 3 in the committee.

If that be so and they agree to striking out section 3 the major fight then will come back to section 1 where they have omitted the ban against the shipment of arms, ammunition, and implements of war. I accept the challenge on

this issue alone, I accept it upon the entire bill, not as a party matter but as a great American issue far transcending all party lines. I am convinced that if you leave in the first section as it is, unamended, and do away with the existing neutrality bill which prohibited the shipment of arms, that you are taking the road to war. It is utterly impossible to sell arms, ammunition, and implements of war to any belligerent nations without being involved in war ourselves within a very short time.

I am reminded of an old Biblical saying which runs something like this: "The hands are the hands of Esau, but the voice is the voice of Jacob." The hands are the hands of the gentleman from New York, SOL BLOOM, but the voice is not that of George Washington. [Applause.] The hands are the hands of the gentleman from New York, SOL BLOOM, but the voice is the voice of the interventionists, of the internationalists, of the League of Nations advocates, of those who believe in collective security, economic sanctions, and in policing and quarantining the world. A rose by any other name smells as sweet, but the Bloom bill without the embargo on arms is just as bad, and that is the issue before us.

Mr. COX. Mr. Speaker, will the gentleman yield?

Mr. FISH. Certainly.

Mr. COX. I am sure the gentleman has no intention of offending our colleague by ridiculing him here in the House. The gentleman from New York [Mr. BLOOM] is a patriotic citizen, and he performs a very important role in the business of the Congress.

I trust the gentleman will not deliberately do that.

Mr. FISH. Perhaps the gentleman is right, because it should not be called the Bloom bill. He had nothing to do with it whatever, except his name.

Mr. SIROVICH. Why ridicule him?

Mr. COX. I do not think the gentleman means that. The gentleman from New York [Mr. BLOOM] has devoted a great deal of time in an endeavor to work out this problem. He has counseled with Members on this side, I know, and I happen to know, with Members on the other side.

Mr. FISH. I do not propose to ridicule the gentleman from New York, SOL BLOOM, but Mr. BLOOM's name is on this bill. Before the public it is his bill. Of course, he did not write it. No member of the Committee on Foreign Affairs wrote it. It was brought in to us. Who is the sponsor of the bill? Who did write it? Does the gentleman know? Does the gentleman know where it came from?

Mr. COX. I assume that the Committee on Foreign Affairs is responsible for the bill.

Mr. FISH. The Committee on Foreign Affairs did not write the bill.

Mr. COX. That committee reported it and is promoting its adoption.

Mr. FISH. The Committee on Foreign Affairs rubberstamped the bill as it came to us. We did not write that bill. Does the gentleman know who wrote it? Does Mr. BLOOM claim he wrote it?

Mr. COX. The gentleman himself is an outstanding member of the Committee on Foreign Affairs. I am sure he at least endeavored to impress his influence on that committee.

Mr. FISH. I endeavored to amend it by striking out section 3 and I was defeated. The minority members endeavored to amend it all along, but were defeated. Now, however, the Democrats, I am glad to say, agree with us and the American public, and are prepared to scrap section 3.

Mr. THOMAS F. FORD. Who wrote section 9?

Mr. FISH. An amendment was put in on section 9.

Mr. THOMAS F. FORD. Who wrote it?

Mr. FISH. That is the old law.

We have a neutrality bill. The Congress wrote the existing neutrality bill and it is the law of the land. No one questioned its wisdom at the time except a half-dozen Members of Congress. It is the same law that exists today. Now it is proposed to change that neutrality law. I ask, Why is it proposed to change it? What is the reason for changing the present law, the purpose of which is to keep us out of foreign wars? That neutrality bill was written for one purpose and that was to keep us out of foreign entanglements by being neutral, and this bill is an unneutral proposal. It violates American neutrality, and does so openly. If you will read the hearings before our committee you will find it has just one intention, that of involving the United States on the side of Great Britain.

I am willing to accept the challenge and put this debate on a high level, leaving out the gentleman from New York [Mr. BLOOM], and leaving out his authorship of the bill entirely. I am willing to take the cover off the ball and do away with all the mystery that surrounds this camouflaged and fake neutrality bill and face the facts.

What are the facts? This bill seeks to aline the United States of America with Great Britain. This bill has one distinct and definite purpose and the American people will know it sooner or later if they do not know it now. They did not know it, as I told the committee when it was considered in executive session, but sooner or later the American people will find out that the administration is taking us blindfolded into the eternal wars of Europe. You propose to write an unneutral bill, and in advance of all contingencies to aline the United States with Great Britain even before war is declared, no matter what the war is for or where it may be, so that we may ship arms, ammunition, and implements of war to Great Britain and France, and not sell them to Italy and Germany. That is all there is to the bill if you leave in section 1 as it is without the arms embargo.

Mr. ALLEN of Pennsylvania. Will the gentleman yield?

Mr. FISH. I yield to the gentleman from Pennsylvania.

Mr. ALLEN of Pennsylvania. Will the gentleman deny that the existing law is unneutral in that it favors the aggressor nations? If he does deny that, he pits his own judgment against the considered judgment of the best authorities on foreign affairs in this Nation.

Mr. FISH. I am very glad the gentleman asked that question. That argument will come up repeatedly, and I want both sides of the aisle to follow my answer, because this will be one of the most important issues before us.

What is neutrality? We have a neutrality bill, which provides that we shall not sell arms to any nation that goes to war. But that does not satisfy the British, and it does not satisfy the French or Soviet Russia. We must have an unneutral bill which permits us to sell arms to Great Britain and France, who control the seas, and not to Germany and Italy. That is the only purpose of the bill. To raise an argument of that kind, to my mind, is most childish. It is simply an effort to change the word "neutrality" into "unneutrality."

What is the definition of "neutrality"? I take this definition from Webster's International Dictionary:

> Neutrality, specifically in international law: The condition of a state which refrains from taking part, directly or indirectly, in any war between powers.

That is what neutrality means, according to Webster's Dictionary. That is what it means according to every thinking American citizen and according to every student of international law.

We are deliberately trying to change a neutral law into an unneutral law. We are endeavoring to take sides before war is declared. Are we to take sides over Danzig, 95 percent German, stolen from Germany by the Versailles Treaty? Danzig is as much a part of Germany as Calais is of France, Dover of England, or Boston of the United States. Are we going to send American soldiers to fight and die over the control of the Mediterranean or over the control of imperialistic empires, whether it be France, Germany, Italy, Great Britain, or Soviet Russia? Are we to fight over power politics and forms of governments? Are we to fight over Egypt or India or Hong Kong or Africa? That is what this bill wants us to do, to take sides. That is the argument of the opposi-

tion, and we have two Members on our side who will tell you the same thing. I admit I cannot understand the common sense or logic of following the same course and policy that plunged us into the World War 22 years ago.

Mr. SIROVICH and Mr. NICHOLS rose.

Mr. FISH. I cannot yield until I finish this statement. I cannot understand the logic of it. They say to us that we must supply these war goods to England, that we are unneutral if we do not supply them, as Germany cannot buy them anyhow. What has that to do with it if Germany cannot buy them? What has that to do with it if England cannot buy them? I am not pro-British or pro-German or pro-Italian. I am merely pro-American and want to keep America out of foreign wars by not selling arms and ammunition to belligerent nations.

[Here the gavel fell.]

Mr. FISH. Mr. Speaker, I yield myself 5 additional minutes.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. FISH. For a brief question.

Mr. RICH. With the Neutrality Act we have at present, how is it that we can ship ammunition to Japan, and why has not Japan declared war on China?

Mr. FISH. I am glad to answer the gentleman, but I do not want to get too much involved in the Japanese question. The answer is simply this: The President has refused to enforce the present neutrality law. He refuses to find the fact that a state of war exists in China. Every thinking man and woman in this Chamber knows that a state of war exists in China, under the law as written. The law should be enforced and carried out, whether it is good, bad, or indifferent. If it is a bad law it ought to be amended, but it is the law of the land. The President should find the fact that a state of war—not a declaration of war but a state of war—exists in China, and everybody knows that such a state of war does exist; but he refuses to do it. He may have good reasons for not doing it and I am not denying that, but the Congress is not responsible for these arms, munitions, and implements of war going to Japan. The only person responsible is the President, who refuses to carry out the law of the land. That is a condition that exists, so please do not raise this Japanese issue and try to make out that the American people, or we, the Congress, are responsible for the Japanese getting arms. We have done our part. It is up to the President. All he has to do is enforce the law and declare that a state of war exists, and the Japanese will get no more arms.

Mr. SIROVICH. Mr. Speaker, will the gentleman yield?

Mr. FISH. I yield to the gentleman from New York.

Mr. SIROVICH. In my travels through Europe I have found that the greatest democracies of Europe are Norway, Sweden, Finland, Denmark, Holland, and Belgium.

Mr. FISH. Yes.

Mr. SIROVICH. They are trying to preserve their democracies. If they want to purchase arms, munitions, and implements not for war but to defend the peace and the rights of their own nationals, why should we not be enabled to send them such materials in order to protect the democracies against Germany and other Fascist nations?

Mr. FISH. I will tell the gentleman exactly why. In the first place, the Scandinavian nations—Holland, Denmark, Norway, and Sweden—do not propose to go to war. They did not go into the last war; they remained out of it. They have already said that they intend to remain out of the next war. They do not need to pass neutrality bills such as this. They propose to be neutral. They intend to stay out of war. The Scandinavian countries are intelligent. They are neutral countries. They do not want to have anything to do with war, and nothing can involve them in war. They say to the owners of their ships, "You can carry all the foodstuffs you want and all the raw materials you want, but you do so at your own risk." Norway lost 1,000 ships in the last war, Sweden lost 200 ships, and Holland lost 200 ships. Even Great Britain in the Spanish war lost 100 ships but did not go to war.

Mr. FORD of Mississippi. Mr. Speaker, will the gentleman yield?

Mr. FISH. I yield to the gentleman from Mississippi.

Mr. FORD of Mississippi. Does any other country have a neutrality law?

Mr. FISH. Every one of the Scandinavian countries is 100-percent neutral. They practice what they preach.

Mr. FORD of Mississippi. Do they have any statutory law defining neutrality?

Mr. FISH. They simply say to the owners of their ships—and this is what I want to put into this bill—"You can carry all the products of our country except deadly weapons, but you do so at your own risk." That is their neutrality law, and I would like to see the same type in the United States.

Mr. FORD of Mississippi. Will the gentleman just mention one country that has any statutory neutrality law?

Mr. FISH. I am just telling the gentleman that every one of those Scandinavian nations have a law providing that their ships operate at their own risk.

Mr. FORD of Mississippi. Just tell me one country.

Mr. FISH. I am telling the gentleman that Norway, Sweden, Denmark, and Holland, every one of them practices that principle.

Mr. FORD of Mississippi. The gentleman is in error. They do not have any such statute.

Mr. THOMAS F. FORD. Mr. Speaker, will the gentleman yield?

Mr. FISH. I yield to the gentleman from California.

Mr. THOMAS F. FORD. The gentleman said the English lost 100 ships in the Spanish war. Where does the gentleman get that figure?

Mr. FISH. They lost 100 ships that were bombed, torpedoed, and destroyed by Franco's planes, and maybe also by the Italians.

Mr. THOMAS F. FORD. The gentleman means in the recent Spanish war?

Mr. FISH. Yes.

Mr. THOMAS F. FORD. I thought the gentleman was referring to the Spanish-American War.

Mr. FISH. The British kept out of the recent war in Spain, as her ships sailed at their own risk.

Mr. MAY. Mr. Speaker, will the gentleman yield?

Mr. FISH. I yield to the gentleman from Kentucky.

Mr. MAY. The gentleman said awhile ago that the President had not determined that a state of war exists in China and had not so declared.

Suppose he did declare a state of war exists in China, then what would be his obligations under existing law?

Mr. FISH. Then we could not ship any arms or ammunition into China or Japan.

Mr. MAY. Does the gentleman mean to say that they are being shipped by the United States Government now to China and Japan?

Mr. FISH. No; but they are being bought right here by both China and Japan at the present time, and if the law was enforced it would be impossible to do so.

Mr. MAY. If the gentleman will permit one further question; does the gentleman believe in the cash-and-carry plan?

Mr. FISH. No; I do not. I do not believe in the cash-and-carry plan. I would substitute for the cash-and-carry plan a mandate that American ships carry goods to belligerent nations at their own risk. I would wipe it all out, and I would provide that American ships could carry everything they wanted—cotton, oil, copper, and everything we produce except arms, ammunition, and implements of war or lethal weapons and deadly weapons. Our ships could go into the war zones if they wanted, at their own risk, just the way the Norwegian and Scandinavian ships do, and the way England did in the recent Spanish war.

Mr. MAY. Since the gentleman states he would not exempt food products from the embargo——

Mr. FISH. That is right.

Mr. MAY. Is it not as essential to have food to fight a war as it is to have munitions, and even more essential, and yet we would get involved if we did furnish foodstuffs?

Mr. FISH. That is why I want the provision that they do so at their own risk. I make a great distinction between foodstuffs and deadly weapons.

The SPEAKER. The gentleman from New York has consumed 20 minutes.

Mr. FISH. Mr. Speaker, I yield myself 5 additional minutes.

Mr. SHANLEY. Mr. Speaker, will the gentleman yield for a question right there?

Mr. FISH. I yield for a brief question.

Mr. SHANLEY. The gentleman made the statement that the President had defied the mandate of Congress by not invoking the proclamation, and in answer to a question by the gentleman from Kentucky the gentleman stated he did not criticize the President. Where does the gentleman stand on this issue?

Mr. FISH. I simply say there is much to be said on the President's side for not doing so, but I say that, nevertheless, it is the law of the land. All I can say is that I would enforce such a law because it is the law. It may work a hardship, but it is the law and ought to be enforced because a state of war exists. I can see reasons for not enforcing it, and that is why I do not want to get involved in that issue very heavily here, because we are now discussing other matters.

Mr. SHANLEY. I would like to go into that now unless the gentleman shuts me off.

Mr. FISH. The gentleman can do that in his own time.

Mr. SHANLEY. I would like to go into that now if the gentleman would give me the time. Does the gentleman want to yield or not?

Mr. FISH. I cannot yield for any extended debate on that now.

The question of democracy was raised by my colleague from New York. I happen to be one of those veterans, and I think you will find on the arms embargo that every veteran on the Republican side, and a good many on yours, will vote against this bill for repealing it. We were told 20 years ago we must go forth to make the world safe for democracy; that it was a war to end all wars, and we did our part and we turned the tide of defeat into victory and brought our soldiers home and asked for nothing and got exactly what we asked and nothing at all, no reparations, no indemnities, no plunder, and no conquered territory. Once again the cry is raised throughout this land, and this should not be a partisan matter, but we are in the midst of war hysteria, to such an extent that people are fearful we are to be attacked by some foreign foe, and the cry goes up again that we must go forth to make the world safe for democracy. What a farce, what a mockery, what a crime, when you see these old nations of the world going to the left and to the right, Russia, our former ally, into communism; Italy, our former ally, into dictatorship and fascism, and yet once again we are told we must go forth to war and send the selected youth of America to another blood bath in Europe to make a world safe for democracy.

Mr. JOHNSON of Oklahoma. Mr. Speaker, will the gentleman yield?

Mr. FISH. I cannot yield further.

Now, what will happen? Suppose this interventionist bill passes. It will not pass; it has no chance of passing, but you Members over on the Democratic side will be led to political slaughter to make a Roman holiday. You will be led up to slaughter just the way you were on the Townsend bill [laughter]. The leaders of the House do not care. They come from safe districts. They do not care because they can vote any way at all on these bills, but there are 50 Democrats who, if they vote for this interventionist bill, will not be back in the next Congress. Nevertheless, you people are told you must vote for this bill, that you must jam it through, and what will happen if this bill goes through the House? Suppose we only get 25 Democrats to vote against this bill. I submit that if it was voted upon on its merits, on a secret vote, there would not be 25 votes for it in the House of Representatives, but you have got your orders and like good rubber stamps you will go down the line.

If you pass the bill, what happens? It goes to the Senate. Twenty-one Members of that body have signed a round robin that they will fight this repeal of the arms embargo every inch of the way. It means that they will be there for 2 more months, and we will be over here doing nothing for those 2 months, simply to please some people who want to jam through this fake neutrality bill, this international and interventionist bill. This is just another collective-security proposal to involve us in war and to do away with our traditional policies proclaimed by George Washington.

What are those traditional policies? What were the policies of Washington? Where did our foreign policy come from, and what has it meant for the last 150 years?

The SPEAKER. The time of the gentleman from New York has expired.

Mr. FISH. Mr. Speaker, I yield myself 4 additional minutes.

It was proclaimed by George Washington in April 1793, when Europe was in the midst of one of its eternal wars. He proclaimed a policy of neutrality, nonintervention, peace, and no entangling alliances. That became the foreign policy of the United States, endorsed by Thomas Jefferson and by every great Democratic President, by Madison, Monroe, Jackson, and all the rest; by all the Republican Presidents, including Lincoln and Theodore Roosevelt, and right down to the present time that has been the policy of the American people. Now it is proposed by President Roosevelt and Secretary Hull, who have always been internationalists, who have always been interventionists, who always believed in collective security and in the League of Nations, to scrap the policies of Washington; to jam through this bill; to take sides with Great Britain and France in a military alliance even before war is declared, without even knowing what the war will be fought about.

I call your attention to the Farewell Address of Washington and what he had to say in those days, which applies precisely today. He said:

> Why forego the advantages of so peculiar a situation? Why quit our own to stand upon foreign ground? Why, by interweaving our destiny with that of any part of Europe, entangle our peace and prosperity in the toils of European ambition, rivalship, interest, humor, or caprice?

What was it that Jefferson had to say on identically the same subject?—because the Atlantic Ocean still remains as a great protective barrier. It is more of a protection today than ever before because in the old days sailing ships took from 3 weeks to 3 months to come here. Now the battle fleets cannot come here. They lose 20 percent efficiency every thousand miles and some admirals claim that no fleet is effective 2,500 miles from its base.

This is what Jefferson had to say, and he had one of the greatest minds of any President:

> I have ever deemed it fundamental for the United States never to take active part in the quarrels of Europe. Their political interests are entirely distinct from ours. Their mutual jealousies, their balance of power, their complicated alliances, their forms and principles of government are all foreign to us. They are nations of eternal war. All their energies are expended in the destruction of the labor, property, and the lives of their people. On our part never had a people so favorable a chance of trying the opposite system of peace and fraternity with mankind and the direction of all our means and faculties to the purposes of improvement instead of destruction.

I say to you, in conclusion, as far as I am concerned—and I believe as far as my party and most of the American people are concerned—if those old nations of the world go stark, raving mad and arm to the teeth and go to war, it is their war and not ours. We are ready and willing to spend millions and billions for adequate national defense, but not one single dollar to send an American soldier to foreign lands to fight other people's battles. [Applause.]

The SPEAKER. The time of the gentleman from New York has again expired.

Mr. SMITH of Virginia. Mr. Speaker, I yield 1 minute to the gentleman from Pennsylvania [Mr. ALLEN].

Mr. ALLEN of Pennsylvania. Mr. Speaker, I asked for this time merely to propound a question to the gentleman from New York [Mr. FISH], if he will answer. Will the gentleman from New York inform the House how he voted in 1937 on the existing neutrality law which he has defended so forcefully here on the floor today?

Mr. FISH. Well, I voted for the bill, but I was against the cash-and-carry plan; but I voted for the bill.

Mr. ALLEN of Pennsylvania. The RECORD shows that the gentleman from New York did not vote for the bill. [Laughter and applause.]

Mr. FISH. The gentleman is mistaken. I do not know what the gentleman is talking about. I have always urged an embargo on arms, both in war and peace. Only 10 or 12 votes were cast against the bill, and you will not find my name among those votes.

Mr. ALLEN of Pennsylvania. The RECORD shows that the gentleman did not vote on that bill.

Mr. FISH. I do not care what the RECORD shows. Everyone in this House knows that I have urged an embargo on arms for many years and that I offered an amendment to even stop the selling of arms in time of peace. I certainly did not vote against the bill, as there were only 12 votes against it. Perhaps what the gentleman has in mind is that I was absent on its final passage. I do not remember, but I know I did not vote against the bill and that I have always advocated an arms embargo.

Mr. SMITH of Virginia. Mr. Speaker, I yield 3 minutes to the gentleman from New York [Mr. BLOOM].

Mr. BLOOM. Mr. Speaker, I had not intended to speak under the rule, but I thought it was necessary to give my colleague from New York [Mr. FISH] his first lesson in American history.

I am going to read, Mr. Speaker, Washington's Proclamation of Neutrality, a copy of which I gave to the gentleman from New York some time ago. He almost had it right, but unfortunately he did not get it all. I read:

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION

April 22, 1793

Whereas it appears that a state of war exists between Austria, Prussia, Sardinia, Great Britain, and the United Netherlands of the one part and France on the other, and the duty and interest of the United States require that they should with sincerity and good faith adopt and pursue a conduct friendly and impartial toward the belligerent powers:

I have therefore thought fit by these presents to declare the disposition of the United States to observe the conduct aforesaid toward those powers respectively, and to exhort and warn the citizens of the United States carefully to avoid all acts and proceedings whatsoever which may in any manner tend to contravene such disposition.

And I do hereby also make known that whosoever of the citizens of the United States shall render himself liable to punishment or forfeiture under the law of nations by committing, aiding, or abetting hostilities against any of the said powers, or by carrying to any of them those articles which are deemed contraband by the modern usages of nations, will not receive the protection of the United States against such punishment or forfeiture; and further, that I have given instructions to those officers to whom it belongs to cause prosecutions to be instituted against all persons who shall, within the cognizance of the courts of the United States, violate the law of nations with respect to the powers at war, or any of them.

In testimony whereof I have caused the seal of the United States of America to be affixed to these presents, and signed the same with my hand.

Done at the city of Philadelphia, the 22d day of April 1793, and of the independence of the United States of America the 17th.

G? WASHINGTON.

By the President:
TH: JEFFERSON.

In Washington's Farewell Address—and please remember, Mr. Speaker, that more than 25 percent of Washington's Farewell Address deals with neutrality; and the neutrality bill that we have before us today was written on this foundation. I defy anyone to say other than that. It was with Washton's neutrality proclamation before us that the neutrality bill that is now pending was written. What did Washington say 3 years and 6 months later?

[Here the gavel fell.]

Mr. SMITH of Virginia. Mr. Speaker, I yield 1 additional minute to the gentleman from New York.

Mr. BLOOM. Washington said 3 years and 6 months later—remember this was April 22, 1793. Washington's Farewell Address was written September 19, 1796. George Washington said this, referring to this proclamation:

In relation to the still subsisting war in Europe, my proclamation of the 22d of April 1793 is the index to my plan. Sanctioned by your approving voice and by that of your representatives in both Houses of Congress, the spirit of that measure has continually governed me—uninfluenced by any attempts to deter or divert me from it.

That is what Washington said about neutrality; that is what he meant and that is what my bill calls for. [Applause.]

[Here the gavel fell.]

Mr. SMITH of Virginia. Mr. Speaker, will the Chair advise me how the time stands.

The SPEAKER. The gentleman from Virginia has 20 minutes remaining, the gentleman from New York 1.

Mr. SMITH of Virginia. Mr. Speaker, will the gentleman from New York use his time?

Mr. FISH. Mr. Speaker, I yield the balance of my time to the gentlewoman from Massachusetts [Mrs. ROGERS].

The SPEAKER. The gentlewoman from Massachusetts [Mrs. ROGERS] is recognized for 1 minute.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to revise and extend my remarks; and I ask also, Mr. Speaker, that the American neutrality appeal by President Wilson on August 19, 1914, may be inserted in the RECORD at this point.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, following is the splendid appeal made by the late President Woodrow Wilson in August 1914, in which he requested the assistance of all citizens of this country in maintaining a state of neutrality during the European war. It is worthy of the careful reading and study of everybody today, for it applies to our day and times just as forcibly as it did to the early days of the World War.

AMERICAN NEUTRALITY

STATEMENT OF THE PRESIDENT

My fellow countrymen, I suppose that every thoughtful man in America has asked himself, during these last troubled weeks, what influence the European war may exert upon the United States; and I take the liberty of addressing a few words to you in order to point out that it is entirely within our choice what its effects upon us will be and to urge very earnestly upon you the sort of speech and conduct which will best safeguard the Nation against distress and disaster.

The effect of the war upon the United States will depend upon what American citizens say and do. Every man who really loves America will act and speak in the true spirit of neutrality, which is the spirit of impartiality and fairness and friendliness to all concerned. The spirit of the Nation in this critical matter will be determined largely by what individuals and society and those gathered in public meetings do and say, upon what newspapers and magazines contain, upon what ministers utter in their pulpits, and men proclaim as their opinions on the street.

The people of the United States are drawn from many nations, and chiefly from the nations now at war. It is natural and inevitable that there should be the utmost variety of sympathy and desire among them with regard to the issues and circumstances of the conflict. Some will wish one nation, others another, to succeed in the momentous struggle. It will be easy to excite passion and difficult to allay it. Those responsible for exciting it will assume a heavy responsibility, responsibility for no less a thing than that the people of the United States, whose love of their country and whose loyalty to its Government should unite them as Americans all, bound in honor and affection to think first of her and her interests, may be divided in camps of hostile opinion, hot against each other, involved in the war itself in impulse and opinion, if not in action.

Such divisions among us would be fatal to our peace of mind and might seriously stand in the way of the proper performance of our duty as the one great nation at peace, the one people holding itself ready to play a part of impartial mediation and speak the counsels of peace and accommodation, not as a partisan but as a friend.

I venture, therefore, my fellow countrymen, to speak a solemn word of warning to you against that deepest, most subtle, most essential breach of neutrality which may spring out of partisanship, out of passionately taking sides. The United States must be neutral in fact as well as in name during these days that are to try men's souls. We must be impartial in thought as well as in action, must put a curb upon our sentiments as well as upon every transaction that might be construed as a preference of one party to the struggle before another.

My thought is of America. I am speaking, I feel sure, the earnest wish and purpose of every thoughtful American that this great country of ours, which is, of course, the first in our thoughts and in our hearts, should show herself in this time of peculiar trial a nation fit beyond others to exhibit the fine poise of undisturbed judgment, the dignity of self-control, the efficiency of dispassionate action; a nation that neither sits in judgment upon others nor is disturbed in her own counsels and which keeps herself fit and free to do what is honest and disinterested and truly serviceable for the peace of the world.

Shall we not resolve to put upon ourselves the restraints which will bring to our people the happiness and the great and lasting influence for peace we covet for them?

The appeal for neutrality today is greatly needed. It would be well to heed President Wilson's words before voting for the Bloom bill.

Mr. Speaker, I am very glad that full and complete discussion of this so-called neutrality bill will be had in the next 2 days. Most of us realize that it should not be called a neutrality bill. If you want to pass a bill to give aid to Great Britain and France, if you feel that is right, it is your privilege and the privilege of every Member here today to do so, but call it a bill to help France and Great Britain.

Mr. Bonnet's statement, reported by the Associated Press in Paris yesterday, shows how anxious France is to have us side with that country and England. If this bill be passed it should be done with the full knowledge and realization it is that kind of legislation, and not a neutrality bill at all. All of the testimony before the Committee on Foreign Affairs demonstrated the fact that the repeal of embargoes on arms and munitions of war would be made in an effort to assist France and England. I voted against the present so-called neutrality act that is now in force. But to pass another law at the present time would be to change the rules after the game has started. I believe nobody doubts but what there is war between China and Japan at the present time. Nobody doubts that Germany has performed an act of aggression in taking over Austria and Czechoslovakia. In effect this was an act of war without fighting. My recommendation is that we stay in session all summer to watch developments.

The full import of this measure will become apparent within the next 2 days, and I know that every Member here, regardless of party, wants to do the best for his country. [Applause.]

[Here the gavel fell.]

Mr. SMITH of Virginia. Mr. Speaker, I yield the balance of my time to the gentleman from Texas [Mr. LUTHER A. JOHNSON].

The SPEAKER. The gentleman from Texas [Mr. LUTHER A. JOHNSON] is recognized for 20 minutes.

Mr. LUTHER A. JOHNSON. Mr. Speaker, I regret that the ranking member of the Foreign Affairs Committee has injected personalities into the debate and has made uncomplimentary references to the acting chairman of the committee, the gentleman from New York [Mr. BLOOM]. The House well understands the situation. The able, distinguished, and much beloved chairman of this committee, the gentleman from Tennessee [Mr. MCREYNOLDS], is ill and has been unable to be present during the consideration of this bill. In his absence under the rules of the House the gentleman from New York [Mr. BLOOM], being the ranking majority member, has served as acting chairman of the Foreign Affairs Committee. I desire to say that the charges brought against the gentleman from New York [Mr. BLOOM], the acting chairman, are unjustified and unfounded, for the gentleman from New York [Mr. BLOOM] has, zealously, earnestly, and with fairness and self-restraint, controlling himself under circumstances where there was a great deal of feeling and heat, conducted himself, I think, in a manner that has won the commendation of the members of the committee in the long and tedious consideration of this bill. [Applause.]

Permit me to say further, Mr. Speaker, that this is not the half-baked bill the gentleman from New York [Mr. FISH] would intimate, brought in here by a bunch of "rubber stamps"; it is a bill that has been given as long, and as careful, and as fair consideration as any measure which was ever brought before this House. We began our hearings in April, and open hearings were held for more than a month. At the conclusion of the open hearings we had executive hearings in which representatives from the State Department, the War Department, the Navy Department, the Department of Commerce appeared before us. Then the committee by very careful and painstaking consideration went over the entire bill. The best answer to the charge that the bill is the bill of a "rubber stamp" committee is the fact that it contains amendments accepted by the committee which were offered by the Members of the other side of the aisle. It is the committee's bill worked out with the cooperation of the great and able Secretary of State for whom I think the American people have the highest affection and regard, the Honorable Cordell Hull. [Applause.]

Mr. Speaker, it is impossible to magnify the importance of this resolution which this House will consider when this rule is adopted. It deals with a subject vital in the life of this Republic—the preservation of peace and the prevention of our involvement in foreign wars. There is nothing closer to the heart of America than that. I regret that those who have been opposing this resolution have, both in the press and over the radio, used such bitterness and violence of language in condemning it even before it was considered in the House. Vituperation will hinder rather than help in its consideration. The measure is of such importance and of such far-reaching consequences that its consideration demands calmness, coolness, and deliberate judgment. It behooves us to lay aside all bitterness, all personalities, all partisanship, either national or international, and in the spirit of reason, stripped of all sentiment or sentimentality, to analyze the terms and provisions of the bill and carefully weigh and consider their effect in the light of existing conditions, and then vote for what we consider is best for America, and America alone, at this critical hour. That is our responsibility and is a grave responsibility which we cannot escape.

No bill ever came before this House with as much misinformation and misapprehension on the part of the public as to its purpose and provisions as this resolution. There has been a studied effort on the part of some of its opponents to disseminate false information and to create an erroneous impression with reference to it. I feel it my duty, in view of my familiarity with the terms of the bill and with past legislation upon this subject, to clarify, if I can, some of the misunderstandings and answer briefly, within the limited time allotted me, some of the unfounded criticisms and unjust conclusions used by some of those who oppose it.

It is not what its enemies say that it is. Its purpose and provisions are diametrically opposed to many of the charges leveled against it. It does not give the President authority to do an unneutral act. It does not give the President power to select the aggressor nation. It does not give the President power to take the side of one belligerent as against the other. It does not give the President power to involve us in a foreign war, and neither does it commit our Government or Congress to an alliance, entangling or otherwise, with any other country.

It has nothing whatever to do with any foreign government. There are only two sections of the bill which relate to foreign governments—section 7, which forbids the use of

American ports as a base of supply for warring nations, and section 8, authorizing the prohibition of submarines and armed vessels of a warring nation to enter our ports or territorial waters. Both sections 7 and 8 are in the present neutrality law, and there is no enlargement of power on the part of the President with reference thereto, and the language in both sections is identical with the existing law upon those subjects.

All of the remaining sections of the bill relate to the regulations of the conduct of our own citizens and our own ships when a war is raging between two or more foreign countries, by restricting our citizens in their travels upon the ocean and their dealings with belligerent nations. We cannot pass legislation that will prevent war, for war is produced by a state of mind and when the passions of a people become inflamed war is inevitable, but we can remove and make less likely the happening of injury to our citizens or their property by warring nations and thus prevent irritating causes calculated to inflame the passions of our people that might lead us into war.

No other Government has ever made such restrictions upon its citizens, but America is so anxious for peace that we feel that the liberty and restriction of the rights of our citizens must be sacrificed to prevent our country from becoming involved in a foreign war. The regulations and restraint imposed by the resolution are these: It prohibits citizens of the United States from traveling on a vessel of any nation at war. It prohibits the exportation of all goods of every kind from the United States to belligerent countries until all right, title, and interest therein shall have been transferred to the foreign consignee. By requiring the transfer of title before the goods are shipped, if the goods are lost at sea, the claim for such loss will not be made by our nationals, but by the nationals of the warring government.

It prohibits the sale of bonds, securities, or other obligations of a belligerent nation, and prohibits the making of loans, either by our citizens or our Government to belligerent nations. And makes it unlawful for any person within the United States to purchase, sell, or exchange bonds, securities, or other obligations of any government or political subdivision, or to make any loan or extend any credit to a warring nation. This is designed to require a cash purchase of our goods when bought, and to prevent our Government and our citizens from financing foreign wars and being left with unpaid bonds and obligations after the war is over. If there is another war, we do not want any unpaid war debts in this country.

To encourage neutrality on the part of our citizens, no solicitation or collection of funds in behalf of either warring nation can be made in this country.

It continues the present law with reference to the National Munitions Control Board, which regulates and controls those engaged in the sale of arms, both in time of peace and in time of war, by requiring dealers in such commodities to register with the Secretary of State so that the Government may have registration of all such firms so engaged, and furthermore makes it unlawful for them to export arms to any other country without first having obtained a Government license therefor.

The pending resolution makes only three material changes in the present law: (1) The repeal of the arms embargo in section 1; (2) the addition of a new feature, being section 3, and known as the areas of combat operations; and (3) subsection (d) of section 4, designed to supplant section 2 of the act of May 1937, known as the cash-and-carry provision, and which expired on May 1 of this year.

CASH-AND-CARRY PROVISION

The language of the pending resolution upon this subject is an improvement upon the old law. The old law left it discretionary with the President as to whether or not that provision of the law should be invoked, but under the law as written in this resolution, the President is left no discretion, but it is mandatory and automatic upon a finding that a state of war exists that this provision, embargoing shipments of commodities without a transfer of title, shall be automatically and immediately invoked.

REPEAL OF ARMS EMBARGO

The feature repealing the arms embargo is of great importance, and I wish to discuss it briefly.

The sole purpose of this and all previous neutrality legislation is and was to remove irritating causes that might arise out of the treatment of our people by belligerents which might inflame the passions of our citizens and thereby involve us in war.

An embargo on arms will not tend to keep this country out of war. Considering that arms are absolute contraband and subject to seizure by a belligerent without right of recourse by the neutral shipper or his government, there is no reason for an embargo on such articles if the purpose is to avoid controversies. Moreover, it would be wholly inconsistent and illogical to place an embargo on these articles and leave the door open with respect to other materials that are just as essential in war operations.

It is not the sale of arms or other commodities, but, rather, their transportation and delivery, which is calculated to produce the irritating circumstances which may lead us into war. Embargo, therefore, upon arms will not prevent, nor tend to prevent, our involvement in a foreign war, and the removal of the arms embargo from the present law, since we have the transfer of title section with reference to their sale and delivery, like other commodities, will not, therefore, weaken our neutrality law in the slightest degree.

Furthermore, by repealing the arms embargo our Government will restore international law upon this subject, which permits the sale to all belligerents of such commodities. The charge that repealing the arms embargo is an unneutral act is untenable, since no one can contend that international law is unneutral; and repeal would, therefore, instead of being an unneutral act, be a neutral act, in conformity with international law, which has governed the conduct of all nations throughout the years.

If war should break out, we can visualize conditions that might cause the sentiment of our people to demand the repeal of the arms embargo. To do so after the outbreak of war might be an unneutral act, but to do so now would be a neutral act, in conformity with international law, and it is, therefore, the part of wisdom to eliminate now the possibility of such a contingency.

The arms-embargo feature of the present law was placed therein not to prevent our involvement in a foreign war but for the effect it might have in discouraging other countries from going to war. It was hoped when we passed our neutrality legislation that other countries might follow our example by embargoing the sale of arms, but they have not done so. In view of present conditions, and of developments that have taken place, I am now constrained to believe that our arms embargo, instead of discouraging, has encouraged other nations to commit aggressions which may lead to war.

By placing an embargo on arms during a foreign war and allowing other essential war materials freely to go to the belligerents, we would inevitably benefit countries that are well equipped with supplies of arms and manufacturing facilities and injure countries that rely on other markets for arms and ammunition. Such a policy has been condemned by many witnesses appearing before the committee, witnesses who have made a study of and have analyzed the subject from various points of view, and expressed the fear that in view of present conditions there is a real danger that it may encourage countries well armed and well equipped for military operations to make prey of other countries which have been less militarily inclined. Such encouragement increases rather than diminishes the likelihood of war, and prevention of war elsewhere is the best insurance for peace in America.

To those who fear that the repeal of the arms embargo might result in huge profits to the munition makers, let me say that if the arms embargo is repealed, I shall favor, and believe that Congress will enact, legislation to levy such a

high tax on munition makers that it will prevent profiteering in that commodity. Representatives of the State Department informed our committee that the enforcement of the arms embargo law had been most difficult; that in many instances where shipments were going to neutral nations, since the law required that such shipments could not be made even to neutral nations when it was intended to make reshipment to belligerent nations, the Government had found it exceedingly difficult in investigating and determining whether the shipments to neutral nations were not in fact intended for belligerents. If this difficulty of enforcement has been encountered in the two minor wars in Europe—Italian-Ethiopian war and Spanish civil war—how much more difficult would be enforcement in the event of a major conflict between great powers?

NEED FOR LEGISLATION NOW

To those who question the need or necessity for the consideration of neutrality legislation at this time, let me remind you again that on May 1 of this year section 2 of the present law expired and is no longer in force and effect. We have only a partial neutrality law in effect at this time. The provision expiring was, to my mind, most important and was the very heart of the neutrality law. It removed the causes of complaint on the part of our citizens for the destruction of goods and cargo at sea by belligerents. If we needed that provision in the law when we passed it in May 1937 we need it infinitely more now. Then there were mere rumors of war, but now the whole world is overcast with war clouds, and many of the major nations of the earth have already begun to mobilize their armies, and in some countries they are on the march.

It behooves us to set our house in order now, so that if war breaks we shall have, not a partial, but a full and complete neutrality law, designed in every way possible to prevent our involvement, and we will be recreant to our duty if we do not, before Congress adjourns, pass a law designed in the light of present conditions to safeguard our own country.

It is unthinkable that we will fail to adopt this rule and consider this bill. Let no one vote against the rule because he is opposed to certain features of the bill, for it will be considered under an open rule and all amendments will be given fair and full consideration, as it is the desire of the committee that the bill as finally written shall reflect the true will of the House.

It would be nothing short of criminal negligence if we fail to consider this subject at this time and woe be to those who vote against the rule, if war breaks and finds our country legislatively unprepared to prevent our involvement, because Congress wanted to adjourn, or because the House thought the Senate might not consider it. Let the House meet its responsibility today. The other body can meet its responsibility later.

AMENDMENTS TO BE OFFERED

Mr. Speaker, for the information of the House, I am authorized to announce, in order to eliminate certain features of the bill which are objectionable to some Members of the House, the acting chairman of the committee [Mr. BLOOM], after consulting with a majority of the Democratic members of the committee, and with their concurrence and support, will offer amendments to change the bill as reported in the following particulars:

(1) In section 2 of the bill, strike out the provision making it unlawful for citizens of the United States to travel on vessels of belligerent nations, and substitute in lieu thereof "that no citizen of the United States shall travel upon vessels of belligerent nations, except at his own risk."

(2) Strike out all of section 3, relating to areas of combat operations.

(3) In section 4 of the bill, relating to financial transactions, on page 4, line 12, after the word "section", insert "for a period of not more than 90 days, without renewals", thereby limiting the power of the President to except ordinary commercial credits and short-time obligations to a period of only 90 days, and prohibiting further renewal thereof.

(4) Oppose the committee amendment inserting section 9. It is not believed that these changes will materially affect the purpose of the bill. Personally I think there is merit in section 3, but it is a new and untried provision and is not indispensable, so I acquiesced in the change.

Mr. Speaker, this bill is not a perfect measure. No bill upon this controversial subject could be written that would be pleasing to everyone. We do not claim it is an insurance policy that will keep us out of war, no bill could be written that would do that, but we do say it will minimize, it will reduce, it will lessen the hazards of war, and I think if we can pass a law that will in the slightest degree tend to keep our country from becoming involved in a war between foreign countries, it is our duty to do so. That is what America wants. That is what America demands. [Applause.]

Mr. SMITH of Virginia. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

Mr. BLOOM. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of House Joint Resolution 306, the Neutrality Act of 1939.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of House Joint Resolution 306, with Mr. COOPER in the chair.

The Clerk read the title of the joint resolution.

The first reading of the joint resolution was dispensed with.

Mr. BLOOM. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, your committee has recommended for your consideration House Joint Resolution No. 306, a project of law that is intended to set up an insurance policy against involvement of the United States in any war that breaks out anywhere in the world. You are asked to discuss the resolution and to vote upon it in that light and in that light only.

You are asked to determine whether it is reasonable and proper for the United States to impose certain restrictions on the actions of its citizens in time of war abroad, to the end that those American citizens shall not by their imprudence involve themselves in danger or disaster that would inflame the indignation of their fellow citizens to the point of demanding reprisal.

It is hoped that the resolution will cushion the United States from the impact of any general conflict and that it shall include every reasonable precaution against the involvement of our country in that conflict.

If you believe the machinery proposed in this resolution is inadequate, your committee asks for your suggestions to improve it. There is no disposition whatever to reject any reasonable amendment offered in good faith to perfect the machinery we have constructed. The members of the committee, after the weeks of study they have given to the subject, naturally feel that the proposed legislation now before the Congress represents the best possible solution that can now be devised. However, a sympathetic ear will be offered on this floor to proposals for improvement, whether offered from this side of the aisle or the other side.

It goes without saying that the subject we are now considering—the absolute necessity of keeping the United States out of war—is not now and never can be a party issue. Those of us who favor the resolution before you are more than willing to credit opponents and those seeking to amend the measure with a sincere patriotic desire to protect our country against ultimate disaster.

We ask only that you consider the resolution on its merits. You have heard, and you will doubtless hear again, that its

real intent is to place the United States in alliance with certain powers and in opposition to certain others in the event of a European or far eastern war. I can assure you, as can my colleagues on the committee, that considerations of this kind were not taken into account in drafting the resolution, and you may disregard as being without foundation any such statements in reference to it. This resolution is simply an attempt to prevent provocative incidents which would tend to involve the United States in war.

If war should unfortunately break out, it will not be of our making. What influence we have in the councils of the world has consistently been thrown on the side of maintaining peace. We have respected our own obligations not to resort to war or the threat of war as an instrument of national policy, and we wish the other great nations of the world might do likewise.

We do not wish to wash our hands of the world, nor to thank God that we are not as other men. But we in this Congress must bear in mind that our first duty is to protect our own people and to save them, if humanly possible, from the horrors of participation in another war.

As speeches are made on this floor and as amendments are offered, we beg you all to keep before your eyes that simple yardstick—how can we best, in our own enlightened self-interest, keep out of war? Do not be misled by emotional appeals, by prejudices, or by other considerations utterly alien to the subject in hand. Let us approach the problem in a practical spirit and an unimpassioned manner.

I have attempted to make clear the intent of the proposed legislation and the spirit in which your committee has brought it before you. Let me earnestly recommend that you give it your deep and intelligent study in the hope that we can adopt the most feasible form of insurance against war that it is humanly possible to devise at this moment. I am confident that if this is done you will approve the resolution your committee has recommended to you. [Applause.]

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. BLOOM. I yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. Would the gentleman give the Committee the benefit of his ideas with regard to the exact difference between the resolution before us and the existing Neutrality Act? There has been some confusion about that.

Mr. BLOOM. I believe if the gentleman will stay on the floor he will find that the speeches that are to be made by various Members on both sides will give the gentleman and other Members of the House all the knowledge it is necessary to have with reference to the difference between the two acts.

Mr. AUGUST H. ANDRESEN. I consider the gentleman the best authority on that. This is his resolution, or it is in his name. The gentleman should give us the benefit of his ideas.

Mr. BLOOM. Do not think I am going to run away from it. I will give the gentleman all the information I possibly can in a few moments. However, I may say that the committee has arranged for Members to speak on certain sections of the bill. When the time comes, if the gentleman will reserve his question, we will give the gentleman all the answers. What in particular does the gentleman wish to know that I can try to answer now?

Mr. AUGUST H. ANDRESEN. The one question in particular that bothers me is the provision in existing law which gives the President the right to designate belligerents or aggressor nations.

Mr. BLOOM. We have nothing like that in this bill. Let me answer the gentleman in this way: If you want to get into war, the quickest way I know to do it is to start naming aggressor nations. You will get into war so quickly you will not know what struck you. However, there is nothing like that in this bill.

Mr. AUGUST H. ANDRESEN. The act we passed here a couple of years ago, and which was passed nearly unanimously, contains such a provision.

Mr. BLOOM. It depends on what you call naming aggressors. You have the embargo in that act. If you want to get into war, keep the embargo, for that is the most unneutral thing this country or any other country could possibly do.

[Here the gavel fell.]

Mr. BLOOM. Mr. Chairman, I yield myself 1 additional minute. I want to answer this question.

Mr. AUGUST H. ANDRESEN. I would like to have the gentleman answer the question. I am serious about it.

Mr. BLOOM. Why should you refuse to sell implements of war and munitions to countries when you do not object to sending them all the materials from which they may make implements of war? It is a foolish thing to do; it is a fake. If you want to know what a fake is, that is it.

Mr. AUGUST H. ANDRESEN. That was recommended by the administration and by the gentleman's committee, and Congress passed it.

Mr. BLOOM. If we are going to be stampeded the way we were before when we enacted the present act we are foolish, but we are not going to be stampeded this time. We are going to take our time. We have written here a bill that the gentleman or anyone else can vote for and say you have done the best day's work since you have been in Congress, or will do in the days you are going to stay here. [Applause.]

[Here the gavel fell.]

Mr. FISH. Mr. Chairman, I yield 10 minutes to the gentleman from Illinois [Mr. CHURCH].

NATIONAL DEFENSE AND THE AVIATION INDUSTRY

Mr. CHURCH. Mr. Chairman, a major part of our work at this session of Congress has been devoted to legislation—authorizations and appropriations—designed to strengthen our national defense and give our people a continuing guaranty of national security. It is not that we expect any immediate attacks upon us. Nor do we expect to enter into any foreign war. We seek simply to be fully prepared for whatever emergency tomorrow may bring, that our cherished liberties may be fully protected from armed aggression from any source whenever and wherever it may arise.

A proper defense program involves long-range planning. It should take into consideration not only the imponderable realities of today, this year, and next, but must also take into consideration every possible contingency for the future. However schooled we may be in diplomacy or however learned in military and naval strategy, not one of us can possibly foresee with certainty what nation or group of nations may attack us, from what direction, and by what means. It thus behooves us so to plan and carry out our defense program that we will be adequately prepared to meet any possibility. It behooves us to take every precaution by having no place in our defense where we may be weak and peculiarly vulnerable.

On that working principle I am sure we are all agreed—that an impregnable national defense involves long-range planning, guarding against every aggression possibility and correcting every point of vulnerability. We have accordingly appropriated large sums of money to establish naval and air bases in the Pacific, to expand the garrison of the Panama Canal, to erect and improve our Caribbean Sea bases, to enlarge our air forces and train pilots, to familiarize private industries with the production of noncommercial munitions of war by "educational orders," and to purchase strategic materials.

All this, and more, Mr. Chairman, we are undertaking not in preparation for a war but rather in preparation against all possible attacks. We seek to prepare ourselves against every possible contingency in diplomacy or science of warfare. Our objective, as I view it, is to remove all points of vulnerability and be impregnable in the full sense of the word.

In spite of these somewhat elaborate defense preparations we are undertaking, as we make ready for tomorrow, there seems to me to be one particular point of vulnerability that is escaping our attention. I refer to the fact that all our principal aviation industries are located on the east and west coasts. It is axiomatic that these industries which

manufacture our airplanes are vital to the successful conduct of war against any aggressor. They are today, and even more so 10 or 15 years from now, "key facilities essential to insure sustained resistance and ultimate victory."

It is no military secret as to where our vital airplane manufacturers are located. A complete list of all such manufacturers and aviation accessories may be found in a magazine entitled "Aero Digest," for March 1939, which issue is known as the Fifth Annual Digest of Aircraft, Engines, and Accessories. Incidentally, it is my information that the War Department and Navy Department consider this particular list of aviation manufacturers to be the most complete published. From it I have selected solely the manufacturers of airplanes and the cities where located, and I call special attention to the fact that they are vulnerably concentrated on the coasts. In fact, only four of the manufacturers are really inland ,within the two mountain walls, and these four are relatively small establishments in comparison with the plants on the coasts.

In alphabetical order, without regard to their size and importance as producers of military and naval aircraft, the names and locations of our airplane manufacturers are as follows: Beech Aircraft Corporation, Wichita, Kans.; Bell Aircraft Corporation, Buffalo, N. Y.; Boeing Aircraft Co., Seattle, Wash.; Chance Vought Aircraft Division, United Aircraft Corporation, East Hartford, Conn.; Consolidated Aircraft Corporation, San Diego, Calif.; Curtiss-Wright Corporation, St. Louis Airplane Division, Robertson, Mo.; Curtiss Aeroplane Division, Buffalo, N. Y.; Douglas Aircraft Co., Inc., Santa Monica, Calif.; Fairchild Aircraft Corporation, Hagerstown, Md.; Fleetwings, Inc., Bristol, Pa.; Kellett Autogiro Corporation, Philadelphia, Pa.; Lockheed Aircraft Corporation, Burbank, Calif.; The Glenn L. Martin Co., Baltimore, Md.; North American Aviation, Inc., Inglewood, Calif.; Ryan Aeronautical Co., San Diego, Calif.; Seversky Aircraft Corporation, Farmingdale, N. Y.; Sikorsky Aircraft Division, United Aircraft Corporation, Bridgeport, Conn.; Stearman Aircraft, division of Boeing Airplane Co., Wichita, Kans.; Vega Airplane Co., Burbank, Calif.; Vultee Aircraft Division, Aviation Manufacturing Corporation, Downey, Calif.; Waco Aircraft Co., Troy, Ohio.

Just a few days ago the War Department announced the award of a $15,000,000 contract to the Douglas Aircraft Co., of Santa Monica, Calif., for building a number of the latest type of bombing ships. The War Department is following the policy of not disclosing the number of planes included in the orders. I might say, however, for the information of the House, as there does not appear to be any secret on this point, the $15,000,000 contract with this California company is for the latest type of attack bomber and is considered superior to anything Germany or any other foreign power has been able to produce.

Heretofore attack planes and bombers have been in two separate categories, representing two distinct types of planes for particular purposes. The attack planes are generally used to machine-gun enemy troops, carrying only a few light bombs. The bombers, on the other hand, have been designed to travel great distances with a load of destruction for such military objectives as munition depots, bridges, industries, and lines of communication.

Being a much slower craft, the bomber has usually had to rely on an escort of pursuit planes to protect it from the enemy aircraft as it sought out its military objective, in much the same manner as a battleship must rely on its auxiliary craft as it seeks out a naval objective. It is my information, however, that this new type of plane to be made for the War Department by the Douglas Aircraft Co., of California, combines both the attack plane and the bomber.

I do not propose to attempt any technical discussion of types of planes employed in military strategy. I call attention to this War Department contract award of a few days ago because it graphically emphasizes two significant facts that warrant our special consideration as we seek to erect an impregnable national defense: First, an altogether new type of plane is to be made, thus emphasizing the rapid strides being made in aircraft as an instrument of aggression and defense; second, the company which is to make the plane is located in the coastal State of California, thus emphasizing the vulnerability to enemy attack of the very industries so vital to sustained resistance in modern warfare from armed aggression.

The airplane has revolutionized warfare. It has enlarged the field of battle to such an extent that the classification of combatants and noncombatants no longer exists. With the increased range, increased speed, and increased capacity of aircraft, I think it may be accurately said that the emphasis in modern warfare is gradually shifting from the objective of penetrating the enemy's lines to the objective of destroying the sources of production which sustain those lines. The airplane has produced a weapon of war for destroying a nation's will to survive, and its chief offensive power lies in its ability to spread consternation among a people and destroy their key defense facilities.

Gen. Gulio Douhet, an officer in the Italian Army, has made this very clear in his book, Le Guerre de l'Air, with these words:

> An armed front no longer protects the country behind it. A victory on the ground does not prevent attack if the occupation of the territory has not accomplished the destruction of the opposing air force.
>
> We must realize and take warning from this brutal but incontestable truth: The strongest army spread out along the Alps and the strongest navy cruising our seas could do nothing really efficacious in the present state of aeronautical technique against an enemy properly prepared and determined to destroy Rome, Milan, Venice, or any other of our hundred cities.

Brig. Gen. H. H. Arnold, Chief of the United States Army Air Corps, called attention to this new element in warfare and defense in a speech which he delivered at Dayton, Ohio, on September 15, 1938. He said:

> The whole world now knows that whereas in the historic past, nations had land frontiers and sea boundaries, they now have air frontiers as well. National defense has gone into the third dimension. Unquestionably, to my mind, no nation can win a war in the future without air superiority. The first threat, and I think the greatest danger, to national security will ride in on metal wings.

But, Mr. Chairman, we need not cite the statements of Army officers and military strategists as authority to prove our thesis that the airplane today, and to a greater extent several years from now, is the most vital weapon of a nation's armament strength. The Munich crisis and that which has been taking place in the war between China and Japan present a disturbing picture of how this weapon of the air will be employed.

France has one of the most modern and largest standing armies in Europe. Great Britain has the largest and most modern navy in Europe. Together they represent a formidable force. Insofar as an army and navy is concerned that of France and Great Britain is certainly superior to that of Germany and Italy.

But, notwithstanding their superior infantry and naval power, both France and Great Britain yielded to the demands of Germany at Munich. And it appears that the major reason why Germany was able to obtain her demands at Munich is that she has a superior air force. The people of France and Great Britain had visions of wings of destruction over Paris and London. They had visions of the complete destruction of their factories, munition plants, depots, railroads, and bridges, even before their army and navy could make a maneuver. British and French statesmen felt the pressure of public opinion.

A very excellent explanation of how the superior air force of Germany made her successful at Munich will be found in the recent book by Maj. George Fielding Eliot, entitled "Bombs Bursting in Air." I take the liberty to recommend it to your reading. It seems to me to demonstrate that to an ever-increasing extent the focus of attack in warfare will be upon the enemy's productive machinery, upon factories which make instruments of warfare, upon the ability and will of a nation to sustain her armed forces.

An even better picture of the use of the airplane in warfare, as an instrument for destroying another's ability to survive, will be found in the accounts of the distressing war between China and Japan. The Chinese have no real air force. The Japanese, on the other hand, by their air force, and in accordance with modern tactical teachings, have repeatedly cut the rail lines which bring supplies to the Chinese troops. Without ammunition and food the Chinese troops could not continue their stubborn resistance, and it is my understanding that this is the real reason for the surrender of Shanghai.

Most significant is that the Japanese air attacks have been centered on Chinese airplane factories, rail terminals, and airdromes. It is my conviction, Mr. Chairman, that when we are preparing our own defense here in the United States we should give some attention to these lessons and take note of the present vulnerable location of our airplane factories by being concentrated on the east and west coasts. In their present location I have no doubt that if we should be attacked these very factories will be the first target of the enemies' aircraft and battleships.

In a speech which Brig. Gen. H. H. Arnold, Chief of the United States Army Air Corps, made on March 10, 1938, at an aviation conference in Oklahoma, he made this statement:

> There is grave possibility that airdromes henceforth should be located underground, or at least provided with underground shops, hangars, and gasoline storage facilities. Obviously, airdromes, both military and commercial, will be used to full capacity if we are ever engaged in a war again and they will be the first objects of attack by the invading enemy. I can tell you that without divulging military secrets. It is so taught in the air force strategy of all the leading world powers.

As the General impliedly indicated, there is nothing particularly new or profound in the tactical objective of destroying the enemy's power behind the lines. When annoyed by mosquitos, little is gained simply by killing one or two as they attack. One deals with them by pouring oil on the pond or swamp from which they came. The procedure may be said to be the modern strategy of warfare. It is set out in detail in the 8 volumes, The War in the Air, by H. A. Jones, and in an excellent book, Air Power and the Cities, by J. M. Spaight.

Before the invention of the airplane it was necessary to penetrate the enemy's lines before supplies and factories which sustained those lines could be reached. But the airplane is a weapon with which a nation may destroy factories and sources of supply while the battle lines remain static. There has thus been introduced into modern warfare emphasis on the strategy of destroying behind the lines, attacking key facilities.

It can hardly be disputed that if any nation should attack us it will concentrate its attack on our airdromes and airplane factories. As long as they are concentrated on the coasts they are a ready prey. An important element in military strategy is surprise. It has always been an important element, and there is no one who can dispute the fact that coastal towns and factories are susceptible to surprise. An attack can be made on a coastal factory even before the defense can be mustered.

There is no question but that this concentration of our aviation industries on the coasts makes us vulnerable to an enemy. On that fact every student of military strategy and tactics is agreed; and it is my firm conviction, Mr. Chairman, that now is the time for aviation industries, in cooperation with the Government, to remove this point of vulnerability.

It is true that the Pacific and Atlantic Oceans make it extremely difficult for any foreign nation to launch an attack upon us. At the present time I do not believe any nation or group of nations would hazard such an attack. At the same time, Mr. Chairman, we do not know what the situation will be 10 or 15 years from now. We do not know what new advancement will be made in the range and speed of bombing planes, what nations may chance to obtain air bases in South America, or what alliance of nations may attack us on both the east and west coasts at the same time with planes flown from the aircraft carriers. Those are the possibilities and contingencies we must take into consideration and be prepared for in our national defense program.

We are spending millions for defense purposes, but we are overlooking the vital fact that we remain extremely vulnerable by having all our aviation industries, so important in modern warfare, concentrated on the Atlantic and Pacific coasts. They represent an inviting target for attack. Inasmuch as these industries are privately owned, it is for these owners to assume the initiative in locating branch plants in the interior of the country; and it is for the Government to give them every possible encouragement, and it is for the Government to give encouragement to those few small industries that are inland.

During the last several weeks much has been said about the need for research laboratories, if we are to keep pace with aviation developments throughout the world. I am convinced that as a matter of progressive planning of our national defense the site for such a laboratory or laboratories should be selected in the interior of the country. The mere location of these facilities in the interior will itself give encouragement to the development of aviation industries inland and contribute much to encouraging the movement of those plants now located on the coasts. [Applause.]

Mr. FISH. Mr. Chairman, I yield 2 minutes to the gentleman from Michigan [Mr. DONDERO].

Mr. DONDERO. Mr. Chairman, if there is any one thing the American people are agreed upon regardless of their political faith, it is that they do not want war. Fundamentally we are a peace-loving people. We desire no war with any other people on the face of the earth. But I become doubtful and I am somewhat skeptical as to whether or not we can legislate locally on an international question, and whether or not we can advance the cause of peace by passing neutrality laws. I believe it would be better for us to return to international law and treaties among nations. [Applause.]

I have read this bill, House Joint Resolution 306, and I notice that in 9 sections on 9 pages it mentions the President 31 times and Congress not once. I am receiving a large volume of mail these days from persons in my district, and they seem to be greatly disturbed, believing that we are investing the executive branch of our Government with more power than we should and delivering to another branch of our Government, the executive, that which is the responsibility of the Congress under the Constitution, Congress being the only body in the Nation that has a right to declare war and this power being reserved to it by the fathers who founded the Nation.

Mr. BLOOM. Mr. Chairman, will the gentleman yield?

Mr. DONDERO. I yield to the gentleman from New York.

Mr. BLOOM. Is there anything in this resolution that states other than that the Congress has power to declare war?

Mr. DONDERO. Nothing except this, that it places in the hands of the Executive those powers of discretion in relation to belligerents that, no matter which way the decision is made, will have a tendency to offend one nation or the other.

Mr. BLOOM. Does not the President now have that power under the Constitution?

Mr. DONDERO. Possibly he has, yet it is a dangerous power.

Mr. BLOOM. Is the gentleman speaking of the Constitution or this bill?

Mr. DONDERO. I am talking about this bill and our present neutrality laws which are now on the books.

Mr. BLOOM. Is it the gentleman's thought, then, that we should repeal all neutrality laws and go back to international law?

Mr. DONDERO. I said I am doubtful about the value of our neutrality laws.

[Here the gavel fell.]

Mr. BLOOM. Mr. Chairman, I yield the gentleman an additional one-half minute. I would like to get this question answered.

Would the gentleman prefer to repeal all neutrality laws and go back to international law, the same as we have had for 145 years?

Mr. DONDERO. I have expressed my doubt as to the value of our present neutrality laws, and believe we can remain at peace under international law.

Mr. BLOOM. Can the gentleman answer the question "yes" or "no"?

Mr. DONDERO. That is a large assignment, I may say to the gentleman from New York, that no one would want to answer offhand. [Applause.]

[Here the gavel fell.]

Mr. FISH. Mr. Chairman, I yield 10 minutes to the gentleman from Vermont [Mr. PLUMLEY].

Mr. McLEAN. Mr. Chairman, I make the point of order there is not a quorum present.

The CHAIRMAN. The gentleman from New Jersey makes the point of order there is not a quorum present. The Chair will count. [After counting.] One hundred and thirty-two Members are present, a quorum.

NEUTRALITY—THE DEVIL HATH POWER TO ASSUME A PLEASING SHAPE

Mr. PLUMLEY. Mr. Chairman, it may be true, as suggested by the United States News, that the surprise of the week, and of the year, perhaps, was the announcement by a high British authority on genealogies that President Roosevelt and Prime Minister Chamberlain are eighth cousins three times removed, with King Edward I of England as a common ancestor. Queen Elizabeth is related to George Washington and Robert E. Lee.

That may or may not be a surprise. Anyway, the Queen showed most excellent judgment in her choice of ancestors, but neither George Washington nor Robert E. Lee would be misled for a moment by the language of this bill, nor, if I read my history aright, would either of them tolerate it for a moment. Those gentlemen knew that neutral men are the devil's allies.

Surprise or not, however, it is my contention that those who propose to vote for this bill have a greater surprise in store for them, if and when they discover what it really means, does, and will permit.

If you are convinced, as was one who talked with me yesterday, that, as he said, "The mess in Europe must be cleaned up, and this bill makes it possible for the President to do that very thing," then, of course, you will vote for the bill. I agree that it will probably plunge us into war. I charge you, therefore, to consider well what such a program may cost in lost lives, spilled blood, and wasted treasure. It will be an awful price to pay for glory and the empty honor of dictating the terms at another Versailles.

I weigh my words, Mr. Chairman, when I say that this misnamed, misbranded maverick of a bill should be called and its title amended to read:

An act to provide that in the event of any war any time the President may, by virtue of the abrogation by Congress of the power herein transferred to him, and the surrender of its prerogatives hereby, contrary to the express provisions of the Constitution, declare war, and/or involve the United States in such foreign entangling alliances as he alone may see fit, and without the consent or approval of the duly elected representatives of the people.

That is what this bill undertakes to make possible.

That is what it says, both by implication and directly.

That is what it makes possible and permits.

That is what it was intended to make possible and to effectuate.

Its emasculation at the hands of its friends by such amendments as they may make voluntarily will only serve to further prove to me the case against it. It will still be all and perhaps worse than I think it is.

I do not charge that this administration is deliberately and purposely heading the country down the path to war, but I do say and do insist that the path they are making leads nowhere else.

Giving the administration credit for sincerity of purpose, this bill says to anyone who may be President, "You may conduct our foreign policies as you please." What are our foreign policies?

Everybody who has studied the bill or who has followed the course so far pursued by the administration knows that the President and Secretary Hull propose to support the Democratic powers against aggression with all the moral and economic resources of the United States. Perhaps we all feel that way. But why spend all the money we have spent, and are proposing to spend for military and naval armament, for defense, when everybody knows that the strongest defense is the offensive? It is to be expected and dreaded that in the last analysis we will fight to enforce our so-called neutrality, and to defend and to impose our foreign policy.

It is dangerous business to lay a fuse to a dynamite storehouse and give the matches to somebody else.

None of us is so naive as not to recognize the fact that the statement by Foreign Minister Bonnet, in which he called upon the United States to inform the world that it will support Great Britain and France in event of a conflict, and thereby "definitely banish the specter of war," was superinduced, as medical men say, by conditions existing in our body politic. He said, "If the United States made it clear that they are on our side when the conflict starts the specter of war would be banished definitely."

Nevertheless, I rather like the frank, outspoken way he goes at it better than I do the covert, dissembling subterfuge for the same thing, with which we are confronted, cloaked in the language of an alleged bill to provide for strict neutrality. Strict neutrality—we all know there is no such thing.

Despite the fact that the dictionary defines it as that condition of a state or government which refrains from taking part directly or indirectly in a war between other powers, neutrality is not and never was an actuality. Webster says that the right to observe neutrality and the name "neutrality" are both comparatively modern; all persons anciently having been considered as friends or foes. So they are today. Defining a word has not changed, nor will it change, human nature.

History teaches that the enactment of all the neutrality acts and statutes, which litter the wastebaskets of the world, never made a country or its people neutral. It cannot be done by statute.

Our colleague, Representative SHANLEY, of Connecticut, an influential member of the Foreign Affairs Committee, recognized on both sides of the aisle as an authority with respect to matters involving international law, said yesterday he intended to fight some provisions of the administration's bill in order to "get us back as close as we can to international law."

After 5 years of intensive study of the problem—

He said—

I realize the futility of attempting to legislate neutrality. We will have much greater protection under international law.

The position and condition of a neutral is an unenviable one at best. The heart cannot possibly remain neutral. It constantly takes part one way or the other, or with one side or the other. A would-be neutral person or country is in a most uncomfortable predicament, and is persona non grata to all the rest of the world.

Damn'd neuters—

Says Dryden—

in their middle way of steering
Are neither fish, nor flesh, nor good red herring.

Neutrality may be defined, as Webster undertakes to do it, but as a condition it is as impossible of accomplishment, attainment and realization, as it is of peaceable enforcement, enjoyment, or achievement.

Neutrality is a word, it is true, and as such is susceptible of being defined as a phantasy. To think of it as an actuality is a day dream; which may also turn out to be a night-

mare. It is a delusion; and those who are obsessed thereby labor under and are afflicted by a neurosis, just as well recognized as melancholia. A day dream; a phantasy, dictated by a very obvious and transparent motivation. You know, those of you who remember your Freud, that he lays it down as an axiom that symptomatic acts and delusions are not accidents. They have their motive, meaning, and intention, which gratify either the egotistic cravings of ambition or thirst for power. Think that over. If we wish to follow the suggestion of Premier Bonnét let us do it aboveboard and with deliberation. Why try to cover ourselves with that flimsy, transparent sheet of alleged neutrality, offered by this bill?

To attempt to legislate to make this country neutral, as is proposed by this bill, or as a matter of fact may be proposed by any bill, is as ineffectual a gesture as trying to play on a collapsed concertina, and an attempt to buy or maintain our peace with it is as worthless as a conjurer's gold.

Practical minded men and women know that a hole in a rotten piece of fabric cannot be satisfactorily, successfully, or permanently mended by sewing a new piece on or into it. The foundation to tie to just is not there. There is no use trying to make a patchwork quilt out of it. So the proposed amendments we have heard about would in my judgment aggravate, rather than alleviate, an existing condition; they only help to broaden the avenue down which we must inevitably be rushed by Presidential proclamation into international complications, if the provisions of this proposed act as now written become the law, and should be invoked.

As to the existing law which was so strongly urged as a cure-all by its well intentioned, but misguided proponents, may I say, that under and by virtue of its conditions and provisions, we have in reality been made the allies of nations fighting to destroy democracy; have supplied a large portion of munitions for Japan's cruel war in China; helped Franco, if not both sides in Spain; indirectly aided Italy to seize Ethiopia; stood by and watched, if we did not aid Germany in the rape of Czechoslovakia. We have not been, and we are not neutral. No law put on the statutes at this day will make us so.

We should not forget that the framers of our Constitution in their wisdom recognized that the Congress could be influenced by partisan politics; that the electorate could be aroused by demagogues and inflamed by propaganda; and so they placed the conduct of the Nation's foreign affairs in the hands of the President and gave him all the necessary powers he then, or at any time, ought to have. In fact, as I look at it today, influenced by existing situations, I think they knew what they were doing.

It has been said with a very great amount of justification for the statement that a vote for the Bloom bill is not merely the surrender of the war-making powers of the Congress but would virtually give the President the uncontrolled power to declare war.

Such power as the President seeks in the Bloom bill is, of course, not now vested in him by the Constitution. No President ever asked for or was granted such power by Congress. No such power should be granted him or any President. So, if I could have my way, I would repeal the existing so-called neutrality law because of its demonstrated and acknowledged inefficiencies.

I would leave the President qualified and empowered with and by a clear, limited, yet adequate, authority which is in him vested by the specific language found in the Constitution. All the power he needs is found there. All it was intended he should ever have was written into that document by its framers.

There are many other reasons why the bill should not be permitted to become a law, but the foregoing are reasons enough in themselves were there no others.

I submit that it has been proven that the policy of this administration is that of the interventionist.

Let me repeat that this bill undertakes to give away a power to the President that has never before been delegated. It is a power to declare that a state of war exists internationally.

Section 8 of article I of the Constitution provides that—

> Congress shall have power to declare war, grant letters of marque and reprisal, and make rules concerning captures on land and water.

For Congress to make the grant of power provided for under this act is to abrogate its constitutional rights and surrender its prerogatives.

This bill strips Congress of its power under the Constitution to declare war, while it robs the people of their right to the protection of Congress, guaranteed to them by the Constitution.

It does more than that, for it abrogates treaties, destroys their sanctity, renders useless the rights of 48 States, deprives the people of the protection of the courts, regiments the people, and deprives them of their liberty, as it places every man and every business under Presidential control by means of rules and regulations to be proclaimed by him.

In short, as has been well said, it completely supersedes and destroys the Congress of the United States.

With all due respect to the learned gentlemen who have opposed and may oppose this bill, I doubt if any statement made or to be made will contain a more cold-blooded, logical analysis than that made by Herbert A. O'Brien, of Jamaica, N. Y., the other day. I do not have his entire letter before me, or I would quote from it verbatim, but he said in substance that under the provisions of this bill "the President has the discretion not to recognize even a declared war unless 'it is necessary to promote the security or preserve the peace of the United States.' "

He may pick out any area of combat in any part of the world or none. He may name the conditions under which ships may enter those areas or make any exceptions he may see fit. Under its power the right to deal with any nation may be made lawful or unlawful.

He may forbid the sale and dealings in foreign exchange bonds of the named foreign nations or permit the full and free sale of them. He may permit the sale of the securities of one of the foreign nations named in his proclamation, and refuse to allow the sale of securities of the other.

He has the discretion to do all of these things without the slightest check or hindrance.

In section 4, second paragraph, a curious but significant discretion is given him to define "ordinary commercial credits" and "short-time obligations in aid of legal transactions and of a character customarily used in normal peacetime commercial transactions."

Under the terms of this bill as written the President may allow arms and ammunition to be sold to one or two or as many of the foreign states as he may wish. He may sell for cash or for credit. They may be carried in foreign or domestic ships. He may name any article or commodity and declare such to constitute munitions of war. The bill gives him this discretion.

Mr. O'Brien calls attention to the fact that—

> Every nation has an exclusive right as a sovereign state for its own national reasons, humanitarian or diplomatic, or for the safety of civilization not to assume the hazard or peril of a declaration of war.

Such is the present conflict between China and Japan. Such at any time may be the situation in Ireland. Such are the present pressure movements between France and England with Japan in the British and French concessions in China.

> Must these nations managing their own politics and policies be plunged into a general world war at the word of the President of the United States?

Is the question he raises.

I am inclined to agree with his assertion that—

> If the President can be clothed with any such astonishing and supernational power without the consent of the nations involved—then why can't any foreign power exercise the same right and declare without our consent, the United States—our own America—to be in a state of war with some other nation? What folly!

It is folly, but that is what we are perpetrating in permitting the passage of this bill, which gives the President

control of all credits, of all banking, and of all money; of all shipping, and closes with this significant language:

The President may from time to time promulgate such rules and regulations, not inconsistent with law as may be necessary and proper to carry out any of the provisions of this joint resolution.

What law? He may expand his power in his discretion. No law will remain after this resolution is passed and the power under it assumed. From all of these Executive acts there is no appeal to any court. He is the judge, jury, and executioner.

Let me once more commend Mr. O'Brien for his fearlessness, and integrity of thought, and the irrefutable conclusion he reaches that this bill before us "Is not a matter of munitions or even neutrality. It is a well-planned and cunning attack upon the sovereignty of the American people and on the life of the Nation, which every Congressman and Senator must resist with his life, his liberty, and his sacred honor."

Those are my sentiments also as I wait for an opportunity to vote against the bill. [Applause.]

Mr. BLOOM. Mr. Chairman, I yield 20 minutes to the gentleman from South Carolina [Mr. RICHARDS].

Mr. RICHARDS. Mr. Chairman, my friend the gentleman from New York [Mr. FISH] and the other gentlemen on the left-hand side of the aisle have not by any means a corner on patriotism in this country or a corner on desire to keep the peace.

All the people of the United States want peace, and the Members of this Congress, individually and as representatives of the 130,000,000 people would, I am convinced, knowingly do nothing to provoke war with any nation. Our great country today occupies a unique position as a nation. Even those who envy us, those who do not like our form of government, and those who seek to embroil us in foreign entanglements, must admit that the national aspirations of this country neither endangers the existence of any other nation nor the legitimate desires of people under any other flag.

However, events in the world have taken such form lately that once again it has become the duty of this Congress to take stock of the situation, to analyze world conditions that might involve us in future foreign wars and to provide a preventive remedy to our involvement in any such war in which we may have no national concern.

I assume it is realized by 90 percent of the Members here, as it was keenly realized by every member of the Committee on Foreign Affairs, during the hearings on this bill, that once our people become stirred up to a point of hysteria, by insult to our flag and injury to American citizens anywhere or by foreign-inspired propaganda, there is no power under the sun to prevent our involvement in war. When the people of a democracy want to go to war, they go. When they are determined to have peace they generally get it. Congress declares war only when the people are determined to have war. That is the weakness of a democracy when it comes to preserving the peace. It is the strength of a democracy when it comes to waging war.

It is inconceivable that any neutrality bill could be either whole-heartedly supported or wholly condemned just from the standpoint of partisanship or party politics, because the peace, happiness, lives, and property of the whole American people, Republicans and Democrats, whom we represent here, are involved.

Mr. VORYS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from Ohio.

Mr. VORYS of Ohio. The gentleman has just said that it is inconceivable that any portion of this bill could be considered from a partisan standpoint. Can the gentleman, then, explain why amendments are to be submitted, apparently, as committee amendments when the minority members were not even consulted?

Mr. RICHARDS. I will answer that question by saying there are no committee amendments to be considered here. Some of the Members on the Democratic side have got together and said they would support such and such an amendment. So far as I am concerned, I do not bind myself to support all of those amendments.

Mr. ALLEN of Pennsylvania. Mr. Chairman, will the gentleman yield further?

Mr. RICHARDS. I yield to the gentleman.

Mr. ALLEN of Pennsylvania. And is it not true that many of these amendments which we have agreed to support are amendments which were requested by our colleagues on the other side?

Mr. RICHARDS. Oh, some of these amendments are the very amendments that these gentlemen, on the radio and before the committee, raised Cain in contending they should be put into the bill. Why, one of these amendments was fought for very strenuously and offered to the committee, I believe, by the gentleman who has just interrogated me.

Mr. VORYS of Ohio. The gentleman is mistaken.

Mr. RICHARDS. I cannot conceive, either, of any Member of this Congress considering this Neutrality Act solely from the standpoint of whether its passage would or would not possibly favor some foreign power. The proper primary consideration is—whether it is for the best interest of our own country.

We had just as well call a spade a spade. We know and everybody knows that the nations of Europe and the West are alined in two hostile groups. On the one side we have the so-called totalitarian states, made up in some instances of honest, peace-loving people. But we know that these people are dominated by absolute dictators who believe in rule by threat of force, fire, and the sword. It is my considered opinion that, even though at least one of the nations of this group has a just grievance because of an unjust peace treaty forced upon her 20 years ago, we will never go to war under any circumstances on that side because our people and Government have nothing in common with any government in this enlightened day that presents only guns and bullets and power as support to what may be a just claim to the indulgence of the rest of the world.

On the other side of the foreign line-up we see a group made up of so-called democracies. They are not democracies in our acceptance of the meaning of the word, but the people of some of these nations have many liberties akin to ours and we are sympathetic to their forms of government. The people of the leading government in this group speak our language and the predominant portion of our population traces its ancestry to the soil of that country beyond the seas. Ordinarily it would be natural for our sympathy to be on the side of these nations with ideals of liberty and government more nearly our own.

It happened, however, that in the name of democracy, we joined in a great European war 22 years ago on the side of these so-called democracies of Europe, and for the first time in the history of this country sent troops, over 2,000,000 of them, to European soil. It is admitted everywhere that we were the deciding factor in the winning of that war. We asked nothing and got nothing out of that war and when we surveyed the scene a few years afterward we saw to our astonishment that as a result of the World War at least a dozen national dictatorships were estabished in Europe and Asia where there had been forms of democracy before. Then to our bewilderment we saw our former allies repudiate their debts to us and dubb Uncle Sam with the name "Shylock" when it should have been "Savior." Ingratitude seems to be common to dictatorships and European democracies alike.

It is, therefore, inconceivable, in the light of past history, that the United States should again voluntarily become involved in a European war, unless it becomes necessary in defense of our own country—that is a possibility, but a very remote possibility.

If history repeats itself the nations of Europe will go to war every 20 years. Are we to synchronize our schedule in matters of war to the whims and caprices of Europe? We must not become infected with the curse of foreign national jealousies, rivalries, and hates which have no place here.

Before the gentleman from New York, my friend Mr. FISH, quoted from George Washington a few minutes ago, I had a few quotations from Washington along that same line, but I was going a little further than the gentleman from New York went. We are all in agreement, I think, with what Washington said in that great Farewell Address, which came to us so eloquently from the lips of the gentleman from Texas on Washington's last birthday, and which I hope will be read to every Congress from now on. He advised us to steer clear of European entanglements. He warned us of the duplicity in the dealings of foreign nations. The gentleman from New York did not go beyond that and say to this Congress, as he should have said to be perfectly fair, that the first great President of the United States asked and welcomed discretionary power from the Congress of the United States in matters involving European affairs. He asked it of the Congress; Congress gave it to him; he accepted it and much was done under this discretionary power to preserve the peace at that time.

Mr. SHANLEY. Will the gentleman yield?

Mr. RICHARDS. I yield.

Mr. SHANLEY. He did not also say that General Washington was highly delighted when a special committee left here in 1776, headed by Mr. Dean, to ask the kingdoms of France and Spain to ship arms and ammunition, which his very act would eliminate at this particular time?

Mr. RICHARDS. The gentleman from Connecticut is right. President Washington may have at times been humanly inconsistent, but he asserted time and time again, at least once in a message to this Congress, that the President of the United States, as head of the executive department of our Government, under the Constitution, had to have discretionary power in handling the affairs of this country as far as they applied to foreign affairs, because the President of the United States and his assistants in the State Department were the only ones who had access to secret documents and confidential information necessary for the intelligent handling of such matters. Washington even at one time refused to turn over certain state documents to Congress, on the ground that such action would be against public policy.

Mr. DIRKSEN. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield.

Mr. DIRKSEN. I do not like to intrude, but it seems to me it would be more to the point that when Citizen Genet came over from France and sought to get this country stampeded by putting it on one side, George Washington definitely set down his foot against it.

Mr. SHANLEY. Will the gentleman yield there?

Mr. RICHARDS. I yield.

Mr. SHANLEY. And that is the very purpose of neutrality, that when we are going to protect ourselves we are going to do what is best for us. We did it in the case of Citizen Genet, as the distinguished gentleman from Illinois said, and we did it in 1776. If we can preserve that type of neutrality America will not only be safe, but it will be prosperous.

Mr. RICHARDS. Any President must have some latitude in order that he may do what is best to keep this country our of foreign wars. [Applause.]

Mrs. ROGERS of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I gladly yield to the gentlewoman from Massachusetts.

Mrs. ROGERS of Massachusetts. I thank the very gallant and courteous gentleman. Is it not true that Mr. Bonnet in France seems to be very anxious for us to assist France and England?

Mr. RICHARDS. Oh, yes.

Mrs. ROGERS of Massachusetts. Mr. Bonnet's statement in Paris yesterday is added proof why this bill is obviously a French and British bill. It is all right if you want to do it, but I think the country ought to know just what is trying to be done by the bill.

Mr. RICHARDS. The gentlewoman from Massachusetts was present and she should remember that this bill was considered for 2 or 3 months before Mr. Bonnet ever made any statement on this subject. So far as I am concerned, I do not hesitate to say in reply to the question of the gentlewoman from Massachusetts that I think the Bonnet statement was ill-considered and ill-advised.

Allow me to quote Washington more specifically:

> Nothing is more essential than that permanent, inveterate antipathies against particular nations and passionate attachments for others should be excluded, and that, in place of them, just and amicable feelings towards all should be cultivated.
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> Sympathy for the favorite nation, facilitating the illusion of an imaginary common interest, in cases where no real common interest exists, and infusing into one the enmities of the other, betrays the former into a participation in the quarrels and wars of the latter, without adequate inducements or justifications.
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> Against the insidious wiles of foreign influence, (I conjure you to believe me, fellow citizens), the jealousy of a free people ought to be constantly awake; since history and experience prove, that foreign influence is one of the most baneful foes of republican government. But that jealousy, to be useful, must be impartial, else it becomes the instrument of the very influence to be avoided, instead of a defense against. Excessive partiality for one foreign nation and excessive dislike for another, cause those whom they actuate to see danger only on one side, and serve to veil and even second the arts of influence on the other. Real patriots, who may resist the intrigues of the favorite, are liable to become suspected and odious, while its tools and dupes usurp the applause and confidence of the people, to surrender their interests.
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> Europe has a set of primary interests, which to us have none, or a very remote relation. Hence, she must be engaged in frequent controversies, the causes of which are essentially foreign to our concerns.
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> * * * * * * *
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> Why forego the advantages of so peculiar a situation? Why quit our own to stand upon foreign ground? Why, by interweaving our destiny with that of any part of Europe, entangle our peace and prosperity in the toils of European ambition, rivalship, interest, humor, or caprice?
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In an effort to keep this country neutral in foreign wars, at least four laws have been placed on the statute books in the last 4 years: First. The act of August 31, 1935, Public Resolution No. 67, Seventy-fourth Congress, was in force only 6 months. Second. Act of February 29, 1936, Public Resolution No. 74, Seventy-fourth Congress, which amended the 1935 act. Third. Act of January 8, 1937, Public Resolution No. 1, Seventy-fifth Congress, known as the Spanish War Embargo Act. Fourth. The act of May 1, 1937, Public Resolution No. 27, Seventy-fifth Congress, which is the present law, minus the cash-and-carry provision which expired on May 1, 1939.

The question of moment to this Congress and the people of the United States today is, Which of three alternatives should we follow in our desire for peace? First, we could repeal what is left of the present law and revert to our old dependence on international law; second, we could retain the present law as it is; third, we can enact the neutrality bill now before us.

After almost 2 months of hearings on this bill, where the doors were thrown wide open for expressions of opinion by experts of the State Department, outside experts on international law, and witnesses from almost every walk of life, a majority of the Foreign Affairs Committee has come to the conclusion that passage of this bill will be in the interest of peace for this country and the world. I join in that conclusion.

The bill has a twofold purpose. First and primarily, it is intended to prevent our involvement in foreign wars. Secondly, it is intended to discourage belligerency on the part of other nations in view of the uncertainty in the eyes of these powers as to what action the United States might take affecting one side or the other.

There are 16 sections in the act, but the onslaught of the majority report, as well as those who have spoken here in opposition to this bill today, is principally against section 1;

so I shall direct my remarks particularly to that section. This section is the meat of the bill. It provides—

That whenever the President shall find that there exists a state of war between foreign states and that it is necessary to promote the security or preserve the peace of the United States or to protect the lives of citizens of the United States, the President shall issue a proclamation naming the states involved; and he shall from time to time by proclamation name other states as and when they may become involved in the war.

The other sections of the bill are dependent upon the President's discretion as to whether they will go into effect. They place certain restrictions upon the normal rights and activities of our nationals when and if the President issues the proclamation authorized in section 1.

Section 2 prohibits travel on belligerent ships.

Section 3 authorizes the President to define "combat areas."

Section 4 prohibits certain financial transactions with belligerents.

Section 5 prohibits the solicitation or collection of funds for belligerents.

Section 6 exempts American republics.

Section 7 prohibits use of American ports as a base of supply.

Section 8 denies use of our ports to armed belligerent vessels.

Section 9 prohibits arming of American merchant vessels.

Section 10 continues in existence the present Munitions Control Board.

The other sections provide penalties, regulations, definitions, and so forth.

The opponents of this bill contend that the President has no authority under the Constitution to pass upon the advisability of issuing the proclamation, or to assume discretionary powers under the proclamation, if in his judgment he deems it wise in the interest of preserving peace for this country.

It should not be necessary to call to the attention of those opposed to this legislation that every law passed by Congress in which the normal activities of our citizens are restricted either provides at the same time for an administrator to administer that law, or the Constitution itself has already designated the administrator.

It is generally conceded that a rigid, inflexible, mandatory, embargo act, leaving no discretion to the President, will not only give our hand away to foreign powers who may be watching our probable actions in the event of a European war with an eagle eye, but could easily under some circumstances destroy our foreign trade and wreck our merchant marine when there is really no danger of our involvement in the conflict.

Under the Neutrality Act of 1937 there is still in existence a mandatory embargo clause. In other words, when the President finds that a state of war exists between two or more foreign powers, he must so proclaim and then declare an embargo on arms, ammunition, and munitions of war against the belligerent states. But allow me to call to your attention that, even in that so-called mandatory embargo provision, the President still has discretionary power to find "when a state of war exists." Actually speaking, in this day of modern warfare and chivalry, wars are seldom declared. Japan for instance, asserts that there is no war between that country and China. China has not declared war against Japan. So the President exercised his right under the embargo provision, and to this day has not declared a state of war to exist between those two countries. So you see that you cannot divorce discretionary power from any neutrality act. That power must be vested in someone, and that one should be the President of the United States, where a long line of court decisions have held that the Constitution intended it to be.

The charge has been made that the passage of this law would place the United States in position to materially aid Great Britain and France if a European war comes. That point is subject to dispute. As a matter of fact, this act is a Neutrality Act, and its primary objective is to keep this country out of war. It should stand or fall on that premise. If we can do that, the means will justify the end; but if it happens that the act aids one nation more than the other, it is incidental and of secondary consideration. I believe that President Roosevelt or any other President, by wise and thoughtful administration of the flexible provisions of this bill, can do much to keep this country out of war by preventing unfriendly incidents affecting our nationals and property from happening. To attain that end we must necessarily circumscribe some peacetime rights of our citizens.

I have no faith in the fatalistic propaganda now being spread about to the effect that this country cannot in honor remain on the side lines in the event of a European war. We will and can stay out if we want to stay out. But if we read propaganda without analyzing its source and purposes, war hysteria will grip our people, and then the President, the Congress, nor any other human agency can prevent our involvement.

It is further certain that there is no surer way of entering war than by tying the hands of the President and the Secretary of State in matters involving our foreign relations. Nothing is more uncertain than future political moves and machinations of foreign nations. It is impossible for the Congress to now sensibly make a rigid, inflexible counter move to future international conditions. Future foreign events cannot be measured now from the standpoint of our national interest.

It cannot be assumed that application of the terms of this law will affect all belligerents equally. It may be assumed, however, that any President will apply it in an impartial spirit.

Some gentlemen here believe in no neutrality law—in other words, a return to dependence on international law to preserve the peace. It might be well to remember, though, that we depended on international law to keep us out of war in 1917, but our dependence was in vain. Even before we became involved in that war, international law forced us to be partial to Great Britain and France in our foreign shipments of war materials and supplies. Great Britain controlled the seas and under international law she established a contraband list that included almost everything. She had the right of search and seizure of neutral ships and she exercised that right to the limit and even abused it. The result was that the ports of the Central Powers could not be reached by our ships. International law, therefore, still favors Great Britain because Great Britain still controls the seas. In fact, international law, in its application to neutrals, has proven to be whatever the powers controlling the seas say it is. On the other hand, the 1937 act would appear to favor Germany and Italy because it provides for a mandatory embargo on arms and munitions of war and it is the general impression that such an embargo would not hurt Germany and Italy because they are amply supplied with arms and munitions of war and therefore their principal need will be for raw materials and food supplies. England and France, on the other hand, would be hurt by the 1937 act, as their munitions factories are not geared up to mass production of arms and munitions of war.

The proposed neutrality act is flexible. It does not assume favoritism for one nation or the other. It does provide that the United States, through its President, has power to take such action in the matter of embargoes as he may deem to be for the best interest of our country and that may insure the best chance of peace for our people.

It has been asserted here that such discretionary power in the hands of the President in matters concerning our foreign relations is not in line with the spirit of the Constitution.

The recent Curtiss-Wright case arising out of the Chaco War in South America, as well as a long line of other court decisions, has definitely determined that the delegation of discretionary power to the President in matters affecting our international relations is not unwarranted under the Constitution.

I quote from the decision in that case:

THE UNITED STATES, APPELLANT, *v.* CURTISS-WRIGHT EL AL.—SUPREME COURT, OCTOBER TERM, 1936

The Senate Committee on Foreign Relations at a very early day in our history (February 15, 1816) reported to the Senate, among other things, as follows:

"The President is the constitutional representative of the United States with regard to foreign nations. He manages our concerns with foreign nations and must necessarily be most competent to determine when, how, and upon what subjects negotiation may be urged with the greatest prospect of success. For his conduct he is responsible to the Constitution. The committee considers this responsibility the surest pledge for the faithful discharge of his duty * * *."

The first President refused to accede to a request to lay before the House of Representatives the instructions, correspondence, and documents relating to the negotiation of the Jay treaty. In his reply to the request, President Washington said:

"The nature of foreign negotiations requires caution, and their success must often depend on secrecy; and even when brought to a conclusion a full disclosure of all the measures, demands, or eventual concessions which may have been proposed or contemplated would be extremely impolitic; for this might have a pernicious influence on future negotiations, or produce immediate inconveniences, perhaps danger and mischief, in relation to other powers. The necessity of such caution and secrecy was one cogent reason for vesting the power of making treaties in the President, with the advice and consent of the Senate, the principle on which that body was formed confining it to a small number of Members. To admit, then, a right in the House of Representatives to demand and to have as a matter of course all the papers respecting a negotiation with a foreign power would be to establish a dangerous precedent." (Messages and Papers of the President, Vol. I, p. 194.)

First. It is contended that by the joint resolution the going into effect and continued operation of the resolution was conditioned (a) upon the President's judgment as to its beneficial effect upon the reestablishment of peace between the countries engaged in armed conflict in the Chaco; (b) upon the making of a proclamation, which was left to his unfettered discretion, thus constituting an attempted substitution of the President's will for that of Congress; (c) upon the making of a proclamation putting an end to the operation of the resolution, which again was left to the President's unfettered discretion; and (d) further, that the extent of its operation in particular cases was subject to limitation and exception by the President, controlled by no standard. In each of these particulars appellees urge that Congress abdicated its essential functions and delegated them to the Executive * * *.

The broad statement that the Federal Government can exercise no powers except those specifically enumerated in the Constitution, and such implied powers as are necessary and proper to carry into effect the enumerated powers is categorically true only in respect of our internal affairs * * *.

It is quite apparent that if, in the maintenance of our international relations, embarrassment—perhaps serious embarrassment—is to be avoided and success for our aims achieved, congressional legislation which is to be made effective through negotiation and inquiry within the international field must often accord to the President a degree of discretion and freedom from statutory restriction which would not be admissible were domestic affairs alone involved. Moreover, he, not Congress, has the better opportunity of knowing the conditions which prevail in foreign countries, and especially is this true in time of war. He has his confidential sources of information. He has his agents in the form of diplomatic, consular, and other officials. Secrecy in respect of information gathered by them may be highly necessary, and the premature disclosure of it productive of harmful results * * *.

As to the wisdom of giving the President discretionary authority to declare embargoes, we have only to refer to acts of the United States Congress giving this authority to Washington, Adams, and Jefferson. Even the great isolationist, Washington, who, of all men, believed in no entangling alliances with European powers, welcomed this discretionary power, fully realizing that it was necessary for the successful conduct of our foreign affairs and for the prevention of our involvement in foreign wars.

The following acts establish precedents sufficient to prove the wisdom of the passage of this act:

The act of June 4, 1794, authorized President Washington to lay, regulate, and revoke embargoes. He was "authorized," whenever, in his opinion, the public safety shall so require, to lay the embargo upon all ships and vessels in the ports of the United States, including those of foreign nations, "under such regulations as the circumstances of the case may require, and to continue or revoke the same whenever he shall think proper" (ch. 41, 1 Stat. 372). A prior joint resolution of May 7, 1794 (1 Stat. 401), had conferred unqualified power on President Washington to grant clearances, notwithstanding an existing embargo, to ships or vessels belonging to citizens of the United States bound to any port beyond the Cape of Good Hope.

The act of March 3, 1795 (ch. 53, 1 Stat. 444), gave President Washington authority to permit the exportation of arms, cannon, and military stores, the law prohibiting such exports to the contrary notwithstanding, the only prescribed guide for his action being that such exports should be in "cases connected with the security of the commercial interest of the United States and for public purposes only."

By the act of June 13, 1798 (ch. 53, sec. 5, 1 Stat. 566), it was provided that if the Government of France—

Shall clearly disavow, and shall be found to refrain from the aggressions, depredations, and hostilities theretofore maintained against vessels and property of the citizens of the United States in violation of the faith of treaties and the laws of nations, and shall thereby acknowledge the just claims of the United States to be considered as in all respects neutral * * * it shall be lawful for President John Adams, being well ascertained of the premises, to remit and discontinue the prohibitions and restraints hereby enacted and declared; and he shall be, and is hereby, authorized to make proclamation thereof accordingly.

By section 4 of the act of February 9, 1799 (ch. 2, 1 Stat. 615), it was made "lawful" for President John Adams, "if he shall deem it expedient and consistent with the interest of the United States," by order to remit certain restraints and prohibitions imposed by the act with respect to the French Republic, and also to revoke any such order "whenever, in his opinion, the interest of the United States shall require."

Similar authority, qualified in the same way, was conferred by section 6 of the act of February 7, 1800 (ch. 10, 2 Stat. 9).

Section 5 of the act of March 3, 1805 (ch. 41, 2 Stat. 341), made it lawful for President Jefferson, whenever an armed vessel entering the harbors or waters within the jurisdiction of the United States and required to depart therefrom should fail to do so, not only to employ the land and naval forces to compel obedience, but "if he shall think it proper, it shall be lawful for him to forbid, by proclamation, all intercourse with such vessel, and with every armed vessel of the same nation, and the officers and crew thereof; to prohibit all supplies and aid from being furnished them," and to do various other things connected therewith. Violation of the President's proclamation was penalized.

On February 28, 1806, an act was passed (ch. 9, 2 Stat. 351) to suspend commercial intercourse between the United States and certain parts of the island of Santo Domingo. A penalty was prescribed for its violation. Notwithstanding the positive provisions of the act, it was by section 5 made lawful for President Jefferson to remit and discontinue the restraints and prohibitions imposed by the act at any time "if he shall deem it expedient and consistent with the interests of the United States," to do so. Likewise in respect of the Nonintercourse Act of March 1, 1809 (ch. 24, 2 Stat. 528), President Jefferson was authorized (sec. 11, p. 530), in case either of the countries affected should so revoke or modify her edicts "as that they shall cease to violate the neutral commerce of the United States," to proclaim the fact, after which the suspended trade might be renewed with the nation so doing.

Practically every volume of the United States Statutes contains one or more acts or joint resolutions of Congress authorizing action by the President in respect of subjects affecting foreign relations, which either leave the exercise of the power to his unrestricted judgment, or provide a standard far more general than that which has always been considered requisite with regard to domestic affairs.

It well may be assumed that these legislative precedents were in mind when Congress passed the joint resolutions of April 22, 1898 (30 Stat. 739); March 14, 1912 (37 Stat. 630); and January 31, 1922 (42 Stat. 361), to prohibit the export of coal or other war material. The resolution of 1898 authorized the President "in his discretion, and with such limitations and exceptions as shall seem to him expedient" to prohibit such exportations. The striking identity of language found in the second resolution mentioned above and

in the one now under review will be seen upon comparison. The resolution of March 14, 1912, provides:

That whenever the President shall find that in any American country conditions of domestic violence exist which are promoted by the use of arms or munitions of war procured from the United States, and shall make proclamation thereof, it shall be unlawful to export except under such limitations and exceptions as the President shall prescribe any arms or munitions of war from any place in the United States to such country until otherwise ordered by the President or by Congress.

Mr. Chairman, ladies and gentlemen of the Committee, if it is unwise to grant to the President the discretionary powers authorized in section 1, then the Constitution, "the greatest document ever stricken off at any given time by the hand of man," is itself a weak and ill-considered document.

The President already has through that document the authority to say things, write threatening communications, and to deliver ultimatums to foreign governments.

As Commander in Chief of our Army and Navy he has the authority to order our fleet to any foreign port and our armed forces to any foreign shore. This authority, if abused, even to the most superficial student, grants to the President full leeway to do things which inevitably could only lead our country to war.

No President to this date has betrayed the faith. I have every confidence that President Roosevelt and his successors will remain true to the trust reposed in them as President by the fathers.

Coming events will reveal that the President as well as the 130,000,000 people under him will be deluged with every form of organized effort, here and abroad, to divert American public thought toward involvement in wars that do not concern us.

Another foreign world war will destroy civilization over there. If we become involved, our own form of government may be destroyed and a dictator may reign here as elsewhere. To whom, then, could the nations and peoples of the earth turn to insure a just peace and bring order out of chaos?

We can stay out, if we want to stay out. We must stay out.

[Here the gavel fell.]

Mr. FISH. Mr. Chairman, I yield 20 minutes to the gentleman from New Jersey [Mr. EATON].

Mr. McLEAN. Mr. Chairman, I suggest the absence of a quorum, and I make the point of order that there is not a quorum present.

The CHAIRMAN. One hundred and twenty-eight Members are present, a quorum.

Mr. EATON of New Jersey. Mr. Chairman, I approach the discussion of this legislation with feelings of sincere humility. I lack, unfortunately, the legal learning of so many of my distinguished and beloved colleagues on the committee. With respect to them, I am in the condition of Charles the Second, who said that he admired virtue even if he could not imitate it. [Laughter.] My views on neutrality are so unneutral that I hesitate even to appear in this sanctuary of discussion. I have not even the restrained affection for a mandatory embargo that some of my brethren have exhibited here. I shall state my views, however, even though, like Martin Luther at the Diet of Worms, I can only say, "Here I stand; I can do no other; God help me."

I sincerely hope that this discussion will develop more light than heat and will result in resolving in the minds of our Members a solution of the uncertainties of our foreign policy now agitating the country.

The issues involved transcend all partisan consideration. They must be measured by American standards, faced in the spirit of American freedom, by free Americans, and settled in the interests of American security and world peace. I have always maintained, in theory at least, that on the Foreign Affairs Committee there should be no Democrats and no Republicans—in fact, no politicians—but that there we should think and act simply as Americans, facing the world with the Nation behind us. [Applause.]

Before entering upon any detailed discussion of the bill before us it might be helpful to examine briefly certain general facts which constitute the basis and background for any rational and constructive foreign policy. There can be no doubt that the American people, regardless of party, racial origin, or section, are opposed to war as a method of determining international issues of any kind. In particular, our people are determined not to become embroiled in any European conflict, at least to the extent of sending American soldiers to fight upon European soil; and this twofold antagonism rests upon the soundest specific reasons—economic, political, and moral.

The universal stress sapping the resources of every civilized society today has its immediate cause in the baneful results of the World War. That conflict will, I believe, stand in history as the greatest single calamity that has ever befallen the human race. It has enthroned hate and hypocrisy, substituted fear and force for reason and justice in international relations, and has softened the moral fiber of the world.

To quote a recent summary, the World War cost nearly 10,000,000 lives, more than 21,000,000 men were wounded, nearly 8,000,000 are missing, and a total money cost of over $300,000,000,000. Why, Mr. Chairman, that tops even the New Deal deficit. It wiped out the Hohenzollern, the Hapsburg, and the Romanoff dynasties; it turned Russia bolshevist; it spread communism over the earth; it gave the world Hitler and Mussolini; it bankrupted nations; it changed the boundary lines of 26 states; it made unemployment the chief world problem; it drove the world off the gold standard; and it filled the whole world with the poison of hatred and fear.

The application of modern science to the arts of destruction has made warfare a horrible nightmare of mechanical murder so destructive alike to victor and vanquished as to imperil the very foundations of society; and from now on it does not matter which side wins in any war, because both sides will lose.

Furthermore, with the modern world shrunken to a neighborhood, and with all races and nations in complete and continuous contact any major conflict anywhere becomes at once a world war, and its destructive force must instantly affect for evil neutrals as well as combatants.

Coupled with our universal opposition to war is our positive American belief in peace as the one supreme condition of individual liberty, social security, and national progress. Free democratic peoples have fought and probably will have to fight again to maintain their liberties, but this hateful necessity does not alter their belief in good will, reason, and justice as the only rational basis for international comity.

In recent years great numbers of our people have been sold the idea and have come to believe that a neutrality law enacted by Congress will keep us out of war. They used to believe that a prohibition amendment would keep us all sober. [Laughter.] The most pathetic exhibition of American senility is its faith in statute law; and the most remarkable activity of the American people is making and breaking laws. In deference to that belief, and because probably it was good politics, I have supported neutrality legislation [laughter] presented to this House from time to time by our Foreign Affairs Committee, but I have always feared, and I fear now, that no statute law, however well-intentioned, will be sufficient to safeguard our Nation from the evil consequences of a world war. When the world is in flames, when innocent women and children are being slaughtered, when the waves of unleashed human passion beat continuously upon our minds and hearts, and the thunder of the conquerors' guns rolls across the seas and skies, I fear that any statute law, however well-intentioned, even the one we are now discussing, will be swept into the discard like a cobweb before a hurricane.

We cannot intelligently vote upon this legislation without frank recognition of present conditions in the Orient and in Europe. The outcome of Japan's invasion of China, it must be self-evident, will have permanent and far-reaching effects for good or ill, not only upon the future of the United States but upon the future of the whole world.

In 1922 our country entered into a solemn covenant with seven other powers, including Japan, and I quote from the treaty.

To respect the sovereignty, the independence, and the territorial and administrative integrity of China and to use their influence for the purpose of effectually establishing and maintaining the principle of equal opportunity for the commerce and industry of all nations throughout the territory of China.

Instead of sternly enforcing our rights and fully meeting our obligations under this treaty, we have been selling immense quantities of scrap iron, oil, cotton, and other war materials to Japan to be used by that nation for the destruction of Chinese lives and property. And while it ill becomes a Member of this body to suggest a criticism of another great body or other great statesmen, with 300 years of the blood of freemen in my veins on this continent, and some before that, I have suffered a sinking of heart when I read that the great British Empire has been brought to the point at least where it will permit Japanese soldiers to strip a British woman and subject her to degrading examination without legal right whatever. Why, there are some things men had better die for than submit to, and that is one of them. If that is unneutrality, make the best of it. [Applause.]

This attitude that we have maintained toward Japan, and which England is maintaining, is not neutrality, it is not statesmanship; it is rather a repulsive mixture of cowardice, cupidity, and stupidity, as unworthy of our present greatness as it is fraught with danger to our country and to the world in the future.

The European situation is equally ominous. Communistic and atheistic Russia sits aloof like a great red spider waiting for the totalitarian despotisms and the free democracies to destroy each other, and then hoping to establish the curse of communism upon the ruins of the world.

We cannot insulate ourselves from this European contagion by any process of statute law. Already Hitler's program of excessive armament has forced this country to adopt a great and costly program of armament on the sea, on land and in the air, greater than we have ever planned before in time of peace. Already our Government has followed Hitler's example in taking over control and regimentation of our citizens to an extent never dreamed of before. Already we have laws waiting for passage that in the event of war will place in the hands of the American President, whoever he may be, dictatorial powers which will make Hitler look like a mere novice. Already fear, hatred, intolerance, racial animosities have laid their corroding blight upon the free spirit of our people. We have not been able to confine these evils to the land of their origin. And to meet this stupendous menace, which threatens to shatter the foundations of civilization and turn the world into a charnel house, we are here today wrangling solemnly over a neutrality bill on the ground that it will keep us out of war. If there were not ladies present I would feel free to express myself, and I know both the appropriate words and the tune.

This bill will, of course, be given full discussion by able and well-informed, and some uninformed, members of the committee and the House on both sides of the aisle. In my personal judgment, its secondary provisions are sound enough. Section 1, which eliminates the automatic embargo on arms, ammunition, and implements of war, will, of course, prove to be almost as provocative of passion in this debate as war itself. Even though when enforced in Spain's civil war, it helped one side and hurt the other. If invoked in the Orient it would aid Japan and handicap China, and, in general, it must always work to the advantage of the strong nation as against the weak.

Mr. LUTHER A. JOHNSON. Will the gentleman yield?

Mr. EATON of New Jersey. I hate to break in on this address, but I will be glad to yield to my beloved friend.

Mr. LUTHER A. JOHNSON. I thank the gentleman, and I reciprocate what the gentleman said about the beloved part of it, because I have great admiration for the gentleman. I noted an expression in which the gentleman stated to the effect that an arms embargo would bring us into war. I was wondering whether the gentleman was going to elucidate on that or leave it as a conclusion without any substantiation. I may have misunderstood the gentleman.

Mr. EATON of New Jersey. If we can induce the senior Republican member of our committee to take that subject up, he might deal with it better than I. But I did not make the statement which the gentleman seems to think he heard.

Section 3 of the bill, the "Areas of combat operations," is so dangerous that I am glad to hear that in a secret, partisan meeting of the rump portion of our committee it was thrown out.

The section of the bill which expresses my personal position, and which I believe ought to be made the supreme guiding principle in our foreign policy now and always, is found in the opening sentence, namely:

The policy of the United States in foreign wars, not affecting the defense of the United States, is a policy of neutrality in accordance with the rules of international law.

[Applause.]

Mr. Chairman, if we were to adopt this paragraph, with section 16, which repeals all existing neutrality legislation, and section 10, providing for a Munitions Board, and cut out everything else, in my judgment, we would then have a workable bill expressing the best thought of the American people upon this vital problem of our foreign policy. [Applause.]

It is useless to argue that since the World War international law has, for the most part, ceased to function. The very effort of aggressor nations to evade this law by the device of undeclared warfare is a tacit recognition of the law's existence and authority. The enormous daily passenger and freight traffic between nations by ships and other carriers; the fleet of airships shuttling back and forth daily across the skies; the vast volume of international investment; the trade agreements between nations; the problem of incessant migration of populations from one country to another; all of this in infinite variety and extent depends for order and protection upon the mutual observance of international law.

Instead of building for ourselves a flimsy cyclone cellar of statute neutrality, the more worthy and wiser course is for our great and powerful Nation to lead the world in reestablishing international law as the only basis upon which rational permanent and mutually profitable international relations can be foundationed and which will substitute reason and justice for fear and force as the instrument of intercourse among the peoples of the world. [Applause.]

This return to international law would help to effectuate here and elsewhere the six principles of foreign policy which were laid down by William Ewart Gladstone just 60 years ago for the guidance of his country, and which sound to me as if they were being enunciated here now by some wise statesmen for the guidance of this Congress.

First, foster the strength of our country by just legislation and economy at home, thereby producing two of the great elements of national power, namely, wealth and union and contentment.

The first principle of a sound foreign policy is good government at home. [Applause.]

The CHAIRMAN. The time of the gentleman from New Jersey has expired.

Mr. EATON of New Jersey. Well, the gentleman has not. [Laughter.] I am going to finish this.

Mr. FISH. How much time does the gentleman want?

Mr. EATON of New Jersey. Enough to finish my statement.

Mr. FISH. I yield the gentleman 5 additional minutes, Mr. Chairman.

Mr. EATON of New Jersey. I hope the learned and distinguished gentleman from Massachusetts [Mr. TINKHAM] will forgive me for quoting a British policy in his presence, because he has been in a state of undeclared war against Britain for many years. [Laughter.] However, since he is

strictly neutral everywhere else, I know I have his forgiveness as he has my affection and regard.

Second, the aim of all foreign policy ought to be to preserve to the nations of the world the blessings of peace.

Third, to unite the powers of the world for objects connected with the common good.

Fourth, to avoid needless and entangling alliances—a remarkable endorsement of the policy laid down by George Washington.

Fifth, to acknowledge the equal rights of all nations, so as to strengthen the esteem and respect of other peoples for our own country.

Sixth and last, these various policies should always be inspired by the love of freedom. In freedom you lay the firmest foundations both of loyalty and order; the firmest foundations for the development of individual character; and the best provision for the happiness of the Nation at large.

In this discussion I have tried to lift our thought to a level above the particular provisions of the pending measure where I believe, whether we will or no, we must face the greater universal issues of the hour.

We have come to a period in history which may be described as a world age. It is now literally and tragically true that no nation can live or die unto itself. Our country, like all others, has passed in its progress the last outpost of intellectual and political parochialism. We face the frontiers of a world economy so vast, so bewildering, so complex, so completely unexplored that mankind everywhere is floundering and groping in mental confusion and moral impotence. The law of self-preservation, freed from all spiritual restraint, is driving individuals and nations back to the jungles of savagery. It is now "every man for himself, and the devil take the hindmost." Unless we soon find some escape from this universal moral collapse and consequent mental imbecility, the devil bids fair to take the whole human outfit into camp.

In face of these cosmic changes which challenge the last resource of the human mind and spirit, I cannot escape the conviction that legislation such as proposed in the bill now before us becomes a sort of meaningless and futile shadowboxing—no matter how theoretically noble may be its motives and objectives.

I am convinced that in this fateful hour mankind, so far from falling back by grim necessity into primitive barbarism, stands at the threshold of the golden age of all history. The determining factor of our destiny lies not in laws and armaments and brute force but in the spiritual and intellectual resources of the people. [Applause.]

Four hundred years ago the world lay in the shadow of the Dark Ages, and then at the hour of deepest gloom there came upon the souls of men a great spiritual awakening. Out of the mighty liberalizing energies of the Reformation and the Renaissance there was born a period of progress unparalleled in history.

Under the impulse of that mighty spiritual revival which struck the shackles of slavery and serfdom from the minds of men, science came to its full stature as an instrument of progress. Freedom—political, economic, religious, and intellectual—became the haunting ideal of the dominant races. New worlds were discovered. New societies were created, dedicated to the equality and freedom of men. Once more religion became a mighty creative, regenerative, and regulating force. Men of high and low degree accepted for themselves and their social institutions standards of life and conduct, of work and love and law, plucked out of the very bosom of God.

[Here the gavel fell.]

Mr. EATON of New Jersey. I hate to be chased this way by the dogs of war when I am talking about neutrality.

Mr. BLOOM. I would be very glad to give the gentleman time. How much time does the gentleman want?

Mr. EATON of New Jersey. Well, I would like to negotiate a little on that. [Laughter.]

Mr. BLOOM. Doctor, I am a businessman. Come on.

Mr. EATON of New Jersey. It is not good form to introduce monetary considerations here.

Mr. BLOOM. Oh, this goes further than that.

Mr. EATON of New Jersey. I need just about 5 minutes. I have one page left.

Mr. BLOOM. I will give the gentleman 4 minutes and then I would like to ask him a question. I will give the gentleman 5 minutes altogether.

Mr. EATON of New Jersey. I thank you kindly.

One hundred and fifty years ago America was born, child of that divine spirit of liberty which illumines the pages of Holy Writ; which flames and throbs in the immortal words of the great charter wrung by English nobles from their reluctant king in the meadows of Runnymede; which has given to English-speaking men everywhere their systems of free representative government and which has spread like the dawn over half the nations of the world.

Today America stands in the front rank among the nations, supremely great in natural resources, in wealth, and its productive machineries, in man- and woman-power, in traditions of freedom for the common man, in the authority of learning and religion, and in the respect and confidence of all peoples.

We cannot longer evade or deny the responsibilities of world leadership inherent in this position of power and influence. Mankind stands at the supreme turning point in history. Either under leadership of the war spirit we shall revert to savagery and fall back into the shambles of a ruined civilization; or under the leadership of the peace spirit, which I believe the people of all nations desire with all their hearts and minds, mankind shall move forward into a glorious new era of universal liberty, justice, and well-being.

In this tragic hour I want to see our Government and our people take a stand for universal law and justice and peace which will help to turn the world back from the abyss, and usher in that new spiritual revival without which mankind is left in despair.

This is why I shrink from advocating the petty and parochial considerations of this and similar neutrality laws. This is why I want to see our country awaken out of its present hypnosis of timidity and futility and chart for itself a course of leadership in the ideas and ideals of peace and liberty which will be worthy of our glorious past and help to save mankind from its own folly. [Applause.]

Mr. BLOOM. Mr. Chairman, will the gentleman yield?

Mr. EATON of New Jersey. I understood my time had expired. [Laughter.]

Mr. BLOOM. Mr. Chairman, if I remember rightly, I stated I would yield the gentleman 4 minutes and would give him 1 additional minute so he could answer a question.

Mr. EATON of New Jersey. I am pleased to yield for a question.

Mr. BLOOM. I would like to ask the gentleman this question: The gentleman stated he would be pleased to have section 16 of this act, which strikes out all the others.

Mr. EATON of New Jersey. The last section—the one that repeals all present acts?

Mr. BLOOM. Section 16, which is the repeal of the acts of 1935, 1936, and 1937. Is that right?

Mr. EATON of New Jersey. That is right.

Mr. BLOOM. That is what the gentleman would stand for?

Mr. EATON of New Jersey. That is relatively right.

Mr. BANKHEAD. And, as I understood the gentleman, he referred to the original principles of American constitutional law and international law. [Applause.]

Mr. EATON of New Jersey. And strip off all these grave clothes. [Applause.]

Mr. BLOOM. Now, Mr. Chairman——

Mr. EATON of New Jersey. Only one question was what I agreed to, but I will throw this in as a sort of dividend.

Mr. BLOOM. If there were a general repeal of all laws——

Mr. EATON of New Jersey. Oh, not all laws. That would be too much for one dose.

Mr. BLOOM. All neutrality laws; is that right?

Mr. EATON of New Jersey. As referred to in these paragraphs?

Mr. BLOOM. Yes; are there any more?

Mr. EATON of New Jersey. You will have to answer that yourself.

Mr. BLOOM. Then we will put it in this way, repeal of the neutrality laws as mentioned in section 16 of the bill under discussion. Is that right?

Mr. EATON of New Jersey. Right.

Mr. BLOOM. Now, if all of these laws as mentioned in section 16 were repealed, would we not then go back to just what is asked for in this bill—to lift all embargoes?

Mr. EATON of New Jersey. Why, even the gentleman ought to understand that that was involved in my position.

Mr. BLOOM. Yes; that is right, and that is all I want to know, and I thank the gentleman very much.

Mr. TINKHAM. Mr. Chairman, I would like to ask the honorable Representative a question.

[Here the gavel fell.]

Mr. EATON of New Jersey. Mr. Chairman, will somebody be good enough to resurrect me, so I can answer this question?

Mr. FISH. Mr. Chairman, I yield the gentleman 1 minute.

Mr. TINKHAM. In 1917 was not the United States operating without let or hindrance under the operations of international law, and was it not involved in war notwithstanding that?

Mr. EATON of New Jersey. That is a historical fact.

Mr. BLOOM. What was the answer?

Mr. EATON of New Jersey. I say, certainly the gentleman is correct.

Mr. SHANLEY. Mr. Chairman, will the gentleman yield?

Mr. EATON of New Jersey. I yield to the gentleman from Connecticut.

Mr. SHANLEY. Will the gentleman pass upon the administration of these neutrality laws, or does he care to do that?

Mr. EATON of New Jersey. No; that is far beyond any resources I possess. I would have to leave that to the lawyers. [Laughter.]

Mr. FISH. I would like to ask the gentleman, in order to clarify the situation, is the gentleman for the Bloom bill?

Mr. EATON of New Jersey. Did you hear my speech? [Laughter and applause.]

Mr. FISH. What prompts the question is that the gentleman from New York [Mr. BLOOM] indicated by his question that you are for his bill, but I am rather inclined to think you are not for it.

Mr. EATON of New Jersey. I may be for the mangled remains of it after its friends and enemies get through with it. [Laughter and applause.]

[Here the gavel fell.]

Mr. BLOOM. Mr. Chairman, I yield 25 minutes to the gentleman from West Virginia [Mr. KEE].

Mr. KEE. Mr. Chairman, I was interested in the debate upon the rule, due to the fact that many of the speakers held up as shining examples to us the Scandinavian countries and their conduct during the war, asserting that those countries had all remained neutral, and therefore they pointed to them as examples for us to follow.

It is a matter of record that during the World War none of the neutral nations of the world, none of those that escaped being drawn into the wild storm of conflict, at any time ever had a neutrality law to govern their conduct. No country on earth, other than our own, has ever attempted the task of writing into its laws iron-bound restrictions upon its future conduct, its trade, and its travel, and adopting a program of action to meet unpredictable future problems, situations, conditions, and emergencies. If, as suggested by a witness before our committee, the only purpose of passing a neutrality act is to enable us to control the impulses and emotions of the American people, we might as well save ourselves the effort. No country can control by law the pride, passions, and prejudices of its citizens. We in this country have learned that lesson well. Without success have always been our efforts to legislate morals, piety, and temperance into a people who are jealous of their own code of personal conduct. Without success also will be any effort to legislate the American people into a neutral frame of mind when their sympathies are once aroused; and vain will be the hope that they can be lulled into a state of mental indifference and so remain throughout every possible contingency that may arise in international affairs. Our one hope is to place upon our statute books a fair, equitable, impartial neutrality act, dictated by understanding and uninfluenced by hysteria or fear, and then trust in the sound discretion of our leaders and the common sense of the American people. I believe that such an act is now before you for consideration.

To frame and bring before the Congress the very best possible measure to meet the demands of the situation confronting us has been the task of your Committee on Foreign Affairs. If our efforts had been directed toward satisfying everybody, we would have been doomed from the beginning. If we had attempted the writing of a measure which would certainly and surely keep us out of war, we would have found failure inevitable. If we had undertaken to write a bill for political prestige, failure would again have been foreordanied. None of these byways were followed. On the contrary, the members of the committee took counsel one with the other; every word and line of legislation heretofore had upon the subject was studied and analyzed. We called into council the best thought of the time, bringing around the committee table to advise with us men and women from all over the land and from every walk in life. We listened to men of wide experience in statecraft, in the Diplomatic Service, and in international relations, to soldiers and sailors, to veterans of former wars, and to those who must fight the next war, if such a calamnity should befall us.

The measure now before you for consideration is not perfect; no act upon the subject could ever approach perfection. We say to you, however, that this bill is safe. It is not complicated and is not difficult to understand. Its important features are these:

First. It repeals the dangerous provisions of the present law.

Second. It deletes from the present law those sections which made that former enactment unneutral.

Third. It does not carry a single clause or section which can possibly ever endanger the peace of this Nation in any situation or emergency.

Fourth. In spite of all assertions to the contrary, it delegates no additional powers to the Executive nor does it enlarge the sphere in which he may exercise his discretion.

Fifth. Under its terms this country will no longer be in the attitude, the unneutral attitude of favoring the aggressor nations of the world, which are already armed to the teeth, and at the same time refusing to the oppressed and to the threatened nations the means of self-defense.

There are, it will be noted, but few controversial sections in the pending measure. In the main, the bill carries provisions which have universal approval. The sections relating to the solicitation and collection of funds in this country in aid of belligerent states, the authorization of special restrictions upon the use of our ports by foreign submarines and armed merchant vessels and the establishment of the National Munitions Board are all retained in the pending bill in practically the same form as in the existing law. In some instances the language of the present act has been changed and improved, chiefly for the purpose of clarifying sections where the meaning was doubtful. None of these changes injected any controversial matter, and as a whole the sections mentioned meet with approval that is practically unanimous.

Section 1 is, naturally, controversial, and to that section I shall confine my remarks. That is the section which is being and will be unjustly, I feel, attacked on this floor with great bitterness. This section is a reversal of the former action of Congress. Its inclusion in this measure and its favorable consideration by Congress simply means the repeal of the

provisions in the present law directing an embargo against the export from this country to belligerent states, when a state of war is found to exist, of arms, ammunition, or implements of war. The issue, therefore, as to section 1 is clear and definite. It is embargo or no embargo. And this embargo we are repealing is one that the present law directs to be placed not upon raw materials; not upon cotton or wool or leather; not upon automobiles, trucks, and motor vehicles; not upon wearing apparel for men, women, and children; not upon fuels and lubricating oils and gasoline; not upon pig iron or scrap iron or steel or aluminum or other metals and alloys; not upon wheat and corn and rye and other cereals and foods; not upon the thousand and one other commodities needed by every nation, not only in time of peace but doubly essential in time or war; but this embargo directed by the present act and which the opponents of this bill demand that we retain, is an embargo solely applied to "arms, ammunition, and implements of war"—these only and no more.

It is the stock argument of those opposing the pending measure that the issue of embargo or no embargo upon the export of arms, ammunition, and implements of war involves a great moral question and that they, the proponents of such an embargo, are upon the moral side. They stress the horror of our exportation of instrumentalities of death. It is immoral, they shout, for us to send over arms and ammunition with which to kill our fellow men. Strange to say they never pause to consider the inconsistency—I could use a stronger word—of their position. While demanding an embargo upon guns, they are perfectly willing for us to ship to the powers—the dictators included, the iron and steel and copper and alloys with which, in factories like the Krupp and the great Skoda works, recently acquired by Hitler, these same guns can be fabricated to better advantage than they can be made here. Our friends exclaim in horror against our exportation of powder and nitroglycerine and dynamite and TNT and other explosives, yet complacently ignore the fact that this embargo permits us to send any person, any belligerent, including Hitler, Mussolini, and the minions of the Mikado, all the chemicals and ingredients of every explosive known to man. It only remains for the purchasers to mix the materials in proper proportion. The embargo stops our sending of bullets, but we can send the molds for the bullets, the brass for the shells, and the tools with which to load them. We cannot send them armored tanks, but we can sell and ship to them motors and wheels and parts and steel plate to cover them. We cannot, under this much-favored embargo, ship bayonets and swords and knives and grenades and flame throwers and shrapnel, but we can under that same embargo ship them every needed material and all the machinery necessary to promptly make in their own factories all of these instrumentalities of death. Tell me, is there any consistency in such a legislative enactment? And this is not all, the act that our friends so vigorously urge us to retain permits us to sell to all belligerents alike, to the countries of the dictator, king, president, and mikado gasoline to power their armored tanks and war planes, oils to lubricate their engines, cloth to clothe their soldiers, food for their armies, canvas to shelter them, and shoes for their marching feet. The only reasonable explanation that can be offered by the opponents of repeal of the embargo provision must be their belief—and I trust it is a deluded one—that the people of this country will not see or understand that the mere embargo of arms, ammunition, and implements of war is empty of real meaning and effectiveness except to penalize the smaller and weaker nations of the earth. This penalty is imposed upon those nations which do not have the facilities, the factories, the skilled men, nor the time necessary to fabricate these arms and implements of war nor to manufacture ammunition from the available raw materials.

Is the present Neutrality Act, with its embargo on arms, ammunition, and implements of war, actually neutral, or is it, under present world conditions, unneutral? Let us consider the question in the light of known facts. We are all agreed that there is in the world today certain nations to which we can truthfully and aptly apply the term "aggressor nations." Does this statement require argument or is it sufficient to merely make these inquiries: "Was the conquest of Ethiopia and the invasion of Albania each an act of kindness and friendship? Has the invasion of China and the slaughter of her people been but a modest and smiling gesture? Was the dismemberment of Czechoslovakia, the absorption of Austria, and the extinction of some half dozen independent small states of Europe each an act of national unselfishness?" If so, then we have no aggressor nations. But the world, with reason, entertains a different view. With eyes opened at last, we now know that Germany, Italy, and Japan are out to remake the world in accordance with their heart's desire. We know that each of these countries has been preparing for years for the aggressive enterprises they have already embarked upon and accomplished, and for others yet to be sprung upon a trembling and fearful world. Their preparations included an armament program of gigantic proportions—the creation of armies such as the world has never known, the arming of multitudes, the building of armament and munition plants, the accumulation of almost inexhaustible supplies of arms, ammunition, implements of war, airplanes, tanks, and other wartime accessories, and the training of skilled men in the manufacture of these war necessities. In other words, these rulers with aggressive plans were like highwaymen. They were fully armed before they attempted to "get the drop" on their victims. They are all fully armed today. They will be fully armed tomorrow and for many tomorrows. Our little embargo on "arms, ammunition, and implements of war" means absolutely nothing to the aggressor nations. They are supplied amply and generously, and if the doors were wide open we could not today sell them as much as a .22-caliber pistol. As a matter of fact, these aggressor nations, and especially Germany, are in position to sell us. The record is that Hitler, since taking over Czechoslovakia and the great Skoda works, together with 22 other lesser arms and munitions plants and all the accumulated stores of that nation, is far above all other countries in the world in wartime supplies and equipment. Germany is not in the market for the items our present law embargoes. Italy, with her tremendous accumulation of supplies and her facilities for continued production, is not in the market. Japan needs nothing but raw material and is not in the market for the finished product. Therefore, why the embargo, unless we want to deliberately lend aid and assistance to these aggressor nations by denying supplies to those against whom their aggressive acts are directed?

And now, how about the nations who have cause to tremble at the next move of either of these aggressive powers? They, like the other nations of the earth, were caught unprepared. They have not behind them years of preparation; they have builded no factories or plants for arms or munitions; they are not skilled in this trade of slaughter and preparation for slaughter. When the guns of the aggressors are turned toward them, hope dies; and hope will die with all of them, one by one, if they are deprived of every chance, opportunity, and means of self-defense.

Is our embargo neutral? As already stated, we know that the aggressor nations do not need our arms. We know that they are fully supplied. At the same time, we know that dozens of smaller, friendly, and law-abiding nations are trembling and helpless and unarmed right in the shadow, perhaps in the path, of the aggressor. With this state of affairs openly evident to all the world and to us, we deliberately place and keep upon our books a law that says to the aggressor "Go just as far as you like. No matter what you do to your neighbors, we will not permit them to get from our shores a single weapon with which to defend their homes, their firesides, their mothers, wives, children, or the freedom of their country." And we say this in contravention of international law, in surrender of our own rights and in violation of the rights of the small neighbors under the law of nations. I ask you today, isn't it just as unneutral to deny a weak nation arms for defense as it is to supply a strong nation arms for oppression? I leave the question with you.

Our adoption of the embargo provision of the present law was distinctly an unneutral act. By this action we adopted a policy in opposition to international law and in violation of the rights of other nations. So far as information is available our action was then approved by but one foreign Government—Germany. It is today approved only by the Rome-Berlin axis. It is easy to find the reason for this approval, and, in this connection, I cite a statement made before the Foreign Affairs Committee, by Mr. Felix Morley, the distinguished editor of the Washington Post, and with which at the time I was very much impressed.

Mr. Morley told us of a conversation he had with the then President Benes, of Czechoslovakia, in June 1927. The President of that unfortunate country, which is now no more, at that time said that he regarded our neutrality law as a blank check to Germany for her to fill in at Czechoslovakia's expense, and that that was the opinion of every member of his Government. In further explanation of this statement, Mr. Morley said:

> It (our Neutrality Act) told Germany that, so far as the United States was concerned, she (Germany) could go into Czechoslovakia and take it any minute she wanted. It was no concern of ours, and we would not object and certainly would not raise a finger in protest. We told her that in advance.

A distinguished Member of this House, one whose ability is unquestioned and whose judgment has always commanded the respect and confidence of the Members of this body, regardless of political affiliation, impressed me deeply when he told our committee:

> It strikes me that this thing (the embargo provision of the present law) is brutally unneutral in its effect. It penalizes the little fellow, and does it deliberately. It is an announcement from the Government of the United States that the small may perish, and only the large and powerful may survive. As a policy it is indefensible, for it is grossly unneutral.

Gentlemen, I have quoted the words of the gentleman from New York, the Honorable JAMES W. WADSWORTH, and I would that every Member of this House would read his statement which will be found beginning at page 28 of the report of the hearings upon the American neutrality policy before the House Committee on Foreign Affairs.

In agreement with the view of the gentleman from New York, Congressman WADSWORTH, is practically every great editorial writer in the United States. During the time intervening from the day the measure now under consideration was reported out, down to the present day, the editorial columns of the great newspapers of every section of the country have been filled with favorable comment upon the bill in its entirety and especially upon the proposal to repeal the so-called embargo provisions. The editors of this country, almost as a unit, recognize the brutal unfairness of the present act and they have not hesitated to give full expression to their convictions.

Our friends who are so earnestly, if not to say bitterly, expressing their opposition to section 1 of the pending bill tell you that the repeal of the embargo clause will be unneutral, in that such repeal will help England and France. It is intimated that this is the ulterior motive of those favoring the repeal. Very well, if it is true that the repeal of the embargo clause will help England and France, it must mean that the repeal will help these two nations in their stand against the aggressions of Italy and Germany. It follows, therefore, and is perfectly obvious, that if a repeal of the embargo will help England and France, then our failure to repeal the embargo and its continuance as a law is helping Germany and Italy. And this being the fact, we have been helping and encouraging Germany and Italy from the day we wrote the law into our statutes down to the present time. There is every evidence in the world to support this conclusion, and I for one think it is time for us to wipe this unneutral blot off of our record. If we fail to repeal this embargo our action will be celebrated on the streets of Berlin.

Mr. Chairman, like every other citizen of this country, one born upon its soil, reared under the protection of its flag, and educated in its schools, I feel that, without indulging in any maudlin sentiment, I can say that I love this great country of ours. I am proud of its history and traditions and have a deep and abiding faith in its destiny. I have always been proud to look back through the mists of the years at the record of fairness and justice toward all the peoples of the world which we have inscribed in letters of living light upon the pages of history. It has been given to me to live through various periods of internal stress and of international crisis, and up to this day and time there has never been recorded against our country an ungenerous nor craven action in its relations with the nations of the world. We have never yet shirked our duty nor in cowardly fear skulked behind the refuge of expediency. May a Divine Providence forbid that by subterfuge we avoid our plain duty now. Let us preserve our proud record and hand it down untarnished to the generations to follow us. It is not that we should have the Government pose as a chivalrous knight in shining armor attempting the impossible task of righting the wrongs of the world, but let us not now forsake the tried and proven ways of our fathers—the ways we have followed with credit and honor for the 150 years of our national existence. Let us today erase from our statutes a brutal and indefensible provision, that the struggling and oppressed people of the earth, now resting under the shadow of a great fear, may once more look upon us with eyes in which the light of hope has been rekindled. [Applause.]

Mr. CORBETT. Mr. Chairman, I yield 15 minutes to the gentleman from Montana [Mr. O'CONNOR].

Mr. O'CONNOR. Mr. Chairman and members of the Committee, I agree with what has been said here today, particularly on the Republican side of the aisle, that the matter that is before us is of more importance than anything political. I agree that politics should cease at the water's edge and we look only to the welfare of our country, our men, women, and children, as we see it individually. I realize fully that this bill has within its pages political dynamite. It may cause some of us to stay at home, but whatever the future holds, I am going to express my views upon this subject, regardless of political consequences and vote my convictions. I regret, of course, that the bill has been brought up for consideration.

I want to pay tribute to the author of this bill. I heard statements made this morning regarding the author which seemed to me were rather critical. I want to say that I yield to no man in this body in admiration of and respect for the distinguished gentleman from New York [Mr. BLOOM]. He has been my friend. If I were to be guided by that sort of feeling in what I would say this afternoon and with reference to my vote, I would go along with our beloved colleague. But the importance of this bill transcends such feeling, as well as all political views.

Mr. Chairman and members of the Committee, it is my thought that before we proceed to a discussion of the bill which obviously is designed to increase the power of the President in dealing with external affairs, such as foreign nations while at war, that it might be well to consider the powers of the President under the Constitution, and international law as made up by court decisions, treaties, customs, and so forth.

Article II, section 2, of the Constitution of the United States, provides in part that:

> The President shall have power, by and with advice and consent of the Senate, to make treaties, provided two-thirds of the Senators concur; and he shall nominate, and by and with the advice and consent of the Senate, shall appoint Ambassadors, other public ministers, and consuls.

Perhaps the leading case upon defining the powers of the President in such matters is *The United States* v. *Curtis Wright Export Corporation et al.*, known as the Chaco case, found in the American Journal of International Law, volume 31, 1937, at page 334, and subsequent pages. I have had copied the pertinent parts of the decision in relation to the powers and have set them forth herein.

POWERS OF THE PRESIDENT IN EXTERNAL AFFAIRS

As a result of the separation from Great Britain by the Colonies acting as a unit, the powers of external sovereignty passed from the Crown, not to the Colonies severally but to the Colonies in their collective and corporate capacity as the United States of

Americia. Even before the Declaration, the Colonies were a unit in foreign affairs, acting through a common agency, namely, the Continental Congress, composed of delegates from the Thirteen Colonies. That agency exercised the powers of war and peace, raised an army, created a navy, and finally adopted the Declaration of Independence. Rulers come and go; governments end and forms of government change; but sovereignty survives. A political society cannot endure without a supreme will somewhere. Sovereignty is never held in suspense. When, therefore, the external sovereignty of Great Britain in respect of the Colonies ceased, it immediately passed to the Union. (See *Penhallow* v. *Doane* (3 Call. 54, 80–81).) That fact was given practical application almost at once. The treaty of peace, made on September 23, 1783, was concluded between His Britannic Majesty and the United States of America (8 Stat. European Treaties, 80).

Not only, as we have shown, is the Federal power over external affairs in origin and essential character different from that over internal affairs, but participation in the exercise of the power is significantly limited. In this vast external realm, with its important, complicated, delicate, and manifold problems the President alone has the power to speak or listen as a representative of the Nation. He makes treaties with the advice and consent of the Senate; but he alone negotiates. Into the field of negotiation the Senate cannot intrude; and Congress itself is powerless to invade it. As Marshall said in his great argument of March 7, 1800, in the House of Representatives, "The President is the sole organ of the Nation in its external relations and its sole representative with foreign nations." (Annals Sixth Congress, col., 613.) The Senate Committee on Foreign Relations at a very early day in our history (February 15, 1816), reported to the Senate, among other things, as follows:

"The President is the constitutional representative of the United States with regard to foreign nations. He manages our concerns with foreign nations and must necessarily be most competent to determine when, how, and upon what subjects negotiations may be urged with the greatest prospect of success. For his conduct he is responsible to the Constitution. The committee considers this responsibility the surest pledge for the faithful discharge of his duty. They think the interference of the Senate in the direction of foreign negotiations calculated to diminish that responsibility and thereby to impair the best security for the national safety. The nature of transactions with foreign nations, moreover, requires caution and unity of design, and their success frequently depends on secrecy and dispatch." (8 U. S. Senate Reports, Committee on Foreign Relations, p. 24.)

It is important to bear in mind that we are here dealing not alone with an authority vested in the President by an exertion of legislative power, but with such an authority plus the very delicate, plenary and exclusive power of the President as the sole organ of the Federal Government in the field of international relations, a power which does not require as a basis for its exercise an act of Congress, but, which, of course, like every other governmental power, must be exercised in subordination to the applicable provisions of the Constitution. It is quite apparent that if, in the maintenance of our international relations, embarrassment—perhaps serious embarrassment—is to be avoided and success for our aims achieved, congressional legislation which is to be made effective through negotiation and inquiry within the international field must often accord to the President a degree of discretion and freedom from statutory restriction which would not be admissible were domestic affairs alone involved. Moreover, he, not Congress, has the better opportunity of knowing the conditions which prevail in foreign countries, and especially is this true in time of war. He has his confidential sources of information. He has his agents in the form of diplomatic, consular, and other officials. Secrecy in respect of information gathered by them may be highly necessary, and the premature disclosure of it productive of harmful results. Indeed, so clearly is this true that the first President refused to accede to a request to lay before the House of Representatives the instructions, correspondence, and documents relating to the negotiation of the Jay treaty—a refusal the wisdom of which was recognized by the House itself and has never since been doubted. In his reply to the request, President Washington said:

"The nature of foreign negotiations requires caution, and their success must often depend on secrecy; and even when brought to a conclusion a full disclosure of all the measures, demands, or eventual concessions which may have been proposed or contemplated would be extremely impolitic, for this might have a pernicious influence on future negotiations, or produce immediate inconveniences, perhaps danger and mischief, in relation to other powers. The necessity of such caution and secrecy was one cogent reason for vesting the power of making treaties in the President, with the advice and consent of the Senate, the principle on which that body was formed confining it to a small number of Members. To admit, then, a right in the House of Representatives to demand and to have as a matter of course all the papers respecting a negotiation with a foreign power would be to establish a dangerous precedent." (Messages and Papers of the Presidents, vol. I, p. 194.)

The marked difference between foreign affairs and domestic affairs in this respect is recognized by both Houses of Congress in the very form of their requisitions for information from the executive departments. In the case of every department except the Department of State, the resolution directs the official to furnish the information. In the case of the State Department, dealing with foreign affairs, the President is requested to furnish the information "if not incompatible with the public interest." A statement that to furnish the information is not compatible with the public interest rarely, if ever, is questioned.

When the President is to be authorized by legislation to act in respect of a matter intended to affect a situation in foreign territory, the legislator properly bears in mind the important consideration that the form of the President's action—or, indeed, whether he shall act at all—may well depend, among other things, upon the nature of the confidential information which he has or may thereafter receive, or upon the effect which his action may have upon our foreign relations. This consideration, in connection with what we have already said on the subject, discloses the unwisdom of requiring Congress in this field of governmental power to lay down narrowly definite standards by which the President is to be governed. As this Court said in *Mackenzie* v. *Hare* (239 U. S. 299, 311): "As a government the United States is invested with all the attributes of sovereignty. As it has the character of nationality, it has the powers of nationality, especially those which concern its relations and intercourse with other countries. We should hesitate long before limiting or embarrassing such powers."

I believe that we, on both sides of the aisle, agree on the objective; that is, to keep the United States out of any European or other conflict. The principal difficulty is that scarcely any two of us agree as to the methods by which we may pursue a neutral course and thereby remain at peace with the world. Personally, I feel that if we mind our own affairs and do not issue public statements endeavoring to commit this country to one policy or another, we will go a long way in avoiding European conflicts. I want to make myself clear, that what I have to say here today does not cast any reflection upon our great President, Franklin D. Roosevelt. I have faith in him, in fact as much faith as I have in any one living human being, but we must not forget that he is human. I do not doubt for a moment that President Roosevelt would leave no stone unturned in behalf of the peace of our Nation under any and all circumstances. The President has already proved high and above partisanship, his lofty principle for peace, not only for the United States, but over the world. It would be ridiculous to ever assume that the President would arbitrarily or willfully misuse his constitutional authority in any direction opposite to peace, but in our consideration of neutrality legislation we must weigh our thoughts in the light of the principles involved rather than from the point of view of faith in any one person. Even though the present President could be trusted in this matter, there is nothing so certain as the uncertainty of life, so we must disregard in the consideration of this measure and what is before us—personalities.

Let us take up for a moment the bill.

In the first place, I believe it is impossible to legislate for neutrality. Neutrality in international law is defined as "the condition of a state or government which refrains from taking part, directly or indirectly, in a war between other powers." If the arms embargo is lifted and one man is given the authority to designate areas of combat, wherein our exports are prohibited, then the bill is the victim of misnomer.

The Honorable Frederic R. Coudert, authority on international law, wrote in February of 1937:

> No present (neutrality) law can prevent the consequences that may follow from a future emotional state of the national mind. The reason of today cannot govern the possible emotions of tomorrow.

That statement is particularly significant in considering any change of our present neutrality law. You cannot legislate against an outbreak of war, and you likewise cannot legislate for everlasting peace. It is a matter which must be faced when the particular situation arises. There is no formula possible to assure any nation of continuous peace. It would be entirely wrong for the United States to entertain any preconceived notions on our position in the event of a European or Far East conflict. Before you can effectively combat a fire you must know from whence the wind blows. Rapid-fire changes are occurring in the world today. What may appear to be a formula now for peace might be nonsensical tomorrow.

If the United States, directly or indirectly, makes commitments or gives any European power the right to believe she will have our support in time of conflict, we have com-

pletely shattered the purpose of any type of neutrality legislation. I stand firmly against the right of any representative of our Government or any administration to enter into arrangements which would call for our support in the event of war. That same thought holds true to the entrance into any military or naval or financial agreement or any foreign entanglement.

The United States should never occupy any chair at the card table of European powers. We have not been trained in dealing from any place except the top of the deck. We have not been taught to draw cards out of our sleeves and other places of concealment. We would lose our shirt in their type of poker. It is even possible that the game would extract the gold from our teeth, even though it is cemented in.

Above all, we should forever shy from the part of kibitzer. For when we start our round-the-table kibitzing, we immediately will be placed in a position of aiding and abetting war.

When the President is empowered to designate areas of combat, and prohibit United States citizens and vessels from proceeding through the designated area, he thereupon may set up an economic boycott at his will, which may be said to be tantamount to naming the aggressor.

Irrespective of the President's right, under the Bloom bill, to issue a proclamation making it unlawful for any person within the United States to make a loan or extend credit to any nation at war, he is given the discretion, in order "to protect the commercial or other interests of the United States or its citizens," to except from operation ordinary commercial or other credits and short-time obligations in aid of legal transaction and of normal peacetime character. Is there any doubt in the mind of anyone here who would be the favored nations under this authority?

It appears to me, however, that the greatest shortcoming in the bill now before the House is the lifting of the arms embargo. You cannot extinguish a blaze by contributing gasoline instead of water to the firefighters. We are well acquainted with the facts surrounding the huge profiteering of the manufacturers of war munitions during the last war. In the light of that sorrowful experience are we going to repeat a glorified field day for munition makers?

Why, we have furnished Japan with 54.4 percent of all the raw materials and finished products necessary for her to carry on her assault, burglary, and brutal murder in China. We have furnished trucks, copper, pig iron, scrap iron, machinery, and engines to Japan. We have furnished all of the high-test gasoline for the squadrons of Japanese airplanes engaged in dealing death from the air. Can we honestly disclaim responsibility for the ruthless murdering going on among a defenseless people when we sell for profit the agencies by which the men, women, and children of China are slaughtered? This information is brought out on page 405 of the hearings and was unquestioned when presented.

The United States has generally adopted the policy of outlawing war. We, the United States, have been preaching peace and aiding in the continuation of war. Are we going to continue to try to lead the world with the dove of peace and a Bible clutched in the fingers of one hand, and at the same time grabbing the profits from the sale of death-dealing agencies with the other hand? We either must be for peace or for the gold accruing from the sales of implements of war.

We cannot at the same time ride two horses going in opposite directions. We either must travel the road to peace by refusing participation, or else we must discard our pretense and announce to the world that we sell implements of war for the perpetuation of war.

We cannot be kidded into another war on the grounds of moral reasons, such as saving the so-called democracies of Europe. If our desire for profits is paramount to our desire for peace, then let the munition makers operate as never before.

If we, as a nation, refuse to aid any country in the continuation of war, we then become an effective instrument to bring about a cessation of that deplorable condition. Again, we may be furnishing implements of war which will be used for our own destruction. The lifting of the embargo on arms will, of course, be beneficial to Japan, England, and France. They are the only nations with sufficient funds and ships to buy and carry our munitions of war. Under those circumstances, it would be an unneutral act for us to lift the arms embargo.

It may be observed that Japan is our greatest menace. If we continue to equip Japan to conquer China, and take over her vast resources, we are simply building trouble for ourselves in this: That China possesses many of the raw materials that are today purchased by Japan from the United States, and our trade would be considerably interfered with, if not ruined, as well as increasing Japan as a war menace in adding to her military facilities.

Personally, I would rather see an embargo placed upon the sale of all munitions of war to any nation engaged in conflict.

We must, at all times, remember that our problem is not the problem of European states. Many of them are fighting for their very existence. We cannot, 3,000 miles removed from the scene of action, determine the merits and demerits of their every move. A move that we might feel in this country is an offensive move, might be a defensive move in order for them to live. I can imagine a person having property surrounded by the property of others who would not permit the inclosed man the right of ingress and egress. In such a case, the isolated man may be said to become the aggressor in his attempt to obtain the necessities of life. However, it actually would be an offense for defense, and the surrounding persons would be the aggressors.

Under no circumstance would I ever vote for any bill which would permit the President, whoever he may be, to name the aggressor. I have tried lawsuits where it would take a week with witnesses who saw the shooting to try to determine who was the aggressor. Appearances are sometimes deceiving. I have known in individual cases, where circumstances were set up to make it appear that an innocent person was the aggressor. Such a problem is too delicate, uncertain, and incapable of definition for us to engage in such a venture this far removed.

I fully realize that these words are not pleasant to the ears of the munition makers, but I think more of my country, and the men, women, and children of this country, and the boys who have to fight wars, than I do of the profits reaped in war by the manufacturers of death instruments. The millions made in profits from such sales are retained from generation to generation in the munition families.

Almighty God physically isolated us from foreign countries which are forever festering with war sores. It is nothing short of overstepping the will and desire of our destiny to meddle in affairs of any foreign country, and particularly in countries guided by mongers of war.

I feel that the President has under international law, as defined by the Supreme Court of the United States and the Constitution, the power to engineer this country along neutral lines without enlargement of that authority by any act of Congress. I do not think we have the power to inhibit his authority, but we should embargo all exports to combatants. Congress, of course, has and will reserve unto itself the right to declare war. I realize that the sun set on the day of isolation when Lindbergh put a few biscuits in his pocket and flew the Atlantic Ocean. We cannot be strict isolationists, but we can be neutral if we but control our emotions and submerge our prejudices. We must take our place in the family of nations of the world, but our place should be one designed to advance peace, prevent wars by refusing to be a party directly or indirectly by the sale of death-dealing instruments of war, and, further, we should not attempt to dictate what form of government other countries should adopt. Neither should we attempt to place ourselves in a position of acting as judge of the right or wrong of any move made by any country for any purpose. Such practice is simply meddling and will lead to trouble, and we should, by example as well as precept, show that gold and thirst for power are not our God. [Applause.]

The CHAIRMAN. The time of the gentleman from Montana has expired.

Mr. BLOOM. I yield the gentleman an additional half minute.

Mr. O'CONNOR. As I heretofore stated, I will say to the gentleman let us adopt a policy of action in this country consistent with our preaching. We have adopted a policy of peace but we are not practicing it. Let us practice what we have been preaching, namely, world peace, and let us quit practicing making the love of gold and profits and thirst for power, our god. [Applause.] That is what we have been doing.

I yield to the gentleman from New York.

Mr. BLOOM. The things that the gentleman mentioned about happening in Japan happened under the present law; is that right?

Mr. O'CONNOR. That is correct. I will say in that connection I think the President should have slapped on an embargo just as the act of Congress of 1937 provided.

[Here the gavel fell.]

Mr. BLOOM. Mr. Chairman, I yield the gentleman 1 additional minute.

Now, if you were to figure in the amount of munitions of war that Japan buys, Japan buys no munitions of war from this country.

Mr. O'CONNOR. She buys the raw materials out of which she makes them.

Mr. BLOOM. Now, let me understand this. Under the present law, Japan buys raw materials in this country. That is the present law. You are not talking about that. You are talking about this bill. Japan manufactures more munitions today than the United States. Did you know that?

Mr. O'CONNOR. I know that. But she gets her raw materials from the United States—54 percent of them, from which she makes her war materials.

Mr. BLOOM. That is under the act as it is today. I believe you started that if we would go back to international law——

Mr. O'CONNOR. No; I did not say that.

[Here the gavel fell.]

Mr. BLOOM. Mr. Chairman, I yield the gentleman another minute.

If you want to go back to international law, then you could export from this country to any other country in the world anything that you wanted to export—munitions, commodities, or anything like that.

Mr. O'CONNOR. That is a fact, but the gentleman is trying to put words into my mouth that I did not utter. I might be willing to go back to international law to a limited sense with the provision that we embargo all exports to all combatant nations.

Mr. BLOOM. Can you go back to international law with a provision?

Mr. O'CONNOR. You can always, to a limited sense, go back to international law with such reservations that Congress sees fit to propose.

Mr. BLOOM. Neutrality under international law says that thing. We have been operating under international law for 145 years. That is what Dr. EATON said he wanted to go back to. Is that what you want to do?

Mr. O'CONNOR. Oh, no. Again my good friend wants to make up my mind for me. I want to place an embargo upon exports to combatant nations—then you will be kept out of war. Congress can do what it sees fit.

The CHAIRMAN. The time of the gentleman from Montana has again expired.

Mr. BLOOM. Mr. Chairman, I yield 20 minutes to the gentleman from Pennsylvania [Mr. ALLEN].

Mr. ALLEN of Pennsylvania. Mr. Chairman, first of all, I would like to make my own position on this legislation absolutely clear. I strongly favor the arguments propounded by the gentleman from New Jersey [Mr. EATON] a few moments ago in this Chamber. I believe, too, that if we could go back to international law, if the people of this Nation were prepared for it, and if this House would accept it, that it would be far better to base our foreign policy on the seasoned and time-tested tenets of that code. I am not sure that the country is ready for that today or that this Chamber would pass such an amendment to the present neutrality laws. Because the bill now under consideration more nearly conforms to international law than the statute which is now on the books, I favor this particular bill.

We have got to be frank with ourselves. It is absolutely impossible to write legislation which will guarantee strict neutrality to this Nation. Neutrality is a matter of human behavior. Neutrality is a state of mind. Any neutrality law per se is no guarantee against war. There is no such guaranty in either law or diplomacy. The efficacy of any neutrality legislation depends entirely on the attitude of our people. If our people want war, we are going to have war regardless of any statute which may appear on the books; and if our people demand peace, we are going to have peace, all the neutrality legislation in the world notwithstanding. We are deluding ourselves, and we are deluding the people of this Nation, if we teach them to believe that by mere statutory enactment we are going to preserve neutrality and guarantee peace in this troubled world. No nation is safe from its own ineptitudes or mismanagement; no nation can seek refuge from its own weaknesses behind legislative barriers. We in America cannot escape from every conceivable type of international storm by merely hiding our heads, ostrichlike, in the sand. In the last analysis the question of peace or neutrality for our people is going to depend entirely on their attitude, the way in which they conduct themselves, and their self-control when a crisis presents itself.

We have experimented with neutrality legislation such as this before us today for 4 years. The authors of all this legislation have made a pioneering effort and I think desirable results have been forthcoming. We have been able, through experience with the dynamics of world politics, to realize that some of the provisions in the existing law are untenable, absolutely unfair, unneutral, and indefensible; while there are other provisions which have stood the test and which appear to be sound. These latter provisions are preserved in the bill we are now considering.

The most unneutral, the most rigid and war-provoking provision in the present law is that which provides for a mandatory embargo on arms and ammunition when a state of war is found to exist by our President. I am convinced that any continuation of the mandatory embargo on the shipment of arms, ammunition, and implements of war to belligerents would prove to be dangerous, unneutral, and indefensible. The Secretary of State—and I am sure every Member in this Chamber, regardless of which side of the aisle he sits, has respect for the judgment and ability of the Secretary of State—in his considered judgment he has told us repeatedly that the repeal of the mandatory arms embargo would probably be a long step in arresting the onward progress of the aggressor nations in the world today. This alone, in my judgment, warrants the passage of this measure.

Mr. VORYS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. ALLEN of Pennsylvania. In just a moment I shall be pleased to yield, when I finish my statement.

All the aggressor nations of this world are well armed; they are well prepared, in a military sense; they possess huge arsenals and they have manufacturing facilities with which to make the implements of war. Germany, for example, needs no munitions or ammunition from us. She is well prepared; the more so since the annexation and conquest of Austria and Czechoslovakia. Germany, Italy, and Japan have repeatedly used force as an instrument of their foreign policy. We have every reason to believe from the experience of the past that that will be their policy in the future; and their attitude in this great game of international affairs, our refusal to sell arms under any circumstances to the victim nations, or those nations which are now being considered for the block, is an inducement to further conquest. It seems to me there can be no misunderstanding on this score.

It has been repeatedly said in this Well this afternoon that the present act by lifting the embargo provisions will aid Great Britain. My response to that is a perfectly frank one—and I believe I bespeak the attitude of most of the Members of this Chamber. I prefer indirectly to aid those nations which have demonstrated a friendly attitude toward us than to abet the onward march of the totalitarian powers. The existing neutrality law has aided those nations which have been so unfriendly and so provocative in their attitude toward us, both in deed and word. It must be scrapped. [Applause.] Under the present Neutrality Act, we have aided and encouraged the aggressors and played into their hands. But there is still another reason why this mandatory embargo provision should be repealed. It actually gives to a foreign nation or its dictator the right to declare our own foreign policy. Under the provisions of existing law, by merely declaring war on England, Canada being drawn in, Hitler could affect our trade with Canada.

He could upset our financial foundation governing foreign trade. He could decree where American citizens could travel and could not travel. He could disrupt our whole internal and external economy. We have actually given a foreign power the right to declare our own policy. In the history of the world never has a legislative body surrendered such control over its own affairs to another power. I do not care how some of my colleagues on the Republican side of the aisle feel about the President of the United States. I, too, have disagreed with him many times. I would rather, however, place the destiny of this Nation and its foreign affairs in the hands of Franklin D. Roosevelt than in the hands of Adolf Hitler, Benito Mussolini, or that son of heaven over in the Orient. [Applause.] As long as the existing provisions of the current neutrality exist, we are giving this power to a foreign nation and its leaders.

Foreign affairs are too delicate a responsibility to be dealt with by rigid legislation.

The present neutrality law is rigid legislation and therefore not desirable. It endangers the peace structure of our country. It binds the hands of the President and the State Department against unforeseen and unpredictable circumstances. As one of our witnesses so ably testified, we are setting up the rules of the game without knowing what that game will be, where it will be played, or who the players will be. That is what we have done in the present neutrality law, which we are trying to amend this afternoon. We have to retain a free hand and must be unimpeded in meeting the emergencies present in each new crisis. We must be free to adapt our policy to changing conditions. That is a fundamental principle of foreign policy.

I agree with my colleagues when they say we should not meddle in foreign quarrels; at the same time we should not tie our hands in the face of troubled world circumstances. The present law, because of its rigidity, makes us impotent in world affairs without serving to make us neutral. We can be a far more powerful instrument of peace if we are left with our hands unchained, with some degree of freedom in the conduct of our foreign policies. Rigidity makes the embargo provision of the law so patently unfair and unneutral that if it were invoked and sustained under certain conditions which are conceivable, the attitude of our people would become so inflamed and aroused they would demand that we change the provisions of the act in the middle of the game. In other words, after warfare among two or more nations had commenced, it is very probable that the sentiments of our people would become so aroused that they would demand the repeal of the troublesome embargo provisions of the existing neutrality law. The minute we change the existing provisions of any act after warfare has started, we have changed the rules in the middle of the game. We have then committed an unneutral act, and an unfriendly act toward one of the belligerents. That is a very dangerous possibility and would probably result in war for us. I repeat that the present act contains in it grave possibilities and dangers which we should eliminate while we can do so with impunity.

What I said this afternoon is backed by eminent authority and by the studied consideration of students of this problem. I would like to quote one or two passages from the testimony given before our committee including a paragraph from the testimony given by the gentleman from New York [Mr. WADSWORTH]. I may say the testimony which he gave was as profound and instructive as any I heard. I think that it was most sensible. I quote from Mr. WADSWORTH's testimony:

> I have contended for 2 years that that provision—
>
> The mandatory embargo—
>
> constitutes an open invitation to the more powerful nations of the earth—perhaps not an invitation, but encouragement—open encouragement to the powerful nations of the earth to attack the lesser powers. * * * It strikes me that this thing is brutally unneutral in its effect; it penalizes the little fellow and does it deliberately. It is an announcement from the Government of the United States that the small may perish and only the large and powerful may survive. As a policy it is indefensible, for it is grossly unneutral in its effect.
>
> [Applause.]
>
> Now, I have another quotation:
>
> In my opinion, the only rules of neutrality which can hope to be of permanent value must be in the nature of international agreements. Purely local legislation on a whole international subject is likely to be confusing.
>
> This is local legislation on a broad, international subject.
>
> Now, the following is a question propounded by the gentleman from Texas [Mr. LUTHER A. JOHNSON] of our committee:
>
> Mr. JOHNSON. In other words, if we had no law prohibiting the exportation of arms to belligerent nations, you think that might be a deterrent to the outbreak of war in Europe at this time?
> Mr. CASTLE. I think it might be very strongly so.

That is the statement of Mr. William R. Castle, for many years Assistant Secretary of State under continuing Republican administrations.

Let me turn your attention to the present bill. I have tried to explain why we are repealing the mandatory embargo in the existing law. The gentleman from New York [Mr. FISH] stated we are trying to make America the arsenal and the slaughterhouse of the world. That is a very seductive phrase.

He does not want us to ship arms, ammunition, or implements of war to belligerent nations, but he cares not how many of the commodities which go into the manufacture of war materials we ship to these nations. In other words, he draws a moral difference between an actual bomb and the scrap iron and steel which go into the fabrication of that bomb. I say there is no moral difference between the finished product and the items which go into the composition of that product. We are merely dealing with emotional differences and not practical differences.

What are munitions? I would like to ask the gentleman from New York how he defines the word "munitions." Is there any difference whatsoever between shipping a tractor without armor plate to Europe and letting somebody over there put a little armament on it, thereby producing a tank and shipping the tank in the first place? Both are implements of war. There is no difference when you come right down to basic facts in shipping an airplane, which is an implement of war, or the high octane gas which is necessary before that airplane can leave the ground. The gentleman from New York would prevent the shipment of airplanes, but would ship all the octane gas necessary to fly the ships of destruction through the air. He would prohibit the shipment of gas, but he would send chlorine, from which the poisonous gases are made. He would prohibit the shipment of explosives, but not cotton, ammonia, toluol, nitric, and picric acids, all of which enter into the fabrication of the explosives. He would permit the shipment of those ingredients which go into the chemical fabrication of explosives, but not the explosives themselves. Those views are vague, illogical, and impracticable in my opinion. It is sheer damned hypocrisy. It reminds me of old prohibition days when it was forbidden to buy beer but you could buy all the malt and other ingredients to make it.

By their advocacy of mandatory embargoes, these gentlemen are discriminating against American manufacturers and laborers unintentionally. They say it is morally proper to sell iron and steel to foreign countries and let the foreign manufacturers fabricate them into implements of war. In doing this, American industry loses that business without gaining a moral goal or advancing the cause of neutrality 1 inch.

Another practical and realistic consideration we must face when we consider the sale of arms and ammunition is our own self-defense. We have to manufacture arms and munitions for the safety of this country. If we do not continue to treat this international situation under the tenets of international law it is conceivable that our productive capacity in this Nation to produce the items with which to defend our own shores will dwindle to the danger point. We have always abided by the rules of international law in the sale of arms and munitions and by so doing we have developed our own national defenses by having within our shores the capacity to produce armaments when the crisis comes.

[Here the gavel fell.]

Mr. BLOOM. Mr. Chairman, I yield 5 additional minutes to the gentleman from Pennsylvania.

Mr. ALLEN of Pennsylvania. Now as to the "cash and carry" provisions. The argument that the "cash and carry" provisions favor the nation with the large navy is rather specious in my opinion. We cannot hope in this Chamber to legislate away the domestic, economic, or military inequalities of other nations of the world. It is not up to us to take into consideration the fact that some nations have large navies while others have large armies or large air forces. The moment we do that we are unneutral by trying to equalize natural inequalities. We favor the large-navy nations in time of peace as far as commerce is concerned. "Cash and carry" may favor England or France. Perhaps their well-being is more compatible with our own best interests. I believe that the American people for the most part feel that way. As long as we do aid them in a strictly neutral manner I do not believe there is any valid objection to it. This provision is strictly neutral theoretically. There is no difference between selling everything to everybody on equal terms and prohibiting sales under other equal conditions. Cash and carry is an attempt to keep us from involvement in foreign wars without dislocating our agriculture and industries.

Mr. VOORHIS of California. Mr. Chairman, will the gentleman yield?

Mr. ALLEN of Pennsylvania. In just a moment.

As far as I can determine, the four horsemen of the opposition who have been riding roughshod over this bill are Fritz Kuhn, the gentleman from New York [HAM FISH], Father Coughlin, and our lovable and bewhiskered friend from Massachusetts [Mr. TINKHAM].

Mr. FISH. Mr. Chairman, will the gentleman yield there?

Mr. ALLEN of Pennsylvania. In just a moment. They mislead you with purely emotional appeals and seductive catchwords. Now, let us analyze the situation. You are not giving extraordinary powers to the President of the United States in this legislation. There is not a power contained in the bill which we present to you which Presidents of the United States have not had for the 150 years of our constitutional history.

Mr. FISH and Mr. VORYS of Ohio rose.

Mr. ALLEN of Pennsylvania. I said I would yield in just a minute. I am going to finish my statement first.

The bill before us today includes no surrender of the constitutional powers of this Congress. We merely declare our intention, our policies, and our principles, and it is up to the Chief Executive then to carry out what we have given him, and that will be done.

Thoughtful people are worried about the centralization of power here in Washington, and I share their concern. I believe we have centralized too much power in the hands of the President. But we should attack that condition by taking away some of the power which we have delegated in the handling of our domestic affairs and not commence by usurping a constitutional authority which every President has enjoyed since the beginning of our history.

The President of the United States, by the authority which is delegated to him under the Constitution, is Commander in Chief of the Army and Navy. There you have a tremendous power which an evil-minded President could abuse. No delegation of power which we suggest here can compare with that. He has the right at any time to break off diplomatic relations with a foreign government. If you can conceive of any greater war-provoking power than that, then I shall be glad to yield the stand which I have taken this afternoon.

I wish to close now, because I do want to yield for questions by saying that because this bill which we are considering is more compatible with the tenets of international law and conforms more nearly to that law, I am supporting it. I do wish, however, we could scrap the whole thing and place the security of this Nation where it rested for 150 years, in the lap of international law.

I now yield to the gentleman from New York.

Mr. FISH. The gentleman very properly has stated my views on this question, that I do believe this country would become an arsenal for the rest of the world, but I am evidently not alone in this matter because the investigating committee in the other body, the munitions group, investigated the conditions in the munitions industry and came to a unanimous decision—three Democrats, a Liberal, and some Republicans, Senators like CLARK and BONE and NYE and VANDENBERG—that the whole trouble with the situation was the selling of these deadly or lethal weapons, arms, ammunition, and munitions of war. They refused absolutely to compromise in any way about selling those arms and implements of war, because they know it is the direct road to war. We on this side do not stand alone on that question. We believe that that road leads to war.

Mr. ALLEN of Pennsylvania. I do not want the gentleman to take all of my time. The gentleman has stated his position.

I wish to say that if I have read the papers correctly the gentleman is almost alone in his stand, because I have yet to find a columnist or an editorial column in a paper of substantial reputation which does not support the bill before us today. The New York Herald Tribune, which certainly is not known for its friendship for the Democrats, has come out in an editorial column strongly advocating the passage of this bill.

Mr. FISH. Does the gentleman want me to answer that?

Mr. ALLEN of Pennsylvania. Now, I have to yield to my colleague from California. If I have more time then I shall be pleased to return to the gentleman, because I do feel the gentleman stands almost alone with his three consorts whom I mentioned awhile ago.

Mr. VOORHIS of California. I want to ask the gentleman a purely factual question about the cash-and-carry provisions to see whether I understand them. Is it not true the way the bill is drawn that whereas a foreign purchaser of American goods would have to give cash and take title to the goods before they left the country, the bill does not require that the goods should be shipped away in the ships of that purchaser or in any particular type of ships?

Mr. ALLEN of Pennsylvania. If section 3 is deleted, the gentleman's observation is correct.

[Here the gavel fell.]

Mr. FISH. Mr. Chairman, I yield the gentleman 1 additional minute.

I simply want to say to the gentleman that, of course, he knows what the minority of the Committee on Foreign Affairs has stood for, but I want to say to the gentleman that on his side a good many of these columnists he is talking about are either internationalists, well-known advocates of the League of Nations or collective security, and many of them are Communists, and he has all the Communists in the country on his side trying to drag us into war for the defense of the Soviet Union.

Mr. ALLEN of Pennsylvania. Mr. Chairman, if Mark Sullivan is a Communist, or if Walter Lippmann, Raymond

Clapper, Dorothy Thompson, and Hugh Johnson are Communists, well, the gentleman staggers me by his inference. I am speechless!

Mr. FISH. I do not say that all of them are, but I say that all Communists are for dragging us into war; and, furthermore, the gentleman raised a question about the New York Tribune. Is it true the New York Tribune denounced me for being against the Bloom bill, the Bloom bill that came out of the committee, which is now about to be emasculated by the sponsors of the bill? I was attacked bitterly by that so-called Republican paper, and all I want to say to the editor who wrote that article is that he ought to be decorated with the order of the umbrella by the British Prime Minister.

[Here the gavel fell.]

Mr. FISH. I yield the gentleman one-half minute.

The New York Tribune, in spite of the fact that at times it is a Republican paper, is Anglophile and Anglomaniac.

Mr. ALLEN of Pennsylvania. Now, the remaining time is mine, and I appreciate the time.

Mr. VORYS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. ALLEN of Pennsylvania. Not right now.

It seems to me that the gentleman from New York characterizes as Anglophile, or Communist, or internationalist, or collectivist any group or any individual who disagrees with him one jot or whittle. [Laughter and applause.]

[Here the gavel fell.]

Mr. FISH. Mr. Chairman, I yield 15 minutes to the gentleman from Pennsylvania [Mr. CORBETT].

Mr. CORBETT. Mr. Chairman, the most obvious fact that has been established by the history of neutrality legislation and by the hearings on the subject is that you cannot write fixed rules to govern future unpredictable situations in which flexibility of action is demanded. With no important exception it is easy to imagine probable situations in which any rules that we may write would work to the detriment of our own vital interests. What better proof can be advanced than the fact that we are considering the Bloom bill today? Here we are engaged in an undertaking that may likely become typical. It has been discovered that the existing neutrality laws just do not operate the way some leaders wish they would operate in the Asiatic and European crises. What is to be done about it? Why, simply change the laws. What will happen if these new laws are passed and some day they are found to operate against our best interests? We will simply change the laws. Consequently, our discussion of this subject would be academic if it were not for the fact that it is essentially unneutral to change the rules during the game, and the game is certainly going on both in Asia and Europe.

One of the gentlemen of the committee on the other side made the statement that it would be highly unneutral to change the law or the rules during the game. What, pray tell, is happening if the game is not going on? If Japan is not fighting China, if the early stages of war are not being engaged in in Europe, what is it that is happening?

On this consideration I base my first objection to the Bloom bill. It proposes to change the rules in the midst of the game.

Hence the following questions are in order and the proponents of the bill should feel obligated to answer. Why are the rules being changed at this time? Whose idea is it? What thereby will be added to our hopes for continued peace and security? What will be the effects on our future relationships with the countries against whom these changes are directed? These questions should be properly answered before Mr. BLOOM and his followers should ask us to follow his leadership.

The second, and perhaps the major, objection that I have to the Bloom bill is that it both subtly and definitely increases the discretionary powers of the President.

You may recall that my very capable colleague and very excellent friend from Pennsylvania, who just left the Well, stated that this bill does not grant increased powers to the President.

Let us see. At the outset we must recognize what every schoolboy knows, namely, that the President of the United States, by reason of the powers granted by the Constitution, by precedent, and by judicial decision, is the virtual dictator of our foreign policy. However, the Bloom bill not only grants increased powers but it gives greater certainty of power in several cases where there are some doubts as to its valid exercise. In general, let us observe that at 29 places in the bill we find such phrases as "when the President deems it wise," or "when the President proclaims," or "when the President shall find." On seven other occasions we find similar language granting similar discretionary power bestowed on the President's personal appointee, the Secretary of State.

I recognize there has been a very hasty retreat from the position on the bill as originally introduced, but I submit we cannot deal with this bill as it may be. We must treat with it as it is. For example, the gentleman reported to us that among other parts of the bill which would be deleted would be section 9. I would like to state that section 9 will only be deleted if we cannot muster enough force to keep it in the bill where it properly belongs.

Regarding the specific increases of power which this bill will give to the President, let me read from the minority report.

The minority report in the first three paragraphs reads as follows:

> No neutrality law at all would be better than this resolution, which in the name of neutrality and under the guise of preventing provocative acts of American citizens gives the President additional powers to be unneutral.
>
> Under this resolution as it comes from committee, the President, after making a "neutrality" proclamation, can authorize the sale of arms on "ordinary commercial" credit to one side and deny such sales to the other side; he can permit our vessels to enter the ports of one belligerent loaded with needed supplies, while barring our vessels from the ports of another belligerent; he can prevent a foreign vessel carrying arms from leaving our ports by requiring a prohibitive bond whenever he suspects that the shipment will be transferred to a tender belonging to a belligerent but "the evidence is not deemed sufficient to justify forbidding the departure of the vessel," while permitting exactly the same sort of a shipment to proceed to another belligerent.
>
> No President ever had such power before. The President has no such power under our Constitution or under international law. Congress alone can give him this power. To urge that the President would not misuse this power is not to state a reason for granting it.

The case seems clear that the powers of the President would be definitely increased by this bill. In fact, I will go so far as to state that section 3, if not deleted, will, to all practical purposes, give him the power to name aggressors and employ economic sanctions. There is nothing in this bill which could stop him, for example, from declaring Chinese ports as being areas of combat closed to our ships, supplies, and nationals, while leaving the ports of Japan open to continued shipping.

In these grants of increased power I see much to fear. Both the President and the members of his official family have shown a marked disposition to play power politics. They have repeatedly issued provocative statements when they thought the occasion demanded.

It is probably correct to state that the administration believes that by making it plain that they will throw the great power of the United States into any European struggle that they can maintain the status quo in Europe and northern Africa indefinitely.

Mr. McDOWELL. Mr. Chairman, will the gentleman yield?

Mr. CORBETT. I yield.

Mr. McDOWELL. There has been a lot of abstract talk all afternoon about throwing the youth of America into foreign wars. That is not abstract to me or you or the young gentleman from Texas, and I have asked this question a number of times, and I will ask you. Perhaps you can answer it. Who are we going to fight, and why?

Mr. CORBETT. I have heard the question and I think it is very apt. I believe the only way I can answer it is to say that if this bill is passed in its present form we will fight any nation that the President so designates.

No one less than Georges Bonnet, the French Foreign Minister, declared in a public speech just last Friday that—

> If the United States let it be known that on the first day of a conflict it would be found on our side, the menace of war would be definitely conjured away.

Shades of 1914. That is exactly what Germany guaranteed to Austria in the Serbian crisis that led to the World War. That is more than England has ever guaranteed France. That is more than most Americans are willing to guarantee to any nation, and in view of the possible consequences of this bill I believe its author and the administration leaders that support it should give this country definite assurances that they entertain no such thoughts as Bonnet suggests.

If it were not the avowed intention of the Executive to play power politics in Europe, suspicion regarding this bill would be greatly allayed. However, in view of all that has transpired since the famous quarantine speech, I cannot but share the general alarm over what is behind all this desire to change the rules. I cannot but wonder just why many of the same men who wrote the present neutrality laws and who up until recently were in doubt about what should be done have so suddenly and completely arrived at such fine clarity and unanimity as to the proper course to follow. Someone should do a whole lot of explaining to the Congress and to the people.

It is the farthest desire from mine to engage in any partisan harangue over foreign policy. I sincerely regret that this debate must go on in its shameful nudity before the eyes of the world, but what, pray tell, can one do but protest when one is sincerely convinced that we are confronted with a proposal that is part of a general policy so designed that it threatens the peace and security of the United States?

Ladies and gentlemen of the Committee, I urge that we do all that we can to emasculate this bill and then send it back to committee for detailed consideration. You all know that playing power politics, that taking all steps short of war, that subtly naming the aggressors, that employing economic sanctions by subterfuge, that making an arsenal and ammunition dump out of the United States is not merely taking all steps short of war, it is rather taking the shortest step into war.

The Court-packing bill aroused a storm of protest because it proposed to give the Executive control of objective judicial procedure. The first reorganization bill created another storm because it proposed to give the Executive powers that were ordinarily legislative. Just as those two measures caused a storm of protest as the people came to know the truth, just so this proposal will cause a tornado when the truth becomes known.

You may pass this bill as it is written, you may make these unprecedented grants of power to the President, but the people of the United States will not long permit these powers to remain on the statute books. They will not allow their sons to be sacrificed because of the whim of any one man, be he saint or sinner. They will not endure the horrors of war and its frightful aftermath because one man is anxious to gamble in the game of international politics.

Perhaps President Roosevelt is the wisest of all possible men. Perhaps his motives are the purest that mortal man has ever portrayed. Perhaps it is unfair to compare him with other men. But we must remember that Mr. Roosevelt will not be the President after 1940. What about the years to follow?

Is it not clear that under the terms of this bill any President in the future who might be war-minded, who might feel that he or his party could benefit from a war, who might think he had a mission to cure the ills of the world, who might in any crisis become irritable and pugnacious, could take this country rapidly into war?

Ladies and gentlemen, I say the time has come when we must refuse to adopt a given policy because it is pro-German, pro-British, pro-Japanese, or pro-anything except pro-American. If there are those among us who feel they must fight the wars of other countries, let them go and do so, but let them stop trying to make us join with them. We wisely refused 20 years ago to sign the iniquitous and war-breeding Treaty of Versailles. Stripped of all camouflage, it is here proposed that we become ardent defenders of that treaty. It is here proposed that we become the defenders of the boundaries of every European state and every colony that England and France have agreed to defend. It is here proposed that we take sides in the age-old hatreds of Europe. It is here proposed that we sacrifice our blood and our treasure to participate in conflicts that only remotely concern us. I know not what course others will choose, but I for one will not be a party to this act. [Applause.]

Mr. BLOOM. Mr. Chairman, I yield 10 minutes to the gentleman from North Carolina [Mr. BULWINKLE].

Mr. BULWINKLE. Mr. Chairman, in considering today House Joint Resolution No. 306, the Neutrality Act of 1939, I think that it is proper for me to remind you that for more than 4 years there has been placed before the country a series of proposals intended by the sponsors to keep this country out of war. And that two of these proposals were enacted by the Congress into law: The so-called Neutrality Acts of 1935 and 1937. Part of the provisions of the act of 1937 have expired; therefore the discussion has now crystallized to a single clear issue. Shall there be a revision of what is left of the Neutrality Act of 1937? If it is to be revised, what form should the revision take?

The principal question raised is whether section 1 of the existing neutrality law shall be reenacted or continued in force, or whether we cannot find some more effective substitute for it. This section 1 of the existing law provides that in the event of war an automatic embargo on shipment of munitions to any belligerent country shall at once come into effect. The State Department, pointing out that it opposed the mandatory arms embargo in the act of 1935 and again in the act of 1937.

As outlined a substitute measure which repeals the arms embargo, and proposes, instead, that no American ships, no matter what they are carrying, shall be allowed to enter danger areas, that no American goods destined to be shipped to a belligerent country shall leave our shores until the title thereto shall have passed to the foreign purchaser; and that so far as practicable, American citizens shall be kept out of danger zones. The major question presented now is, which of these two policies we shall adopt, that is to say, shall we follow what was in the existing law or shall the Congress enact a policy in conformity with the recommendation of our able and efficient Secretary of State, Cordell Hull.

In this debate on the pending joint resolution it can and must be assumed that every Member of Congress sincerely desires two things: First, every Member, as every right-thinking person, wishes and hopes that there shall be no general war in the world. Decent humanity prompts that desire. Self-interest likewise suggests it, for a general war must necessarily affect our country, economically and humanly, even if we are able to stay out.

Second, there is a general agreement that should a war break out elsewhere, that the United States must go to the limit and do its utmost to keep out of it. These are two separate propositions. The conditions we have to deal with today are those before a war actually breaks out; and in that respect the plain duty of the country to do what it can, without entanglement, to reduce the possibility that a general war elsewhere may occur. This is the stage we are in now. Only after this phase is over, only after the countries of the world have failed to prevent the outbreak of war, do we meet the problem of staying out of it. Strictly speaking, we have no neutrality problem until there is a war; if war can be avoided, we shall never have a neutrality problem at all. In the passage of neutrality legislation the Congress must be sure, beyond all doubt, that our announced policy of neutrality, as provided in the legislation, does not assist or encourage any nation or group of nations to believe that they can, with impunity, commence a war. In other words, what we do now looking toward a war that may

break out later, may actually have a definite effect on whether war actually starts. It is so easy to forget that fact; and, in considering the problem of what we should do later on, to forget that it may have an effect on what happens today. It must be plain to everyone, as a self-evident fact, that if there is no general war, our chances of staying at peace are many. It must be equally as plain that if a general war does break out, no matter what policy we may follow, there will necessarily be dangers and threats to our peace and our chances of staying at peace are greatly reduced.

We, as Members of Congress, must realize the present situation in the world is obviously one of extreme delicacy. Many millions of men are mobilized and actually under arms in Europe; and in some cases the armies are actually in position. There are, in fact, almost as many men in uniform and spread out along various frontiers as there were in 1916, when the World War was at its height. Furthermore, I do not think that we, as Americans, can ignore the fact that certain nations have definitely indicated that they have ambitions; and that they are proposing to achieve these ambitions by force unless their demands are surrendered to. This is no secret. The heads of these nations have stated their policies repeatedly; they have definitely and distinctly asserted the principle of force, and have indicated that peace could be had only at their own price. I am not undertaking to pass judgment on this, but you and I would be lacking in ordinary common sense if we did not take account of the facts which are known to everyone and reckon them as factors which endanger the peace of the world.

Nor at the same time can we ignore the fact that there are certain nations which, so far as can be seen or found out, have no desire to start a war at all, and that their major desire is to remain at peace. Many of these are small nations who merely desire that their independence may go on. Others are large countries who for one reason or another are satisfied with the existing situation. Again, I do not undertake to pass judgment; but again I remind you that we cannot close our eyes to the fact that countries that desire to stay at peace are not the countries which would create war; and if they are able to remain at peace, it is certain that we should be able to remain at peace. Nor can we ignore one other set of facts in guarding the interest of the United States. Certain nations specialize in creating huge armaments. They make no secret of this. On the contrary, they have been at pains to advertise to the world the excellence of their present instruments of death and their ability to produce more such instruments in enormous volume. During the past few years, when other countries were endeavoring either to limit armaments or to find peaceful adjustments, these nations were getting a long lead on the rest of the world. They claim to have advantage now; and these other nations which are asserting that their ambition must be satisfied either by surrender to them or by force.

Here you have the situation. We need not pass judgment on it except in determining where our own best national interest lies. Is our interest best served by encouraging those countries to believe that the commencement of war will gain something, or is it best served by sticking to the settled practice of international custom, which has always permitted any country to buy arms and supplies where it could? I think every fair-minded person would have to agree that the cutting off of munitions in time of war, under the existing embargo legislation, in practice would mean cutting off the supply of arms from just those countries which do desire to keep the peace, which have desired to keep peace, and which, in that desire, have permitted one or two nations to bring under their control the bulk of the arms now in the world. Encouraging anyone to believe that he is an advantageous position to start a war today is a bad service to the world in general, and to the United States in particular.

Embargoes of arms such as that contained in section I of the existing law have to be carefully considered in the light of existing international law and practices. International law does not require any neutral to decline to sell arms and munitions without restrictions. Changes in that practice constitute a grave step, and we have to consider the effect of that step.

The truth is that the creation of this novel embargo is equivalent to giving a promise of help to Germany and Italy. I should like to make this point with some force, because of repeated charges that removal of the embargo is primarily a step to help Great Britain and France. Actually the reverse is true. The only effect of an arms embargo is to assist the two countries who have specialized in armament over the past few years. The embargo gives to them about the same advantage which they would have if they were able to win a naval victory and establish an effective blockade in the Atlantic Ocean. The proponents of that embargo may not mean to do so, but what they are really doing is proposing that we, in effect, ally ourselves with two powers in Europe, and, specifically, with two powers who have announced that they do not think much of peace as a status and propose to break it when it serves their interest to do so. It happens that Great Britain and France are not in that position; that this is the accident of geography. We should take the same position if the present international issues were drawn, not between Germany and Italy, on the one hand, Great Britain and France, on the other, but between any other nations similarly situated on the face of the globe. We should feel the same way about it if a similar issue were drawn between Graustark, on the one side, and Ruritania, on the other. The history of Europe is capable of sudden changes, and the situation might reverse itself overnight. This would make no difference. We are seeking not alliance, but peace; we are not endeavoring to help any country or to hurt any country, but to encourage peace, to discourage war, and to maintain our own position in the world. Let no one say that in desiring to end the embargo we are desiring to help Britain or France or anyone else; that is, unless the proponents of the embargo wish to take the position that they are anxious to help the Nazi government in Germany and the Fascist government in Italy.

It is frequently said, and very sincerely, that trade in munitions of war is not a trade we wish to encourage; that it is immoral; and that munitions makers have a direct financial interest in stirring up war, so that they can profit by the trade it creates. Now it is true that trade in munitions is not the pleasantest form of manufacture; and that it is not the kind of production to which this country cares to turn its activities. Yet a certain amount of it is necessary for our own defense. We saw only too clearly during the crisis of Munich what happened to countries which were unarmed, and which did not have sufficient facilities to manufacture war munitions. They were virtually compelled to surrender at discretion; and the surrender did not bring them peace, but has brought them, today, to the brink of war. Certainly we do not propose to be in that position. If we do not maintain munition plants here, the only result will be our own weakness, and the setting up of those same munitions plants in Canada, Mexico, or elsewhere, with the possibility that the product of those munitions plants will be sold abroad, in any event; and perhaps sold to people who may one day turn them against us. Since there is to be a munitions trade, in any event, it is far better that some of it should be within our own borders, and subject to our own control. It is ridiculous to think that the trade may reach such proportions that it can influence our national policy. This is particularly true, since under the existing law and also under the measure outlined by the State Department, foreign buyers must pay cash. They cannot, as was done during the war of 1914, use their credit and ours to make an unlimited munitions base here. An automatic limitation on the amount of activity is thus set up.

As to the inherent immorality of the munitions trade, it must be pointed out that there is nothing immoral in defense. All of us hope for the time when there shall be disarmament,

and when that time comes, the manufacture and possession of instruments of war will be immoral, indeed. But until that time comes, failure to have a munitions industry is equivalent to saying that those countries with greater energy and less regard for law who do arm, must be allowed to have their way.

It is equivalent to saying that an aggressor may arm but that it is immoral to defend one's self against that aggressor. It is equivalent to saying that a bandit may be allowed a gun with which to rob or kill but that it is immoral for a peace-loving citizen to protect himself. In seeking a condition of ultimate morality we cannot abandon ordinary common sense. It is neither good morals nor good sense in substance to say that we will deny munitions plants to ourselves and munitions to other countries whose aim we believe to be peaceful so that nations which have no prejudice against being war makers may be encouraged to make their wars in the hope that we, on so-called moral grounds, will help to assure them a victory. Lack of common sense in this case means, not making peace but encouraging war, and with it creating the danger that we ourselves will become involved.

As the law now stands, on the declaration of war we here are obliged to forbid munitions to belligerents. The act which is to result in forbidding the export of arms is not to be an American act. It is to be the action of some foreign government. Russia or Poland, Germany or Yugoslavia, Spain or Italy can by the simple act of declaring war settle our policy for us. Nothing can convince me that this state of affairs is inherently sound or inherently intelligent. Under section 1 of the existing law, we have literally handed over more power over the United States to any ruler in the world who wishes to exercise it than we have granted to any United States Government official. There is in this House a decided feeling that we ought not to delegate too much power to the executive arm of our own Government. If this is sound, there are 20 times as many reasons for not delegating power to rulers of other countries, who certainly are going to use that power, not in our interest but in their own. Just as soon as any one of these rulers has a warlike intent and as soon as he is convinced that it is to the interest of his country to make war and that he has more arms in his possession than his immediate rivals it becomes literally advantageous to him to declare war solely for the purpose of blocking off any relations which his enemy may have with us. This may be an unpalatable truth but it is the cold fact of the situation, and it cannot be avoided. We shall not be good servants of the United States if we overlook that fact, and the damage resulting to the world and to us if we do overlook it will become our responsibility.

This brings us to the real problem. We have to work out our neutrality policy in such fashion that it will tend to keep the peace now, as well as to keep us out of war should war eventually come. In drawing that policy, the safest guide to follow is that of international experience and international law. Over some centuries it has been found that the safest policy is that of playing no favorites; of permitting the free flow of goods, including munitions, without endeavoring to help any nation or to hinder any nation. This has been the wisdom of experience, and it corresponds accurately with the conditions as we know them today, so far as we are able to judge.

There are, however, certain measures we can take, based on the experiences we have had in the past wars. We have learned that the principal source of involvement lies in the sinking of American ships in war areas. We have learned that ships are sunk, not because they carry munitions but because they carry any kind of supply. Blockade in wartime today is partly for the purpose of preventing munitions from reaching an enemy force but still more for the purpose of starving out civilian populations. For that reason ships carrying any kind of commerce are liable to attack. American ships traveling toward danger areas are far more likely to involve us in incidents leading to war than are American munitions. It is the right of a neutral to send her ships where she chooses, even in time of war, subject, however, to the right of a belligerent to search any such ship for contraband or to seize her in the event of a breach of an effective blockade. We may frankly admit that the law of contraband and of blockade today is so blurred that in practice this means that any ship approaching a danger area is liable to be seized and possibly sunk, with the attendant danger that American sailors or passengers on her may be imprisoned or killed. While we, as a nation, maintain the neutral right to have freedom of the seas, it may be well as a matter of expediency to restrict our use of that right. For that reason it is suggested that American ships shall not enter danger areas, and that travel of American citizens in those areas shall be carefully restricted. This, it seems to me, could be a logical and common-sense action on our part. We need not insist on sending our vessels and our people into the line of fire where there is obvious danger that they will be involved in the warlike operations of other nations. This is proposed as a substitute for the arms embargo; and it is a far more effective substitute so far as keeping us clear of hostilities is concerned.

In like manner, we can insist that goods going to belligerent countries shall not be American-owned goods. If they have been purchased here, let the foreign buyer take title to them on this side of the water. They are then his goods, and what happens to them after they leave our shores ceases to be any concern of ours. The logic of the situation suggests that our national property should not be found overseas in a war zone.

By taking these measures we upset no balance, and we encourage no war-making nation. We merely adopt a simple formula based on common sense and on our own interest. That formula is, that our markets are open to those who can reach them, but that our ships and the lives of our men are not to be involved. Such a formula at once tends to keep the peace of the world, and to insulate ourselves from becoming involved should war unhappily emerge as the next phase of world history.

In my opinion, it would be far better to pass the House joint resolution and allow it to become law than to leave the law as it now exists. As I have stated before, any sensible person wants this country to stay out of war, and especially I believe this is true of those of us who had service during the World War. We want as everyone else does, everything possible done to keep this country out of war and the recommendations of the Secretary of State should be carried out, and I trust that this resolution will shortly become the law. [Applause.]

Mr. FISH. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois [Mr. CHIPERFIELD].

Mr. CHIPERFIELD. Mr. Chairman, according to the press this morning and statements made this afternoon by leaders of the administration forces, it is their purpose to strike from this bill sections 3 and 9.

I wholly approve of striking section 3, as I consider it one of the most dangerous sections of the entire bill. On the other hand, I am bitterly opposed to striking section 9. In my opinion, section 9 is the most important section of this entire bill, because it is the only one that directly prohibits and makes it unlawful for the United States vessels to carry arms, ammunition, and implements of war to belligerents.

This section does two things. First, it prohibits arming of American merchants vessels; and second, it prohibits United States vessels from carrying arms, ammunition, and implements of war to belligerents. The important part of this section is not whether American merchant vessels should be armed or unarmed but the fact that this section also makes it unlawful for our ships to carry contraband to belligerents.

Let us see what the effect of striking sections 3 and 9 would be if the arms embargo section contained in the present Neutrality Act is omitted from this bill, as planned by the administration forces. Then there would be absolutely nothing in this bill that would prevent American vessels from carrying arms, ammunition, and implements of war or anything else they desired to belligerent nations.

To permit United States vessels to carry such dangerous articles is the surest way I know to get us into war. It is absolutely unjustifiable for our vessels to carry on such a trade when under international law such traffic is contraband and would permit the seizure and search of our vessels without our Government even having any right to protest. To my mind this is the most dangerous policy we could adopt.

To those of you who might be concerned that our merchant marine might be seriously injured by such a policy, I might say that the evidence before the committee was to the contrary, and any loss to our merchant marine would be infinitesimal compared to our loss if we were involved in war.

Let me call to your attention that section 4 (d) which provides that when any articles or materials are sold to any belligerent, title to such goods must have passed to the belligerent before such goods leave our shores, and the seller must have relinquished any right, title, or interest in them. But nowhere does this section directly or impliedly prohibit United States vessels from carrying anything they desire to belligerent nations.

Who is requesting that this section be removed? Certainly it is not those who want the present arms embargo put back in this bill. It is only those who want to see this embargo dropped entirely and feel to retain section 9 might partially conflict with the repeal of the arms embargo section.

Under the guise that it might be best to permit American merchant vessels to be armed, an attempt will be made to strike out section 9 of this bill. Let me warn you, however, that this attempt will not be made because it might be better to arm our American merchant vessels but because the administration desires to get rid of the other provision in this section prohibiting our vessels from carrying arms, ammunition, and implements of war to belligerents. I, therefore, cannot too strongly stress the importance of retaining this section if you are sincere in your desire to keep America out of war. It is the only guaranty in the entire bill that our vessels will not be permitted to carry contraband to belligerents.

It seems to me no matter whether or not you favor the arms embargo section of the present neutrality bill, we can all agree we do not want United States vessels to transport arms and ammunition to belligerents. If we do adopt such a policy we cannot be accused of being pro-German or Italian or pro-British or French but only being pro-American. [Applause.]

Mr. FISH. Mr. Chairman, I yield to the gentleman from Indiana [Mr. LUDLOW] such time as he may desire.

Mr. LUDLOW. Mr. Chairman, I have been a member of the press gallery and the Congress during an uninterrupted period of 38 years, and I speak from the deepest sincerity and conviction when I say that it is my considered opinion that this bill, conceived, as I am sure it is, in the most perfect good faith, is one of the most dangerous bills that has been brought before Congress in my time. The issue it presents is historical and epochal. In both the Committee on Foreign Affairs and the House itself there is a sharp conflict of views on this question, but the differences are honest differences. I feel that I speak the sentiment of the House when I say that we appreciate the long, arduous, and conscientious service of the Foreign Affairs Committee, majority and minority, in their efforts to deal with this most difficult subject, and as the debate on this important bill commences our hearts are touched with sympathy for the lovable chairman of the Foreign Affairs Committee, Judge MCREYNOLDS, who lies at his home seriously ill. To evaluate the pending neutrality bill understandingly it is necessary to lift the veil on the background of history. For more than 125 years America's foreign affairs were conducted on a basis of friendly relations with all nations and entangling alliances with none.

The precepts of Washington and Jefferson retained all of their pristine vigor, enchantment, and vitalizing force, and our foreign policy was charted in faithful and undeviating harmony with those principles. America arose to great, I might almost say sublime, heights in world esteem and was respected by all nations. Because of our detachment from the quarrels of the world and our eagerness to perform the part of a good neighbor, we achieved a unique primacy among the nations of the earth—a primacy not due to armed legions and roaring cannon but to a moral strength that is mightier than great battleships. Relieved of enormous armament costs and with minds free from worry concerning foreign affairs our people turned to arts of peace, and we were a happy, contented, and highly prosperous Nation. The notion that we had a heaven-sent mission to police the world had not yet penetrated the thoughts of our statesmen. Shocking cruelties were committed in other lands then as now, but such outrages never swerved us from our well-established order of conduct. Pogroms in Russia—and there were many such under the czars—brought shudders and expressions of indignation from our citizens, but never suggested the idea that we should quarantine that or any other blood-soaked region.

The Ambassadors from the countries where atrocities occurred were received at the State Department and the White House with courtly dignity and all the usual furbelows on an even keel with the Ambassadors from all other countries. For more than a hundred years Presidents of the United States in their annual messages to Congress proudly stressed the fact that America was at peace with the whole world, as if that were the greatest of all desiderata. For more than a hundred years "America for Americans" was the watchword of our statesmen.

A CHANGE CAME OVER THE SPIRIT OF OUR DREAMS

And then a change came over the spirit of our dreams. Some time after the turn of the century the Messianic idea began to take hold, at first confined to a narrow cult but ultimately finding lodgment in high places and influential circles. That was the new-born idea that America should unfold itself as a world power. It spread like a microbe in our body politic. Many of our leaders became inoculated with the new theory that America has a mission to see that righteousness prevails throughout the world, and that the fulfillment of that mission puts upon us an obligation to help to straighten out the conduct of delinquent nations. The Messianic believers hold that we should join forces with the nations which we think are good to put down the nations which we think are bad, to the extent of making America a storehouse and arsenal of credits and war supplies for the nations denominated "good," even going so far as to send our precious boys across the seas to die for the "good" countries.

WE NOW HAVE TWO SCHOOLS OF THOUGHT

Thus by process of evolution we have two schools of thought in this country in regard to foreign affairs—the Washington and Jefferson school, on the one hand, and the Messianic school, the school which believes we have a duty to aid in policing the world, on the other hand. The Washington and Jefferson school believes that in a world of storm we should stand erect, calm, and serene, with our feet planted firmly on the doctrine of no entangling alliances, determined that we shall perform our traditional role of good neighbor to all of the world without becoming entangled in the quarrels of either Europe or the Orient. The Messianic school believes we should square away for active participation in the power politics of the world and to that end that we should pass the pending neutrality bill, which makes America the great provider for the "good" nations and gives the President discretionary authority to cripple and hobble the "bad" nations.

I would be the last person in the world to impeach the sincerity of either one of these schools of thought. I know that those who are incorrectly called "isolationists," but who are really Washingtonians and Jeffersonians, are honest and sincere, and I credit with equal sincerity and honesty the leaders of the other school, who would make America the active ally and affiliate of the "good" powers in the hope of reforming and saving the world.

HALF SLAVE AND HALF FREE

Just as Lincoln said that the Nation cannot survive "half slave and half free," neither can it survive half Washingtonians, who believe in an America for Americans, and half advocates of a roaming America that has a mission to dabble in delicate foreign affairs and correct the evils of the world. In this Bloom neutrality bill are the seeds of one of the biggest issues that ever confronted the people of America. It was inevitable that sometime there must be a show-down between the two schools of thought as to which one shall guide and dominate our future foreign policy in the ages to come, and that show-down is here. The Bloom bill has brought us to the forks of the road.

WE ALL LIKE SOL

When I express these perhaps positive views in favor of a policy of keeping out of foreign entanglements I mean no disrespect to our good friend, the gentleman from New York, SOL BLOOM, whose name this bill bears, or the officials in charge of our foreign relations. Mr. BLOOM's unfailing courtesy and bon-homme qualities have endeared him to every Member of this House. I can like Sol without liking his bill. I can approve Secretary of State Hull as a man and as an official of the highest character and statesmanship without approving the strange urge of the State Department to toss America without benefit of clergy into the roaring caldron of international power politics. I can agree, and do agree, that all of us have the same passionate longing for peace, the same earnest desire to serve our country by preserving its peace and security and dignity during the ages to come. But the bill before us presents a real issue—the issue as to whether we are going to be Americans or internationalists.

OUR PEOPLE ARE SICK WITH WORRY

I am sorry this unfortunate bill ever was introduced. It should never have been brought into this House. It is causing tremors of fear from one end of the country to the other and our people, dreading its purposes and implications, are bowed down with a heavy burden of deep apprehension and concern. This is an unnecessary infliction on a people who are already worried sick lest the internationalists drag us into war. But the bill is here and we have to meet it.

We should meet it as Americans meeting the invasion of a foreign foe, for this bill is un-American and alien in character, and, if passed, will go far toward destroying our freedom and democracy. America's danger comes not from without but within. America will be in no danger as long as it remains America. Its danger comes when it lends itself to alien philosophies and imagines that its mission requires it to play a heavy part in the power politics of the world. If we love America—and I am sure we do—let us keep out of power politics.

WASHINGTON AND JEFFERSON

I shall bring to you just two witnesses against the Bloom neutrality bill—George Washington and Thomas Jefferson. This bill bears the hallmark of George, but it is the hallmark of George VI and not the hallmark of George Washington. The most powerful speech that has been made against the Bloom neutrality bill—more powerful than any that will be made on the floor of this House—was made by George Washington. I do not like to embarrass the gentleman from New York [Mr. BLOOM], by calling his best friend in the Valhalla of Fame as a witness against him, but history speaks for itself, and it records that when Washington delivered the address to which I refer he had in mind as the objects of his concern all future proposals that might tend to deflect America from his cherished policy of independence and noninterventon, and that, of course, includes the Bloom bill. The speech of Washington which I shall now quote is his Farewell Address to the Nation which he had founded and nurtured, delivered on September 17, 1796. This is what he said:

> Europe has a set of primary interests which to us have none, or a very remote, relation. Hence she must be engaged in frequent controversies, the causes of which are essentially foreign to our concerns. Hence, therefore, it must be unwise in us to implicate ourselves, by artificial ties, in the ordinary vicissitudes of her politics, or the ordinary combinations and collisions of her friendships or enmities.
>
> Our detached and distant situation invites and enables us to pursue a different course. If we remain one people under an efficient government, the period is not far off when we may defy material injury from external annoyance; when we may take such an attitude as will cause the neutrality we may at any time resolve upon to be scrupulously respected; when belligerent nations, under the impossibility of making acquisitions upon us, will not lightly hazard the giving us provocation, when we may choose peace or war as our interest, guided by justice, shall counsel.
>
> Why forego the advantages of so peculiar a situation? Why quit our own to stand upon foreign ground? Why, by interweaving our destiny with that of any part of Europe, entangle our peace and prosperity in the toils of European ambition, rivalship, interest, humor, or caprice?

Washington must have had the Bloom neutrality bill in mind when he delivered that speech; it fits so perfectly. At that time his great heart was fairly bursting with anxiety over the future of the new Republic and his great mind enabled him to envision changes of policy that would be proposed in the long train of years to come that if adopted would weaken America's prestige and influence and would entangle the Nation he founded in "the toils of European ambition, rivalry, interest, humor, and caprice."

NOW, THOMAS JEFFERSON SPEAKS

I have quoted George Washington's speech for the benefit of all the Members of the House, and now I intend to let Thomas Jefferson address my party associates on the right side of the center aisle. Fellow Democrats, this is Thomas Jefferson speaking:

> Our first and fundamental maxim should be never to entangle ourselves in the broils of Europe.
>
> Our second, never to suffer Europe to intermeddle with cis-Atlantic affairs. America, North and South, has a set of interests distinct from those of Europe and peculiarly her own. She should therefore have a system of her own, separate and apart from that of Europe. While the last is laboring to become the domicile of despotism our endeavor should surely be to make our hemisphere that of freedom.
>
> I have ever deemed it fundamental for the United States never to take active part in the quarrels of Europe. Their political interests are entirely distinct from ours. Their mutual jealousies, their balance of power, their complicated alliances, their forms and principles of government are all foreign to us. They are nations of eternal war. All their energies are expended in the destruction of the labor, property, and lives of their people. On our part, never had a people so favorable a chance of trying the opposite system, of peace and fraternity with mankind, and the direction of all our means and faculties to the purposes of improvement, instead of destruction. With Europe we have few occasions of collision and these, with a little prudence and forbearance, may be generally accommodated.
>
> Our difficulties are indeed great, if we consider ourselves alone. But when viewed in comparison to those of Europe they are the joys of Paradise. And the system of government which shall keep us afloat amidst the wreck of the world will be immortalized in history. We have, to be sure, our petty squabbles and heartburnings, and we have something of the blue devils at times, as to these raw heads and bloody bones who are eating up other nations. But happily for us, the mammoth cannot swim nor the leviathan move on dry land, and if we keep out of their way they cannot get at us. I expect that Europe will again be in a state of general conflagration. What a divine contrast is the calm of our condition to the volcanic state of that. How do our little party bickerings and squabbles shrink to nothing compared with the fire and sword and havoc of that arena of gladiators.

If Jefferson were living in the twentieth century, one could easily imagine him addressing his remarks to our friend, the gentleman from New York, SOL BLOOM, so well does he state the reasons why the Bloom bill with its capacity for involving us in the quarrels of Europe should not pass.

LET US TAKE OUR STAND WITH WASHINGTON

Within a few hours we shall vote on this bill. The issue is plain and we cannot escape it.

On this fateful roll call we can take our stand with Washington and Jefferson for an America forever free from foreign entanglements, or by enacting the Bloom alleged neutrality bill we can take our stand with the internationalists, who would regulate the world and lead us into God knows what unseen labyrinths of perilous adventure. There will be many occasions when we can honor the gentleman from New York, SOL BLOOM. In this instance let us stand by George Washington. The thing we should do is to strike the enacting clause out of the Sol Bloom bill and then enact a George Washington neutrality bill.

PUTS AMERICA IN WORLD POLITICS TO THE HILT

Now what does the Bloom bill do? I will not call it a neutrality bill although it bears the title "the Neutrality Act of 1939." It is not a neutrality bill, it is a war bill. It would be difficult to imagine a more unneutral bill. It puts America in world power politics clear up to the hilt. If enacted it will be easy for America to get into war and difficult, if not impossible, for it to keep out of war. Its cash-and-carry provision would convert America into an arsenal, storehouse, and source of supplies for Britain in any war in which she and her far-flung possessions and her allies may choose to engage at any time in the future because Britain and her ally, France, control the seas and can come and get their supplies while other nations could not. It would favor Japan over China because Japan has the ocean-carrying facilities that China has not. I have the most intense antipathy for the dictators and loathe them for their unconscionable suppression of liberty and their cruel and inhuman practices, but am not quite willing to see America turned into a storehouse of supplies to fuel Britain for all of her imperialistic ventures. I believe I am correct in saying that Britain owns about one-fourth of the globe, most of which territory she has won by aggression.

It is a commonplace statement to say that the bill before us is designed to help Britain by making the United States the provider and fueler for Great Britain and France in their future wars, for that is admitted by everybody. Shades of Washington and Jefferson! Such a proposal is enough to make every Revolutionary patriot turn over in his grave. Yet it is freely admitted and conceded on every hand that such is the effect of the bill. Practically every newspaper account interpreting the bill gives it that meaning. There is in fact no dissent in the interpretation. The Washington Times-Herald, in a front-page article on June 14, said:

As now written, the proposed neutrality bill will be of direct benefit to Great Britain and France, because of their control of the seas.

SIR RONALD LINDSAY'S GLOWING REPORT

A United Press dispatch from London, dated June 13, said:

Sir Ronald Lindsay, British Ambassador to Washington, sent an official report to the foreign office tonight on America's welcome to King George and Queen Elizabeth, which caused an immediate boom in British hopes of United States aid in case of war.

The tone of the report was glowing, and British political leaders, besides betraying sentimental pleasure, expressed hope that the royal visit would result in the ultimate, if not immediate, enactment of neutrality legislation favorable to Britain, France, and their allies.

The "neutrality legislation" which these Britishers want is the unneutral bill now pending before this House. No wonder the British want this bill passed. But where would it leave America? It would leave America in the position of the great provider for other nations in their wars and imperialistic ventures, and it would do more than that. It would destroy and nullify our traditional Washingtonian policy of isolation and independence and would make America the ally and second fiddle of Great Britain.

Why should we make ourselves an ally to the British, as this bill would do? The British tried to stamp the liberty and independence out of us when we were an infant people. They tried again to destroy us and burned our Capitol in 1814. They tried to break up the Union in 1863 to 1865. They imposed upon us in the World War era by borrowing almost $5,000,000,000 and then welching on their debt, refusing even to make a token payment.

SWOLLEN PROFITS LEAD TO WAR

Sooner or later such legislation as is here proposed would be almost certain to draw us into war. Human nature is selfish, and war profits are alluring, and if Americans are permitted by this so-called neutrality bill to build up a gigantic and highly lucrative war trade with Britain and her allies, there is sooner or later going to be a high-pressured demand on Congress to go to whatever lengths may be necessary to protect that trade and to continue those swollen profits, even to the extent of forcing a declaration of war. If the people of America only knew the dangers that lurk behind this bill and how it threatens our peace and security, it would not get to first base on the way to enactment.

Aside from the great danger that this bill would lead us into war on account of war profits, we have to consider another question that ought to penetrate our very souls and cause each one of us to search his heart to determine whether he is living up to his responsibility to his Maker. That is the question, whether we, a professedly Christian people, are willing that America shall become an arsenal to furnish belligerent nations with the implements for mass murder. Think how proud we will feel if the dispatches from abroad should bring to us the horrible details of the agonized strangulation of innocent boys in uniforms with an effective poison gas, accompanied by the explanation, "This gas was manufactured in Pittsburgh."

Or how elated we will be if the news columns describing air raids tell of the blowing to bits of women and babies by bombing planes, with the explanatory note, "The bombers with which this effective act of war was consummated were made in Seattle."

IF WE ARE TO BE THE WORLD'S ARSENAL, LET US BURN OUR BIBLES AND CHURCHES

Oh, if we are going to furnish war-mad nations with the implements for killing and torturing human beings by wholesale, we had better burn our Bibles and our churches and confess that we have no love left in our hearts for the living God!

To save ourselves from the peril of being drawn into foreign wars and to do our duty as a Christian nation we ought to ban exports entirely to belligerents instead of making America the great arsenal and storehouse of supplies for fighting nations, as this bill does. I commend to your thoughtful consideration the following excerpt from Secretary of State Hull's statement on neutrality, issued May 27, 1939:

If we go in for embargoes on exports for the purpose of keeping ourselves out of war, the logical thing to do would be to make our embargo all-inclusive. Modern warfare is no longer warfare between armed forces only; it is warfare between nations in every phase of their national life. Lists of contraband are no longer limited to arms and ammunition and closely related commodities. They include not only those items which contribute toward making warfare possible, but almost every item useful in the life of the enemy nation. A nation at war is no less anxious to keep cotton or petroleum, or, indeed, any useful product, from reaching an enemy nation than it is to keep guns and airplanes from reaching the enemy's armed forces. I doubt whether we can help ourselves to keep out of war by an attempt on our part to distinguish between categories of exports.

I agree absolutely with every word of that statement by Secretary Hull, but I utterly disagree with his conclusion, which was:

Yet a complete embargo upon all exports would be ruinous to our economic life. It therefore seems clear that we should have no general and automatic embargo inflexibly and rigidly imposed on any class or group of exports.

FOREIGN TRADE A MERE BAGATELLE

I am sure that Secretary Hull had not given careful consideration to the statistics of exports when he made that statement. No one expects or wishes to shut off exports to all nations. All that is contemplated is a cessation of exports to belligerent nations just as long as they remain belligerents. Yet, according to the last report of the Department of Commerce on foreign trade, the total of our exports to all foreign countries in 1937, the last year for which statistics are available, was only 7.8 percent of our total production of movable goods. This covers our normal exports to all of the world; and if the ban on exports were applied only to two or even three or four belligerents, the loss in our normal foreign trade would be infinitesimal compared with the home market for our goods. I submit that the loss of this small fraction of our foreign business not only would not be ruinous to our economic life but it would be a small concession, indeed, compared with the frightful burden of debt that will be saddled on ourselves and on our children and our children's children if we become involved in another war. One

month of war would cost us more than our profits on foreign trade for 20 years.

So I think it is quite clear that from the standpoint of our Nation as a whole it is good business as well as good morals—and certainly good policy from the standpoint of noninvolvement—to establish a complete embargo on exports to belligerent nations as long as those nations remain belligerents.

FINANCING WAR-MAD NATIONS

There are other features of the Bloom bill which I think are highly inadvisable, such as the proviso in section 4, which modifies the existing prohibition against foreign loans and which is as follows:

Provided, That if the President shall find that such action will serve to protect the commercial or other interests of the United States or its citizens, he may, in his discretion, and to such extent and under such regulations as he may prescribe, except from the operation of this section ordinary commercial credits and short-time obligations in aid of legal transactions and of a character customarily used in normal peacetime commercial transactions.

The neutrality law which this bill is intended to displace prohibits American citizens from making loans to belligerent governments and from purchasing, selling, or exchanging their bonds and other securities. The new proviso, appearing for the first time in this bill, gives the Chief Executive discretion to exempt from this inhibition ordinary commercial credits and short-time obligations. What does this mean? It means that a President who likes one belligerent and who does not like another may grant financial assistance to the belligerent he likes and deny it to the other belligerent. When that happens what becomes of our neutrality? I cannot imagine anything that would be more likely to drag us into war.

NAMING THE AGGRESSOR

The provision authorizing the Chief Executive, in the event of war between two or more foreign powers, to establish combat zones also is very bad. We must remember that we are not legislating for one President and for one time, but for all Presidents and the entire future. We know that our present Chief Executive loves peace and loathes war, but sometime in the future we may have a President who will use this power to the great advantage of one belligerent and to the great prejudice of another belligerent; and what then becomes of our neutrality? From the long-range view it is harmful to the future of America to vest such sweeping discretionary powers in the Presidency, and it should not be done.

Under this provision of the bill—section 3, relating to combat zones—the President in fact is authorized to designate the aggressor nation. If that is not its effect, I do not understand the force and power of the English language. When we give the President the power to pick the aggressor, we give him the power to make war; and it follows as certainly as day follows night that if the President does pick the aggressor in any instance we will find ourselves in war in a short time.

CENTRALIZING POWER IN THE PRESIDENCY

I am not objecting to the discretionary powers which this bill gives to the President, because of any particular person, either our present President or any potential President who may be in line for that office, but for the good of America I do not want such unneutral powers to be vested in the Presidency. It is frankly admitted that the purpose of this legislation is to broaden the President's authority in matters pertaining to war. It does that, and how! Under this bill the President can grant commercial credit to one belligerent to assist it in financing its military operations and deny that credit to another belligerent. He can permit American vessels to enter the ports of one belligerent freely, while prohibiting them from entering the ports of another belligerent or any territory contiguous to the other belligerent. This bill removes further than ever from the people all powers over the making of war and the incidents leading up to war and centralizes those powers in the President. This bill, if enacted, would be a surrender of democracy. The discretion which this bill confers upon the President is so broad that in describing it the Christian Science Monitor in its issue of June 3 said:

Under its terms the President could take sides in a war or not, as he chose and as circumstances and public opinion dictated.

To quote further from the Christian Science Monitor:

It can be said that the bill represents the extreme point to which legislation can be pushed toward full internationalism, while still retaining some claim to be called a neutrality act and to be presented in this light to the electorate. In a word, the bill approaches fairly close to saying: "In time of foreign war the President shall conduct American foreign policy for the most part as he sees fit."

THE SAME OLD MOSAIC

This bill is a part of the same old international mosaic we have seen so much of and heard so much about. It is an outcropping of the philosophy that we are our brother's keeper; that God has given us a mission to police the world; and that if other nations do not behave, we are to collaborate in making them behave. It plunges us headlong into power politics, weakens our status as a free and independent Nation, and sets us up as an ally of the British. It marks a definite step toward breaking away from the conception of government handed down to us by Washington and the founding fathers and projects us into God knows what unforseeable dangers. I hope and pray that, coming from out of the background of history, the words of Washington, Jefferson, and their compatriots will quicken our sense of responsibility and will have sufficient convincing force to prevent this tragic and fatal step from being taken. [Applause.]

Mr. FISH. Mr. Chairman, I yield 3 minutes to the gentleman from Kansas [Mr. REES].

Mr. REES of Kansas. Mr. Chairman, this is the most important measure that has come before Congress this session. It is a measure in which our entire country is interested—a measure which involves the people of every class and creed. It certainly is not a political matter in any sense of the word. The question involved transcends all political and economic lines. It involves the question as to our attitude toward other nations of the world in event of a crisis in which this country may be, either directly or indirectly, interested. What we are trying to do, as I view it, is to use our best efforts to prevent our country from becoming involved in armed conflict with any of the other nations of the world.

The bill as written, in my judgment, contains too many dangerous provisions. It is not a neutrality bill. It places too much power, too much authority, in the hands of one individual in a time of crisis. If there is a time when we do not want too much dictatorship on the question of determining policies it is in the time of a war crisis. This bill places too much power in the hands of one man, regardless of who that one man may be. As a matter of fact, that is the very thing about which we complain and criticize in certain foreign countries which are creating so much uneasiness among the nations of the world.

Let us take the cover off the ball. This is not a neutrality bill in the full sense of the word. I think it is wrong that the people of this country should be confounded and confused, and led to believe that this measure is a neutrality measure. A good deal has been said on the floor of the House from time to time about the manner in which this Congress for the past 6 years has surrendered its power, its prerogatives, and its authority in favor of the Chief Executive. Now then, with the most important piece of legislation that has yet been considered—a bill involving the most serious problem confronting the country, affecting the lives and liberties of 130,000,000 men, women, and children—shall we, as Members of Congress, abdicate our power and authority in favor of one man?

Under this legislation the question of the arms embargo is thrown out of the window and either directly or indirectly,

as you want to put it—this country becomes the storehouse for arms and munitions of warring nations, which renders it a slaughterhouse in time of war. This bill is fine for the munition makers. Under it, the sky is the limit for the sale of arms and war materials. America must not become a storehouse for munitions for foreign nations in time of war. It is the one thing that is bound to draw us into a world conflict.

Under another law, we tried to prevent the sale and trade in arms and munitions to countries engaged in armed combat. Under this bill the gate is wide open.

Let me call your attention again to the power and authority placed in the hands of the President. There are 10 sections in the bill. Twenty-one times in 12 paragraphs you will observe the following words: "Whenever the President shall find," or "Whenever the President shall have issued his proclamation," or "Whenever the President has invoked any proclamation"—he may do thus and so. You may talk all you want to about dictators in foreign countries. Here is a bill that in time of crisis and war among the nations of the world, gives the President as much power and authority in determining the position and attitude of our Nation toward foreign countries, as any dictator in the world.

I am not here to say that the man who now occupies the Executive Chair will use that authority, but I say to you that the Congress of the United States who are, after all, the representatives of the people, should not in this crucial hour, extend these unheard-of powers to any one man. I shall not support any measure that will place power and authority in the hands of the President to name the aggressor among warring nations of the world.

During the last year this country furnished more than 50 percent of the war materials to Japan. You can well imagine the kind of situation which would exist if we opened the gates and permitted the munition makers of this country to sell their munitions to countries engaged in war, who have obtained credit through authority that is granted by the President under the terms of this bill.

If we name the aggressor, directly or indirectly, or if we take sides in a world conflict—we become an ally of one nation and an enemy of the other. If we are going to have a neutrality law, let us make it neutral so far as we can. If not, then let us designate it by another name and let the people of the Nation know that it is not a neutrality law but simply a measure that designates the policy or position we are going to take in the event of war. Let us be fair and honest about it. It seems to me that so far as possible, it is not our place today, if we are going to pass a neutrality bill, to say to one nation that in the event of war, we will render such assistance as we can—either directly or indirectly, and to the other nation—you are our enemy even before war is declared.

After all, wars do not decide anything. They never have. They never will. We found that out, to our sorrow and to our disappointment. We tried, as we saw it, not only to save our nation—but to save the whole world for democracy. Certainly, if any other nation or group of nations sees fit to attack us, we will defend this continent against all odds and will use all our material wealth and the equipment we have at hand and under our control, to see that no foreign power is permitted to perform any act of aggression against our Government as well as our people. I think every man, woman, and child in this country will rise in support of the defense of our country and our Government as well as our people against any and all foreign governments, but I just do not believe the people of this country want to place themselves in a position whereby they will either directly or indirectly take part in armed conflicts between foreign nations and in which they really have no vital interest. [Applause.]

[Here the gavel fell.]

Mr. BLOOM. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. COOPER, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration House Joint Resolution 306, the Neutrality Act of 1939, had come to no resolution thereon.

HOUR OF MEETING

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock a. m. tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

COMMITTEE ON RULES

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until 12 o'clock tonight to file a report.

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object; on what subject?

Mr. RAYBURN. Stabilization.

Mr. MARTIN of Massachusetts. Mr. Speaker, I shall have to object to that.

MARY COHEN BIENVENU

Mr. DICKSTEIN. Mr. Speaker, I ask unanimous consent that the Committee on Immigration and Naturalization be discharged from consideration of Senate Joint Resolution 72, readmitting Mary Cohen Bienvenu to citizenship, Private Calendar No. 154, and that the bill be restored to the Private Calendar of the House.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

EXTENSION OF REMARKS

Mr. DICKSTEIN. Mr. Speaker, I ask unanimous consent to extend my own remarks by including a speech made by J. Edgar Hoover before a group of people in Oklahoma.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. POAGE. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks and to include therein a quotation from a bill I have just introduced.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. MARCANTONIO. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a letter from Colonel Somervell, administrator of the United States Works Progress Administration for the city of New York.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. DARROW. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a statement and a brief statistical table showing the comparison of the Federal receipts and expenditures under 4 years of President Hoover and the last 4 years of President Roosevelt.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. CRAWFORD. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein correspondence between Dr. Tolley, of the Bureau of Agricultural Economics, and myself.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. GUYER of Kansas. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a resolution passed by the Woman's Christian Temperance Union of Wellington, Kans., asking the Post

Office Department to issue a stamp commemorating the centennial of Frances Willard.

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

COMMITTEE ON THE JUDICIARY

Mr. MURDOCK of Utah. Mr. Speaker, I ask unanimous consent that Subcommittee No. IV of the Committee on the Judiciary may be permitted to sit during the session of the House tomorrow.

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, is this the Hatch bill that is being considered?

Mr. MURDOCK of Utah. No; the committee is considering a couple of minor bills. We have arranged hearings that will probably run to 12 o'clock tomorrow. As I understand it, the House meets at 11.

Mr. MARTIN of Massachusetts. Could not the gentleman induce his committee to consider a bill of major importance, such as the Hatch bill, rather than these minor matters?

Mr. MURDOCK of Utah. I suggest that the gentleman from Massachusetts, with his persuasiveness, might appear before the committee and effect that result.

Mr. MARTIN of Massachusetts. I wish the gentleman from Utah would convey my wishes to the committee in the hope that it may have that desirable effect.

The SPEAKER. Is there objection to the request of the gentleman from Utah?

There was no objection.

EXTENSION OF REMARKS

Mr. HILL. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an article from the American Reliefer.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

LABOR DEPARTMENT APPROPRIATION BILL, 1940

Mr. TARVER, from the Committee on Appropriations, submitted the following conference report and statement on the bill (H. R. 5427) making appropriations for the Labor Department for the fiscal year ending June 30, 1940, and for other purposes, which was ordered to be printed.

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on certain amendments of the Senate to the bill (H. R. 5427) making appropriations for the Labor Department for the fiscal year ending June 30, 1940, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 14 and 15.

The committee of conference report in disagreement amendment numbered 1.

M. C. TARVER,
JOHN M. HOUSTON,
LOUIS RABAUT,
CHARLES A. PLUMLEY,
Managers on the part of the House.

KENNETH MCKELLAR,
RICHARD B. RUSSELL,
J. H. BANKHEAD,
PAT MCCARRAN,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5427) making appropriations for the Labor Department for the fiscal year ending June 30, 1940, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

On amendment numbered 14: Appropriates $2,339,000 for salaries for the Wage and Hour Division, as proposed by the House, instead of $2,439,000, as provided by the Senate.

On amendment numbered 15: Eliminates language proposed by the Senate intending to make $100,000 of the appropriation for salaries in the Wage and Hour Division available immediately.

The committee of conference report in disagreement amendment numbered 1.

M. C. TARVER,
JOHN M. HOUSTON,
LOUIS C. RABAUT,
CHARLES A. PLUMLEY,
Managers on the part of the House.

Mr. TARVER. Mr. Speaker, I ask unanimous consent for the immediate consideration of the conference report on the bill (H. R. 5427) making appropriations for the Labor Department for the fiscal year ending June 30, 1940, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. TARVER. Mr. Speaker, I ask unanimous consent that the statement of the managers may be read in lieu of the report.

The SPEAKER. Without objection it is so ordered.

There was no objection.

The Clerk read the statement of the managers on the part of the House.

Mr. TARVER. Mr. Speaker, I move the adoption of the conference report.

The conference report was agreed to.

The SPEAKER. The Clerk will report the amendment in disagreement.

The Clerk read as follows:

Amendment No. 1: Page 2, after line 9, insert the following: "*Provided further*, That persons (not exceeding five in number) now detailed to the Office of the Secretary from the United States Employment Service may be continued in the Office of the Secretary and paid from the amount herein appropriated without regard to the provisions of the civil-service laws requiring competitive examinations."

Mr. TARVER. Mr. Speaker, I move that the House recede and concur in the Senate amendment with an amendment which I send to the Clerk's desk.

The Clerk read as follows:

Mr. TARVER moves that the House recede from its disagreement to Senate Amendment No. 1 and concur therein with the following amendment: In lieu of the matter inserted by said Senate amendment insert the following: "*Provided further*, That persons (not exceeding five in number) now detailed to the Office of the Secretary from the United States Employment Service may be continued for the fiscal year 1940 in the Office of the Secretary and paid from the amount herein appropriated without regard to the provisions of the civil-service laws requiring competitive examinations."

Mr. DIRKSEN. Mr. Speaker, may I ask the gentleman, Does this permit them to waive the civil-service requirement for the fiscal year 1940?

Mr. TARVER. For the fiscal year 1940. It is expected that during the fiscal year 1940 this condition will be eliminated by the covering of these employees into the civil service, or else their separation from the service.

The SPEAKER. The question is on the motion offered by the gentleman from Georgia [Mr. TARVER].

The motion was agreed to, and a motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. FISH. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a speech by former Representative John O'Connor, made at a patriotic gathering last night.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

DISTRICT OF COLUMBIA APPROPRIATION ACT—1940

Mr. COLLINS submitted the following conference report and statement on the bill (H. R. 5610) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of

such District for the fiscal year ending June 30, 1940, and for other purposes:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5610) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1940, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 6, 11, 12, 13, 19, 23, 24, 25, 26, 27, 28, 29, 33, 35, 36, 38, 40, 42, 51, 56, 72, 73, 85, 86, 97, 98, 99, 100, 107, 114, 115, 119, 128, and 137.

That the House recede from its disagreement to the amendments of the Senate numbered 2, 4, 5, 7, 8, 9, 10, 14, 16, 22, 37, 43, 44, 45, 47, 48, 52, 53, 79, 82, 83, 84, 91, 92, 103, 104, 105, 106, 108, 109, 112, 113, 116, 118, 120, 121, 123, 124, 125, 126, 130, 131, 132, 134, 135, and 136, and agree to the same.

Amendment numbered 3: That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$249,960"; and the Senate agree to the same.

Amendment numbered 17: That the House recede from its disagreement to the amendment of the Senate numbered 17, and agree to the same with an amendment, as follows: Restore the matter stricken out by said amendment amended to read as follows: "purchase (including exchange) of passenger-carrying automobiles, $10,000; and for purchase (including exchange) of three passenger-carrying automobiles for the executive office, $5,400; and"; and the Senate agree to the same.

Amendment numbered 18: That the House recede from its disagreement to the amendment of the Senate numbered 18, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$78,860"; and the Senate agree to the same.

Amendment numbered 30: That the House recede from its disagreement to the amendment of the Senate numbered 30, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$689,803"; and the Senate agree to the same.

Amendment numbered 31: That the House recede from its disagreement to the amendment of the Senate numbered 31, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$189,160"; and the Senate agree to the same.

Amendment numbered 32: That the House recede from its disagreement to the amendment of the Senate numbered 32, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$7,191,930"; and the Senate agree to the same.

Amendment numbered 46: That the House recede from its disagreement to the amendment of the Senate numbered 46, and agree to the same with an amendment, as follows: Restore the language stricken out by said amendment amended to read as follows: "$312,500: *Provided*, That this appropriation shall be so apportioned and distributed over the fiscal year ending June 30, 1940, and shall be so administered, during such fiscal year, as to constitute the total amount that will be utilized during such fiscal year for such purposes"; and the Senate agree to the same.

Amendment numbered 49: That the House recede from its disagreement to the amendment of the Senate numbered 49, and agree to the same with an amendment, as follows: Restore the matter stricken out by said amendment amended to read as follows: "$3,824; in all, $9,724"; and the Senate agree to the same.

Amendment numbered 54: That the House recede from its disagreement to the amendment of the Senate numbered 54, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$490,525"; and the Senate agree to the same.

Amendment numbered 74: That the House recede from its disagreement to the amendment of the Senate numbered 74, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$2,186,000"; and the Senate agree to the same.

Amendment numbered 76: That the House recede from its disagreement to the amendment of the Senate numbered 76, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$21,750"; and the Senate agree to the same.

Amendment numbered 77: That the House recede from its disagreement to the amendment of the Senate numbered 77, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$37,500"; and the Senate agree to the same.

Amendment numbered 78: That the House recede from its disagreement to the amendment of the Senate numbered 78, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$21,750"; and the Senate agree to the same.

Amendment numbered 80: That the House recede from its disagreement to the amendment of the Senate numbered 80, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$226,850"; and the Senate agree to the same.

Amendment numbered 81: That the House recede from its disagreement to the amendment of the Senate numbered 81, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$154,340"; and the Senate agree to the same.

Amendment numbered 87: That the House recede from its disagreement to the amendment of the Senate numbered 87, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$144,530"; and the Senate agree to the same.

Amendment numbered 88: That the House recede from its disagreement to the amendment of the Senate numbered 88, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$5,000"; and the Senate agree to the same.

Amendment numbered 89: That the House recede from its disagreement to the amendment of the Senate numbered 89, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$290,000"; and the Senate agree to the same.

Amendment numbered 90: That the House recede from its disagreement to the amendment of the Senate numbered 90, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$511,340"; and the Senate agree to the same.

Amendment numbered 93: That the House recede from its disagreement to the amendment of the Senate numbered 93, and agree to the same with an amendment, as follows: Restore the language stricken out by said amendment amended to read as follows:

"For the acquisition by the Commissioners of the District of Columbia of approximately one hundred acres of land in Prince Georges County, Maryland, as a site for the National Training School for Girls, $10,000: *Provided*, That the title to said property shall be taken directly to and in the name of the United States, and in case a satisfactory price cannot be agreed upon for the purchase of said land the Attorney General of the United States, at the request of the Commissioners of the District of Columbia, shall institute condemnation proceedings to acquire such land as may be selected in accordance with the laws of the State of Maryland, and expenses of procuring evidences of title or of condemnation, or both, shall be paid out of the appropriation made for the purchase of said land."

And the Senate agree to the same.

Amendment numbered 94: That the House recede from its disagreement to the amendment of the Senate numbered 94, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$40,205"; and the Senate agree to the same.

Amendment numbered 95: That the House recede from its disagreement to the amendment of the Senate numbered 95, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$40,705"; and the Senate agree to the same.

Amendment numbered 96: That the House recede from its disagreement to the amendment of the Senate numbered 96, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$29,000"; and the Senate agree to the same.

Amendment numbered 102: That the House recede from its disagreement to the amendment of the Senate numbered 102, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$25,000"; and the Senate agree to the same.

Amendment numbered 110: That the House recede from its disagreement to the amendment of the Senate numbered 110, and agree to the same with an amendment, as follows: In lieu of the matter inserted by said amendment insert the following:

"In expending appropriations contained in this Act under the caption 'Public Assistance', not more than the following monthly amounts shall be paid therefrom: Emergency Relief of Residents: Single persons, not more than $24; family of two persons, not more than $30, and for each person in excess of such number under 16 years of age not more than $6; and not to exceed a total of $60 to any one family; Home Care for Dependent Children: Family of two persons, not more than $30, and for each person in excess of such number under 16 years of age not more than $6; and not to exceed a total of $60 to any one family; Assistance Against Old Age Want, and Aid for Needy Blind Persons: Not more than $30 per month shall be paid therefrom to any one person."

And the Senate agree to the same.

Amendment numbered 111: That the House recede from its disagreement to the amendment of the Senate numbered 111, and agree to the same with an amendment, as follows: In lieu of the matter inserted by said amendment insert the following:

"SPONSOR'S CONTRIBUTIONS TO WORK PROJECTS ADMINISTRATION

"For amount required by the District of Columbia as sponsor's contributions toward Work Projects Administration nonconstruction projects for free lunches for necessitous school children, sewing, household service, housekeeping aides, adult education, and recreation, including the purchase of food, supplies, materials, streetcar and bus fares, rent, equipment, rental of equipment, personal services, and other necessary expenses, $177,500, together with not to exceed $12,000 of the unexpended balance of the appropriation for the same purposes for the fiscal year 1939 contained in the Second Deficiency Appropriation Act, fiscal year 1938."

And the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 1, 15, 20, 21, 34, 39, 41, 50, 55, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 75, 101, 117, 122, 127, 129, and 133.

ROSS A. COLLINS,
GEORGE MAHON,
KARL STEFAN,
FRANCIS CASE,
Managers on the part of the House.

JOHN H. OVERTON,
CARTER GLASS,
ELMER THOMAS,
EDWARD R. BURKE,
WILLIAM H. KING,
GERALD P. NYE,
STYLES BRIDGES,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5610) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1940, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

On amendment No. 2: Appropriates $56,960, as proposed by the Senate, instead of $56,600, as proposed by the House, for personal services, Purchasing Division.

On amendment No. 3: Appropriates $249,960 for personal services, Department of Inspections instead of $240,240, as proposed by the House, and $278,060, as proposed by the Senate.

On amendment No. 4: Appropriates $135,140 for the care of the District buildings, as proposed by the Senate, instead of $134,240, as proposed by the House.

On amendment No. 5: Appropriates $28,640 for office equipment and supplies for the Assessor's Office, as provided by the Senate.

On amendment No. 6: Appropriates $55,740 for the collector's office, as proposed by the House, instead of $57,360, as proposed by the Senate.

On amendment No. 7: Appropriates $158,400 for the auditor's office, as proposed by the Senate, instead of $157,800, as proposed by the House.

On amendments Nos. 8 and 9: Provides that specific allocations for architectural services shall be deducted from allowances authorized under the apportionment of appropriations for such purposes, and that reimbursements may be made without reference to fiscal year limitations.

On amendment No. 10: Appropriates $1,500 for general expenses, Public Utilities Commission, as proposed by the Senate, instead of $1,200, as proposed by the House.

On amendment No. 11: Appropriates $10,760 for salaries and expenses of the zoning commission, as proposed by the House, instead of $12,200, as proposed by the Senate.

On amendments Nos. 12 and 13, relating to the Commission on Mental Health: Appropriates $22,320, as proposed by the House, instead of $22,820, as proposed by the Senate, and limits the salary of the secretary to $3,000, as proposed by the House, instead of $3,200, as proposed by the Senate.

On amendment No. 14: Appropriates $112,920 for personal services, Office of Recorder of Deeds, as proposed by the Senate, instead of $112,280, as proposed by the House.

On amendments Nos. 16, 17, and 18, relating to the central garage: Appropriates $62,560, as proposed by the House, instead of $62,320, as proposed by the Senate, for operation and maintenance of passenger-carrying automobiles; provides $10,000 for the purchase of automobiles instead of $12,000, as proposed by the House; and allows $5,400 for the purchase of three automobiles for the Executive Office, as proposed by the House.

On amendment No. 19: Appropriates $10,296, as proposed by the House, instead of $10,824, as proposed by the Senate, for allowances for privately owned automobiles.

On amendment No. 22: Provides $16,710, as proposed by the Senate, instead of $15,512, as proposed by the House, for construction of a shop building for the Sewer Department.

On amendment No. 23: Appropriates $433,130, as proposed by the House, instead of $442,000, as proposed by the Senate, for street cleaning.

On amendment No. 24: Appropriates $896,000, as proposed by the House, instead of $904,500, as proposed by the Senate, for the disposal of refuse, ashes, and so forth.

On amendments Nos. 25, 26, 27, 28, and 29, relating to public playgrounds: All of these items, proposed by the Senate, are eliminated and provision for such playgrounds is made under the Community Center Department, Public Schools, as proposed by the House.

On amendment No. 30: Appropriates $689,803 for administrative and supervisory officers, public schools, instead of $687,100, as proposed by the House, and $697,783, as proposed by the Senate.

On amendment No. 31: Appropriates $189,160 for clerks, public schools, instead of $186,500, as proposed by the House, and $192,400, as proposed by the Senate, the increase in the House figure being allowed to provide $1,220 for reallocations, $240 for one clerk for the Banneker Junior High School for a 2-month period, and $1,200 for one clerk for the Abbott Vocational School.

On amendments Nos. 32 and 33, relating to salaries for teachers and librarians, public schools: Appropriates $7,191,930, instead of $7,170,140, as proposed by the House, and $7,237,920, as proposed by the Senate, and restores the provision of the House which was eliminated by the Senate, relating to the salaries paid librarians in the public schools.

On amendments Nos. 35, 36, and 37, relating to night schools: Restores the language of the House providing that teachers and janitors of night schools may also be teachers and janitors of day schools; appropriates $102,180, as proposed by the House, instead of $104,664, as proposed by the Senate for such purpose; and provides $4,000 for miscellaneous expenses, as proposed by the Senate, instead of $3,000, as proposed by the House.

On amendments Nos. 38 and 40, relating to the community center department: Provides that salaries of playground personnel shall be fixed by the Board of Education, as proposed by the House, and eliminates the proposal of the Senate making immediately available funds for the maintenance of playgrounds during the summer months.

On amendment No. 42: Appropriates $968,725 for the care of buildings and grounds, public schools, as proposed by the House, instead of $970,875, as proposed by the Senate.

On amendments Nos. 43, 44, 45, 46, 47, 48, 49, 51, 52, 53, 54, and 56, relating to miscellaneous items for maintenance of the public schools: Appropriates $7,750 for maintenance of schools for tubercular and crippled pupils, as proposed by the Senate, instead of $7,500, as proposed by the House, and provides $23,200 for transportation of such pupils, as proposed by the Senate, instead of $20,000, as proposed by the House; appropriates $70,400 for manual-training supplies, as proposed by the Senate, instead of $70,000, as proposed by the House; restores the provision of the House as to apportionment of funds for the purchase of fuel and light, which was eliminated by the Senate, and appropriates $312,500 for such purpose, instead of $300,000, as proposed by the House and $325,000, as proposed by the Senate; allows $9,724 for the purchase of furniture instead of $9,000, as proposed by the House and $15,200, as proposed by the Senate; appropriates $190,000 for the purchase of textbooks, as proposed by the House, instead of $200,000, as proposed by the Senate; provides $17,875 for the purchase of laboratory equipment, as proposed by the Senate, instead of $16,975, as proposed by the House; provides $490,525 for repairs to school buildings, instead of $460,000, as proposed by the House, and $510,000, as proposed by the Senate; and restores the provision of the House for the improvement of municipal playgrounds.

On amendments Nos. 72 and 73, relating to the Metropolitan Police Department: Appropriates $2,943,945 for pay and allowances of members of the Metropolitan Police force, as proposed by the House, instead of $2,984,320, as proposed by the Senate; and provides $47,600 for uniforms for officers, as proposed by the House, instead of $49,475, as proposed by the Senate.

On amendment No. 74: Appropriates $2,186,000 for pay of officers and members of the Fire Department, instead of $2,150,000, as proposed by the House, and $2,206,000, as proposed by the Senate.

On Amendments Nos. 76, 77, 78, and 79, relating to miscellaneous items under the Fire Department: Appropriates $21,750 for uniforms, instead of $21,500, as proposed by the House, and $22,000, as proposed by the Senate; provides $37,500 for repairs to apparatus, instead of $35,000, as proposed by the House, and $40,000, as proposed by the Senate; appropriates $21,750 for fuel, instead of $20,000, as proposed by the House and $23,500, as proposed by the Senate; and allows $23,500 for contingent expenses, as proposed by the Senate, instead of $22,500, as proposed by the House.

On amendment No. 80: Appropriates $226,850 for salaries, Health Department, instead of $223,290, as proposed by the House, and $239,030, as proposed by the Senate, the increase of $3,560 in the House figure being to provide $240 for reallocations, $1,320 for a telephone operator and $2,000 for lapses.

On amendment No. 81: Appropriates $154,340 for the nursing service under the Health Department, instead of $149,620, as proposed by the House and $169,720, as proposed by the Senate.

On amendments Nos. 82 and 83: Eliminates one chief medical officer for Gallinger Municipal Hospital, as proposed by the Senate.

On amendment No. 84: Provides that $15,000 of the appropriation for the Children's Hospital shall be available for dispensary cases, as proposed by the Senate.

On amendments Nos. 85 and 86, relating to the Juvenile Court: Appropriates $98,190 for personal services, as proposed by the House, instead of $101,960, as proposed by the Senate, and provides $3,000 for stationery and supplies, as proposed by the House, instead of $3,700, as proposed by the Senate.

On amendments Nos. 87, 88, and 89, relating to the Board of Public Welfare: Appropriates $144,530 for personal services for the Board, instead of $114,410, as proposed by the House and $169,350, as proposed by the Senate; provides $5,000 for administrative expenses of the Division of Child Welfare, instead of $3,500, as proposed by the House and $5,500, as proposed by the Senate; and appropriates $290,000 for the board and care of children, instead of $283,660, as proposed by the House and $310,000, as proposed by the Senate.

On amendment No. 90: Appropriates $511,340 for personal services for the Workhouse and Reformatory, instead of $509,900, as proposed by the House and $513,140, as proposed by the Senate.

On amendments Nos. 91, 92, and 93, relating to the National Training School for Girls: Appropriates $38,200 of which $20,840 shall be for personal services, as proposed by the Senate, instead of $40,000, of which $23,360 shall be for personal services, as proposed by the House; and provides for the purchase of a site for the National Training School for Girls, as proposed by the House, and eliminates the provision of the House appropriating $10,000 for the preparation of plans and specifications for new buildings thereon.

On amendments Nos. 94, 95, 96, and 97, relating to the Industrial Home School for Colored Children: Appropriates $40,705 for personal services, instead of $39,940, as proposed by the House, and $43,045, as proposed by the Senate; provides $29,000 for maintenance, instead of $28,000, as proposed by the House, and $30,000, as proposed by the Senate; and allows $3,000 for repairs, as proposed by the House.

On amendments Nos. 98, 99, and 100, relating to the Home for Aged and Infirm: Appropriates $68,560 for personal services and $75,550 for maintenance, as proposed by the House.

On amendments Nos. 102, 103, 104, 105, 106, 107, 108, 109, and 110, relating to the payment of relief benefits to residents of the District of Columbia: Makes $25,000 available for the distribution of surplus commodities instead of $20,000, as proposed by the House, and $30,000, as proposed by the Senate; provides $5,300 for the distribution of such commodities, as proposed by the Senate; appropriates $597,000 for old-age assistance, as proposed by the House, instead of $625,000, as proposed by the Senate; provides $40,000 for pensions for needy blind persons, as proposed by the Senate, instead of $36,250, as proposed by the House; and places a maximum of $60 per month on payments to persons on emergency relief instead of a total payment of $48 per month, as proposed by the House, and $48 plus $6 per month for each beneficiary in excess of five, as proposed by the Senate. A maximum of $30 per month to persons receiving old-age assistance or pensions for the needy blind is also provided.

On amendment No. 111: Appropriates $177,500 for sponsor's contributions to the Work Projects Administration, as proposed by the Senate.

On amendments Nos. 112 and 113, relating to the transportation of nonresident and indigent persons: Appropriates $20,000 for such purpose, of which $7,100 shall be available for personal services, as proposed by the Senate.

On amendments Nos. 114, 115, and 116, relating to the militia: Strikes out the proposal of the Senate providing $3,500 for additional pay for bandsmen while in camp, and eliminates the provision of the House to purchase a site and prepare plans for an armory building in Southwest Washington.

On amendments Nos. 118 and 119, relating to National Capital parks: Appropriates $409,333 for general expenses, as proposed by the Senate, instead of $388,500, as proposed by the House; and provides $9,400 for equipping the Park Police force, as proposed by the House, instead of $10,250, as proposed by the Senate.

On amendment No. 120: Appropriates $41,230 for the National Capital Park and Planning Commission, as proposed by the Senate, instead of $40,530, as proposed by the House.

On amendment No. 121: Appropriates $237,060 for the National Zoological Park, as proposed by the Senate, instead of $235,420, as proposed by the House.

On amendments Nos. 123, 124, 125, and 126, relating to the Department of Vehicles and Traffic: Eliminates the proposal of the House limiting the operation of parking meters to those at present installed; appropriates $165,250 for the purchase and installation of traffic markers, signs, signals, etc., including $50,000 for the purchase and installation of traffic lights and $5,000 for directional signs, all as proposed by the Senate.

On amendment No. 128: Appropriates $518,885 for police traffic control, as proposed by the House.

On amendments Nos. 130 and 131: Provides for the preparation of plans for parkway facilities through Rock Creek Park and also in connection with a through highway for the District of Columbia, as proposed by the Senate.

On amendments Nos. 132, 134, 135, and 136, relating to the Water Department: Appropriates $214,480 for the revenue and inspection branches, as proposed by the Senate, instead of $210,160, as proposed by the House; provides $357,220 for the distribution system, as proposed by the Senate, instead of $348,220, as proposed by the House, and makes funds for the construction of a trunkline watermain from the Bryant Street Pumping Station to the Soldiers' Home available until June 30, 1941, as proposed by the Senate.

Amendments in disagreement

The committee of conference report in disagreement the following amendments of the Senate:

On amendment No. 1: Relating to the Federal contribution to the government of the District of Columbia.

On amendment No. 15: Relating to a revision of the organization of the District of Columbia.

On amendment No. 20: Relating to the construction of a library building.

On amendment No. 21: Relating to the appropriation for salaries, Sewer Department.

On amendment No. 34: Relating to the appointment of an instructor of automobile driving in the public schools.

On amendments Nos. 39 and 41: Relating to the operation of the public playgrounds of the District of Columbia.

On amendment No. 50: Relating to the naming of the present Lenox Vocational School.

On amendment No. 55: Relating to the repair of buildings and grounds, public schools.

On amendments Nos. 57 to 71, inclusive: Relating to school buildings and grounds.

On amendment No. 75: Relating to the appointment of Fire Department personnel and a survey of the need for Fire Department stations and personnel.

On amendment No. 101: Relating to the appropriation for relief of residents of the District of Columbia.

On amendment No. 117: Relating to the construction of an armory for the District of Columbia Militia.

On amendment No. 122: Relating to the appropriation for salaries, Department of Vehicles and Traffic.

On amendment No. 127: Relating to the construction of streetcar loading platforms.

On amendment No. 129: Relating to the appropriation for Federal Aid Highway projects.

On amendment No. 133: Relating to the control of the Washington Aqueduct by the Secretary of War.

ROSS A. COLLINS,
GEORGE H. MAHON,
KARL STEFAN,
FRANCIS CASE,
Managers on the part of the House.

Mr. COLLINS. Mr. Speaker, I ask unanimous consent for the immediate consideration of the conference report on the bill H. R. 5610.

The Clerk read the title of the conference report.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi [Mr. COLLINS]?

There was no objection.

Mr. COLLINS. Mr. Speaker, I ask unanimous consent that the statement of the managers on the part of the House may be read in lieu of the report.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi [Mr. COLLINS]?

There was no objection.

The Clerk read the statement of the managers on the part of the House.

The conference report was agreed to.

Mr. COLLINS. Mr. Speaker, I ask unanimous consent that consideration of amendment No. 1, in disagreement, be temporarily postponed and that it be considered following the action that may be taken on other amendments in disagreement.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi [Mr. COLLINS]?

There was no objection.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 15: Page 13, beginning in line 24, strike out lines 24 and 25, down to and including line 11 on page 14.

Mr. COLLINS. Mr. Speaker, I move that the House recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. COLLINS moves that the House recede from its disagreement to the amendment of the Senate No. 15, and agree to the same with an amendment, as follows: Restore the matter stricken out by said amendment, and at the end thereof, before the period, insert a colon and the following: "*Provided*, That the foregoing appropriation shall be for payment in full for all services heretofore or hereafter rendered in connection with the study for the revision of the organization of the District of Columbia."

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 20: Page 19, line 16, after the word "education", insert the following: "and the Commissioners are authorized to enter into contract or contracts for the construction of such first unit at a total cost, including improvement of grounds and all necessary furniture and equipment, not to exceed $1,118,000: *Provided*, That not to exceed $40,000 of the said sum of $350,000, together with the unexpended balance of the appropriation of $60,000 contained in such act for the preparation of plans and specifications for a library building to be constructed on square 491, which is continued available for the same purpose in the fiscal year 1940, shall be immediately available for the preparation of plans and specifications, and for the employment of professional and other services without reference to the Classification Act of 1923, as amended, section 3709 of the Revised Statutes, and civil-service requirements, and for other necessary expenses, and the Procurement Division of the Treasury Department is authorized and directed to render such services in planning as the Commissioners may deem necessary, subject to reimbursement for such services."

Mr. COLLINS. Mr. Speaker, I move that the House recede and concur in the Senate amendment.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 21: Page 20, line 12, strike out "$181,260" and insert the following: "including one chief engineering inspector at

$2,600 per annum, to be appointed without reference to civil-service requirements, $183,860."

Mr. COLLINS. Mr. Speaker, I move that the House recede and concur in the Senate amendment.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 34: On page 26, line 16, after the word "Library", insert the following: "That the Board of Education is hereby authorized to appoint a teacher, class 2–A, for instruction in automobile driving at the Abbott Vocational School at a beginning salary of $2,000."

Mr. COLLINS. Mr. Speaker, I move that the House recede and concur in the Senate amendment.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 39: On page 28, line 16, strike out "$255,320" and insert "$102,000."

Mr. COLLINS. Mr. Speaker, I move that the House recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. COLLINS moves that the House recede from its disagreement to the amendment of the Senate No. 39, and agree to the same with an amendment, as follows: Restore the sum stricken out by said amendment and insert, following such sum, a colon and the following: "*Provided*, That the activities provided for under this appropriation shall be operated under the joint control, supervision, and direction of the Commissioners of the District of Columbia and the Board of Education."

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 41: On page 28, line 25, after the figures, insert a colon and the following: "*Provided*, That such playgrounds shall be kept open for play purposes in accordance with the schedule maintained for playgrounds under the jurisdiction of the playground department."

Mr. COLLINS. Mr. Speaker, I move that the House recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. COLLINS moves that the House recede from its disagreement to the amendment of the Senate No. 41, and agree to the same with an amendment, as follows: In lieu of the matter inserted by said amendment, insert the following: "*Provided*, That such playgrounds shall be kept open for play purposes in accordance with the schedule heretofore maintained for playgrounds while under the jurisdiction of the playground department."

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 50: On page 31, line 2, after the figures insert a colon and the following: "*Provided*, That the new school building built to replace the Lenox Vocational School shall, when occupied, be known as the John A. Chamberlain Vocational School."

Mr. COLLINS. Mr. Speaker, I move that the House recede and concur in the Senate amendment.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 55: On page 32, line 11, after "Columbia" insert a colon and the following: "*Provided further*, That this appropriation shall be available for performing work of repairs and improvements to other municipal buildings, subject to reimbursement covering the cost of such work."

Mr. COLLINS. Mr. Speaker, I move that the House recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. COLLINS moves that the House recede from its disagreement to the amendment of the Senate numbered 55, and agree to the same with an amendment, as follows: At the end of said amendment and before the period, insert a comma and the following: "and a report of expenditures for such repairs and improvements to other municipal buildings shall be submitted to Congress in the annual Budget."

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

Mr. COLLINS. Mr. Speaker, I ask unanimous consent that the next two amendments in disagreement may be considered together inasmuch as they relate to the same subject. They are amendments 57 and 58.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

The Clerk read as follows:

Amendment No. 57: On page 35, line 1, strike out "$450,000" and insert "$525,000."

Amendment No. 58: On page 35, line 2, insert "and the limit of cost of said building is increased to $1,425,000."

Mr. COLLINS. Mr. Speaker, I move that the House recede and concur in the Senate amendments.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

Mr. COLLINS. Mr. Speaker, I ask unanimous consent that amendments numbered 59 to 71 be considered together inasmuch as they relate to the same subject.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

The Clerk read as follows:

Amendment No. 59: On page 35, after line 14, insert:

"For the construction of an 8-room addition to the Ketcham School, including assembly hall-gymnasium, and the necessary remodeling of the present building, to replace the Van Buren School and the Van Buren Annex, $229,000;".

Amendment No. 60: On page 35, beginning in line 19, strike out all down to and including line 24 and insert the following:

"For the preparation of plans and specifications, including employment of personal services by contract or otherwise, for a new building in which to house the Abbott Vocational School, to be located as determined by the Commissioners of the District of Columbia and the National Capital Park and Planning Commission in Brentwood Park, $20,000."

Amendment No. 61: Page 36, after line 6, insert:

"For the preparation of plans and specifications, including employment of personal services by contract or otherwise, for a new building in which to house the Wilson Teachers College, to be located as determined by the Commissioners, on land owned by the District of Columbia and designated as parcel 84/196, $30,000."

Amendment No. 62: Page 36, after line 12, insert:

"For the preparation of plans and specifications for a 24-room building, including assembly hall-gymnasium to replace the Peabody, Hilton, and Carbery Schools, $9,400."

Amendment No. 63: Page 36, following line 16, insert:

"For the preparation of plans and specifications for a 24-room building, including assembly hall-gymnasium to replace the Cranch, Tyler, and Van Ness Schools, $9,400."

Amendment No. 64: Page 36, after line 20, insert:

"For the preparation of plans and specifications for a 24-room building, including assembly hall-gymnasium to replace the Corcoran, Grant, and Weightman buildings, $9,400."

Amendment No. 65: In line 1, on page 37, insert:

"For the preparation of plans and specifications for a 16-room building, including assembly hall-gymnasium to replace the Twining and Morse Schools, $7,350."

Amendment No. 66: On page 37, line 7, strike out "$1,339,000" and insert "$1,708,550."

Amendment No. 67: Page 38, line 1, insert:

"For the purchase of a site for elementary-school purposes in the vicinity of Eleventh and G Streets SE. for the replacement of the Cranch, Tyler, and Van Ness Schools."

Amendment No. 68: Following line 4, on page 38, insert:

"For the purchase of a site for elementary-school purposes in the vicinity of New Jersey Avenue and P Street NW. for the replacement of the Morse and Twining Schools."

Amendment No. 69: Page 38, after line 7, insert:

"For the purchase of additional land at the Peabody School to provide sufficient land for the construction of a 24-room extensible building and for physical-education purposes, to replace the Peabody, Hilton, and Carbery Schools."

Amendment No. 70: Page 38, after line 12, insert:

"For the purchase of a site in the vicinity of Washington Circle for the construction of a 24-room elementary-school building to replace the Corcoran, Grant, and Weightman Schools."

Amendment No. 71: Page 38, line 17, strike out "$205,000" and insert "$695,000, to be disbursed and accounted for as 'Purchase of school buildings and playground sites, public schools,' and for that

purpose shall constitute one fund and remain available until expended: *Provided*, That no part of this appropriation shall be used for or on account of any site not herein specified."

Mr. COLLINS. Mr. Speaker, I move that the House insist on its disagreement to the Senate amendments just reported.

The motion was agreed to.

The Clerk read as follows:

Amendment No. 75: On page 43, line 19, after the figures and the colon, strike out, beginning with the word "That", down to and including the word "personnel", in line 25, and insert "That the Commissioners of the District of Columbia are hereby directed to cause a survey to be made for the purpose of determining what consolidations of present Fire Department stations can be effected and as a result thereof what, if any, economies may be made in the cost of operating the Fire Department, and what additional amount would be needed for new construction, a report of such survey to be made and submitted to Congress by January 1, 1940."

Mr. COLLINS. Mr. Speaker, I move that the House recede and concur with an amendment which I send to the desk.

The Clerk read as follows:

Mr. COLLINS moves that the House recede from its disagreement to the amendment of the Senate No. 75, and agree to the same with an amendment, as follows: In lieu of the matter inserted by said amendment insert the following: "That no appointment shall be made during the fiscal year 1940 in the grade of private until 16 vacancies exist in such grade, and 15 of such vacancies shall not be filled during such fiscal year: *Provided further*, That the Commissioners of the District of Columbia are hereby directed to cause a survey to be made for the purpose of determining what consolidations of present fire department stations can be effected and as a result thereof what, if any, economies may be made in the cost of operating the fire department, and what additional amount would be needed for new construction, a report of such survey to be made and submitted to Congress on the first day of the next regular session of Congress."

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 101: Page 64, line 7, after the word "Columbia", strike out the remainder of the line down to and including line 14, and insert "including the employment of one general superintendent of public assistance services at $5,600 per annum, one assistant superintendent of such services at $4,600 per annum, and one stenographer-typist (secretary) at $2,000 per annum, to be appointed without reference to civil-service requirements, and other personal services, $1,500,000, of which not to exceed $300,000 shall be available for relief to the unemployed employables."

Mr. COLLINS. Mr. Speaker, I move that the House insist upon its disagreement to the amendment of the Senate No. 101.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 117: On page 72, line 9, after line 8, insert: "For beginning construction of an armory for the Militia of the District of Columbia on all or any of squares 1121, 1122, 1128, 1129, 1135, and 1136, as may be determined by the Commissioners of said District, $350,000, together with an additional sum of not to exceed $150,000 which is hereby reappropriated from the unexpended balance of the appropriation of $500,000 contained in the District of Columbia Appropriation Act for the fiscal year 1939 for beginning the construction in square 533 of the first unit of an extensible building for the government of the District of Columbia, and the Commissioners are authorized to enter into contract or contracts for the construction of such armory at a total cost, exclusive of furniture and equipment, not to exceed $2,750,000: *Provided*, That not to exceed $60,000 shall be immediately available for the preparation of plans and specifications, in consultation with the commanding general of the District of Columbia Militia, and for the employment of professional and other services without reference to the Classification Act of 1923, as amended, section 3709 of the Revised Statutes, and civil-service requirements, and for other necessary expenses, and the Procurement Division of the Treasury Department is authorized and directed to render such services in planning as the Commissioners may deem necessary, subject to reimbursement for such services."

Mr. COLLINS. Mr. Speaker, I move to recede and concur in the Senate amendment.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 122: On page 77, line 18, strike out "$177,420" and insert "$175,820."

Mr. COLLINS. Mr. Speaker, I move to recede and concur with an amendment.

The Clerk read as follows:

Mr. COLLINS moves that the House recede from its disagreement to the amendment of the Senate No. 122, and agree to the same with an amendment, as follows: Restore the sum stricken out by said amendment and insert preceding such sum the following matter: "and including an administrative assistant at $4,000 per annum, to be appointed without reference to civil-service requirements."

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 127: On page 78, line 13, after the word "signs", strike out the remainder of that line and down through line 17.

Mr. COLLINS. Mr. Speaker, I move to recede and concur with an amendment.

The Clerk read as follows:

Mr. COLLINS moves that the House recede from its disagreement to the amendment of the Senate numbered 127, and agree to the same with an amendment, as follows: Restore the matter stricken out by said amendment and at the end thereof, before the period, insert a comma and the following: "except that a permanent type of platform may be constructed from appropriations contained in this act for street improvements when such work is undertaken in connection with roadway paving, repaving or resurfacing, and plans and locations thereof are approved by the Public Utilities Commission and the Director of Vehicles and Traffic: *Provided further*, That the street railway company shall pay the cost of maintenance, marking, and lighting after construction."

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 129: On page 82, line 21, at the end of line 21, insert the following proviso: "*Provided*, That in connection with the highway-planning survey, involving surveys, plans, engineering, and economic investigations of projects for future construction in the District of Columbia, as provided for under section 10 of the Federal Aid Highway Act of 1938, this fund shall be available to the extent authorized in said section for the employment of engineering or other professional services by contract or otherwise, and without reference to section 3709 of the Revised Statutes (41 U. S. C. 5), the Classification Act of 1923, as amended, and civil-service requirements, and for engineering and incidental expenses."

Mr. COLLINS. Mr. Speaker, I move to recede and concur in the Senate amendment.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 133: On page 93, in line 3, insert: "Nothing herein shall be construed as affecting the superintendence and control of the Secretary of War over the Washington Aqueduct, its rights, appurtenances, and fixtures connected with the same and over appropriations and expenditures therefor as now provided by law."

Mr. COLLINS. Mr. Speaker, I move to recede and concur in the Senate amendment.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 1: On page 2, line 2, strike out "$5,000,000" and insert "$7,750,000."

Mr. COLLINS. Mr. Speaker, I move that the House insist upon its disagreement to the Senate amendment No. 1; and I desire recognition.

The SPEAKER. The gentleman from Mississippi is recognized for 5 minutes.

Mr. COLLINS. Mr. Speaker, this amendment relates to the lump-sum contribution of the Federal Government to the District of Columbia. It has been the policy for a number of years for the Federal Government to contribute $5,000,000 as

a Federal contribution to the operation and maintenance of the government of the District of Columbia. The Senate has raised that amount from $5,000,000 to $7,750,000.

On the question as to whether or not $5,000,000 is an adequate payment by the Federal Government the House has spoken upon a number of occasions, after thorough investigation has been made. You will remember that several years ago a very excellent survey and report on this question was made by the Mapes committee. The $5,000,000 lump-sum contribution contained in this bill as it passed the House is in accord with the recommendations contained in that report.

Since that time Mr. Jacobs, of Chicago, has been employed to investigate the fiscal affairs of the District of Columbia, particularly with reference to the amount of the Federal contribution. He made a most exhaustive survey and submitted an excellent report. I do not agree with all his findings, but as to the material contained in the report itself, I doubt that any report on this question in recent years contains so much valuable data bearing on the question. The Jacobs report recommended a lump-sum payment of a little less than two and one-quarter million dollars. However, the House and Senate agreed to the $5,000,000 lump-sum contribution, and no change has been made in that amount for several years.

In 1935 the President sent to the chairman of the legislative committee of the House Committee on the District of Columbia the following letter:

APRIL 13, 1935.

MY DEAR MME. CHAIRMAN: I am transmitting herewith a report prepared by the Treasury Department at my request on the taxes paid by the residents of the District of Columbia as compared with taxes paid by residents of other roughly comparable cities in general.

The Treasury found that the actual money cost of government per capita for residents of the District of Columbia is below that in other cities. Likewise, the total taxes paid by each of the several different examples of property owners is lower in the District of Columbia than any of the other cities between 300,000 and 825,000 population, for which the data is available.

The total taxes paid by the owner of a small house, the owner of a substantial residence, business block, or business enterprise, or the owner of a large hotel or apartment house are in each case smaller in the District of Columbia than in any one of the other 15 cities studied.

On page 19 of this report, which the President submitted together with the letter I have just read, we find this table:

TAXES PAID

No. 1: $5,000 house owner, property taxes only, in the District of Columbia, $75; total taxes, $93; average of 14 other cities, property taxes only, $138; total taxes, $175.

$100,000 business-block owner, property taxes only, $1,500; total taxes, $1,520. That is for the District of Columbia. The average of the other 14 cities: Property taxes only, $2,756; total taxes, $2,912.

$100,000 corporate business, District of Columbia, property taxes only, $1,100; total taxes, $1,256. Average of the other 14 cities, property taxes only, $1,862; total taxes, $2,329.

$1,000,000 corporate apartment, District of Columbia, property taxes only, $15,000; total taxes, $15,000. Average of the other 14 cities, property taxes only, $27,560; total taxes, $28,110.

This shows that taxes in the District of Columbia, according to the table furnished to the President by the Treasury Department, to be about half what they are in the other 14 comparable cities of the country.

In addition, I desire to read a letter that the present Director of the Budget wrote on June 7, 1939, on the Overton plan, to Mr. Hazen, president of the Board of Commissioners of the District of Columbia:

JUNE 7, 1939.

MY DEAR MR. HAZEN: I have your letter of May 31, 1939, transmitting your proposed report to the chairman of the Senate District Committee on S. 1190, "A bill to fix the amount of the annual payment by the United States toward defraying the expenses of the government of the District of Columbia."

The original of your proposed report is returned herewith; and while there would be no objection to the submission of such report as the Commissioners may deem appropriate, you are advised that, since the proposed legislation would commit the Federal Government to the principle that in other jurisdictions where it owns land it would be liable for payments in lieu of taxes in such proportion to the total funds appropriated by such jurisdictions for general purposes as the United States acreage bears to the total acreage in such jurisdictions (which subject is a matter of study by the Federal Real Estate Board at this time), and since the bill apparently does not take into consideration the recommendations of the President in his 1938 Budget message respecting a proposed three-point formula for determining the net reimbursement to be made annually by the Federal Government to the District of Columbia, it would not be in accord with the program of the President.

Very truly yours,

HAROLD D. SMITH, *Director*.

STABILIZATION BILL

Mr. SABATH. Mr. Speaker, will the gentleman yield?

Mr. COLLINS. I yield.

Mr. SABATH. Mr. Speaker, by direction of the Committee on Rules, I file a privileged report for printing under the rules.

The Clerk read as follows:

House Resolution 233 (Rept. No. 968)

Resolved, That immediately upon the adoption of this resolution the bill H. R. 3325, with Senate amendments thereto, be, and the same is hereby, taken from the Speaker's table; that the Senate amendments be, and they are hereby, disagreed to by the House; that the conference requested by the Senate on the disagreeing votes of the two Houses on the said bill be, and hereby is, agreed to by the House; and that the Speaker shall immediately appoint conferees without intervening motion.

The SPEAKER. Referred to the House Calendar and ordered to be printed.

DISTRICT OF COLUMBIA APPROPRIATION BILL, 1940

Mr. COLLINS. So, with these findings before us, I submit that the motion made should have the approval of this House.

Mr. Speaker, I yield 5 minutes to the gentleman from Nebraska [Mr. STEFAN].

Mr. STEFAN. Mr. Speaker, I believe the gentleman from Mississippi has explained in considerable detail these controversies. We went into conference with the Senate on approximately 137 amendments following the passage of this bill in the House.

The most controversial amendment, of course, is the lump sum appropriation for the District of Columbia by the Federal Government. This has been thoroughly explained by the chairman of the subcommittee. The subcommittee handling this bill worked many days on it. We went into conference with the Senate on these 137 amendments, and I assure the Members of the House that every consideration was given to the people of the District of Columbia. We endeavor to be fair, we endeavor to appropriate funds which were justified by the testimony before the committee. There is, nevertheless, considerable to be said by the people of the District in view of the fact that they do not have a voice in the expenditure of their own tax money.

Mr. Speaker, in the Washington Star of Monday, June 26, 1939, appeared two articles, one entitled "Errors and Inaccuracies" and the other "Facts in Correction."

The Washington Star, of which my friend, Ben McKelway, is managing editor, has been endeavoring to educate the people of the District and the people of the country as to the condition which exists in the District of Columbia. These articles contain so many pertinent facts which every Member of the House should study and should know when he comes to consider District of Columbia affairs that I ask unanimous consent to insert these two articles at this point.

The SPEAKER. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

The articles referred to follow:

[From the Washington Star of June 26, 1939]

ERRORS AND INACCURACIES

[Editorial from the Adrian (Mich.) Daily Telegram]

THE DISTRICT OF COLUMBIA

In yesterday's issue David Lawrence made a plea for giving the District of Columbia—that is, the city of Washington—a Representative and a Senator in Congress as a means of insuring fairer treatment of Washingtonians in matters of taxation. Their

service on committees, he pointed out, would give them much influence over legislation affecting the District—even a veto power—on occasions when some proposal in either House required unanimous consent.

(1) Though the old argument as to "taxation without representation" is ably made by Mr. Lawrence, we cannot agree with his conclusion; for his plan would definitely put the District into politics, and that is exactly what the framers of the Constitution wanted to avoid when they gave Congress exclusive power to govern it.

(2) Such a plan would practically make the District a Territory, and that plan has been tried once with lamentable results. In 1871, in response to the pressure of local businessmen, Congress actually made the District a Territory, with a Governor, a legislature, and Delegates in Congress. But the District, in the words of the American Encyclopedia, "was at once seized upon by a ring of speculators, who obtained control of its government and plundered it into bankruptcy." In 1874 that plan was abolished and the government of the District by Congress was restored through three Commissioners.

(3) The complaint of "taxation without representation" has less weight in Washington than in any other spot in the Nation, because the city is absolutely unique in character. It does not really belong to its inhabitants. They did not found it or plan it. They did not build it up with their labor, money, and thought, as is the case with every other city. Its prosperity is not due to their efforts, but is handed to them on Uncle Sam's golden platter. The Nation as a whole created it out of nothing, and the Nation as a whole has made it what it is. Its prosperity, its every existence, depends on Government business and the vast sums disbursed in Government pay rolls—all of which is paid for by the whole Nation.

(4) Its population consists chiefly of an army of more than 120,000 well-paid Federal officials and employees. These people come from everywhere. They do not live in Washington because they have to, but because they are very glad to. Did any person ever refuse a Government job at Washington because he would be unable to vote or because he would have no voice in taxation? We doubt it. They accept their jobs eagerly, quite content to let themselves be governed by Congress through the District Commission.

(5) And their confidence is well founded. The Commissioners are appointed by the President for 3-year terms and confirmed by the Senate. One is chosen from each major party and the third is an Army engineer. Such a commission ought to command confidence and give the city a good government, and, in fact, it had.

(6) Congress furnishes half the District's expenses, the other half being raised by local taxes. That seems quite fair to the residents. It is a bit hard for an outsider to see where they have any serious grievances.

(7) About all they lack is a chance to participate in politics, and it is very much better that they should not have that chance. We saw what it produced in the seventies. Votes for the District and two Members in Congress would mean politics, wirepulling, logrolling, and all sorts of inside "phenagling" for political, personal, or money interests. It was to avoid such things that the Constitution provided for taking the District out of politics by letting it be governed by the Nation itself. That system has worked well. It better be left unchanged.

Facts in Correction

INTENT OF THE FOUNDERS

(1) The intent of the founding fathers in framing the constitutional provision giving Congress the power to exercise exclusive legislation over the seat of the Government of the United States was not to avoid putting it into politics. It was, however, to prevent the existence of a dual sovereignty in the Capital City. The founders believed that the paramount interest of the National Capital required that the Nation be supreme at the seat of its Government, to the exclusion of any State or local sovereignty. This national interest is the sole reason for excepting the District of Columbia from the otherwise universal rule of self-government. It follows naturally that the people of the District should have such participation in their Government, both national and local, as does not conflict with the national interest. (See S. Rept. No. 507, 67th Cong., 2d session, District Committee on S. J. Res. 133.)

NEITHER TERRITORY NOR STATE

(2) The plan described by David Lawrence, mentioned in this editorial, would not make the District of Columbia a Territory nor would it make it a State. It would give the District some of the voting representation that is denied the Territory. There is no intention to go back to the so-called Territorial government of 1871–74. The District people now ask for privileges that the Territory does not have; that is, voting representation in Congress and in the electoral college. They do not seek in their proposals for national representation to wrest from the Nation and Congress control of the District, but they ask for fractional participation, like other Americans, in the National Legislature which exercises this control.

The Territorial government set up in 1871 consisted of a legislature of two branches, the lower house elected and the upper house appointed by the President and confirmed by the Senate. The Governor was appointed by the President and confirmed by the Senate. The people elected a voteless Delegate in the House of Representatives. A Board of Public Works, appointed by the President and confirmed by the Senate, possessed and exercised broad powers which put Washington on the upgrade toward becoming a beautiful city, but incurred heavy indebtedness and saddled local property owners with heavy taxes.

This government was controlled completely by President Grant and the Congress. Thus, the Nation was responsible for any faults that it developed and not the people of Washington. There is, however, no foundation of fact for the statement that it was "plundered into bankruptcy by a ring of speculators."

BANKRUPTCY THROUGH NATION'S NEGLECT

The National Capital was in a state of practical bankruptcy even before the creation of the Territorial government. The local municipal government had struggled along for years attempting to build up, independent of any substantial national financial aid, a Capital City which had been laid out by the Nation on a grand scale. (See report of the Southard Committee in 1835.)

It was the purpose of the territorial government to get the Nation to carry out its financial promises in regard to the maintenance and upbuilding of a great Capital. The temporary commission government established in 1874 led to the permanent commission government established in 1878, in which the Nation practically confessed its neglect of obligations in the past, made amends by partial guaranty of the accumulated debt, and agreed to participate in definite substantial amount in the expense of the future upbuilding of the Capital.

Thorough congressional investigations of the conduct of the territorial form of government disclosed no corrupt plundering, bankrupting the city. They did find, however, that there had been extravagant expenditures because of the undertaking of the accomplishment of reclamation and improvement of the city on an extensive scale in too short a time.

The statement that in 1874 that plan was abolished and the government of the District by Congress was restored is inaccurate for the reason that Congress retained its power of ultimate control throughout the existence of the territorial government. Indeed, the District court of highest jurisdiction in a decision which has never been overruled held that Congress had no power to delegate its power of exclusive legislation and voided an act of the local legislature (*Van Ryswick* v. *Roach Maca. & M.*, 11 D. C. 171).

ENTITLED TO REPRESENTATION

(3) The complaint against taxation without representation in Washington should, if anything, have greater weight than in regard to any other spot in the Nation. The city is unique and does belong to the Nation, including that portion of the Nation which the local inhabitants constitute.

The District people are now generally recognized as by far the largest contributors to the upbuilding of the Capital. They gave of their own property that the Nation might practically own and exclusively control a national city. They donated to the Nation five-sevenths of the area of the Federal city as originally planned. They gave the land from the proceeds of the sale of which the original public buildings were completed. Nearly all the work of street improvement and Capital making which was done for three-fourths of a century was done by them. Through disregard by the Nation of its financial obligations to the Capital, the Washingtonians were in 1835 forced into bankruptcy in the public-spirited attempt to bear alone the Nation's burden. In the same spirit they endured in the seventies the travail of the birth of the new Washington. When the Federal Government finally came to the relief of the people who had been attempting a task far beyond their abilities, the Capital began to be transformed from a national shame into the object of a just national pride.

The large sums of money which annually flow into the District from the Government pay rolls, it is true, are paid as a whole by the Nation. Toward these national moneys there is collected from District taxpayers a greater amount than the collections from any one of one-half of the States and more than the combined collections from nine States.

STRENGTH OF CAPITAL COMMUNITY

(4) The Capital is no longer merely the camping place of transient Americans but has developed into a homogeneous American community—intelligent, resourceful, populous, public-spirited, patriotic, with a marked civic self-consciousness, with a strong community get-together spirit, and with an inspiring community pride.

The Census Bureau estimates the population of the District of Columbia, as of July 1, 1937, at 627,000. This figure, of course, includes Federal officials and employees, but they constitute only a minor, though important and highly valued, factor of the local population. When their number is deducted from the total there remains a population far exceeding that of several of the States.

No person would have to refuse a Government job in Washington because he would be unable to vote or because he would have no voice in taxation for the simple reason that Government employees can retain their voting privilege in the States, while residing in Washington. Through the exercise of this privilege they continue, by their elected representatives, to have a voice in taxation.

NO BIPARTISAN GOVERNMENT

(5) The two civilian Commissioners appointed by the President and confirmed by the Senate are not chosen from each major party. A bipartisan Commission has existed at times, but for many years both appointees have been from the party in power.

NO NATIONAL HALF PAYMENT

(6) Congress does not furnish one-half of the District's expenses. The equal division of expenses between the Federal Treasury and local taxation was followed from 1878 until 1922. Then the ratio was changed to a payment of 40 percent by the Government and 60 percent raised locally. Since 1925 the Federal payment has been by means of a lump sum which has undergone a gradual reduction until the $5,000,000 payment during the 1939 fiscal year represented about from 10 percent to 12 percent of the local budget. Thus, it is seen that the District is a heavy contributor on both sides toward the District budget. It now pays from 88 percent to 90 percent from its local taxes and as a payer of national taxes it contributes toward the Federal 10 percent to 12 percent payment, an amount more than any one of half the States and considerably more than the combined payment of nine States.

The editorial says that a half contribution by the Nation toward Capital upbuilding seems fair. It follows that an actual payment of only 10 or 12 percent would clearly be unfair.

PARTICIPATION IN POLITICS

(7) It is true that granting to the National Capital community national representation would permit a participation in politics. It is through such political action by the people that our Government is operated. In the case of the Washingtonian participation in politics means escape from the class of defective and delinquent Americans in company with the convict and the lunatic and entrance into the proud order of American sovereigns in company with all other Americans of continental contiguous America.

The SPEAKER. The question is on the motion offered by the gentleman from Mississippi [Mr. COLLINS].

Mr. COLLINS. Mr. Speaker, I ask unanimous consent that the Senate amendment in disagreement and my motion may be read again by the Clerk.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi [Mr. COLLINS]?

There was no objection.

The Clerk read as follows:

Amendment No. 1: Page 2, line 22 of the bill, strike out "$5,000,000" and insert in lieu thereof "$7,750,000."

Mr. COLLINS moves that the House insist on its disagreement to amendment No. 1.

The SPEAKER. The question is on the motion offered by the gentleman from Mississippi [Mr. COLLINS].

The question was taken; and on a division there were—yeas 45, noes 5.

Mr. CASE of South Dakota. Mr. Speaker, I object to the vote on the ground there is not a quorum present.

The SPEAKER. Evidently a quorum is not present.

The Doorkeepeer will close the doors, the Sergeant at Arms will notify the absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 216, nays 12, not voting 202, as follows:

[Roll No. 107]

YEAS—216

Alexander	Cooper	Gartner	Johns
Allen, Pa.	Corbett	Gearhart	Johnson, Ill.
Andersen, H. Carl	Costello	Gibbs	Johnson, Lyndon
Anderson, Calif.	Crawford	Gillie	Johnson, Okla.
Andresen, A. H.	Creal	Gore	Keefe
Angell	Crosser	Gossett	Kennedy, Martin
Arnold	Crowe	Graham	Kennedy, Michael
Ashbrook	Culkin	Grant, Ind.	Kilday
Austin	Cullen	Green	Kinzer
Ball	Curtis	Gregory	Kirwan
Barry	Darden	Griffith	Kitchens
Bates, Ky.	Darrow	Guyer, Kans.	Knutson
Bates, Mass.	Delaney	Gwynne	Kocialkowski
Beckworth	Dempsey	Hall	Kramer
Bell	Dickstein	Halleck	Kunkel
Bender	Dingell	Hancock	Landis
Blackney	Dirksen	Hare	Lea
Bland	Disney	Harness	Leavy
Boykin	Ditter	Harter, N. Y.	Lemke
Bradley, Mich.	Dondero	Havenner	Lesinski
Brown, Ga.	Dowell	Hawks	Lewis, Colo.
Brown, Ohio	Dunn	Heinke	Ludlow
Bryson	Dworshak	Hill	McAndrews
Byrne, N. Y.	Ellis	Hinshaw	McKeough
Byrns, Tenn.	Elston	Hobbs	McLean
Carlson	Evans	Hoffman	McMillan, Thos. S.
Case, S. Dak.	Fay	Horton	Maciejewski
Chandler	Fenton	Houston	Mahon
Church	Fish	Hull	Marcantonio
Clason	Flaherty	Izac	Marshall
Cochran	Flannery	Jacobsen	Martin, Colo.
Coffee, Nebr.	Ford, Miss.	Jarman	Martin, Iowa
Cole, N. Y.	Fulmer	Jeffries	Martin, Mass.
Collins	Gamble	Jenkins, Ohio	May
Colmer	Garrett	Jensen	Merritt
Michener	Patton	Rogers, Mass.	Terry
Miller	Peterson, Fla.	Rutherford	Thill
Mills, La.	Peterson, Ga.	Sabath	Thomas, N. J.
Monkiewicz	Plumley	Sandager	Thomas, Tex.
Monroney	Poage	Schafer, Wis.	Tibbott
Moser	Polk	Schwert	Van Zandt
Mott	Powers	Seccombe	Vincent, Ky.
Mouton	Rabaut	Shafer, Mich.	Vorys, Ohio
Mundt	Ramspeck	Shanley	Weaver
Murdock, Ariz.	Rankin	Short	White, Ohio
Murdock, Utah	Rayburn	Smith, Conn.	Whittington
Murray	Reed, Ill.	South	Wigglesworth
Nelson	Reed, N. Y.	Sparkman	Williams, Del.
Nichols	Rees, Kans.	Springer	Williams, Mo.
O'Brien	Richards	Starnes, Ala.	Wolcott
O'Connor	Risk	Stefan	Wolfenden, Pa.
O'Day	Robertson	Sumner, Ill.	Wolverton, N. J.
O'Neal	Robsion, Ky.	Talle	Woodruff, Mich.
Patrick	Rodgers, Pa.	Tarver	Youngdahl

NAYS—12

Anderson, Mo.	D'Alesandro	Hunter	Sasscer
Brewster	Hart	Oliver	Smith, Va.
Brooks	Holmes	Pittenger	Walter

NOT VOTING—202

Allen, Ill	Duncan	Kleberg	Schiffler
Allen, La.	Durham	Lambertson	Schuetz
Andrews	Eaton, Calif.	Lanham	Schulte
Arends	Eaton, N. J.	Larrabee	Scrugham
Barden	Eberharter	LeCompte	Secrest
Barnes	Edmiston	Lewis, Ohio	Seger
Barton	Elliott	Luce	Shannon
Beam	Engel	McArdle	Sheppard
Bloom	Englebright	McCormack	Simpson
Boehne	Faddis	McDowell	Sirovich
Boland	Ferguson	McGehee	Smith, Ill.
Bolles	Fernandez	McGranery	Smith, Maine
Bolton	Fitzpatrick	McLaughlin	Smith, Ohio
Boren	Flannagan	McLeod	Smith, Wash.
Bradley, Pa.	Folger	McMillan, John L.	Smith, W. Va.
Buck	Ford, Leland M.	McReynolds	Snyder
Buckler, Minn.	Ford, Thomas, F.	Maas	Somers, N. Y.
Buckley, N. Y.	Fries	Magnuson	Spence
Bulwinkle	Gathings	Maloney	Steagall
Burch	Gavagan	Mansfield	Stearns, N. H.
Burdick	Gehrmann	Mapes	Sullivan
Burgin	Gerlach	Martin, Ill.	Sumners, Tex.
Byron	Geyer, Calif.	Mason	Sutphin
Caldwell	Gifford	Massingale	Sweeney
Cannon, Fla.	Gilchrist	Mills, Ark.	Taber
Cannon, Mo.	Grant, Ala.	Mitchell	Taylor, Colo.
Carter	Griswold	Myers	Taylor, Tenn.
Cartwright	Gross	Norrell	Tenerowicz
Casey, Mass.	Harrington	Norton	Thomason
Celler	Harter, Ohio	O'Leary	Thorkelson
Chapman	Hartley	Osmers	Tinkham
Chiperfield	Healey	O'Toole	Tolan
Clark	Hendricks	Pace	Treadway
Claypool	Hennings	Parsons	Vinson, Ga.
Clevenger	Hess	Patman	Voorhis, Calif.
Cluett	Hook	Pearson	Vreeland
Coffee, Wash.	Hope	Pfeifer	Wadsworth
Cole, Md.	Jarrett	Pierce, N. Y.	Wallgren
Connery	Jenks, N. H.	Pierce, Oreg.	Ward
Cooley	Johnson, Ind.	Randolph	Warren
Courtney	Johnson, Luther A.	Reece, Tenn.	Welch
Cox	Johnson, W. Va.	Rich	West
Crowther	Jones, Ohio	Robinson, Utah	Wheat
Cummings	Jones, Tex.	Rockefeller	Whelchel
Curley	Kean	Rogers, Okla.	White, Idaho
DeRouen	Kee	Romjue	Winter
Dies	Keller	Routzohn	Wood
Doughton	Kelly	Ryan	Woodrum, Va.
Douglas	Kennedy, Md.	Sacks	Zimmerman
Doxey	Keogh	Satterfield	
Drewry	Kerr	Schaefer, Ill.	

So the motion was agreed to.

The Clerk announced the following pairs:

General pairs:

Mr. Cannon of Missouri with Mr. Mapes.
Mr. Warren with Mr. Wadsworth.
Mr. Doughton with Mr. Taber.
Mr. Boland with Mr. Treadway.
Mr. Drewry with Mr. Bolles.
Mr. Burch with Mr. McLeod.
Mr. Cox with Mr. Crowther.
Mr. DeRouen with Mr. Englebright.
Mr. Kleberg with Mr. Rich.
Mr. Bulwinkle with Mr. Wheat.
Mr. Kerr with Mr. Taylor of Tennessee.
Mr. Lanham with Mr. Vreeland.
Mr. Barden with Mr. Arends.
Mr. McReynolds with Mr. Tinkham
Mr. Maloney with Mr. Winter.
Mr. Gavagan with Mr. Thorkelson.
Mr. Beam with Mr. Welch.
Mr. Flannagan with Mr. Allen of Illinois.
Mr. Hennings with Mr. Hope.
Mr. Jones of Texas with Mr. Kean.
Mr. Luther A. Johnson with Mr. Bolton.
Mr. Patman with Mr. McArdle.

Mr. Keogh with Mr. Jarrett.
Mr. Randolph with Mr. Cluett.
Mr. Magnuson with Mr. Barton.
Mr. Schulte with Mr. Jenks of New Hampshire.
Mr. Schaefer of Illinois with Mr. Gilchrist.
Mr. John L. McMillan with Mr. Reece of Tennessee.
Mr. McLaughlin with Mr. McDowell.
Mr. Ashbrook with Mr. Buckler of Minnesota.
Mr. Boren with Mr. Chiperfield.
Mr. Chapman with Mr. Engel.
Mr. Hendricks with Mr. Osmers.
Mr. Harrington with Mr. Leland M. Ford.
Mr. McCormack with Mr. Eaton of California.
Mr. Clark with Mr. Rockefeller.
Mr. Courtney with Mr. LeCompte.
Mr. Celler with Mr. Mitchell.
Mr. Buckley of New York with Mr. Sutphin.
Mr. Secrest with Mr. Wood.
Mr. Zimmerman with Mr. Connery.
Mr. Cole of Maryland with Mr. Harter of Ohio.
Mr. Fries with Mr. Massingale.
Mr. McGehee with Mr. Sirovich.
Mr. Duncan with Mr. Bloom.
Mr. Smith of West Virginia with Mr. Kee.
Mr. O'Leary with Mr. Edmiston.
Mr. Bradley of Pennsylvania with Mr. O'Toole.
Mr. Faddis with Mr. Casey of Massachusetts.
Mr. Eberharter with Mr. Pfeifer.
Mr. Somers of New York with Mr. Snyder.
Mr. Elliott with Mr. Fitzpatrick.
Mr. Cooley with Mr. Lambertson.
Mr. Allen of Louisiana with Mr. Johnson of Indiana.
Mr. Satterfield with Mr. Douglas.
Mr. Doxey with Mr. Pierce of New York.
Mr. Schuetz with Mr. Gifford.
Mr. Smith of Illinois with Mr. Seger.
Mr. Vinson of Georgia with Mr. Hess.
Mr. West with Mr. Stearns of New Hampshire.
Mr. Steagall with Mr. Gross.
Mr. Norrell with Mr. Smith of Ohio.
Mr. Parsons with Mr. Routzohn.
Mr. Spence with Mr. Gehrmann.
Mr. Grant of Alabama with Mr. Eaton of New Jersey.
Mr. Mills of Arkansas with Mr. Luce.
Mr. Sumners of Texas with Mr. Burdick.
Mr. Mansfield with Mr. Jones of Ohio.
Mr. Fernandez with Mr. Schiffler.
Mr. Dies with Mr. Simpson.
Mr. Boehne with Mr. Gerlach.
Mr. Buck with Mr. Smith of Maine.
Mr. Caldwell with Mr. Griswold.
Mrs. Norton with Mr. Mason.
Mr. Cartwright with Mr. Carter.
Mr. Pearson with Mr. Lewis of Ohio.
Mr. Romjue with Mr. Clevenger.
Mr. Kelly with Mr. Maas.
Mr. Myers with Mr. Shannon.
Mr. Kennedy of Maryland with Mr. Taylor of Colorado.

The doors were opened.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

ANNOUNCEMENT OF VOTE

Mr. JENKINS of Ohio. Mr. Speaker, I wish to announce that my colleagues the gentlemen from Ohio, Mr. ROUTZOHN, Mr. LEWIS, Mr. HESS, Mr. JONES, Mr. CLEVENGER, and Mr. SMITH, were absent on account of official business and could not be present. If they had been present, they would have voted "yea."

EXTENSION OF REMARKS

Mr. GREEN. Mr. Speaker, I ask unanimous consent that the gentleman from California [Mr. HAVENNER] may have permission to extend his own remarks in the RECORD and to include therein a statement by former Congressman Newton.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida [Mr. GREEN]?

There was no objection.

Mr. GREEN. Mr. Speaker, I ask unanimous consent that the gentleman from Kansas [Mr. HOUSTON] may have permission to extend his own remarks in the RECORD and to include therein a statement concerning waterways.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida [Mr. GREEN]?

There was no objection.

Mr. BOYKIN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a letter from the president of the American Federation of Labor.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Alabama [Mr. BOYKIN]?

There was no objection.

Mr. SANDAGER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a press release of the Rhode Island Textile Association.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Rhode Island [Mr. SANDAGER]?

There was no objection.

Mr. OLIVER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a certain editorial.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Maine [Mr. OLIVER]?

There was no objection.

ANNOUNCEMENT

Mr. MERRITT. Mr. Speaker, I regret to announce that the gentleman from Massachusetts, Mr. CONNERY, was forced to return to his home just now on account of the death of his child. If he had been present on the recent roll call, he would have voted "yea."

COMMITTEE ON LABOR

Mr. RAMSPECK. Mr. Speaker, at the request of the chairman of the Committee on Labor I ask unanimous consent that that committee may have permission to sit during the sessions of the House during the remainder of this week.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia [Mr. RAMSPECK]?

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, I understand this is agreeable to the gentleman from California [Mr. WELCH], the ranking Republican member of that committee?

Mr. RAMSPECK. I understand it is.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia [Mr. RAMSPECK]?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. CONNERY (at the request of Mr. MERRITT), indefinitely, on account of death in family.

ENROLLED BILL SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H. R. 6851. An act to provide revenue, equalize taxation, and for other purposes.

BILL PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President for his approval a bill of the House of the following title:

H. R. 6851. An act to provide revenue, equalize taxation, and for other purposes.

ADJOURNMENT

Mr. COLLINS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 14 minutes p. m.), under its previous order, the House adjourned until tomorrow, Wednesday, June 28, 1939, at 11 o'clock a. m.

COMMITTEE HEARINGS

COMMITTEE ON MERCHANT MARINE AND FISHERIES

The Committee on Merchant Marine and Fisheries will hold public hearings in room 219, House Office Building, at 10 a. m., on the bills and dates listed below:

There will be a meeting of the Committee on Merchant Marine and Fisheries at 10 a. m. Wednesday, June 28, 1939, for the consideration of H. R. 6572, relating to marine war-risk insurance.

There will be a meeting of the Committee on Merchant Marine and Fisheries at 10 a. m. Tuesday, July 11, 1939, for

the consideration of H. R. 6881, to implement the provisions of the Ship Owners' Liability (sick and injured seamen) Convention, 1936.

COMMITTEE ON THE JUDICIARY

On Wednesday, June 28, 1939, beginning at 10 a. m., there will be continued a public hearing before the Committee on the Judiciary on the bill (H. R. 6369) to amend the act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory thereof and supplemental thereto; to create a Railroad Reorganization Court; and for other purposes.

COMMITTEE ON INDIAN AFFAIRS

There will be a meeting of the Committee on Indian Affairs on Wednesday, June 28, 1939, at 10:30 a. m., for consideration of H. R. 2738, H. R. 4831, H. R. 909, H. R. 6506, H. R. 953, and S. 72.

COMMITTEE ON IMMIGRATION AND NATURALIZATION

There will be a meeting of the Committee on Immigration and Naturalization at 10:30 a. m. Wednesday, June 28, 1939, which will be an executive session of private bills and unfinished business.

COMMITTEE ON PUBLIC BUILDINGS AND GROUNDS

There will be a meeting of the Committee on Public Buildings and Grounds at 10:30 a. m. Wednesday, June 28, 1939, for the consideration of S. 1725.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

There will be a meeting of a subcommittee of the Committee on Interstate and Foreign Commerce at 10 a. m. Friday, June 30, 1939, for the public consideration of H. R. 5726, to amend the Interstate Commerce Act by providing that the shipper shall be liable for charges in certain cases.

COMMITTEE ON THE POST OFFICE AND POST ROADS

There will be a meeting of the Committee on Post Office and Post Roads Friday, June 30, 1939, at 10 a. m., for the consideration of H. R. 2748, to provide power-boat service in Alaska.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. LANHAM: Committee on Patents. H. R. 6618. A bill to provide for the registration of trade-marks used in commerce, to carry out the provisions of certain international conventions, and for other purposes; without amendment (Rept. No. 944). Referred to the Committee of the Whole House on the state of the Union.

Mr. DEROUEN: Committee on the Public Lands. H. R. 2315. A bill to provide for the addition of certain lands to the Vicksburg National Military Park, in the State of Mississippi, and for other purposes; with amendment (Rept. No. 949). Referred to the Committee of the Whole House on the state of the Union.

Mr. ELLIOTT: Committee on the Public Lands. H. R. 2728. A bill to add certain lands to the Cleveland National Forest in Orange County, Calif.; with amendment (Rept. No. 950). Referred to the Committee of the Whole House on the state of the Union.

Mr. DEROUEN: Committee on the Public Lands. H. R. 4938. A bill to provide for the acquisition of additional lands for the national military parks, national historical parks, national battlefield parks, and battlefield sites administered by the National Park Service of the Department of the Interior, and for other purposes; with amendment (Rept. No. 951). Referred to the Committee of the Whole House on the state of the Union.

Mr. MOTT: Committee on the Public Lands. H. R. 6503. A bill relating to the exchange of certain lands in the State of Oregon; without amendment (Rept. No. 952). Referred to the Committee of the Whole House on the state of the Union.

Mr. DEROUEN: Committee on the Public Lands. H. R. 5573. A bill to change the designation of Abraham Lincoln National Park, in the State of Kentucky, and the Fort McHenry National Park, in the State of Maryland; without amendment (Rept. No. 953). Referred to the Committee of the Whole House on the State of the Union.

Mr. DEROUEN: Committee on the Public Lands. H. R. 5688. A bill to provide for the operation of the recreational facilities within the Chopawamsic recreational demonstration project, near Dumfries, Va., by the Secretary of the Interior through the National Park Service, and for other purposes; without amendment (Rept. No. 954). Referred to the Committee of the Whole House on the state of the Union.

Mr. COFFEE of Washington: Committee on Patents. H. R. 6721. A bill to provide a permanent force to classify patents in the Patent Office, and for other purposes; without amendment (Rept. No. 960). Referred to the Committee of the Whole House on the state of the Union.

Mr. KRAMER: Committee on Patents. H. R. 6872. A bill to amend sections 4886, 4887, 4920, and 4929 of the Revised Statutes (U. S. C., title 35, secs. 31, 32, 69, and 73); without amendment (Rept. No. 961). Referred to the House Calendar.

Mr. LANHAM: Committee on Patents. H. R. 6873. A bill to amend sections 4904, 4909, 4911, and 4915 of the Revised Statutes (U. S. C., title 35, secs. 52, 57, 59a, and 63); without amendment (Rept. No. 962). Referred to the Committee of the Whole House on the state of the Union.

Mr. VAN ZANDT: Committee on Patents. H. R. 6878. A bill to amend section 4894 of the Revised Statutes (U. S. C., title 35, sec. 37); without amendment (Rept. No. 963). Referred to the House Calendar.

Mr. SABATH: Committee on Rules. House resolution 233. Resolution providing for the consideration of H. R. 3325, a bill to extend the time within which the powers relating to the stabilization fund and alteration of the weight of the dollar may be exercised; without amendment (Rept. No. 968). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. HART: Committee on War Claims. H. R. 4062. A bill for the relief of Clarendon Davis; with amendment Rept. No. 945). Referred to the Committee of the Whole House.

Mr. POAGE: Committee on War Claims. H. R. 5115. A bill fcr the relief of Harry W. Lyle; with amendment (Rept. No. 946). Referred to the Committee of the Whole House.

Mr. POAGE: Committee on War Claims. H. R. 5515. A bill for the relief of Virgie B. Weaver; without amendment (Rept. No. 947). Referred to the Committee of the Whole House.

Mr. POAGE: Committee on War Claims. H. R. 6010. A bill for the relief of John August Johnson; without amendment (Rept. No. 948). Referred to the Committee of the Whole House.

Mr. KEOGH: Committee on Claims. H. R. 3481. A bill for the relief of C. Z. Bush and W. D. Kennedy; with amendment (Rept. No. 955). Referred to the Committee of the Whole House.

Mr. EBERHARTER: Committee on Claims. H. R. 3912. A bill for the relief of the heirs of John Cauley, deceased; with amendment (Rept. No. 956). Referred to the Committee of the Whole House.

Mr. WINTER: Committee on Claims. H. R. 5266. A bill for the relief of Mina Keil; with amendment (Rept. No. 957). Referred to the Committee of the Whole House.

Mr. McGEHEE: Committee on Claims. H. R. 5338. A bill for the relief of Josephine Emmer, wife of and John Eckendorff; with amendment (Rept. No. 958). Referred to the Committee of the Whole House.

Mr. COFFEE of Washington: Committee on Claims. H. R. 5383. A bill for the relief of H. A. Dixon; with amendment (Rept. No. 959). Referred to the Committee of the Whole House.

Mr. LESINSKI: Committee on Immigration and Naturalization. Senate Joint Resolution 72. Joint resolution read-

mitting Mary Cohen Bienvenu to citizenship; without amendment (Rept. No. 967). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. POAGE:

H. R. 6997. A bill to create a pension system for adult cripples and for aged citizens, and for other purposes; to the Committee on Ways and Means.

By Mr. ALLEN of Illinois:

H. R. 6998. A bill authorizing the erection of a memorial in the city of Washington, D. C., expressing the gratitude of the American people to the Government and people of Finland; to the Committee on the Library.

By Mr. BATES of Massachusetts:

H. R. 6999. A bill to amend section 308 (an administrative provision) of the Tariff Act of 1930; to the Committee on Ways and Means.

By Mr. McCORMACK:

H. R. 7000. A bill to amend the Tariff Act of 1930, as amended, to provide for allowance in specific duties in the case of merchandise damaged on the voyage of importation; to the Committee on Ways and Means.

By Mr. DEROUEN:

H. R. 7001. A bill to authorize the Secretary of the Interior to withdraw public domain lands for the protection of watersheds; to the Committee on the Public Lands.

By Mr. BYRON:

H. R. 7002. A bill creating the Great Falls Bridge Commission and authorizing the construction, maintenance, and operation of a bridge across the Potomac River near the Great Falls of the Potomac; to the Committee on Interstate and Foreign Commerce.

By Mr. CULLEN:

H. R. 7003. A bill to amend certain administrative provisions of the Tariff Act of 1930, and for other purposes; to the Committee on Ways and Means.

By Mr. KRAMER:

H. R. 7004. A bill to amend section 168, title 8, of the United States Code; to the Committee on Immigration and Naturalization.

By Mr. BLAND:

H. Con. Res. 32. Concurrent resolution establishing a commission to be known as the Virginia (Merrimac)-Monitor Commission; to the Committee on the Library.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII private bills and resolutions were introduced and severally referred as follows:

By Mr. BARNES:

H. R. 7005. A bill for the relief of the Edward Gillen Dock, Dredge & Construction Co.; to the Committee on Claims.

By Mr. BUCKLER of Minnesota:

H. R. 7006. A bill for the relief of Dora Magnussen; to the Committee on Claims.

By Mr. EVANS:

H. R. 7007 (by request). A bill for the relief of Otto Jakob Heinrich Nicolahsen; to the Committee on Immigration and Naturalization.

By Mr. FULMER:

H. R. 7008. A bill for the relief of the estate of Fred C. Risinger; to the Committee on Claims.

By Mr. HOFFMAN:

H. R. 7009. A bill for the relief of Glen E. Robinson, doing business as the Robinson Marine Construction Co.; to the Committee on Claims.

H. R. 7010. A bill for the relief of Glen E. Robinson, doing business as the Robinson Marine Construction Co.; to the Committee on Claims.

By Mr. MACIEJEWSKI:

H. R. 7011. A bill for the relief of Oskar Herlins; to the Committee on Immigration and Naturalization.

By Mr. MALONEY:

H. R. 7012. A bill for the relief of T. B. Sellers; to the Committee on Ways and Means.

By Mrs. O'DAY:

H. R. 7013. A bill for the relief of Earle L. Thomas; to the Committee on Claims.

By Mr. SCHULTE:

H. R. 7014. A bill for the relief of John A. Barr; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

4053. By Mr. ENGEL: Petition of D. B. McDowell, Henry Vanderhoof, Ada L. Dexter, and 18 other residents of Benzie County, Mich., urging Congress to strengthen, not weaken, the Neutrality Act; to the Committee on Foreign Affairs.

4054. By Mr. FLAHERTY: Memorial of the General Court of Massachusetts, memorializing Congress in favor of the granting of full United States citizenship to aliens who served in the Military or Naval Establishments of the United States during the World War and were honorably discharged from such service; to the Committee on Immigration and Naturalization.

4055. By Mr. THOMAS F. FORD: Resolution of the Los Angeles Industrial Union Council, protesting against the various antialien bills introduced in Congress and expressing disapproval of the 15 California Congressmen who voted for the Hobbs bill and commending the 5 California Members who voted against this measure; to the Committee on Foreign Affairs.

4056: By Mr. GAVAGAN: Resolution of the board of estimates of the city of New York, regarding deletion from the relief bill of the allocation of $125,000,000 to Public Works Administration; to the Committee on Ways and Means.

4057. By Mr. VOORHIS of California: Petition of Henry A. Smith, Jr., of Baldwin Park, Calif., and 29 others, urging support of House bill 5620, known as the General Welfare Act; to the Committee on Ways and Means.

4058. Also, petition of Georgia V. Bouce, of Monrovia, Calif., and 29 others, urging support of House bill 5620, known as the General Welfare Act; to the Committee on Ways and Means.

4059. Also, petition of Tillie M. Stratton, of San Gabriel, Calif., and 35 others, urging support of House bill 5620, known as the General Welfare Act; to the Committee on Ways and Means.

4060. Also, petition of Vivian H. Cutherell, of El Monte, Calif., and 20 others, urging support of House bill 5620, known as the General Welfare Act; to the Committee on Ways and Means.

4061. Also, petition of Irene E. Roath, of Baldwin Park, Calif., and 59 others, urging support of House bill 5620, known as the General Welfare Act; to the Committee on Ways and Means.

4062. Also, petition of Eva M. Kennicott, of South Pasadena, Calif., and 59 others, urging support of House bill 5620, known as the General Welfare Act; to the Committee on Ways and Means.

4063. Also, petition of Mary E. Wilkins, of Alhambra, Calif., and 43 others, urging support of House bill 5620, known as the General Welfare Act; to the Committee on Ways and Means.

4064. Also, petition of A. J. Hanson, of Puyallup, Wash., and 59 others, urging support of House bill 5620, known as the General Welfare Act; to the Committee on Ways and Means.

4065. Also, petition of Mrs. J. N. Mills, of Pomona, Calif., and 59 others, urging support of House bill 5620, known as the General Welfare Act; to the Committee on Ways and Means.

4066. Also, petition of M. V. Matthews, of Arcadia, Calif., and 15 others, urging support of House bill 5620, known as

the General Welfare Act; to the Committee on Ways and Means.

4067. Also, petition of Gabor F. Haspray, of Baldwin Park, Calif., and 59 others, urging support of House bill 5620, known as the General Welfare Act; to the Committee on Ways and Means.

4068. Also, petition of Edna Williams, of Inglewood, Calif., and 28 others, urging support of House bill 5620, known as the General Welfare Act; to the Committee on Ways and Means.

4069. Also, petition of Emeline Novell, of Monrovia, Calif., and 27 others, urging support of House bill 5620, known as the General Welfare Act; to the Committee on Ways and Means.

4070. Also, petition of Mary E. Raymer, of Alhambra, Calif., and 60 others, urging support of House bill 5620, known as the General Welfare Act; to the Committee on Ways and Means.

4071. By the SPEAKER: Petition of Baron Gabriel Majditsch, of Bronx, N. Y., petitioning consideration of their resolution with reference to the Federal theater project; to the Committee on Ways and Means.

4072. Also, petition of John Q. Morrison, of San Francisco, Calif., petitioning consideration of their resolution with reference to House bill 6470, Works Progress Administration appropriation; to the Committee on Appropriations.

4073. Also, petition of code members of Alabama, southern Tennessee, and Georgia assembled at Birmingham, Ala., petitioning consideration of their resolution with reference to Bituminous Coal Act of 1937; to the Committee on Ways and Means.

4074. Also, petition of citizens of Puerto Rico, petitioning consideration of their resolution with reference to advertising campaign for the sale of alcoholic beverages; to the Committee on Interstate and Foreign Commerce.